The Sweet Spot: Positioned to Deliver

ROGERS SUGAR INC. ANNUAL REPORT 2024

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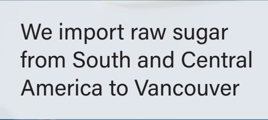
We import raw sugar from South and Central America to Vancouver

Welcome to our neighbourhood

Every day, consumers visit retailers to buy our Sugar and Maple products to savour in their homes; but that is just part of our story. Other customers of Rogers Sugar are the leading producers of the foods people enjoy every day. Our sweeteners are essential functional ingredients in the products manufactured by our customers. With our facilities conveniently located at the heart of their ecosystem, we are in the best position to deliver on time and in full when our customers need us. We aim to be a reliable, community-based partner earning their trust with every shipment. With the industry poised for long-term demand growth, our locations, our long-standing partnerships and our reputation for customer service position us in the sweet spot to share in that growth.



We import raw sugar from South and Central America to Montreal

We expect 105,000-110,000 metric tonnes of beet sugar from this year's harvest at Taber

We supply food and beverage manufacturers across Canada and the US

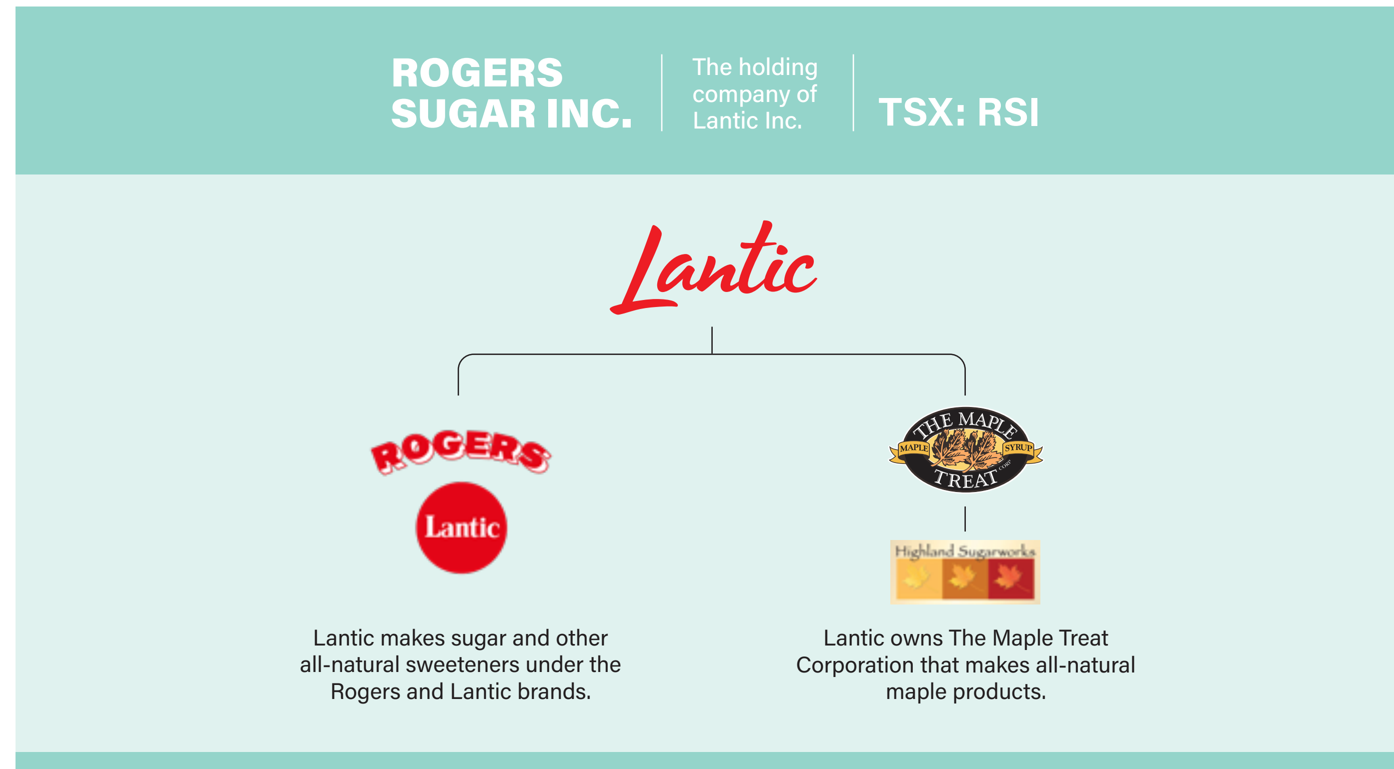
Who We Are

VISION

Be a great company to partner with, work for, and invest in, by offering a best-in-class portfolio of natural sweetener solutions.

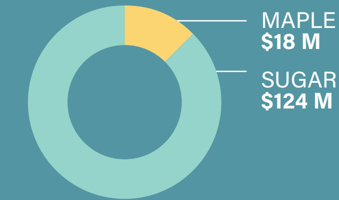
STRATEGY

We seek to generate consistent, sustainable and profitable growth for the benefit of all the stakeholders.



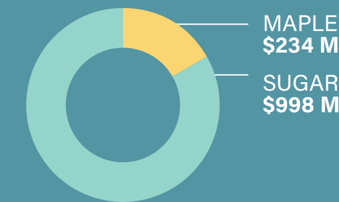
Performance Highlights

$142 M
Consolidated Adjusted EBITDA



+28%

$1.2 B
Consolidated Revenue



+12%

$73 M Free cash flow

Dividend per share
$0.36

Sugar volume
753 K metric tonnes

Maple volume
47 million pounds

A message from our Chair of the Board of Directors

Fellow shareholders,

On behalf of your board of directors, I am pleased to present our annual report for fiscal 2024, a year marked by significant achievements and a steadfast commitment to executing our strategy. In this past year, we delivered strong financial results and achieved several operational milestones, reflecting the resilience of our organization and the health of the markets we serve. As our customers expand to meet growing demand for their products in the years ahead, we intend to deliver on our objectives of consistent, sustainable and profitable growth.

Our strong financial results were driven by a combination of strategic initiatives and persistent demand for our products. This is a testament to the hard work and dedication of our teams across the country. The investments we made in the past few years are coming to fruition and are underpinning our performance in 2024.

Our Sugar segment delivered strong results once again this year, thanks to favourable market conditions and a relentless focus on meeting the needs of our customers, even in the face of the labour disruption challenges we experienced in the first few months of the year at our Vancouver refinery.

The financial results of our Maple segment have improved significantly throughout 2024, as we saw a resurgence of global demand for maple syrup and benefitted from past strategic investments in technology and operating efficiencies. We are proud of the position of our Maple segment as the leading bottler of maple syrup worldwide and excited about the potential growth of this segment in the years ahead.

In 2024, we also began the important work of positioning our company to participate in the long-term growth of the market for sweeteners in North America. With compelling prospects for healthy demand growth in sugar-containing products in North America, we announced plans last year for our first meaningful capacity expansion in more than twenty years to secure our position as the supplier of choice for our manufacturing partners. We have now begun construction on this project, which we call our LEAP project.

LEAP will add approximately 100,000 metrics tonnes of production capacity at our Montreal refinery. The project also includes upgrades to our facilities and investments to improve our logistics capabilities in Eastern Canada. Over the next two years, LEAP will require a significant investment of time and effort, as well as human and financial resources. The board of directors and the management team are united in the conviction that this is the right time to take this significant step forward into the next phase of growth for our company.

As we go forward with our plans for the future, we are mindful that our people are at the heart of everything we do. Our commitment to the health and well-being of our employees at every level of the organization is unwavering. Employee health and safety is one of the key pillars of our ESG program. This year, we have made some substantial strides in our ESG initiatives with enhancements to the measurement and reporting on the performance metrics that matter to our stakeholders. The board of directors welcomes and encourages stakeholder feedback on all our environmental, social and governance efforts as part of our commitment to be accountable and transparent to our shareholders.

The performance of both our business segments in 2024, and the work we have undertaken to prepare for the next phase of our growth, together fill us with optimism about the future of the company. On behalf of the entire board, I commend our CEO, Mike Walton, and the rest of his leadership team for their accomplishments this year.

Finally, I extend my deepest gratitude to our employees, customers and shareholders. I thank them for their ongoing trust and support and invite them to continue with us on the next phase of our journey.

Dallas Ross
Chair of the Board of Directors

"We delivered strong financial results and achieved several operational milestones, reflecting the resilience of our organization and the health of the markets we serve."

Dallas Ross
Chair of the Board of Directors

A message from our President and CEO

Fellow shareholders,

Last year has been one of significant progress at Rogers Sugar. This was a year in which we demonstrated the resilience of our business model, executed on our strategic objectives, and prepared the foundations for future growth, all while delivering strong financial results. I am proud to say that we have delivered these great results while maintaining our focus on providing a safe and healthy workplace for our employees and our business partners throughout our facilities.

For 2024, total revenues surpassed $1.2 billion and total adjusted EBITDA amounted to $142 million. The adjusted net earnings per share for the year at $0.56 per share increased by more than 30% as compared to last year, supporting the payment of $42 million in dividends to shareholders.

In 2024, we also introduced our Rogers Refined framework, which underpins a focus on consistent, profitable, and sustainable growth. Our Rogers Refined framework directs the path forward as we transform Rogers Sugar into an even better company and a better investment. The success of this effort is evident in our financial results for the year for both of our business segments.

SUGAR

Our Sugar segment had revenues for the year of $1.0 billion and adjusted EBITDA of $124 million, both metrics showing meaningful increases over last year. The continued profitability growth of our Sugar segment over the past three years has been driven by our emphasis on reliable customer service together with favourable conditions in the market, especially for sugar-containing products.

We also achieved these results despite the challenges linked to the labour disruption at our Vancouver refinery, as we negotiated a new labour agreement to enhance our ability to serve our customers and prepare our business for growth. As a result, production was reduced in Vancouver for about four months in early 2024. While we are proud of the way our teams collaborated to assist our customers during this period, we recognize that a reduction in sales volume was inevitable, and we regret the resulting impacts to our customers.

Overall, our sugar sales volume for the year was 753,000 metric tonnes, a decrease from last year, mainly attributable to the Vancouver labour disruption. The production out of our Montreal refinery was very strong in 2024, as we focused on improving and optimizing our refining process. In Taber, we delivered 115,000 metric tonnes of sugar, an increase of almost 10% over last year, driven by a favourable harvest of sugar beets. We are proud to be the only supplier of beet sugar in Canada and of our partnership with the Alberta Sugar Beet Growers.

MAPLE

Our Maple segment reported strong results for the year. Volumes sold grew to 47 million pounds of maple syrup, while revenue increased to $234 million, improvements of 7% and 11% respectively over last year. The Maple segment reported an adjusted gross margin of over 10% in 2024, while adjusted EBITDA grew by 36% to $18 million, thanks to improved pricing and the investments in continuous improvements and automation initiatives implemented in recent years.

We are pleased to see the recovery in demand for maple syrup and other related maple products, and we take pride in our position as the leading supplier to the global market. We look forward to future opportunities to build on our success in Maple and bring the goodness of Canadian maple to more tables around the world.

OUR PATH GOING FORWARD

In Sugar, the market dynamics remain favourable. More food manufacturers are looking to Canada for a secure supply of high-quality sugar products. Customers are recognizing the value of Rogers Sugar as a strategic partner in their own growth plans and are building their production facilities to take advantage of the favourable economic conditions.

The domestic food manufacturing industry represents hundreds of thousands of jobs and millions of families. We take the responsibility of supplying sugar seriously, and as such, we are determined to maintain our position as a partner of choice in this network.

We continue to look beyond the needs of our customers today and ensure that we can meet their needs for years to come. Last year we announced our LEAP expansion project. LEAP represents the first significant production increase in more than twenty years. We believe this expansion is essential to position our company to continue to meet our customers' needs in the years ahead and drive further profitable growth.

Once completed, LEAP will add approximately 100,000 metric tonnes of production capacity at our Montreal refinery, as well as improve our logistics capabilities in Eastern Canada. This year, we began the construction phase of this project and secured production and logistic equipment, including sugar refining equipment, with reputable suppliers.

In 2024, we also took steps to conclude the financing arrangements for the LEAP expansion with a well-received equity issue, raising over $112 million for the LEAP project. We were pleased to take advantage of favourable market conditions to finance the project in a prudent manner.

I am also pleased to report that this year we made considerable progress in the advancement of our ESG program and related initiatives. This year, we have made significant advances in reducing our consumption of water and energy and our sourcing of sustainable and ethical sugar. At the foundation of all our initiatives is a focus on the safety and well-being of our employees. Workplace safety has always been and will remain our first and most important commitment.

I am proud of our many achievements this year and even more proud of the work we are doing to position Rogers Sugar to deliver results to our stakeholders in the years ahead. I am confident we are on the right path for long-term success and value creation. Together with our entire management team, I thank our employees, shareholders, and customers for their continued support, and welcome their participation with us on the journey ahead.

Michael Walton
President and CEO

CANADA

~1.4 M TONNES PRODUCED

Source: Canadian Sugar Institute

USA

~11.5 M TONNES PRODUCED

Source: USDA

NORTH AMERICA

~18 M TONNES PRODUCED

Sources: Canadian Sugar Institute, USDA, Conadesuca

SUGAR

Sugar is sweet, but it is so much more than that. It is all-natural. A product of the earth, whether from sugar beets or sugar cane. Sugar is a key functional ingredient in many of the foods we eat every day.

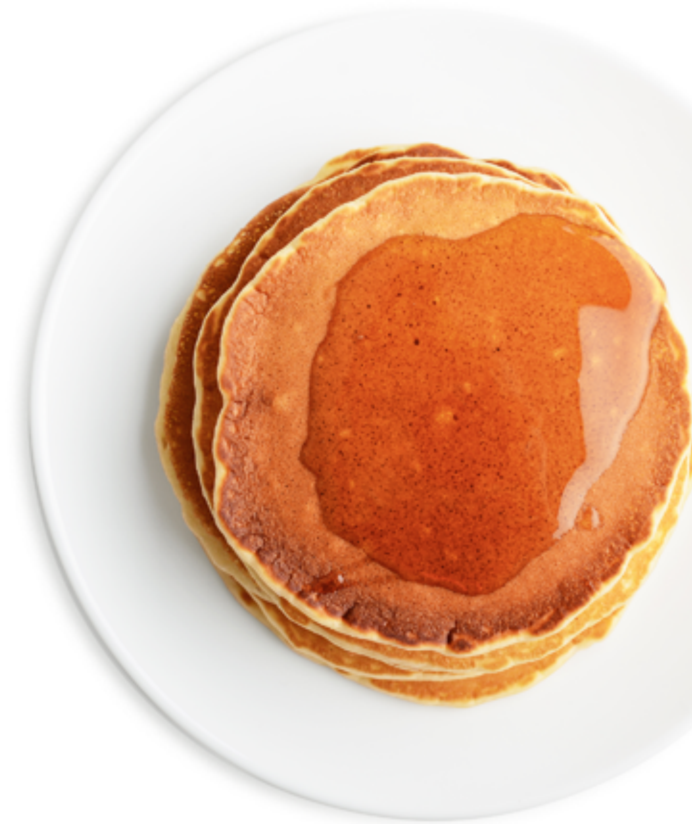
There is no substitute for the goodness of sugar. Nothing else imparts the same weight, colour and consistency to a variety of manufactured foods. Nothing else mixes like sugar, measures like sugar, and most importantly, tastes like sugar.

North America is a large producer and a consumer of processed foods, many of which require sugar as a functional ingredient. Many Canadian foods and beverages processors export to the United States. We have operations across Canada to provide our customers with the sugar they need—located right in the sweet spot. More and more, they are locating their manufacturing facilities to take advantage of our advantageous sugar supply. As our customers make plans to feed a growing population, our sugar products will be key ingredients in the success of those plans.

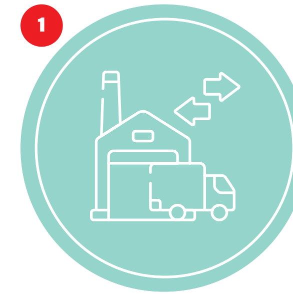
MAPLE

Is there anything that says "Canada" more than maple? Maple syrup is a treat and a treasure straight from nature itself. Nothing is added to the nectar from the trees to make the wholesome products enjoyed all over the world. Canada is the proud supplier of 80% of maple products worldwide. The maple industry in Canada represents approximately 13,500 producers. We are proud of our position as the leading distributor of Canadian maple goodness to the world.

We have operations across Canada to provide our customers with the sugar they need—located right in the sweet spot.



In 2024 we introduced the Rogers Refined framework which underpins a focus on consistent, profitable, and sustainable growth. Together, the pillars of Rogers Refined position us to deliver in the years ahead.

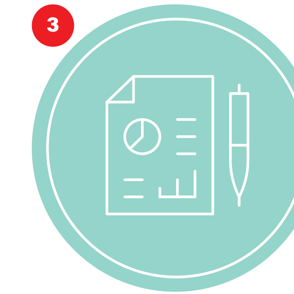


1 MODERNIZING, OPTIMIZING AND GROWING IN SUGAR

In 2024, we began construction on the LEAP project and concluded labour agreements at two of our facilities which will enhance our ability to serve our customers for years to come.

2 DRIVING PROFITABILITY IN MAPLE

Our work in operational efficiencies and process automation has resulted in significant improvement in adjusted EBITDA margins.



3 MAINTAINING A STRONG BALANCE SHEET

Balanced financing approach targeting investment-grade balance sheet.

4 ADVANCING OUR ESG PROGRAM

We have made considerable strides in identifying and reporting on our key ESG priorities. We consider employee health and safety, resource use and ethical sourcing to be our most important responsibilities.

We expect 105,000–110,000 metric tonnes of beet sugar from this year's harvest at Taber

Our Eastern Facility Expansion — The LEAP Project

One of the key pillars of the Rogers Refined framework is modernizing, optimizing and growing in Sugar.

As we turn our focus beyond the immediate customer needs of today, we expect that the robust market conditions will persist in the medium to long-term, underpinned by healthy and growing North American demand for sugar-containing products. Our customers are looking to us to step up our support for them as they position themselves to meet that demand.

Rogers and Lantic welcome the opportunity to grow alongside our customers. Last year, we announced the sanctioning of LEAP, our first major capacity expansion in more than twenty years. With LEAP, we will expand production and distribution capabilities in Eastern Canada by 100,000 metric tonnes with first shipments targeted by the end of fiscal 2026.

This year saw significant advancement of the LEAP project. At the time of publication, construction is well underway. As always, we are undertaking this project with unwavering attention to the health and safety of all our employees and contractors. In addition to the capacity expansion, LEAP is an opportunity to upgrade and refurbish the facilities in Montreal, for an improved employee work environment, optimizing our workflow and process efficiency along the way. The LEAP project will solidify our position in the sweet spot of the North American sugar market, poised to capitalize on the opportunities ahead.

ESG Highlights

Our focus on sustainability is foundational to every aspect of our business here at Rogers Sugar and is the fourth pillar of our Rogers Refined framework. As we plan for the future of our company and our industry, we are mindful of the impact of our operations across all our stakeholder groups – from the farmers who grow our sugar and maple products, to the workers who turn those raw materials into sweeteners, to the customers who will use our products to produce a variety of foods. We are working to incorporate best practices in sustainability as we care for our people, our communities and our planet.

This year, we published our fourth ESG report, which continues the progress we have made every year in measuring and reporting on our ESG initiatives. Our efforts are guided by an understanding that the decisions we make today will have enduring consequences for the well-being of our people and our planet for years to come. We are determined to incorporate the practices that will create a legacy of positive contributions. Over the past year, we have made significant strides in measuring, reporting and executing on our key ESG priorities as part of our commitment to transparency and continuous improvement.

At the foundation of all our initiatives is a focus on the safety and well-being of our employees. Workplace safety has always been and will remain our first and most important commitment.

We are proud of all our people across the company who contribute to our progress and perseverance to be a clean, fair and ethical provider of sugar and maple products.

ROGERS Lantic

Management's Discussion and Analysis

Consolidated Financial Statements

For the fiscal years ended
September 28, 2024 and September 30, 2023

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s (the "Company", "Rogers", "RSI" or "our," "we", "us") dated November 27, 2024 should be read in conjunction with the audited consolidated financial statements and related notes for the years ended September 28, 2024 and September 30, 2023.

All financial information contained in this MD&A and audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board. All amounts are in Canadian dollars unless otherwise noted, and the term "dollar", as well as the symbol "$", designate Canadian dollars unless otherwise indicated.

Management is responsible for preparing the MD&A. Rogers' audited consolidated financial statements and MD&A have been approved by its Board of Directors upon the recommendation of its Audit Committee prior to release.

Additional information relating to Rogers, Lantic Inc. ("Lantic") (Rogers and Lantic together referred as the "Sugar segment"), The Maple Treat Corporation ("TMTC") and Highland Sugarworks Inc. ("Highland") (the latter two companies together referred to as "TMTC" or the "Maple segment"), including the annual information form, quarterly and annual reports, annual environmental, social and governance report, management proxy circular, short form prospectus and various press releases are available on Rogers' website at www.LanticRogers.com or on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval+ ("SEDAR+") website at www.sedarplus.ca. Information contained in or otherwise accessible through our website does not form part of this MD&A and is not incorporated into the MD&A by reference.

OUR BUSINESS

Rogers has a long history of providing high-quality sugar products to the Canadian market and has been operating since 1888.

Lantic, Rogers wholly owned subsidiary, operates cane sugar refineries in Montréal, Québec and Vancouver, British Columbia, as well as the only Canadian sugar beet processing facility in Taber, Alberta. Lantic's sugar products are generally marketed under the "Lantic" trademark in Eastern Canada, and the "Rogers" trademark in Western Canada and include granulated, icing, cube, yellow and brown sugars, liquid sugars and specialty syrups. We also operate a distribution center in Toronto, Ontario.

Maple Treat operates bottling plants in Granby, Dégelis and in St-Honoré-de-Shenley, Québec and in Websterville, Vermont. Maple Treat's products include maple syrup and derived maple syrup products, supplied mainly under retail private label brands in approximately fifty countries.

Our business has two distinct segments – Sugar – which includes refined sugar and by-products and Maple – which includes maple syrup and maple-derived products.

Sugar

FACILITIES

Lantic is the only sugar producer with operating facilities across Canada with cane refineries in Montréal, Québec and Vancouver, British Columbia, and a sugar beet factory in Taber, Alberta. Lantic also operates a distribution center in Toronto, Ontario. The strategic location of these facilities provides operating flexibility and the ability to service all customers across the country efficiently and on a timely basis.

OUR PRODUCTS

All Lantic operations supply high-quality white sugar as well as a broad portfolio of specialty products which are differentiated by colour, granulation, packaging format and raw material source.

Sales are focused in four specific market segments: industrial, consumer, liquid and export products. The domestic market represents over 90% of our company's total volume.

The industrial granulated segment is the largest segment accounting for 58% of all shipments. This segment is composed of a broad range of food processing companies that serve both the Canadian and the American markets.

In the consumer segment, a wide variety of products is offered under the Lantic and Rogers brand names. This segment in fiscal 2024 is representing approximately 12% of all shipments.

The liquid segment is composed of core users whose process or products require liquid sucrose. Some customers in this segment group can substitute liquid sucrose with high fructose corn syrup ("HFCS"). The purchasing patterns of substitutable users are largely influenced by the absolute price spread between HFCS and liquid sugar. Increasingly, other considerations, such as ingredient labeling may bear some influence on the purchasing decision. The liquid segment sales are representing approximately 24% of all shipments in fiscal 2024.

Lantic's Taber plant is the only beet sugar factory in Canada and is therefore the only producer of Canadian origin sugar. From this facility, we service a mix of customers across Western Canada. We also sell into other North American markets through various quotas assigned through trade agreements. As such, this plant is the sole participant in an annual Canadian-specific quota of refined sugar to the United States ("US") of 19,900 metric tonnes of Canadian-origin sugar.

By-products relating to beet processing and cane refining activities are sold in the form of beet pulp, beet pellets, and molasses. Beet pellets are sold domestically and to export customers for livestock feed. The production of molasses is dependent on the volume of sugar processed through the Taber, Montréal and Vancouver plants.

OUR SUPPLY

The global supply of raw cane sugar is ample. Over the last several years, Lantic has purchased most of its raw cane sugar from Central and South America for its Montréal and Vancouver cane refineries.

In fiscal 2023, we concluded a new two-year agreement with the Alberta Sugar Beet Growers ("Growers") for the supply of sugar beets to the Taber beet plant, for which the crop harvested in the fall of 2024 will be the second year of the agreed contract.

PRICING

The price of refined sugar deliveries from the Montréal and Vancouver raw cane facilities is directly linked to the price of the Raw #11 ("Raw #11") market traded on the Intercontinental Exchange ("ICE"). All sugar transactions are economically hedged, thus eliminating the impact of volatility in world raw sugar prices. This applies to all refined sugar sales made by these plants.

In fiscal 2024, the price of Raw #11 traded on the ICE fluctuated between US 17.57 cents and US 27.95 cents per pound and closed at US 22.79 cents per pound at the end of the fiscal year, which was US 3.69 cents lower than the closing value at September 30, 2023. Price variation during the year was consistent with fiscal 2023 when Raw #11 prices fluctuated between US 17.36 cents and US 27.62 cents per pound. The average price of Raw #11 traded on the ICE in fiscal 2024 at US 21.75 cents was lower than the fiscal 2023 average of US 22.48 cents. The average price of Raw #11 reflects the strong global sugar demand and the expected global sugar supply.

Maple

FACILITIES

TMTC operates three plants in Québec, namely, in Granby, Dégelis and in St-Honoré-de-Shenley, and one in Websterville, Vermont.

OUR PRODUCTS

TMTC's products are mainly comprised of the following: bottled maple syrup, bulk maple syrup and maple sugar and flakes.

Bottled maple syrup is packaged in a variety of ways and sizes, including bottles, plastic jugs and the traditional cans. Bottled maple syrup is available in all commercial grades and in organic and non-organic varieties. TMTC's bottled maple syrup is sold mainly under retail private label brands and under a variety of house brands.

Bulk maple syrup is mainly sold in large containers, drums and totes to foodservice retailers, food processors as well as other wholesalers.

OUR SUPPLY

The production of maple syrup takes place over a period of six to eight weeks during the months of March and April of each year.

The biggest concentration of maple trees is located in the Provinces of Québec, New Brunswick, and Ontario, and in the US States of Vermont, Maine and New Hampshire. Canada remains the largest producer of maple syrup, with over 80% of the world's production. The Province of Québec alone represents 70% of the world's production. The US is the only other major producing country in the world, representing approximately 20% of the global supply.

The maple syrup producers in Québec are represented by the Producteurs et Productrices Acéricoles du Québec ("PPAQ"). The PPAQ generally regulates the buying and selling of bulk maple syrup in the Province of Québec. The PPAQ represents approximately 13,500 producers and 8,400 individual businesses.

In Québec, nearly 90% of the total production of maple syrup is sold through the PPAQ to the authorized buyers, leaving only approximately 10% of the total production being sold directly by the producers to consumers or grocery stores.

The PPAQ manages a strategic maple syrup reserve in order to mitigate production fluctuations caused by weather conditions and prevent such fluctuations from causing maple syrup prices to spike or drop significantly. Each year, the PPAQ may organize a sale of a portion of its accumulated reserve. This allows bottlers to respond to supply shortages in the event of a poor harvest or unplanned growth in demand.

The PPAQ is responsible to manage policy with respect to production and marketing quotas for production volume allocated to each maple syrup business in the Province of Québec. The main objective of the policy is to adjust the supply of maple syrup in response to consumer demand, and more specifically, to stabilize selling prices for producers and, ultimately, the buying price for consumers, foster investments in the maple industry and maintain a steady number of maple-producing businesses in operation, regardless of their size.

Outside of Québec, the maple syrup industry is generally organized through producer-based organizations or associations, which promote maple syrup in general and its industry and serve as the official voice for maple syrup producers with the public.

TMTC has relationships with more than 1,400 maple syrup producers, mainly in Québec and Vermont. Most of these producers sell 100% of their production to TMTC. Through our strong relationships with these producers, we have been able to develop a leading position in certified organic maple syrup.

PRICING

Pursuant to a marketing agreement entered into annually between the PPAQ and the Conseil de l'industrie de l'érable (the Maple Industry Council) (the "Marketing Agreement"), authorized buyers must pay a minimum price to the PPAQ for any maple syrup purchased from the producers. The price is fixed on an annual basis and depends on the grade of the maple syrup. In addition, a premium is added to the minimum price for any organic maple syrup. Pursuant to the Marketing Agreement, authorized buyers must buy maple syrup from the PPAQ.

USE OF FINANCIAL DERIVATIVES FOR HEDGING

SUGAR

In order to protect against fluctuations in the world raw sugar market, we follow a rigorous hedging program for all purchases of raw cane sugar and sales of refined sugar.

The Raw #11 market is only traded on the ICE, which trades in US dollars. Sugar futures can be traded forward for a period of three years against four specific contract months per year (March, May, July and October). The contract month values are used to determine the price settlement upon the receipt of a raw sugar vessel or the delivery of sugar to our customers. The ICE rules are strict and are governed by the New York Board of Trade. Any amount owed, due to the movement of the commodity being traded, must be settled in cash the following day.

For the purchasing of raw sugar, we enter into long-term supply contracts with reputable raw sugar suppliers (the "Seller"). These long-term agreements will, amongst other things, specify the yearly volume to be purchased, the delivery period of each vessel, the contract month against which the sugar will be priced, and the freight rate to be charged for each delivery. The price of raw sugar will be determined later by the Seller, based upon the delivery period. The delivery period will correspond to the contract month against which the sugar will be priced.

Our process of selling refined sugar is also done under the Raw #11 market. When a sales contract is negotiated with a customer, the sales contract will determine the period of the contract, the expected delivery period against specific contract months and the refining margin and freight rate to be charged over and above the value of the sugar. The price of the sugar is not yet determined but needs to be fixed by the customer prior to delivery. The customer will make the decision to fix the price of the sugar against the sugar contract month, as per the anticipated delivery period.

We purchase sugar beets from the Growers, for our Taber sugar refining facility under a fixed price negotiated from time to time.

NATURAL GAS

The Company has an energy hedging policy to mitigate the overall price risks in the purchase of natural gas.

We purchase between 3.5 million gigajoules and 4.0 million gigajoules of natural gas per year for use in our refining operations. To protect against large and unforeseen fluctuations, we hedge forward our estimated usage on a longer-term basis based on prevailing market conditions.

Our gas hedges are unwound in the months that the commodity is used in the operations, at which time any gains or losses incurred are then recognized for the determination of gross margins and earnings.

FOREIGN EXCHANGE

Raw sugar costs for all sales contracts are denominated in US dollars. We also buy natural gas in US dollars. In addition, sugar export sales and some Canadian sugar sales are denominated in US dollars. To protect ourselves against the movement of the Canadian dollar versus the US dollar, we reconcile all of our exposure to the US dollar on a daily basis, and we hedge the net position against various forward months, estimated from the date of the various transactions.

Certain export sales of maple syrup are denominated in US dollars, Euros, Australian dollars, and British pounds. In order to mitigate against the movement of the Canadian dollar versus these currencies, we enter into foreign exchange hedging contracts. These foreign exchange hedging contracts are unwound when the money is received from the customer, at which time any gains or losses incurred are then recognized for the determination of gross margins and earnings. Foreign exchange gains or losses on any unhedged sales contracts are recorded when realized.

BUSINESS HIGHLIGHTS

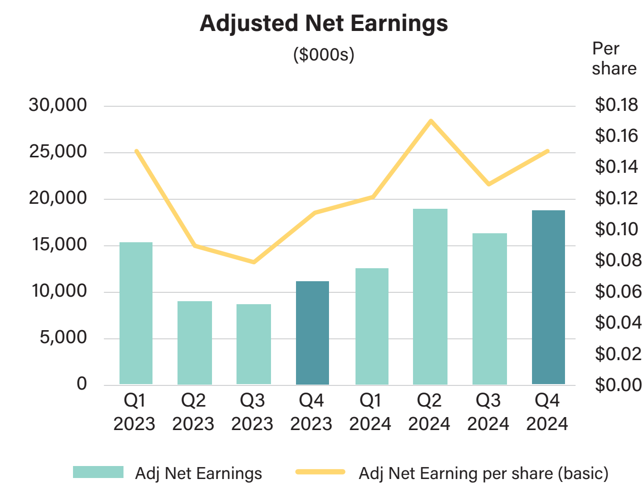
- Consolidated adjusted EBITDA[1] for the 2024 fiscal year was $141.6 million, up by 28% from the same period in 2023, mainly driven by a strong performance from both of our business segments.
- Consolidated adjusted net earnings for fiscal 2024 were $66.7 million or $0.56 per share, as compared to $44.5 million or $0.42 per share for the same period in 2023, largely driven by the strong performance of our Sugar and Maple segments.
- Consolidated revenues for fiscal year 2024 amounted to $1.2 billion, an increase of 12% as compared to last year, due mainly to higher average pricing for refining-related activities in the Sugar segment, as well as higher pricing and higher sales volume in the Maple segment, partially offset by lower sales volume in the Sugar segment.
- Consolidated adjusted EBITDA[1] for the fourth quarter was $38.3 million, representing an increase of $9.7 million as compared to the same period last year.
- Adjusted EBITDA[1] in the Sugar segment was $34.2 million for the fourth quarter of fiscal 2024, an increase of $10.6 million compared to the same period last year.
- Adjusted EBITDA[1] in the Maple segment for fiscal year 2024 was higher than last year by $4.8 million, largely driven by improved average selling prices and incremental sales volume.
- Free cash flow for the trailing 12 months ended September 28, 2024 was $73.3 million, an increase of $27.6 million from the same period last year, largely driven by higher consolidated adjusted EBITDA[1].
- In the fourth quarter of fiscal 2024, we distributed $0.09 per share to our shareholders for a total amount of $11.5 million.
- The construction phase of the Montréal portion of our expansion project aimed at enhancing the production and logistic capacity of our Eastern sugar refining operations in Montréal and Toronto (formerly referred to as the "Expansion Project" and now referred to as the "LEAP Project") has begun. Orders for sugar refining equipment and other large production and logistic-related equipment have been placed with suppliers, with several pieces of equipment already on site. Based on the work performed in recent months, and considering the most recent data available, we now estimate the expected total project cost to range between $280 million and $300 million, representing an increase of 40% to 50% over the initial estimate.
- On November 27, 2024, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before January 9, 2025.

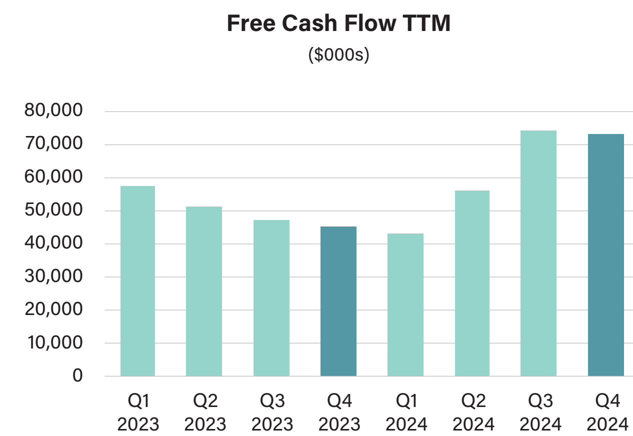
(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures

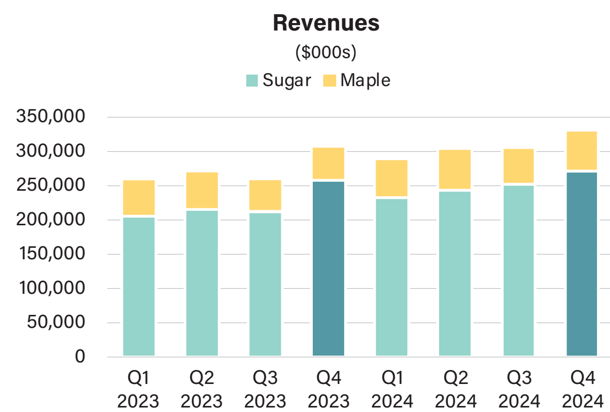
SELECTED FINANCIAL DATA AND HIGHLIGHTS

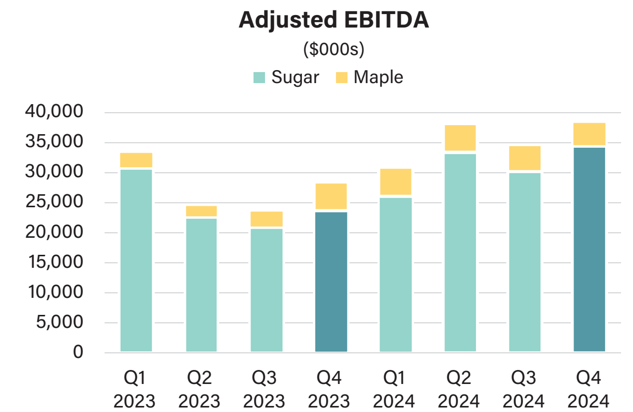
(unaudited) (In thousands of dollars, except volume and per share information)	**Q4 2024**	Q4 2023	**YTD 2024**	Q4 2023
	$	$	**$**	$
Sugar (metric tonnes)	**204,540**	215,500	**753,333**	795,307
Maple syrup (000 pounds)	**11,927**	10,363	**46,947**	43,871
Total revenues	**333,029**	308,036	**1,231,763**	1,104,713
Gross margin	**49,732**	41,192	**175,872**	165,726
Adjustment to cost of sale[2]	**(338)**	999	**(15,551)**	10,395
Adjusted gross margin[1]	**50,070**	40,193	**191,423**	155,331
Results from operating activities	**30,080**	22,815	**97,209**	94,963
Adjusted results from operating activities[1]	**30,418**	21,816	**112,760**	84,568
EBITDA[1]	**37,971**	29,568	**126,052**	121,249
Adjusted EBITDA[1]	**38,309**	28,569	**141,603**	110,854
Net earnings	**18,562**	11,876	**53,729**	51,789
per share (basic)	**0.14**	0.12	**0.45**	0.50
per share (diluted)	**0.13**	0.09	**0.41**	0.44
Adjusted net earnings[1]	**18,819**	11,283	**66,660**	44,494
Adjusted net earnings per share (basic)[1]	**0.14**	0.11	**0.56**	0.42
Trailing twelve months free cash flow[3]	**73,341**	45,765	**73,341**	45,765
Dividends per share	**0.09**	0.09	**0.36**	0.36

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures
(2) See "Adjusted results"
(3) See "Free cash flow"









ADJUSTED RESULTS

In the normal course of business, we use derivative financial instruments consisting of sugar futures, foreign exchange forward contracts, natural gas futures and interest rate swaps. We have designated our natural gas futures and our interest rate swap agreements entered into in order to protect us against natural gas price and interest rate fluctuations as cash flow hedges. Derivative financial instruments pertaining to sugar futures and foreign exchange forward contracts are marked-to-market at each reporting date and are charged to the consolidated statement of earnings. The unrealized gains/losses related to natural gas futures and interest rate swaps that qualify under hedged accounting are accounted for in other comprehensive income. The unrealized gain/losses related to interest rate swaps that do not qualify under hedged accounting are accounted in the consolidated statement of earnings and comprehensive income. The amount recognized in other comprehensive income is removed and included in net earnings under the same line item in the consolidated statement of earnings and comprehensive income as the hedged item, in the same period that the hedged cash flows affect net earnings, reducing earnings volatility related to the movements of the valuation of these derivatives hedging instruments.

We believe that our financial results are more representative of our business to management, investors, analysts, and any other interested parties when financial results are adjusted by the gains/losses from financial derivative instruments that do not qualify for hedge accounting. These adjusted financial results provide a more complete understanding of factors and trends affecting our business. This measurement is a non-IFRS measurement. See "Non-IFRS measures" section.

We use the non-IFRS adjusted results of the operating company to measure and to evaluate the performance of the business through our adjusted gross margin, adjusted gross margin percentage, adjusted gross margin rate, adjusted results from operating activities, adjusted EBITDA, adjusted net earnings, adjusted net earnings per share and trailing twelve months free cash flow. These non-IFRS measures are evaluated on a consolidated basis and at a segmented level, excluding adjusted gross margin percentage, adjusted gross margin rate, adjusted net earnings per share and trailing twelve months free cash flow. In addition, we believe that these measures are important to our investors and parties evaluating our performance and comparing such performance to past results. We also use adjusted gross margin, adjusted EBITDA, adjusted results from operating activities, adjusted net earnings, adjusted net earnings per share and trailing twelve months free cash flow when discussing results with the Board of Directors, analysts, investors, banks, and other interested parties. See "Non-IFRS measures".

OUR RESULTS ARE ADJUSTED AS FOLLOWS:

Income (loss)		**Q4 2024**			Q4 2023	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Mark-to-market on:						
Sugar futures contracts	**(3,757)**	**—**	**(3,757)**	3,444	—	3,444
Foreign exchange forward contracts	**1,047**	**719**	**1,766**	(94)	(727)	(821)
Total mark-to-market adjustment on derivatives	**(2,710)**	**719**	**(1,991)**	3,350	(727)	2,623
Cumulative timing differences	**1,470**	**183**	**1,653**	(1,560)	(64)	(1,624)
Total adjustment to costs of sales	**(1,240)**	**902**	**(338)**	1,790	(791)	999

Income (loss)		**YTD 2024**			YTD 2023	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Mark-to-market on:						
Sugar futures contracts	**(12,533)**	**—**	**(12,533)**	11,018	—	11,018
Foreign exchange forward contracts	**2,862**	**822**	**3,684**	1,085	(111)	974
Total mark-to-market adjustment on derivatives	**(9,671)**	**822**	**(8,849)**	12,103	(111)	11,992
Cumulative timing differences	**(6,900)**	**198**	**(6,702)**	(3,728)	2,131	(1,597)
Total adjustment to costs of sales	**(16,571)**	**1,020**	**(15,551)**	8,375	2,020	10,395

Fluctuations in the mark-to-market adjustment on derivatives are due to the price movements in Raw #11 sugar and foreign exchange variations.

We recognize cumulative timing differences, as a result of mark-to-market gains or losses, only when sugar or maple product is sold to a customer. The gains or losses on sugar and related foreign exchange paper transactions are largely offset by corresponding gains or losses from the physical transactions, namely sale and purchase contracts with customers and suppliers.

The above-described adjustments are added to or deducted from the mark-to-market results to arrive at the total adjustment to cost of sales. For the three- and twelve-months periods ended on September 28, 2024, the total cost of sales adjustment is a loss of $0.3 million and $15.6 million, respectively to be added to the consolidated results. For comparable periods last year, the total cost of sales adjustment is a gain of $1.0 million and $10.4 million, respectively to be deducted from the consolidated results.

See the "Non-IFRS measures" for more information on these adjustments.

SEGMENTED INFORMATION

Segmented Results (In thousands of dollars)	Q4 2024 Sugar	Q4 2024 Maple Products	Q4 2024 Total	Q4 2023 Sugar	Q4 2023 Maple Products	Q4 2023 Total
	$	**$**	**$**	$	$	$
Revenues	**272,811**	**60,218**	**333,029**	256,229	51,807	308,036
Gross margin	**43,150**	**6,582**	**49,732**	35,512	5,680	41,192
Administration and selling expenses	**9,305**	**2,919**	**12,224**	7,703	2,777	10,480
Distribution costs	**7,079**	**349**	**7,428**	7,414	483	7,897
Results from operating activities	**26,766**	**3,314**	**30,080**	20,395	2,420	22,815
Adjustment to cost of sales[2]	**1,240**	**(902)**	**338**	(1,790)	791	(999)
Adjusted Gross margin[1]	**44,390**	**5,680**	**50,070**	33,722	6,471	40,193
Adjusted results from operating activities[1]	**28,006**	**2,412**	**30,418**	18,605	3,211	21,816
EBITDA[1]	**32,985**	**4,986**	**37,971**	25,453	4,115	29,568
Adjusted EBITDA[1]	**34,225**	**4,084**	**38,309**	23,663	4,906	28,569
Additional information:						
Additions to property, plant and equipment and intangible assets, net of disposals	**24,545**	**492**	**25,037**	8,949	252	9,201
Increase in asset retirement obligation provision included in property, plant and equipment	**3,778**	**—**	**3,778**	350	—	350
Additions to right-of-use assets	**—**	**19**	**19**	10,056	33	10,089

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures
(2) See "Adjusted results"

Segmented Results (In thousands of dollars)	YTD 2024 Sugar	YTD 2024 Maple Products	YTD 2024 Total	YTD 2023 Sugar	YTD 2023 Maple Products	YTD 2023 Total
	$	**$**	**$**	$	$	$
Revenues	**998,029**	**233,734**	**1,231,763**	893,482	211,231	1,104,713
Gross margin	**150,860**	**25,012**	**175,872**	144,397	21,329	165,726
Administration and selling expenses	**40,502**	**11,429**	**51,931**	33,250	10,979	44,229
Distribution costs	**25,494**	**1,238**	**26,732**	24,637	1,897	26,534
Results from operating activities	**84,864**	**12,345**	**97,209**	86,510	8,453	94,963
Adjustment to cost of sales[2]	**16,571**	**(1,020)**	**15,551**	(8,375)	(2,020)	(10,395)
Adjusted Gross margin[1]	**167,431**	**23,992**	**191,423**	136,022	19,309	155,331
Adjusted results from operating activities[1]	**101,435**	**11,325**	**112,760**	78,135	6,433	84,568
EBITDA[1]	**107,033**	**19,019**	**126,052**	106,021	15,228	121,249
Adjusted EBITDA[1]	**123,604**	**17,999**	**141,603**	97,646	13,208	110,854
Additional information:						
Additions to property, plant and equipment and intangible assets, net of disposals	**74,716**	**1,120**	**75,836**	36,151	951	37,102
Increase in asset retirement obligation provision included in property, plant and equipment	**9,670**	**—**	**9,670**	350	—	350
Additions to right-of-use assets, net of disposals	**3,046**	**128**	**3,174**	11,667	78	11,745

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures
(2) See "Adjusted results"

SUGAR

IMPACT OF LABOUR DISRUPTION AT VANCOUVER REFINERY

On February 1, 2024, the unionized employees of the Vancouver sugar refinery, represented by the Public and Private Workers of Canada Local 8, ratified a new five-year collective agreement, concluding a strike that began on September 28, 2023. Throughout the labour disruption, which lasted over 4 months, the Vancouver refinery operated at a reduced capacity, estimated at approximately 30%, and production from our Taber and Montréal facilities was used to support our customers in Western Canada.

The unionized employees have returned to work and the Vancouver refinery is now operating at its normal capacity. The overall unfavourable impact of the strike which occurred mainly in the first two quarters of the current fiscal year is a net reduction in volume of approximately 23,500 metric tonnes, and a reduction of adjusted EBITDA estimated at $5.4 million.

LEAP PROJECT

On August 11, 2023, the Board of Directors of Lantic approved the LEAP Project, consisting of an investment in the expansion of its Eastern Canada capacity. LEAP is expected to provide approximately 100,000 metric tonnes of incremental refined sugar capacity to the growing Canadian market and includes sugar refining assets, along with logistic assets to increase the delivery capacity to the Ontario market. The total cost for the LEAP Project was initially estimated at $200 million, with an expected delivery date scheduled in the first half of fiscal 2026.

The planning and design phases associated with the LEAP Project are now mostly completed and the construction phase has begun. Site preparation and permitting processes are completed for the main construction site in Montréal. Detailed planning for the Toronto portion of the project is now completed. Orders for sugar refining equipment and other large production and logistic-related equipment have been placed with suppliers, with several pieces of equipment already on site.

In the second half of 2024, we identified incremental costs to the LEAP Project, primarily due to design additions driven by the complexity of the project, market-driven price increases for construction, and new safety regulations. Many of the incremental costs are related to challenges associated with the repurposing of a section of the Montréal building for the sugar refining portion of the LEAP Project. Following this assessment, we worked closely with our design and construction partners to fully assess the overall impact of such issues on the total cost of the LEAP Project. Based on the work performed in recent months, and considering the most recent data available, we now estimate the expected total project costs to range between $280 million and $300 million, representing an increase of 40% to 50% over the initial estimate.

The changes described above are also impacting the expected completion date for the LEAP Project. Based on our most recent analysis, we now anticipate the LEAP Project to be in-service at the end of fiscal 2026, representing a delay of approximately six months from the initial schedule.

We remain confident in the investment's value, which is supported by the robust economic fundamentals of the sugar industry in Canada and in North America. We expect the strong demand seen in recent years, along with the related improved pricing in the market to largely off-set the unfavourable impact of the incremental cost, and the longer construction schedule for the LEAP Project.

We are funding the execution of the LEAP Project, including the expected incremental costs, with a combination of debt, equity and our existing revolving credit facility. In connection with the financing plan of the LEAP Project, RSI issued new common shares in the second quarter of 2024, for net proceeds of $112.5 million. In the second half of 2023, also in connection with the financing of the LEAP Project, Lantic entered into two secured loan agreements with Investissement Québec for up to $65 million. We anticipate drawing funds from the approved loans from Investissement Québec at the beginning of fiscal 2025. In the first quarter of fiscal 2024, to support the LEAP Project, we increased the amount available under our revolving credit facility by $75 million, to $340 million.

As at September 28, 2024, $53.8 million, including $1.7 million in interest costs, has been capitalized in construction in progress on the balance sheet for the LEAP Project. Thus far, most of the costs incurred are related to the design and planning phases of the project, the site preparation in Montréal and sugar refining, production, and logistic equipment ordered and received from suppliers. For fiscal 2024, $42.6 million has been capitalized in connection with the LEAP Project, while $11.2 million was capitalized in fiscal 2023.

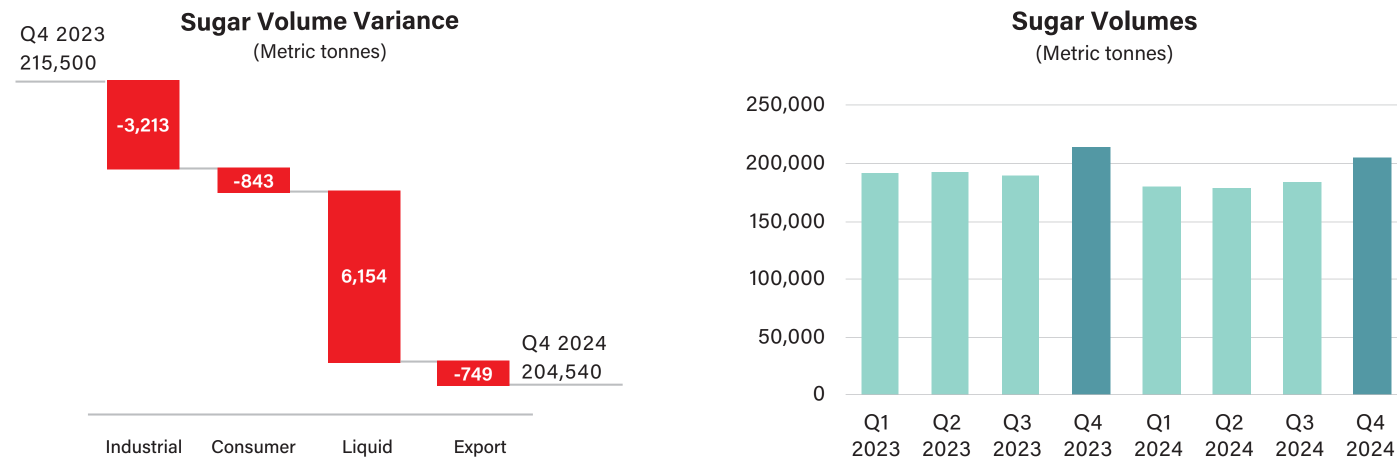
See "Forward-Looking Statements" and "Risks and Uncertainties".

REVENUES

(In thousands of dollars)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
	272,811	256,229	16,582	**998,029**	893,482	104,547

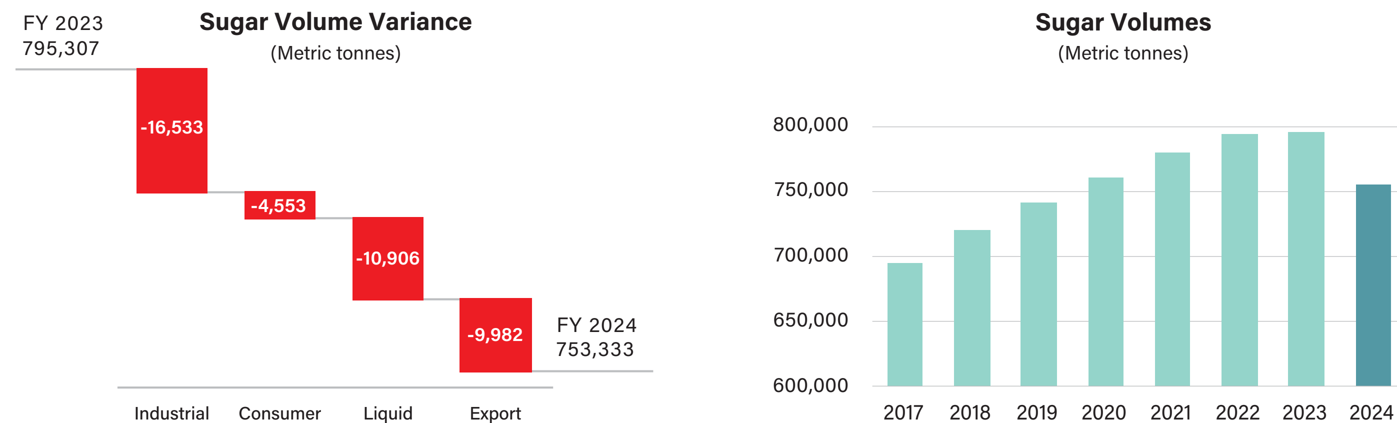
In the fourth quarter of 2024, revenues increased by $16.6 million, compared to the same period last year. The positive variance was driven mainly by higher contribution from refining-related activities, partially offset by lower sales volume. In the 2024 fiscal year, revenues increased by $104.5 million compared to last year. The variance was driven mainly by higher contribution from refining-related activities and higher average price for Raw #11, partially offset by lower sales volume.

The average prices for Raw #11 component included in our revenue increased by US 2.7 cents per pound to US 22.51 cents per pound for the 2024 fiscal year, when compared to last year. This increase was not fully correlated to the average price of Raw #11 traded on the ICE in fiscal 2024, as some contracts with customer were booked in previous years with Raw #11 at a higher price.



The demand trends for sugar in the long-term remain strong. However, in the fourth quarter of fiscal 2024, sugar sales volume totaled approximately 204,500 metric tonnes, a decrease of approximately 5% or 11,000 metric tonnes compared to the same period last year. This was mainly driven by the following:

- Lower volume from the industrial customer segment of approximately 3,200 metric tonnes, reflecting a small reduction in North American demand attributable to external macroeconomic factors including food inflation and high prices of other related commodities such as cocoa.
- Lower liquid volume sold of approximately 6,200 metric tonnes, mainly related to a temporary reduction in purchases from specific customers, along with timing of orders.
- Lower volume from the consumer retail segment of approximately 800 metric tonnes attributable mainly to timing of orders and promotions by large retail customers.
- Export volume decreased by approximately 700 metric tonnes compared to the same period last year as a result of timing related to specific customers' shipments.



During fiscal year 2024, sugar volume totaled approximately 753,000 metric tonnes, a decrease of approximately 42,000 metric tonnes compared to last year. The negative variance was driven mainly by the unfavourable net impact of the labour disruption at the Vancouver refinery, estimated at approximately 23,500 metric tonnes. The unfavourable variance was also attributable to lower sales volume across our customer segments in the second half of fiscal 2024, as a result external macroeconomic factors including food inflation and high prices of other related commodities such as cocoa. The specific impacts by customer segment were as follows:

- Industrial volume decreased by approximately 16,500 metric tonnes.
- Liquid volume decreased by approximately 10,900 metric tonnes.
- Consumer volume decreased by approximately 4,500 metric tonnes.
- Export volume decreased by approximately 10,000 metric tonnes. In the first half of fiscal 2024, we focused our sales efforts on serving the domestic market during the labour disruption in Vancouver.

GROSS MARGIN

(In thousands of dollars, except per metric tonne information)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Gross margin	**43,150**	35,512	7,638	**150,860**	144,397	6,463
Total adjustment to cost of sales[2]	**1,240**	(1,790)	3,030	**16,571**	(8,375)	24,946
Adjusted gross margin[1]	**44,390**	33,722	10,668	**167,431**	136,022	31,409
Adjusted gross margin per metric tonne[1]	**217**	156	61	**222**	171	51
Included in gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	**5,092**	4,022	1,070	**17,678**	15,396	2,282

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures
(2) See "Adjusted results"

Gross margin was $43.2 million and $150.9 million for the current quarter and the 2024 fiscal year, and included losses of $1.2 million and $16.6 million respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was $35.5 million and $144.4 million, respectively, with mark-to-market gains of $1.8 million and $8.4 million, respectively.

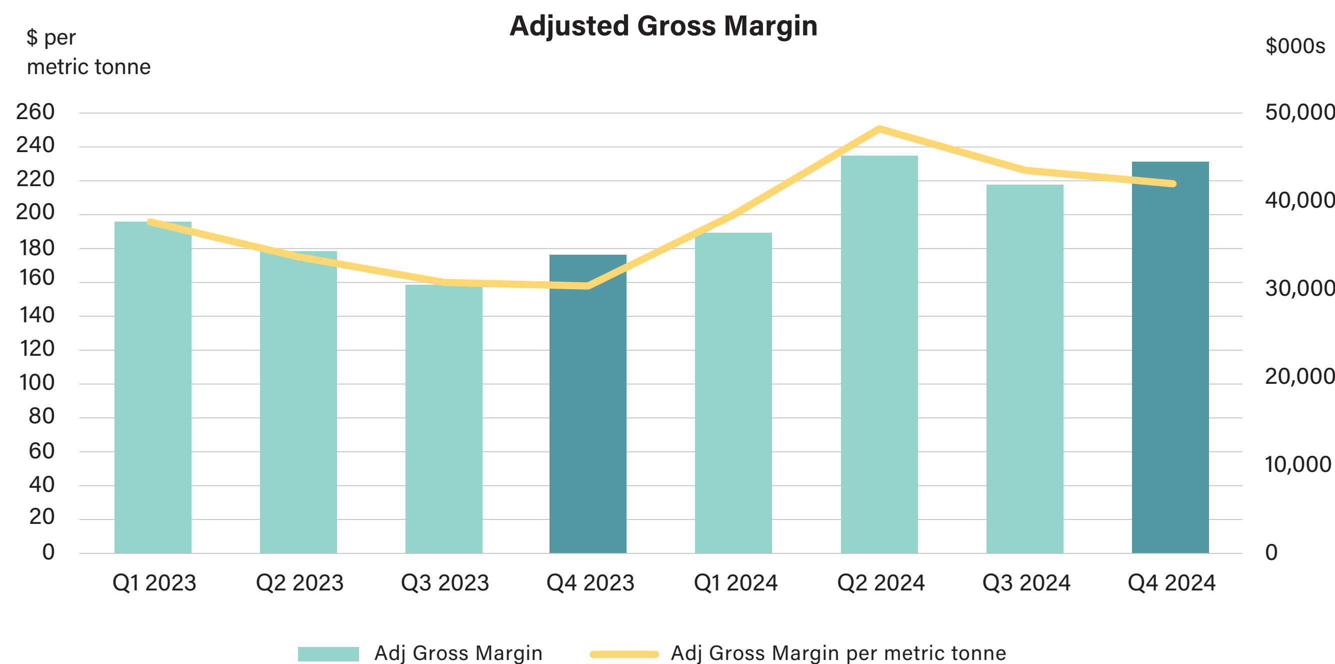
Adjusted gross margin was $44.4 million and $167.4 million for the current quarter and for the 2024 fiscal year, respectively, as compared to $33.7 million and $136.0 million in the same periods of 2023.

Adjusted gross margin increased by $10.7 million in the current quarter compared to the same quarter last year mainly as a result of higher sugar sales margin from increased average pricing on sugar refining-related activities. This positive variance was partially offset by higher production costs mainly driven by increased maintenance activities and market-based inflationary pressures on costs, along with the unfavourable impact of lower sales volume.

On a per-unit basis, adjusted gross margin for the fourth quarter was $217 per metric tonne, as compared to $156 per metric tonne for the same period last year. The favourable variance was mainly due to an increase in overall margin from improved selling prices, partially offset by higher production costs.

For the 2024 fiscal year, adjusted gross margin increased by $31.4 million driven mainly by higher sugar sales margin from increased average pricing on sugar refining-related activities. This positive variance was partially offset by higher production costs mainly driven by increased maintenance activities and market-based inflationary pressure on costs, along with the unfavourable impact of lower sales volume.

On a per-unit basis, for the fiscal 2024, adjusted gross margin amounted to $222 per metric tonne compared to $171 per metric tonne for the same period last year. The favourable variance of $51 per metric tonne was mainly due to increase in overall margin from improved selling prices, partially offset by higher production costs.



OTHER EXPENSES

(In thousands of dollars, except per metric tonne information)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Administration and selling expenses	**9,305**	7,703	1,602	**40,502**	33,250	7,252
Distribution costs	**7,079**	7,414	(335)	**25,494**	24,637	857
Included in Administration and selling expenses: Depreciation of property, plant and equipment and right-of-use assets	**180**	194	(14)	**755**	929	(174)
Included in Distribution costs: Depreciation of right-of-use assets	**947**	842	105	**3,736**	3,186	550

In the fourth quarter of fiscal 2024, administration and selling expenses were higher by $1.6 million compared to the same quarter last year. The variance was mainly due to higher cash-settled share-based compensation expense, driven by a higher variation in share price used to value the associated liability in the current quarter,

Distribution costs were lower by $0.3 million compared to the same quarter last year, mainly due to a lower transfer of sugar to our beet sugar facility in Taber compared to the same period last year as our cane sugar facilities were supporting lower-than-expected production volume from our beet sugar facility in fiscal 2023.

For the fiscal year 2024, administration and selling expenses were $7.2 million higher than the comparable period last year. The variance was mainly due to market-based incremental compensation costs and related employee benefits of $3.4 million compared to the same period last year, along with higher cash-settled share-based compensation expense of $1.7 million, driven by a higher variation in share price used to value the associated liability in the current year. The variance was also driven by market-based inflationary pressure on administrative business support costs.

Distribution costs for the fiscal year 2024 increased by $0.9 million compared to the same period last year, mainly due to higher transfer of sugar between our facilities to support the needs of our customers. This was partially offset by lower transfer of sugar to our facility in Taber compared to the same period last year as our cane sugar facilities were supporting lower-than-expected production volume from our beet sugar facility in fiscal 2023.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

(In thousands of dollars)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Results from operating activities	**26,766**	20,395	6,371	**84,864**	86,510	(1,646)
Total adjustment to cost of sales[2]	**1,240**	(1,790)	3,030	**16,571**	(8,375)	24,946
Adjusted results from operating activities[1]	**28,006**	18,605	9,401	**101,435**	78,135	23,300
Depreciation of property, plant and equipment, right-of-use assets, and amortization of intangible assets	**6,219**	5,058	1,161	**22,169**	19,511	2,658
EBITDA[1]	**32,985**	25,453	7,532	**107,033**	106,021	1,012
Adjusted EBITDA[1]	**34,225**	23,663	10,562	**123,604**	97,646	25,958

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures
(2) See "Adjusted results"

Results from operating activities for the fourth quarter and the 2024 fiscal year were $26.8 million and $84.9 million, respectively, an increase of $6.4 million and a decrease of $1.6 million respectively, as compared to same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted results from operating activities in the fourth quarter of fiscal 2024 were $9.4 million higher than the same period last year, mainly due to higher adjusted gross margin and lower distribution costs, partially offset by higher administration and selling expenses. Adjusted results from operating activities for the 2024 fiscal year were $23.3 million higher than the same period last year as higher adjusted gross margin was partially offset by higher distribution costs and higher administration and selling expenses.

EBITDA for the fourth quarter and the 2024 fiscal year were $33.0 million and $107.0 million, respectively, an increase of $7.5 million and $1.0 million, respectively, as compared to same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the fourth quarter increased by $10.6 million compared to the same period last year, largely due to higher adjusted gross margin and lower distribution costs, partially offset by higher administration and selling expenses. Adjusted EBITDA for the 2024 fiscal year increased by $26.0 million largely due to higher adjusted gross margin, partially offset by higher distribution costs and higher administration and selling expenses, as mentioned above.

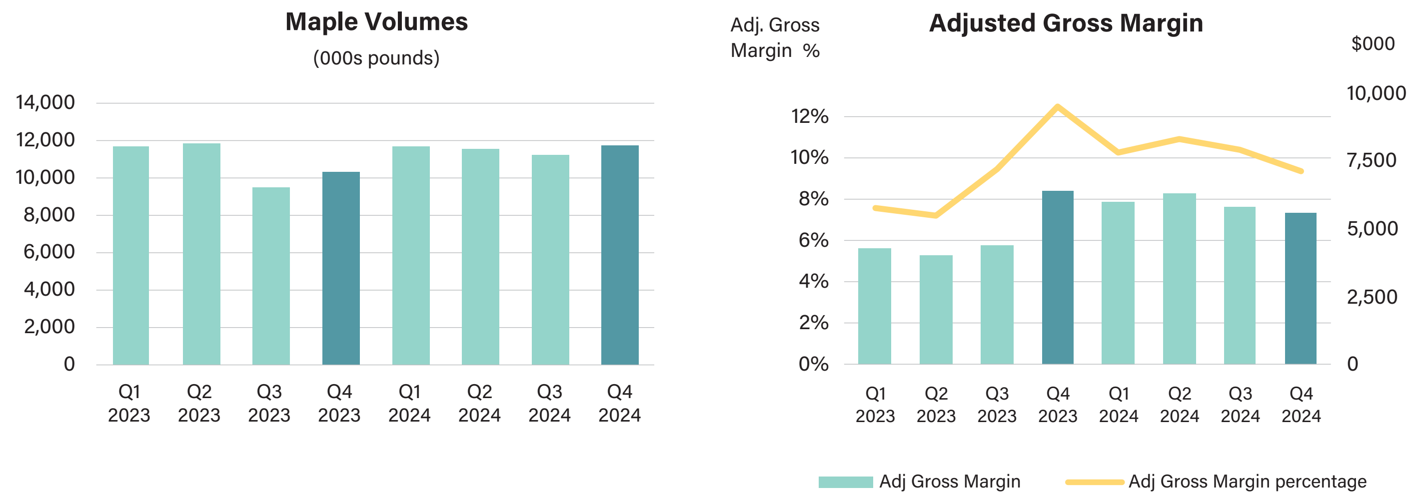
MAPLE PRODUCTS

REVENUES

(In thousands of dollars, except volume)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Volume (000 pounds)	**11,927**	10,363	1,564	**46,947**	43,871	3,076
Revenues	**60,218**	51,807	8,411	**233,734**	211,231	22,503

Revenues for the fourth quarter were $8.4 million higher than the same period last year due to improved average selling prices and an increase in sales volume. For the 2024 fiscal year, revenues were $22.5 million higher than last fiscal year largely due to higher average selling price and higher sales volume.

For the fourth quarter and the 2024 fiscal year, volume sold increased by 1.6 million lbs and 3.1 million lbs, respectively, compared to the same periods last year. The increases in volume were mainly attributable to higher customer demand.



GROSS MARGIN

(In thousands of dollars, except adjusted gross margin rate information)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Gross margin	**6,582**	5,680	902	**25,012**	21,329	3,683
Total adjustment to cost of sales (1)(2)	**(902)**	791	(1,693)	**(1,020)**	(2,020)	1,000
Adjusted gross margin (1)	**5,680**	6,471	(791)	**23,992**	19,309	4,683
Adjusted gross margin percentage (1)	**9.4%**	12.5%	(3.1) %	**10.3%**	9.1%	1.2%
Included in Gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	**789**	818	(29)	**3,143**	3,265	(122)

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures
(2) See "Adjusted results"

Gross margin was $6.6 million and $25.0 million for the three months and the full fiscal year and includes gains of $0.9 million and $1.0 million respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was $5.7 million and $21.3 million, respectively, with a mark-to-market loss of $0.8 million and a gain of $2.0 million, respectively.

Adjusted gross margin for the fourth quarter of fiscal 2024 was lower by $0.8 million. The negative variance was largely due to the net impact of non-recuring adjustments recorded in the last quarters of 2024 and 2023. Such adjustments were related to inventory valuation, purchase of maple syrup and packaging components, and had a negative impact in the last quarter of 2024 and a positive impact in the last quarter of 2023.

Adjusted gross margin for fiscal 2024 was $4.7 million higher than the prior year. The favourable variance was mainly related to higher average pricing, incremental sales volume and lower operating costs from savings related to continuous improvement and automation initiatives.

Adjusted gross margin percentage for the fourth quarter of 2024 was 9.4% as compared to 12.5% for the same quarter last year. The unfavourable variance was mainly related to lower gross margin. Adjusted gross margin percentage for fiscal year 2024 was 10.3% as compared to 9.1% for fiscal year 2023. The favourable variance was mainly related to higher average pricing and lower operating costs.

OTHER EXPENSES

(In thousands of dollars)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Administration and selling expenses	**2,919**	2,777	142	**11,429**	10,979	450
Distribution costs	**349**	483	(134)	**1,238**	1,898	(660)
Included in Administration and selling expenses:						
Amortization of intangible assets	**883**	877	6	**3,531**	3,510	21

Administration and selling expenses for the last three months and for the twelve months ended in the current fiscal year were $0.1 million and $0.5 million higher than the comparable periods last year. These variances were largely due to market-based cost increases for compensation-related expenses and administrative business support costs.

Distribution costs for the fourth quarter and the current fiscal year were lower by $0.1 million and $0.7 million, respectively, compared to the same period last year, mainly due to lower logistic costs and higher recovery of such costs from customers.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

(In thousands of dollars)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Results from operating activities	**3,314**	2,420	894	**12,345**	8,453	3,892
Total adjustment to cost of sales (1)	**(902)**	791	(1,693)	**(1,020)**	(2,020)	1,000
Adjusted results from operating activities (1)(3)	**2,412**	3,211	(799)	**11,325**	6,433	4,892
Depreciation and amortization	**1,672**	1,695	(23)	**6,674**	6,775	(101)
EBITDA (1)	**4,986**	4,115	871	**19,019**	15,228	3,791
Adjusted EBITDA (1)	**4,084**	4,906	(822)	**17,999**	13,208	4,791

(1) See "Non-IFRS Measures" section for definition and reconciliation to IFRS measures
(2) See "Adjusted results" section
(3) Adjusted results for operating activities exclude goodwill impairment

Results from operating activities for the fourth quarter and the 2024 fiscal year were $3.3 million and $12.3 million respectively, compared to $2.4 million and $8.5 million respectively, in the same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted results from operating activities for the current quarter were $0.8 million lower than the comparable period last year, due mainly to lower adjusted gross margin and higher administration and selling expenses, partially offset by lower distribution costs.

Adjusted results from operating activities for the 2024 fiscal year were $4.9 million higher than the comparable period last year, due mainly to higher adjusted gross margin and lower distribution expenses, partially offset by higher administration and selling expenses, as explained above.

EBITDA for the fourth quarter and the 2024 fiscal year were $5.0 million and $19.0 million, respectively, an increase of $0.9 million and $3.8 million, respectively, as compared to same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the current quarter of fiscal 2024 decreased by $0.8 million, due to lower gross margin as explained above. Adjusted EBITDA for the 2024 fiscal year increased by $4.8 million, compared to the same period last year, largely driven by higher adjusted gross margins and lower distribution costs, partially offset by higher administration and selling expenses, as explained above.

OUTLOOK

Following a strong performance in both of our business segments in 2024, we expect to deliver a strong financial performance in 2025. The continued strength in demand and pricing is expected to support organic growth for our Sugar business segment going forward. We also expect the recovery in our Maple segment in 2024 to set the pace for another strong year in 2025, as the overall maple market is showing growth.

SUGAR SEGMENT

We expect the Sugar segment to perform well in fiscal 2025. Underlying North American demand for sugar remains historically strong, despite a slight decrease over the last two quarters. Gross margin for the sugar segment for 2025 is expected to align with previous year, reflecting market-based price increases for sugar and sugar containing products, and should continue to have a positive impact on our financial results, allowing us to mitigate the expected increase in costs associated with our operations.

Our sales volume expectation for fiscal year 2025 is set at 800,000 metric tonnes, which is aligned with the initial 2024 expectations, excluding the impact of the labour disruption at the Vancouver plant. Overall, this would represent an increase of over 5% year over year. We expect to continue to prioritize domestic sales and to take advantage of export sales opportunities in fiscal 2025, with the objective to consistently meet our commitments to our customers.

The harvest period for our sugar beet facility in Taber was completed in early November and we have received the expected quantity of beets from the growers. We are currently in the processing stage of the 2024 sugar beet campaign, with expected completion by the end of February. Based on our early assessment, we anticipate the 2024 crop to deliver between 105,000 metric tonnes and 110,000 metric tonnes of beet sugar, consistent with our expectations. The volume expectation aligns with the acreage contracted with the ASBG and the expected volume of sugar beets we anticipated receiving.

Production costs and maintenance programs for our three production facilities are expected to increase moderately in 2025, as such related expenditures continue to be impacted by market-based increase in costs and annual wage increases for employees. For 2025, we plan to continue to perform the necessary maintenance activities to ensure a smooth production process to meet the needs of our customers. We remain committed to managing our costs responsibly to properly maintain our production assets and related facilities.

Distribution costs are expected to decrease slightly in 2025. These expenditures reflect the current market dynamics requiring the transfer of sugar produced between our refineries to meet demand from customers, and some of the costs associated with servicing customers with imported refined sugar, pending the completion of our LEAP Project.

Administration and selling expenses are expected to be stable in 2025 as compared to 2024.

We anticipate our financing costs to be stable in fiscal 2025, as excess cash related to the timing of the equity financing portion of the LEAP project is providing a temporary increase in our available cash, which is mitigating the impact of a higher net interest rate on our credit facility. We have been able to partially mitigate the impact of recent increases in interest rates and energy costs through our multi-year hedging strategy. We expect our hedging strategy will continue to mitigate such exposure in fiscal 2025.

Spending on regular business capital projects is expected to decrease slightly in fiscal 2025 as compared to 2024. We anticipate spending between $25.0 million to $30.0 million on various initiatives. This capital spending estimate excludes expenditures relating to our LEAP Project, which are currently estimated to be approximately $122 million for fiscal 2025.

MAPLE

We expect financial results in our Maple segment to continue to be strong in 2025, following the recovery seen over the last year. Throughout the recovery period, we focused on negotiating market-based price increases and optimizing our operations at our Granby and Dégelis plants through automation and continuous improvement initiatives.

The sales volume for fiscal 2025 is expected to grow moderately by 0.5 million lbs. The sales volume expectation reflects current market conditions, and the anticipated availability of maple syrup from the producers. The 2024 maple syrup crop was significantly better than anticipated and should support the current market demand, while also allowing for the partial replenishment of the reserve held by the PPAQ. The reserve of PPAQ has been depleted in recent years from below average crops.

We expect to spend between $1 million and $1.5 million annually on capital projects for the Maple business segment. The main driver for the selected projects is improvement in productivity and profitability through automation.

See "Forward-Looking Statements" and "Risks and Uncertainties".

Management's Discussion and Analysis

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

(unaudited) (In thousands of dollars, except volume and per share information)	Q4 2024	Q4 2023	YTD 2024	YTD 2023
	$	$	**$**	$
Sugar (metric tonnes)	**204,540**	215,500	**753,333**	795,307
Maple syrup (000 pounds)	**11,927**	10,363	**46,947**	43,871
Total revenues	**333,029**	308,036	**1,231,763**	1,104,713
Gross margin	**49,732**	41,192	**175,872**	165,726
Adjusted gross margin[(1)]	**50,070**	40,193	**191,423**	155,331
Results from operating activities	**30,080**	22,815	**97,209**	94,963
Adjusted results from operating activities[(1)]	**30,418**	21,816	**112,760**	84,568
EBITDA[(1)]	**37,971**	29,568	**126,052**	121,249
Adjusted EBITDA[(1)]	**38,309**	28,569	**141,603**	110,854
Net finance costs	**5,286**	6,687	**23,783**	24,577
Income tax expense	**6,232**	4,252	**19,697**	18,597
Net earnings	**18,562**	11,876	**53,729**	51,789
per share (basic)	**0.14**	0.12	**0.45**	0.50
per share (diluted)	**0.13**	0.09	**0.41**	0.44
Adjusted net earnings[(1)]	**18,819**	11,283	**66,660**	44,494
per share (basic)[(1)]	**0.14**	0.11	**0.56**	0.42
Dividends per share	**0.09**	0.09	**0.36**	0.36

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures

TOTAL REVENUES

Revenues increased by $25.0 million and $127.1 million for the fourth quarter and for the 2024 fiscal year, respectively, compared to the same periods last year. The increase in revenues was mainly attributable to higher prices received from customers for Raw #11 sugar and higher average pricing for refining related activities in the Sugar segment, as well as higher pricing and increased sales volume in the Maple segment. The positive variance was partially offset by lower sales volume in the Sugar segment.

GROSS MARGIN

Gross margin increased by $8.5 million and $10.1 million respectively for the current quarter and for fiscal 2024 compared to the same periods last year. Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the current quarter and for the 2024 fiscal year increased by $9.9 million and $36.1 million respectively, compared to the same period last year. The positive variance in the current quarter was mainly due to higher adjusted gross margin in the Sugar segment largely driven by improved selling price, partially offset by a slight decrease to adjusted gross margin in the Maple segment. The favourable variance for fiscal 2024 was mainly due to higher adjusted gross margin in both the Sugar and Maple segments largely driven by improved selling price.

For the Sugar segment, the adjusted gross margin for the current quarter amounted to $217 per metric tonne, an increase of $61 per metric tonne compared to the same period last year. Adjusted gross margin per metric tonne for fiscal 2024 in the Sugar segment at $222 per metric tonnes, was higher by $51 per metric tonne compared to last year, mainly due to improved average pricing, partially offset by higher production costs. For the Maple segment, the adjusted gross margin percentage for the current quarter was 9.4%, a decrease of 3.1% compared to the same period last year due to non-recurring adjustments. Adjusted gross margin percentage for fiscal 2024 in the Maple segment was 1.2% higher compared to last year, largely driven by higher average pricing, incremental sales volume and lower operating costs from savings related to continuous improvement and automation initiatives.

RESULTS FROM OPERATING ACTIVITIES

Results from operating activities for the current quarter were $30.1 million compared to $22.8 million in the same quarter last year, representing an increase of $7.3 million. For fiscal 2024, results from operating activities were $97.2 million compared to $95.0 million last year, representing an increase of $2.2 million. Adjusted results from operating activities for the current quarter amounted to $30.4 million compared to $21.8

million in the same quarter last year, an increase of $8.6 million. For fiscal 2024, adjusted results from operating activities were $112.8 million compared to $84.6 million, representing an increase of $28.2 million. The positive variance in the current quarter was mainly due to higher contribution from the Sugar segment, partially offset by a slight decrease in adjusted results from operating activities in the Maple segment. The favourable variance for fiscal 2024 was mainly due to higher contribution from both the Sugar and Maple segments.

NET FINANCE COSTS

(In thousands of dollars)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Interest expense on convertible unsecured subordinated debentures, including accretion of $1,130 (2023 - $1,024)	**2,203**	2,140	63	**8,636**	8,530	106
Interest on revolving credit facility	**736**	1,946	(1,210)	**4,695**	7,293	(2,598)
Interest on senior guaranteed notes, including accretion of $213 (2023- $158)	**924**	917	7	**3,694**	3,639	55
Amortization of deferred financing fees	**333**	308	24	**1,328**	1,231	97
Interest on Producteurs et Productrices Acérioles du Québec supplier balance	**656**	840	(184)	**1,822**	2,265	(443)
Other interest expense	**(11)**	—	(11)	**43**	21	22
Interest accretion on discounted lease obligations	**437**	335	102	**1,720**	1,075	645
Net change in fair value of interest rate swaps	**8**	201	(193)	**1,845**	523	1,322
Net finance costs	**5,286**	6,687	(1,401)	**23,783**	24,577	(794)

For the fourth quarter of 2024, net finance costs were lower by $1.4 million compared to the same period last year, largely driven by lower interest expense on our revolving credit facility from lower average borrowing due mainly to the net cash proceeds received in connection with the issuance of common shares in March 2024. The decrease was also associated with lower interest expense related to the purchase of maple syrup from PPAQ and the impact of market-based changes in fair value related to interest rate swaps contracts.

For the fiscal year 2024, net finance costs were lower by $0.8 million compared to the same period last year, largely from lower average borrowing due to the net cash proceeds received in connection with the issuance of common shares in March 2024, and lower interest expense related to the purchase of maple syrup from PPAQ. The variance was partially offset by the impact of market-based changes in fair value related to interest rate swaps contracts and the increase in interest accretion on discounted lease obligations.

TAXATION

(In thousands of dollars)	**Q4 2024**	Q4 2023	Δ	**YTD 2024**	YTD 2023	Δ
	$	$	$	**$**	$	$
Current	**2,168**	3,606	(1,438)	**15,496**	14,676	820
Deferred	**4,064**	646	3,418	**4,201**	3,921	280
Income tax expense	**6,232**	4,252	1,980	**19,697**	18,597	1,100

The variations in current and deferred tax expense for the current quarter and the fiscal 2024 are consistent with the variation in earnings before income taxes compared to the same periods last year.

Deferred income taxes reflect temporary differences, which result primarily from the difference between depreciation claimed for tax purposes and depreciation amounts recognized for financial reporting purposes, losses carried forward, employee future benefits and derivative financial instruments. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates anticipated to apply to income in the years in which temporary differences are expected to be realized or reversed. The effect of a change in income tax rates on future income taxes is recognized in income in the period in which the change occurs.

NET EARNINGS

Net earnings in the fourth quarter and for the fiscal 2024 were higher by $6.7 million and $1.9 million, respectively, compared to the same periods last year. These variances were mainly attributable to non-cash variances in the mark-to-market of derivative financial instruments associated with sugar futures contracts and foreign exchange forward contracts, higher adjusted results from operating activities and lower net finance costs, partially offset by higher income tax expenses.

Adjusted net earnings in the fourth quarter were $7.5 million higher compared to the same period last year, mainly due to higher adjusted results from operating activities and lower net finance costs, partially offset by higher income tax expense. Adjusted net earnings for the 2024 fiscal year were higher by $22.2 million compared to the same periods last year, largely attributable to higher adjusted results from operating activities and lower net finance costs, partially offset by higher income tax expense.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected financial information of the consolidated financial statements and non-IFRS measures of the Company for the last eight quarters:

QUARTERS[2]	2024				2023			
(In thousands of dollars, except for volumes and per share information)	**Fourth**	Third	Second	First	Fourth	Third	Second	First
	$	$	$	$	$	$	$	$
Sugar volumes (MT)	**204,540**	185,799	180,618	182,376	215,500	191,411	195,547	192,849
Maple products volumes ('000 pounds)	**11,927**	11,392	11,777	11,852	10,363	9,630	12,059	11,819
Total revenues	**333,029**	309,091	300,944	288,699	308,036	262,285	272,949	261,443
Gross margin	**49,732**	36,635	44,861	44,644	41,192	41,685	41,659	41,191
Adjusted gross margin[1]	**50,070**	47,742	51,292	42,319	40,193	34,912	38,233	41,993
Results from operations	**30,080**	16,315	24,704	26,110	22,815	24,008	21,856	26,284
Adjusted results from operations[1]	**30,418**	27,422	31,135	23,785	21,816	17,235	18,431	27,086
EBITDA[1]	**37,971**	23,372	31,664	33,045	29,568	30,523	28,445	32,713
Adjusted EBITDA[1]	**38,309**	34,479	38,095	30,720	28,569	23,750	25,020	33,515
Net earnings	**18,562**	7,379	13,936	13,852	11,876	14,177	11,062	14,674
Per share - basic	**0.14**	0.06	0.13	0.13	0.12	0.13	0.11	0.14
Per share - diluted	**0.13**	0.06	0.11	0.11	0.09	0.12	0.10	0.13
Adjusted net earnings[1]	**18,819**	16,337	18,891	12,613	11,283	8,749	9,115	15,347
Per share - basic	**0.14**	0.13	0.17	0.12	0.11	0.08	0.09	0.15
Per share - diluted	**0.13**	0.11	0.15	0.10	0.10	0.08	0.09	0.31
Sugar - Adjusted gross margin rate per MT[1]	**217**	225	249	199	156	159	175	195
Maple - Adjusted gross margin percentage[1]	**9.4%**	10.4%	10.9%	10.3%	12.5%	9.5%	7.2%	7.7%

(1) See "Non-IFRS Measures" section for definition and reconciliation to IFRS measures
(2) All quarters are 13 weeks

Historically the first quarter (October to December) and the fourth quarter (July to September) of the fiscal year are the best quarters for the sugar segment for adjusted gross margin, adjusted EBITDA, and adjusted net earnings due to the favourable sales product mix associated with an increased proportion of consumer sales during these periods of the year. At the same time, the second quarter (January to March) and the third quarter (April to June) historically have the lowest volumes as well as an unfavourable sales product mix, resulting in lower adjusted gross margins, adjusted EBITDA, and adjusted net earnings. From a sales volume perspective, fiscal 2024 did not follow the historical trend due mainly to the impact of reduced activities at our Vancouver sugar refinery in connection with the labour disruption. From a profitability perspective, the current favourable trend associated with strong contribution from sugar refining activities over the last fiscal year reflects the strong fundamentals of this business segment.

Usually, there is minimal seasonality in the Maple products segment. However, over the last two years, we have experienced volatility in sales volume partially attributable to the highly competitive market and the global volatility in economic conditions.

FINANCIAL CONDITION

(In thousands of dollars)	**September 28, 2024**	September 30, 2023	October 1, 2022
	$	$	$
Total assets	**1,078,744**	960,901	937,956
Total liabilities	**656,331**	654,005	646,537

The increase in total assets of $117.8 million in the current fiscal year was mainly due to higher inventory of $23.0 million from higher volume of raw sugar associated with timing of arrival of vessels and an increase in property plant, and equipment of $65.9 million mainly associated with the LEAP Project. The favourable variance in total assets was also driven by an increase in cash of $19.1 million due to timing of cash flow management associated to the revolving credit facility, and an increase in employee benefits assets of $23.2 million reflecting the market-based impact on the actuarial valuation performed at the end of fiscal 2024. The increase in total assets was partially offset by a market-based decrease in derivative financial instruments assets of $8.7 million, a decrease in intangible assets of $3.5 million and a decrease in right-of-use assets of $2.5 million resulting from the depreciation and amortization recognized during the year.

Total liabilities increased by $2.3 million compared to the same quarter last year due mainly to a decrease of $58.0 million in the revolving credit facility partially attributable to the net cash proceeds received in connection with the issuance of common shares from the equity offering, which closed in March 2024. This variance was partially offset by an increase in trade and other payables of $31.1 million largely associated with timing of payments to the PPAQ for maple syrup purchases, market-based increase in derivative financial instruments liabilities of $5.5 million and the increase in asset retirement obligations of $6.8 million mainly related to the recent revision of our estimated liability related to future remediation costs associated with our Montréal facility. The decrease was also offset by an increase in in employee benefits liabilities of $16.8 million reflecting the market-based impact on the actuarial valuation performed at the end of fiscal 2024.

LIQUIDITY

Cash flow generated by Lantic is mainly paid to Rogers by way of interest on the subordinated notes of Lantic held by Rogers, after taking a reasonable reserve for capital expenditures, debt reimbursement and working capital. The cash received by Rogers is used to pay administrative expenses, interest on the convertible debentures, income taxes and dividends to its shareholders. Lantic had no restrictions on distribution of cash arising from compliance with financial covenants for the year.

(In thousands of dollars)	**FY 2024**	FY 2023
	$	$
Net cash flow from operating activities	**79,790**	44,318
Cash flow from (used in) financing activities	**5,364**	(8,886)
Cash flow used in investing activities	**(66,075)**	(35,398)
Effect of changes in exchange rate on cash	**(4)**	(139)
Net increase (decrease) in cash	**19,075**	(105)

Cash flow from operating activities for the current year increased by $35.5 million compared to last year, due mainly to higher net earnings adjusted for non-cash items of $7.4 million, a positive non-cash working capital variation of $24.5 million and lower interest paid of $4.5 million. These positive variances were partially offset by higher income taxes paid of $0.9 million.

Cash flow from financing activities increased by $14.3 million for the current year compared to last year. The variance was largely driven by the decrease of our revolving credit facility of $90.0 million compared to last year, due mainly to the net proceeds of $112.5 million received in connection with the issuance of common shares in March 2024. This variance was partially offset by an increase of $4.3 million in the dividend paid in the current fiscal year in relation with the newly issued shares, and higher payment of lease obligations of $1.3 million.

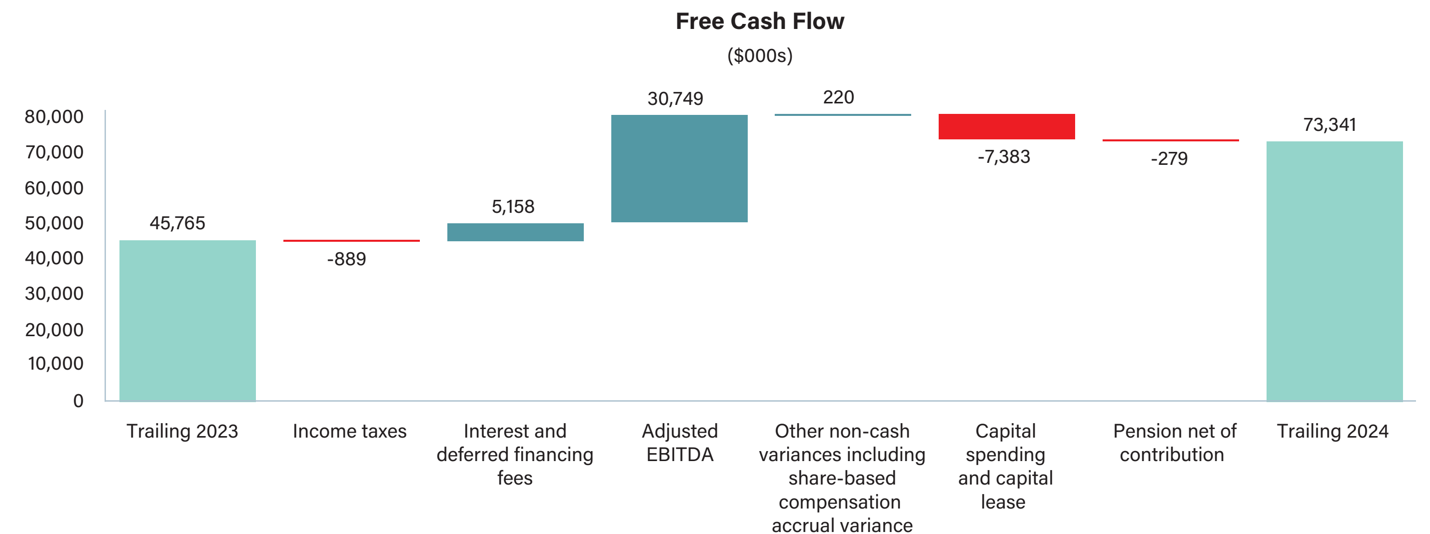
The cash flow used in investing activities increased by $30.7 million in the current year compared to last year. The variances were mainly related to the payment of $33.6 million for the 2024 fiscal year in expenditures in connection with the LEAP Project, as compared to $9.7 million for the same period last year, and an increase of $6.1 million in capital expenditures on regular operations in fiscal year 2024 as compared to fiscal year 2023.

In order to provide meaningful information, we believe it is appropriate to measure free cash flow that is generated by our operations. Free cash flow is a non-IFRS measure and is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments and financial instruments' non-cash amounts, and including capital expenditures and intangible assets, net of value-added capital expenditures, and the payment of lease obligations.

FREE CASH FLOW

	Trailing twelve months	
(In thousands of dollars)	**2024**	2023
Cash flow from operations	**79,790**	44,318
Adjustments:		
Changes in non-cash working capital	**10,572**	35,039
Mark-to-market and derivative timing adjustments	**17,396**	(9,871)
Payment of deferred financing fees	**(646)**	(1,308)
Financial instruments non-cash amount	**1,712**	5,687
Payment of lease obligations	**(6,700)**	(5,419)
Capital expenditures and intangible assets, excluding LEAP Project related capital expenditures	**(32,506)**	(25,654)
Value-added capital expenditures	**3,723**	2,973
Net capital expenditures and intangible assets for operations	**(28,783)**	(22,681)
Free cash flow[(1)]	**73,341**	45,765
Declared dividends	**43,996**	37,752

(1) See "Non-IFRS Measures" for definition and reconciliation to IFRS measures.



Free cash flow for the trailing twelve months ending September 28, 2024, amounted to $73.3 million, representing an increase of $27.6 million compared to the same period last year. This increase in free cash flow was mainly due to higher adjusted EBITDA of $30.7 million and a decrease in interest payments and deferred financing fees of $5.2 million. The favourable variance was partially offset by higher capital expenditures and intangible assets related to normal operations of $6.1 million and higher payment of lease obligations of $1.3 million.

Capital and intangible assets expenditures related to ongoing operations increased by $6.1 million compared to last year's rolling twelve months due mainly to higher investment in production assets. Free cash flow is not reduced by value-added capital expenditures and LEAP Project related expenditures, as such projects are not necessary for the regular operations of the plants.

Payment of lease obligations increased by $1.3 million compared to last year's rolling twelve months due mainly to incremental leases for storage facilities and logistic related equipment.

The increase in the amount spent on value-added capital expenditures for the trailing twelve months ended September 28, 2024, amounted to $0.8 million and was largely driven by timing of projects.

Interest paid for the trailing twelve months ended September 28, 2024, decreased by $4.5 million compared to last year due mainly to lower interest paid on our revolving credit facility and lower interest paid to PPAQ.

Deferred financing fees for the trailing twelve months ended September 28, 2024, decreased by $0.7 million compared to last year, largely due to costs incurred in the prior year in connection with amendments to our credit facility and private placement agreements, associated with the financing of our LEAP Project.

The Board of Directors declared a quarterly dividend of $0.09 per common share every quarter, totalling $0.36 for the trailing twelve-month periods.

Changes in non-cash operating working capital represent year-over-year movements in current assets, such as accounts receivable and inventories, and current liabilities, such as accounts payable. Movements in these accounts are due mainly to timing in the collection of receivables, receipts of raw sugar and payment of liabilities. Increases or decreases in such accounts are due to timing issues and therefore do not constitute free cash flow. Such increases or decreases are financed from available cash or from our available credit facility. Increases or decreases in bank indebtedness are also due to timing issues from the above and therefore do not constitute available free cash flow.

The combined impact of the mark-to-market and derivative timing adjustments and financial instruments non-cash amount of $19.1 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

CONTRACTUAL OBLIGATIONS

The following table identifies the outstanding contractual obligations of our company as at year-end, and the effects such obligations are expected to have on liquidity and cash flow over the next several years:

(In thousands of dollars)	Total	Under 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Revolving credit facility	**100,000**	—	100,000	—	—
Convertible unsecured subordinated debentures – Sixth series	**57,425**	57,425	—	—	—
Senior Guaranteed Notes	**100,000**	—	—	—	100,000
Sugar futures contracts[1]	**40,313**	25,284	15,029	—	—
Interest on convertible debentures	**4,194**	4,194	—	—	—
Interest on swap agreements	**16,599**	4,875	11,724	—	—
Forward exchange contracts (net) [1]	**(151,364)**	(137,714)	(13,650)	—	—
Natural gas contracts[1]	**55,661**	9,834	15,387	10,825	19,615
Interest on Senior Guaranteed Notes	**22,976**	3,490	6,980	3,490	9,016
Lease obligations	**35,569**	6,726	10,882	6,315	11,646
Purchase obligations	**361,250**	361,250	—	—	—
	642,623	335,364	46,352	120,630	140,277
Sugar purchase obligations ('000 MT)	**1,554**	678	711	165	—
Maple purchase obligations ('000 pounds)	**2,000**	2,000	—	—	—

The Sixth series debentures, which mature in December 2024 have been included in this table as the Company intends to repay the outstanding amount thereof at maturity using a combination of available cash on hand and available borrowing under its revolving credit facility.

Management's Discussion and Analysis

The Seventh series debentures, which mature in June 2025, have been excluded from the above table due to the holders' conversion option and the Company's option to satisfy the obligations at redemption or maturity in common shares. Interest has been included in the above table to the date of maturity. The Company is currently assessing it options regarding the upcoming maturity of the Seventh series. The options include, but are not limited to, conversion to shares, refinancing the obligation using a similar financial instrument or repayment of the obligation using other equity and/or debt instruments.

Lantic has a revolving credit facility to support its financial and operational needs. The revolving credit facility is syndicated with six Canadian chartered banks and includes an accordion feature allowing for the borrowing of up to $400 million. This agreement has been amended and extended from time to time. The revolving credit facility is subject to covenants and is secured by the assets of Lantic and TMTC.

As of September 28, 2024, Lantic has 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, subject to achieving certain financial ratios. As of September 28, 2024, Lantic has drawn $100 million under the revolving credit facility.

On April 30, 2021, Lantic issued a private placement of $100 million in the form of senior guaranteed notes (the "Notes") under a note purchase agreement entered into with certain institutional investors. The Notes are guaranteed and rank pari-passu with our existing revolving credit facility. The Notes mature on April 30, 2031. The interest of the Notes was set at 3.49% and the interest is payable semi-annually in arrears in equal installments on April 30th and October 30th of each year, commencing on October 30, 2021. The proceeds received from the private placement of the Notes were used to repay existing credit facility indebtedness.

As at September 28, 2024, Lantic was in compliance with all the covenants under its revolving credit facility and its private placement and a total of $722.8 million has been pledged as security, compared to $630.0 million as at September 30, 2023 including trade receivables, inventories and property, plant and equipment.

In order to fix the interest rate on a substantial portion of the expected drawdown of the revolving credit facility, we enter into interest rate swap agreements from time to time. The following table provides the outstanding swap agreements as at September 28, 2024 as well as their respective value, interest rate and time period:

Fiscal year contracted	Date	Total value
(In thousands of dollars)		$
Fiscal 2020 [2]	February 24, 2020 to June 28, 2025 – 1.327%	**20,000**
Fiscal 2020 [2]	June 28, 2024 to June 28, 2025 – 0.907%	**80,000**
Fiscal 2024 [1]	December 30, 2024 to December 30, 2026 – 3.94%	**100,000**
Fiscal 2024 [1]	June 27, 2025 to June 27, 2027 – 3.70%	**100,000**

(1) Interest rate swap agreements entered in fiscal 2024
(2) The terms of the interest rate swap agreements have been amended to conform with the IBOR reform.

Lease obligations relate mainly to the leasing of facilities and various mobile equipment for our Sugar and Maple products segment operations.

Purchase obligations represent all open purchase orders as at year-end along with an amount of approximately $45.5 million for sugar beets that will be harvested and processed in fiscal 2025. However, it excludes any raw sugar priced against futures contracts. The purchase obligation regarding the sugar beets represents our best estimate of the amount expected to be payable in fiscal 2025 as of the date of this MD&A.

A significant portion of our sales are made under fixed-price, forward-sales contracts, which extend up to three years. Lantic also contracts to purchase raw cane sugar substantially in advance of the time it delivers the refined sugar produced from the purchase. To mitigate our exposure to future price changes, we manage the volume of refined sugar sales contracted for future delivery in relation to the volume of raw cane sugar contracted for future delivery.

We use derivative instruments to manage exposures to changes in raw sugar prices, natural gas prices and foreign exchange. Our objective for holding derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of these exposures.

To reduce price risk, our risk management policy is to manage the forward pricing of purchases of raw sugar in relation to its forward refined sugar sales. We attempt to meet this objective by entering into futures contracts to reduce our exposure. Such financial instruments are used to manage our exposure to variability in fair value attributable to the firm commitment purchase price of raw sugar.

We have hedged the majority of our exposure to raw sugar price risk movement through to May 2027.

As at September 28, 2024, we had a net long sugar position of 78,897 metric tonnes with a current net contract value of $40.3 million. This long position is mainly related to a larger volume of sugar priced with customers than sugar priced from suppliers.

We use forward contracts and commodity swaps to help manage our natural gas costs. As at September 28, 2024, we had $58.4 million in natural gas derivatives, with a current contract value of $55.7 million.

Our activities, which result in exposure to fluctuations in foreign exchange rates, consist of the purchasing of raw sugar, the selling of refined sugar and maple products and the purchasing of natural gas. We manage this exposure by creating offsetting positions through the use of financial instruments. These instruments include forward contracts, which are commitments to buy or sell at a future date and may be settled in cash.

The credit risk associated with foreign exchange contracts arises from the possibility that counterparties to a foreign exchange contract in which we have an unrealized gain, fail to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Forward foreign exchange contracts have maturities of less than three years and relate mostly to US dollar, and to a much smaller extent, to Euro, Sterling pound and Australian dollar. The counterparties to these contracts are major Canadian financial institutions. We do not anticipate any material adverse effect on our financial position resulting from our involvement in these types of contracts, nor do we anticipate non-performance by the counterparties.

As at September 30, 2023, we had a net short position of $151.4 million in foreign currency forward contracts with a current contract value of $148.9 million, representing an unrealized gain of $2.5 million.

As part of our normal business practice, we also enter into multi-year supply agreements with raw sugar processors for raw cane sugar. Contract terms will state the quantity and estimated delivery schedule of raw sugar. The price is determined at specified periods of time before such raw sugar is delivered based upon the value of Raw #11 as traded on the ICE world raw sugar market. As at September 28, 2024, we had commitments to purchase a total of 1,554,000 metric tonnes of raw sugar, of which approximately 254,786 metric tonnes had been priced, for a total dollar commitment of $175.8 million.

TMTC has $6.8 million remaining to pay related to an agreement to purchase approximately 2.0 million pounds of maple syrup from the PPAQ.

We have no other off-balance sheet arrangements.

CAPITAL RESOURCES

As at September 28, 2024, Lantic had a total of $340.0 million of available working capital from its revolving credit facility, 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. As at September 28, 2024, a total of $722.8 million of assets have been pledged as security for the revolving credit facility, compared to $630.0 million as at September 28, 2023; including trade receivables, inventories and property, plant and equipment.

As at September 28, 2024, $100.0 million had been drawn from the working capital facility and $25.9 million in cash was also available.

The Taber beet operation requires seasonal working capital in the first half of the fiscal year, when inventory levels are high and a substantial portion of the payments due to the Growers is made. TMTC also has seasonal working capital requirements. Although the syrup inventory is received during the third quarter of the fiscal year, its payment terms with the PPAQ requires cash payment in the first half of the fiscal year. We have sufficient cash and availability under our line of credit to meet such requirements.

Future commitments of approximately $133.2 million have been approved for completing capital expenditures presently in progress, including capital expenditures related to the LEAP Project. In addition, after year end, the Company entered into additional commitments related to the LEAP Project for a total value of $33.7 million.

We also have funding obligations related to our employee future benefit plans, which include defined benefit pension plans. As at September 28, 2024, our Montréal and Taber registered defined benefit pension plans were in a net asset position. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2022, and the next required valuation will be as of December 31, 2024. We monitor our pension plan assets closely and follow strict guidelines to ensure that pension fund investment portfolios are diversified in line with industry best practices. Nonetheless, pension fund assets are not immune to market fluctuations and, as a result, we may be required to make additional cash contributions in the future. In fiscal 2024, cash contributions to defined benefit pension and other plans amounted to $4.1 million. In total, we expect to incur cash contributions of approximately $4.2 million for fiscal 2025 relating to employee defined benefit pension plans. For more information regarding our employee benefits and related assets and liabilities, please refer to Note 20 of the audited consolidated financial statements.

Cash requirements for working capital and other capital expenditures are expected to be paid from available cash resources and funds generated from operations.

LEAP Project is financed using a combination of various financial instruments, including the revolving credit facility, approved loans from Investissement Quebec for up to $65 millions, and other debt and/or equity instruments.

The financing plan of the LEAP Project includes support from the Government of Québec in the form of two loans from Investissement Québec. The IQ Loans are subject to covenants and are secured by designated LEAP Project specific assets.

A first loan in the amount of up to $40 million was made to Lantic under the ESSOR program, a Québec government program designed to provide financing to Québec businesses (the "IQ Essor Loan") and is to be used by Lantic for the acquisition of certain new equipment, included in the context of the LEAP Project. Lantic, as borrower, will benefit from a 36-month capital repayment moratorium period as of the date of the first disbursement of the IQ Essor Loan. At the end of such moratorium period, Lantic will repay the principal of the IQ Essor Loan in 60 consecutive monthly installments.

A second term loan in the amount of $25 million was extended to Lantic by Investissement Québec (the "IQ Term Loan", and collectively with the IQ Essor Loan, the "IQ Loans"), such IQ Term Loan to be used to finance certain expenses and other acquisition of equipment, including in connection with the LEAP Project. Lantic, as borrower, will benefit from a 24-month capital repayment moratorium period as of the date of the first disbursement of the IQ Term Loan. At the end of such moratorium period, Lantic will repay the principal of the IQ Term Loan in 20 consecutive quarterly installments.

No amount had been drawn on the IQ Loans as at September 28, 2024. On November 26, 2024, a first draw of $7.4 million was received under the IQ Loans, $5 million of which was borrowed under the Essor Loan and $2.4 million was borrowed under the IQ Term Loan.

In March 2024, the Company issued 22,769,232 common shares for net proceeds after all transaction related fees of $112.5 million to finance the expected equity portion of the LEAP Project.

Management believes that the unused available credit under the revolving facility, the available IQ Loans and the net proceeds received from the recent equity issue are adequate to meet the revised expected cash requirements to fund the LEAP Project and the repayment of the Sixth series debentures.

OUTSTANDING SECURITIES

A total of 127,916,834 shares were outstanding as at September 28, 2024 and November 27, 2024, respectively (105,096,120 as at September 30, 2023).

In 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, Belkorp Industries Inc.

Share issuance costs of $5.4 million ($4.0 million after tax) were accounted for as a reduction in common equity in 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 LEAP Project, 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 fiscal 2024, the total amount outstanding under the Sixth and Seventh series debentures were $57.4 million and $97.6 million respectively. No conversion of debentures into common shares has been done during the current fiscal year or the last fiscal year.

We currently have a share option plan that was established in 2011 and amended in 2021. Under this plan, we have set aside 6,000,000 common shares to be granted to key personnel. As at September 28, 2024, a total of 2,525,487 options were outstanding, at exercise prices ranging between $4.28 per share and $6.51 per share. These share options are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years.

In fiscal 2018, a Performance Share Unit plan ("PSU") was created. The following table provides the detail of the grants under the PSU:

Grant Date	PSUs	Additional PSUs[1]	Total PSUs	Performance Cycle
December 6, 2021	386,709	71,566	458,275	2022-2024
December 12, 2022	310,964	36,464	347,428	2023-2025
December 11, 2023	559,963	28,122	588,085	2023-2025

(1) Additional PSUs refer to aggregate of PSUs that were allocated from the dividend earned during the quarters since inception.

During fiscal 2024, the grant related to fiscal 2021 was cash settled for an amount of $3.8 million. The grant related to fiscal 2022 will be cash settled in December 2024, representing an expected payout of $1.1 million.

The PSUs were granted to executives and other key management employees and will vest at the end of the Performance Cycle based on the achievement of total shareholder returns and other performance matrix as set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors. If the level of achievement of total shareholder returns and such other performance matrix is within the specified range, 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. If the level of achievement of total shareholder returns and the other performance matrix is below the minimum threshold, the PSU will be forfeited without any payments made.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Rogers and its Board of Directors recognize the importance of corporate governance in effectively managing the business, protecting employees and shareholders, and enhancing shareholder value. We believe that our corporate governance practices are in compliance with applicable Canadian requirements for TSX-listed issuers. The Company is committed to monitoring governance developments to ensure its practices remain current and appropriate.

The board of directors of the Rogers has appointed an environmental, social and governance committee (the "ESG Committee") responsible for:

- overseeing and assessing the functioning of the Board of Directors of the Company and the committees thereof;
- developing, recommending to the Board of Directors, implementing and assessing effective governance principles;
- overseeing and advising the Board of Directors on management of the Company's strategy, initiatives, risks, opportunities and reporting in respect of material ESG matters;
- as may be required, identifying candidates for director and recommending to the Board of Directors of Rogers qualified director candidates for election at the next annual meeting of shareholders of the Company; and
- reviewing and/or approving any other matter specifically delegated to it by the Board of Directors of Rogers and undertake on behalf of the Board of Directors such other governance initiatives as may be necessary or desirable to enable the Board of Directors to provide effective governance for the Company and contribute to the success of Rogers.

The ESG Committee is composed of four members: Dean Bergmame (Chair), M. Dallas H. Ross, Gary M. Collins and Stephanie Wilkes, all of whom are considered independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators ("NI 58-101). Bill Maslechko, who sits on the Lantic Board of Directors and has extensive governance expertise, attends all meetings of the ESG Committee as guest, and is also considered independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrator.

Our governance and business management systems are designed to monitor compliance with relevant environmental regulatory standards. We comply, in all material respects, with environmental laws and regulations and we maintain an open dialogue with regulators and the various levels of government, with respect to awareness and adoption of new environmental standards. The economic and reputational importance of energy and natural resources in our business is managed with a continuous improvement mindset, which includes the review of new available technologies and business practices that minimize our environmental footprint and in parallel, when possible, strengthen our financial position. We have made significant commitments over the past years to leverage new technologies and process improvements to recover waste energy, improve energy efficiency and lower energy intensity.

With respect to potential environmental remediation of our properties, which could occur in the event of a building demolition or a sale, it is worth noting that the Vancouver and Montréal facilities have a lengthy history of industrial use, and fill materials have been used on the properties in the normal course of business. We recorded provisions under asset retirement obligations for known and quantifiable potential remediation activities in connection with these properties. No assurance can be given that material expenditures will not be required in excess of the current asset retirement obligation provisions in connection with contamination from such industrial use or fill materials.

Although we are not aware of any specific problems at the Toronto distribution centre, the Taber plant and any of the TMTC properties, no assurance can be given that expenditures will not be required to deal with known or unknown contamination at these properties or other facilities or offices currently or formerly owned, used or controlled by Lantic.

Rogers is engaged socially and promotes core values aligned with environmental stewardship, respect, diversity, equity and inclusion. We promote a workplace that focuses on workplace safety, empowerment, leadership, accountability, and recognition. We expect all suppliers, including contractors, agents, and consultants, to adhere to the business ethics and behaviours described in our code of conduct, and to comply with all applicable and relevant labour, employment, health and safety, and environmental laws and regulations.

The Board of Directors of Rogers has overall responsibility for monitoring, evaluating, and contributing to the strategic and operational direction of the business. This includes establishing a governance framework to support the business and meet all the applicable regulatory and legal requirements. Since 2022, Rogers has had an ESG team within its management group to support the ESG strategy.

During the third quarter of 2024, we published our annual ESG report. The report can be accessed on SEDAR or on our website at www.lanticrogers.com.

ESG REPORTS

In May 2024, we published the 2023 ESG Report, the report which incorporates key performance indicators from the Agricultural Products Sustainability Accounting Standard Board ("SASB"), this report builds on the 2022 ESG Report and the previous two ESG Reports and includes more information around our sustainability program, including our efforts to improve ethical and sustainable sourcing, reduce our environmental footprint, and conserve energy and other resources.

In fiscal 2023, we continued to prioritize the reduction of our environmental footprint. Total energy consumption for the year was 3,990,319 gigajoules ("GJ"), with 233,759 tonnes CO2e of greenhouse gas (GHG) emissions from Scope 1 and Scope 2 activities. The decrease in the emission intensity from 0.325 tCO2e/ MT of product in fiscal 2022 to 0.295 tCO2e/ MT product in fiscal 2023 reflects ongoing efficiency improvements and investments in cleaner technologies.

Our waste diversion rate rose to 98.5%, an improvement driven by enhanced recycling efforts at our Vancouver and Taber facilities, and operational waste initiatives across all sites. Water use efficiency also improved, with total water withdrawals decreasing from 30.7 million cubic meters in fiscal 2022 to 28.7 million cubic meters in fiscal 2023.

Key initiatives included the implementation of the first phase of our Vancouver Strategic Energy Management program, which reduced natural gas consumption by 37,788 GJ and electricity use by 418,197 kWh.

Rogers is committed to addressing climate risks through systematic efforts to reduce our carbon footprint. Our 2023 ESG Report also introduced expanded reporting on Scope 3 emissions, offering a more complete picture of our climate impact, particularly from upstream agricultural activities.

Our sustainable packaging initiative continues to advance, with the successful transition to recycle-ready mono-polyethylene packaging for Nature's RAW and the removal of black caps from our maple syrup products. These steps are part of our broader strategy to meet increasing regulatory demands from initiatives such as the Canada Plastics Pact.

Rogers maintained a strong focus on social responsibility in fiscal 2023. Charitable donations amounted to $350,000, and the proportion of women in management roles increased to 28%, reflecting ongoing efforts to enhance diversity and inclusion. Health and safety remain top priorities, and all facilities continue to maintain Global Food Safety Initiative certification, ensuring robust safety standards across our operations.

Effective governance is fundamental to Rogers' sustainability efforts and to support these efforts, Management's incentive pay is linked to ESG-related objectives, underscoring our commitment to integrating sustainability into our corporate culture.

Rogers also made significant progress in responsible sourcing. We continue to pursue our target of certified sustainable raw sugar. In FY23, we partnered with Raízen, a Bonsucro-certified supplier, for our Eastern Canada operations, a key milestone in sustainable sourcing.

Copies of the ESG Reports are available on the Corporation's website at www.lanticrogers.com or under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

RISKS AND UNCERTAINTIES

We are committed to proactive risk governance and oversight practices. The Board of Directors is responsible for reviewing and assessing material risks associated with the business. The governance process ensures that we implement systems that effectively identify, manage, and monitor the principal risks associated with both of our business segments, to mitigate or reduce potential negative impacts. Management provides periodic updates to the Board of Directors on the risks and the related mitigation strategies and activities. Responsibility for risk management is shared across the organization and is an integral part of our management reporting system.

We maintain policies and a Code of Business Conduct (the "Code"), applicable to all directors, officers, and employees, as well as consultants and contractors. Such documents are reviewed at least annually by the Board of Directors. These policies and the Code aim to promote sound risk management throughout the organization, delegate appropriate authority among officers and set limits for authorizations required to approve and execute certain business transactions. The Code addresses specifically the measures put forward to prevent corruption, anti-competitive practices, and unethical behaviors. It also includes clear directions to govern relationships with customers, suppliers, and other stakeholders. The Code is available on our website at www.lanticrogers.com or under Rogers' profile on SEDAR+ at www.sedarplus.ca.

Our business and operations are substantially affected by many factors and as such, are exposed to various risks and uncertainties. We have outlined below the risks and uncertainties that we believe are currently material. There may also exist additional risks and uncertainties that are not currently known to us or that are not considered material at this time. Those risks could have a material adverse effect on our business, operation, financial conditions, and results.

DEPENDENCE UPON LANTIC

Rogers is entirely dependent upon the operations and assets of Lantic through its ownership of securities of this company. Accordingly, interest payments to debenture holders and dividends to shareholders are dependent upon the ability of Lantic and/or TMTC to pay its interest obligations under the subordinated notes and to declare and pay dividends on or return capital in respect of the common shares. The terms of Lantic's bank and other indebtedness restricts its ability to pay dividends and make other distributions on its shares or make payments of principal or interest on subordinated debt, including debt which may be held, directly or indirectly, by Rogers, in certain circumstances. In addition, Lantic may defer payment of interest on the subordinated notes at any given time for a period of up to 18 months.

NO ASSURANCE OF FUTURE PERFORMANCE

Historic and current performance of the business of Rogers, Lantic and TMTC may not be indicative of success in future periods. The future performance of the business may be influenced by economic downturns and other factors beyond the control of Rogers, Lantic and TMTC. As a result of these factors, the operations and financial performance of Lantic and TMTC may be negatively affected, which may materially adversely affect our performance, and financial results and conditions.

CHANGES IN GENERAL ECONOMIC CONDITIONS

Changes in general economic conditions could have a material effect on the profitability of both of our business segments and on the assessment of the value of our assets, affecting our ability to execute our business strategy. The current inflationary pressures are increasing operating costs and there is no assurance that we will be able to recover the extent of such costs with timely commensurate increases in price to our customers. The potential for worsening of the global economy could impact the performance, and the financial results and conditions of Rogers.

GOVERNMENT REGULATIONS AND FOREIGN TRADE POLICIES WITH REGARD TO THE SUGAR SEGMENT

In 1995, Revenue Canada made a determination that there was dumping of refined sugar from the US, Denmark, Germany, the United Kingdom ("UK"), the Netherlands and the Republic of Korea into Canada, and that subsidized refined sugar was being imported into Canada from the European Union ("EU"). The Canadian International Trade Tribunal ("CITT") conducted an inquiry and ruled that the dumping of refined sugar from the US, Denmark, Germany, the UK, and the Netherlands, as well as the subsidizing of refined sugar from the EU, was threatening material injury to the Canadian sugar industry. The ruling resulted in the imposition of protective duties on these unfairly traded imports.

Under Canadian laws, these duties must be reviewed every five years. In August 2021, the CITT concluded its fifth review of the 1995 findings and issued its decision to continue the duties for another five-year period against (i) dumped sugar from the US, Denmark, Germany, the Netherlands, and the UK, and (ii) subsidized sugar from the EU. The Canadian Sugar Institute ("CSI") and its members, including Lantic, participated fully in the review and submitted detailed evidence and witness testimony to the CITT. The CITT agreed that imports of dumped and subsidized sugar would likely cause material injury to the Canadian industry if the duty protection was removed.

Following the CITT's review, the Canadian Border Services Agency ("CBSA") concluded a re-investigation in March 2022 to update the levels of duty protection applicable to dumped sugar from the US, Denmark, Germany, the Netherlands, and the UK and subsidized sugar from the EU. The CBSA determined that anti-dumping duties will continue to apply to imports of dumped sugar from the US, Denmark, Germany, the Netherlands and the UK and ruled that a countervailing duty will continue to apply to imports of subsidized EU sugar.

The duties on imports of US, EU, and UK refined sugar are important to Lantic and to the Canadian refined sugar industry in general because they protect the market from the adverse effects of unfairly traded imports from these sources. The government support and trade distorting attributes of the US and EU sugar regimes continue to generate surplus refined sugar production and exports that threaten the Canadian sugar market.

Although the recent ruling is for a period of five years, it could be challenged by market participants for review if there is a material change in market conditions. If the duties were to be eliminated or significantly reduced in the future, there could be a material financial impact to Lantic and other members of the Canadian refined sugar industry.

Our Sugar segment exports some sugar directly to the US and sells sugar to industrial customers in Canada that are exporting sugar containing products to the US. These sales are subject to inherent risks, including change in the free flow of food products between Canada and the US, discriminatory fiscal policies, unexpected changes in local regulations and laws and the uncertainty of enforcement of remedies. On November 25, 2024, President-elect Donald Trump announced his intention to impose a 25% tariff on imports from Canada into the US. In the event the US were to so change the current structure for these transactions and impose such tariffs, or otherwise modify the current flow of these transactions, there could be a material financial impact to Lantic and its industrial customers exporting sugar containing product in the US.

SUPPLY OF RAW CANE SUGAR

There are approximately 183 million metric tonnes of sugar produced worldwide. Of this, approximatively 56 million metric tonnes of sugar are traded on the world market. Lantic, through its cane refining plants, buys approximately 0.7 million metric tonnes of raw sugar per year. Even though worldwide raw sugar supply is much larger than Lantic's yearly requirements, concentration of supply in certain countries like Brazil, combined with an increase in cane refining operations in certain countries, may create tightness in raw sugar availability at certain times of the year. To prevent any raw sugar supply shortage, Lantic normally enters into long-term supply contracts with reputable suppliers. For raw sugar supply not under contract, significant premiums may be paid on the purchase of raw sugar on a nearby basis, which may have a material impact on our performance, and financial results and conditions.

SUPPLY AND QUALITY OF SUGAR BEETS IN ALBERTA

The availability of sugar beets to be processed in Taber, Alberta is dependent on a supply contract with the Growers, and on the Growers planting the necessary acreage every year. In the event that sufficient acreage is not planted in a certain year, or that Lantic and the Growers cannot agree on a supply contract, sugar beets might not be available for processing, thus requiring transfer of products from Lantic's cane refineries to the Prairie market, normally supplied by Taber. This would increase Lantic's distribution costs and may have a material impact on our performance, and financial results and conditions.

Sugar beets, as is the case with most other crops, are affected by weather conditions during the growing season. Additionally, weather conditions during the harvesting and processing season could affect Lantic's total beet supply and sugar extraction from beets stored for processing. A significant reduction in the quantity or quality of sugar beets harvested due to adverse weather conditions, disease or other factors could result in decreased production, with negative financial consequences to Lantic.

RAW #11 PRICE AND FOREIGN EXCHANGE RISK FOR SUGAR SEGMENT

The price of raw sugar cane purchased for the Montréal and Vancouver refineries is based on the Raw #11 sugar market traded on the ICE. The price of refined sugar sold to customers is also based on the Raw #11 sugar market. All purchase of raw cane sugar and sales of refined sugar are economically hedged with financial instruments such as future contracts to mitigate risk, thus eliminating the impact of volatility in Raw #11 sugar price.

These purchases of raw cane sugar and sales of refined sugar are denominated in US dollars and could potentially expose us to fluctuation in the value of the Canadian dollar. Our strategy is to hedge the foreign exchange exposure of these transactions using available financial instruments, such as future contracts, to eliminate the impact of volatility.

There can be no assurance that we will be able to continue to mitigate efficiently this exposure to Raw #11 price and related foreign exchange risk in the future. If effective financial instruments were not available to mitigate such exposures, there could be material impacts on our performance, and financial results and conditions.

LEAP PROJECT

The completion of our LEAP Project is subject to several conditions and risks, certain of which are outside of the control of Lantic. The planning and design phases associated with the LEAP Project are now mostly completed and the construction phase has begun. Sugar refining equipment and other large production and logistic-related equipment orders have been placed with suppliers, with several pieces of equipment already on site. Based on recent developments, the expected construction costs of the LEAP Project, initially estimated at $200 million has been revised. Based on the work performed over recent months, and considering the most recent data

available, we now estimate the expected total project cost to range between $280 million and $300 million, representing an increase of 40% to 50% over the initial estimate.

Delays and further cost overruns may occur in completing the LEAP Project. Several factors that could cause such delays or cost overruns include, without limitation, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions, and the availability of financing. Even when complete, the new installed capacity and other related assets may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown could occur in equipment after the period of warranty has expired, resulting in loss of production as well as the cost of repair.

In addition, to complete the project, Lantic might need to further amend existing credit facilities and potentially enter into additional financing agreements in order to finance the construction. Lantic's ability to secure the overall financing for the project is related to several factors, including market demand for refined sugar, the final cost for the project, and the borrowing conditions in the financial market.

There can be no assurance that the LEAP Project will be completed, or that it will be completed by the revised expected in-service timeframe, currently estimated to be the end of fiscal 2026. Furthermore, there can be no assurance that the LEAP Project will provide the expected incremental volume at the expected cost. Failure by Lantic to complete the LEAP Project under the expected conditions could have a material impact on the performance and financial results and conditions of Rogers.

COMPETITION IN THE SUGAR SEGMENT

For the Sugar segment, Lantic faces domestic competition from Redpath Sugar Ltd. and smaller regional operators and or distributors of both foreign and domestic refined sugar, such as Sucro Sourcing LLC. Differences in proximity to various geographic areas within Canada and elsewhere result in differences in freight and shipping costs, which in turn affect pricing and competitiveness in general.

In addition to sugar, the overall sweetener market also includes corn-based sweeteners, such as HFCS, an alternative liquid sweetener, which can be substituted for liquid sugar in soft drinks and certain other applications; and non-nutritive, high intensity sweeteners such as aspartame, sucralose and stevia. Differences in functional properties and prices have tended to define the use of these various sweeteners. The substitution of other sweeteners for sugar has occurred in certain products in the past. We are not able to predict the availability, development or potential use of these sweeteners and their possible impact on Lantic's business.

PRICE OF NATURAL GAS

Natural gas represents an important cost in our refining operations. Our three sugar refineries consume natural gas in their refining process. The Taber beet factory production also includes agricultural processing and as a result, uses more energy in its operations than the cane facilities in Vancouver and Montréal, principally from the need to heat the sliced sugar beets, to evaporate water from juices containing sugar, and to dry wet beet pulp. Our Maple segment bottling plants also use natural gas in their process although to a lesser extent.

Changes in the costs and sources of energy may affect the financial results of Lantic's operations. In addition, all natural gas purchased is priced in US dollars. Therefore, fluctuations in the Canadian/US dollar exchange rate will also impact the cost of energy. Lantic hedges a portion of its natural gas price exposure through the use of natural gas contracts to lessen the impact of fluctuations in the price of natural gas. Provincial application of some form of carbon tax has been increasingly important across Canada and for some provinces with a carbon tax, rates have been increasing, which could increase the overall energy costs for Lantic.

REGULATORY REGIME GOVERNING THE PURCHASE AND SALE OF MAPLE SYRUP IN QUÉBEC

Producers of maple syrup in Québec are required to operate within the framework provided for by the Marketing Act, which empowers the PPAQ to manage the production and marketing of Maple syrup in Québec. As part of its regulating and organizing functions, the PPAQ is responsible for establishing and managing a governance framework aimed at maintaining supply to the market and fair prices for all producers for bulk maple syrup sold in container of five litres or more. This includes managing production surpluses and their storage to stabilize the pricing of maple syrup.

Bulk maple syrup may be sold to the PPAQ or to authorized buyers accredited by the PPAQ. In Québec, nearly 90% of the total production of maple syrup is sold to the PPAQ or the authorized buyers, leaving only approximately 10% of the total production being sold directly by the producers to consumers or grocery stores. TMTC is an authorized buyer with the PPAQ. The authorized buyer status is renewed on an annual basis. There is no certainty that TMTC will be able to maintain its status as an authorized buyer with the PPAQ. Failure by TMTC to remain an authorized buyer with the PPAQ would affect our capacity to supply our bottling facilities and therefore would impact materially the performance, and financial results of the Maple segment.

The PPAQ, in its capacity as bargaining and sales agent for the producers of maple syrup in Québec sets the minimum purchase price for Maple syrup for the authorized buyers. The PPAQ sets price based on market intelligence, available supply and expected demand. If the PPAQ increases the price of maple syrup significantly, there could be no assurance that TMTC will be able to recover such increase from its customers and therefore this could impact materially the performance, and financial results of the Maple segment.

Pursuant to the PPAQ rules and regulations, authorized buyers must commit to buying Maple syrup in barrels corresponding to their anticipated sales volume. The anticipated volume must be realistic and in line with volumes purchased in previous years. The refusal from the PPAQ to accept our anticipated volume or failure by us to properly estimate the anticipated volume for a given year may affect our ability to increase our production capacity and therefore this could impact materially the performance, and financial results of the Maple segment.

SUPPLY OF MAPLE SYRUP

The PPAQ set up a strategic maple syrup reserve to mitigate production fluctuations caused by weather conditions and prevent such fluctuations from causing maple syrup prices to spike or drop significantly. The PPAQ objective is to have in reserve the equivalent to half of year of production. The reserve fluctuates yearly based on the size of the crop. Each year, the PPAQ may organize a sale of a portion of its accumulated reserve. There can be no assurance that TMTC will have access to some of such reserve to offset decreases in production due to weather conditions or that such reserve will be sufficient to cover a gap in the production in any given year. Any decrease in production or incapacity to purchase additional reserves from the PPAQ may affect TMTC's supply of its sales of maple syrup and other Maple products and, ultimately, its performance and financial results.

MAPLE SEGMENT RELYING SUBSTANTIALLY ON EXPORTS

The size of the global market for maple syrup is currently estimated at US $1.5 billion, the US being by far the world's largest importer, followed by Japan and Germany. Despite the increase of sales of maple products that the Canadian market has experienced in recent years, the industry largely relies on the international market. Over the last few years, New York, Vermont and Maine have increased their production of maple syrup and have now become competitors of Québec, which however remains the largest producer and exporter of maple syrup in the world.

While we continue to develop our selling efforts outside of Canada, including increasing our sales efforts in countries where the maple syrup market is developing, we are facing high competition from other bottlers and distributers, including from other Canadian and US companies, for our share of the international market.

Our Maple segment international operations are also subject to inherent risks, including change in the free flow of food products between countries, fluctuations in currency values, discriminatory fiscal policies, unexpected changes in local regulations and laws and the uncertainty of enforcement of remedies in foreign jurisdictions. Such jurisdictions could impose tariffs, quotas, trade barriers and other similar restrictions on our international sales and subsidize competing agricultural products. On November 25, 2024, President-elect Donald Trump announced his intention to impose a 25% tariff on imports from Canada into the US. In the event that the US were to impose such higher tariffs, there could be a material financial impact to Lantic and its Maple segment.

All of these risks could result in increased costs or decreased revenues, either of which could materially adversely affect the performance and financial results of the Maple segment.

COMPETITION IN THE MAPLE SEGMENT

Our Maple segment is the largest branded and private label maple syrup bottling and distributing company in the world. We have five major competitors located in Canada and we also compete against a multitude of US bottlers and distributing companies.

A large majority of our Maple segment revenues are made under the private label line. We anticipate that for a foreseeable future, the relationship with our top private label customers will continue to be key and will continue to have a material impact on our sales. Although we consider the relationship with our top private label customers to be excellent, the loss of, or a decrease in the amount of business from, such customers, or any default in payment on their part could significantly reduce our sales and negatively impact the performance and, financial results of the Maple segment.

FOREIGN EXCHANGE EXPOSURE IN THE MAPLE SEGMENT

A significant portion of sales of maple syrup are exports and are denominated in US dollars, in Euros or in Australian dollars. Fluctuations in the value of the Canadian dollar impacts the profitability of these sales. In order to mitigate against the movement of the Canadian dollar versus the US dollar, Euro or Australian dollar, we enter into foreign exchange hedging contracts with certain customers to mitigate the currency risk.

There is no assurance that we will be able to continue to mitigate efficiently this exposure to foreign exchange risk in the future. If effective financial instruments were not available to mitigate such risk, there could be a material impact for the performance, and financial results of the Maple segment.

CYBERSECURITY

We face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information, to render data or systems unusable, or otherwise affect our ability to operate. Our business operations are dependent on various information technology systems. A cyber intrusion, such as, and not limited to, unauthorized access, confidential information leak (or identity theft), malicious software or other violations on systems that control our production operations and financial management could severely disrupt or otherwise affect our business. Such attacks on our data information systems and the inability to recover promptly could impact individuals, business partners, our operation capabilities, generate unexpected expenses impacting profitability, damage our reputation and result in additional liabilities.

We seek to manage cybersecurity risk by continuing to invest in appropriate information technology systems, infrastructure, and security, including disaster plans, reviewing our existing technologies, processes and practices on a regular basis and ensuring employees understand and are aware of their role in protecting the integrity of our technological security and information. We rely on third-party products and services to assist us in protecting our information technology infrastructure and our proprietary and confidential

information. We seek to be proactive in the area of cybersecurity and consequently anticipate that we will continue to incur expenses in relation to these increasingly complex threats and risks.

The security measures we have put in place cannot provide absolute security, and our information technology infrastructure may be vulnerable to cyberattacks in the future. The impacts of such attack may subject our operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could materially and adversely affect our operations, performance, and financial results and conditions.

EMPLOYEE RELATIONS WITH UNIONIZED EMPLOYEES

The majority of our operations are unionized, and agreements are currently in place in each unionized facility.

In the second quarter of 2024, the unionized employees of the Vancouver sugar refinery signed a new collective agreement, concluding a strike that began on September 28, 2023.

In the fourth quarter of 2024, the unionized employee of our distribution center in Toronto signed a new collective agreement.

We have contingency plans in place to mitigate the potential impact of labour disruptions at our facilities. However, such potential disruptions in current and future years could restrict our ability to service our customers in the affected regions, consequently affecting our performance and, financial results and conditions.

INTEREST RATE FLUCTUATIONS

We use our revolving credit facility to finance our day-to-day operations and a portion of the LEAP Project. We face interest rate risks in respect to the floating rate nature of our revolving short term credit facility. We are mitigating the risk of volatility in short term interest rate by hedging a portion of our exposure using interest rate swap agreements. There is no assurance that effective interest rate swap agreements will be available to mitigate such risk in the future.

PANDEMICS, EPIDEMICS OR OTHER PUBLIC HEALTH EMERGENCIES

Our business, results of operations, financial conditions, cash flows and stock price can by adversely affected by pandemics, epidemics, or other public health emergencies. Such events could result in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline, impacting economic activity through disruption in supply and delivery chains.

FOOD SAFETY AND CONSUMER HEALTH

Our Sugar and Maple business segments are subject to risks that affect the food industry in general, including risks posed by accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. We actively manage these risks by maintaining strict and rigorous controls and processes in our manufacturing facilities and distribution systems.

Our facilities are subject to audit by federal health agencies in Canada and similar institutions outside of Canada. We also perform our own audits designed to ensure compliance with our internal standards, which are generally at, or higher than, regulatory agency standards in order to mitigate the risks related to food safety.

Consumers, public health officials and government officials are increasingly concerned about the public health consequences of obesity, particularly among young people. In addition, some researchers, health advocates and dietary guidelines are suggesting that consumption of sugar, in various forms, is a primary cause of increased obesity rates and are encouraging consumers to reduce their consumption of sugar. Increasing public concern about obesity and other health conditions; possible new or increased taxes on products containing sugar, such as sugar-sweetened beverages by government entities to reduce consumption or to raise revenues; shift in consumer preferences from sugar to other types of sweeteners; additional governmental regulations concerning the marketing, labeling, packaging or sale of products and negative publicity may reduce demand for our products and each of the aforementioned factors could materially adversely affect our performance, financial results and conditions.

HEALTH, SAFETY AND ENVIRONMENTAL RISKS

Our operations carry inherent risk of liability related to employee health and safety and the environment, including the risk of government-imposed orders to remedy unsafe conditions or address potential environmental issues. Compliance with current and future health, safety and environmental laws remains material for our business to operate efficiently. We have incurred and will continue to incur expenditures to comply with related federal, provincial, and municipal regulations to manage our potential liability exposure.

We believe RSI and its subsidiaries are currently in compliance, in all material respects, with health, safety and environmental laws and regulations. This includes environmental regulations relating to the treatment and disposal of wastewater and cooling water, air emissions, contamination, and spills of substances. However, these regulations have become progressively more stringent, and we anticipate this trend will continue, potentially resulting in incremental compliance expenditures. Violation of these regulations can result in fines or other penalties, which in certain circumstances can include clean-up costs. Consequently, no assurance can be given that additional health, safety and environmental issues relating to currently known and unknown matters will not require expenditures in the future, or result in fines, penalties or other consequences material to our business and operations and potentially impacting our performance, financial results and conditions.

GLOBAL CLIMATE CHANGE

Global climate change, including the impacts of global warming and sudden change in weather conditions causing extreme weather events, represents a risk that could adversely affect both of our business segments. This risk has increased in recent years as average temperatures are rising, and extreme weather events are more frequent.

The production of refined sugar for our Sugar segment is based on the availability of raw cane sugar and sugar beets. Extreme weather events create a risk of damage for the annual crops of sugar cane and sugar beet. The size and quality of the crops are directly impacted by weather conditions. The adverse effect of global climate change could result in supply disruption and or significant increase in purchase price for our Sugar segment.

The production of maple syrup takes place over a period of six to eight weeks during the months of March and April of each year. Maple syrup production is intimately tied to the weather as sap only flows when temperatures rise above freezing level during the day and drop below it during the night, such temperature difference creating enough pressure to push sap out of the maple tree. Given the sensitivity to temperature in the process of harvesting maple sap, climate change and global warming may have a material impact on such process as the maple syrup production season may become shorter. Reducing the production season for maple syrup may also have an impact on the level of production.

These risks associated with global climate change could result in lower sales, increased costs and market disruptions, which could materially adversely affect our performance, and financial results and conditions.

CARBON PRICING MECHANISMS

The Company operates three facilities that are regulated under provincial carbon pollution pricing in Canada, our Montréal and Vancouver refineries and our Taber sugar beet processing plant. We have completed a detailed risk assessment of the different provincial regulatory regimes to understand the level of risk and identify potential mitigation measures.

Potential future changes to the current rules and regulations, including increases to the current related taxation level could materially adversely affect our performance, and financial results and conditions.

WATER STRESS

Our sugar refining operations and the farming activities of our suppliers depend on the availability of usable water. To better understand this risk, we conduct water risk assessments periodically to prioritize actions and investments in our facilities, with the objective of optimizing the water consumption in our production process. We also engage with our suppliers relying on water for their farming activities to monitor our potential exposure and to ensure a steady and sustainable supply of raw material for our production facilities.

Potential future changes to the current rules and regulations regarding the use of water, including increases to the current cost of water supporting our production process could materially adversely affect our performance, and financial results and conditions.

ABILITY TO RETAIN OFFICERS AND KEY EMPLOYEES OR TO ATTRACT NEW TALENT

The officers and other key employees of Rogers, Lantic and TMTC play a significant role in our success. Our future performance and growth depend to a significant extent on the abilities, experience, and efforts of our management team. Our ability to retain our management team or to attract suitable replacements should key members of the management team leave is dependent on the competitive nature of the employment market.

The loss of services from key members of the management team or a limitation in their availability could adversely impact the performance, financial results, and condition of Rogers. Further, such a loss could be negatively perceived in the capital markets. Our success depends largely upon our continuing ability to attract, develop, and retain skilled employees to meet the needs of the business.

INCOME TAX MATTERS

The income of Rogers and its subsidiaries must be computed and is taxed in accordance with Canadian and US tax laws, all of which may be changed in a manner that could adversely affect the ability to pay dividends in the future. There can be no assurance that taxation authorities will accept the tax positions adopted including the determination of the amounts of taxable income, which could materially adversely affect dividends.

The corporate structure involves inter-company or similar debt, generating interest expense, which impacts earnings and therefore income tax payable. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted currently and in prior years. If such a challenge were to succeed against Lantic, it could adversely affect the amount of cash transferred to Rogers for dividend payment. Management believes that the interest expense inherent in the structure is supportable and reasonable considering the terms of the debt owed by Lantic to Rogers.

MANAGEMENT AND OPERATION OF LANTIC

The Board of Directors of Lantic is currently controlled by Lantic Capital, an affiliate of Belkorp Industries. As a result, holders of shares have limited say in matters affecting the operations of Lantic; if such holders disagree with the decisions of the Board of Directors of Lantic, they have limited recourse. The control exercised by Lantic Capital over the Board of Directors of Lantic may make it more difficult for others to attempt to gain control of or influence the activities of Lantic and Rogers.

NON-IFRS MEASURES

In analyzing results, we supplement the use of financial measures that are calculated and presented in accordance with IFRS with a number of non-IFRS financial measures. A non-IFRS financial measure is a numerical measure of a company's performance, financial position or cash flow that excludes (includes) amounts or is subject to adjustments that have the effect of excluding (including) amounts, that are included (excluded) in most directly comparable

measures calculated and presented in accordance with IFRS. Non-IFRS financial measures are not standardized; therefore, it may not be possible to compare these financial measures with the non-IFRS financial measures of other companies having the same or similar businesses. We strongly encourage investors to review the audited consolidated financial statements and publicly filed reports in their entirety, and not to rely on any single financial measure.

We use these non-IFRS financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These non-IFRS financial measures reflect an additional way of viewing aspects of the operations that, when viewed with the IFRS results and the accompanying reconciliations to corresponding IFRS financial measures, may provide a more complete understanding of factors and trends affecting our business.

The following is a description of the non-IFRS measures we used in the MD&A:

- Adjusted gross margin is defined as gross margin adjusted for "the adjustment to cost of sales", which comprises the mark-to-market gains or losses on sugar futures and foreign exchange forward contracts as shown in the notes to the consolidated financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures and foreign exchange forward contracts.
- Adjusted results from operating activities are defined as results from operating activities adjusted for the adjustment to cost of sales.
- EBITDA is defined as earnings before interest, taxes, depreciation and amortization.
- Adjusted EBITDA is defined as adjusted results from operating activities adjusted to add back depreciation and amortization expenses.
- Adjusted net earnings is defined as net earnings adjusted for the adjustment to cost of sales and the income tax impact on these adjustments.
- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.
- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple segment divided by the revenues generated by the Maple segment.
- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.
- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, financial instruments non-cash amount, and includes deferred financing charges, funds received from stock options exercised, capital and intangible assets expenditures, net of value-added capital expenditures and capital expenditures associated to LEAP Project, and payments of capital leases.

In the MD&A, we discuss the non-IFRS financial measures, including the reasons why we believe these measures provide useful information regarding the financial condition, results of operations, cash flows and financial position, as applicable. We also discuss, to the extent material, the additional purposes, if any, for which these measures are used. These non-IFRS measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under IFRS. Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures are as follows:

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

Consolidated results		**Q4 2024**			Q4 2023	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Gross margin	**43,150**	**6,582**	**49,732**	35,512	5,680	41,192
Total adjustment to the cost of sales[1]	**1,240**	**(902)**	**338**	(1,790)	791	(999)
Adjusted gross margin	**44,390**	**5,680**	**50,070**	33,722	6,471	40,193
Results from operating activities	**26,766**	**3,314**	**30,080**	20,395	2,420	22,815
Total adjustment to the cost of sales[1]	**1,240**	**(902)**	**338**	(1,790)	791	(999)
Adjusted results from operating activities	**28,006**	**2,412**	**30,418**	18,605	3,211	21,816
Results from operating activities	**26,766**	**3,314**	**30,080**	20,395	2,420	22,815
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**6,219**	**1,672**	**7,891**	5,058	1,695	6,753
EBITDA[1]	**32,985**	**4,986**	**37,971**	25,453	4,115	29,568
EBITDA[1]	**32,985**	**4,986**	**37,971**	25,453	4,115	29,568
Total adjustment to the cost of sales[1]	**1,240**	**(902)**	**338**	(1,790)	791	(999)
Adjusted EBITDA	**34,225**	**4,084**	**38,309**	23,663	4,906	28,569
Net earnings			**18,562**			11,876
Total adjustment to the cost of sales[1]			**338**			(999)
Net change in fair value in interest rate swaps[1]			**8**			201
Income taxes on above adjustments			**(89)**			205
Adjusted net earnings			**18,819**			11,283
Net earnings per share (basic)			**0.14**			0.12
Adjustment for the above			**0.00**			(0.01)
Adjusted net earnings per share (basic)			**0.14**			0.11

(1) See "Adjusted results"

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES (CONTINUED)

Consolidated results		**Fiscal 2024**			Fiscal 2023	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Gross margin	**150,860**	**25,012**	**175,872**	144,397	21,329	165,726
Total adjustment to the cost of sales[1]	**16,571**	**(1,020)**	**15,551**	(8,375)	(2,020)	(10,395)
Adjusted gross margin	**167,431**	**23,992**	**191,423**	136,022	19,309	155,331
Results from operating activities	**84,864**	**12,345**	**97,209**	86,510	8,453	94,963
Total adjustment to the cost of sales[1]	**16,571**	**(1,020)**	**15,551**	(8,375)	(2,020)	(10,395)
Adjusted results from operating activities	**101,435**	**11,325**	**112,760**	78,135	6,433	84,568
Results from operating activities	**84,864**	**12,345**	**97,209**	86,510	8,453	94,963
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**22,169**	**6,674**	**28,843**	19,511	6,775	26,286
EBITDA[1]	**107,033**	**19,019**	**126,052**	106,021	15,228	121,249
EBITDA[1]	**107,033**	**19,019**	**126,052**	106,021	15,228	121,249
Total adjustment to the cost of sales[1]	**16,571**	**(1,020)**	**15,551**	(8,375)	(2,020)	(10,395)
Adjusted EBITDA[1]	**123,604**	**17,999**	**141,603**	97,646	13,208	110,854
Net earnings			**53,729**			51,789
Total adjustment to the cost of sales[1]			**15,551**			(10,395)
Net change in fair value in interest rate swaps[1]			**1,845**			523
Income taxes on above adjustments			**(4,465)**			2,577
Adjusted net earnings			**66,660**			44,494
Net earnings per share (basic)			**0.45**			0.50
Adjustment for the above			**0.11**			(0.08)
Adjusted net earnings per share (basic)			**0.56**			0.42

(1) See "Adjusted results"

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES (CONTINUED)

(In thousands of dollars, except for volumes and per share information)	**QUARTERS[1] For the fiscal year ended September 28, 2024**				
	2024				
	Fourth	Third	Second	First	**Total**
	$	$	$	$	**$**
Gross margin	49,732	36,635	44,861	44,644	**175,871**
Total adjustment to the cost of sales[2]	338	11,107	6,431	(2,325)	**15,551**
Adjusted gross margin	50,070	47,742	51,292	42,319	**191,422**
Results from operating activities	30,080	16,315	24,704	26,110	**97,208**
Total adjustment to the cost of sales[2]	338	11,107	6,431	(2,325)	**15,551**
Adjusted results from operating activities	30,418	27,422	31,135	23,785	**112,759**
Results from operating activities	30,080	16,315	24,704	26,110	**97,209**
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	7,891	7,057	6,960	6,935	**28,843**
EBITDA	37,971	23,372	31,664	33,045	**126,052**
EBITDA	37,971	23,372	31,664	33,045	**126,052**
Total adjustment to the cost of sales[2]	338	11,107	6,431	(2,325)	**15,551**
Adjusted EBITDA	38,309	34,479	38,095	30,720	**141,603**
Net earnings	18,562	7,379	13,936	13,852	**53,729**
Total adjustment to the cost of sales[2]	338	11,107	6,431	(2,325)	**15,551**
Net change in fair value in interest rate swaps[2]	8	943	236	658	**1,845**
Income taxes on above adjustments	(89)	(3,092)	(1,712)	428	**(4,465)**
Adjusted net earnings	18,819	16,337	18,891	12,613	**66,660**

(1) All quarters are 13 weeks
(2) See "Adjusted results"

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES (CONTINUED)

(In thousands of dollars, except for volumes and per share information)	QUARTERS[1] For the fiscal year ended September 30, 2023				
	2023				
	Fourth	Third	Second	First	**Total**
	$	$	$	$	**$**
Gross margin	41,192	41,685	41,658	41,191	**165,726**
Total adjustment to the cost of sales[2]	(999)	(6,773)	(3,425)	802	**(10,395)**
Adjusted gross margin	40,193	34,912	38,233	41,993	**155,331**
Results from operating activities	22,815	24,008	21,856	26,284	**94,963**
Total adjustment to the cost of sales[2]	(999)	(6,773)	(3,425)	802	**(10,395)**
Adjusted results from operating activities	21,816	17,235	18,431	27,086	**84,568**
Results from operating activities	22,815	24,008	21,856	26,284	**94,963**
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	6,753	6,515	6,589	6,429	**26,286**
EBITDA	29,568	30,523	28,445	32,713	**121,249**
EBITDA	29,568	30,523	28,445	32,713	**121,249**
Total adjustment to the cost of sales[2]	(999)	(6,773)	(3,425)	802	**(10,395)**
Adjusted EBITDA	28,569	23,750	25,020	33,515	**110,854**
Net earnings	11,876	14,177	11,062	14,674	**51,789**
Total adjustment to the cost of sales[2]	(999)	(6,773)	(3,425)	802	**(10,395)**
Net change in fair value in interest rate swaps[2]	201	(203)	479	46	**523**
Income taxes on above adjustments	205	1,548	999	(175)	**2,577**
Adjusted net earnings	11,283	8,749	9,115	15,347	**44,494**

(1) All quarters are 13 weeks
(2) See "Adjusted results"

CRITICAL ACCOUNTING ESTIMATES

The preparation of our audited consolidated financial statements in conformity with IFRS requires us to make estimates and judgements that affect the reported amounts of assets and liabilities, net revenues and expenses, and the related disclosures. Such estimates include the valuation of goodwill and intangible assets. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience, knowledge of economics and market factors, and various other assumptions that management believe to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. Our actual results could differ from these estimates. Changes in those estimates and assumptions are recognized in the period in which the estimates are revised. Refer to note 2 (D) to the audited consolidated financial statements for more detail.

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

A number of new standards and amendments to standards and interpretations are not yet effective for the year ended September 28, 2024 and have not been applied in preparing these consolidated 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)
- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS Accounting Standards (includes Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7)
- Presentation and disclosure in financial statements (IFRS 18)

We do not intend to adopt the Amendments in our consolidated financial statements before the annual period beginning on September 29, 2024 and we do not expect the amendments to have a material impact on the consolidated financial statements, with the exception of Amendments to IFRS 9 and IFRS 7, and adoption of IFRS 18, for which the impact is being assessed by management.

CONTROLS AND PROCEDURES

In compliance with the provisions of Canadian Securities Administrators' Regulation 52-109, we have filed certificates signed by the President and Chief Executive Officer ("CEO") and by the Vice-President Finance and Chief Financial Officer ("CFO"), in that, among other things, report on:

- their responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for RSI; and
- the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

The CEO and the CFO, have designed the disclosure controls and procedures ("DC&P"), or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others, particularly during the period in which the interim and annual filings are being prepared; and
- information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at September 28, 2024, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of the Company's DC&P. Based on this evaluation, the CEO and the CFO concluded that the Company's DC&P were appropriately designed and were operating effectively as at September 28, 2024.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO have also designed internal controls over financial reporting ("ICFR"), or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS using the framework established in "Internal Control – Integrated Framework (COSO 2013 Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)". As at September 28, 2024, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of Rogers' ICFR. Based on that evaluation, they have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at September 28, 2024.

In designing and evaluating such controls, it should be recognized that, due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is obliged to use judgement in evaluating controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal controls over financial reporting during the year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This report contains statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking statements may include, without limitation, statements and information which reflect our current expectations with respect to future events and performance. Wherever used, the words "may," "will," "should," "anticipate," "intend," "assume," "expect," "plan," "believe," "estimate," and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, we caution investors that statements concerning the following subjects are, or are likely to be, forward-looking statements:

- Future demand and related sales volume for refined sugar and maple syrup;
- our LEAP Project;
- future prices of Raw #11;
- natural gas costs;
- beet sugar production forecast for our Taber facility;
- the level of future dividends;
- the status of government regulations and investigations; and
- projections regarding future financial performance.

Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results or current expectations. Readers should also refer to the section "Risks and Uncertainties" in this MD&A for additional information on risk factors and other events that are not within our control. These risks are also referred to in our Annual Information Form in the "Risk Factors" section.

Although we believe that the expectations and assumptions on which forward-looking information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information as no assurance can be given that it will prove to be correct. Forward-looking information contained herein is made as at the date of this MD&A and we do not undertake any obligation to update or revise any forward-looking information, whether a result of events or circumstances occurring after the date hereof, unless so required by law.

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Rogers Sugar Inc. ("RSI") and all the information in this annual report pertaining to RSI and its wholly owned subsidiaries are the responsibility of the Administrator and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by the Administrator in accordance with International Financial Reporting Standards by applying the detailed accounting policies set out in the notes to the financial statements. The Administrator is of the opinion that the consolidated financial statements were prepared based on reasonable and material criteria and using justifiable and reasonable estimates. The Administrator has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial statements of RSI.

The Administrator maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the assets of RSI and its subsidiaries are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that the Administrator fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements of RSI. The Board carries out this responsibility through its Audit Committee.

The Audit Committee is appointed by the Board and all of its members are outside and unrelated directors. The Committee meets with the Administrator, as well as external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the Shareholders. The Committee also considers, for review by the Board and approval by the Shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements of RSI have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Shareholders. KPMG LLP has full and free access to the Audit Committee.

Mike Walton,
President and Chief Executive Officer
Lantic Inc., Administrator

Jean-Sébastien Couillard,
Vice President Finance, Chief Financial Officer and Corporate Secretary
Lantic Inc., Administrator

November 27, 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rogers Sugar Inc.

OPINION

We have audited the consolidated financial statements of Rogers Sugar Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at September 28, 2024 and September 30, 2023
- the consolidated statements of earnings and comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 28, 2024 and September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 28, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

The determination and allocation of costs to the Sugar segment work in progress and finished goods inventory

DESCRIPTION OF THE MATTER

As described in note 8 to the consolidated financial statements, the Entity reported work in progress and finished goods inventory of $15.4 million $75.5 million, respectively, a portion of which related to the Sugar segment. As described in note 3 (e) to the financial statements, the cost of inventories is determined on a first-in, first-out basis and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured finished goods inventories and work in progress, cost also includes an appropriate share of production overheads.

WHY THE MATTER IS A KEY AUDIT MATTER

We identified the determination and allocation of costs to the Sugar segment work in progress and finished goods inventory as a key audit matter. This matter represented an area of higher assessed risk of misstatement given the magnitude of work in progress and finished goods inventory and the nature and extent of effort needed to address this matter.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

The primary procedures we performed to address this key audit matter included the following:

- Developed an independent expectation of variable and fixed cost per metric ton based primarily on the prior year cost, key cost drivers and market data and compared this expectation to actual variable and fixed cost per metric ton recorded by management.
- Examined a sample of raw sugar cost per metric ton and agreed it to supplier invoices.
- Developed an independent expectation of the cost of work in progress and finished goods inventory based on the above noted cost per metric ton, the stage of completion and year-end metric tons on hand and compared this expectation to actual cost of work in progress and finished goods inventory recorded by management.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2024 Annual Report."

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2024 Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Aaron Fima.

Montréal, Canada

November 27, 2024

*CPA auditor, public accountancy permit No. A125211

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(In thousands of dollars except per share amounts)

	Fiscal year ended	
Consolidated statements of earnings	**September 28, 2024**	September 30, 2023
	$	$
Revenues (note 32)	**1,231,763**	1,104,713
Cost of sales	**1,055,891**	938,987
Gross margin	**175,872**	165,726
Administration and selling expenses	**51,931**	44,229
Distribution expenses	**26,732**	26,534
	78,663	70,763
Results from operating activities	**97,209**	94,963
Net finance costs (note 5)	**23,783**	24,577
Earnings before income taxes	**73,426**	70,386
Income tax expense (recovery) (note 6):		
Current	**15,496**	14,676
Deferred	**4,201**	3,921
	19,697	18,597
Net earnings	**53,729**	51,789
Net earnings per share (note 27):		
Basic	**0.45**	0.50
Diluted	**0.41**	0.44

	Fiscal year ended	
Consolidated statements of comprehensive income	**September 28, 2024**	September 30, 2023
	$	$
Net earnings	**53,729**	51,789
Other comprehensive income:		
Items that are or may be reclassified subsequently to net earnings:		
Cash flow hedges (note 9)	**(15,873)**	(16,994)
Income tax on cash flow hedges (note 6)	**4,074**	4,362
Foreign currency translation differences	**23**	(456)
	(11,776)	(13,088)
Items that will not be reclassified to net earnings:		
Defined benefit actuarial gains (note 20)	**4,477**	14,530
Income tax on defined benefit actuarial gains (note 6)	**(1,148)**	(3,708)
	3,329	10,822
Other comprehensive income (loss)	**(8,447)**	(2,266)
Comprehensive income	**45,282**	49,523

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of dollars)

	September 28, 2024	September 30, 2023
	$	$
Assets		
Current assets:		
Cash	**19,121**	46
Trade and other receivables (note 7)	**120,795**	118,252
Income taxes receivable	**1,526**	2,280
Inventories (note 8)	**290,299**	267,268
Prepaid expenses	**8,089**	8,912
Derivative financial instruments (note 9)	**3,530**	5,019
Total current assets	**443,360**	401,777
Non-current assets:		
Property, plant and equipment (note 10)	**333,120**	267,185
Right-of-use assets (note 11)	**27,494**	29,973
Intangible assets (notes 12 and 15)	**17,436**	20,890
Other assets (note 13)	**1,072**	783
Derivative financial instruments (note 9)	**66**	7,286
Employee benefits (note 20)	**23,189**	—
Goodwill (note 15)	**233,007**	233,007
Total non-current assets	**635,384**	559,124
Total assets	**1,078,744**	960,901
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility (note 16)	—	58,000
Trade and other payables (note 17)	**195,461**	164,404
Provisions (note 18)	**5,585**	1,415
Lease obligations (note 19)	**5,194**	4,364
Convertible unsecured subordinated debentures (note 21)	**153,830**	—
Derivative financial instruments (note 9)	**209**	1,140
Total current liabilities	**360,279**	229,323
Non-current liabilities:		
Revolving credit facility (note 16)	**100,000**	100,000
Employee benefits (note 20)	**19,665**	2,898
Provisions (note 18)	**2,881**	287
Derivative financial instruments (note 9)	**6,391**	—
Lease obligations (note 19)	**23,448**	26,086
Convertible unsecured subordinated debentures (note 21)	—	151,711
Senior guaranteed notes (note 22)	**98,409**	98,212
Deferred tax liabilities (note 14)	**45,258**	45,488
Total non-current liabilities	**296,052**	424,683
Total liabilities	**656,331**	654,005
Shareholders' equity:		
Share capital (note 23)	**221,340**	107,210
Contributed surplus	**301,069**	300,968
Equity portion of convertible unsecured subordinated debentures (note 21)	**5,085**	5,085
Deficit	**(136,902)**	(146,635)
Accumulated other comprehensive income	**31,821**	40,268
Total shareholders' equity	**422,413**	306,896
Commitments (notes 19 and 25)		
Contingencies (note 26)		
Total liabilities and shareholders' equity	**1,078,744**	960,901

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of dollars except number of shares)

For the fiscal year ended September 28, 2024

	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain (loss) 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 year	—	—	—	—	—	—	—	**53,729**	**53,729**
Dividends (note 23)	—	—	—	—	—	—	—	**(43,996)**	**(43,996)**
Issuance of shares (note 23)	**22,820,714**	**114,130**	**(10)**	—	—	—	—	—	**114,120**
Share-based compensation (note 24)	—	—	**111**	—	—	—	—	—	**111**
Cash flow hedges, net of tax (note 9)	—	—	—	—	—	**(11,799)**	—	—	**(11,799)**
Defined benefit actuarial gains, net of tax (note 20)	—	—	—	—	**3,329**	—	—	—	**3,329**
Translation of foreign operations	—	—	—	—	—	—	**23**	—	**23**
Balance, September 28, 2024	**127,916,834**	**221,340**	**301,069**	**5,085**	**35,024**	**(4,315)**	**1,112**	**(136,902)**	**422,413**

For the fiscal year ended September 30, 2023

	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain (loss) on employee benefit plans	Accumulated cash flow hedge gain	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 year	—	—	—	—	—	—	—	51,789	51,789
Dividends (note 23)	—	—	—	—	—	—	—	(37,752)	(37,752)
Issuance of shares (note 23)	724,075	3,660	(132)	—	—	—	—	—	3,528
Share-based compensation (note 24)	—	—	178	—	—	—	—	—	178
Cash flow hedges, net of tax (note 9)	—	—	—	—	—	(12,632)	—	—	(12,632)
Defined benefit actuarial gains, net of tax (note 20)	—	—	—	—	10,822	—	—	—	10,822
Translation of foreign operations	—	—	—	—	—	—	(456)	—	(456)
Balance, September 30, 2023	105,096,120	107,210	300,968	5,085	31,695	7,484	1,089	(146,635)	306,896

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)

	Fiscal year ended	
	September 28, 2024	September 30, 2023
	$	$
Cash flows from operating activities:		
Net earnings	**53,729**	51,789
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets (note 4)	**25,055**	22,480
Amortization of intangible assets (note 4)	**3,788**	3,806
Changes in fair value of derivative financial instruments included in cost of sales	**(3,557)**	(6,210)
Income tax expense (note 6)	**19,697**	18,597
Pension contributions	**(10,835)**	(11,085)
Pension expense	**8,890**	9,984
Net finance costs (note 5)	**23,783**	24,577
Loss (gain) on disposal of property, plant and equipment and right-of-use assets (notes 10 and 11)	**(8)**	139
Share-based compensation - equity settled (note 24)	**111**	178
Share-based compensation - cash settled (note 24)	**1,003**	3
	121,656	114,258
Changes in:		
Trade and other receivables	**(2,549)**	1,879
Inventories	**(23,068)**	(20,778)
Prepaid expenses	**823**	(44)
Trade and other payables	**17,128**	(14,612)
Provisions (note 18)	**(2,906)**	(1,484)
	(10,572)	(35,039)
Cash generated from operating activities:	**111,084**	79,219
Interest paid	**(16,553)**	(21,049)
Income taxes paid	**(14,741)**	(13,852)
Net cash flows from operating activities	**79,790**	44,318
Cash flows from (used in) financing activities:		
Dividends paid	**(41,942)**	(37,687)
Increase (decrease) in revolving credit facility (note 16)	**(58,000)**	32,000
Payment of lease obligations (note 19)	**(6,700)**	(5,419)
Issuance of shares (note 23)	**112,652**	3,528
Payment of financing fees	**(646)**	(1,308)
Net cash flows from (used in) financing activities	**5,364**	(8,886)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(65,907)**	(34,966)
Additions to intangible assets (note 12)	**(168)**	(432)
Net cash flows used in investing activities	**(66,075)**	(35,398)
Effect of changes in exchange rate on cash	**(4)**	(139)
Net increase (decrease) in cash	**19,075**	(105)
Cash, beginning of year	**46**	151
Cash, end of year	**19,121**	46

Supplemental cash flow information (note 28).
The accompanying notes are an integral part of these consolidated financial statements.

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 consolidated financial statements of Rogers as at September 28, 2024 and September 30, 2023 comprise Rogers and the directly and indirectly controlled subsidiaries, Lantic Inc. (“Lantic”) and The Maple Treat Corporation (“TMTC”), (together referred to as the “Company”). The principal business activities of the Company are the refining, packaging and marketing of sugar (“Sugar segment”), and the packaging, marketing and distribution of maple syrup and other related maple products (“Maple segment”).

The Company’s fiscal year ends on the Saturday closest to the end of September. All references to 2024 and 2023 represent the years ended September 28, 2024 and September 30, 2023.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2024.

(B) BASIS OF MEASUREMENT:

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

(i) derivative financial instruments are measured at fair value;

(ii) equity-settled share-based compensation, cash-settled share appreciation rights and cash-settled performance share units are measured at fair value;

(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 acquired and liabilities assumed 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 consolidated 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 consolidated financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions about future events that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting years.

3. MATERIAL ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION:

The consolidated financial statements include Rogers and the subsidiary it controls, Lantic and its subsidiaries, TMTC and Highland Sugarworks Inc. (the latter two companies together referred to as "TMTC").

Control exists where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company.

The Company owns 100% of the common shares and 100% of the Class A shares of Lantic. Lantic Capital Inc., a wholly-owned subsidiary of Belkorp Industries Inc., owns the two outstanding Class C shares of Lantic. These Class C shares are non-voting, have no rights to return or risk of loss and are redeemable for a nominal value of one dollar each. The Class C shares entitle the holder to elect five of the seven directors of Lantic but have no other voting rights at any meetings of Lantic's shareholders except as may be required by law.

Notwithstanding Lantic Capital Inc.'s ability to elect five of the seven directors of Lantic, Lantic Capital Inc. receives no benefits or exposure to losses from its ownership of the Class C shares. As the Class C shares are non-dividend paying and redeemable for a nominal value of one dollar, there is no participation in future dividends or changes in value of Lantic resulting from the ownership of the Class C shares. There is also no management fee or other form of consideration attributable to the Class C shares. The determination of control involves judgement. Based on all the facts and available information, management has concluded that Rogers has control of Lantic.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

(B) FOREIGN CURRENCY TRANSACTIONS:

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date that the fair value was determined. Foreign denominated non-monetary assets and liabilities that are measured at the historical costs are translated at the rate prevailing at the transaction date. Revenues and expenses denominated in foreign currencies are translated into the functional currency at the rate in effect on the dates they occur. Gains or losses resulting from these translations are recorded in net earnings of the period.

(C) FOREIGN OPERATIONS:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on business combinations, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the average exchange rate in effect during the reporting period.

Foreign currency differences are recognized in other comprehensive income (loss) in the accumulated foreign currency translation differences account. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(D) CASH:

Cash includes cash on hand, bank balances and bank overdraft when the latter forms an integral part of the Company's cash management.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) INVENTORIES:

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined on a first-in, first-out basis and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(F) PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment, with the exception of land, are recorded at cost less accumulated depreciation and any accumulated impairment losses. Land is carried at cost and is not depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the asset less any government grants received for capital expenditures. The cost of assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Construction-in-progress assets are capitalized during construction and depreciation commences when the asset is available for use.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in cost of sales for assets used in production and in administration and selling expenses for all other assets.

Depreciation related to assets used in production is recorded in cost of sales while the depreciation of all other assets is recorded in administration and selling expenses. Depreciation is calculated on a straight-line basis, after taking into account residual values, over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Significant components of individual assets are assessed and, if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

The estimated useful lives are as follows:

Barrels	6 years
Buildings	20 to 60 years
Furniture and fixtures	3 to 10 years
Machinery and equipment	5 to 40 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and depreciation is adjusted on a prospective basis, if necessary.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(G) INTANGIBLE ASSETS:

(i) Goodwill:

Goodwill is measured at the acquisition date as the fair value of the consideration transferred less the fair value of the net identifiable assets of the acquired company or business activities. Goodwill is not amortized and is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

(ii) Other intangible assets:

Intangible assets that are acquired by the Company and have finite useful lives are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. Amortization is calculated over the cost of the asset, less its residual value. Amortization is recognized in administrative expenses on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization of intangible assets not in service begins when they are ready for their intended use.

The estimated useful lives are as follows:

Software	5 to 15 years
Customer relationships	10 years
Other	10 years

Brand names are not amortized as they are considered to have an indefinite life and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

For intangible assets with finite life, useful lives and residual values are reviewed at each financial year-end and amortization is adjusted on a prospective basis, if necessary.

(H) LEASES:

The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. The lease payments include fixed and in-substance fixed payments and variable lease payments that depend on an index or rate, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. The Company uses their incremental borrowing rate for its present value calculations. Lease payments are discounted over the lease term, which includes the fixed term and renewal options that the Company is reasonably certain to exercise. Lease payments are allocated between the lease liability and a finance cost, which is recognized in finance costs over the lease term in the consolidated statement of earnings.

Lease payments for assets that are exempt through the short-term exemption and variable payments not based on an index or rate are recognized in administration and selling expenses or distribution expenses as incurred.

Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any re-measurement of lease liabilities. Cost is calculated as the initial measurement of the lease liability plus any initial direct costs and any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) IMPAIRMENT:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated yearly at the same time, at year-end, and whenever there is an indication that the asset might be impaired.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The Company's corporate assets do not generate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets. Fair value less costs to sell (the "FVLCS") is the estimated amount obtainable from the sale of the CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. In assessing the fair value less cost to sell, the market approach is used which incorporates comparable transaction multiples applied to adjusted EBITDA less an estimate of the cost to sell to derive a range of the FVLCS.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(J) EMPLOYEE BENEFITS:

(i) Pension benefit plans:

The Company provides post-employment benefits through defined benefit and defined contribution plans. The Company also sponsors Supplemental Executive Retirement Plans ("SERP"), which are neither registered nor pre-funded. Finally, the Company sponsors defined benefit life insurance, disability plans and medical benefits for some retirees and employees.

Defined contribution plans

The Company's obligations for contributions to employee defined contribution pension plans are recognized as employee benefit expense in profit or loss in the years during which services are rendered by employees.

Defined benefit plans

The Company maintains some contributory defined benefit plans that provide for pensions to employees based on years of service and the employee's compensation. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(J) EMPLOYEE BENEFITS: (CONTINUED)

(i) Pension benefit plans: (continued)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (loss). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. Costs related to plan settlements are recorded at the time the Company is committed to a settlement as a separate constructive obligation. Subsequent to the Company being committed to a settlement, the plan liability is measured at the expected settlement amount using settlement interest rates.

(ii) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under cash incentive if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based compensation:

The Company has a Share Option Plan. Share-based payment awards are measured at fair value at the grant date, which is recognized as a personnel expense, with a corresponding increase in contributed surplus over the vesting period, which is normally five years. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met. Any consideration paid by employees on exercise of share options is credited to share capital.

(iv) Employee share purchase plan:

The Company has an Employee Share Purchase Plan that is an equity-settled share-based payment with employees; the measurement is based on the grant-date fair value of the equity instrument granted. As such, the expense is recognized when the employee purchases the shares.

(v) Cash-settled Performance Share Units:

The Company has a Performance Share Units plan ("PSU") entitling certain senior personnel and executives to a cash payment. A liability is recognized in payables for the services acquired and is recorded at fair value based on the share price of the Company's Common Shares with a corresponding expense recognized in administration and selling expenses. The amount recognized as an expense is adjusted to reflect the number of units for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the units of awards that do meet the related service and non-market performance conditions at the vesting date.

At the end of each reporting period until the liability is settled, the fair value of the liability is re-measured, with any changes in fair value recognized in the consolidated statement of earnings. The fair value of the employee benefits expense of the PSUs is measured using management's best estimate which includes a Monte Carlo pricing model.

(vi) Termination benefits:

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be fully settled within 12 months of the end of the reporting period, they are discounted.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(K) PROVISIONS:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

The Company recognizes the estimated liability for future costs to be incurred in the remediation of site restoration in regards to asbestos removal and disposal of such asbestos to a landfill for hazardous waste, and for oil, chemical and other hazardous materials, only when a present legal or constructive obligation has been determined and that such obligation can be estimated reliably. Upon initial recognition of the obligation, the corresponding costs are added to the carrying amount of the related items of property, plant and equipment and amortized as an expense over the economic life of the asset, or earlier if a specific plan of removal exists. This obligation is reduced every year by payments incurred during the year in relation to these items. The obligation might be increased by any required remediation to the owned assets that would be required through enacted legislation.

(L) FINANCIAL INSTRUMENTS:

(i) IFRS 9, Financial Instruments:

The Company initially recognizes trade receivables when they are originated and other financial instruments on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value except for trade receivables without a financing component which are initially measured at the transaction price. In the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are added to or deducted from the fair value.

(ii) Financial assets:

Financial assets are classified into the following categories:

a. Financial assets measured at amortized cost:

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principals and/or interest.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

The Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income or loss and reflected in an allowance account against trade and other receivables.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(L) FINANCIAL INSTRUMENTS: (CONTINUED)

(ii) Financial assets: (continued)

b. Financial assets measured at fair value through profit or loss:

These assets are measured at fair value through profit or loss and changes therein, including any interest are recognized in profit or loss. The Company currently has no significant financial assets measured at fair value, except for derivative financial instruments.

(iii) Financial liabilities:

Financial liabilities are classified into the following categories:

a. Financial liabilities measured at amortized cost:

Financial liability subsequently measured at amortized cost, is accounted for using the effective interest method.

b. Financial liabilities measured at fair value through profit or loss:

Financial liabilities at fair value through profit or loss are initially recognized at fair value and are re-measured at each reporting date with any changes therein recognized in net earnings. The Company currently has no significant financial liabilities measured at fair value except for derivative financial instruments.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Fair values of financial instruments:

Financial assets and liabilities measured at fair value use a fair value hierarchy to prioritize the inputs used in measuring fair value as follows:

Level 1 - valuation based on observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3 - valuation techniques with observable market inputs (involves assumptions and estimates by management of how market participants would price the asset or liability).

a. Cash:

Cash includes cash on hand, bank balances and bank overdraft when the latter forms an integral part of the Company's cash management.

b. Derivative financial instruments:

The Company uses derivative financial instruments to manage its exposure to changes in raw sugar, foreign exchange, and natural gas prices. In addition, the Company entered into interest rate swap contracts to fix a portion of the Company's exposure to floating interest rate debt on its short-term borrowings. The Company's objective for holding derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of these exposures.

Fair value estimates are made as of a specific point in time, using available information about the financial instruments. These estimates are subjective in nature and may not be determined with precision.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(L) FINANCIAL INSTRUMENTS: (CONTINUED)

(iv) Fair values of financial instruments: (continued)

b. Derivative financial instruments: (continued)

The fair value of derivative instruments is the estimated amount that the Company would receive or pay to terminate the instruments at the reporting date. The fair values have been determined by reference to prices available from the markets on which the instruments trade, subject to credit adjustments as applicable. The fair values of the sugar future contracts and options are measured using Level 1 inputs, using published quoted values for these commodities. The fair values for the natural gas futures contracts, foreign exchange forward contracts and interest rate swap contracts are measured using Level 2 inputs. The fair values for these derivative assets or liabilities are estimated using industry standard valuation models.

Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, natural gas prices, foreign exchange rates, and forward and spot prices for currencies.

The fair values of all derivative instruments approximate their carrying value and are recorded as separate line items on the consolidated statements of financial position.

The Company's natural gas futures and interest rate swap agreements (September 30, 2023 – a portion of its interest rate swap agreements) were designated as cash flow hedges and qualified for hedge accounting.

For sugar futures contracts, the amounts are netted with the variation margins paid or received to/from brokers at the end of the reporting period.

c. Compound financial instruments:

The Company's convertible unsecured subordinated debentures are accounted for as compound financial instruments. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, gains and losses relating to the financial liability are recognized in profit or loss.

d. Financing charges:

Financing charges, which reflect the cost to obtain new financing, are offset against the debt for which they were incurred and recognized in finance costs using the effective interest method. Financing charges for the revolving credit facility are recorded with other assets.

e. Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Dividends to the equity holders are recorded in equity.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(L) FINANCIAL INSTRUMENTS: (CONTINUED)

(v) Cash flow hedges:

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect net earnings, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in accumulated other comprehensive income as part of equity.

The amount recognized in other comprehensive income is removed and included in net earnings under the same line item in the consolidated statements of earnings and comprehensive income as the hedged item, in the same period that the hedged cash flows affect net earnings.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, or exercised, the hedge accounting is discontinued prospectively.

If the forecasted transaction is no longer expected to occur, then the balance in accumulated other comprehensive income (loss) is recognized immediately in net earnings.

When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to net earnings (loss) in the same period that the hedged item affects net earnings.

The Company has designated as cash flow hedges its natural gas futures and its interest rate swap agreements (September 30, 2023 – a portion of its interest rate swap agreements) entered into in order to protect itself against natural gas price and interest rate fluctuations.

(M) REVENUE RECOGNITION:

The Company derives revenue from the sale of finished goods, which include sugar, maple syrup and other related maple products. The Company recognizes revenue when all performance obligations have been met which is generally at a point in time when it transfers control of the finished goods to a customer, which occurs upon shipment of the finished goods from the Company's facilities or upon delivery of the finished goods to the customer's premises. Some arrangements for the sale of finished goods provide for customer price discounts and/or volume rebates based on aggregate sales over a specified period, which gives rise to variable consideration. At the time of sale, estimates are made for items giving rise to variable consideration based on the terms of the sales program or arrangement.

The estimate is based on historical experience, current trends, and other known factors. Sales are recorded net of customer discounts, rebates, and exclude sales taxes.

(N) FINANCE INCOME AND FINANCE COSTS:

Finance income comprises interest income on funds invested and finance costs comprise interest expense on borrowings. Changes in the fair value of interest rate swaps are recorded initially in other comprehensive income since inception of the cash flow hedge and transferred to finance income and finance costs in the same period that the hedged cash flows affect net earnings. Net change in fair value of interest rate swap that do not meet hedge accounting is recognized in net finance costs. Interest expense is recorded using the effective interest method.

(O) INCOME TAXES:

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(O) INCOME TAXES: (CONTINUED)

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. In addition, the effect on deferred tax assets or liabilities of a change in tax rates is recognized in profit or loss in the period in which the enactment or substantive enactment takes place, except to the extent that it relates to an item recognized either in other comprehensive income (loss) or directly in equity in the current or in a previous period. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(P) EARNINGS PER SHARE:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares from the conversion of the convertible debentures and in-the-money stock options.

(Q) NEW STANDARDS AND INTERPRETATIONS ADOPTED:

The Company adopted the following standards and interpretations in its consolidated 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 financial statements.

(R) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

A number of new standards and amendments to standards and interpretations are not yet effective for the year ending September 28, 2024 and have not been applied in preparing these consolidated 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)
- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS Accounting Standards (includes Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7)
- Presentation and disclosure in financial statements (IFRS 18)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(R) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED: (CONTINUED)

The Company does not intend to adopt the Amendments 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, with the exception of Amendments to IFRS 9 and IFRS 7, and adoption of IFRS 18, for which the impact is being assessed by management.

4. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and amortization expenses were charged to the consolidated statements of earnings and comprehensive income as follows:

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Depreciation of property, plant and equipment		
Cost of sales	**18,905**	17,161
Administration and selling expenses	**498**	633
	19,403	17,794
Depreciation of right-of-use assets		
Cost of sales	**1,916**	1,500
Administration and selling expenses	**3,736**	3,186
	5,652	4,686
Amortization of intangible assets:		
Administration and selling expenses	**3,788**	3,806
Total depreciation and amortization expenses	**28,843**	26,286

5. NET FINANCE COSTS

Recognized in net earnings:

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Interest expense on convertible unsecured subordinated debentures, including accretion of $1,130 (2023 - $1,024) (note 21)	**8,636**	8,530
Interest on revolving credit facility	**4,695**	7,293
Interest on senior guaranteed notes, including accretion of $213 (2023- $158)	**3,694**	3,639
Amortization of deferred financing fees	**1,328**	1,231
Interest on *Producteurs et Productrices Acéricoles du Québec* supplier balance	**1,822**	2,265
Other interest expense	**43**	21
Interest accretion on discounted lease obligations	**1,720**	1,075
Net change in fair value of interest rate swaps (note 9)	**1,845**	523
Net finance costs	**23,783**	24,577

6. INCOME TAX EXPENSE (RECOVERY)

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Current tax expense (recovery):		
Current period	**17,397**	15,024
Adjustments for prior year periods	**(1,901)**	(348)
Current tax expense (recovery)	**15,496**	14,676
Deferred tax expense (recovery):		
Recognition and reversal of temporary differences	**2,398**	3,564
Adjustments for prior year periods	**1,803**	357
Deferred tax expense (recovery)	**4,201**	3,921
Total income tax expense	**19,697**	18,597

Income tax recognized in other comprehensive income (loss):

	For the fiscal years ended					
	September 28, 2024			September 30, 2023		
	Before tax	**Tax effect**	**Net of tax**	Before tax	Tax effect	Net of tax
	$	**$**	**$**	$	$	$
Cash flow hedges	**(15,873)**	**4,074**	**(11,799)**	(16,994)	4,362	(12,632)
Defined benefit actuarial gains	**4,477**	**(1,148)**	**3,329**	14,530	(3,708)	10,822

Reconciliation of effective tax rate:

The provision for income taxes differs from the amount computed by applying the Canadian federal and provincial tax rates to earnings before provision for income taxes. The reasons for the difference and the related tax effects are as follows:

	For the fiscal years ended			
	September 28, 2024		September 30, 2023	
	%	**$**	%	$
Earnings before income taxes	**—**	**73,426**	—	70,386
Income taxes using the Company's statutory tax rate	**27.00**	**19,825**	27.00	19,004
Changes due to the following items:				
Effect of differences in tax rates in other jurisdictions	**(0.42)**	**(308)**	(0.77)	(540)
Non-deductible expenses (income)	**0.38**	**278**	0.18	124
Adjustments for prior year periods	**(0.13)**	**(98)**	0.01	9
	26.83	**19,697**	26.42	18,597

7. TRADE AND OTHER RECEIVABLES

	September 28, 2024	September 30, 2023
	$	$
Trade receivables	112,391	109,353
Less expected credit loss	(598)	(598)
	111,793	108,755
Other receivables	7,988	7,953
Initial margin deposits with commodity brokers	1,014	1,544
	120,795	118,252

The Company grants credit to its customers in the ordinary course of business.

Management believes that the Company's exposure to credit risk and impairment losses related to trade and other receivables is limited due to the following reasons:

- There is a broad base of customers with dispersion across different market segments.
- Bad debt write-offs to total revenue have been less than 0.1% for each of the last five years (averaging less than $0.1 million per year). Write-offs for fiscal 2024 were $Nil (September 30, 2023 - $0.1 million). All bad debt write-offs are charged to administration and selling expenses.
- Less than 2% of trade receivables are outstanding for more than 90 days (September 30, 2023 - less than 1%), while over 87% are current (less than 30 days) as at September 28, 2024 (September 30, 2023 - 90%).

Through general security agreements with its lenders of the revolving credit facility (Note 16) and senior guaranteed notes (Note 22), trade and other receivables have been granted as continuing collateral security for all present and future indebtedness to the current lenders.

8. INVENTORIES

	September 28, 2024	September 30, 2023
	$	$
Raw materials	164,406	172,444
Work in progress	15,364	10,511
Finished goods	75,462	47,770
	255,232	230,725
Packaging and operating supplies	15,430	17,733
Spare parts and other	19,637	18,810
	290,299	267,268

Costs of sales expensed during the year were all inventorial items, except for fixed costs incurred in Taber, Alberta, after the beet slicing campaign, and mark-to-market adjustments of derivative financial instruments.

As at September 28, 2024, inventories recognized as cost of sales amounted to $1,040.3 million (September 30, 2023 - $949.4 million).

All inventories have been pledged as security for the revolving credit facility (Note 16) and senior guaranteed notes (Note 22).

Notes to consolidated financial statements
(In thousands of dollars except as noted and amounts per share)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(A) CLASSIFICATION AND FAIR VALUES:

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value (which is the case for cash, trade and other receivables, revolving credit facility and trade and other payables).

	Carrying Amount				Fair Value	
September 28, 2024	Fair value - hedging instruments	Fair value through profit or loss	Amortized cost	Total	Fair value hierarchy level	Amount
	$	$	$	$	$	$
Financial assets measured at fair value						
Sugar futures contracts	—	367	—	367	Level 1	367
Foreign exchange forward contracts	—	2,480	—	2,480	Level 2	2,480
Interest rate swaps used for hedging	749	—	—	749	Level 2	749
	749	2,847	—	3,596		
Financial assets not measured at fair value						
Cash	—	—	19,121	19,121		
Trade and other receivables	—	—	120,795	120,795		
	—	—	139,916	139,916		
Financial liabilities measured at fair value						
Natural gas futures contracts used for hedging	(2,702)	—	—	(2,702)	Level 2	(2,702)
Interest rate swaps used for hedging	(3,898)	—	—	(3,898)	Level 2	(3,898)
	(6,600)	—	—	(6,600)		
Financial liabilities not measured at fair value						
Revolving credit facility	—	—	(100,000)	(100,000)		
Trade and other payables	—	—	(195,461)	(195,461)		
Senior guaranteed notes	—	—	(98,409)	(98,409)	Level 2	(93,700)
Convertible unsecured subordinated debentures	—	—	(153,830)	(153,830)	Level 1	(154,000)
	—	—	(547,700)	(547,700)		

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(A) CLASSIFICATION AND FAIR VALUES: (CONTINUED)

	Carrying Amount					Fair Value
September 30, 2023	Fair value - hedging instruments	Fair value through profit or loss	Amortized cost	Total	Fair value hierarchy level	Amount
	$	$	$	$	$	$
Financial assets measured at fair value						
Sugar futures contracts	—	331	—	331	Level 1	331
Foreign exchange forward contracts	—	69	—	69	Level 2	69
Natural gas futures contracts used for hedging	4,445	—	—	4,445	Level 2	4,445
Interest rate swaps used for hedging	5,606	—	—	5,606	Level 2	5,606
Other interest rate swaps	—	1,854	—	1,854	Level 2	1,854
	10,051	2,254	—	12,305		
Financial assets not measured at fair value						
Cash	—	—	46	46		
Trade and other receivables	—	—	118,252	118,252		
	—	—	118,298	118,298		
Financial liabilities measured at fair value						
Natural gas futures contracts used for hedging	(28)	—	—	(28)	Level 2	(28)
Foreign exchange forward contracts	—	(1,112)	—	(1,112)	Level 2	(1,112)
	(28)	(1,112)	—	(1,140)		
Financial liabilities not measured at fair value						
Revolving credit facility	—	—	(158,000)	(158,000)		
Trade and other payables	—	—	(164,404)	(164,404)		
Senior guaranteed notes	—	—	(98,212)	(98,212)	Level 2	(81,800)
Convertible unsecured subordinated debentures	—	—	(151,711)	(151,711)	Level 1	(150,700)
	—	—	(572,327)	(572,327)		

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(B) DERIVATIVES AND HEDGING:

As at September 28, 2024 and September 30, 2023, the Company's financial derivatives carrying values were as follows:

	Financial Assets		**Financial Liabilities**	
	Current	**Non-current**	**Current**	**Non-current**
		September 28, 2024		**September 28, 2024**
	$	**$**	**$**	**$**
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	**367**	—	—	—
Foreign exchange forward contracts	**2,414**	**66**	—	—
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	—	—	**209**	**2,493**
Interest rate swap	**749**	—	—	**3,898**
	3,530	**66**	**209**	**6,391**

	Financial Assets		Financial Liabilities	
	Current	Non-current	Current	Non-current
		September 30, 2023		September 30, 2023
	$	$	$	$
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	331	—	—	—
Foreign exchange forward contracts	—	69	1,112	—
Interest rate swap	1,373	481	—	—
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	—	4,445	28	—
Interest rate swap	3,315	2,291	—	—
	5,019	7,286	1,140	—

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(B) DERIVATIVES AND HEDGING: (CONTINUED)

	For the fiscal years ended					
	Charged to cost of sales Unrealized gain (loss)		Charged to finance income (costs)		Other comprehensive income	
	September 28, 2024	September 30, 2023	**September 28, 2024**	September 30, 2023	**September 28, 2024**	September 30, 2023
	$	$	**$**	$	**$**	$
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	**(12,533)**	11,018	—	–	—	–
Foreign exchange forward contracts	**3,684**	974	—	–	—	–
Interest rate swap	—	–	**(1,845)**	(523)	—	–
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	—	–	—	–	**(7,119)**	(17,217)
Interest rate swap	—	–	—	–	**(8,754)**	223
	(8,849)	11,992	**(1,845)**	(523)	**(15,873)**	(16,994)

The following table summarizes the Company's hedging components of accumulated other comprehensive income (loss) ("AOCI") as at September 28, 2024 and September 30, 2023:

	September 28, 2024			September 30, 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	**(7,119)**	**(8,754)**	**(15,873)**	(17,217)	223	(16,994)
Income taxes	**1,827**	**2,247**	**4,074**	4,419	(57)	4,362
Ending AOCI - net of income taxes	**(1,993)**	**(2,322)**	**(4,315)**	3,299	4,185	7,484

For the fiscal year ended September 28, 2024, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net earnings.

Approximately $0.4 million of net gains presented in accumulated other comprehensive income (loss) are expected to be reclassified to net earnings within the next twelve months.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(C) COMMODITY PRICE RISK:

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices.

There are two types of commodity contracts, which are entered into by the Company:

(i) Sugar:

In order to protect itself against fluctuations of the world raw sugar market, the Company follows a rigorous economic hedging program for all purchases of raw cane sugar and sales of refined sugar. Anytime raw sugar is priced by a sugar supplier, a corresponding sugar futures contract is sold for the same quantity, period and underlying value. Anytime refined sugar is priced by a customer, the corresponding volume of raw sugar is purchased for the same quantity, period and underlying value. The Company's policy is to cover all raw cane purchases and refined sugar sales as they are priced by the Company's suppliers and customers. On a daily basis, the Company monitors all net sugar futures contract positions against the physical priced purchases and sales commitments to ensure that appropriate economic hedge positions are in place.

For the Company's beet operation, the Board of Directors approved an economic pre-hedge, using sugar futures contracts, of some of the beet sugar sales that will occur in the future, provided there is a contract in place with the Alberta Sugar Beet Growers to grow sugar beets.

The Board of Directors also approved a trading book up to a maximum of 15,000 metric tonnes of sugar derivative contracts.

The Company's raw sugar futures contracts as well as the fair value of these contracts relating to purchases or sales of raw sugar as at September 28, 2024 and September 30, 2023 are as follows:

	September 28, 2024			September 30, 2023		
	Original futures contractual amount	**Current contractual amount**	**Fair value gain (loss)**	Original futures contractual amount	Current contractual amount	Fair value gain (loss)
	(US$)	**(US$)**	**(US$)**	(US$)	(US$)	(US$)
Purchases						
0 - 12 months	**137,151**	**151,208**	**14,057**	103,167	119,965	16,798
12 - 24 months	**10,715**	**11,190**	**475**	8,102	9,950	1,848
Over 24 months	**282**	**284**	**2**	166	186	20
	148,148	**162,682**	**14,534**	111,435	130,101	18,666
Sales						
0 - 12 months	**(121,117)**	**(132,500)**	**(11,383)**	(128,088)	(139,517)	(11,429)
12 - 24 months	**(334)**	**(354)**	**(20)**	—	—	—
Over 24 months	—	—	—	—	—	—
	(121,451)	**(132,854)**	**(11,403)**	(128,088)	(139,517)	(11,429)
Net position	**26,697**	**29,828**	**3,131**	(16,653)	(9,416)	7,237
Foreign exchange rate at the end of period			**1.3515**			1.3560
Net value (CA$)			**4,232**			9,814
Margin call (receipt) payment at year-end			**(3,865)**			(9,483)
Net asset (liability) (CA$)			**367**			331

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(C) COMMODITY PRICE RISK: (CONTINUED)

(i) Sugar: (continued)

All sugar futures contracts are traded through a large exchange clearing house on the New York Intercontinental Exchange. Regulation of the US futures industry is primarily self-regulation, with the role of the Federal Commodity Futures Trading Commission being principally an oversight role to determine that self-regulation is continuous and effective.

The exchange clearing house used is one of the world's largest capitalized financial institutions with excellent long-term credit ratings. Daily cash settlements are mandatory (margin calls) for resulting gains and/or losses from futures trading for each customer's account. Due to the above, the Company does not anticipate a credit risk from the raw sugar futures derivative instruments.

As at September 28, 2024 and September 30, 2023, the Company had the following sugar futures contracts:

	September 28, 2024			September 30, 2023		
	Volume	**Contractual average value per M.T.**	**Total contractual amount**	Volume	Contractual average value per M.T.	Total contractual amount
	M.T.	**(US$)**	**(US$)**	M.T.	(US$)	(US$)
Purchases	**349,067**	**466.05**	**162,682**	235,421	552.63	130,101
Sales	**(270,170)**	**491.74**	**(132,854)**	(235,726)	567.94	(133,878)
Beet pre-hedge	**—**	**—**	**—**	(9,884)	570.47	(5,639)
	78,897	**n/a**	**29,828**	(10,189)	n/a	(9,416)
Foreign exchange rate at the end of the period			**1.3515**			1.3560
Total contractual amount CA$			**40,313**			(12,767)

If, on September 28, 2024, the raw sugar value would have increased by US$0.05 per pound (being approximately US$110.0 per metric tonne), and all other variables remained constant, the impact on net earnings would have been a increase of approximately $8.7 million (calculated only on the point-in-time exposure on September 28, 2024) (September 30, 2023 - decrease in net earnings of $1.1 million for US$0.05 per pound increase). If the raw sugar value would have decreased by US$0.02 per pound (being approximately US$44.00 per metric tonne), and all other variables remained constant, the impact on net earnings would have been an decrease of approximately $3.5 million (September 30, 2023 - increase in net earnings of $0.4 million for US$0.02 decrease).

Except for the beet pre-hedge, management believes that the above is not representative, as the Company has physical raw sugar purchases and refined sugar selling contracts that would offset most gains or losses realized from such decrease or increase in the commodity value, when such contracts are liquidated. The Company had no beet pre-hedge contracts as at September 28, 2024. For the beet pre-hedge, if, on September 30, 2023, the raw sugar value would have increased by US$0.05 per pound (being approximately US$110.00 per metric tonne), and all other variables remained constant, the impact on net earnings would have been a decrease of approximately $1.1 million (calculated only on the point-in-time exposure on September 30, 2023). If the raw sugar value would have decreased by US$0.02 per pound (being approximately US$44.00 per metric tonne), and all other variables remained constant, the impact on net earnings would have been an increase of approximately $0.4 million.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(C) COMMODITY PRICE RISK: (CONTINUED)

(ii) Natural gas:

In order to mitigate the overall price risks in the purchase of natural gas for use in the manufacturing operations, the Board approved the use of natural gas futures contracts. Natural gas futures contracts cannot be entered into for speculative reasons. The Company monitors its positions and the credit ratings of its counterparties and does not anticipate losses due to counterparty's non-performance. The Company's natural gas contracts as well as the fair value of these contracts relating to purchases of natural gas are as follows:

	September 28, 2024				September 30, 2023			
	Contracts (10,000 MM BTU)	**Original futures contractual amount**	**Current contractual amount**	**Fair value gain/ (loss)**	Contracts (10,000 MM BTU)	Original futures contractual amount	Current contractual amount	Fair value gain/ (loss)
		(US$)	**(US$)**	**(US$)**		(US$)	(US$)	(US$)
Purchases								
Less than 1 year		**7,431**	**7,276**	**(155)**		7,848	7,827	(21)
1 to 2 years		**6,077**	**7,516**	**1,439**		5,828	7,697	1,869
2 to 3 years		**9,173**	**7,994**	**(1,179)**		6,966	9,343	2,377
3 years and over		**20,503**	**18,399**	**(2,104)**		21,234	20,266	(968)
	1,321	**43,184**	**41,185**	**(1,999)**	1,300	41,876	45,133	3,257
Foreign exchange rate at the end of period				**1.3515**				1.3560
Net asset (liability) (CA$)				**(2,702)**				4,417

The forecasted purchases of natural gas, the hedged items, are used for calculating the hedge ineffectiveness. No ineffectiveness was recognized in net earnings as the change in value of the hedging instrument for calculating ineffectiveness was the same or smaller as the change in value of the hedged items used for calculating the ineffectiveness.

If, on September 28, 2024, the natural gas market price would have increased by US$1.00, and all other variables remained constant, other comprehensive income (loss) would have increased by $13.2 million (September 30, 2023 – increase in other comprehensive income (loss) of $13.0 million) as a result of the change in fair value of our natural gas futures. If the natural gas value would have decreased by US$1.00, and all other variables remained constant, would have an equal but opposite effect on other comprehensive income (loss).

Management believes that this impact for natural gas is not representative as this variance will mostly offset when the actual natural gas is purchased and used. At such time, a gain or loss on the liquidation of the natural gas contracts would mostly offset the same increase or decrease in the actual physical transaction.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rate. The Company's significant cash flow exposure to foreign currency is due mainly to the following:

- sales in US dollars for both the sugar and maple products segments;
- purchases of imported refined white sugar;
- purchases of natural gas;
- sales of by-products;
- Taber refined sugar and by-products sales;
- ocean freight; and
- purchases of property, plant and equipment for both the sugar and maple segments.

The Company mitigates its exposure to foreign currency by entering into forward exchange contracts.

The credit risk associated with foreign exchange contracts arises from the possibility that a counterparty to a foreign exchange contract, in which the Company has an unrealized gain, fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Forward foreign exchange contracts have maturities of less than four years and relate mostly to US currency, and from time to time, Euro, Sterling pound and Australian dollar currencies. The counterparties to these contracts are major Canadian financial institutions. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparties.

The Company's foreign currency forward contracts relating to the purchase of raw sugar, the sale of refined sugar, the purchase of natural gas and purchases of property, plant and equipment for the sugar segment are detailed below. In addition, for the maple products segment, the Company hedges its exposure to fluctuations in foreign currency related to its anticipated cash flows from sales to specific US customers, using a foreign exchange forward contract.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK (CONTINUED):

The Company's foreign exchange contracts as at September 28, 2024 and September 30, 2023 are as follows:

	September 28, 2024			
	Original contract value	Original contract value	Current contract value	Fair value gain/(loss)
	(US$/EUR/AUD$)	(CA$)	(CA$)	(CA$)
SUGAR				
Purchases US dollars				
Less than 1 year	114,866	154,805	154,885	80
1 to 2 years	3,838	5,134	5,143	9
2 to 3 years	80	106	106	—
	118,784	160,045	160,134	89
Sales US dollars				
Less than 1 year	(171,121)	(232,501)	(230,808)	1,693
1 to 2 years	(9,845)	(13,208)	(13,192)	16
2 to 3 years	(1,345)	(1,790)	(1,794)	(4)
	(182,311)	(247,499)	(245,794)	1,705
Total US dollars – Sugar	(63,527)	(87,454)	(85,660)	1,794
MAPLE PRODUCTS				
Purchases US dollars				
Less than 1 year	5,350	7,198	7,209	11
Sales US dollars				
Less than 1 year	(43,608)	(59,488)	(58,748)	740
1 to 2 years	(2,745)	(3,721)	(3,674)	47
	(46,353)	(63,209)	(62,422)	787
Total US dollars - Maple	(41,003)	(56,011)	(55,213)	798
MAPLE				
Purchases EUR				
Less than 1 year	74	111	112	1
Sales EUR				
Less than 1 year	(3,397)	(5,095)	(5,133)	(38)
1 to 2 years	(113)	(170)	(172)	(2)
	(3,510)	(5,265)	(5,305)	(40)
Total EUR – Maple	(3,436)	(5,154)	(5,193)	(39)
MAPLE PRODUCTS				
Sales AUD				
Less than 1 year	(3,030)	(2,745)	(2,818)	(73)
Total AUD - Maple	(3,030)	(2,745)	(2,818)	(73)
Total Foreign Exchange	(110,996)	(151,364)	(148,884)	2,480

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK (CONTINUED):

	September 30, 2023			
	Original contract value	Original contract value	Current contract value	Fair value gain/(loss)
	(US$/EUR/GBR/AUD$)	(CA$)	(CA$)	(CA$)
SUGAR				
Purchases US dollars				
Less than 1 year	89,510	119,999	121,214	1,215
1 to 2 years	7,402	9,844	9,987	143
2 to 3 years	615	837	832	(5)
	97,527	130,680	132,033	1,353
Sales US dollars				
Less than 1 year	(107,470)	(143,600)	(145,568)	(1,968)
1 to 2 years	(4,710)	(6,284)	(6,356)	(72)
2 to 3 years	(60)	(79)	(81)	(2)
	(112,240)	(149,963)	(152,005)	(2,042)
Total US dollars - Sugar	(14,713)	(19,283)	(19,972)	(689)
MAPLE PRODUCTS				
Purchases US dollars				
Less than 1 year	2,100	2,821	2,846	25
Sales US dollars				
Less than 1 year	(44,468)	(59,859)	(60,201)	(342)
1 to 2 years	(2,919)	(3,935)	(3,951)	(16)
	(47,387)	(63,794)	(64,152)	(358)
Total US dollars - Maple	(45,287)	(60,973)	(61,306)	(333)
MAPLE PRODUCTS				
Purchases EUR				
Less than 1 year	185	275	267	(8)
1 to 2 years	74	111	108	(3)
	259	386	375	(11)
Sales EUR				
Less than 1 year	(4,131)	(5,930)	(5,942)	(12)
1 to 2 years	(229)	(343)	(334)	9
	(4,360)	(6,273)	(6,276)	(3)
Total EUR - Maple	(4,101)	(5,887)	(5,901)	(14)
MAPLE PRODUCTS				
Sales AUD				
Less than 1 year	(3,250)	(2,849)	(2,844)	5
Total AUD - Maple	(3,250)	(2,849)	(2,844)	5
MAPLE PRODUCTS				
Sales GBR				
Less than 1 year	(416)	(694)	(687)	7
Total GBR - Maple	(416)	(694)	(687)	7
Total Foreign Exchange	(67,767)	(89,686)	(90,710)	(1,024)

In addition, the Company held 1,000 US dollars options to exercise foreign exchange contracts in fiscal 2023 at US/Can. Exchange rate of 1.50. The fair value of these options is a loss of $19.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK (CONTINUED):

The Company had the following significant foreign currency exposures at year-end:

	September 28, 2024	September 30, 2023
	(US$)	(US$)
Financial instruments measured at amortized cost		
Cash	**1,751**	604
Trade and other receivables, including initial margin deposits	**29,964**	27,478
Trade and other payables	**(5,621)**	(7,136)
	26,094	20,946
Financial instruments at cash flow hedging instruments or at fair value through profit or loss:		
Net current contractual amount of raw sugar futures contracts	**(29,828)**	9,416
Natural gas contracts	**(43,184)**	(41,876)
	(73,012)	(32,460)
Total exposure from above	**(46,918)**	(11,514)
Forward exchange contracts	**(104,529)**	(60,000)
Gross exposure	**(151,447)**	(71,514)
Sugar purchases priced not received	**(142,829)**	(143,006)
Committed future sales in US dollars	**256,434**	181,232
Ocean freight	**(2,772)**	(500)
Net exposure	**(40,614)**	(33,788)

As at September 28, 2024, the US/Can. Exchange rate was $1.3515 (September 30, 2023 - $1.3560).

Based on the above gross exposure at year-end, and assuming that all other variables remain constant, in particular the price of raw sugar and natural gas, a $0.05 increase in the Canadian dollar would result in an increase in net earnings of $5.6 million, (September 30, 2023 – increase in net earnings of $2.6 million) while a $0.05 decrease would have an equal but opposite effect on net earnings.

Management believes that the impact on the gross exposure is not representative as it needs to be adjusted for transactions, which are not recorded on the consolidated statements of financial position as at year-end but were committed during the fiscal year, and will be accounted for as the physical transactions occur.

The net exposure is due mainly to the Company's policy not to hedge its foreign exchange exposure on natural gas futures contracts with maturities exceeding 12 months. The impact of a $0.05 increase in the Canadian dollar would result in an increase in net earnings by $1.5 million in 2024 (September 30, 2023 – increase in net earnings of $1.2 million) while a decrease would have an equal but opposite effect on net earnings.

Sugar futures sales contracts represent, in large part, contracts entered into when sugar is priced to a customer. As both the raw sugar component of futures sales contracts and the sugar purchases priced not received are in US dollars, there is no need to hedge the currency of the raw sugar component, hence the adjustment for sugar purchases priced not received. It also includes the Taber sales of refined sugar in US dollars. As all beet sugar is paid in Canadian dollars, Taber sales contracts in US dollars need to be financially hedged for currency exposure.

Some sales are transacted in US dollars. For these sales, the raw sugar value is not hedged, as the corresponding futures contract is also in US dollars. Only the US dollar refined sugar margin and ocean freight contribution are hedged for the currency exposure.

Ocean freight for raw sugar is denominated in US dollars and therefore forward exchange contracts are used to cover the foreign exchange exposure.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(E) INTEREST RATE RISK:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to fix the interest rate on a substantial portion of the expected drawdown of the revolving credit facility, the Company enters into interest rate swap agreements.

In 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 year.

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 - 1.60%)	20,000
Fiscal 2020 [2]	June 28, 2024 to June 28, 2025 – 0.907% (September 30, 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 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

The counterparties to these swap agreements are major Canadian financial institutions. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of swap agreements, nor does it anticipate non-performance by the counterparties.

As at September 28, 2024, the Company has a short-term cash borrowing of $Nil (September 30, 2023 - $58.0 million) and a long-term cash borrowing of $198.4 million (September 30, 2023 - $198.2 million). The Company has $98.4 million in senior guaranteed notes bearing fixed interest rate and therefore may be exposed to fair value variance (September 30, 2023 - $98.2 million). Remaining borrowing is normally entered into 30 day Daily compounded CORRA for an amount varying between $100.0 million to $210.0 million of the borrowings or under prime rate loans.

To mitigate the risk in future cash flows due to interest rate fluctuations, the Company enters into interest rate swap agreements from time to time. All other borrowings over and above the aggregate notional amount of the swap agreements are therefore exposed to interest rate fluctuations, to the exception of the senior guaranteed notes that bear fixed interest rate.

For the fiscal year ended September 28, 2024, if interest rates had been 50 basis points higher, considering all borrowings not covered by the interest rate swap agreements designated for hedge accounting, net earnings would have been $0.1 million lower (September 30, 2023 - $0.3 million lower net earnings) while a decrease would have an equal but opposite effect on net earnings.

(i) Interest rate benchmark reform:

On June 28, 2024, the remaining CAD CDOR 1-month, 2-month and 3-month tenors ceased. The Company's hedged items and hedging instruments have been converted from CDOR to CORRA. The benchmark rates are quoted each day and the CORRA cash flows are exchanged with counterparties as usual.

(F) CREDIT RISK:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company believes it has limited credit risk other than those explained in Note 7, Trade and other receivables and Note 9, Financial instruments.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(G) LIQUIDITY RISK:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities, including estimated interest payments:

	September 28, 2024				
	Carrying amount	Contractual cash flows	0 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$
Non-derivative financial liabilities					
Revolving credit facility	100,000	100,000	—	—	100,000
Trade and other payables	195,461	195,461	195,461	—	—
Convertible unsecured subordinated debentures – Sixth series	57,182	57,425	57,425	—	—
Senior guaranteed notes	98,409	100,000	—	—	100,000
	451,052	452,886	252,886	—	200,000
Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts [1]	(367)	40,313	25,284	14,645	384
Forward exchange contracts (net) [1]	(2,480)	(151,364)	(137,714)	(11,966)	(1,684)
Derivative financial instruments designated as effective cash flow hedging instruments:					
Natural gas contracts [1]	2,702	55,661	9,834	10,158	35,669
Interest on swap agreements	3,149	16,599	4,875	7,636	4,088
	3,004	(38,791)	(97,721)	20,473	38,457
	454,056	414,095	155,165	20,473	238,457

(1) Based on notional amounts as presented above.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(G) LIQUIDITY RISK: (CONTINUED)

	September 30, 2023				
	Carrying amount	Contractual cash flows	0 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$
Non-derivative financial liabilities:					
Revolving credit facility	158,000	158,000	—	—	158,000
Trade and other payables	164,404	164,404	164,404	—	—
Senior guaranteed notes	98,212	100,000	—	—	100,000
	420,616	422,404	164,404	—	258,000
Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts [(1)]	(331)	(12,768)	(26,512)	13,492	252
Forward exchange contracts (net) [(1)]	1,043	(89,686)	(89,837)	(607)	758
Interest on swap agreements	(1,854)	812	572	240	—
Derivative financial instruments designated as effective cash flow hedging instruments:					
Natural gas contracts [(1)]	(4,417)	61,200	10,614	10,437	40,149
Interest on swap agreements	(5,606)	2,558	1,850	708	—
	(11,165)	(37,884)	(103 313)	24,270	41,159
	409,451	384,520	61,091	24,270	299,159

(1) Based on notional amounts as presented above.

The convertible unsecured subordinated debentures-Seventh series of $96.6 million (September 30, 2023 - $151.7 million for the Sixth series and Seventh series) have been excluded from the above due to the Company's option to satisfy the obligations at redemption or maturity in shares. The Company is currently assessing its options regarding the upcoming maturity of the Seventh series. The options include, but are not limited to, conversion to shares, refinancing the obligation using similar financial instrument or repayment of the obligation using other equity and/or debt instruments.

The Company borrows under its revolving credit facility (Note 16). It is the Company's intention to keep a debt level under its revolving credit facility ranging between $100.0 million and $255.0 million. All other non-derivative financial liabilities are expected to be financed through the collection of trade and other receivables and cash flows generated from operations. The eastern expansion project ("LEAP Project") is financed using a combination of various financial instruments, including the revolving credit facility, loans from Investissement Quebec ("IQ loans") for up to $65 millions, and other debt and/or equity instruments.

Derivative financial instruments for raw sugar, natural gas and forward exchange contracts are expected to be financed from the working capital of the Company.

As at September 28, 2024, the Company had an unused available line of credit of $240.0 million (September 30, 2023 - $107.0 million), a cash balance of $19.1 million (September 30, 2023 - $0.1 million).

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Barrels	Furniture and fixtures	Construction in progress	Total
	$	$	$	$	$	$	$
Cost or deemed cost:							
Balance at October 1, 2022	18,089	86,033	360,386	2,952	9,021	36,777	513,258
Additions	—	6	230	—	(30)	37,210	37,416
Transfers	—	11,137	31,097	—	1,230	(43,464)	—
Disposals	—	—	(1,614)	—	—	—	(1,614)
Effect of movements in exchange rate	—	(1)	(8)	—	(1)	—	(10)
Balance at September 30, 2023	18,089	97,175	390,091	2,952	10,220	30,523	549,050
Additions	—	**96**	**744**	**347**	**54**	**84,101**	**85,342**
Transfers	—	**1,666**	**20,829**	—	**279**	**(22,774)**	—
Disposals	—	**(28)**	**(31)**	—	**(105)**	—	**(164)**
Effect of movements in exchange rate	—	—	—	—	—	—	—
Balance at September 28, 2024	**18,089**	**98,909**	**411,633**	**3,299**	**10,448**	**91,850**	**634,228**
Accumulated depreciation:							
Balance at October 1, 2022	—	33,020	223,869	2,133	6,267	—	265,289
Depreciation	—	3,216	13,308	285	985	—	17,794
Disposals	—	—	(1,218)	—	—	—	(1,218)
Balance at September 30, 2023	—	36,236	235,959	2,418	7,252	—	281,865
Depreciation	—	**3,191**	**15,281**	**137**	**794**	—	**19,403**
Disposals	—	**(28)**	**(31)**	—	**(101)**	—	**(160)**
Balance at September 28, 2024	—	**39,399**	**251,209**	**2,555**	**7,945**	—	**301,108**
Net carrying amounts							
At September 30, 2023	18,089	60,939	154,132	534	2,968	30,523	267,185
At September 28, 2024	**18,089**	**59,510**	**160,424**	**744**	**2,503**	**91,850**	**333,120**

There were no impairment losses during fiscal 2024 and 2023.

Any grants received are offset against property, plant and equipment additions. During the year, an amount of $0.2 million was recorded (September 30, 2023 - $0.7 million).

All property, plant and equipment have been pledged as security for the revolving credit facility (Note 16) and senior guaranteed notes (Note 22).

The Company has capitalized costs of $42.6 million in fiscal 2024 and a cumulative total of $53.8 million at September 28, 2024 (September 30, 2023 - $11.2 million for fiscal 2023 and cumulative total as at September 30, 2023), associated with the LEAP project. Included in this amount are capitalized borrowing costs of $1.3 million in fiscal 2024 (September 30, 2023 - $0.4 million), calculated using a capitalization rate of 5.1%, and $11.3 million of deposits on machinery and equipment as at September 28, 2024 (September 30, 2023 - $Nil). These costs are included in construction in progress.

11. RIGHT-OF-USE ASSETS

	Land	Buildings	Machinery and equipment	Total
	$	$	$	$
Cost:				
Balance at October 1, 2022	40	26,843	8,701	35,584
Additions	—	5,555	6,538	12,093
Disposals	—	(1,629)	—	(1,629)
Effect of movements in exchange rate	—	(16)	(2)	(18)
Balance at September 30, 2023	40	30,753	15,237	46,030
Additions	—	**2,463**	**711**	**3,174**
Disposals	—	—	**(347)**	**(347)**
Effect of movements in exchange rate	—	**(1)**	—	**(1)**
Balance at September 28, 2024	**40**	**33,215**	**15,601**	**48,856**
Accumulated depreciation:				
Balance at October 1, 2022	—	9,538	3,114	12,652
Depreciation	—	3,253	1,433	4,686
Disposals	—	(1,281)	—	(1,281)
Balance at September 30, 2023	—	11,510	4,547	16,057
Depreciation	—	**3,698**	**1,954**	**5,652**
Disposals	—	—	**(347)**	**(347)**
Balance at September 28, 2024	—	**15,208**	**6,154**	**21,362**
Net carrying amounts:				
At September 30, 2023	40	19,243	10,690	29,973
At September 28, 2024	**40**	**18,007**	**9,447**	**27,494**

12. INTANGIBLE ASSETS

	Software	Customer relationships	Brand names[1]	Other	Total
	$	$	$	$	$
Cost:					
Balance at October 1, 2022	4,508	34,513	5,857	574	45,452
Additions	432	—	—	—	432
Balance at September 30, 2023	4,940	34,513	5,857	574	45,884
Additions	**168**	—	—	—	**168**
Effect of movements in exchange rate	—	**123**	**43**	—	**166**
Balance at September 28, 2024	**5,108**	**34,636**	**5,900**	**574**	**46,218**
Accumulated amortization:					
Balance at October 1, 2022	3,356	17,523	—	309	21,188
Amortization for the year	335	3,442	—	29	3,806
Balance at September 30, 2023	3,691	20,965	—	338	24,994
Amortization for the year	**315**	**3,444**	—	**29**	**3,788**
Balance at September 28, 2024	**4,006**	**24,409**	—	**367**	**28,782**
Net carrying amounts:					
At September 30, 2023	1,249	13,548	5,857	236	20,890
At September 28, 2024	**1,102**	**10,227**	**5,900**	**207**	**17,436**

(1) Indefinite life

13. OTHER ASSETS

Deferred financing charges represent the fees and costs related to the revolving credit facility agreement (Note 16). These fees are amortized over the life of the revolving credit facility, which matures on October 31, 2027.

14. DEFERRED TAX LIABILITIES

The deferred tax liabilities comprise the following temporary differences:

	September 28, 2024	September 30, 2023
	$	$
Net assets (liabilities):		
Property, plant and equipment	**(44,939)**	(41,618)
Right-of-use assets	**(7,119)**	(7,737)
Intangibles	**(4,648)**	(5,566)
Employee benefits	**(904)**	739
Lease obligations	**7,413**	7,857
Derivative financial instruments	**(221)**	(5,307)
Losses carried forward	**4,220**	7,832
Goodwill	**(3,042)**	(2,934)
Provisions	**2,172**	434
Deferred financing charges	**698**	(640)
Other	**1,112**	1,452
	(45,258)	(45,488)

As at September 28, 2024, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

14. DEFERRED TAX LIABILITIES (CONTINUED)

The movement in temporary differences during the current years is as follows:

	Balance September 30, 2023	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Recognized in equity	Balance September 28, 2024
	$	$	$	$	$
Property, plant and equipment	(41,618)	(3,321)	—	—	(44,939)
Right-of-use assets	(7,737)	617	1	—	(7,119)
Intangibles	(5,566)	918	—	—	(4,648)
Employee benefits	739	(495)	(1,148)	—	(904)
Lease obligations	7,857	(443)	(1)	—	7,413
Derivative financial instruments	(5,307)	1,012	4,074	—	(221)
Losses carried forward	7,832	(3,612)	—	—	4,220
Goodwill	(2,934)	(110)	2	—	(3,042)
Provisions	434	1,738	—	—	2,172
Deferred financing charges	(640)	(166)	—	1,504	698
Other	1,452	(339)	(1)	—	1,112
	(45,488)	(4,201)	2,927	1,504	(45,258)

	Balance October 1, 2022	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Balance September 30, 2023
	$	$	$	$
Property, plant and equipment	(37,289)	(4,330)	1	(41,618)
Right-of-use assets	(5,977)	(1,766)	6	(7,737)
Intangibles	(6,488)	923	(1)	(5,566)
Employee benefits	4,757	(310)	(3,708)	739
Lease obligations	6,039	1,823	(5)	7,857
Derivative financial instruments	(6,803)	(2,866)	4,362	(5,307)
Losses carried forward	5,283	2,549	—	7,832
Goodwill	(2,863)	(79)	8	(2,934)
Provisions	728	(294)	—	434
Deferred financing charges	(857)	217	—	(640)
Other	1,241	212	(1)	1,452
	(42,229)	(3,921)	662	(45,488)

15. GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

RECOVERABILITY OF CASH GENERATING UNITS ("CGU"):

For the purpose of impairment testing, goodwill and intangibles with indefinite useful life are allocated to the Company's operating segments, which represent the lowest level within the Company at which the goodwill and intangibles are monitored for internal management purposes, as follows:

	September 28, 2024	September 30, 2023
	$	$
Sugar:		
Goodwill	**229,952**	229,952
Maple:		
Goodwill	**3,055**	3,055
Brand names	**5,900**	5,857
	238,907	238,864

In assessing whether goodwill and indefinite life intangible assets are impaired, the carrying amount of the segments (including goodwill and indefinite life intangible assets) are compared to their recoverable amount. The recoverable amounts of segments are based on the higher of the value in use and fair value less costs of disposal.

(A) SUGAR SEGMENT

The Company performed the annual impairment review for goodwill as at September 28, 2024, and the estimated recoverable amounts exceeded the carrying amounts of the segment and, as a result, there was no impairment identified.

The recoverable amount was based on the value in use. The key assumptions used in the estimation of the recoverable amount are set out below. The key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2024	2023
	%	%
Pre-tax discount rate	**10.7**	12.1
Terminal growth rate	**2.5**	2.6
Budgeted EBITDA growth rate (average of next 5 years)	**4.7**	3.2

The discount rate was a pre-tax measure estimated based on historical industry weighted-average cost of capital adjusted for impacts on risk and taxes.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was based on management's best estimate of the long-term compound annual EBITDA growth rate.

Budgeted EBITDA was estimated taking into account past experience, adjusted to factor revenue growth for the first year based on budgeted sales volumes, and the following years taking into account the average growth levels experienced over the past 5 years and the estimated sales volumes resulting from the LEAP project and price growth for the next five years. It was assumed that the sales price would increase in line with forecasted inflation over the next five years.

Management has identified the two key assumptions that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2024	2023
	% Basis points	% Basis points
Pre-tax discount rate	**3.4**	3.4
Budgeted EBITDA growth rate	**(4.0)**	(4.4)

15. GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS (CONTINUED)

(B) MAPLE SEGMENT

2024 fiscal year:

The Company performed the annual impairment review for goodwill as at September 28, 2024, and the estimated recoverable amounts exceeded the carrying amounts of the segment and, as a result, there was no impairment identified.

The recoverable amount was based on the value in use. The key assumptions used in the estimation of the recoverable amount are set out below. The key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2024
	%
Pre-tax discount rate	11.7
Terminal growth rate	3.0
Budgeted EBITDA growth rate (average of next 5 years)	2.7

The discount rate was a pre-tax measure estimated based on historical industry weighted-average cost of capital adjusted for impacts on risk and taxes.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was based on management's best estimate of the long-term compound annual EBITDA growth rate.

Budgeted EBITDA was estimated taking into account past experience, adjusted to factor revenue growth for the first year based on budgeted sales volumes, and the following years taking into account the average growth levels experienced over the past 5 years and price growth for the next five years. It was assumed that the sales price would increase in line with forecasted inflation over the next five years.

Management has identified the two key assumptions that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2024
	% Basis points
Pre-tax discount rate	6.6
Budgeted EBITDA growth rate	(5.1)

2023 fiscal year:

The Company performed the annual impairment review for goodwill and indefinite life intangible assets as at September 30, 2023, and determined the estimated recoverable amounts using the higher of the value in use and fair value less costs to sell (the "FVLCS").

The FVLCS is the amount obtainable from the sale of the cash generating unit in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. The fair value hierarchy used to measure the FVLCS is level 3. Management has estimated this amount by using the market approach which incorporated comparable and transaction multiples which were applied to adjusted EBITDA of fiscal 2023 and budgeted EBITDA for fiscal 2024 to derive a range of the FVLCS. The key assumption was the multiple selected based on comparable companies in the same sector as the Maple CGU. Other assumptions include a size discount, the cost to dispose and a control premium. The estimated multiple ranged from 7.4x to 17.5x adjusted EBITDA.

The Company determined that the FVLCS exceeded the carrying amount. A reasonable change in any of the key assumptions would result in an impairment.

16. REVOLVING CREDIT FACILITY

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, subject to 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 September 28, 2024, a total of $722.8 million of assets are pledged as security (September 30, 2023 - $630.0 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 at year end.

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

	September 28, 2024	September 30, 2023
	$	$
Current	—	58,000
Non-current	**100,000**	100,000
	100,000	158,000

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.

17. TRADE AND OTHER PAYABLES

	September 28, 2024	September 30, 2023
	$	$
Trade payables	**154,971**	125,873
Other non-trade payables	**4,072**	4,081
Personnel-related liabilities	**24,905**	24,991
Dividends payable to shareholders	**11,513**	9,459
	195,461	164,404

Considering that maple syrup is harvested once a year, the *Producteurs et Productrices Acericoles du Québec* ("PPAQ") offers to authorized purchasers the possibility to pay their purchases throughout the year, and before the end of February. The outstanding balance of $87.2 million as at September 28, 2024 (September 30, 2023 - $71.8 million) is included in trade payables, bears interest at 5.5% (September 30, 2023 – 5.5%) and is paid in five monthly installments (October, November, December, January and February).

During the year, approximately 86% of the maple syrup purchases were made through the PPAQ process.

Personnel-related liabilities represent the Company's obligation to its current and former employees that are expected to be settled within one year from the reporting period as salary and accrued vacation.

Notes to consolidated financial statements
(In thousands of dollars except as noted and amounts per share)

18. PROVISIONS

	September 28, 2024	September 30, 2023
	$	$
Opening balance	**1,702**	2,836
Additions	**9,670**	350
Provisions used during the period	**(2,906)**	(1,484)
Closing balance	**8,466**	1,702
Presented as:		
Current	**5,585**	1,415
Non-current	**2,881**	287
	8,466	1,702

Provisions are comprised of asset retirement obligations, which represent the future cost the Company estimated to incur for the removal of asbestos in the operating facilities and for oil, chemical and other hazardous materials for which the Company has been able to identify the costs.

The estimate of the total liability for future asset retirement obligations is subject to change, based on amendments to laws and regulations and as new information concerning the Company's operations becomes available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions would be recognized prospectively as a change in estimate, when applicable.

19. LEASE OBLIGATIONS

The Company's leases are primarily for warehouses, operating properties, railcars and production equipment.

The following table presents lease obligations recorded in the consolidated statements of financial position:

	September 28, 2024	September 30, 2023
	$	$
Current	**5,194**	4,364
Non-current	**23,448**	26,086

The following table summarizes the reconciliation of the lease obligations for the periods ended:

	September 28, 2024	September 30, 2023
	$	$
Opening balance	**30,450**	23,189
Additions	**3,174**	12,093
Disposal	—	(498)
Payment of lease obligations	**(6,700)**	(5,419)
Interest accretion	**1,720**	1,075
Other	**(2)**	10
Closing balance	**28,642**	30,450

19. LEASE OBLIGATIONS (CONTINUED)

Certain leases contain extension or termination options exercisable by the Company before the end of the non-cancellable contract period. The Company has applied judgement to determine the lease term for the contracts with renewal and termination options and has included renewal and termination options in the measurement of lease obligations when it is reasonably certain to exercise the options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or a significant change in circumstances which impacts the original assessments made.

Expenses relating to short-term leases, and for leases of low-value assets were not significant for the period ended September 28, 2024 and for September 30, 2023.

The total cash outflow for leases (including interest) for the period ended September 28, 2024 was $6.7 million (September 30, 2023-$5.4 million), which was included as part of cash outflows from financing activities.

The lease obligations are payable as follows:

	September 28, 2024			September 30, 2023		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments
	$	**$**	**$**	$	$	$
Less than one year	**6,706**	**1,512**	**5,194**	5,965	1,601	4,364
Between one and five years	**17,217**	**3,680**	**13,537**	18,277	4,283	13,994
More than five years	**11,646**	**1,735**	**9,911**	14,489	2,397	12,092
	35,569	**6,927**	**28,642**	38,731	8,281	30,450

20. EMPLOYEE BENEFITS

The Company sponsors defined benefit pension plans for its employees ("Pension benefit plans"), as well as health care benefits, medical plans and life insurance coverage ("Other benefit plans").

The following table presents a reconciliation of the pension obligations, the plan assets and the funded status of the benefit plans:

	September 28, 2024	September 30, 2023
	$	$
Fair value of plan assets:		
Pension benefit plans	**137,767**	115,940
Defined benefit obligation:		
Pension benefit plans	**122,820**	108,413
Other benefit plans	**11,423**	10,425
	134,243	118,838
Funded status:		
Pension benefit plans	**14,947**	7,527
Other benefit plans	**(11,423)**	(10,425)
	3,524	(2,898)
Plans with net assets:		
Pension benefit plans	**23,189**	16,021
Plans with net liabilities:		
Pension benefit plans	**(8,242)**	(8,494)
Other benefit plans	**(11,423)**	(10,425)
	(19,665)	(18,919)

The Company has determined that, in accordance with the terms and conditions of the defined benefit pension plans, and in accordance with statutory requirements (such as minimum funding requirements) of the plans of the respective jurisdictions, the present value of refunds or reductions in the future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of the obligations.

The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes at year-end. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2022, the next required valuation will be as of December 31, 2024.

The asset allocation of the major categories in the plan was as follows:

	September 28, 2024		September 30, 2023	
	%	**$**	%	$
Equity instruments	**62.0**	**85,364**	61.5	71,303
Government bonds	**33.0**	**45,484**	34.7	40,231
Cash and short-term securities	**5.0**	**6,919**	3.8	4,406
	100.0	**137,767**	100.0	115,940

20. EMPLOYEE BENEFITS (CONTINUED)

The pension committee prepares the documentation relating to the management of asset allocation, reviews the investment policy and recommends it to the Board of Directors for approval in the event of material changes to the policy. Semi-annually monitoring of the asset allocation of the pension benefit plans allows the pension committee to ensure that the limits of asset allocation of the pension benefit plans are respected.

Based on historical data, contributions to the defined benefit pension plans in fiscal 2025 are expected to be approximately $4.2 million.

The pension plan exposes the Company to the following risks:

(i) Investment risk:
The defined benefit obligation is calculated using a discount rate. If the fund returns are lower than the discount rate, a deficit is created.

(ii) Interest rate risk:
Variation in bond rates will affect the value of the defined benefit obligation.

(iii) Inflation risk:
The defined benefit obligation is calculated assuming a certain level of inflation. An actual inflation higher than expected will have the effect of increasing the value of the defined benefit obligation.

The movement in the pension and other benefit plans is as follows:

	For the fiscal years ended					
	September 28, 2024			September 30, 2023		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
	$	**$**	**$**	$	$	$
Movement in the present value of the defined benefit obligation:						
Defined benefit obligation, beginning of the year	**108,413**	**10,425**	**118,838**	112,550	11,847	124,397
Current service cost	**1,760**	**177**	**1,937**	1,853	185	2,038
Interest cost	**5,950**	**563**	**6,513**	5,680	573	6,253
Employee contributions	**1,078**	**—**	**1,078**	1,021	—	1,021
Benefit payments from plan	**(5,321)**	**—**	**(5,321)**	(5,795)	—	(5,795)
Benefit payments from employer	**(945)**	**(693)**	**(1,638)**	(970)	(700)	(1,670)
Actuarial (gains) losses arising from changes in demographic assumptions	**—**	**(308)**	**(308)**	—	(681)	(681)
Actuarial (gains) losses arising from changes in financial assumptions	**12,095**	**1,246**	**13,341**	(6,170)	(707)	(6,877)
Actuarial (gains) losses arising from member experience	**(210)**	**13**	**(197)**	244	(92)	152
Defined benefit obligation, end of year	**122,820**	**11,423**	**134,243**	108,413	10,425	118,838
Movement in the fair value of plan assets:						
Fair value of plan assets, beginning of the year	**115,940**	**—**	**115,940**	105,868	—	105,868
Interest income	**6,495**	**—**	**6,495**	5,441	—	5,441
Return on plan assets (excluding interest income)	**17,319**	**—**	**17,319**	7,292	—	7,292
Employer contributions	**3,372**	**693**	**4,065**	3,607	700	4,307
Employee contributions	**1,078**	**—**	**1,078**	1,021	—	1,021
Benefit payments from plan	**(5,321)**	**—**	**(5,321)**	(5,795)	—	(5,795)
Benefit payments from employer	**(945)**	**(693)**	**(1,638)**	(970)	(700)	(1,670)
Plan expenses	**(171)**	**—**	**(171)**	(524)	—	(524)
Fair value of plan assets, end of year	**137,767**	**—**	**137,767**	115,940	—	115,940

20. EMPLOYEE BENEFITS (CONTINUED)

The net defined benefit obligation can be allocated to the plans' participants as follows:

	September 28, 2024		September 30, 2023	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Active plan participants	**42.2**	**30.5**	40.0	28.4
Retired plan members	**53.1**	**69.5**	55.4	71.6
Deferred plan participants	**4.7**	**—**	4.6	—
	100.0	**100.0**	100.0	100.0

The Company's defined benefit pension expense was as follows:

	For the fiscal years ended					
	September 28, 2024			September 30, 2023		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
	$	**$**	**$**	$	$	$
Pension costs recognized in net earnings:						
Current service cost	**1,760**	**177**	**1,937**	1,853	185	2,038
Expenses related to the pension benefit plans	**171**	**—**	**171**	524	—	524
Net interest cost (income)	**(547)**	**563**	**16**	239	573	812
Re-measurements of other long-term benefits	**9**	**(15)**	**(6)**	(19)	(149)	(168)
Pension expense	**1,393**	**725**	**2,118**	2,597	609	3,206
Recognized in:						
Cost of sales	**806**	**552**	**1,358**	2,047	530	2,577
Administration and selling expenses	**587**	**173**	**760**	550	79	629
	1,393	**725**	**2,118**	2,597	609	3,206

The following table presents the change in the actuarial gains and losses recognized in other comprehensive income (loss):

	For the fiscal years ended					
	September 28, 2024			September 30, 2023		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
	$	**$**	**$**	$	$	$
Cumulative amount in comprehensive income (loss) at the beginning of the year	**(28,966)**	**(14,150)**	**(43,116)**	(15,767)	(12,819)	(28,586)
Recognized during the year	**(5,443)**	**966**	**(4,477)**	(13,199)	(1,331)	(14,530)
Cumulative amount in comprehensive income (loss) at the end of the year	**(34,409)**	**(13,184)**	**(47,593)**	(28,966)	(14,150)	(43,116)
Recognized during the year, net of tax	**(4,047)**	**718**	**(3,329)**	(9,831)	(991)	(10,822)

20. EMPLOYEE BENEFITS (CONTINUED)

Principal actuarial assumptions used were as follows:

	For the fiscal years ended			
	September 28, 2024		September 30, 2023	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	%	%	%
Company's defined benefit obligation:				
Discount rate	**4.70**	**4.70**	5.65	5.65
Rate of compensation increase	**3.00**	**3.00**	3.00	3.00
Net benefit plans expense:				
Discount rate	**5.65**	**5.65**	5.10	5.10
Rate of compensation increase	**3.00**	**3.00**	3.00	3.50

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the value of the liabilities in the defined benefit plans are as follows:

	September 28, 2024	September 30, 2023
Longevity at age 65 for current pensioners:		
Males	**22.4**	22.3
Females	**24.9**	24.9
Longevity at age 65 for members aged 45:		
Males	**23.8**	23.8
Females	**26.2**	26.2

The assumed health care cost trend rate as at September 28, 2024 was 5.38% (September 30, 2023 - 5.47%), decreasing uniformly to 4.00% in 2040 (September 30, 2023 - 4.00% in 2040) and remaining at that level thereafter.

20. EMPLOYEE BENEFITS (CONTINUED)

The following table outlines the key assumptions for the fiscal year ended September 28, 2024 and the sensitivity of a percentage change in each of these assumptions on the defined benefit plan obligations and the net defined benefit plan costs.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	For the fiscal year ended September 28, 2024		
	Pension benefit plan	**Other benefit plan**	**Total**
	$	$	$
(Decrease) increase in Company's defined benefit obligation:			
Discount rate			
Impact of increase of 1%	**(13,594)**	**(1,328)**	**(14,922)**
Impact of decrease of 1%	**17,199**	**1,683**	**18,882**
Rate of compensation increase			
Impact of increase of 0.5%	**967**	**3**	**970**
Impact of decrease of 0.5%	**(982)**	**(4)**	**(986)**
Mortality			
99% of expected rate	**253**	**33**	**286**

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend would have the following effects:

	Increase	**Decrease**
	$	$
Effect on the defined benefit obligations	**1,365**	**(1,103)**

As at September 28, 2024, the weighted average duration of the defined benefit obligation amounts to 13.0 years (September 30, 2023 - 11.5 years).

21. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

The outstanding convertible debentures are as follows:

	September 28, 2024	September 30, 2023
	$	$
Non-current:		
Sixth series [(A)]	**57,425**	57,425
Seventh series [(B)]	**97,575**	97,575
Total face value	**155,000**	155,000
Less net deferred financing fees	**(559)**	(1,547)
Less equity component [(A), (B)]	**(6,930)**	(6,930)
Accumulated accretion expense	**6,319**	5,188
Total carrying value – current (September 30, 2023 – non-current)	**153,830**	151,711

21. 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.

The Company allocated $2.6 million of the Sixth series debentures into an equity component (net of tax an amount of $2.0 million). During the year, the Company recorded $0.4 million (September 30, 2023 - $0.4 million) in finance costs for the accretion of the Sixth series debentures.

The Company incurred underwriting fees and issuance costs of $2.7 million, which are netted against the convertible debenture liability.

It is the Company's intent to repay the principal amount of the convertible debentures at maturity using the revolving credit facility (Note 16).

The fair value of the Sixth series convertible unsecured subordinated debentures is measured based on Level 1 of the three-tier fair value hierarchy and was based upon market quotes for the identical instruments. The fair value as at September 28, 2024 was approximately $57.3 million (September 30, 2023 - $56.3 million).

(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.

The Company allocated $4.3 million ($3.1 million net of tax) of the Seventh series debentures into an equity component. During the year, the Company recorded $0.7 million (September 30, 2023 - $0.6 million) in finance costs for the accretion of the Seventh series debentures

The Company incurred underwriting fees and issuance costs of $4.5 million, which are netted against the convertible debenture liability.

The Company is currently assessing its options regarding the upcoming maturity of the Seventh series. The options include, but are not limited to, conversion to shares, refinancing the obligation using similar financial instrument or repayment of the obligation using other equity and/or debt instruments

The fair value of the Seventh series convertible unsecured subordinated debentures is measured based on Level 1 of the three-tier fair value hierarchy and was based upon market quotes for the identical instruments. The fair value as at September 28, 2024 was approximately $96.7 million (September 30, 2023 - $94.4 million).

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22. SENIOR GUARANTEED NOTES

In 2021, the Company issued a private placement of $100 million in the form of senior guaranteed notes ("Notes") under a note purchase agreement entered into with certain institutional investors. The Notes are guaranteed and rank pari passu with the existing revolving credit facility. The Notes are due on April 30, 2031, bear interest at 3.49%, and interest is payable semi-annually in arrears in equal installments on April 30th and October 30th of each year and represent interest accrued from and including the date of issue of the Notes.

The Notes are classified and measured at amortized cost, using the effective interest method. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The fair value as at September 28, 2024 was approximately $93.7 million (September 30, 2023 - $81.8 million). The Company must comply with certain financial covenants related to these Notes on a quarterly basis. The Company was in compliance with the financial covenants at year end.

23. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

As of September 28, 2024, a total of 127,916,834 common shares (September 30, 2023 - 105,096,120) were outstanding.

In 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, Belkorp 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 and changes in shareholders' equity.

Net proceeds from the issuance of common shares amounted to $112.5 million and will be used to finance the recently announced LEAP project, 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 year, 51,482 stock options have been exercised for proceeds of $0.2 million (note 24) (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 for fiscal 2023).

The Company declared a quarterly dividend of $0.09 per share for fiscals 2024 and 2023. The following dividends were declared by the Company:

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Dividends	**43,996**	37,752

On November 27, 2024, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before January 9, 2025.

23. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONTINUED)

Contributed surplus:

The contributed surplus account is used to record amounts arising on the issue of equity-settled share-based payment awards (see Note 24, Share-based compensation).

Capital management:

The Company's objectives when managing capital are:

- To ensure proper capital investment is done in the manufacturing infrastructure to provide stability and competitiveness of the operations;
- To have stability in the dividends paid to shareholders;
- To have appropriate cash reserves on hand to protect the level of dividends made to shareholders; and meet its operations needs to manage the business;
- To maintain an appropriate debt level so that there is no financial constraint on the use of capital, and;
- To have an appropriate line of credit, considering its leverage ratio.

The Company typically invests in its operations approximately $25.0 to $30.0 million yearly in capital expenditures. Management believes that these investments, combined with approximately $45.0 to $50.0 million spent on average annually on maintenance expenses, allow for the stability of the manufacturing operations and improve its cost competitiveness through new technology or process procedures.

The Board of Directors aims to ensure proper cash reserves are in place to maintain the current dividend level. Dividends to shareholders will only be approved after the Directors have carefully assessed a variety of factors that include the overall competitive landscape, volume and selling margin sustainability, the operating performance and capital requirements of the manufacturing plants and the sustainability of any increase.

The Company has a $340.0 million revolving credit facility in addition to $100 million senior guaranteed notes that have been issued in 2021. The Company estimates to use between $100.0 million and $255.0 million of its revolving credit facility to finance its normal operations and repayment of the convertible unsecured subordinated debentures-Sixth series during the first half of the fiscal 2025.

The Company monitors, on a quarterly basis, the ratio of total debt to earnings before interest, income taxes, depreciation and amortization, adjusted for the impact of all derivative financial instruments ("adjusted EBITDA") of the operating company. Through required lenders' covenants, the debt ratio must be kept below 3.75:1. At year-end, the operating company's debt ratio was 1.40:1 for fiscal 2024 and 2.52:1 for fiscal 2023.

LEAP project is expected to provide incremental capacity of 100,000 metric tonnes of refined white sugar, at an expected estimated cost of $280.0 to $300.0 million. The Company is expected to finance this project using a combination of various financial instruments, including the revolving credit facility, IQ loans, and other debt and/or equity instruments.

IQ loans are made of two separate loans and are subject to same financial covenants as the revolving credit facility and are secured with specific LEAP project assets. IQ Loans are as follows:

A first loan in the amount of up to $40.0 million was made to Lantic under the ESSOR program, a Québec government program designed to provide financing to Québec businesses (the "IQ Essor Loan") and is to be used by Lantic for the acquisition of certain new equipment, included in the context of the LEAP Project. Lantic, as borrowers, will benefit from a 36-month capital repayment moratorium period as of the date of the first disbursement of the IQ Essor Loan. At the end of such moratorium period, Lantic will repay the principal of the IQ Essor Loan in 60 consecutive monthly installments.

A second term loan in the amount of $25 million was extended to Lantic by Investissement Québec (the "IQ Term Loan", and collectively with the IQ Essor Loan, the "IQ Loans"), such IQ Term Loan to be used to finance certain expenses and other acquisition of equipment, including in connection with the LEAP Project. Lantic, as borrowers, will benefit from a 24-month capital repayment moratorium period as of the date of the first disbursement of the IQ Term Loan. At the end of such moratorium period, Lantic will repay the principal of the IQ Term Loan in 20 consecutive quarterly installments.

No amount had been drawn on the IQ Loans as at September 28, 2024. On November 26, 2024, a first draw of $7.4 million was received under the IQ Loans, $5.0 million of which was borrowed under the Essor Loan and $2.4 million was borrowed under the IQ Term Loan.

The Company does not use equity ratios to manage its capital requirements.

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24. SHARE-BASED COMPENSATION

(A) EQUITY-SETTLED SHARE-BASED COMPENSATION:

The Company has reserved and set aside for issuance an aggregate of 6,000,000 common shares (September 30, 2023 – 6,000,000 common shares) at a price equal to the average market price of transactions during the last five trading days prior to the grant date. Options are exercisable to a maximum of twenty percent of the optioned shares per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all share options granted under the Share Option Plan not vested shall be forfeited.

No share options were granted during the 2024 fiscal year. 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 for fiscal 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 $111,000 was recorded for the fiscal year ended September 28, 2024 (September 30, 2023 - $178,000).

The following table summarizes information about the share option plan as of September 28, 2024:

Exercise price per option	Outstanding number of options at September 30, 2023	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at September 28, 2024	Weighted average remaining life	Number of options exercisable
$4.28	164,000	—	—	—	164,000	5.48	114,000
$4.68	263,412	—	(51,482)	(51,482)	160,448	5.18	99,230
$5.58	200,733	—	—	(53,892)	146,841	4.18	146,841
$5.85	666,347	—	—	—	666,347	8.21	133,269
$5.85	785,897	—	—	—	785,897	7.19	304,359
$6.23	585,322	—	—	(193,368)	391,954	3.18	391,954
$6.51	360,000	—	—	(150,000)	210,000	2.19	210,000
$5.77	3,025,711	—	(51,482)	(448,742)	2,525,487	6.01	1,399,653

24. SHARE-BASED COMPENSATION (CONTINUED)

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

The following table summarizes information about the share option plan as of September 30, 2023:

Exercise price per option	Outstanding number of options at October 1, 2022	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at September 30, 2023	Weighted average remaining life	Number of options exercisable
$4.28	200,000	—	(36,000)	—	164,000	6.47	64,000
$4.59	263,200	—	(263,200)	—	—	—	—
$4.68	496,448	—	(233,036)	—	263,412	6.17	38,012
$5.58	375,905	—	(175,172)	—	200,733	5.18	111,298
$5.85	—	666,347	—	—	666,347	9.20	—
$5.85	802,564	—	(16,667)	—	785,897	8.18	143,846
$6.23	625,322	—	—	(40,000)	585,322	4.18	585,322
$6.51	360,000	—	—	—	360,000	3.18	360,000
$5.80	3,123,439	666,347	(724,075)	(40,000)	3,025,711	6.57	1,302,478

Options outstanding held by key management personnel amounted to 2,325,487 options as at September 28, 2024 and September 30, 2023 (see Note 29, Key management personnel).

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

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 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.

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 unit. In addition, an aggregate of 28,122 PSUs at a weighted-average share price of $5.47 were allocated as a result of the dividend paid since inception, as the participants also receive dividend equivalents paid in the form of PSUs. As at September 28, 2024, an aggregate of 588,085 PSUs were outstanding in relation with this grant. 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.

24. SHARE-BASED COMPENSATION (CONTINUED)

(B) CASH-SETTLED SHARE-BASED COMPENSATION-PERFORMANCE SHARE UNITS (“PSU”): (CONTINUED)

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 certain non market performance conditions will be achieved. The fair value as at grant date was $2,484,000 and $3,042,000 as at September 28, 2024. An expense of $1,014,000 related to this specific grant was recorded in administration and selling expenses. The liabilities arising from these PSUs as at September 28, 2024 were $1,014,000.

Fiscal 2023 grant:

On December 12, 2022, a total of 310,964 PSUs were granted to executives of the Company. In addition, an aggregate of 36,464 PSUs at a weighted-average share price of $5.63 were allocated as a result of the dividend paid during the quarters since inception, as the participants also receive dividend equivalents paid in the form of PSUs. As at September 28, 2024, an aggregate of 347,428 PSUs were outstanding. These PSUs will vest at the end of the 2023-2025 performance cycle.

The fair values of the PSUs were established using a Monte Carlo simulation model. The fair value as at grant date was $980,000 and $469,000 as at September 28, 2024 (September 30, 2023 - $260,000). An expense of $6,000 was recorded for the year ended September 28, 2024 (September 30, 2023 – expense of $100,000) in administration and selling expenses. The liabilities arising from these PSUs as at September 28, 2024 were $313,000 (September 30, 2023 - $307,000).

Fiscal 2022 grant:

On December 6, 2021, a total of 386,709 PSUs were granted to executives of the Company. In addition, an aggregate of 71,566 PSUs at a weighted-average share price of $5.77 were allocated as a result of the dividend paid during the quarters since inception, as the participants also receive dividend equivalents paid in the form of PSUs. As at September 28, 2024, an aggregate of 458,275 PSUs was outstanding. These PSUs will vest at the end of the 2022-2024 performance cycle.

The fair values of the PSUs were established using the Monte Carlo simulation model. The fair value as at grant date was $1,493,000 and $1,118,000 as at September 28, 2024 (September 30, 2023 - $1,361,000). An expense of $77,000 was recorded for the year ended September 28, 2024 (September 30, 2023 – gain of $318,000) in administration and selling expenses. The liabilities arising from the PSUs as at September 28, 2024 were $1,118,000 (September 30, 2023 - $1,041,000).

Fiscal 2021 grant:

During fiscal 2024, the grant related to fiscal 2021 was cash settled for an amount of $3,755,000, and a gain of $94,000 was recorded for the year ended September 28, 2024 ($640,000 for grant related to fiscal 2020 during the year ended September 30, 2023, and a gain of $15,000) in administration and selling expenses.

25. COMMITMENTS

As at September 28, 2024, the Company had commitments to purchase a total of 1,554,000 metric tonnes of raw cane sugar up to fiscal 2027 (September 30, 2023 - 901,000 up to fiscal 2025), of which 254,786 metric tonnes had been priced (September 30, 2023 - 228,136), for a total dollar commitment of $175.8 million (September 30, 2023 - $187.2 million). In addition, the Company has a commitment of approximately $45.5 million (September 30, 2023 - $50.4 million) for sugar beets to be harvested and processed in fiscal 2025.

TMTC has $6.8 million (September 30, 2023 - $4.1 million) remaining to pay related to an agreement to purchase approximately $6.8 million (2.0 million pounds) (September 30, 2023 - $16.1 million; 4.7 million pounds) of maple syrup from the PPAQ in fiscal 2024. In order to secure bulk syrup purchases, the Company issued an insurance bond for an amount of $18.7 million in favor of the PPAQ (September 30, 2023 – $15.6 million). The insurance bond expires on March 15, 2025.

During the fiscal year ended September 28, 2024, the Company entered into capital commitments to complete its capital projects for a total of $133.2 million (September 30, 2023 - $19.9 million) to be incurred in fiscals 2025 and 2026, of which $124.8 million relates to the LEAP project. In addition, subsequent to year end, the Company entered into commitments related to the LEAP project for a total $33.7 million.

26. CONTINGENCIES

The Company, in the normal course of business, becomes involved from time to time in litigation and claims. While the final outcome with respect to claims and legal proceedings pending as at September 28, 2024 cannot be predicted with certainty, management believes that no provision was required and that the financial impact, if any, from claims related to normal business activities will not be material.

27. EARNINGS PER SHARE

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

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Basic earnings per share:		
Net earnings	**53,729**	51,789
Weighted average number of shares outstanding	**118,143,883**	104,561,422
Basic earnings per share	**0.45**	0.50
Diluted earnings per share:		
Net earnings	**53,729**	51,789
Plus impact of convertible unsecured subordinated debentures and share options	**6,393**	6,314
	60,122	58103
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	**118,143,883**	104,561,422
Plus impact of convertible unsecured subordinated debentures and share options	**29,108,857**	28,795,036
	147,252,740	133,356,458
Diluted earnings per share	**0.41**	0.44

28. SUPPLEMENTARY CASH FLOW INFORMATION

	September 28, 2024	September 30, 2023	October 1, 2022
	$	$	$
Non-cash transactions:			
Additions of property, plant and equipment and intangible assets included in trade and other payables	**13,704**	3,951	1,958
Increase in asset retirement obligation provision included in property, plant and equipment	**9,670**	350	100
Additions to right-of-use assets	**3,174**	12,093	8,842

29. KEY MANAGEMENT PERSONNEL

The Board of Directors as well as the executive team, which include the President and all the Vice-Presidents, are deemed to be key management personnel of the Company. The following is the compensation expense for key management personnel:

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Salaries and short-term benefits	**6,158**	5,612
Attendance fees for members of the Board of Directors	**1,459**	1,188
Post-employment benefits	**174**	143
Share-based compensation (note 24)	**1,114**	181
	8,905	7,124

30. PERSONNEL EXPENSES

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Wages, salaries and employee benefits	**128,834**	118,595
Expenses related to defined benefit plans (note 20)	**2,118**	3,206
Expenses related to defined contributions plans	**6,772**	6,778
Share-based compensation (note 24)	**1,114**	181
	138,838	128,760

The personnel expenses were charged to the consolidated statements of earnings and comprehensive income or capitalized in the consolidated statements of financial position as follows:

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Cost of sales	**102,075**	98,610
Administration and selling expenses	**32,422**	27,606
Distribution expenses	**2,853**	2,144
	137,350	128,360
Property, plant and equipment	**1,488**	400
	138,838	128,760

31. RELATED PARTIES

Lantic has outstanding redeemable Class B special shares of $44.5 million that are retractable and can be settled at Lantic's option by delivery of a note receivable from Belkorp Industries Inc., having the same value. The note receivable bears no interest and has no fixed terms of repayment. The Class B special shares are entitled to vote, but on a pro rata basis at a meeting of shareholders of Lantic. Under the terms of a voting trust agreement between Belkorp Industries Inc. and Rogers, Rogers is entitled to vote the Class B special shares so long as they remain outstanding. Due to the fact that Lantic has the intent and the legal right to settle the note receivable with the redeemable Class B special shares, these amounts have been offset and, therefore, are not presented on the consolidated statements of financial position.

Belkorp Industries Inc. also controls, through Lantic Capital, the two Lantic Class C shares issued and outstanding. The Class C shares entitle Lantic Capital to elect five of the seven directors of Lantic, but have no other voting rights at any meetings of shareholders of Lantic, except as may be required by law.

32. SEGMENTED INFORMATION

The Company has two operating and reportable segments, sugar and maple. The principal business activity of the Sugar segment is the refining, packaging and marketing of sugar products. The Maple 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 fiscal year ended September 28, 2024			
	Sugar	**Maple**	**Corporate and eliminations**	**Total**
	$	**$**	**$**	**$**
Revenues	**998,029**	**233,734**	**—**	**1,231,763**
Cost of sales	**847,169**	**208,722**	**—**	**1,055,891**
Gross margin	**150,860**	**25,012**	**—**	**175,872**
Depreciation and amortization	**22,169**	**6,674**	**—**	**28,843**
Results from operating activities	**87,467**	**12,345**	**(2,603)**	**97,209**
Additions to property, plant and equipment and intangible assets, net of disposals	**74,716**	**1,120**	**—**	**75,836**
Increase in asset retirement obligation provision included in property, plant and equipment	**9,670**	**—**	**—**	**9,670**
Addition to right-of-use assets, net of disposals	**3,046**	**128**	**—**	**3,174**

	For the fiscal year ended September 28, 2024			
	Sugar	**Maple**	**Corporate and eliminations**	**Total**
	$	**$**	**$**	**$**
Total assets	**1,025,379**	**218,547**	**(165,182)**	**1,078,744**
Total liabilities	**(539,733)**	**(161,860)**	**45,262**	**(656,331)**

32. SEGMENTED INFORMATION (CONTINUED)

	For the fiscal year ended September 30, 2023			
	Sugar	Maple	Corporate and eliminations	Total
	$	$	$	$
Revenues	893,482	211,231	—	1,104,713
Cost of sales	749,085	189,902	—	938,987
Gross margin	144,397	21,329	—	165,726
Depreciation and amortization	19,511	6,775	—	26,286
Results from operating activities	88,915	8,453	(2,405)	94,963
Additions to property, plant and equipment and intangible assets, net of disposals	36,151	951	—	37,102
Increase in asset retirement obligation provision included in property, plant and equipment	350	—	—	350
Addition to right-of-use assets	11,667	78	—	11,745

	For the fiscal year ended September 30, 2023			
	Sugar	Maple	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)

Revenues were derived from customers in the following geographic areas:

	For the fiscal years ended	
	September 28, 2024	September 30, 2023
	$	$
Canada	**997,245**	893,043
United States	**176,657**	146,989
Europe	**31,542**	36,746
Other	**26,319**	27,935
	1,231,763	1,104,713

Substantially all of the non-current assets are located in Canada.

Rogers Sugar Inc. Corporate Information

DIRECTORS

M. Dallas H. Ross,(1) (3)
Chairman and General Partner
Kinetic Capital Limited Partnership

Dean Bergmame,(2) (3)
Director

Gary Collins,(2) (3)
Director

Daniel Lafrance,(1) (2)
Director

Shelley Potts,
Director

Stephanie Wilkes,(3)
Director

(1) Nominees to Board of Directors of Lantic Inc.
(2) Audit Committee Members
(3) Environmental, Social and Governance Committee Members

LEGAL COUNSEL

Davies, Ward, Phillips & Vineberg
Montreal, Quebec

TRADING SYMBOL

RSI

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

ANNUAL MEETING

The annual meeting of Shareholders will be held virtually February 5, 2025, at 1:00 pm PST

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Operating Companies Corporate Information - Management

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Kinetic Capital Limited Partnership

Gary Collins,(2)
Director

Michael Heskin,(2)
Senior Vice President,
Belkorp Industries Inc.

Donald G. Jewell,
Managing Partner
RIO Industrial

Daniel Lafrance,(1) (2)
Director

William Maslechko,
Partner
Burnet, Duckworth & Palmer LLP

Michael Walton,
President and Chief Executive Officer
Lantic Inc.

(1) Rogers Sugar Inc. Nominees
(2) Audit Committee Members

OFFICERS

Michael Walton,
President and Chief Executive Officer

Jean-Sébastien Couillard,
Vice President Finance,
Chief Financial Officer
and Corporate Secretary

Patrick Dionne,
Vice President, Operations Services
& Supply Chain

Adam James,
Vice President, Sugar Manufacturing

Jean-François Khalil,
Vice President,
Human Resources

Rod Kirwan,
Vice President,
Sales and Marketing

Louis Turenne,
Vice President & General Manager,
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