Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three months ended December 28, 2024 and December 30, 2023

(Unaudited)

Condensed consolidated interim statements of earnings and comprehensive income

(In thousands of dollars except per share amounts)

	For the three months ended	
Condensed consolidated interim statements of earnings	**December 28, 2024**	December 30, 2023
Revenues (note 14)	**323,168**	288,699
Cost of sales	**276,428**	244,055
Gross margin	**46,740**	44,644
Administration and selling expenses	**13,522**	12,140
Distribution expenses	**6,212**	6,394
	19,734	18,534
Results from operating activities	**27,006**	26,110
Net finance costs (note 5)	**5,404**	6,906
Earnings before income taxes	**21,602**	19,204
Income tax expense (recovery):		
Current	**10,160**	3,870
Deferred	**(4,366)**	1,482
	5,794	5,352
Net earnings	**15,808**	13,852
Net earnings per share (note 11)		
Basic	**0.12**	0.13
Diluted	**0.11**	0.11

	For the three months ended	
Condensed consolidated interim statements of comprehensive (loss) income	**December 28, 2024**	December 30, 2023
Net earnings	**15,808**	13,852
Other comprehensive (loss) income Items that may or may not be reclassified subsequently to net earnings:		
Cash flow hedges (note 6)	**2,171**	(6,768)
Income tax on cash flow hedges (note 6)	**(557)**	1,737
Foreign currency translation differences	**1,084**	(177)
	2,698	(5,208)
Net earnings and comprehensive income for the period	**18,506**	8,644

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

(Unaudited)

Condensed consolidated interim statements of financial position

(In thousands of dollars)

	December 28, 2024	December 30, 2023 adjusted (see note 3(A))	September 28, 2024	September 30, 2023 adjusted (see note 3(A))
Assets				
Current assets:				
Cash	**17,452**	5,834	19,121	46
Trade and other receivables	**127,502**	92,657	120,795	118,252
Income taxes receivable	**-**	826	1,526	2,280
Inventories	**339,035**	239,350	290,299	267,268
Prepaid expenses	**6,090**	26,889	8,089	8,912
Derivative financial instruments (note 6)	**1,323**	6,255	3,530	5,019
Total current assets:	**491,402**	371,811	443,360	401,777
Non-current assets:				
Property, plant and equipment	**349,699**	277,695	333,120	267,185
Right-of-use assets	**26,318**	28,704	27,494	29,973
Intangible assets	**16,609**	20,085	17,436	20,890
Other assets	**1,004**	1,306	1,072	783
Derivative financial instruments (note 6)	**-**	2,118	66	7,286
Employee benefits	**23,189**	-	23,189	-
Goodwill	**233,007**	233,007	233,007	233,007
Total non-current assets	**649,826**	562,915	635,384	559,124
Total assets	**1,141,228**	934,726	1,078,744	960,901
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade and other payables	**171,059**	132,745	195,461	164,404
Income taxes payable	**8,305**	-	-	-
Provisions	**6,667**	1,421	5,585	1,415
Lease obligations	**5,273**	4,254	5,194	4,364
Convertible unsecured subordinated debentures (note 8)	**154,403**	-	153,830	-
Derivative financial instruments (note 6)	**8,993**	1,304	209	1,140
Total current liabilities	**354,700**	139,724	360,279	171,323
Non-current liabilities:				
Revolving credit facility (note 7)	**163,000**	165,000	100,000	158,000
Employee benefits	**19,248**	2,562	19,665	2,898
Provisions	**1,195**	287	2,881	287
Derivative financial instruments (note 6)	**5,143**	209	6,391	-
Lease obligations	**22,310**	25,119	23,448	26,086
Convertible unsecured subordinated debentures (note 8)	**-**	152,221	-	151,711
Term loans (note 9)	**5,595**	-	-	-
Senior guaranteed notes	**98,463**	98,263	98,409	98,212
Deferred tax liabilities	**41,484**	45,221	45,258	45,488
Total non-current liabilities	**356,438**	488,882	296,052	482,682
Total liabilities	**711,138**	628,606	656,331	654,005
Shareholders' equity:				
Share capital (note 10)	**222,037**	107,210	221,340	107,210
Contributed surplus	**301,069**	301,007	301,069	300,968
Equity portion of convertible unsecured subordinated debentures (note 8)	**5,085**	5,085	5,085	5,085
Deficit	**(132,620)**	(142,242)	(136,902)	(146,635)
Accumulated other comprehensive income	**34,519**	35,060	31,821	40,268
Total shareholders' equity	**430,090**	306,120	422,413	306,896
Total liabilities and shareholders' equity	**1,141,228**	934,726	1,078,744	960,901

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of changes in shareholders' equity

(In thousands of dollars except number of shares)

For the three months ended December 28, 2024

	Number of shares	**Common shares**	**Contributed surplus**	**Equity portion of convertible debentures**	**Accumulated unrealized gain on employee benefit plans**	**Accumulated cash flow hedge gain (loss)**	**Accumulated foreign currency translation differences**	**Deficit**	**Total**
Balance, September 28, 2024	**127,916,834**	**221,340**	**301,069**	**5,085**	**35,024**	**(4,315)**	**1,112**	**(136,902)**	**422,413**
Net earnings for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,808**	**15,808**
Dividends (note 10)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,526)**	**(11,526)**
Issuance of shares (note 10)	**150,352**	**697**	**(21)**	**-**	**-**	**-**	**-**	**-**	**676**
Share-based compensation (note 12)	**-**	**-**	**21**	**-**	**-**	**-**	**-**	**-**	**21**
Cash flow hedges, net of tax (note 6)	**-**	**-**	**-**	**-**	**-**	**1,614**	**-**	**-**	**1,614**
Translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**1,084**	**-**	**1,084**
Balance, December 28, 2024	**128,067,186**	**222,037**	**301,069**	**5,085**	**35,024**	**(2,701)**	**2,196**	**(132,620)**	**430,090**

For the three months ended December 30, 2023

	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain (loss)	Accumulated foreign currency translation differences	Deficit	Total
Balance, September 30, 2023	105,096,120	107,210	300,968	5,085	31,695	7,484	1,089	(146,635)	306,896
Net earnings for the period	-	-	-	-	-	-	-	13,852	13,852
Dividends (note 10)	-	-	-	-	-	-	-	(9,459)	(9,459)
Issuance of shares (note 10)	-	-	-	-	-	-	-	-	-
Share-based compensation (note 12)	-	-	39	-	-	-	-	-	39
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(5,031)	-	-	(5,031)
Translation of foreign operations	-	-	-	-	-	-	(177)	-	(177)
Balance, December 30, 2023	105,096,120	107,210	301,007	5,085	31,695	2,453	912	(142,242)	306,120

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of cash flows

(In thousands of dollars)

	For the three months ended	
	December 28, 2024	December 30, 2023
Cash flows from operating activities:		
Net earnings	**15,808**	13,852
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets (note 4)	**6,681**	5,981
Amortization of intangible assets (note 4)	**937**	954
Changes in fair value of derivative financial instruments included in cost of sales	**11,980**	(3,122)
Income tax expense	**5,794**	5,352
Pension contributions	**(2,244)**	(1,643)
Pension expense	**1,827**	1,307
Net finance costs (note 5)	**5,404**	6,906
Gain on disposal of property, plant and equipment	**(3)**	-
Share-based compensation – equity settled (note 12)	**21**	39
Share-based compensation – cash settled (note 12)	**986**	413
	47,191	30,039
Changes in:		
Trade and other receivables	**(6,555)**	25,537
Inventories	**(48,103)**	27,698
Prepaid expenses	**1,292**	(17,977)
Trade and other payables	**(30,871)**	(36,509)
Provisions	**(604)**	(4)
	(84,841)	(1,255)
Cash flows (used in) from operating activities	**(37,650)**	28,784
Interest paid	**(2,490)**	(3,117)
Income taxes paid	**(360)**	(2,400)
Net cash from (used in) operating activities	**(40,500)**	23,267
Cash flows (used in) from financing activities:		
Dividends paid (note 10)	**(11,513)**	(9,459)
Increase in revolving credit facility (note 7)	**63,000**	7,000
Payment of financing fees	**(34)**	(602)
Payment of lease obligations	**(1,685)**	(1,626)
Proceeds from term loans (note 9)	**7,399**	-
Issuance of shares (note 10)	**676**	-
Cash flow (used in) from financing activities	**57,843**	(4,687)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(19,272)**	(12,758)
Additions to intangible assets	**-**	(25)
Cash flow used in investing activities	**(19,272)**	(12,783)
Effect of changes in exchange rate on cash	**260**	(9)
Net (decrease) increase in cash	**(1,669)**	5,788
Cash, beginning of period	**19,121**	46
Cash, end of period	**17,452**	5,834

Supplemental cash flow information (note 13)

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

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

1. Reporting entity:

Rogers Sugar Inc. (“Rogers” or the “Company”) is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The unaudited condensed consolidated interim financial statements of Rogers for the three month periods ended December 28, 2024 and December 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 products (“Maple segment”).

2. Basis of presentation and statement of compliance:

(A) STATEMENT OF COMPLIANCE:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* on a basis consistent with those accounting policies followed by the Company in the most recent audited consolidated annual financial statements. Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS Accounting Standards (‘’IFRS’’) as issued by the International Accounting Standards Board (‘’IASB’’) has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended September 28, 2024. The quarterly unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 5, 2025.

(B) BASIS OF MEASUREMENT:

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

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

(ii) liabilities for cash-settled share-based compensation arrangements which are measured at fair value, and equity-settled share-based compensation arrangements which are measured at fair value at grant date pursuant to IFRS 2 *Share-based payment*,

(iii) the defined benefit liability is recognized as the net total of the present value of the defined benefit obligation less the total of the fair value of the plan assets and the unrecognized past service costs,

(iv) assets and liabilities acquired in business combinations are measured at fair value at acquisition date, less any subsequent impairment, if applicable, and,

(v) lease obligations which are measured at the present value of minimum lease liabilities in accordance with IFRS 16 *Leases*.

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

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

2. Basis of presentation and statement of compliance: (continued)

(D) USE OF ESTIMATES AND JUDGEMENTS:

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

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are as those applied and described in the Company's audited annual consolidated financial statements for the year ended September 28, 2024.

3. Material accounting policies:

The material accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 28, 2024 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements, to the exception of the following material accounting policy:

Government assistance

Government assistance, including wage subsidies and investment tax credits, is recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Government assistance related to the acquisition of inventories, property, plant and equipment and intangible assets is recorded as a reduction of the cost of the related asset. Government assistance related to incurred expenses is recorded as a reduction of the related expenses. Wage subsidies are recorded as a reduction of inventories or the related wage expenses.

(A) NEW STANDARDS AND INTERPRETATIONS ADOPTED:

The Company adopted the following standards and interpretations in its unaudited condensed consolidated interim financial statements for the annual period beginning on September 29, 2024.

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

The adoption of the above standards and interpretations did not have an impact on the unaudited condensed consolidated interim financial statements, other than the amendments to IAS 1, which resulted in the classification of the entire balance of the revolving credit facility as non-current. The change was applied retrospectively to the December 2023 and September 2023 consolidated statements of financial position. The adoption of these amendments had no impact on the consolidated statements of earnings and comprehensive income, changes in shareholders' equity and cash flows.

(B) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended December 28, 2024 and have not been applied in preparing these unaudited condensed consolidated interim financial statements. New standards and amendments to standards and interpretations that are currently under review include:

- 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)

The Company does not intend to adopt the Amendments in its consolidated financial statements before the annual period beginning on September 28, 2025. 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.

Notes to unaudited condensed consolidated interim financial statements

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

4. Depreciation and amortization expense:

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

	For the three months ended	
	December 28, 2024	December 30, 2023
Depreciation of property, plant and equipment:		
Cost of sales	**5,090**	4,470
Administration and selling expenses	**166**	126
	5,256	4,596
Depreciation of right-of-use assets:		
Cost of sales	**476**	482
Distribution expenses	**949**	903
	1,425	1,385
Amortization of intangible assets:		
Administration and selling expenses	**937**	954
Total depreciation and amortization expense	**7,618**	6,935

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended	
	December 28, 2024	December 30, 2023
Interest expense on convertible unsecured subordinated debentures, including accretion expense (1)	**2,203**	2,140
Interest on revolving credit facility	**661**	1,760
Interest on senior guaranteed notes, including accretion of $54 (December 30, 2023 - $51)	**924**	921
Amortization of deferred financing fees	**335**	326
Interest on *Producteurs et Productrices Acéricoles du Québec* supplier balance	**852**	694
Other interest expense	**47**	1
Interest accretion on lease obligations	**382**	406
Net change in fair value of interest rate swap (note 6)	**-**	658
Net finance costs recognized in net earnings	**5,404**	6,906

(1) Includes accretion expense of $326 for the three months ended December 28, 2024 (December 30, 2023 - $263)

6. Financial instruments:

Disclosures relating to risks exposures, in particular credit risk, liquidity risk, foreign currency risk, interest rate risk and equity risk were provided in the September 28, 2024 annual consolidated financial statements and there have been no significant changes in the Company’s risk exposures during the three months ended December 28, 2024.

For its financial assets and liabilities measured at amortized cost as at December 28, 2024, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short periods to maturity of these instruments.

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

6. Financial instruments: (continued)

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

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

	Fair value hierarchy level	Financial Assets		Financial Liabilities	
		Current	Non-Current	Current	Non-Current
		December 28, 2024		December 28, 2024	
Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts	**Level 1**	**-**	**-**	**124**	**-**
Foreign exchange forward contracts	**Level 2**	**-**	**-**	**8,621**	**389**
Interest rate swap	**Level 2**	**-**	**-**	**-**	**-**
Derivative financial instruments designated as effective cash flow hedging instruments:					
Natural gas futures contracts	**Level 2**	**1,323**	**-**	**-**	**1,953**
Interest rate swap	**Level 2**	**-**	**-**	**248**	**2,801**
		1,323	**-**	**8,993**	**5,143**

	Fair value hierarchy level	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
		Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
		September 28, 2024				December 30, 2023			
Derivative financial instruments measured at fair value through profit or loss:									
Sugar futures contracts	Level 1	367	-	-	-	560	-	-	-
Foreign exchange forward contracts	Level 2	2,414	66	-	-	1,687	371	-	209
Interest rate swap	Level 2	-	-	-	-	1,047	149	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:									
Natural gas futures contracts	Level 2	-	-	209	2,493	-	781	1,304	-
Interest rate swap	Level 2	749	-	-	3,898	2,961	817	-	-
		3,530	66	209	6,391	6,255	2,118	1,304	209

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

6. Financial instruments: (continued)

	For the three months ended					
	Charged to cost of sales Unrealized gain / (loss)		Charged to finance income (costs)		Other comprehensive gain / (loss)	
	December 28, 2024	December 30, 2023	**December 28, 2024**	December 30, 2023	**December 28, 2024**	December 30, 2023
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	**(5,198)**	(2,690)	**-**	-	**-**	-
Foreign exchange forward contracts	**(9,808)**	1,732	**-**	-	**-**	-
Interest rate swap	**-**	-	**-**	(658)	**-**	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	**-**	-	**-**	-	**2,071**	(4,940)
Interest rate swap	**-**	-	**-**	-	**100**	(1,828)
	(15,006)	(958)	**-**	(658)	**2,171**	(6,768)

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

	December 28, 2024			December 30, 2023		
	Natural gas futures contracts	**Interest rate swap**	**Total**	Natural gas futures contracts	Interest rate swap	Total
Opening AOCI	**(1,992)**	**(3,957)**	**(5,949)**	5,127	4,797	9,924
Income taxes	**(1)**	**1,635**	**1,634**	(1,828)	(612)	(2,440)
Opening AOCI – net of income taxes	**(1,993)**	**(2,322)**	**(4,315)**	3,299	4,185	7,484
Change in fair value of derivatives designated as cash flow hedges	**2,071**	**100**	**2,171**	(4,940)	(1,828)	(6,768)
Income taxes	**(531)**	**(26)**	**(557)**	1,268	469	1,737
Ending AOCI – net of income taxes	**(453)**	**(2,248)**	**(2,701)**	(373)	2,826	2,453

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 (1)	February 24, 2020 to June 28, 2025 – 1.327% (December 30, 2023 - 1.60%)	20,000
Fiscal 2020 (1)	June 28, 2024 to June 28, 2025 – 0.907% (December 30, 2023 – 1.18%)	80,000
Fiscal 2024	December 30, 2024 to December 30, 2026 – 3.941%	100,000
Fiscal 2024	June 27, 2025 to June 27, 2027 – 3.695%	100,000

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

Notes to unaudited condensed consolidated interim financial statements

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

7. Revolving credit facility:

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 December 28, 2024, a total of $790.1 million of assets are pledged as security (September 28, 2024 - $722.8 million; December 30, 2023 - $589.6 million). The Company must comply with certain financial covenants related to the revolving credit facility on a quarterly basis. The Company was in compliance with the financial covenants as at December 28, 2024.

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

8. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	December 28, 2024	September 28, 2024	December 30, 2023
Sixth series	**57,425**	57,425	57,425
Seventh series	**97,575**	97,575	97,575
Total face value	**155,000**	155,000	155,000
Less deferred financing fees	**(312)**	(559)	(1,300)
Less equity component	**(6,930)**	(6,930)	(6,930)
Accretion expense on equity component	**6,645**	6,319	5,451
Total carrying value – current (December 30, 2023 - non-current)	**154,403**	153,830	152,221

The fair value of the Sixth and Seventh series debentures as at December 28, 2024 were approximately $155.0 million based on market quotes for identical instruments (September 28, 2024 - $154.0 million; December 30, 2023 - $152.0 million).

(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 December 31, 2024, the principal amount of the convertible debentures and the accrued interest have been repaid at maturity.

8. Convertible unsecured subordinated debentures: (continued)

(B) SEVENTH SERIES:

On March 28, 2018, and on April 3, 2018, 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 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 instruments or repayment of the obligation using other equity and/or debt instruments.

9. Term loans:

Loans from Investissement Quebec (“IQ loans”) are made of two separate loans and are subject to the same financial covenants as the revolving credit facility and the senior guaranteed notes, 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 under the ESSOR program, a Quebec government program designed to provide financing to Quebec businesses (”IQ Essor Loan”) and is to be used by the Company to finance the acquisition of certain new equipment related to the LEAP Project. The Company 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, the Company will repay the principal of the IQ Essor Loan in 60 consecutive monthly installments.

A second term loan in the amount of $25.0 million was extended to the Company by Investissement Quebec (the “IQ Term Loan”), to finance the acquisition of certain new equipment related to the LEAP Project. The Company 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, the Company will repay the principal of the IQ Term Loan in 20 consecutive quarterly installments.

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. An equivalent amount of property, plant and equipment has been pledged as security. The Company recognized a grant of $1.1 million as a reduction of property, plant and equipment representing the difference between the fair value of the IQ Essor Loan at inception and the cash received. The Company must comply with certain financial covenants related to the IQ loans on a quarterly basis. The Company was in compliance with the financial covenants as at December 28, 2024.

Notes to unaudited condensed consolidated interim financial statements

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

10. Share capital and other components of equity:

As of December 28, 2024, a total of 128,067,186 common shares (September 28, 2024 – 127,916,834; December 30, 2023 – 105,096,120) were outstanding.

During the quarter ended December 28, 2024, 150,352 stock options were exercised for proceeds of $676, and reversal of previously recognized share-based compensation recorded in contributed surplus of $21 (note 12). During the first quarter ended December 30, 2023, no stock options were exercised.

The Company declared a quarterly dividend of $0.09 per share during the three-month period ended December 28, 2024 and December 30, 2023. On February 5, 2025, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before April 16, 2025.

	December 28, 2024	December 30, 2023
Dividends	**11,526**	9,459

11. Earnings per share:

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

	For the three months ended	
	December 28, 2024	December 30, 2023
Basic earnings per share:		
Net earnings	**15,808**	13,852
Weighted average number of shares outstanding	**127,947,150**	105,096,120
Basic earnings per share	**0.12**	0.13
Diluted earnings per share:		
Net earnings	**15,808**	13,852
Plus impact of convertible unsecured subordinated debentures	**1,631**	1,584
	17,439	15,436
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	**127,947,150**	105,096,120
Plus impact of convertible unsecured subordinated debentures	**27,030,798**	30,245,230
Plus impact of share options	**46,313**	61,863
	155,024,261	135,403,213
Diluted earnings per share	**0.11**	0.11

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

12. Share-based compensation:

(A) EQUITY-SETTLED SHARE-BASED COMPENSATION:

The Company has not issued share options effective for Fiscals 2025 and 2024.

Total share-based compensation expense, related to options issued in prior periods, is amortized over the service period and included in administration and selling expenses with an offsetting credit to contributed surplus. An expense of $21 was recorded for the three months period ended December 28, 2024 (an expense of $39 for the three months period ended December 30, 2023).

The following tables summarize information about the share option plan as of December 28, 2024:

Exercise price per option	Outstanding number of options at September 28, 2024	Options granted during the three month period	Options exercised during the three month period	Options forfeited during the three month period	Outstanding number of options at December 28, 2024	Weighted average remaining life	Number of options exercisable
$ 4.28	**164,000**	**-**	**(100,000)**	**-**	**64,000**	**5.23**	**14,000**
$ 4.68	**160,448**	**-**	**(37,180)**	**-**	**123,268**	**4.93**	**123,268**
$ 5.58	**146,841**	**-**	**(13,172)**	**-**	**133,669**	**3.93**	**133,669**
$ 5.85	**666,347**	**-**	**-**	**-**	**666,347**	**7.96**	**266,538**
$ 5.85	**785,897**	**-**	**-**	**-**	**785,897**	**6.94**	**464,872**
$ 6.23	**391,954**	**-**	**-**	**-**	**391,954**	**2.93**	**391,954**
$ 6.51	**210,000**	**-**	**-**	**-**	**210,000**	**1.94**	**210,000**
$ 5.85	**2,525,487**	**-**	**(150,352)**	**-**	**2,375,135**	**5.80**	**1,604,301**

Options outstanding held by key management personnel amounted to 2,175,135 options as at December 28, 2024 (2,325,487 options as at September 28, 2024 and December 30, 2023).

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

Fiscal 2025 grant:

On December 9, 2024, a total of 513,037 PSUs were granted to executives of the Company at a price of $6.29 per units. These PSUs will vest at the end of the 2025-2027 performance cycle based on the achievement of total shareholder returns and other non market performance conditions, as set by the Board of Directors. Following the end of a performance cycle, the Board of Directors will determine, concurrently with the release of the Company’s financial results for the fiscal year ended at the end of the performance cycle, whether the vesting conditions for the PSUs granted to a participant relating to such performance cycle have been achieved. Depending on the achievement of the vesting conditions, between 0% and 200% of the PSUs will become vested. The Board of Directors of the Company has the discretion to determine that all or a portion of the PSUs granted to a participant, for which the vesting conditions have not been achieved, shall vest to such participant.

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

The fair values of the PSUs were established using a Monte Carlo simulation model for the portion subject to market performance conditions and the remaining portion, which is based on certain non market measures, was based on management’s estimates. The fair values are vesting in equal tranches over a three-year period (one-third per year). The fair value on December 28, 2024 was estimated at $2,985. An expense of $249 related to this specific grant was recorded for the three months period ended December 28, 2024 in administration and selling expenses.

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

12. Share-based compensation: (continued)

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

For grants related to fiscal years 2022, 2023 and 2024, an expense of $737 was recorded for the three-month period ended December 28, 2024, in administration and selling expenses.

During the first quarter of fiscal 2025, the grant related to fiscal 2022 was cash settled for an amount of $1,302 ($3,755 for grant related to fiscal 2021 during the first quarter of 2024). As at December 28, 2024, $2,129 is included under trade and other payables (September 28, 2024 - $2,445 and December 30, 2023 – $1,855).

13. Supplementary cash flow information:

	For the three months ended		For the year ended	
	December 28, 2024	December 30, 2023	September 28, 2024	September 30, 2023
Non-cash transactions:				
Additions of property, plant and equipment and intangibles assets included in trade and other payables	**17,352**	6,304	13,704	3,951
Increase in asset retirement obligation provision included in property, plant and equipment	**-**	-	9,670	350
Additions to right-of-use assets	**213**	133	3,174	12,093

The following table summarizes the capitalized costs associated with the LEAP project. These costs are included in construction in progress which is included in property, plant and equipment.

	Total	Portion related to borrowing costs	Interest capitalization rate
Cost or deemed cost:	$	$	%
Balance at September 30, 2023	11,203	359	
Additions	10,502	295	6.75
Balance at December 30, 2023	21,705	654	
Additions	32,114	1,052	5.10
Balance at September 28, 2024	53,819	1,706	
Additions	**19,693**	**670**	**5.67**
Balance at December 28, 2024	**73,512**	**2,376**	

As at December 28, 2024, included in this amount are $12.9 million of deposits on machinery and equipment (September 28, 2024 - $11.3 million and December 30, 2023 - $Nil). As at December 28, 2024, the Company had $146.5 million of capital commitments related to the LEAP project.

14. 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 products segment processes pure maple syrup and related maple products. The reportable segments are managed independently as they require different technology and capital resources. Performance is measured based on the segments' gross margins and results from operating activities. These measures are included in the internal management reports that are reviewed by the Company's senior executives, and management believes that such information is the most relevant in the evaluation of the results of the segments.

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

14. Segmented information (continued):

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

				For the three months ended December 28, 2024
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	**256,787**	**66,381**	**-**	**323,168**
Cost of sales	**213,960**	**62,468**	**-**	**276,428**
Gross margin	**42,827**	**3,913**	**-**	**46,740**
Depreciation and amortization	**5,919**	**1,699**	**-**	**7,618**
Results from operating activities	**27,417**	**298**	**(709)**	**27,006**
Additions to property, plant and equipment and intangible assets, net of disposals	**21,609**	**218**	**-**	**21,827**
Additions to right-of-use assets	**88**	**125**	**-**	**213**

				As at December 28, 2024
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	**1,120,223**	**186,640**	**(165,635)**	**1,141,228**
Total liabilities	**(617,107)**	**(130,085)**	**36,054**	**(711,138)**

				For the three months ended December 30, 2023
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	229,808	58,891	-	288,699
Cost of sales	193,318	50,737	-	244,055
Gross margin	36,490	8,154	-	44,644
Depreciation and amortization	5,275	1,660	-	6,935
Results from operating activities	21,972	5,085	(947)	26,110
Additions to property, plant and equipment and intangible assets, net of disposals	14,948	188	-	15,136
Additions to right-of-use assets	82	51	-	133

Notes to unaudited condensed consolidated interim financial statements

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

14. Segmented information (continued):

				As at December 30, 2023
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	929,774	171,242	(166,290)	934,726
Total liabilities	(1,021,383)	(116,668)	509,445	(628,606)

				As at September 28, 2024
	Sugar	Maple products	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)

Revenues were derived from customers in the following geographic areas:

	For the three months ended	
	December 28, 2024	December 30, 2023
Canada	**272,604**	238,498
United States	**33,275**	35,755
Europe	**9,764**	7,919
Other	**7,525**	6,527
	323,168	288,699