

Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three months ended December 27, 2025 and December 28, 2024

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

(Unaudited)

Condensed consolidated interim statements of earnings and comprehensive income
(In thousands of dollars except per share amounts)

	For the three months ended	
	December 27, 2025	December 28, 2024 adjusted (note 14)
Condensed consolidated interim statements of earnings		
Revenues (note 14)	298,189	331,329
Cost of sales	232,287	284,589
Gross margin	65,902	46,740
Administration and selling expenses	13,956	13,522
Distribution expenses	7,193	6,212
	21,149	19,734
Results from operating activities	44,753	27,006
Net finance costs (note 5)	5,974	5,404
Earnings before income taxes	38,779	21,602
Income tax expense (recovery):		
Current	8,819	10,160
Deferred	1,411	(4,366)
	10,230	5,794
Net earnings	28,549	15,808
Net earnings per share (note 11)		
Basic	0.22	0.12
Diluted	0.21	0.11

	For the three months ended	
	December 27, 2025	December 28, 2024 adjusted (note 14)
Condensed consolidated interim statements of comprehensive (loss) income		
Net earnings	28,549	15,808
Other comprehensive (loss) income		
Items that may or may not be reclassified subsequently to net earnings:		
Cash flow hedges (note 6)	(590)	2,171
Income tax on cash flow hedges (note 6)	152	(557)
Foreign currency translation differences	(273)	1,084
	(711)	2,698
Net earnings and comprehensive income for the period	27,838	18,506

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 27, 2025	December 28, 2024	September 27, 2025
Assets			
Current assets:			
Cash	1,753	17,452	8,545
Trade and other receivables	107,783	127,502	129,569
Inventories	281,816	339,035	290,306
Prepaid expenses	6,596	6,090	8,844
Derivative financial instruments (note 6)	4,237	1,323	2,555
Total current assets:	402,185	491,402	439,819
Non-current assets:			
Property, plant and equipment	428,277	349,699	408,063
Right-of-use assets	25,175	26,318	26,378
Intangible assets	12,802	16,609	13,755
Other assets	1,222	1,004	1,294
Employee benefits	41,038	23,189	40,527
Goodwill	233,007	233,007	233,007
Total non-current assets	741,521	649,826	723,024
Total assets	1,143,706	1,141,228	1,162,843
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	161,457	171,059	211,209
Income taxes payable	7,828	8,305	19,524
Provisions	4,543	6,667	4,777
Lease obligations	5,870	5,273	5,683
Convertible unsecured subordinated debentures (note 8)	-	154,403	-
Derivative financial instruments (note 6)	3,261	8,993	5,667
Total current liabilities	182,959	354,700	246,860
Non-current liabilities:			
Revolving credit facility (note 7)	161,000	163,000	147,000
Employee benefits	18,590	19,248	18,624
Provisions	2,060	1,195	2,060
Derivative financial instruments (note 6)	3,489	5,143	4,085
Lease obligations	21,015	22,310	22,278
Convertible unsecured subordinated debentures (note 8)	108,145	-	107,796
Term loans (note 9)	21,038	5,595	6,350
Senior guaranteed notes	98,686	98,463	98,630
Deferred tax liabilities	51,958	41,484	50,707
Total non-current liabilities	485,981	356,438	457,530
Total liabilities	668,940	711,138	704,390
Shareholders' equity:			
Share capital (note 10)	222,692	222,037	222,692
Contributed surplus	301,092	301,069	301,081
Equity portion of convertible unsecured subordinated debentures (note 8)	1,966	5,085	1,966
Deficit	(96,468)	(132,620)	(113,481)
Accumulated other comprehensive income	45,484	34,519	46,195
Total shareholders' equity	474,766	430,090	458,453
Total liabilities and shareholders' equity	1,143,706	1,141,228	1,162,843

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of changes in shareholders' equity

(In thousands of dollars except number of shares)

	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)	For the three months ended December 27, 2025		
							foreign currency translation differences	Deficit	Total
Balance, September 27, 2025	128,181,916	222,692	301,081	1,966	47,622	(3,136)	1,709	(113,481)	458,453
Net earnings for the period	-	-	-	-	-	-	-	28,549	28,549
Dividends (note 10)	-	-	-	-	-	-	-	(11,536)	(11,536)
Share-based compensation (note 12)	-	-	11	-	-	-	-	-	11
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(438)	-	-	(438)
Translation of foreign operations	-	-	-	-	-	-	(273)	-	(273)
Balance, December 27, 2025	128,181,916	222,692	301,092	1,966	47,622	(3,574)	1,436	(96,468)	474,766

	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)	For the three months ended December 28, 2024		
							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

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 27, 2025	December 28, 2024
Cash flows from operating activities:		
Net earnings	28,549	15,808
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets (note 4)	6,335	6,681
Amortization of intangible assets (note 4)	929	937
Changes in fair value of derivative financial instruments included in cost of sales	(5,427)	11,980
Income tax expense	10,230	5,794
Pension contributions	(2,337)	(2,244)
Pension expense	1,792	1,827
Net finance costs (note 5)	5,974	5,404
Gain on disposal of property, plant and equipment	-	(3)
Share-based compensation – equity settled (note 12)	11	21
Share-based compensation – cash settled (note 12)	496	986
	46,552	47,191
Changes in:		
Trade and other receivables	21,737	(6,555)
Inventories	8,277	(48,103)
Prepaid expenses	2,247	1,292
Trade and other payables	(50,950)	(30,871)
Provisions	(234)	(604)
	(18,923)	(84,841)
Cash flows (used in) from operating activities	27,629	(37,650)
Interest paid	(4,003)	(2,490)
Income taxes paid	(20,508)	(360)
Net cash from (used in) operating activities	3,118	(40,500)
Cash flows (used in) from financing activities:		
Dividends paid (note 10)	(11,536)	(11,513)
Increase in revolving credit facility (note 7)	14,000	63,000
Payment of financing fees	(223)	(34)
Payment of lease obligations	(1,809)	(1,685)
Proceeds from term loans (note 9)	16,469	7,399
Issuance of shares (note 10)	-	676
Cash flow (used in) from financing activities	16,901	57,843
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	(26,799)	(19,272)
Cash flow used in investing activities	(26,799)	(19,272)
Effect of changes in exchange rate on cash	(12)	260
Net (decrease) increase in cash	(6,792)	(1,669)
Cash, beginning of period	8,545	19,121
Cash, end of period	1,753	17,452

Supplemental cash flow information (note 13)

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

ROGERS SUGAR INC.

Notes to unaudited condensed 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 27, 2025 and December 28, 2024 comprise Rogers and the directly and indirectly controlled subsidiaries, Lantic Inc. ("Lantic"), Lantic Maple Inc. and Highland Sugarworks Inc. (the latter two companies together referred to as "Maple"), (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 27, 2025. The quarterly unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 4, 2026.

(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) 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 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.

ROGERS SUGAR INC.

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

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 27, 2025.

3. Material accounting policies:

The material accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 27, 2025 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

(A) NEW STANDARDS AND INTERPRETATIONS ADOPTED:

The Company did not adopt any standards and interpretations in its unaudited condensed consolidated interim financial statements for the annual period beginning on September 28, 2025.

(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 27, 2025 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 October 4, 2026. The Company is assessing the impact of the amendments on the consolidated financial statements.

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Notes to unaudited condensed 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 interim statements of earnings as follows:

	For the three months ended December 27, 2025 December 28, 2024	
Depreciation of property, plant and equipment:		
Cost of sales	4,646	5,090
Administration and selling expenses	120	166
	<u>4,766</u>	<u>5,256</u>
Depreciation of right-of-use assets:		
Cost of sales	615	476
Distribution expenses	954	949
	<u>1,569</u>	<u>1,425</u>
Amortization of intangible assets:		
Administration and selling expenses	929	937
Total depreciation and amortization expense	<u>7,264</u>	<u>7,618</u>

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended December 27, 2025 December 28, 2024	
Interest expense on convertible unsecured subordinated debentures, including accretion expense of \$99 (December 28, 2024 - \$326)	1,824	2,203
Interest on revolving credit facility	1,749	661
Interest on senior guaranteed notes, including accretion of \$56 (December 28, 2024 - \$54)	926	924
Amortization of deferred financing fees	322	335
Interest on <i>Producteurs et Productrices Acérioles du Québec</i> supplier balance	620	852
Other interest expense	12	47
Interest accretion on lease obligations	368	382
Net change in fair value of interest rate swap (note 6)	<u>153</u>	-
Net finance costs recognized in net earnings	<u>5,974</u>	<u>5,404</u>

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 27, 2025 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three months ended December 27, 2025.

For its financial assets and liabilities measured at amortized cost as at December 27, 2025, 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.

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Notes to unaudited condensed consolidated interim financial statements
(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 27, 2025, September 27, 2025 and December 28, 2024, 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 27, 2025		December 27, 2025	
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	Level 1	154	-	-
Foreign exchange forward contracts	Level 2	2,834	-	81
Interest rate swap	Level 2	-	-	350
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	Level 2	1,249	-	2,862
Interest rate swap	Level 2	-	-	2,911
		4,237	-	3,261
				3,489

Fair value hierarchy level	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities								
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current							
September 27, 2025					December 28, 2024										
Derivative financial instruments measured at fair value through profit or loss:															
Sugar futures contracts	Level 1	135	-	-	-	-	124	-							
Foreign exchange forward contracts	Level 2	-	-	2,537	135	-	8,621	389							
Interest rate swap	Level 2	-	-	197	-	-	-	-							
Derivative financial instruments designated as effective cash flow hedging instruments:															
Natural gas futures contracts	Level 2	2,420	-	-	2,641	1,323	-	1,953							
Interest rate swap	Level 2	-	-	2,933	1,309	-	248	2,801							
		2,555	-	5,667	4,085	1,323	-	8,993							
								5,143							

ROGERS SUGAR INC.

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		Charged to net finance costs		Other comprehensive gain / (loss)	
	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024	December 27, 2025	December 28, 2024
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	(1,162)	(5,198)	-	-	-	-
Foreign exchange forward contracts	3,015	(9,808)	-	-	-	-
Interest rate swap	-	-	(153)	-	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	(1,393)	2,071
Interest rate swap	-	-	-	-	803	100
	1,853	(15,006)	(153)	-	(590)	2,171

The following table summarizes the Company's hedging components of accumulated other comprehensive income (loss) ("AOCI") as at December 27, 2025 and December 28, 2024:

	December 27, 2025			December 28, 2024		
	Natural gas futures contracts	Interest rate swap	Total	Natural gas futures contracts	Interest rate swap	Total
Opening AOCI	489	(4,852)	(4,363)	(1,992)	(3,957)	(5,949)
Income taxes	(638)	1,865	1,227	(1)	1,635	1,634
Opening AOCI – net of income taxes	(149)	(2,987)	(3,136)	(1,993)	(2,322)	(4,315)
Change in fair value of derivatives designated as cash flow hedges	(1,393)	803	(590)	2,071	100	2,171
Income taxes	358	(206)	152	(531)	(26)	(557)
Ending AOCI – net of income taxes	(1,184)	(2,390)	(3,574)	(453)	(2,248)	(2,701)

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 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

ROGERS SUGAR INC.

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 March 28, 2030, 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 27, 2025, a total of \$776.8 million of assets are pledged as security (September 27, 2025 - \$798.7 million; December 28, 2024 - \$790.1 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 27, 2025.

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 27, 2025	September 27, 2025	December 28, 2024
Sixth series	-	-	57,425
Seventh series	-	-	97,575
<u>Eighth series</u>	<u>115,000</u>	115,000	-
Total face value	115,000	115,000	155,000
Less deferred financing fees	(4,498)	(4,748)	(312)
Less equity component	(2,693)	(2,693)	(6,930)
Accretion expense on equity component	336	237	6,645
<u>Total carrying value – non-current (December 28, 2024 - current)</u>	<u>108,145</u>	107,796	154,403

The fair value of the Eighth series debentures as at December 27, 2025 were approximately \$120.8 million based on market quotes for identical instruments (September 27, 2025 - \$121.9 million).

(A) EIGHTH SERIES:

On February 19, 2025, and on February 21, 2025, the Company issued \$100.0 million and \$15.0 million for a total of \$115.0 million, Eighth series, 6.0% convertible unsecured subordinated debentures ("Eighth series debentures"), maturing on June 30, 2030, 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 \$7.10 per share.

On or after June 30, 2028 and prior to June 30, 2029, the debentures may be redeemed by the Company at a price equal to the principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the common shares, for the 20 consecutive trading days ending on the fifth trading day preceding the day prior to the date upon which the notice of redemption is given is at least 125% of the conversion price of \$7.10 per debenture share. On or after June 30, 2029, 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.

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

8. Convertible unsecured subordinated debentures: (continued)

(A) EIGHTH SERIES: (CONTINUED)

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 \$2.7 million (\$2.0 million net of tax) of the Eighth series debentures into an equity component.

The Company incurred underwriting fees and issuance costs of \$5.4 million, which are netted against the convertible debenture liability.

(B) NINTH SERIES:

Subsequent to quarter end, on January 12, 2026, the Company issued \$57.5 million, Ninth series, 5.5% convertible unsecured subordinated debentures ("Ninth series debentures"), maturing on January 31, 2033, with interest payable semi-annually in arrears on January 31 and July 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 \$7.91 per share.

On or after January 31, 2029 and prior to January 31, 2031, the debentures may be redeemed by the Company at a price equal to the principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the common shares, for the 20 consecutive trading days ending on the fifth trading day preceding the day prior to the date upon which the notice of redemption is given is at least 125% of the conversion price of \$7.91 per debenture share. On or after January 31, 2031, 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 \$1.9 million (\$1.4 million net of tax) of the Ninth series debentures into an equity component.

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

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.

Then on November 19, 2025, a second draw of \$16.5 million was received under the IQ Loans, \$11.2 million of which was borrowed under the IQ Essor Loan and \$5.3 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 \$1.6 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 27, 2025.

The IQ Loans 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 December 27, 2025 was approximately \$21.1 million.

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10. Share capital and other components of equity:

As of December 27, 2025, a total of 128,181,916 common shares (September 27, 2025 – 128,181,916; December 28, 2024 – 128,067,186) were outstanding.

During the first quarter ended December 27, 2025, no stock options were exercised. 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).

The Company declared a quarterly dividend of \$0.09 per share during the three-month period ended December 27, 2025 and December 28, 2024.

On February 4, 2026, the Board of Directors declared a quarterly dividend of \$0.09 per share, payable on or before April 15, 2026.

	December 27, 2025	December 28, 2024
Dividends	<u>11,536</u>	<u>11,526</u>

11. Earnings per share:

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

	For the three months ended	
	December 27, 2025	December 28, 2024
Basic earnings per share:		
Net earnings	<u>28,549</u>	<u>15,808</u>
Weighted average number of shares outstanding	<u>128,181,916</u>	<u>127,947,150</u>
Basic earnings per share	<u>0.22</u>	<u>0.12</u>
Diluted earnings per share:		
Net earnings	<u>28,549</u>	<u>15,808</u>
Plus impact of convertible unsecured subordinated debentures	<u>1,350</u>	<u>1,631</u>
	<u>29,899</u>	<u>17,439</u>
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	<u>128,181,916</u>	<u>127,947,150</u>
Plus impact of convertible unsecured subordinated debentures	<u>16,197,183</u>	<u>27,030,798</u>
Plus impact of share options	<u>123,084</u>	<u>46,313</u>
	<u>144,502,183</u>	<u>155,024,261</u>
Diluted earnings per share	<u>0.21</u>	<u>0.11</u>

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12. Share-based compensation:

(A) EQUITY-SETTLED SHARE-BASED COMPENSATION:

The Company has not issued share options effective for Fiscals 2026 and 2025.

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 \$11 was recorded for the three months period ended December 27, 2025 (an expense of \$21 for the three months period ended December 28, 2024).

The following tables summarize information about the share option plan as of December 27, 2025:

Exercise price per option	Outstanding number of options at September 27, 2025	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 27, 2025	Weighted average remaining life	Number of options exercisable
\$ 4.28	64,000	-	-	-	64,000	4.23	64,000
\$ 4.68	78,461	-	-	-	78,461	3.93	78,461
\$ 5.58	133,669	-	-	-	133,669	2.93	133,669
\$ 5.85	632,016	-	-	-	632,016	6.96	365,476
\$ 5.85	752,564	-	-	-	752,564	5.94	592,052
\$ 6.23	391,954	-	-	-	391,954	1.94	391,954
\$ 6.51	210,000	-	-	-	210,000	0.94	210,000
\$ 5.85	2,262,664	-	-	-	2,262,664	4.77	1,835,612

Options outstanding held by key management personnel amounted to 1,927,266 options as at December 27, 2025 (1,927,266 options as at September 27, 2025 and 2,175,135 options as at December 28, 2024).

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

Fiscal 2026 grant:

On December 8, 2025, a total of 598,828 PSUs were granted to executives of the Company at a price of \$5.97 per units. These PSUs will vest at the end of the 2026-2028 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 at grant date was \$3.2 million compared to \$3.3 million at December 27, 2025. An expense of \$0.3 million related to this specific grant was recorded for the three months period ended December 27, 2025 in administration and selling expenses.

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12. Share-based compensation: (continued)

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

For grants related to fiscal years 2023, 2024 and 2025, an expense of \$0.2 million was recorded for the three-month period ended December 27, 2025, in administration and selling expenses.

The PSUs associated with the 2023-2025 performance cycle did not meet their vesting conditions and accordingly no payments were made in the first quarter of fiscal 2026 (\$1.3 million paid in the first quarter of 2025 related to 2022-2024 performance cycle). As at December 27, 2025, \$4.9 million is included under trade and other payables (September 27, 2025 - \$4.4 million and December 28, 2024 - \$2.1 million) in relation with PSUs granted in fiscal years 2024, 2025 and 2026.

13. Supplementary cash flow information:

	For the three months ended December 27, 2025	December 28, 2024	For the years ended September 27, 2025	September 28, 2024
Non-cash transactions:				
Additions of property, plant and equipment and intangibles assets included in trade and other payables	21,354	17,352	21,608	13,704
Increase in asset retirement obligation provision included in property, plant and equipment	-	-	-	9,670
Additions to right-of-use assets	391	213	4,692	3,174

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 28, 2024	53,819	1,706	
Additions	19,693	670	5.67
Balance at December 28, 2024	73,512	2,376	
Additions	54,910	1,339	4.82
Balance at September 27, 2025	128,422	3,715	
Additions	21,110	968	5.32
Balance at December 27, 2025	149,532	4,683	

As at December 27, 2025, included in this amount are \$2.1 million of deposits on machinery and equipment (September 27, 2025 - \$3.0 million and December 28, 2024 - \$12.9 million). As at December 27, 2025, the Company had \$118.4 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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14. Segmented information (continued):

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

	For the three months ended December 27, 2025			
	Sugar	Maple products	Corporate and eliminations	
			Total	
Revenues	226,247	71,942	-	298,189
Cost of sales	168,978	63,309	-	232,287
Gross margin	57,269	8,633	-	65,902
Depreciation and amortization	5,478	1,786	-	7,264
Results from operating activities	40,477	5,003	(727)	44,753
Additions to property, plant and equipment and intangible assets, net of disposals	24,605	378	-	24,983
Additions to right-of-use assets	265	126	-	391

	As at December 27, 2025			
	Sugar	Maple products	Corporate and eliminations	
			Total	
Total assets	1,128,746	180,637	(165,677)	1,143,706
Total liabilities	(626,730)	(114,368)	72,158	(668,940)

	For the three months ended December 28, 2024			
	Sugar	Maple products	Corporate and eliminations	
			Total	
Revenues ⁽¹⁾	264,948	66,381	-	331,329
Cost of sales ⁽¹⁾	222,121	62,468	-	284,589
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

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14. Segmented information (continued):

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

	As at September 27, 2025		
	Sugar	Maple products	Corporate and eliminations
			Total
Total assets	1,099,047	229,558	(165,762)
Total liabilities	(546,251)	(165,807)	7,668
			(704,390)

Revenues were derived from customers in the following geographic areas:

	For the three months ended	
	December 27, 2025	December 28, 2024
Canada	224,674	272,604
United States ⁽¹⁾	55,486	41,436
Europe	9,912	9,764
Other	8,117	7,525
	298,189	331,329

(1) In the fourth quarter of 2025, the Company changed the presentation for high-tier duties on US exports sales for the Sugar segment. Accordingly, related amounts charged to customers were recognized as revenues, with a corresponding offset to cost of sales. To conform with the presentation change, the Company has made the following immaterial presentation adjustments to the December 28, 2024 comparative period: increase of Sugar revenues and Sugar cost of sales, total revenues and total cost of sales, and revenues derived from customers in the United States by \$8.2 million. The presentation adjustment had no impact on gross margins or net income.