


ROGERS Lantic THE MAPLE TREAT

POISED
FOR LONG-TERM GROWTH

2023 ANNUAL REPORT




POISED
FOR LONG-TERM GROWTH

Delivering consistent, profitable growth has been an integral part of the Rogers playbook for 135 years.

Over the past decades, we have steadily invested in our operations to maintain our position as the leading supplier of sugar in Canada. On strategic occasions, we have gone beyond maintenance capital spending to fulfill a specific need in the marketplace. Given the rapidly expanding food manufacturing industry in Ontario and Québec, and related demand for sugar, we have announced a major capacity and logistics expansion project in Eastern Canada. This two-year initiative will increase the production capacity of our Montréal refinery plant by 20%, or 100,000 metric tonnes. On the maple syrup side, we have invested in automation to reduce the cost of our bottling operations and will pursue additional projects that enhance productivity. In short, Rogers is poised for long-term growth.

$1.1B
TOTAL REVENUES

$110.9M
ADJUSTED EBITDA[1]

$37.0M
CAPITAL EXPENDITURES

6.7%
DIVIDEND YIELD

ROGERS holds all of the common shares of Lantic Inc., which 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 / Rogers' products include granulated (regular and organic), brown, icing, liquid, cubed sugars and specialty syrups, as well as agave, organic coconut sugar, Nature's Raw™ sugar, maple sugar and flakes and other dry blends.

LANTIC also owns all of the common shares of The Maple Treat Corporation ("TMTC"). TMTC operates plants in Granby, Dégelis and in St-Honoré-de-Shenley, Québec and in Websterville, Vermont. TMTC's products include maple syrup and derived maple syrup products and are sold mainly under retail private labels brands and various house brands.

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

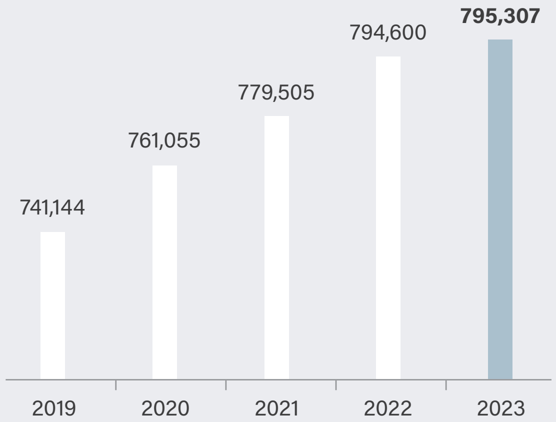
795,307

METRIC TONNES OF SUGAR SOLD

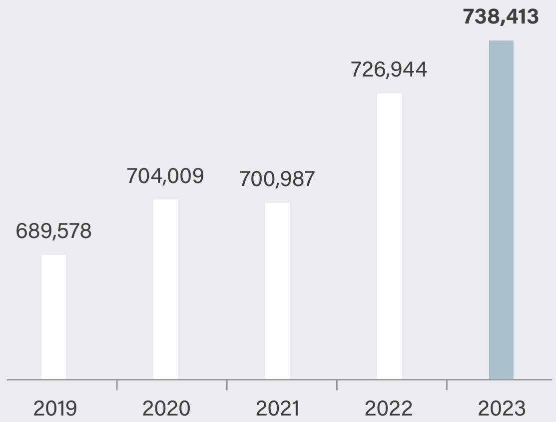
738,413

METRIC TONNES OF DOMESTIC SUGAR SOLD

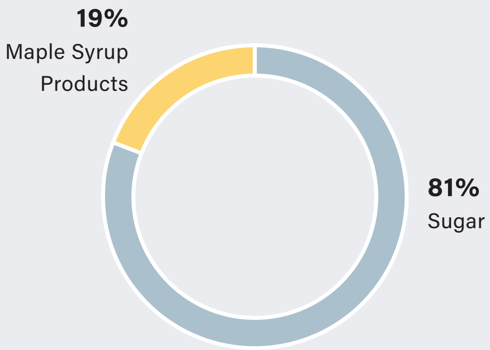
SUGAR VOLUME



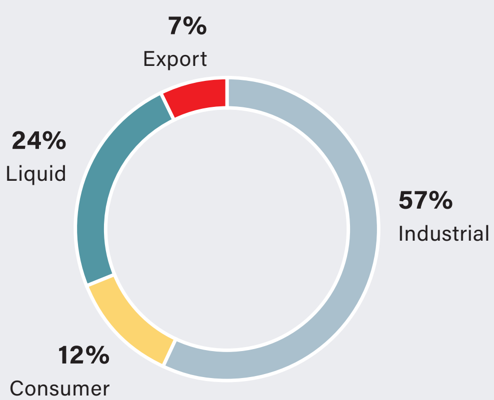
DOMESTIC SUGAR VOLUME



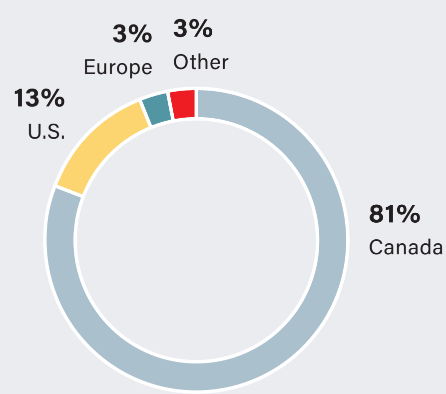
SUGAR VS. MAPLE SYRUP REVENUES



SUGAR REVENUES BY SEGMENT



REVENUES BY GEOGRAPHIC DISTRIBUTION



DALLAS H. ROSS

Chairman

To my fellow shareholders,

At our annual meeting in February, we laid out five focus areas for 2023 covering safety, market trends, value creation for shareholders, progress in Environmental, Social and Governance (ESG) and the advancement of the company's expansion and optimization plans to meet and benefit from future growth.

IN EACH CATEGORY WE DELIVERED, AND WE TAKE PRIDE IN SHARING THESE ACCOMPLISHMENTS WITH YOU.

In 2023, we continued our focus on the well-being of our employees in each of our facilities. Going forward, we will continue to act purposefully every day to keep our employees and our visitors safe at all times.

Fiscal 2023 was the second consecutive year of record results, outperforming our outstanding 2022 results in each category of sugar volumes sold, consolidated revenues and adjusted EBITDA. The strength of our Sugar segment continued to drive our strong financial results, contributing to approximately 90 per cent of our adjusted EBITDA. As the expansion in global demand for sugar-containing products remains intact, favourable pricing dynamics in Canada continue to make Rogers Sugar, the sugar supplier of choice for Canada's growing food manufacturing industry.

For the second year in a row, the strength of our Sugar segment more than offset the lingering challenges in our Maple segment. While the whole maple industry is affected by the current slow-down of the global economy, we were able to maintain our leading position as the world's largest bottler of maple syrup. We continue to see our Maple segment as an important sweetener alternative and remain committed to growing this business in the coming years.

DURING THE YEAR, WE PAID A STABLE QUARTERLY DIVIDEND OF $0.09 PER SHARE, OR $0.36 PER SHARE FOR THE YEAR. RETURNING VALUE TO OUR SHAREHOLDERS PLAYS A SIGNIFICANT ROLE IN OUR STRATEGY FOR CAPITAL ALLOCATION.

Our consistent results and healthy long-term prospects make Rogers Sugar an attractive option for investors seeking a stable dividend as well as future growth.

In July, the company published its third ESG report, showcasing the strides that we have made to reduce our environmental footprint, promote transparency, and enhance our positive contribution to the communities we serve. Our enhanced monitoring practices will provide a strong starting point against which to measure our future progress.

In fiscal 2023, we formally announced the construction of our eastern capacity and logistics expansion project after completing the related detailed design and planning activities. This project is expected to increase the supply of sugar in Eastern Canada by approximately 100,000 metric tonnes and should be completed in the first half of fiscal 2026. This initiative will position us to meet the needs of our customers in Eastern Canada, while also allowing us to benefit from healthy demand growth for years to come. While it is still early, we are pleased with the progress of this expansion project so far. We look forward to providing you with updates as we move forward in 2024.

In the coming year, we expect the strength in demand and pricing to support stable organic growth for our Sugar business, which will continue to be the main driver of our overall financial performance. In Maple, we expect the financial performance to continue to benefit from the efficiency improvements made in fiscal 2023.

I would like to thank our employees for their exceptional contributions throughout the year. Importantly, as we move forward, we appreciate and want to acknowledge the trust and ongoing support of our shareholders. We look forward to taking this journey with you.

On behalf of the Board of Directors,

Dallas H. Ross
Chairman

OUR FACILITIES

Rogers

1. Head Office and Cane Refinery
   Vancouver, BC

2. Beet Plant
   Taber, AB

3. Distribution Centre
   Toronto, ON

4. Administrative Office and Cane Refinery
   Montréal, QC

TMTC

5. Bottling Plant, Eastern Sales and Distribution
   Granby, QC

6 Bottling Plant, Warehousing and Shipping
   Saint-Honoré-de-Shenley, QC

7. Bottling Plant, Warehousing and Shipping
   Dégelis, QC

8. Bottling Plant, Warehousing and Shipping
   Websterville, VT

MICHAEL WALTON
President and CEO

FISCAL 2023 WAS A YEAR OF RECORD FINANCIAL PERFORMANCE, SURPASSING THE OUTSTANDING YEAR WE HAD IN 2022. STRONG FUNDAMENTALS FOR SUGAR CONTINUE TO FORTIFY OUR CONFIDENCE IN THE LONG-TERM OUTLOOK FOR THE BUSINESS AND UNDERPIN OUR CONSISTENT AND PROFITABLE GROWTH.

Overall, our business generated record consolidated revenue of $1.1 billion in 2023 and record adjusted EBITDA of more than $110 million. Our strong financial performance allowed us to pay $38 million in common share dividends to our shareholders.

I am proud to say that we have achieved these great financial results while maintaining our focus on providing a safe and healthy workplace for our employees and our business partners throughout all our facilities. In 2023, we continued to solidify our commitment to Environmental, Social and Governance (ESG) initiatives. Our annual ESG report, published in July, highlights several positive changes we have made in the past year aimed at increasing our transparency and the sustainability of our business.

We have seen a consistent increase in the production of sugar-containing products from our customers across the country in recent years. Domestic demand for high quality and reliable sugar is growing steadily, and that is where we are concentrating our efforts. A key part of our growth strategy is focused on supporting the increasing demand from the domestic food transformation industry, and the thousands of food manufacturing jobs in Canada it supports.

This demand growth supports our recent announcement of a substantial investment to build new production capacity and to optimize our existing facilities. The recently announced capacity expansion of our sugar refining assets and related logistics infrastructure in Eastern Canada is directly targeted at supporting the next wave of increased industrial sugar demand.

SUGAR

DURING FISCAL 2023 WE ACHIEVED RECORD SALES VOLUMES OF OVER 795,000 METRIC TONNES, THE COMPANY'S HIGHEST VOLUME TO DATE. THIS VOLUME SUPPORTS THE DELIVERY OF OUR HIGHEST RECORD ADJUSTED EBITDA FOR OUR MAIN BUSINESS SEGMENT OF OVER $98 MILLION.

The robust performance was anchored by industrial segment growth and improved margin for sugar refining activities.

As expected, we experienced a decline in export volumes as we prioritized the growing demand of the domestic market. Our export business remains important to our overall strategy and our operating flexibility allows us to export excess supply, when available.

The production out of our cane sugar refineries in Montréal and Vancouver was very strong in 2023, as we focused our efforts on improving and optimizing our refining process. The production volume from our Taber beet sugar refinery at 105,000 metric tonnes was slightly lower than anticipated due to unfavourable weather conditions late in the growing season. Throughout the year, we made use of our national network to meet any shortfall and ensure the domestic market was adequately supported.

In the spring, we announced a two-year agreement with the Alberta Sugar Beet Growers for the supply of sugar beets to our Taber sugar-refining plant, covering the 2023 and 2024 crops. This agreement allows for the security of supply to our clients and ensures a predictable and favourable environment for the sugar beet industry.

MAPLE

In Maple, we made improvements to operations throughout the year that helped mitigate an otherwise challenging business environment. Our adjusted EBITDA for this business segment, at over $13 million, was lower than initially anticipated due to the lingering inflationary pressures negatively impacting the global demand for maple syrup. Despite the difficult business environment, we delivered higher results than last year as we were able to maintain our world-leading position in the market.

In the second half of the year, we implemented automation projects for the operations of our two main bottling facilities in Granby and Degelis. These targeted investments had an immediate impact on improving the performance and efficiency of our production process. We intend to continue to invest responsibly in our Maple business segment in the coming years as we see this business as a key element of our long-term strategic goals.

PATH OF SUCCESS

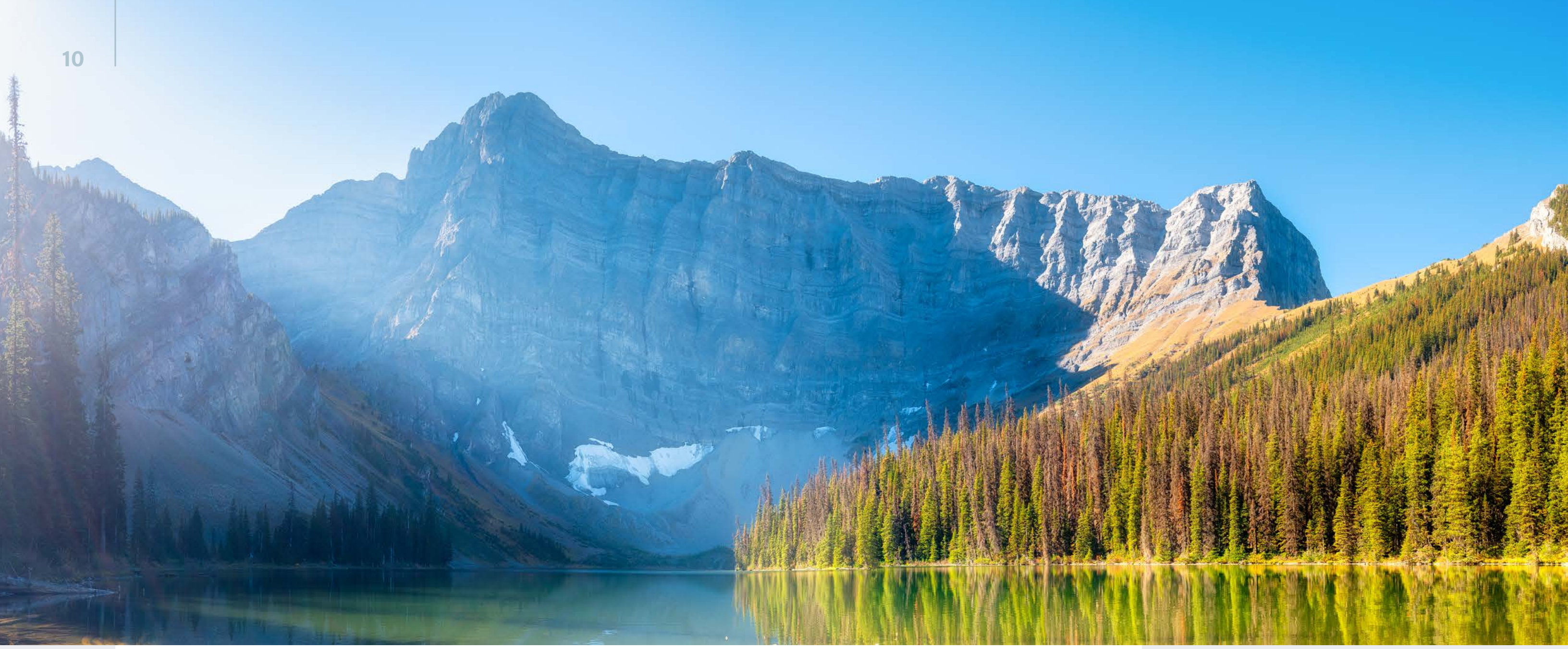
WE UNDERSTAND AND VALUE OUR IMPORTANT ROLE IN CANADA'S FOOD SUPPLY CHAIN, AS AN ESSENTIAL INGREDIENT SUPPLIER OF MANY OF THE PRODUCTS PEOPLE ENJOY EVERY DAY.

Going forward, we are well positioned to meet the growing demand for sugar-containing products by optimizing our Western operations and investing in new production capacity, including our recently announced Eastern capacity increase project. This project is expected to provide approximately 100,000 metric tonnes of additional quality refined sugar to the market beginning in the first half of 2026.

I am very proud of the success we achieved in 2023, and I want to thank all our employees, customers and shareholders for their support. I look forward to the continued growth of both of our business segments and I am confident we have laid a strong foundation and are well on the path to future success.

Sincerely,

Michael Walton
President and Chief Executive Officer



ESG HIGHLIGHTS

WE ARE PLEASED TO PRESENT AN OVERVIEW OF ROGERS' THIRD ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT, WHICH WAS PUBLISHED IN JULY 2023.

To drive our ESG program forward, we have created a formal ESG structure and onboarded a new Director of Sustainability. This important step has led us to incorporate several changes within the report, targeting increased transparency and responsibility.

As a food manufacturer with eight facilities across Canada and the US, we understand the impact our operations and products have on the environment and communities where we are located. This is why we have invested over $9 million since 2018 in projects that have improved our manufacturing process energy efficiency and reduced associated carbon emissions.

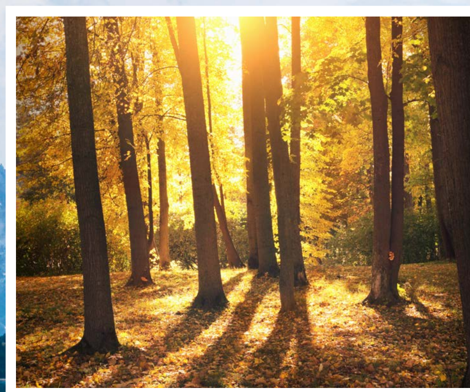
We have also taken a significant step in meeting our target of 100% raw sugar supply being sourced from producers who follow verified or certified sustainable agricultural practices through a multi-year supply partnership with Raízen. This large exporter represents a source of certified non-genetically modified organism ("non-GMO") and certified Bonsucro raw sugar for our Eastern Canada operations.

We recognize the importance of our actions during the past year for measuring future performance as we streamlined the process for gathering and reporting ESG data. However, this is just the first step as we will use 2022 as a baseline to measure the success of future strategies and targets to reduce our environmental impact, increase our social awareness and review our governance practices.

In summary, we made significant headway in 2022 that is presented in our third ESG report and we are committed to continuing our process of improvement in the coming years.

To view the complete ESG Report, go to:

https://lanticrogers.com/media/financial-reports/2023/07/rsi_esg_2023fy22_en_final.pdf



ENVIRONMENT[1]

4,186,409
TOTAL ENERGY USE (GJ)

258,981[2]
GHG EMISSIONS (TCO_2E)

SOCIAL[1]

$231K
CHARITABLE DONATIONS

34%
PERCENTAGE OF WOMEN IN MANAGEMENT LEVEL ROLES

GOVERNANCE[1]

33%
WOMEN ON ROGERS' BOARD

100%
MANAGERS' INCENTIVE PAY IS LINKED TO ONE OR MORE ESG OBJECTIVES

[1] All figures based on the 2022 financial year.
[2] Total Scope 1 & Scope 2 emissions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND OCTOBER 1, 2022

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s (the "Company", "Rogers", "RSI" or "our", "we", "us") dated November 29, 2023 should be read in conjunction with the audited consolidated financial statements and related notes for the years ended September 30, 2023 and October 1, 2022. The Company's MD&A and consolidated financial statements are prepared using a fiscal year which typically consists of 52 weeks, however, every five to six years, a fiscal year consists of 53 weeks. The fiscal years ended September 30, 2023 and October 1, 2022 consist of 52 weeks.

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 marketed under the "Lantic" trademark in Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (collectively, "Eastern Canada"), and the "Rogers" trademark in British Columbia, Alberta, Saskatchewan and Manitoba (collectively, "Western Canada"). These products include granulated, icing, cube, yellow and brown sugars, liquid sugars and specialty syrups. Lantic also operates a distribution center in Toronto, Ontario.

TMTC operates bottling plants in Granby, Dégelis and St-Honoré-de-Shenley, Québec and in Websterville, Vermont. TMTC's products include maple syrup and derived maple syrup products supplied under retail private label brands in approximately 50 countries and are sold under various brand names.

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.

In the fourth quarter of fiscal 2023, the Board of Directors of Lantic approved the expansion of the production and logistic capacity of its eastern sugar refining operations in Montréal and Toronto (the "Expansion Project"). This investment is expected to provide 100,000 metric tonnes of incremental refined sugar capacity to the growing Canadian market, at an estimated construction cost of approximately $200 million. The Expansion Project is made up of three key components: (i) the expansion of refining capacity with the addition of new sugar refining equipment at the Montréal plant; (ii) the construction of a new bulk rail loading section in Montréal to serve increased shipments to the Ontario market; and (iii) the expansion of logistics and storage capacity in the Greater Toronto Area. We expect the incremental production and logistic capacity to be in service in the first half of fiscal 2026.

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.

In fiscal 2023, Lantic's domestic refined sugar sales volume grew by 2% which is higher than previous years and aligned with the overall growth of the Canadian market.

The industrial granulated segment is the largest segment accounting for 57% 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 fiscal 2023, this segment sales volume increased by 2% as compared to the previous year.

In the consumer segment, a wide variety of products is offered under the Lantic and Rogers brand names. This segment has remained stable in fiscal 2023 and 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 increased by 1.5% this year and are representing approximately 24% of all shipments in fiscal 2023.

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 2023 will be the first 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 2023, the price of Raw #11 traded on the ICE fluctuated between US 17.36 cents and US 27.62 cents per pound and closed at US 26.48 cents per pound at the end of the fiscal year, which was US 8.06 cents higher than the closing value at October 1, 2022. Price variation during the year was more volatile than in fiscal 2022 when Raw #11 prices fluctuated between US 17.20 cents and US 20.51 cents per pound. The average Raw #11 price in fiscal 2023 at US 22.48 cents was higher than the fiscal 2022 average of US 18.89 cents. The higher average price of Raw #11 was mainly due to sustained strong global sugar demand and the effect of a global sugar supply shortage in the market.

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 house brand.

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. The PPAQ represents approximately 13,300 producers and 8,000 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 and 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 terminals per year (March, May, July and October). The terminal 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 terminal 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 terminal 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 terminals 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 terminal, 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 Board of Directors of Lantic approved 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. In order to protect ourselves against the movement of the Canadian dollar versus the US dollar, we, on a daily basis, reconcile all of our exposure to the US dollar 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

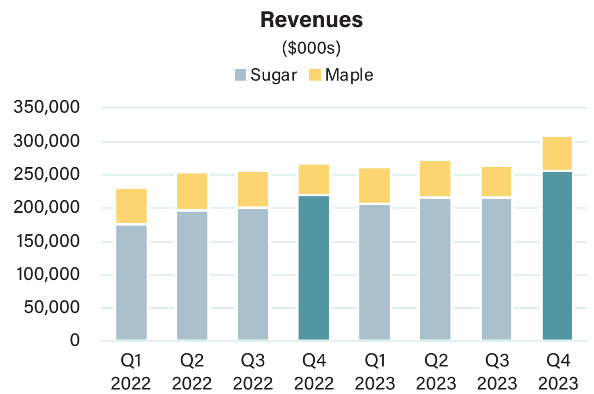
- Consolidated adjusted EBITDA for the 2023 fiscal year was $110.9 million, up by 8.5% from the same period in 2022, mainly driven by the strong performance of the Sugar segment;
- Consolidated adjusted net earnings for fiscal 2023 were $44.5 million or $0.42 per share, as compared to $40.7 million or $0.39 per share for the same period in 2022, largely driven by the strong performance of our Sugar segment;
- Consolidated revenues for fiscal year 2023 amounted to $1.1 billion, an increase of 10% as compared to last year, due mainly to higher average raw sugar prices during the year, higher margin on sugar refining related activities, and higher sugar sales volume at 795,307 metric tonnes;
- Consolidated adjusted EBITDA for the fourth quarter was $28.6 million as compared to $29.0 million for the same period last year. The decrease in consolidated adjusted EBITDA for the fourth quarter was mainly due to lower adjusted EBITDA in the Sugar segment, partially offset by higher adjusted EBITDA in the Maple segment;
- Adjusted EBITDA in the Sugar segment was $23.7 million for the fourth quarter of fiscal 2023, a decrease of $2.5 million compared to the same period last year, due largely to higher operating and distribution costs, partially offset by higher pricing;
- Adjusted EBITDA in the Maple segment for the fourth quarter was higher than last year by $2.1 million largely driven by improved average selling prices and lower operating costs;
- Free cash flow for the trailing 12 months ended September 30, 2023 was $45.8 million, a decrease of $1.0 million from the same period last year as a result of higher capital expenditures;
- In the fourth quarter of fiscal 2023, we distributed $0.09 per share to our shareholders for a total amount of $9.5 million;
- On August 14, 2023, RSI filed of a short-form base shelf prospectus in connection with expected financing initiatives over the next two years;
- On August 11, 2023, the Board of Directors of Lantic approved the Expansion Project. This investment is expected to provide approximately 100,000 metric tonnes of incremental refined sugar capacity to the growing Canadian market, at an estimated construction cost of approximately $200 million. The financing plan for the Expansion Project will include funding from debt and equity or equity like instruments sources, along with the Company's existing credit facilities and approved loans from Investissement Quebec for up to $65 million. We expect the incremental production and logistic capacity to be in service in the first half of fiscal 2026;

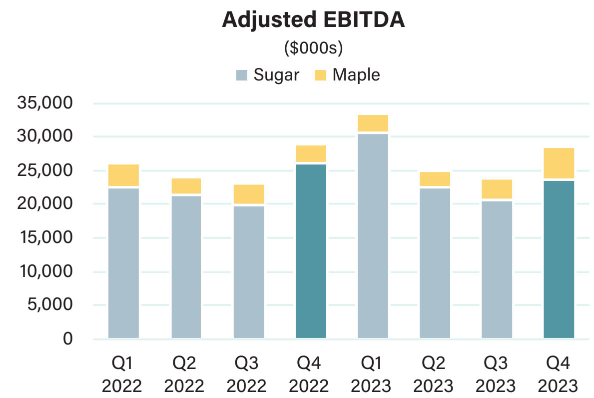
- On September 28, 2023, the unionized employee of the Vancouver sugar refinery, represented by the Public and Private Workers of Canada local 8 went on strike. As of the date of this MD&A, the strike is still ongoing. Management remains committed in reaching an agreement that is acceptable to both parties. Since the beginning of the strike, the Vancouver sugar refinery, which represents approximately 17% of our production of refined sugar, has been operating at approximately a third of its capacity, and we have been using some of the production of our Taber facility to support our customers in Western Canada;
- On November 1, 2023, we amended our revolving credit facility, by extending the term to October 31, 2027, and by increasing the amount available for working capital and for the Expansion Project by $75 million to $340 million; and
- On November 29, 2023, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before February 1, 2024.

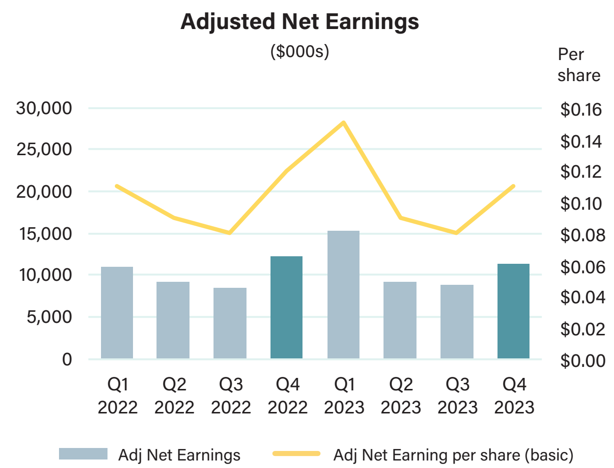
SELECTED FINANCIAL DATA AND HIGHLIGHTS

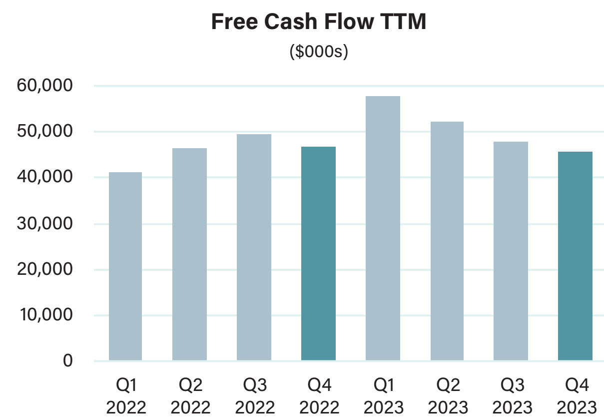
(unaudited) (In thousands of dollars, except volumes and per share information)	**Q4 2023**	Q4 2022	**YTD 2023**	YTD 2022
	$	$	**$**	$
Sugar (metric tonnes)	**215,500**	214,672	**795,307**	794,600
Maple syrup ('000 pounds)	**10,363**	9,838	**43,871**	47,063
Total revenues	**308,036**	267,406	**1,104,713**	1,006,134
Gross margin	**41,192**	28,472	**165,726**	130,805
Adjustment to cost of sale[2]	**999**	(10,669)	**10,395**	(12,677)
Adjusted gross margin[1]	**40,193**	39,141	**155,331**	143,482
Results from operating activities	**22,815**	(38,345)	**94,963**	13,313
Adjusted results from operating activities[1]	**21,816**	22,324	**84,568**	75,990
EBITDA[1]	**29,568**	18,283	**121,249**	89,461
Adjusted EBITDA[1]	**28,569**	28,952	**110,854**	102,138
Net earnings	**11,876**	(45,502)	**51,789**	(16,568)
per share (basic)	**0.12**	(0.44)	**0.50**	(0.16)
per share (diluted)	**0.09**	(0.44)	**0.44**	(0.16)
Adjusted net earnings[1]	**11,283**	12,161	**44,494**	40,659
Adjusted net earnings per share (basic)[1]	**0.11**	0.12	**0.42**	0.39
Trailing twelve months free cash flow[3]	**45,765**	46,751	**45,765**	46,751
Dividends per share	**0.09**	0.09	**0.36**	0.36

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] See "Adjusted results" section.
[3] See "Free cash flow" section.









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-GAAP measurement. See "Non-GAAP measures" section.

We use the non-GAAP 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-GAAP 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-GAAP measures" section.

OUR RESULTS ARE ADJUSTED AS FOLLOWS:

Income (loss)		**Q4 2023**			Q4 2022	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Mark-to-market on:						
Sugar futures contracts	**3,444**	**—**	**3,444**	(190)	—	(190)
Foreign exchange forward contracts	**(94)**	**(727)**	**(821)**	(5,339)	(2,384)	(7,723)
Total mark-to-market adjustment on derivatives	**3,350**	**(727)**	**2,623**	(5,529)	(2,384)	(7,913)
Cumulative timing differences	**(1,560)**	**(64)**	**(1,624)**	(3,037)	281	(2,756)
Total adjustment to costs of sales	**1,790**	**(791)**	**999**	(8,566)	(2,103)	(10,669)

Income (loss)		**YTD 2023**			YTD 2022	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Mark-to-market on:						
Sugar futures contracts	**11,018**	**—**	**11,018**	1,325	—	1,325
Foreign exchange forward contracts	**1,085**	**(111)**	**974**	(5,058)	(2,474)	(7,532)
Total mark-to-market adjustment on derivatives	**12,103**	**(111)**	**11,992**	(3,733)	(2,474)	(6,207)
Cumulative timing differences	**(3,728)**	**2,131**	**(1,597)**	(6,563)	93	(6,470)
Total adjustment to costs of sales	**8,375**	**2,020**	**10,395**	(10,296)	(2,381)	(12,677)

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 30, 2023, 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. For comparable periods last year, the total cost of sales adjustment is a loss of $10.7 million and $12.7 million, respectively to be added to the consolidated results.

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

SEGMENTED INFORMATION

Segmented Results (In thousands of dollars)	Q4 2023 Sugar	Maple Products	Total	Q4 2022 Sugar	Maple Products	Total
	$	$	$	$	$	$
Revenues	**256,229**	**51,807**	**308,036**	220,142	47,264	267,406
Gross margin	**35,512**	**5,680**	**41,192**	26,758	1,714	28,472
Administration and selling expenses	**7,703**	**2,777**	**10,480**	9,138	2,411	11,549
Distribution costs	**7,414**	**483**	**7,897**	4,958	310	5,268
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Results from operating activities	**20,395**	**2,420**	**22,815**	12,662	(51,007)	(38,345)
Adjustment to cost of sales[2]	**(1,790)**	**791**	**(999)**	8,566	2,103	10,669
Adjusted Gross margin[1]	**33,722**	**6,471**	**40,193**	35,324	3,817	39,141
Adjusted results from operating activities[1][3]	**18,605**	**3,211**	**21,816**	21,228	1,096	22,324
EBITDA[1]	**25,453**	**4,115**	**29,568**	17,609	674	18,283
Adjusted EBITDA[1]	**23,663**	**4,906**	**28,569**	26,175	2,777	28,952
Additional information:						
Additions to property, plant and equipment and intangible assets, net of disposals	**8,949**	**252**	**9,201**	11,460	946	12,406
Increase in asset retirement obligation provision included in property, plant and equipment	**350**	**—**	**350**	—	—	—
Additions to right-of-use assets	**10,056**	**33**	**10,089**	113	—	113

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
(2) See "Adjusted results" section.
(3) Adjusted results exclude impact of goodwill impairment.

Segmented Results (In thousands of dollars)	YTD 2023 Sugar	Maple Products	Total	YTD 2022 Sugar	Maple Products	Total
	$	$	$	$	$	$
Revenues	**893,482**	**211,231**	**1,104,713**	792,200	213,934	1,006,134
Gross margin	**144,397**	**21,329**	**165,726**	115,872	14,933	130,805
Administration and selling expenses	**33,250**	**10,979**	**44,229**	35,733	10,050	45,783
Distribution costs	**24,637**	**1,897**	**26,534**	19,681	2,028	21,709
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Results from operating activities	**86,510**	**8,453**	**94,963**	60,458	(47,145)	13,313
Adjustment to cost of sales[2]	**(8,375)**	**(2,020)**	**(10,395)**	10,296	2,381	12,677
Adjusted Gross margin[1]	**136,022**	**19,309**	**155,331**	126,168	17,314	143,482
Adjusted results from operating activities[1][3]	**78,135**	**6,433**	**84,568**	70,754	5,236	75,990
EBITDA[1]	**106,021**	**15,228**	**121,249**	79,838	9,623	89,461
Adjusted EBITDA[1]	**97,646**	**13,208**	**110,854**	90,134	12,004	102,138
Additional information:						
Additions to property, plant and equipment and intangible assets, net of disposals	**36,151**	**951**	**37,102**	22,642	1,364	24,006
Increase in asset retirement obligation provision included in property, plant and equipment	**350**	**—**	**350**	100	—	100
Additions to right-of-use assets, net of disposals	**11,667**	**78**	**11,745**	8,842	—	8,842

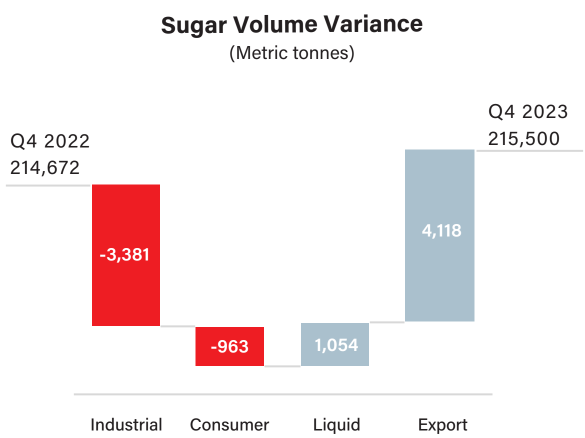
(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
(2) See "Adjusted results" section.
(3) Adjusted results exclude impact of goodwill impairment.

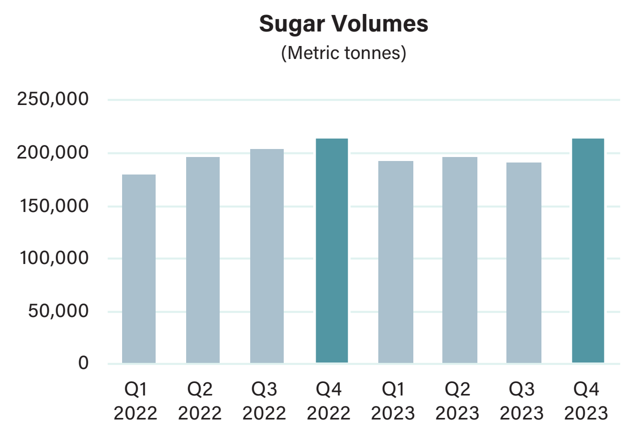
SUGAR

REVENUES

(In thousands of dollars)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Revenues	**256,229**	220,142	36,087	**893,482**	792,200	101,282

In the fourth quarter of 2023, revenues increased by $36.1 million, compared to the same period last year. The variance was driven mainly by higher average market-price for Raw #11, and improved average pricing for refining-related activities.



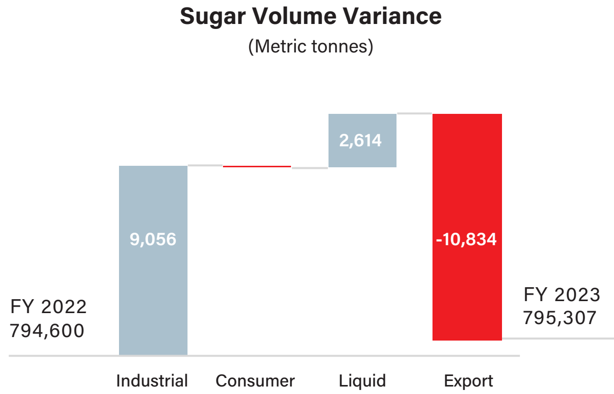


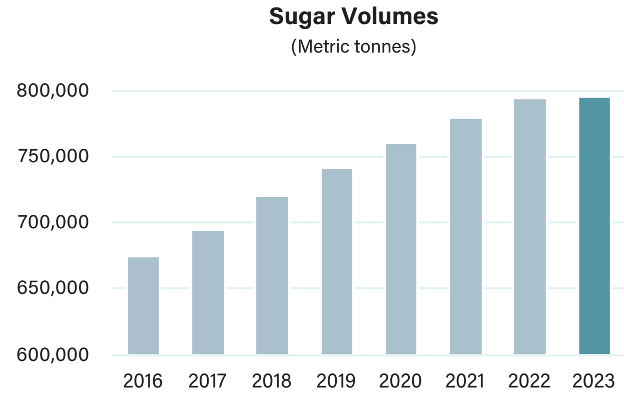
Overall, sugar volume increased slightly in the fourth quarter of 2023 compared to the same quarter last year, as a result of higher export and liquid sales volumes, partially offset by lower volumes in our industrial and consumer categories.

- Industrial volume decreased by 3,381 metric tonnes compared to the same period last year, largely due to the impact of an unforeseen peak in demand resulting from a temporary market disruption event that occurred in the second half of fiscal 2022.
- Consumer volume decreased by 963 metric tonnes compared to the same quarter last year, mainly due to timing of orders from customers.
- Liquid volume increased by 1,054 metric tonnes compared to the same period last year mainly due to stronger demand from existing customers.
- Export volume increased by 4,118 metric tonnes compared to the same period last year, when in fiscal 2022, we focused our sales efforts on serving the domestic industrial market, which was experiencing a temporary increase in demand.

In the 2023 fiscal year, revenues increased by $101.3 million compared to last year. The variance was driven mainly by higher average market-price for Raw #11, higher sales volume, improved average pricing for refining-related activities, and higher by-product sales revenues.

The average prices for Raw #11 sugar increased by US 3.6 cents per pound to US 22.5 cents per pound for the 2023 fiscal year, when compared to last year.





During fiscal year 2023, sugar volume totaled 795,307 metric tonnes, an increase of 707 metric tonnes compared to last year.

- Industrial volume increased by 9,056 metric tonnes compared to last year as a result of the continued strong demand in the domestic market.
- Consumer volume remained largely unchanged from last year.
- Liquid volume increased by 2,614 metric tonnes compared to last year as a result of higher demand from existing customers.
- Export volume decreased by 10,834 metric tonnes compared to last year, as we focussed our sales effort toward serving the domestic industrial market.

GROSS MARGIN

(In thousands of dollars, except per metric tonne information)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Gross margin	**35,512**	26,758	8,754	**144,397**	115,872	28,525
Total adjustment to cost of sales[2]	**(1,790)**	8,566	(10,356)	**(8,375)**	10,296	(18,671)
Adjusted gross margin[1]	**33,722**	35,324	(1,602)	**136,022**	126,168	9,854
Adjusted gross margin per metric tonne[1]	**156.48**	164.55	(8.07)	**171.03**	158.78	12.25
Included in Gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	**4,022**	4,300	(278)	**15,396**	16,835	(1,439)

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] See "Adjusted results" section.

Gross margin was $35.5 million and $144.4 million for the current quarter and the 2023 fiscal year, and included gains of $1.8 million and $8.4 million respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was $26.8 million and $115.9 million, respectively, with mark-to-market losses of $8.6 million and $10.3 million, respectively.

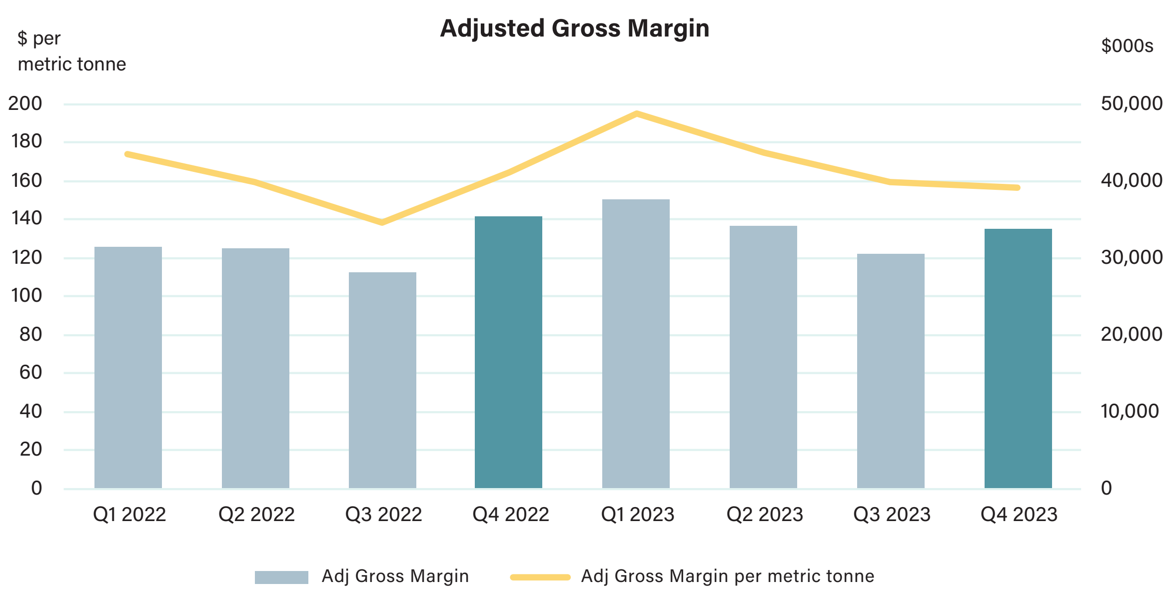
Adjusted gross margin was $33.7 million and $136.0 million for the current quarter and for the 2023 fiscal year, respectively, as compared to $35.3 million and $126.2 million in the same periods of 2022.

Adjusted gross margin decreased by $1.6 million in the current quarter compared to the same quarter last year mainly due to higher operating costs associated with unforeseen electrical maintenance at the Montréal plant and incremental costs associated with the importation of refined white sugar to support customer demand. These unfavourable variances were partially offset by higher sugar sales margin from improved average pricing on sugar refining-related activities.

On a per-unit basis, adjusted gross margin for the fourth quarter was $156 per metric tonne, as compared to $165 per metric tonne for the same period last year.

For the 2023 fiscal year, adjusted gross margin increased by $9.9 million driven mainly by improved average pricing on sugar refining-related activities, partially offset by higher production costs mainly driven by higher maintenance activities, market-based inflationary pressures on operating costs and higher energy prices.

On a per-unit basis, for the fiscal 2023, adjusted gross margin amounted to $171 per metric tonne compared to $159 per metric tonne for the same period last year. The favourable variance of $12 per metric tonne was mainly due to improved average pricing, partially offset by higher production costs.



OTHER EXPENSES

(In thousands of dollars, except per metric tonne information)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Administration and selling expenses	**7,703**	9,138	(1,435)	**33,250**	35,733	(2,483)
Distribution costs	**7,414**	4,958	2,456	**24,637**	19,681	4,956
Included in Administration and selling expenses:						
Depreciation of property, plant and equipment and right-of-use assets	**194**	223	(29)	**929**	867	62
Included in Distribution costs:						
Depreciation of right-of-use assets	**842**	424	418	**3,186**	1,679	1,507

In the fourth quarter of fiscal 2023, administration and selling expenses were lower by $1.4 million compared to the same quarter last year. The variance was mainly due to lower cash-settled share-based compensation expenses driven by a decrease in the share price used to estimate the related expense, partially offset by higher compensation costs and related employee benefits. Distribution costs increased by $2.5 million compared to the same quarter last year, mainly due to an increase in logistical costs to support the strong demand in Eastern Canada and the lower-than-expected production from our beet sugar facility in Taber in fiscal 2023.

For the year, administration and selling expenses were $2.5 million lower than the comparable period last year. The variance was mainly due to lower cash-settled share-based compensation expenses driven by a decrease in the share price used to estimate the related expense, partially offset by higher compensation costs and related employee benefits. Distribution costs increased by $5.0 million compared to the 2022 fiscal year, mainly due to an increase in logistical costs to support the strong demand in Eastern Canada and the lower-than-expected production from our beet sugar facility in Taber.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTD EBITDA

(In thousands of dollars)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Results from operating activities	**20,395**	12,662	7,733	**86,510**	60,458	26,052
Total adjustment to cost of sales[(2)]	**(1,790)**	8,566	(10,356)	**(8,375)**	10,296	(18,671)
Adjusted results from operating activities [1)]	**18,605**	21,228	(2,623)	**78,135**	70,754	7,381
Depreciation of property, plant and equipment, right-of-use assets, and amortization of intangible assets	**5,058**	4,947	111	**19,511**	19,380	131
EBITDA[(1)]	**25,453**	17,609	7,844	**106,021**	79,838	26,183
Adjusted EBITDA[(1)]	**23,663**	26,175	(2,512)	**97,646**	90,134	7,512

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

Results from operating activities for the fourth quarter and the 2023 fiscal year were $20.4 million and $86.5 million, respectively, an increase of $7.7 million and $26.1 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 2023 were $2.6 million lower than the same period last year, mainly due to lower adjusted gross margin and higher distribution costs, partially offset by lower administration and selling expenses. Adjusted results from operating activities for the 2023 fiscal year were $7.4 million higher than the same period last year as higher adjusted gross margin and lower administration and selling expenses were partially offset by higher distribution costs.

EBITDA for the fourth quarter and the 2023 fiscal year were $25.5 million and $106.0 million, respectively, an increase of $7.8 million and $26.2 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 decreased by $2.5 million compared to the same period last year, largely due to lower adjusted gross margin and higher distribution costs, partially offset by lower administration and selling expenses. Adjusted EBITDA for the 2023 fiscal year increased by $7.5 million largely due to higher adjusted gross margin and lower administration and selling expenses, partially offset by higher distribution costs, as mentioned above.

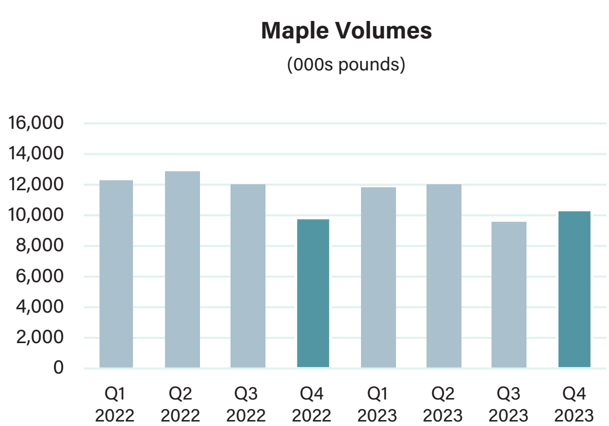
MAPLE

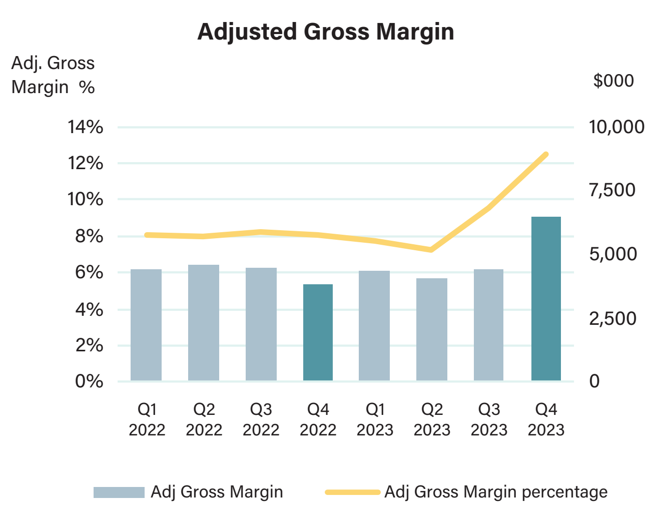
REVENUES

(In thousands of dollars, except volumes)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Volumes ('000 pounds)	**10,363**	9,838	525	**43,871**	47,063	(3,192)
Revenues	**51,807**	47,264	4,543	**211,231**	213,934	(2,703)

Revenues for the fourth quarter were $4.5 million higher than the same period last year due to improved average selling prices and an increase in sales volume. For the 2023 fiscal year, revenues were $2.7 million lower than last fiscal year largely due to lower volume, partially offset by higher average selling prices.

Total volume sold decreased by 3.2 million lbs or 6.8% in 2023 as compared to 2022. The decrease in volume was mainly attributable to lower demand and unfavourable market dynamics impacting negatively the global demand for maple syrup.





GROSS MARGIN

(In thousands of dollars, except adjusted gross margin rate information)	Q4 2023	Q4 2022	Δ	YTD 2023	YTD 2022	Δ
	$	$	$	**$**	$	$
Gross margin	**5,680**	1,714	3,966	**21,329**	14,933	6,396
Total adjustment to cost of sales(1)(2)	**791**	2,103	(1,312)	**(2,020)**	2,381	(4,401)
Adjusted gross margin(1)	**6,471**	3,817	2,654	**19,309**	17,314	1,995
Adjusted gross margin percentage(1)	**12.5%**	8.1%	4.4%	**9.1%**	8.1%	1.0%
Included in Gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	**818**	807	11	**3,265**	3,278	(13)

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

Gross margin was $5.7 million and $21.3 million for the three months and the current fiscal year and includes a loss of $0.8 million and a gain of $2.0 million respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was $1.7 million and $14.9 million, respectively, with a mark-to-market loss of $2.1 million and $2.4 million, respectively.

Adjusted gross margin for the fourth quarter of fiscal 2023 was higher by $2.7 million due to higher average selling prices, higher sales volume and lower production costs from recent automation initiatives.

Adjusted gross margin for fiscal 2023 was $2.0 million higher than the prior year, due to higher average selling prices and lower operating costs, partially offset by lower sales volume. Operating costs were slightly lower in 2023 as compared to 2022 as market-based inflationary increases in costs were more than offset by savings related to automation initiatives implemented in the second half of 2023.

Adjusted gross margin percentage for the fourth quarter of 2023 was 12.5% as compared to 8.1% for the same quarter last year. The favourable variance was mainly related to higher average pricing and lower operating costs from savings related to automation initiatives. Adjusted gross margin percentage for fiscal year 2023 was 9.1% as compared to 8.1% for fiscal year 2022. The favourable variance was mainly related to higher average pricing and lower operating costs.

OTHER EXPENSES

(In thousands of dollars)	Q4 2023	Q4 2022	Δ	YTD 2023	YTD 2022	Δ
	$	$	$	**$**	$	$
Administration and selling expenses	**2,777**	2,411	366	**10,979**	10,050	929
Distribution costs	**483**	310	173	**1,898**	2,028	(130)
Goodwill impairment	**—**	50,000	(50,000)	**—**	50,000	(50,000)
Included in Administration and selling expenses:						
Amortization of intangible assets	**877**	874	3	**3,510**	3,490	20

Administration and selling expenses for the last three months and for the twelve months ended in the current fiscal year were $0.4 million and $0.9 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 were higher by $0.2 million compared to the same period last year, due to incremental logistics costs from higher sales volume. Distribution costs for the 2023 fiscal year were lower by $0.1 million due to lower volume sold, partially offset by market-based cost increases.

At the end of fiscal 2022, we performed our annual accounting impairment testing and concluded that the carrying value of the net assets of our Maple business segment exceeded the recoverable amount by $50.0 million at that point in time. As a result, we recorded a non-cash impairment charge to our goodwill balance of $50.0 million in the fourth quarter of fiscal 2022. This reduction in goodwill was mainly attributable to the lower-than-expected financial results of the Maple business segment in 2022, caused by unfavourable market dynamics and significant inflationary pressures.

We performed our annual accounting impairment testing on the Maple business segment at the end of fiscal 2023 and concluded that the carrying value of the net assets was lower than the recoverable value of such assets. Accordingly, no impairment charge was recorded at the end of fiscal year 2023.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

(In thousands of dollars)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Results from operating activities	**2,420**	(51,007)	53,427	**8,453**	(47,145)	55,598
Total adjustment to cost of sales[1]	**791**	2,103	(1,312)	**(2,020)**	2,381	(4,401)
Goodwill impairment	**—**	50,000	(50,000)	**—**	50,000	(50,000)
Adjusted results from operating activities[1][3]	**3,211**	1,096	2,115	**6,433**	5,236	1,197
Depreciation and amortization	**1,695**	1,681	14	**6,775**	6,768	7
EBITDA[1]	**4,115**	674	3,441	**15,228**	9,623	5,605
Adjusted EBITDA[1]	**4,906**	2,777	2,129	**13,208**	12,004	1,204

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP 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 2023 fiscal year were $2.4 million and $8.5 million respectively, compared to a loss of $51.0 million and $47.1 million respectively, in the same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments and the goodwill impairment recorded in the fourth quarter of 2022.

Adjusted results from operating activities for the current quarter were $2.1 million higher than the comparable period last year, due mainly to higher adjusted gross margin, partially offset by higher distribution costs, administration and selling expenses.

Adjusted results from operating activities for the 2023 fiscal year were $1.2 million higher than the comparable period last year, due mainly to higher adjusted gross margin, partially offset by higher administration and selling expenses, as explained above.

EBITDA for the fourth quarter and the 2023 fiscal year were $4.1 million and $15.2 million, respectively, an increase of $3.4 million and $5.6 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 EBITDA for the current quarter of fiscal 2023 increased by $2.1 million, due to higher sales volume and increased adjusted gross margin as explained above. Adjusted EBITDA for the 2023 fiscal year increased by $1.2 million, compared to the same period last year, largely driven by higher adjusted gross margins, partially offset by higher administration and selling expenses, as explained above.

OUTLOOK

Following a solid performance in 2023, we expect to continue to deliver a strong, stable financial performance in 2024. The continued strength in demand and pricing is expected to support stable organic growth for our Sugar business segment going forward. We expect our Maple segment to modestly recover during 2024 as the unfavorable inflationary pressures encountered over the last two years begin to recede.

SUGAR

We expect the Sugar segment to perform well in fiscal 2024. Underlying North American demand remains strong across all customer segments supported by favourable market dynamics. Improvements in pricing implemented over the last two years will continue to positively support our financial results, allowing us to mitigate the current impact of inflationary pressures on costs. However, the current labour disruption at our Vancouver refinery is expected to negatively impact our 2024 financial results, the extent of which is not yet known. The magnitude of the impact will depend mainly on the length of the strike and the potential internal incremental costs associated with servicing our Western customers impacted by the labour disruption.

Since the beginning of the strike, on September 28, 2023, the Vancouver sugar refinery, which represents approximately 17% of our production of refined sugar, has been operating at approximately a third of its capacity, and we have been using some of the production of our Taber facility to support our customers in Western Canada. As at the time of preparation of this MD&A, we remain committed in reaching an agreement that is acceptable to both parties.

The initial volume expectation for fiscal year 2024 was set at 800,000 metric tonnes, representing an increase of 4,700 metric tonnes as compared to fiscal year 2023. Considering the current labour situation at our Vancouver refinery, we expect our volumes will be lower in 2024 compared to 2023. The reduction in volume sold to customers will depend on the length of the labour disruption. We will continue to prioritize domestic sales and focus on meeting our commitments to our customers. We will provide updates on the expected impact of the labour disruption on sales volumes as the situation evolves.

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 2023 sugar beet campaign, with expected completion by the end of February. Based on our early assessment, we anticipate the 2023 crop to deliver between 105,000 metric tonnes and 110,000 metric tonnes of beet sugar, consistent with our expectations. The volume expectations align with the acreage contracted with the ASBG and the volume of sugar beets received.

Production costs and maintenance programs for our three production facilities are expected to continue to be moderately impacted by the current inflationary market-based pressures. We continue to focus on cost control initiatives throughout our operations.

Distribution costs are expected to be stable in 2024. These expenditures reflect the transfer of sugar produced between our facilities to serve our customers, including some of the costs associated with meeting the growing market demand with imported refined white sugar from Central America.

Administration and selling expenses are expected to increase in 2024 as compared to 2023, due mainly to market-based increases for compensation expenditures and external services supporting our business.

We anticipate our financing costs to increase in fiscal 2024 due to higher working capital needs, mainly associated with the purchase of raw sugar. We have been able to 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 2024.

Spending on regular business capital projects is also expected to remain stable for fiscal 2024. We anticipate spending approximately $25 million on various initiatives. This capital spending estimate excludes expenditures relating to our recently announced Expansion Project in Eastern Canada, which are currently estimated to be at $70 million for fiscal 2024.

MAPLE

The Maple segment financial results were lower than anticipated for 2023. This was due mainly to lower volume and lingering inflationary pressures on costs. Although we expect these financial and operating pressures to remain in the first part of fiscal 2024, we expect the Maple business segment to continue to benefit from automation initiatives at its Granby and Dégelis plants. Such initiatives, combined with recently negotiated price increases, are supporting the anticipated modest recovery of our Maple business segment in 2024. The expected sales volume for 2024 is stable when compared to 2023 at approximately 43.5 million lbs. The sales volume expectations reflects the sector-wide challenging market dynamics, impacting the global demand for maple syrup.

Capital investments have decreased significantly in recent years. The Maple segment is expected to spend between $1 million and $1.5 million annually on capital projects. The main driver for the selected projects is to improve productivity and profitability through automation.

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

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

(unaudited) (In thousands of dollars, except volumes and per share information)	**Q4 2023**	Q4 2022	**YTD 2023**	YTD 2022
	$	$	**$**	$
Sugar (metric tonnes)	**215,500**	214,672	**795,307**	794,600
Maple syrup (000 pounds)	**10,363**	9,838	**43,871**	47,063
Total revenues	**308,036**	267,406	**1,104,713**	1,006,134
Gross margin	**41,192**	28,472	**165,726**	130,805
Adjusted gross margin[(1)]	**40,193**	39,141	**155,331**	143,482
Results from operating activities	**22,815**	(38,345)	**94,963**	13,313
Adjusted results from operating activities[(1)]	**21,816**	22,324	**84,568**	75,990
EBITDA[(1)]	**29,568**	18,283	**121,249**	89,461
Adjusted EBITDA[(1)]	**28,569**	28,952	**110,854**	102,138
Net finance costs	**6,687**	5,057	**24,577**	17,567
Income tax expense	**4,252**	2,099	**18,597**	12,314
Net (loss) earnings	**11,876**	(45,502)	**51,789**	(16,568)
per share (basic)	**0.12**	(0.44)	**0.50**	(0.16)
per share (diluted)	**0.09**	(0.44)	**0.44**	(0.16)
Adjusted net earnings[(1)]	**11,283**	12,161	**44,494**	40,659
per share (basic)[(1)]	**0.11**	0.12	**0.42**	0.39
Dividends per share	**0.09**	0.09	**0.36**	0.36

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

TOTAL REVENUES

Revenues increased by $40.6 million and $98.6 million for the fourth quarter and for the 2023 fiscal year, respectively, compared to the same periods last year. The increase in revenues was mainly attributable to higher prices paid for Raw #11 sugar and higher average pricing for refining related activities in the Sugar segment, as well as higher pricing in the Maple segment.

GROSS MARGIN

Gross margin increased by $12.7 million and $34.9 million respectively for the current quarter and for fiscal 2023 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 2023 fiscal year increased by $1.1 million and $11.8 million respectively, compared to the same period last year. These positive variances were 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 $156 per metric tonne, a decrease of $8 per metric tonne compared to the same period last year. Adjusted gross margin per metric tonne for fiscal 2023 in the Sugar segment at $171 per metric tonnes, was higher by $12 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 and the 2023 fiscal year were higher by 4.4% and 1.0% respectively, when compared to the same period last year, mainly driven by higher pricing and lower operating costs.

RESULTS FROM OPERATING ACTIVITIES

Results from operating activities for the current quarter were $22.8 million compared to a loss of $38.3 million in the same quarter last year, representing an increase of $61.1 million. For fiscal 2023, results from operating activities were $95.0 million compared to $13.3 million last year, representing an increase of $81.7 million. Adjusted results from operating activities for the current quarter amounted to $21.8 million compared to $22.3 million in the same quarter last year, a decrease of $0.5 million. For fiscal 2023, adjusted results from operating activities were $84.6 million compared to $76.0 million, representing an increase of $8.6 million. The improvement of adjusted results from operating activities in both periods was mainly driven by higher contribution from the Sugar segment during the 2023 fiscal year.

NET FINANCE COSTS

(In thousands of dollars)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Interest expense on convertible unsecured subordinated debentures, including accretion of $1,024 (2022 - $969)	**2,140**	2,125	15	**8,530**	8,413	117
Interest on revolving credit facility	**1,946**	1,113	833	**7,293**	5,063	2,230
Interest on senior guaranteed notes, including accretion of $158 (2022- $116)	**917**	895	22	**3,639**	3,595	44
Amortization of deferred financing fees	**308**	311	(3)	**1,231**	1,240	(9)
Interest on Producteurs et Productrices Acérioles du Québec supplier balance	**840**	497	343	**2,265**	900	1,365
Other interest expense	**—**	142	(142)	**21**	157	(136)
Interest accretion on discounted lease obligations	**335**	301	34	**1,075**	1,000	75
Net change in fair value of interest rate swaps	**201**	(328)	529	**523**	(2,801)	3,324
Net finance costs	**6,687**	5,056	1,630	**24,577**	17,567	7,010

For the fourth quarter of 2023 and fiscal 2023, net finance costs were higher by $1.6 million and $7.0 million respectively, compared to the same periods last year, largely driven by the increase in interest expense on our revolving credit facility from higher average borrowing, the increase in 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.

TAXATION

(In thousands of dollars)	**Q4 2023**	Q4 2022	Δ	**YTD 2023**	YTD 2022	Δ
	$	$	$	**$**	$	$
Current	**3,606**	1,595	2,011	**14,676**	14,275	401
Deferred	**646**	504	142	**3,921**	(1,961)	5,882
Income tax expense	**4,252**	2,099	2,153	**18,597**	12,314	6,283

The variations in current and deferred tax expense for the current quarter and the fiscal 2023 are consistent with the variation in earnings before income taxes compared to the same periods last year, excluding the impact of the goodwill impairment charge recorded in the fourth quarter of 2022.

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 2023 were higher by $57.4 million and $68.4 million, respectively, compared to the same periods last year. Excluding the goodwill impairment of $50.0 million recorded in the fourth quarter of fiscal 2022, net earnings in the fourth quarter and for the fiscal 2023 were higher by $7.4 million and $18.4 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, partially offset by higher net finance costs and income tax expenses.

Adjusted net earnings in the fourth quarter were $0.9 million lower compared to the same period last year, mainly due to higher net finance costs. Adjusted net earnings for the 2023 fiscal year were higher by $3.8 million compared to the same periods last year, largely attributable to higher adjusted results from operating activities, partially offset by higher net finance costs.

SUMMARY OF QUARTERLY RESULTS

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

QUARTERS [2]	**2023**				2022			
(In thousands of dollars, except for volume and per share information)	**Fourth**	**Third**	**Second**	**First**	Fourth	Third	Second	First
	$	**$**	**$**	**$**	$	$	$	$
Sugar volumes (MT)	**215,500**	**191,411**	**195,547**	**192,849**	214,672	203,315	196,570	180,043
Maple products volume ('000 pounds)	**10,363**	**9,630**	**12,059**	**11,819**	9,838	12,027	12,912	12,286
Total revenues	**308,036**	**262,285**	**272,949**	**261,443**	267,406	254,632	253,341	230,755
Gross margin	**41,192**	**41,685**	**41,659**	**41,191**	28,472	24,948	33,899	43,486
Adjusted gross margin[1]	**40,193**	**34,912**	**38,233**	**41,993**	39,141	32,654	35,887	35,800
Results from operations	**22,815**	**24,008**	**21,856**	**26,284**	(38,345)	8,822	15,499	27,337
Adjusted results from operations[1]	**21,816**	**17,235**	**18,431**	**27,086**	22,324	16,528	17,487	19,651
EBITDA[1]	**29,568**	**30,523**	**28,445**	**32,713**	18,283	15,402	22,029	33,748
Adjusted EBITDA[1]	**28,569**	**23,750**	**25,020**	**33,515**	28,952	23,108	24,017	26,061
Net (loss) earnings	**11,876**	**14,177**	**11,062**	**14,674**	(45,502)	3,138	8,570	17,226
Per share - basic	**0.12**	**0.13**	**0.11**	**0.14**	(0.44)	0.03	0.08	0.17
Per share - diluted	**0.09**	**0.12**	**0.10**	**0.13**	(0.44)	0.03	0.08	0.15
Adjusted net earnings[1]	**11,283**	**8,749**	**9,115**	**15,347**	12,161	8,419	9,122	10,957
Per share - basic	**0.11**	**0.08**	**0.09**	**0.15**	0.12	0.08	0.09	0.11
Per share - diluted	**0.10**	**0.08**	**0.09**	**0.31**	0.11	0.08	0.09	0.10
Sugar - Adjusted gross margin rate per MT[1]	**156.48**	**159.31**	**174.62**	**195.29**	164.55	138.68	159.11	174.25
Maple - Adjusted gross margin percentage[1]	**12.5%**	**9.5%**	**7.2%**	**7.7%**	8.1%	8.2%	8.0%	8.1%

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP 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. Over the last eight quarters, this trend was less correlated due to sustained strong demand in the domestic market and sales that were delayed from the first quarters of both, 2023 and 2022.

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 30, 2023**	October 1, 2022	October 2, 2021
	$	$	$
Total assets	**960,901**	937,956	879,930
Total liabilities	**654,005**	646,537	560,972

The increase in total assets of $22.9 million in the current fiscal year was mainly due to an increase in inventory of $20.6 million, an increase in property, plant, and equipment of $19.2 million and incremental right-of-use assets of $7.0 million. These positives variances were partially offset by a decrease in derivative financial instruments assets of $17.9 million, a decrease in intangible assets of $3.4 million and lower trade and other receivables of $2.0 million.

Total liabilities for the current fiscal year increased by $7.5 million due mainly to an increase in outstanding balance under the revolving credit facility of $32.0 million, higher lease obligations of $7.3 million and an increase in deferred tax liabilities of $3.3 million. These variances were partially offset by a decrease in trade and other payables of $13.0 million, a reduction in the employee benefits liabilities of $15.6 million and a decrease in derivative financial instruments liabilities of $6.6 million.

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 2023**	FY 2022
	$	$
Net cash flow from operating activities	**44,318**	21,552
Cash flow used in financing activities	**(8,886)**	(13,554)
Cash flow used in investing activities	**(35,398)**	(23,730)
Effect of changes in exchange rate on cash	**(139)**	240
Net decrease in cash	**(105)**	(15,492)

Cash flow from operating activities for the current year increased by $22.8 million compared to last year, due mainly to higher net earnings adjusted for non-cash items of $11.4 million, a positive non-cash working capital variation of $8.2 million and lower income taxes paid of $6.7 million. These positive variances were partially offset by higher interest paid of $3.6 million.

Cash flow used in financing activities decreased by $4.7 million for the current year compared to last year due mainly to an increase in borrowings from the revolving credit facility, partially offset by increase in payment of financing fees.

The cash flow used in investing activities increased by $11.7 million in the current year compared to last year due mainly to the capitalization of $9.7 million in expenditures in connection with the planning and design stage of our planned Expansion Project in Eastern Canada.

In order to provide additional information, we believe it is appropriate to measure free cash flow that is generated by our operations. Free cash flow is a non-GAAP 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.

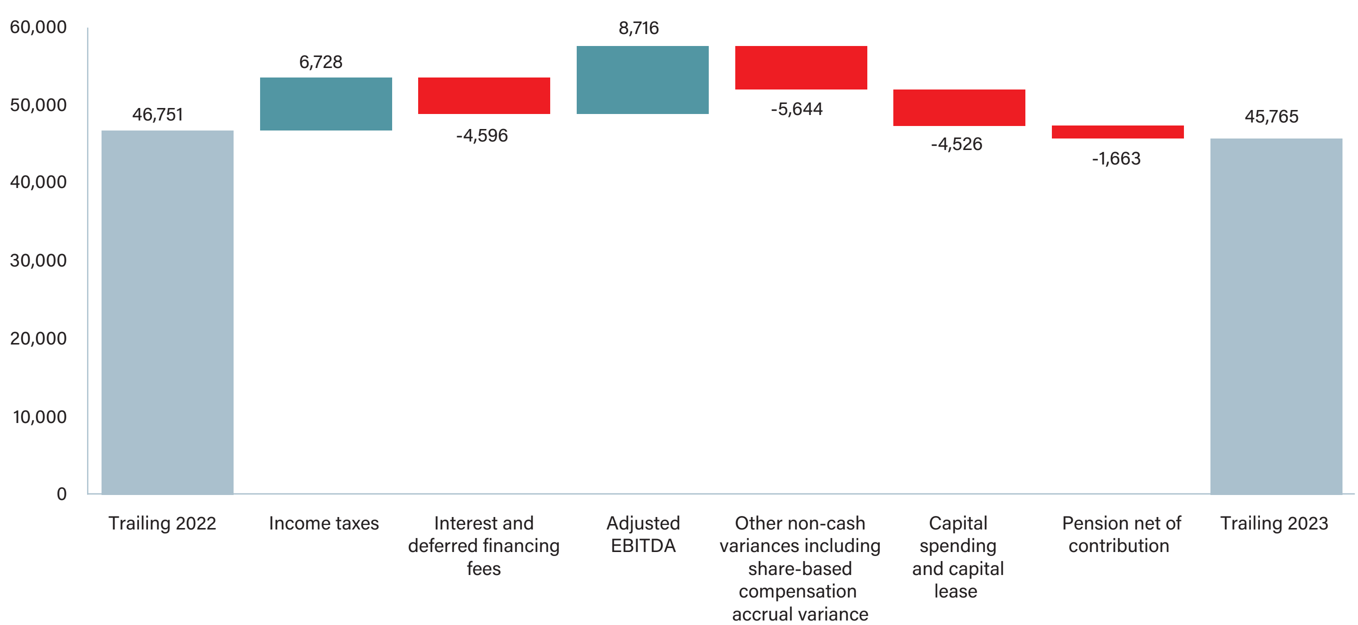
FREE CASH FLOW

	Trailing twelve months	
(In thousands of dollars)	**2023**	2022
	$	$
Cash flow from operations	**44,318**	21,552
Adjustments:		
Changes in non-cash working capital	**35,039**	43,195
Mark-to-market and derivative timing adjustments	**(9,871)**	9,876
Payment of deferred financing fees	**(1,308)**	(268)
Financial instruments non-cash amount	**5,687**	(4,030)
Capital expenditures and intangible assets	**(35,398)**	(23,730)
Value added capital expenditures	**12,717**	5,306
Payment of lease obligations	**(5,419)**	(5,150)
Free cash flow[1]	**45,765**	46,751
Declared dividends	**37,752**	**37,500**

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.

Free Cash Flow

($000s)



Free cash flow for the trailing twelve months ending September 30, 2023 amounted to $45.8 million, representing a decrease of $1.0 million compared to the same period last year. This decrease in free cash flow was mainly due to higher capital expenditures, intangible assets and value-added capital expenditures of $4.3 million, the reduction of non-cash impact of $5.8 million related to the variance in the accrual for cash-settled share-based compensation of senior managements, and the increase in payment of interest and deferred financing fees of $4.6 million. This variance was partially offset by higher adjusted EBITDA of $8.7 million and the decrease in income taxes paid of $6.7 million.

Capital and intangible assets expenditures, net of value-added capital expenditures, increased by $4.3 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, as these projects are not necessary for the operation of the plants but are undertaken because of the operational savings that are realized once the projects are completed. The increase in the amount spent in value-added capital expenditures for 2023 as compared to the same period in 2022, was mainly related to costs amounting to $9.7 million incurred in connection with the planning and design stage of our planned Expansion Project in Eastern Canada.

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 $4.2 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	**158,000**	58,000	100,000	—	—
Senior Guaranteed Notes	**100,000**	—	—	—	100,000
Interest on convertible debentures	**11,700**	7,506	4,194	—	—
Interest based on swaps	**3,370**	2,422	948	—	—
Interest on Senior Guaranteed Notes	**26,466**	3,490	6,980	3,490	12,506
Lease obligations	**38,731**	5,965	11,302	6,975	14,489
Purchase obligations	**92,062**	92,062	—	—	—
	430,329	169,445	23,424	110,465	126,995
Sugar purchase obligations ('000 MT)	**901**	711	190	—	—
Maple purchase obligations ('000 pounds)	**4,700**	4,700	—	—	—

The Sixth and Seventh series debentures, which mature in December 2024 and June 2025, respectively, 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.

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 30, 2023, the approved amount available for borrowing was $265 million, of which $158 million was drawn.

On November 1, 2023, Lantic amended its revolving credit facility, by extending its term to October 31, 2027, and by increasing the amount available for borrowing for working capital and for the Expansion Project by $75 million to $340 million. In addition, in order to conform with the IBOR reform, Lantic will borrow at prime rate, SOFR Rate or under Adjusted Term CORRA loan, plus 20 to 250 basis points, based on achieving certain financial ratios.

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 30, 2023, Lantic was in compliance with all the covenants under its revolving credit facility and its private placement and a total of $630.0 million have been pledged as security, compared to $590.6 million as at October 1, 2022 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. The following table provides the outstanding swap agreements as at September 30, 2023 as well as their respective value, interest rate and time period:

Fiscal year contracted	Date	Total value
(in thousands of dollars)		$
Fiscal 2019	March 12, 2019 to June 28, 2024 – 2.08%	**20,000**
Fiscal 2019	June 28, 2022 to June 28, 2024 – 2.17%	**80,000**
Fiscal 2020	October 3, 2019 to June 28, 2024 – 1.68%	**20,000**
Fiscal 2020	February 24, 2020 to June 28, 2025 – 1.60%	**20,000**
Fiscal 2020	June 28, 2024 to June 28, 2025– 1.18%	**80,000**
Total outstanding value as at September 30, 2023		**220,000**

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 $50.4 million for sugar beets that will be harvested and processed in fiscal 2024. 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 2024 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 March 2026.

As at September 30, 2023, we had a net short sugar position of 10,189 metric tonnes with a current net contract value of $12.8 million. This short position is mainly related to hedging activities related to the sale of beet sugar and the offset of a larger volume of sugar priced from suppliers than sugar priced with customers.

We use forward contracts and commodity swaps to help manage our natural gas costs. As at September 30, 2023, we had $56.8 million in natural gas derivatives, with a current contract value of $61.2 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 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 $89.7 million in foreign currency forward contracts with a current contract value of $90.7 million, representing an unrealized loss of $1.0 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 30, 2023, we had commitments to purchase a total of 901,000 metric tonnes of raw sugar, of which approximately 228,136 metric tonnes had been priced, for a total dollar commitment of $187.2 million.

TMTC has $4.1 million remaining to pay related to an agreement to purchase approximately 4.7 million pounds of maple syrup from the PPAQ.

We have no other off-balance sheet arrangements.

CAPITAL RESOURCES

As at September 30, 2023, Lantic had a total of $265.0 million of available working capital from its revolving credit facility, from which it can borrow at prime rate, SOFR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios. This balance was increased to $340 million on November 1, 2023. As at September 30, 2023, a total of $630.0 million of assets have been pledged as security for the revolving credit facility, compared to $590.6 million as at October 1, 2022; including trade receivables, inventories and property, plant and equipment.

As at September 30, 2023, $158.0 million had been drawn from the working capital facility and $2.6 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 $18.8 million have been approved for completing capital expenditures presently in progress. In addition, subsequent to year end, the Company entered into commitments related to the Expansion Project for a total value of $24.0 million.

We also have funding obligations related to our employee future benefit plans, which include defined benefit pension plans. As at September 30, 2023, 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 2023, cash contributions to defined benefit pension and other plans amounted to $4.3 million. In total, we expect to incur cash contributions of approximately $3.8 million for fiscal 2024 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. The Expansion Project is expected to be 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.

Management believes that the unused credit under the revolving facility along with the loans from Investissement Quebec related to the Expansion Project are adequate to meet our expected cash requirements.

OUTSTANDING SECURITIES

A total of 105,096,120 shares were outstanding as at September 30, 2023 and November 29, 2023, respectively (104,372,045 as at October 1, 2022).

During fiscal 2023, 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 30, 2023, a total of 3,789,786 options had been granted, of which 3,025,711 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 7, 2020	491,412	98,920	590,332	2021-2023
December 6, 2021	386,709	42,563	429,272	2022-2024
December 12, 2022	310,964	14,476	325,440	2023-2025

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

During fiscal 2023, the grant related to fiscal 2020 was cash settled for an amount of $640,000. The grant related to fiscal 2021 will be cash settled in December 2023, representing an expected payout of $3,908,000.

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 set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors of the Company. If the level of achievement of total shareholder returns 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 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 comprised 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 is 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 Administrators ("NI 58-101").

Our governance and business management systems are design 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 different 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 Montreal 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 the property 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 an ESG team within its management group to support the ESG strategy.

During the third quarter of 2023, we published our annual ESG report. The report can be accessed on SEDAR or on our website at www.Lanticrogers.com.

ESG REPORTS

In July 2023, we published the 2022 ESG Report, the report which incorporates key performance indicators from the Agricultural Products Sustainability Accounting Standard Board (**"SASB"**), builds on the 2021 ESG Report and the 2020 ESG Report and includes more information around our sustainability program, including our efforts to improve workplace safety and diversity.

In its 2022 ESG Report, we present our ESG performance, priorities, and initiatives for the fiscal year 2022, which ended on October 1, 2022. The report covers the following topics: climate action, operational waste, water management, packaging, health and safety, diversity, equality and inclusion, human rights, employee wellbeing and development, food safety, community involvement, responsible sourcing, and governance.

One of the key aspects of our ESG program is the implementation of an occupational health and safety management system that aims to provide a safe work environment for all its employees and contractors. Rogers has a health and safety policy and standards that are regularly reviewed and updated, and a team that collaborates with local health care and safety professionals to monitor and suggest improvements. Rogers also benchmarks itself against the Occupational Safety and Health Administration (OSHA) standards and sets continuous improvement objectives to reduce risk and achieve a culture of zero harm. Our efforts have resulted in a significant reduction in our recordable injury frequency (**"RIF"**) and lost time incident rate (**"LTIR"**) over the last five years, as well as zero fatal accidents in fiscal 2022. In 2022, Rogers achieved a record low incidence rate across its operations, with a 47% reduction in RIF and a 41% reduction in LTIR compared to 2021.

Another important aspect of Rogers' ESG program is the implementation of measures to further ensure the labour rights of its employees and its suppliers. We are a proud equal opportunity employer that ensures there is no discrimination of any type on hiring and that there is pay equity, regardless of gender, ethnicity or any other factors not related to performance. We maintain policies and a Code of Business Conduct that outline its expectations and guidelines on topics such as equality and diversity, harassment and offensive behavior, freedom of association, and no child or forced labour. In 2019, Rogers released its Human Rights Policy, which applies to all its employees and reflects its commitment to social responsibility and respect for human dignity. In 2022, Rogers developed and released its Ethical and Sustainable Sourcing Policy and the associated Ethical and Sustainable Sourcing Supplier Code of Conduct, which encompass comprehensive criteria on anti-bribery and corruption, labour rights, fair and safe working conditions, and environmental compliance. In 2023, we expanded the scope of our Ethical and Sustainable Sourcing Policy and the associated Ethical and Sustainable Sourcing Supplier Code of Conduct to include governance and land rights aspects, and created a robust distribution and tracking plan to monitor the updated documents distribution to all suppliers across the sugar and maple business segments.

Rogers is also committed to promoting responsible management of its resources and the environment through addressing the environmental risks associated with the impact of its operations and its supply chain. We recognize that climate change, including the impacts of global warming and extreme weather events, represents a risk that could adversely affect both of our business segments. Rogers is proud to have invested over $9 million since 2018 in projects that have improved its manufacturing process energy efficiency and reduced the associated carbon emissions, an investment strategy that will continue in the coming years.

In previous years, Rogers has reported greenhouse gas (**"GHG"**) emissions associated only with fuel combustion. The results provided in the 2022 ESG Report form a more complete organizational GHG emission inventory, calculated based on the World Resource Institute's Greenhouse Gas Protocol. In 2022, we expanded our reported GHG emissions inventory to include all known Scope 1 and Scope 2 emissions sources, along with a limited Scope 3 inventory. This more comprehensive accounting approach will allow us to develop future oriented carbon reduction strategies and measurable targets going forward, using 2022 as its baseline.

In 2022, Rogers also conducted its first water risk assessment and identified that eight of its nine facilities were located in areas of low overall water risk, and one facility in an area of low-medium overall water risk. Rogers strives to reduce water use through initiatives that include water recycling and water conservation, and to monitor the quality of water it discharges to protect the aquatic ecosystems in which it operates. We have a published target to source 100% of raw sugar from producers who follow certified or verified sustainable agricultural practices by 2027, and in 2022, we took a significant step in meeting this target by entering into a multi-year supply partnership with Raízen, a source of certified non-GMO and certified Bonsucro sugar for our Eastern Canada operations. Rogers currently traces almost 100% of its sugar beets and maple syrup supply to the farms where they are sourced in Canada and the US, and ensures that the beets are grown using sustainable agriculture practices verified by the Farm Sustainability Assessment (FSA) performance assessment from the Sustainable Agriculture Initiative (SAI).

Rogers is committed to using sustainable packaging across both its sugar and maple segments, and to minimizing the impact of its product packaging on the environment. We conducted an assessment of the primary packaging components used in our own brand retail packaging and found that approximately 93% of our branded retail packaging utilized plastic alternative materials and consisted of materials that generally have well developed recycling systems and end-markets. Rogers recognizes that making its packaging more sustainable and recyclable will provide it with a competitive advantage and place it in a strong position as more Extended Producer Responsibility (EPR) regulations are released by both Provincial/State and Federal Governments.

Lastly, we are proud to support the communities in which we operate and to provide financial support to various local and international charitable organizations each year. Rogers has a Donation Policy that guides its contributions to organizations active in the local community, including those supporting underprivileged families, agricultural education, community welfare and employees in crisis. We support our employees volunteering for causes that they support and provide them with a process to do so with the support of Rogers. In 2022, Rogers donated to various charities, including the Red Cross, Le Chic-Resto-Pop, and the Taber Food Bank.

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 recent changes in general economic conditions and the potential for further 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.

SUPPLY OF RAW CANE SUGAR

There are approximately 180 million metric tonnes of sugar produced worldwide. Of this, approximatively 55 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.

RECENTLY ANNOUNCED EASTERN CAPACITY EXPANSION PROJECT

The completion of the recently announced Expansion Project is subject to several conditions and risks, certain of which are outside of the control of Lantic. The detailed engineering plan for the project has been completed and includes estimates as it relates to costs, construction period and incremental production capacity. The expected total cost of the project is estimated at approximately $200 million.

Delays and cost overruns may occur in completing the construction of the Expansion Project. A number of 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, in order 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 Expansion Project will be completed, or that it will be completed in the expected timeframe of approximately two years, providing the expected incremental volume at the expected cost. Failure by Lantic to complete the Expansion 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 lower 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 $1.4 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.

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 US and 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, with the exception of our Vancouver sugar refinery. On September 28, 2023, the unionized employee of the Vancouver sugar refinery, represented by the Public and Private Workers of Canada Local 8 went on strike. As of the date of this MD&A, the strike is still on-going. This labour disruption is expected to negatively impact our financial results for 2024, the extent of which is not yet known, and will depend mainly on the length of the strike, and the potential internal incremental costs associated with servicing our western customers impacted by the labour disruption.

During fiscal 2023, we signed a new collective agreement with the union at our Granby maple syrup bottling plant facility.

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 Expansion 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 as the COVID-19 pandemic. 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's hOur 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 current corporate structure involves a significant amount of inter-company or similar debt, generating substantial 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. If such a challenge were to succeed against Lantic, it could materially 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-GAAP 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-GAAP financial measures. A non-GAAP 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-GAAP financial measures are not standardized; therefore, it may not be possible to compare these financial measures with the non-GAAP 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-GAAP financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These non-GAAP 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-GAAP 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 and goodwill impairment.

- EBITDA is defined as earnings before interest, taxes, depreciation, amortization and goodwill impairment.

- 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, goodwill impairment 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, goodwill impairment and includes deferred financing charges, funds received from stock options exercised, capital and intangible assets expenditures, net of value-added capital expenditures, and payments of capital leases.

In the MD&A, we discuss the non-GAAP 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-GAAP measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP. Reconciliations of non-GAAP financial measures to the most directly comparable IFRS financial measures are as follows:

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

Consolidated results		**Q4 2023**			Q4 2022	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Gross margin	**35,512**	**5,680**	**41,192**	26,758	1,714	28,472
Total adjustment to the cost of sales [(1)]	**(1,790)**	**791**	**(999)**	8,566	2,103	10,669
Adjusted gross margin	**33,722**	**6,471**	**40,193**	35,324	3,817	39,141
Results from operating activities	**20,395**	**2,420**	**22,815**	12,662	(51,007)	(38,345)
Total adjustment to the cost of sales[(1)]	**(1,790)**	**791**	**(999)**	8,566	2,103	10,669
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Adjusted results from operating activities	**18,605**	**3,211**	**21,816**	21,228	1,096	22,324
Results from operating activities	**20,395**	**2,420**	**22,815**	12,662	(1,007)	(38,345)
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**5,058**	**1,695**	**6,753**	4,947	1,681	6,628
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
EBITDA[(1)]	**25,453**	**4,115**	**29,568**	17,609	674	18,283
EBITDA[(1)]	**25,453**	**4,115**	**29,568**	17,609	674	18,283
Total adjustment to the cost of sales[(1)]	**(1,790)**	**791**	**(999)**	8,566	2,103	10,669
Adjusted EBITDA	**23,663**	**4,906**	**28,569**	26,175	2,777	28,952
Net (loss) earnings			**11,876**			(45,502)
Total adjustment to the cost of sales[(1)]			**(999)**			10,669
Goodwill impairment			**—**			50,000
Net change in fair value in interest rate swaps[(1)]			**201**			(328)
Income taxes on above adjustments			**205**			(2,678)
Adjusted net earnings			**11,283**			12,161
Net (loss) earnings per share (basic)			**0.12**			(0.44)
Adjustment for the above			**(0.01)**			0.56
Adjusted net earnings per share (basic)			**0.11**			0.12

(1) See "Adjusted results" section.

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

Consolidated results	**Fiscal 2023**			Fiscal 2022		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Gross margin	**144,397**	**21,329**	**165,726**	115,872	14,933	130,805
Total adjustment to the cost of sales[1]	**(8,375)**	**(2,020)**	**(10,395)**	10,296	2,381	12,677
Adjusted gross margin	**136,022**	**19,309**	**155,331**	126,168	17,314	143,482
Results from operating activities	**86,510**	**8,453**	**94,963**	60,458	(47,145)	13,313
Total adjustment to the cost of sales[1]	**(8,375)**	**(2,020)**	**(10,395)**	10,296	2,381	12,677
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Adjusted results from operating activities	**78,135**	**6,433**	**84,568**	70,754	5,236	75,990
Results from operating activities	**86,510**	**8,453**	**94,963**	60,458	(47,145)	13,313
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**19,511**	**6,775**	**26,286**	19,380	6,768	26,148
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
EBITDA[1]	**106,021**	**15,228**	**121,249**	79,838	9,623	89,461
EBITDA[1]	**106,021**	**15,228**	**121,249**	79,838	9,623	89,461
Total adjustment to the cost of sales[1]	**(8,375)**	**(2,020)**	**(10,395)**	10,296	2,381	12,677
Adjusted EBITDA[1]	**97,646**	**13,208**	**110,854**	90,134	12,004	102,138
Net (loss) earnings			**51,789**			(16,568)
Total adjustment to the cost of sales[1]			**(10,395)**			12,677
Goodwill impairment			**—**			50,000
Net change in fair value in interest rate swaps[1]			**523**			(2,800)
Income taxes on above adjustments			**2,577**			(2,650)
Adjusted net earnings			**44,494**			40,659
Net (loss) earnings per share (basic)			**0.50**			(0.16)
Adjustment for the above			**(0.08)**			0.55
Adjusted net earnings per share (basic)			**0.42**			0.39

[1] See "Adjusted results" section.

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

(In thousands of dollars, except for volumes and per share informations)	QUARTERS[1] For the fiscal year ended September 30, 2023				
			2022		
	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)**
Goodwill impairment	—	—	—	—	**—**
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**
Goodwill impairment	—	—	—	—	**—**
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 (loss) 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)**
Goodwill impairment	—	—	—	—	**—**
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" section.

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

(In thousands of dollars, except for volumes and per share informations)	QUARTERS[1] For the fiscal year ended October 1, 2022				
	2022				
	Fourth	Third	Second	First	**Total**
	$	$	$	$	**$**
Gross margin	28,472	24,948	33,899	43,486	**130,805**
Total adjustment to the cost of sales[2]	10,669	7,706	1,988	(7,686)	**12,677**
Adjusted gross margin	39,141	32,654	35,887	35,800	**143,482**
Results from operating activities	(38,345)	8,822	15,499	27,337	**13,313**
Total adjustment to the cost of sales[2]	10,669	7,706	1,988	(7,686)	**12,677**
Goodwill impairment	50,000	—	—	—	**50,000**
Adjusted results from operating activities	22,324	16,528	17,487	19,651	**75,990**
Results from operating activities	(38,345)	8,822	15,499	27,337	**13,313**
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	6,628	6,580	6,530	6,410	**26,148**
Goodwill impairment	50,000	—	—	—	**50,000**
EBITDA	18,283	15,402	22,029	33,747	**89,461**
EBITDA	18,283	15,402	22,029	33,747	**89,461**
Total adjustment to the cost of sales[2]	10,669	7,706	1,988	(7,686)	**12,677**
Adjusted EBITDA	28,952	23,108	24,017	26,061	**102,138**
Net (loss) earnings	(45,502)	3,138	8,570	17,226	**(16,568)**
Total adjustment to the cost of sales[2]	10,669	7,706	1,988	(7,686)	**12,677**
Goodwill impairment	50,000	—	—	—	**50,000**
Net change in fair value in interest rate swaps[2]	(328)	(632)	(1,246)	(594)	**(2,800)**
Income taxes on above adjustments	(2,678)	(1,793)	(190)	2,011	**(2,650)**
Adjusted net earnings	12,161	8,419	9,122	10,957	**40,659**

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

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 30, 2023 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:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Lease liability in a sale and leaseback (Amendments to IFRS 16 Leases)
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)

We do not intend to adopt the Amendments in our consolidated financial statements before the annual period beginning on October 1, 2023 and we do not expect the amendments to have a material impact on the consolidated financial statements.

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 30, 2023, 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 30, 2023.

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 30, 2023, 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 30, 2023.

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:

- demand for refined sugar and maple syrup;
- our recently announced Expansion Project;
- future prices of raw sugar;
- expected inflationary pressures on costs;
- natural gas costs;
- beet production forecasts;
- growth of the maple syrup industry and the refined sugar industry;
- the status of labour contracts and negotiations, including the impact of the current labour disruption in Vancouver;
- the level of future dividends; and
- the status of government regulations and investigations

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. and all the information in this annual report pertaining to the Corporation 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 the Corporation.

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 Corporation’s assets 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 the Corporation. 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 auditor's 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 the Corporation 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.

Michael 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 30, 2023

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 30, 2023 and October 1, 2022
- the consolidated statements of earnings (loss) 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 significant accounting policies
  (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 30, 2023 and October 1, 2022, 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 requirements.

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 30, 2023. 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 matter described below to be the key audit matter to be communicated in our auditor's report.

Goodwill and brand names impairment assessment for the Maple products cash-generating unit

DESCRIPTION OF THE MATTER

As discussed in Notes 3(i) and 15 to the financial statements, the Entity performs impairment testing annually for goodwill and brand names and when circumstances indicate that there may be an impairment. The Entity assesses impairment by comparing the carrying amount of the cash-generating unit ("CGU") to its recoverable amount. The recoverable amount is based on the higher of the value in use and fair value less costs to sell. Value in use is based on estimates of discounted future cash flows expected to be recovered from the CGU through its use. Fair value less costs to sell 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. The Entity determined that the fair value less costs to sell exceeded the carrying amount of the CGU. The Entity's significant assumption in determining the fair value less costs to sell relates to the range of earning multiples. The goodwill balance as of September 30, 2023 is $233.0 million, of which $3.1 million relates to the Maple products CGU. The brand names balance as at September 30, 2023 is $5.9 million and relates to the Maple products CGU.

WHY THE MATTER IS A KEY AUDIT MATTER

We identified the evaluation of the goodwill and brand names impairment assessment for the Maple products CGU as a key audit matter. This matter represented an area of higher risk of misstatement given the magnitude of goodwill and indefinite life brand names and the high degree of estimation uncertainty in assessing the assumptions used to determine the recoverable amounts. Significant auditor judgement and the involvement of professionals with specialized skills and knowledge was required to evaluate the evidence for the Entity's significant assumptions.

Minor changes to these assumptions could have a significant effect on the recoverable amount of the CGU and result in impairment charges.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

The following are the primary procedures we performed to address this key audit matter.

We involved valuation professionals with specialized skills and knowledge, who assisted in developing an independent expectation of the fair value less costs to sell for the Maple product CGU. The procedures performed included the following:

- Developed a range of earnings before interest, tax, depreciation and amortization ("EBITDA") multiples using available market information from third party sources and observed in recent comparable transactions;
- Developed a range of an estimated EBITDA amount based on quantitative and qualitative considerations;
- Developed a range of recoverable amounts by multiplying the EBITDA multiples by an estimated EBITDA amount; and
- Compared the independently developed range of recoverable amounts to the recoverable amount determined by the Entity.

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 "Glossy 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 "Glossy 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.

KPMG LLP*

Montréal, Canada
November 29, 2023

* CPA auditor, public accountancy permit No. A125211

(In thousands of dollars except per share amounts)

	Fiscal years ended	
Consolidated statements of earnings (loss)	**September 30, 2023**	October 1, 2022
	$	$
Revenues (note 32)	**1,104,713**	1,006,134
Cost of sales	**938,987**	875,329
Gross margin	**165,726**	130,805
Administration and selling expenses	**44,229**	45,783
Distribution expenses	**26,534**	21,709
Goodwill impairment (note 15)	**—**	50,000
	70,763	117,492
Results from operating activities	**94,963**	13,313
Net finance costs (note 5)	**24,577**	17,567
Earnings (loss) before income taxes	**70,386**	(4,254)
Income tax expense (recovery) (note 6):		
Current	**14,676**	14,275
Deferred	**3,921**	(1,961)
	18,597	12,314
Net earnings (loss)	**51,789**	(16,568)
Net earnings (loss) per share (note 27):		
Basic	**0.50**	(0.16)
Diluted	**0.44**	(0.16)

	Fiscal years ended	
Consolidated statements of comprehensive income	**September 30, 2023**	October 1, 2022
	$	$
Net earnings (loss)	**51,789**	(16,568)
Other comprehensive income:		
Items that are or may be reclassified subsequently to net earnings (loss):		
Cash flow hedges (note 9)	**(16,994)**	17,323
Income tax on cash flow hedges (note 6)	**4,362**	(4,447)
Foreign currency translation differences	**(456)**	1,784
	(13,088)	14,660
Items that will not be reclassified to net earnings (loss):		
Defined benefit actuarial gains (note 20)	**14,530**	11,332
Income tax on defined benefit actuarial gains (note 6)	**(3,708)**	(2,909)
	10,822	8,423
Other comprehensive income (loss)	**(2,266)**	23,083
Comprehensive income	**49,523**	6,515

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

(In thousands of dollars)

	September 30, 2023	October 1, 2022
	$	$
ASSETS		
Current assets:		
Cash	**46**	151
Trade and other receivables (note 7)	**118,252**	120,207
Income taxes receivable	**2,280**	3,096
Inventories (note 8)	**267,268**	246,706
Prepaid expenses	**8,912**	8,868
Derivative financial instruments (note 9)	**5,019**	11,582
Total current assets	**401,777**	390,610
Non-current assets:		
Property, plant and equipment (note 10)	**267,185**	247,969
Right-of-use assets (note 11)	**29,973**	22,932
Intangible assets (notes 12 and 15)	**20,890**	24,264
Other assets (note 13)	**783**	564
Derivative financial instruments (note 9)	**7,286**	18,610
Goodwill (note 15)	**233,007**	233,007
Total non-current assets	**559,124**	547,346
Total assets	**960,901**	937,956
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility (note 16)	**58,000**	26,000
Trade and other payables (note 17)	**164,404**	177,435
Provisions (note 18)	**1,415**	1,503
Lease obligations (note 19)	**4,364**	3,991
Derivative financial instruments (note 9)	**1,140**	7,643
Total current liabilities	**229,323**	216,572
Non-current liabilities:		
Revolving credit facility (note 16)	**100,000**	100,000
Employee benefits (note 20)	**2,898**	18,529
Provisions (note 18)	**287**	1,333
Derivative financial instruments (note 9)	**—**	76
Lease obligations (note 19)	**26,086**	19,198
Convertible unsecured subordinated debentures (note 21)	**151,711**	149,699
Senior guaranteed notes (note 22)	**98,212**	98,901
Deferred tax liabilities (note 14)	**45,488**	42,229
Total non-current liabilities	**424,682**	429,965
Total liabilities	**654,005**	646,537
Shareholders' equity:		
Share capital (note 23)	**107,210**	103,550
Contributed surplus	**300,968**	300,922
Equity portion of convertible unsecured subordinated debentures (note 21)	**5,085**	5,085
Deficit	**(146,635)**	(160,672)
Accumulated other comprehensive income (loss)	**40,268**	42,534
Total shareholders' equity	**306,896**	291,419
Commitments (notes 19 and 25)		
Contingencies (note 26)		
Total liabilities and shareholders' equity	**960,901**	937,956

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 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.

(In thousands of dollars except number of shares)

For the fiscal year ended October 1, 2022	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 2, 2021	103,686,923	100,139	300,887	5,085	12,450	7,240	(239)	(106,604)	318,958
Net loss for the year	—	—	—	—	—	—	—	(16,568)	(16,568)
Dividends (note 23)	—	—	—	—	—	—	—	(37,500)	(37,500)
Issuance of shares (note 23)	685,122	3,411	(108)	—	—	—	—	—	3,303
Share-based compensation (note 24)	—	—	143	—	—	—	—	—	143
Cash flow hedges, net of tax (note 9)	—	—	—	—	—	12,876	—	—	12,876
Defined benefit actuarial gains, net of tax (note 20)	—	—	—	—	8,423	—	—	—	8,423
Translation of foreign operations	—	—	—	—	—	—	1,784	—	1,784
Balance, October 1, 2022	104,372,045	103,550	300,922	5,085	20,873	20,116	1,545	(160,672)	291,419

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

(In thousands of dollars)

	For the fiscal years ended September 30, 2023	October 1, 2022
	$	$
Cash flows from operating activities:		
Net earnings (loss)	**51,789**	(16,568)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets (note 4)	**22,480**	22,283
Amortization of intangible assets (note 4)	**3,806**	3,865
Changes in fair value of derivative financial instruments included in cost of sales	**(6,210)**	6,831
Income tax expense (note 6)	**18,597**	12,314
Pension contributions	**(11,085)**	(10,363)
Pension expense	**9,984**	10,925
Net finance costs (note 5)	**24,577**	17,567
Loss on disposal of property, plant and equipment and right-of-use assets (notes 10 and 11)	**139**	44
Share-based compensation - equity settled (note 24)	**178**	143
Share-based compensation - cash settled (note 24)	**3**	5,779
Goodwill impairment (note 15)	**—**	50,000
	114,258	102,820
Changes in:		
Trade and other receivables	**1,879**	(23,709)
Inventories	**(20,778)**	(65,811)
Prepaid expenses	**(44)**	(4,292)
Trade and other payables	**(14,612)**	51,707
Provisions (note 18)	**(1,484)**	(1,090)
	(35,039)	(43,195)
Cash generated from operating activities:	**79,219**	59,625
Interest paid	**(21,049)**	(17,493)
Income taxes paid	**(13,852)**	(20,580)
Net cash flows from operating activities	**44,318**	21,552
Cash flows used in financing activities:		
Dividends paid	**(37,687)**	(37,439)
Increase in revolving credit facility (note 16)	**32,000**	26,000
Payment of lease obligations (note 19)	**(5,419)**	(5,150)
Issuance of shares (note 23)	**3,528**	3,303
Payment of financing fees	**(1,308)**	(268)
Net cash flows used in financing activities	**(8,886)**	(13,554)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(34,966)**	(23,635)
Additions to intangible assets (note 12)	**(432)**	(95)
Net cash flows used in investing activities	**(35,398)**	(23,730)
Effect of changes in exchange rate on cash	**(139)**	240
Net decrease in cash	**(105)**	(15,492)
Cash, beginning of year	**151**	15,643
Cash, end of year	**46**	151

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 30, 2023 and October 1, 2022 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, and the packaging, marketing and distribution of maple products.

The Company's fiscal year ends on the Saturday closest to the end of September. All references to 2023 and 2022 represent the years ended September 30, 2023 and October 1, 2022.

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 29, 2023.

(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.

The following is a summary of areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements:

Goodwill and unamortizable intangibles impairment:

The Company makes a number of estimates when calculating the recoverable amount of a cash-generating unit containing goodwill and unamortizable intangibles using discounted future cash flows or other valuation methods.

3. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION:

Subsidiaries:
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 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 (loss) 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. If the Company disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to income or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) PROPERTY, PLANT AND EQUIPMENT: (CONTINUED)

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.

(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. All other expenditures are recognized in profit or loss as incurred. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) EMPLOYEE BENEFITS (CONTINUED):

(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 the 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.

(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.

(i) Asset retirement obligation:

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) PROVISIONS: (CONTINUED)

(ii) Contingent liability:
A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company, or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services, or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) FINANCIAL INSTRUMENTS (CONTINUED):

(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 (loss). 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. SIGNIFICANT 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 a portion of 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. SIGNIFICANT 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 (loss), 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 (loss).

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 (loss).

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 (loss).

The Company has designated as cash flow hedges its natural gas futures and 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 and 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 (loss). 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 (loss) 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 2, 2022.

- Annual Improvements to IFRS Standards 2018-2020
- Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 30, 2023 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:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Lease liability in a sale and leaseback (Amendments to IFRS 16 Leases)
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)

The Company does not intend to adopt the Amendments in its consolidated financial statements before the annual period beginning on October 1, 2023. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

4. DEPRECIATION AND AMORTIZATION EXPENSES

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

	For the fiscal years ended	
	September 30, 2023	October 1, 2022
	$	$
Depreciation of property, plant and equipment:		
Cost of sales	**17,161**	17,276
Administration and selling expenses	**633**	492
	17,794	17,768
Depreciation of right-of-use assets:		
Cost of sales	**1,500**	2,836
Administration and selling expenses	**3,186**	1,679
	4,686	4,515
Amortization of intangible assets:		
Administration and selling expenses	**3,806**	3,865
Total depreciation and amortization expenses	**26,286**	26,148

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

5. NET FINANCE COSTS

Recognized in net earnings (loss):

	For the fiscal years ended September 30, 2023	October 1, 2022
	$	$
Interest expense on convertible unsecured subordinated debentures, including accretion of $1,024 (2022 - $969) (note 21)	**8,530**	8,413
Interest on revolving credit facility	**7,293**	5,063
Interest on senior guaranteed notes, including accretion of $158 (2022- $116)	**3,639**	3,595
Amortization of deferred financing fees	**1,231**	1,240
Interest on Producteurs et Productrices Acéricoles du Québec supplier balance	**2,265**	900
Other interest expense	**21**	157
Interest accretion on discounted lease obligations	**1,075**	1,000
Net change in fair value of interest rate swap (note 9)	**523**	(2,801)
Net finance costs	**24,577**	17,567

6. INCOME TAX EXPENSE (RECOVERY)

	For the fiscal years ended September 30, 2023	October 1, 2022
	$	$
Current tax expense:		
Current period	**15,024**	15,263
Adjustments for prior year periods	**(348)**	(988)
Current tax expense	**14,676**	14,275
Deferred tax expense (recovery):		
Recognition and reversal of temporary differences	**3,564**	(2,774)
Adjustments for prior year periods	**357**	813
Deferred tax expense (recovery)	**3.921**	(1,961)
Total income tax expense	**18,597**	12,314

Income tax recognized in other comprehensive income (loss):

	For the fiscal years ended September 30, 2023			October 1, 2022		
	Before tax	**Tax effect**	**Net of tax**	Before tax	Tax effect	Net of tax
	$	**$**	**$**	$	$	$
Cash flow hedges	**(16,994)**	**4,362**	**(12,632)**	17,323	(4,447)	12,876
Defined benefit actuarial gains	**14,530**	**(3,708)**	**10,822**	11,332	(2,909)	8,423

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

6. INCOME TAX EXPENSE (RECOVERY) (CONTINUED)

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 (loss) before provision for income taxes. The reasons for the difference and the related tax effects are as follows:

	For the fiscal years ended			
	September 30, 2023		October 1, 2022	
	%	**$**	%	$
Earnings (loss) before income taxes	**—**	**70,386**	—	(4,254)
Income taxes using the Company's statutory tax rate	**27.00**	**19,004**	27.00	(1,149)
Changes due to the following items:				
Effect of differences in tax rates in other jurisdictions	**(0.77)**	**(540)**	0.93	(40)
Non-deductible impairment of goodwill	**—**	**—**	(317.36)	13,500
Non-deductible expenses (income)	**0.18**	**124**	(4.18)	178
Adjustments for prior year periods	**0.01**	**9**	4.12	(175)
	26.42	**18,597**	(289.49)	12,314

7. TRADE AND OTHER RECEIVABLES

	September 30, 2023	October 1, 2022
	$	$
Trade receivables	**109,353**	110,758
Less expected credit loss	**(598)**	(567)
	108,755	110,191
Other receivables	**7,953**	8,277
Initial margin deposits with commodity brokers	**1,544**	1,739
	118,252	120,207

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 $0.2 million per year). Write-offs for fiscal 2023 were $0.1 million (October 1, 2022 - $0.1 million). All bad debt write-offs are charged to administration and selling expenses.
- Less than 1% of trade receivables are outstanding for more than 90 days (October 1, 2022 - less than 2%), while over 90% are current (less than 30 days) as at September 30, 2023 (October 1, 2022 - 84%).

Through general security agreements with its lenders, trade and other receivables have been granted as continuing collateral security for all present and future indebtedness to the current lenders.

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

8. INVENTORIES

	September 30, 2023	October 1, 2022
	$	$
Raw materials	**172,444**	166,125
Work in progress	**10,511**	10,000
Finished goods	**47,770**	38,146
	230,725	214,271
Packaging and operating supplies	**17,733**	15,795
Spare parts and other	**18,810**	16,640
	267,268	246,706

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 30, 2023, inventories recognized as cost of sales amounted to $949.4 million (October 1, 2022 - $862.7 million).

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

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, bank overdraft, revolving credit facility and trade and other payables).

			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)**		

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(A) CLASSIFICATION AND FAIR VALUES: (CONTINUED)

	Carrying Amount				Fair Value	
October 1, 2022	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	—	561	—	561	Level 1	561
Foreign exchange forward contracts	—	237	—	237	Level 2	237
Natural gas futures contracts used for hedging	21,634	—	—	21,634	Level 2	21,634
Interest rate swaps used for hedging	5,383	—	—	5,383	Level 2	5,383
Other interest rate swaps	—	2,377	—	2,377	Level 2	2,377
	27,017	3,175	—	30,192		
Financial assets not measured at fair value						
Cash	—	—	151	151		
Trade and other receivables	—	—	120,207	120,207		
	—	—	120,358	120,358		
Financial liabilities measured at fair value						
Foreign exchange forward contracts	—	(7,719)	—	(7,719)	Level 2	(7,719)
	—	(7,719)	—	(7,719)		
Financial liabilities not measured at fair value						
Revolving credit facility	—	—	(126,000)	(126,000)		
Trade and other payables	—	—	(177,435)	(177,435)		
Senior guaranteed notes	—	—	(98,901)	(98,901)	Level 2	(85,200)
Convertible unsecured subordinated debentures	—	—	(149,699)	(149,699)	Level 1	(152,100)
	—	—	(552,035)	(552,035)		

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(B) DERIVATIVES AND HEDGING:

As at September 30, 2023 and October 1, 2022, the Company's financial derivatives carrying values were as follows:

	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 swaps	**3,315**	**2,291**	**—**	**—**
	5,019	**7,286**	**1,140**	**—**

	Financial Assets		Financial Liabilities	
	Current	Non-current	Current	Non-current
	October 1, 2022		October 1, 2022	
	$	$	$	$
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	561	—	—	—
Foreign exchange forward contracts	—	237	7,643	76
Interest rate swap	965	1,412	—	—
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	7,858	13,776	—	—
Interest rate swaps	2,198	3,185	—	—
	11,582	18,610	7,643	76

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

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 30, 2023	October 1, 2022	**September 30, 2023**	October 1, 2022	**September 30, 2023**	October 1, 2022
	$	$	**$**	$	**$**	$
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	**11,018**	1,325	**—**	—	**—**	—
Foreign exchange forward contracts	**974**	(7,532)	**—**	—	**—**	—
Interest rate swap	**—**	—	**(523)**	2,801	**—**	—
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	**—**	—	**—**	—	**(17,217)**	10,132
Interest rate swap	**—**	—	**—**	—	**223**	7,191
	11,992	(6,207)	**(523)**	2,801	**(16,994)**	17,323

The following table summarizes the Company's hedging components of accumulated other comprehensive income (loss) ("AOCI") as at September 30, 2023 and October 1, 2022:

	September 30, 2023			October 1, 2022		
	Natural gas futures contracts	**Interest rate swap**	**Total**	Natural gas futures contracts	Interest rate swap	Total
	$	**$**	**$**	$	$	$
Opening AOCI	**22,344**	**4,574**	**26,918**	12,212	(2,617)	9,595
Income taxes	**(6,247)**	**(555)**	**(6,802)**	(3,646)	1,291	(2,355)
Opening AOCI – net of income taxes	**16,097**	**4,019**	**20,116**	8,566	(1,326)	7,240
Change in fair value of derivatives designated as cash flow hedges	**(17,217)**	**223**	**(16,994)**	10,132	7,191	17,323
Income taxes	**4,419**	**(57)**	**4,362**	(2,601)	(1,846)	(4,447)
Ending AOCI – net of income taxes	**3,299**	**4,185**	**7,484**	16,097	4,019	20,116

For the fiscal year ended September 30, 2023, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net earnings (loss).

Approximately $2.4 million of net gains presented in accumulated other comprehensive income (loss) are expected to be reclassified to net earnings (loss) within the next twelve months.

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

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 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 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 30, 2023 and October 1, 2022 are as follows:

	September 30, 2023			October 1, 2022		
	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	**103,167**	**119,965**	**16,798**	113,148	110,436	(2,712)
12 - 24 months	**8,102**	**9,950**	**1,848**	45,243	44,277	(966)
Over 24 months	**166**	**186**	**20**	4,195	4,046	(149)
	111,435	**130,101**	**18,666**	162,586	158,759	(3,827)
Sales						
0 - 12 months	**(128,088)**	**(139,517)**	**(11,429)**	(139,108)	(132,030)	7,078
12 - 24 months	**—**	**—**	**—**	(28,224)	(28,157)	67
Over 24 months	**—**	**—**	**—**	(56)	(54)	2
	(128,088)	**(139,517)**	**(11,429)**	(167,388)	(160,241)	7,147
Net position	**(16,653)**	**(9,416)**	**7,237**	(4,802)	(1,482)	3,320
Foreign exchange rate at the end of the period			**1.3560**			1.3814
Net value (CA$)			**9,814**			4,586
Margin call (receipt) payment at year-end			**(9,483)**			(4,025)
Net asset (liability) (CA$)			**331**			561

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

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 30, 2023 and October 1, 2022, the Company had the following sugar futures contracts:

	September 30, 2023			October 1, 2022		
	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	**235,421**	**552.63**	**130,101**	422,122	376.10	158,759
Sales	**(235,726)**	**567.94**	**(133,878)**	(424,307)	377.65	(160,241)
Beet pre-hedge	**(9,884)**	**570.47**	**(5,639)**	—	—	—
	(10,189)	**n/a**	**(9,416)**	(2,185)	n/a	(1,482)
Foreign exchange rate at the end of the period			**1.3560**			1.3814
Total contractual amount (CA$)			**(12,767)**			(2,047)

If, on September 30, 2023, 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 (loss) would have been a decrease of approximately $1.1 million (calculated only on the point-in-time exposure on September 30, 2023) (October 1, 2022 - decrease in net earnings (loss) of $0.2 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 (loss) would have been an increase of approximately $0.4 million (October 1, 2022 - increase in net earnings (loss) of $0.1 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. 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 (loss) 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 (loss) would have been an increase of approximately $0.4 million. The Company had no beet pre-hedge contracts as at October 1, 2022.

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

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 30, 2023				October 1, 2022			
	Contracts (10,000 MM BTU)	**Original futures contractual amount**	**Current contractual amount**	**Fair value gain/ (loss)**	Contracts (10,000 MM BTU)	Original future contractual amount	Current contractual amount	Fair value gain/ (loss)
		(US$)	**(US$)**	**(US$)**		(US$)	(US$)	(US$)
Purchases								
Less than 1 year		**7,848**	**7,827**	**(21)**		9,445	15,134	5,689
1 to 2 years		**5,828**	**7,697**	**1,869**		4,788	7,964	3,176
2 to 3 years		**6,966**	**9,343**	**2,377**		4,673	8,188	3,515
3 years and over		**21,234**	**20,266**	**(968)**		6,167	9,448	3,281
	1,300	**41,876**	**45,133**	**3,257**	974	25,073	40,734	15,661
Foreign exchange rate at the end of period				**1.3560**				1.3814
Net asset (liability) (CA$)				**4,417**				21,634

The forecasted purchases of natural gas, the hedged items, are used for calculating the hedge ineffectiveness. No ineffectiveness was recognized in net earnings (loss) 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 30, 2023, 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 $13.0 million (October 1, 2022 – increase in other comprehensive income (loss) of $10.1 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 products 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.

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK: (CONTINUED)

The Company's foreign exchange contracts as at September 30, 2023 and October 1, 2022 are as follows:

	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 U.S. 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 U.S. 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 U.S. dollars - Sugar	(14,713)	(19,283)	(19,972)	(689)
MAPLE PRODUCTS				
Purchases U.S. dollars				
Less than 1 year	2,100	2,821	2,846	25
Sales U.S. 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 U.S. 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)
MAPLE PRODUCTS				
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)

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

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$)	(CA$)
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 holds 1,000 US dollars options to exercise foreign exchange contracts in fiscal 2024 at US/Can. Exchange rate of 1.50. The fair value of these options is a loss of $19 (2022 – no options outstanding).

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK: (CONTINUED)

	October 1, 2022			
	Original contract value	Original contract value	Current contract value	Fair value gain/(loss)
	(US$/EUR/AUD$)	(CA$)	(CA$)	(CA$)
SUGAR				
Purchases U.S. dollars				
Less than 1 year	75,969	98,821	104,840	6,019
1 to 2 years	12,882	16,718	17,632	914
2 to 3 years	2,720	3,552	3,707	155
	91,571	119,091	126,179	7,088
Sales U.S. dollars				
Less than 1 year	(147,127)	(191,697)	(203,043)	(11,346)
1 to 2 years	(9,009)	(11,511)	(12,336)	(825)
2 to 3 years	(440)	(553)	(598)	(45)
	(156,576)	(203,761)	(215,977)	(12,216)
Total U.S. dollars - Sugar	(65,005)	(84,670)	(89,798)	(5,128)
MAPLE PRODUCTS				
Purchases U.S. dollars				
Less than 1 year	500	688	691	3
Sales U.S. dollars				
Less than 1 year	(34,788)	(45,801)	(48,017)	(2,216)
1 to 2 years	(549)	(709)	(756)	(47)
2 to 3 years	—	—	—	—
	(35,337)	(46,510)	(48,773)	(2,263)
Total U.S. dollars - Maple	(34,837)	(45,822)	(48,082)	(2,260)
MAPLE PRODUCTS				
Sales EUR				
Less than 1 year	(2,457)	(3,304)	(3,371)	(67)
1 to 2 years	(1,019)	(1,381)	(1,410)	(29)
Total EUR - Maple	(3,476)	(4,685)	(4,781)	(96)
MAPLE PRODUCTS				
Sales AUD				
Less than 1 year	(3,102)	(2,750)	(2,748)	2
Total AUD - Maple	(3,102)	(2,750)	(2,748)	2
Total Foreign Exchange	(106,420)	(137,927)	(145,409)	(7,482)

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK: (CONTINUED)

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

	September 30, 2023	October 1, 2022
	(US$)	(US$)
Financial instruments measured at amortized cost:		
Cash	**604**	5,602
Trade and other receivables, including initial margin deposits	**27,478**	29,991
Trade and other payables	**(7,136)**	(9,883)
	20,946	25,710
Financial instruments at cash flow hedging instruments or at fair value through profit or loss:		
Net current contractual amount of raw sugar futures contracts	**9,416**	1,482
Natural gas contracts	**(41,876)**	(25,074)
	(32,460)	(23,592)
Total exposure from above	**(11,514)**	2,118
Forward exchange contracts	**(60,000)**	(99,842)
Gross exposure	**(71,514)**	(97,724)
Sugar purchases priced not received	**(143,006)**	(162,315)
Committed future sales in US dollars	**181,232**	236,570
Ocean freight	**(500)**	(289)
Other	**—**	67
Net exposure	**(33,788)**	(23,691)

As at September 30, 2023, the US/Can. Exchange rate was $1.3560 (October 1, 2022 - $1.3814).

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 (loss) of $2.6 million, (October 1, 2022 – increase in net earnings (loss) of $3.6 million) while a $0.05 decrease would have an equal but opposite effect on net earnings (loss).

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 (loss) by $1.2 million in 2023 (October 1, 2022 – increase in net earnings (loss) of $0.9 million) while a decrease would have an equal but opposite effect on net earnings (loss).

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(D) CURRENCY RISK: (CONTINUED)

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.

(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. The outstanding swap agreements by maturity are as follows:

Fiscal year contracted	Date	Total value
		$
Fiscal 2019	March 12, 2019 to June 28, 2024 - 2.08%	20,000
Fiscal 2019	June 28, 2022 to June 28, 2024 - 2.17%	80,000
Fiscal 2020	October 3, 2019 to June 28, 2024 - 1.68%	20,000
Fiscal 2020	February 24, 2020 to June 28, 2025 - 1.60%	20,000
Fiscal 2020	June 28, 2024 to June 28, 2025 - 1.18%	80,000

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 30, 2023, the Company has a short-term cash borrowing of $58.0 million (October 1, 2022 - $26.0 million) and a long-term cash borrowing of $198.2 million (October 1, 2022 - $198.9 million). The Company has $98.2 million in senior guaranteed notes bearing fixed interest rate and therefore may be exposed to fair value variance (October 1, 2022 - $98.9 million). Remaining borrowing is normally entered into a 30 - or 90-day bankers' acceptance for an amount varying between $110.0 million to $195.0 million of the borrowings and will borrow either under prime rate loans or shorter term bankers' acceptances.

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 30, 2023, 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 (loss) would have been $0.3 million lower (October 1, 2022 - $0.1 million lower net earnings (loss)) while a decrease would have an equal but opposite effect on net earnings (loss).

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(E) INTEREST RATE RISK: (CONTINUED)

(i) Interest rate benchmark reform:

London Interbank Offered Rate ("LIBOR")

Effective June 30, 2023, the remaining USD LIBOR 1-month, 3-month, 6-month and 12-month tenors have either ceased, or ceased being representative. The LIBOR administrator will continue to publish the 1-month, 3-month and 6-month tenors under an unrepresentative synthetic methodology until September 30, 2024.

Canadian Dollar Offered Rate ("CDOR")

The Company currently holds interest rate swaps that have floating legs to CAD CDOR. On June 28, 2024, the remaining CAD CDOR 1-month, 2-month and 3-month tenors will either cease or no longer be representative. The Company's CAD CDOR swaps and cash flow hedging relationships extend the anticipated cessation date of CDOR.

The recommended alternative reference rates for LIBOR and CDOR are the Secured Overnight Financing Rate (SOFR) and Canadian Overnight Repo Rate Average (CORRA), respectively.

The Company has evaluated the extent to which its cash flow relationships are subject to uncertainty driven by the IBOR reform. The Company's hedged items and hedging instruments continue to be indexed to CDOR. The benchmark rates are quoted each day and the CDOR 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.

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

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 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.

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(G) LIQUIDITY RISK: (CONTINUED)

	October 1, 2022				
	Carrying amount	Contractual cash flows	0 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$
Non-derivative financial liabilities:					
Revolving credit facility	126,000	126,000	—	—	126,000
Trade and other payables	177,435	177,435	177,435	—	—
Senior guaranteed notes	98,901	100,000	—	—	100,000
	402,336	403,435	177,435	—	226,000
Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts [1]	(561)	(2,047)	(29,831)	22,268	5,516
Forward exchange contracts (net) [1]	7,482	(137,927)	(144,043)	3,117	2,999
Interest on swap agreements	(2,377)	1,549	737	572	240
Derivative financial instruments designated as effective cash flow hedging instruments:					
Natural gas contracts [1]	(21,634)	56,270	20,906	11,001	24,363
Interest on swap agreements	(5,383)	4,719	2,152	1,850	717
	(22,473)	(77,436)	(150,079)	38,808	33,835
	379,863	325,999	27,356	38,808	259,835

(1) Based on notional amounts as presented above.

The convertible unsecured subordinated debentures of $151.7 million (October 1, 2022 - $149.7 million) have been excluded from the above due to the Company's option to satisfy the obligations at redemption or maturity in shares.

The Company borrows under its revolving credit facility (see Note 16, Revolving credit facility). It is the Company's intention to keep a debt level under its revolving credit facility ranging between $140.0 million and $265.0 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 is expected to be financed using a combination of various financial instruments, including the revolving credit facility, loans from Investissement Quebec 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 30, 2023, the Company had an unused available line of credit of $107.0 million (October 1, 2022 - $74.0 million), a cash balance of $0.1 million (October 1, 2022 - $0.2 million). On November 1, 2023, the Company increased its revolving credit facility by $75.0 million to $340 million.

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

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 2, 2021	18,089	84,351	348,388	2,797	8,145	27,537	489,307
Additions	—	61	288	153	151	23,402	24,055
Transfers	—	1,617	11,824	—	721	(14,162)	—
Disposals	—	—	(117)	—	—	—	(117)
Effects of movements in exchange rate	—	4	3	2	4	—	13
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)**
Effects 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**
Accumulated depreciation							
Balance at October 2, 2021	—	30,589	209,777	1,767	5,461	—	247,594
Depreciation for the year	—	2,431	14,165	366	806	—	17,768
Disposals	—	—	(73)	—	—	—	(73)
Effect of movements in exchange rate	—	—	—	—	—	—	—
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**
Net carrying amounts							
At October 1, 2022	18,089	53,013	136,517	819	2,754	36,777	247,969
At September 30, 2023	**18,089**	**60,939**	**154,132**	**534**	**2,968**	**30,523**	**267,185**

There were no impairment losses during fiscal 2023 and 2022.

Any grants received are offset against property, plant and equipment additions. During the year, an amount of $0.7 million was recorded (October 1, 2022 - $Nil).

All property, plant and equipment have been pledged as security for the revolving credit facility (see Note 16, Revolving credit facility).

The Company has capitalized costs of $11.2 million in fiscal 2023, associated with the expansion of the production and logistic facility of its eastern sugar refining operations in Montreal and Toronto. Included in this amount are capitalized borrowing costs of $0.4 million, calculated using a capitalization rate of 6.3%. These costs are included in construction in progress.

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

11. RIGHT-OF-USE ASSETS

	Land	Buildings	Machinery and equipment	Total
	$	$	$	$
Cost:				
Balance at October 2, 2021	40	18,914	7,952	26,906
Additions	—	7,861	981	8,842
Disposals	—	—	(243)	(243)
Effect of movements in exchange rate	—	68	11	79
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**
Accumulated depreciation:				
Balance at October 2, 2021	—	6,211	2,169	8,380
Depreciation	—	3,327	1,188	4,515
Disposals	—	—	(243)	(243)
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**
Net carrying amounts:				
At October 1, 2022	40	17,305	5,587	22,932
At September 30, 2023	**40**	**19,243**	**10,690**	**29,973**

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

12. INTANGIBLE ASSETS

	Software	Customer relationships	Brand names[1]	Other	Total
	$	$	$	$	$
Cost					
Balance at October 2, 2021	4,413	34,513	5,857	574	45,357
Additions	95	—	—	—	95
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**
Accumulated amortization					
Balance at October 2, 2021	2,942	14,101	—	280	17,323
Amortization for the year	414	3,422	—	29	3,865
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**
Net carrying amounts					
At October 1, 2022	1,152	16,990	5,857	265	24,264
At September 30, 2023	**1,249**	**13,548**	**5,857**	**236**	**20,890**

(1) Indefinite life.

13. OTHER ASSETS

Deferred financing charges represent the fees and costs related to the revolving credit facility agreement (see Note 16, Revolving credit facility). These fees are amortized over the life of the revolving credit facility, which matures on November 23, 2026.

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

14. DEFERRED TAX LIABILITIES

The deferred tax liabilities comprise the following temporary differences:

	September 30, 2023	October 1, 2022
	$	$
Net assets (liabilities):		
Property, plant and equipment	**(41,618)**	(37,289)
Right-of-use assets	**(7,737)**	(5,977)
Intangibles	**(5,566)**	(6,488)
Employee benefits	**739**	4,757
Lease obligations	**7,857**	6,039
Derivative financial instruments	**(5,307)**	(6,803)
Losses carried forward	**7,832**	5,283
Goodwill	**(2,934)**	(2,863)
Provisions	**434**	728
Deferred financing charges	**(640)**	(857)
Other	**1,452**	1,241
	(45,488)	(42,229)

As at September 30, 2023, 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.

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

14. DEFERRED TAX LIABILITIES (CONTINUED)

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

	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)**

	Balance October 2, 2021	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Balance October 1, 2022
	$	$	$	$
Property, plant and equipment	(35,926)	(1,358)	(5)	(37,289)
Right-of-use assets	(4,855)	(1,096)	(26)	(5,977)
Intangibles	(7,705)	1,208	9	(6,488)
Employee benefits	6,847	819	(2,909)	4,757
Lease obligations	4,840	1,175	24	6,039
Derivative financial instruments	(3,834)	1,478	(4,447)	(6,803)
Losses carried forward	6,918	(1,635)	—	5,283
Goodwill	(2,729)	(95)	(39)	(2,863)
Provisions	982	(254)	—	728
Deferred financing charges	(874)	17	—	(857)
Other	(464)	1,702	3	1,241
	(36,800)	1,961	(7,390)	(42,229)

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

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 30, 2023	October 1, 2022
	$	$
Sugar:		
Goodwill	**229,952**	229,952
Maple products:		
Goodwill	**3,055**	3,055
Brand names	**5,857**	5,857
	238,864	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 30, 2023, and the estimated recoverable amounts exceeded the carrying amounts of the segments 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.

	2023	2022
	%	%
Pre-tax discount rate	**12.1**	10.7
Terminal growth rate	**2.6**	2.3
Budgeted EBITDA growth rate (average of next 5 years)	**3.2**	2.0

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.

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

15. GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS (CONTINUED)

(A) SUGAR SEGMENT (CONTINUED):

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 excluding the expansion 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.

	2023	2022
	% Basis point	% Basis point
Pre-tax discount rate	**3.4**	2.9
Budgeted EBITDA growth rate	**(4.4)**	(2.3)

(B) MAPLE SEGMENT:

The Company performed the annual impairment review for goodwill and indefinite life intangible assets as at September 30, 2023, and determinated 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.

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

16. REVOLVING CREDIT FACILITY

The Company has a total of $265.0 million of available working capital under the revolving credit facility, which matures on November 23, 2026, from which it can borrow at prime rate, SOFR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios.

Certain assets of the Company, including trade receivables, inventories and property, plant and equipment, have been pledged as security for the revolving credit facility. As at September 30, 2023, a total of $630.0 million of assets are pledged as security (October 1, 2022 - $590.6 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 at year end.

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

	September 30, 2023	October 1, 2022
	$	$
Current	**58,000**	26,000
Non-current	**100,000**	100,000
	158,000	126,000

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.

On November 1, 2023, Lantic amended its revolving credit facility, by extending its term to October 31, 2027, and by increasing the amount available for borrowing for working capital and for the eastern expansion by $75 million to $340 million. In addition, in order to conform with the IBOR reform, Lantic will borrow at prime rate, SOFR Rate or under Adjusted Term CORRA loan (which is Term CORRA plus an adjustment varying between 29.547 to 32.138 basis points), plus 20 to 250 basis points, based on achieving certain financial ratios.

17. TRADE AND OTHER PAYABLES

	September 30, 2023	October 1, 2022
	$	$
Trade payables	**125,873**	142,236
Other non-trade payables	**4,081**	3,603
Personnel-related liabilities	**24,991**	22,203
Dividends payable to shareholders	**9,459**	9,393
	164,404	177,435

Considering that Maple products 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 $71.8 million as at September 30, 2023 (October 1, 2022 - $78.2 million) is included in trade payables, bears interest at 5.5% and is paid in five monthly installments (October, November, December, January and February).

During the year, approximately 90% 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.

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

18. PROVISIONS

	September 30, 2023	October 1, 2022
	$	$
Opening balance	**2,836**	3,825
Additions	**350**	100
Provisions used during the period	**(1,484)**	(1,089)
Closing balance	**1,702**	2,836
Presented as:		
Current	**1,415**	1,503
Non-current	**287**	1,333
	1,702	2,836

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 30, 2023	October 1, 2022
	$	$
Current	**4,364**	3,991
Non-current	**26,086**	19,198

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

	September 30, 2023	October 1, 2022
	$	$
Opening balance	**23,189**	18,492
Additions	**12,093**	8,842
Disposal	**(498)**	—
Payment of lease obligations	**(5,419)**	(5,150)
Interest accretion	**1,075**	1,000
Other	**10**	5
Closing balance	**30,450**	23,189

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

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 30, 2023 and for October 1, 2022.

The total cash outflow for leases (including interest) for the period ended September 30, 2023 was $5.4 million (October 1, 2022-$5.2 million), which was included as part of cash outflows from financing activities.

The lease obligations are payable as follows:

	September 30, 2023			October 1, 2022		
	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	**5,965**	**1,601**	**4,364**	4,969	978	3,991
Between one and five years	**18,277**	**4,283**	**13,994**	14,113	2,252	11,861
More than five years	**14,489**	**2,397**	**12,092**	8,845	1,508	7,337
	38,731	**8,281**	**30,450**	27,927	4,738	23,189

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

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 30, 2023	October 1, 2022
	$	$
Fair value of plan assets:		
Pension benefit plans	**115,940**	105,868
Defined benefit obligation:		
Pension benefit plans	**108,413**	112,550
Other benefit plans	**10,425**	11,847
	118,838	124,397
Funded status:		
Pension benefit plans	**7,527**	(6,682)
Other benefit plans	**(10,425)**	(11,847)
	(2,898)	(18,529)
Experience adjustment arising on plan liabilities	**(7,406)**	(28,127)
Experience adjustment arising on plan assets	**7,292**	(16,901)

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. As such, no decrease in the defined benefit liability is necessary as at September 30, 2023 and October 1, 2022.

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.

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

20. EMPLOYEE BENEFITS (CONTINUED)

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

	September 30, 2023		October 1, 2022	
	%	$	%	$
Equity instruments	**61.5**	**71,303**	58.4	61,827
Government bonds	**34.7**	**40,231**	38.7	40,971
Cash and short-term securities	**3.8**	**4,406**	2.9	3,070
	100.0	**115,940**	100.0	105,868

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 2024 are expected to be approximately $3.8 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.

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

20. EMPLOYEE BENEFITS (CONTINUED)

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

	For the fiscal years ended					
	September 30, 2023			October 1, 2022		
	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	**112,550**	**11,847**	**124,397**	135,729	15,005	150,734
Current service cost	**1,853**	**185**	**2,038**	2,989	311	3,300
Interest cost	**5,680**	**573**	**6,253**	4,633	507	5,140
Employee contributions	**1,021**	**—**	**1,021**	998	—	998
Benefit payments from plan	**(5,795)**	**—**	**(5,795)**	(6,067)	—	(6,067)
Benefit payments from employer	**(970)**	**(700)**	**(1,670)**	(841)	(740)	(1,581)
Actuarial (gains) losses arising from changes in demographic assumptions	**—**	**(681)**	**(681)**	—	(671)	(671)
Actuarial (gains) losses arising from changes in financial assumptions	**(6,170)**	**(707)**	**(6,877)**	(25,937)	(2,758)	(28,695)
Actuarial (gains) losses arising from member experience	**244**	**(92)**	**152**	1,046	193	1,239
Defined benefit obligation, end of year	**108,413**	**10,425**	**118,838**	112,550	11,847	124,397
Movement in the fair value of plan assets:						
Fair value of plan assets, beginning of the year	**105,868**	**—**	**105,868**	121,435	—	121,435
Interest income	**5,441**	**—**	**5,441**	4,100	—	4,100
Return on plan assets (excluding interest income)	**7,292**	**—**	**7,292**	(16,901)	—	(16,901)
Employer contributions	**3,607**	**700**	**4,307**	3,534	740	4,274
Employee contributions	**1,021**	**—**	**1,021**	998	—	998
Benefit payments from plan	**(5,795)**	**—**	**(5,795)**	(6,067)	—	(6,067)
Benefit payments from employer	**(970)**	**(700)**	**(1,670)**	(841)	(740)	(1,581)
Plan expenses	**(524)**	**—**	**(524)**	(390)	—	(390)
Fair value of plan assets, end of year	**115,940**	**—**	**115,940**	105,868	—	105,868

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

20. EMPLOYEE BENEFITS (CONTINUED)

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

	September 30, 2023		October 1, 2022	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Active plan participants	**40.0**	**28.4**	42.3	36.1
Retired plan members	**55.4**	**71.6**	54.1	63.9
Deferred plan participants	**4.6**	**—**	3.6	—
	100.0	**100.0**	100.0	100.0

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

	For the fiscal years ended					
	September 30, 2023			October 1, 2022		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
	$	**$**	**$**	$	$	$
Pension costs recognized in net earnings (loss):						
Current service cost	**1,853**	**185**	**2,038**	2,989	311	3,300
Expenses related to the pension benefit plans	**524**	**—**	**524**	390	—	390
Net interest cost	**239**	**573**	**812**	430	507	937
Re-measurements of other long-term benefits	**(19)**	**(149)**	**(168)**	16	90	106
Pension expense	**2,597**	**609**	**3,206**	3,825	908	4,733
Recognized in:						
Cost of sales	**2,047**	**530**	**2,577**	3,351	616	3,967
Administration and selling expenses	**550**	**79**	**629**	474	292	766
	2,597	**609**	**3,206**	3,825	908	4,733

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

20. EMPLOYEE BENEFITS (CONTINUED)

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

	For the fiscal years ended					
	September 30, 2023			October 1, 2022		
	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	**(15,767)**	**(12,819)**	**(28,586)**	(7,761)	(9,493)	(17,254)
Recognized during the year	**(13,199)**	**(1,331)**	**(14,530)**	(8,006)	(3,326)	(11,332)
Cumulative amount in comprehensive income (loss) at the end of the year	**(28,966)**	**(14,150)**	**(43,116)**	(15,767)	(12,819)	(28,586)
Recognized during the year, net of tax	**(9,831)**	**(991)**	**(10,822)**	(5,951)	(2,472)	(8,423)

Principal actuarial assumptions used were as follows:

	For the fiscal years ended			
	September 30, 2023		October 1, 2022	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Company's defined benefit obligation:				
Discount rate	**5.65**	**5.65**	5.10	5.10
Rate of compensation increase	**3.00**	**3.00**	3.00	3.50
Net benefit plan expense:				
Discount rate	**5.10**	**5.10**	3.50	3.50
Rate of compensation increase	**3.00**	**3.50**	3.00	3.00

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

20. EMPLOYEE BENEFITS (CONTINUED)

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 30, 2023	October 1, 2022
Longevity at age 65 for current pensioners:		
Males	**22.3**	22.2
Females	**24.9**	24.9
Longevity at age 65 for members aged 45:		
Males	**23.8**	23.7
Females	**26.2**	26.2

The assumed health care cost trend rate as at September 30, 2023 was 5.47% (October 1, 2022 - 5.56%), decreasing uniformly to 4.00% in 2040 (October 1, 2022 - 4.00% in 2040) and remaining at that level thereafter.

The following table outlines the key assumptions for the fiscal year ended September 30, 2023 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 30, 2023		
	Pension benefit plans	Other benefit plans	Total
	$	$	$
(Decrease) increase in Company's defined benefit obligation:			
Discount rate			
Impact of increase of 1%	**(10,506)**	**(1,098)**	**(11,604)**
Impact of decrease of 1%	**13,496**	**1,363**	**14,859**
Rate of compensation increase			
Impact of increase of 0.5%	**714**	**2**	**716**
Impact of decrease of 0.5%	**(661)**	**(3)**	**(664)**
Mortality			
99% of expected rate	**207**	**29**	**236**

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	**1,127**	**(925)**

As at September 30, 2023, the weighted average duration of the defined benefit obligation amounts to 11.5 years (October 1, 2022 - 11.9 years).

(In thousands of dollars except as noted and per share amounts) 115

21. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

The outstanding convertible debentures are as follows:

	September 30, 2023	October 1, 2022
	$	$
Non-current		
Sixth series (i)	**57,425**	57,425
Seventh series (ii)	**97,575**	97,575
Total face value	**155,000**	155,000
Less net deferred financing fees	**(1,547)**	(2,535)
Less equity component (i), (ii)	**(6,930)**	(6,930)
Accumulated accretion expense	**5,188**	4,164
Total carrying value — non-current	**151,711**	149,699

(i) 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 (October 1, 2022 - $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.

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 30, 2023 was approximately $56.3 million (October 1, 2022 - $56.9 million).

21. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (CONTINUED)

(ii) 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 $0.6 million (October 1, 2022 - $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 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 30, 2023 was approximately $94.4 million (October 1, 2022 - $95.2 million).

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 30, 2023 was approximately $81.8 million (October 1, 2022 - $85.2 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.

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

23. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

As of September 30, 2023, a total of 105,096,120 common shares (October 1, 2022 - 104,372,045) were outstanding.

During the year, 724,075 stock options have been exercised for proceeds of $3.5 million and reversal of previously recognized share-based compensation recorded in contributed surplus of $0.1 million (note 24) (685,122 stock options were exercised for net proceeds of $3.3 million and reversal of previously recognized share-based compensation recorded in contributed surplus of $0.1 million for fiscal 2022).

The Company declared a quarterly dividend of $0.09 per share for fiscal years 2023 and 2022.

The following dividends were declared by the Company:

	For the fiscal years ended	
	September 30, 2023	October 1, 2022
	$	$
Dividends	**37,752**	37,500

On November 29, 2023, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before February 1, 2024.

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 million yearly in capital expenditures. On an exceptional basis, the Company may invest more than $25.0 million when special capital requirements arise. 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 $265.0 million revolving credit facility in addition to $100 million senior guaranteed notes that have been issued in 2021. The Company estimates to use between $140.0 million and $265.0 million of its revolving credit facility to finance its normal operations during the year.

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

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

Capital management: (Continued)

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 2.52:1 for fiscal 2023 and 2.29:1 for fiscal 2022.

The Board of Directors of the Company has approved an expansion of the production and logistic capacity of its eastern sugar refining capacity. The project is expected to provide incremental capacity of 100,000 metric tonnes of refined white sugar, at an estimated cost of $200 million. The Company is expected to finance the construction of this project using a combination of debt and equity instruments. In connection with this project the Company has increased its revolving credit facility by $75 million to $340 million on November 1, 2023, and has negotiated some temporarily reliefs to the covenants associated with such facility during the construction period estimated to be completed in the first half of fiscal 2026.

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

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 (October 1, 2022 – 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.

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%

On December 6, 2021, a total of 802,564 share options were granted at a price of $5.85 per common share to certain executives.

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

24. SHARE-BASED COMPENSATION (CONTINUED)

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

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 2022 are the following:

Total fair value of options	$227,000
Share price	$5.94
Exercise price	$5.85
Expected volatility (weighted average volatility)	15.057% to 16.877%
Option life (expected weighted average life)	4 to 6 years
Expected dividends	6.06%
Weighted average risk-free interest rate (based on government bonds)	1.323% to 1.415%

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 $178,000 was recorded for the fiscal year ended September 30, 2023 (October 1, 2022 - $143,000).

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
	3,123,439	666,347	(724,075)	(40,000)	3,025,711	n/a	1,302,478

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

24. SHARE-BASED COMPENSATION (CONTINUED)

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

The following table summarizes information about the Share Option Plan as of October 1, 2022:

Exercise price per option	Outstanding number of options at October 2, 2021	Options granted during the period	Options exercised during the period	Options forfeited during the period	Outstanding number of options at October 1, 2022	Weighted average remaining life	Number of options exercisable
$4.28	200,000	—	—	—	200,000	7.47	50,000
$4.59	730,000	—	(466,800)	—	263,200	2.64	263,200
$4.68	563,500	—	(67,052)	—	496,448	7.17	158,348
$5.58	447,175	—	(71,270)	—	375,905	6.17	197,035
$5.61	80,000	—	(80,000)	—	—	—	—
$5.85	—	802,564	—	—	802,564	9.18	—
$6.23	705,322	—	—	(80,000)	625,322	5.18	500,258
$6.51	360,000	—	—	—	360,000	4.18	360,000
	3,085,997	802,564	(685,122)	(80,000)	3,123,439	n/a	1,528,841

Options outstanding held by key management personnel amounted to 2,325,487 options as at September 30, 2023 and 2,883,439 options as at October 1, 2022 (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 2023 grant:
On December 12, 2022, a total of 310,964 PSUs were granted to executives of the Company at a price of $5.85 per units. In addition, an aggregate of 14,476 PSUs at a weighted-average share price of $5.89 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 30, 2023, an aggregate of 325,440 PSUs were outstanding in relation with this grant. These PSUs will vest at the end of the 2023-2025 performance cycle based on the achievement of total shareholder returns, 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.

24. SHARE-BASED COMPENSATION (CONTINUED)

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

Fiscal 2023 grant: (continued)
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 $260,000 as at September 30, 2023. An expense of $100,000 related to this specific grant was recorded for the year ended September 30, 2023 in administration and selling expenses. The liabilities arising from these PSUs as at September 30, 2023 were $100,000.

On December 12, 2022, the Board of Directors established a new PSU program for specific members of the management team of the Company, excluding executives. In connection with this new program, 95,283 PSUs were granted to specific members of the management team at a price of $5.85 per units. Under the approved program, these PSUs vest in equal tranches over a three-year period (one-third per year) based on certain performance measures, and are payable in cash three years after the grant date.

On September 30, 2023, none of the PSUs granted under this new program had vested. The value of the payout is determined by multiplying the number of PSUs expected to vest at the payout date by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the new 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 value of the PSUs under this new plan is recognized over the vesting period and is adjusted based of the applicable terms for the performance-based components. An expense of $207,000 was recorded for year ended September 30, 2023 in administration and selling expenses. The liabilities arising from the PSUs as at September 30, 2023 were $207,000.

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 42,563 PSUs at a weighted-average share price of $5.99 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 30, 2023, an aggregate of 429,272 PSUs was outstanding. These PSUs will vest at the end of the 2022-2024 performance cycle.

The fair values were established using the Monte Carlo model. The fair value as at grant date was $1,493,000 and $1,361,000 as at September 30, 2023 (October 1, 2022 - $2,683,000). A gain of $318,000 was recorded for the year ended September 30, 2023 (October 1, 2022 – expense of $1,359,000) in administration and selling expenses. The liabilities arising from the PSUs as at September 30, 2023 were $1,041,000 (October 1, 2022 - $1,359,000).

Fiscal 2021 grant:
On December 7, 2020, a total of 491,412 PSUs were granted to executives of the Company. In addition, an aggregate of 98,920 PSUs at a weighted-average share price of $5.85 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 30, 2023, an aggregate of 590,332 PSUs was outstanding. These PSUs will vest at the end of the 2021-2023 performance cycle.

The fair values were established using the Monte Carlo model. The fair value as at grant date was $664,000 and $3,908,000 as at September 30, 2023 (October 1, 2022 - $4,863,000). An expense of $29,000 was recorded for the year ended September 30, 2023 (October 1, 2022 – expense of $3,762,000) in administration and selling expenses. The liabilities arising from the PSUs as at September 30, 2023 were $3,849,000 (October 1, 2022 - $3,820,000).

Fiscal 2020 grant:
During fiscal 2023, the grant related to fiscal 2020 was cash settled for an amount of $640,000, and a gain of $15,000 was recorded for the year ended September 30, 2023 (October 1, 2022 – expense of $648,000) in administration and selling expenses.

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

25. COMMITMENTS

As at September 30, 2023, the Company had commitments to purchase a total of 901,000 metric tonnes of raw cane sugar up to fiscal 2025 (October 1, 2022 - 585,000 up to fiscal 2024), of which 228,136 metric tonnes had been priced (October 1, 2022 - 374,479), for a total dollar commitment of $187.2 million (October 1, 2022 - $224.2 million). In addition, the Company has a commitment of approximately $50.4 million (October 1, 2022 - $43.5 million) for sugar beets to be harvested and processed in fiscal 2024.

TMTC has $4.1 million (October 1, 2022 - $2.4 million) remaining to pay related to an agreement to purchase approximately $16.1 million (4.7 million pounds) (October 1, 2022 - $2.4 million; 1.2 million pounds) of maple syrup from the PPAQ in fiscal 2023. In order to secure bulk syrup purchases, the Company issued an insurance bond for an amount of $15.6 million in favor of the PPAQ (October 1, 2022 – insurance bond in the amount of $17.4 million). The insurance bond expires on March 1, 2024.

During the fiscal year ended September 30, 2023, the Company entered into capital commitments to complete its capital projects for a total value of $19.9 million (October 1, 2022 - $13.6 million) to be incurred in fiscal 2024. In addition, subsequent to year end, the Company entered into commitments related to the expansion project for a total value of $24.0 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 30, 2023 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 (loss) per share is as follows:

	For the fiscal years ended	
	September 30, 2023	October 1, 2022
	$	$
Basic earnings (loss) per share:		
Net earnings (loss)	**51,789**	(16,568)
Weighted average number of shares outstanding	**104,561,422**	103,904,615
Basic earnings (loss) per share	**0.50**	(0.16)
Diluted earnings (loss) per share:		
Net earnings (loss)	**51,789**	(16,568)
Plus impact of convertible unsecured subordinated debentures and share options	**6,314**	—
	58,103	(16,568)
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	**104,561,422**	103,904,615
Plus impact of convertible unsecured subordinated debentures and share options	**28,795,036**	—
	133,356,458	103,904,615
Diluted earnings (loss) per share	**0.44**	(0.16)

As at October 1, 2022, the share options, the Sixth series debentures and the Seventh series debentures representing 18,243,788 common shares, were excluded from the calculation of diluted earnings (loss) per share as they were deemed anti-dilutive. There are no exclusions for the calculation of diluted earnings (loss) per share for the period ending September 30, 2023.

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

28. SUPPLEMENTARY CASH FLOW INFORMATION

	September 30, 2023	October 1, 2022	October 2, 2021
	$	$	$
Non-cash transactions:			
Additions of property, plant and equipment and intangible assets included in trade and other payables	**3,951**	1,958	1,638
Increase in asset retirement obligation provision included in property, plant and equipment	**350**	100	3,231
Additions to right-of-use assets	**12,093**	8,842	2,724

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 30, 2023	October 1, 2022
	$	$
Salaries and short-term benefits	**5,612**	4,431
Attendance fees for members of the Board of Directors	**1,188**	1,076
Post-employment benefits	**143**	152
Share-based compensation (note 24)	**181**	5,922
	7,124	11,581

30. PERSONNEL EXPENSES

	For the fiscal years ended	
	September 30, 2023	October 1, 2022
	$	$
Wages, salaries and employee benefits	**118,595**	107,850
Expenses related to defined benefit plans (note 20)	**3,206**	4,733
Expenses related to defined contributions plans	**6,778**	6,192
Share-based compensation (note 24)	**181**	5,922
	128,760	124,697

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

30. PERSONNEL EXPENSES (CONTINUED)

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

	For the fiscal years ended	
	September 30, 2023	October 1, 2022
	$	$
Cost of sales	**98,610**	94,380
Administration and selling expenses	**27,606**	28,040
Distribution expenses	**2,144**	1,984
	128,360	124,404
Property, plant and equipment	**400**	293
	128,760	124,697

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.

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

32. SEGMENTED INFORMATION

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

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

	For the fiscal year ended September 30, 2023			
	Sugar	Maple products	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
Additions to right-of-use assets	11,667	78	—	11,745

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

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

32. SEGMENTED INFORMATION (CONTINUED)

	For the fiscal year ended October 1, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
	$	$	$	$
Revenues	792,200	213,934	—	1,006,134
Cost of sales	676,328	199,001	—	875,329
Gross margin	115,872	14,933	—	130,805
Depreciation and amortization	19,380	6,768	—	26,148
Results from operating activities	62,344	(47,145)	(1,886)	13,313
Additions to property, plant and equipment and intangible assets, net of disposals	22,642	1,364	—	24,006
Increase in asset retirement obligation provision included in property, plant and equipment	100	—	—	100
Additions to right-of-use assets	8,842	—	—	8,842

	For the fiscal year ended October 1, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
	$	$	$	$
Total assets	871,332	232,402	(165,778)	937,956
Total liabilities	(972,962)	(179,598)	506,023	(646,537)

Revenues were derived from customers in the following geographic areas:

	For the fiscal years ended	
	September 30, 2023	October 1, 2022
	$	$
Canada	**893,043**	783,132
United States	**146,989**	151,536
Europe	**36,746**	34,185
Other	**27,935**	37,281
	1,104,713	1,006,134

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 7, 2024
at 1:00pm PST

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Corporate Information — Management

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Chairman and General Partner
Kinetic Capital Limited Partnership

Gary Collins, (2)
Director

Michael Heskin, (2)
Vice President Finance and CFO
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 & Sustainability

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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Designed and written by
MBC Capital Markets Advisors
Printed in Canada

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