

Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and nine months ended July 2, 2022 and July 3, 2021

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

(Unaudited)

Condensed consolidated interim statements of earnings and comprehensive income

(In thousands of dollars except per share amounts)

Condensed consolidated interim statements of earnings	For the three months ended		For the nine months ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Revenues (note 13)	254,632	210,931	738,728	650,700
Cost of sales	229,684	180,867	636,395	550,572
Gross margin	24,948	30,064	102,333	100,128
Administration and selling expenses	10,627	10,726	34,233	28,280
Distribution expenses	5,499	4,276	16,442	14,303
	16,126	15,002	50,675	42,583
Results from operating activities	8,822	15,062	51,658	57,545
Net finance costs (note 5)	4,385	5,345	12,509	14,424
Earnings before income taxes	4,437	9,717	39,149	43,121
Income tax expense (recovery):				
Current	2,522	2,458	12,680	10,713
Deferred	(1,223)	423	(2,465)	1,021
	1,299	2,881	10,215	11,734
Net earnings	3,138	6,836	28,934	31,387
Net earnings per share (note 10)				
Basic	0.03	0.07	0.28	0.30
Diluted	0.03	0.07	0.28	0.29

Condensed consolidated interim statements of comprehensive income	For the three months ended		For the nine months ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net earnings	3,138	6,836	28,934	31,387
Other comprehensive (loss) income Items that may or may not be reclassified subsequently to net earnings:				
Cash flow hedges (note 6)	3,191	5,375	15,137	9,570
Income tax on other comprehensive (loss) income (note 6)	(819)	(1,377)	(3,886)	(2,452)
Foreign currency translation differences	547	(94)	340	(1,214)
	2,919	(3,910)	11,591	5,904
Net earnings and comprehensive income for the period	6,057	10,740	40,525	37,291

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

(Unaudited)
Condensed consolidated interim statements of financial position
(In thousands of dollars)

	July 2, 2022	October 2, 2021	July 3, 2021
Assets			
Current assets:			
Cash	2,744	15,643	4,278
Trade and other receivables	105,396	95,546	74,722
Income taxes receivable	-	285	-
Inventories	268,634	180,291	224,717
Prepaid expenses	8,542	4,570	4,721
Derivative financial instruments (note 6)	10,552	5,897	3,833
Total current assets	395,868	302,232	312,271
Non-current assets:			
Property, plant and equipment	239,949	241,713	239,806
Right-of-use assets	23,905	18,526	19,602
Intangible assets	25,227	28,034	28,914
Other assets	628	548	591
Derivative financial instruments (note 6)	16,582	5,870	1,476
Goodwill	283,007	283,007	283,007
Total non-current assets	589,298	577,698	573,396
Total assets	985,166	879,930	885,667
Liabilities and Shareholder's Equity			
Current liabilities:			
Revolving credit facility (note 7)	41,000	-	20,000
Trade and other payables	164,001	119,940	123,522
Income taxes payable	1,282	3,454	2,407
Provisions	100	1,394	1,883
Lease obligations	4,017	3,049	3,471
Derivative financial instruments (note 6)	287	2,089	1,649
Total current liabilities	210,687	129,926	152,932
Non-current liabilities:			
Revolving credit facility (note 7)	100,000	100,000	100,000
Employee benefits	29,540	29,299	60,228
Provisions	3,131	2,431	2,185
Derivative financial instruments (note 6)	696	546	1,373
Lease obligations	20,023	15,443	16,010
Convertible unsecured subordinated debentures (note 8)	149,203	147,742	147,259
Senior guaranteed notes	98,874	98,785	98,759
Deferred tax liabilities	38,228	36,800	26,650
Total non-current liabilities	439,695	431,046	452,464
Total liabilities	650,382	560,972	605,396
Shareholder's equity:			
Share capital (note 9)	103,550	100,139	100,139
Contributed surplus	300,884	300,887	300,864
Equity portion of convertible unsecured subordinated debentures (note 8)	5,085	5,085	5,085
Deficit	(105,777)	(106,604)	(113,412)
Accumulated other comprehensive income (loss)	31,042	19,451	(12,405)
Total shareholder's equity	334,784	318,958	280,271
Total liabilities and shareholder's equity	985,166	879,930	885,667

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of changes in shareholders' equity

(In thousands of dollars except number of shares)

	For the nine months ended July 2, 2022								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain	Accumulated foreign currency translation differences	Deficit	Total
Balance, October 2, 2021	103,686,923	100,139	300,887	5,085	12,450	7,240	(239)	(106,604)	318,958
Net earnings for the period	-	-	-	-	-	-	-	28,934	28,934
Dividends (note 9)	-	-	-	-	-	-	-	(28,107)	(28,107)
Issuance of shares (note 9)	685,122	3,411	(108)	-	-	-	-	-	3,303
Share-based compensation (note 11)	-	-	105	-	-	-	-	-	105
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	11,251	-	-	11,251
Translation of foreign operations	-	-	-	-	-	-	340	-	340
Balance, July 2, 2022	104,372,045	103,550	300,884	5,085	12,450	18,491	101	(105,777)	334,784

	For the nine months ended July 3, 2021								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain on employee benefit plans	Accumulated cash flow hedge gain (loss)	Accumulated foreign currency translation differences	Deficit	Total
Balance, October 3, 2020	103,536,923	99,452	300,794	5,085	(12,983)	(6,119)	793	(116,831)	270,191
Net earnings for the period	-	-	-	-	-	-	-	31,387	31,387
Dividends (note 9)	-	-	-	-	-	-	-	(27,968)	(27,968)
Issuance of shares (note 9)	150,000	687	(14)	-	-	-	-	-	673
Share-based compensation (note 11)	-	-	84	-	-	-	-	-	84
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	7,118	-	-	7,118
Translation of foreign operations	-	-	-	-	-	-	(1,214)	-	(1,214)
Balance, July 3, 2021	103,686,923	100,139	300,864	5,085	(12,983)	999	(421)	(113,412)	280,271

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of cash flows

(In thousands of dollars)

	For the three months ended		For the nine months ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Cash flows from operating activities:				
Net earnings	3,138	6,836	28,934	31,387
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets (note 4)	5,608	5,329	16,619	15,911
Amortization of intangible assets (note 4)	972	955	2,902	2,870
Changes in fair value of derivative financial instruments included in cost of sales	1,708	1,726	623	1,029
Income tax expense	1,299	2,881	10,215	11,734
Pension contributions	(3,051)	(2,903)	(8,094)	(7,975)
Pension expense	3,061	3,169	8,335	8,992
Net finance costs (note 5)	4,385	5,345	12,509	14,424
Share-based compensation – equity settled (note 11)	94	24	105	84
Share-based compensation – cash settled (note 11)	579	63	4,860	229
Loss (gain) on disposal of property, plant and equipment	44	-	44	(86)
	17,837	23,425	77,052	78,599
Changes in:				
Trade and other receivables	(5,298)	4,090	(9,850)	19,465
Inventories	(73,848)	(52,182)	(88,343)	(44,203)
Prepaid expenses	(4,955)	2,810	(3,972)	3,202
Trade and other payables	76,523	52,234	40,447	(8,045)
Provisions	(382)	39	(594)	-
	(7,960)	6,991	(62,312)	(29,581)
Cash flows from operating activities	9,877	30,416	14,740	49,018
Interest paid	(6,852)	(5,448)	(15,475)	(13,013)
Income taxes paid	(3,431)	(216)	(14,573)	(6,290)
Net cash (used in) from operating activities	(406)	24,752	(15,308)	29,715
Cash flows (used in) from financing activities:				
Dividends paid (note 9)	(9,378)	(9,332)	(28,045)	(27,968)
Decrease in bank overdraft	-	-	-	(2,797)
Increase (decrease) in revolving credit facility (note 7)	6,000	(105,000)	41,000	(74,000)
Payment of financing fees	-	-	(268)	-
Payment of lease obligations	(1,309)	(1,344)	(3,867)	(4,256)
Net proceeds from senior guaranteed notes	-	98,740	-	98,740
Issuance of shares (note 9)	809	673	3,303	673
Cash flow (used in) from financing activities	(3,878)	(16,263)	12,123	(9,608)
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	(3,387)	(5,689)	(9,689)	(17,513)
Additions to intangible assets	-	-	(95)	(272)
Cash flow used in investing activities	(3,387)	(5,689)	(9,784)	(17,785)
Effect of changes in exchange rate on cash	129	1	70	(18)
Net increase (decrease) in cash	(7,542)	2,801	(12,899)	2,304
Cash, beginning of period	10,286	1,477	15,643	1,974
Cash, end of period	2,744	4,278	2,744	4,278

Supplemental cash flow information (note 12)

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

Notes to unaudited condensed consolidated interim financial statements

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

1. Reporting entity:

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the *Canada Business Corporations Act*. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The unaudited condensed consolidated interim financial statements of Rogers for the three and nine month periods ended July 2, 2022 and July 3, 2021 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 maple products.

2. Basis of presentation and statement of compliance:

(A) STATEMENT OF COMPLIANCE:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* on a basis consistent with those accounting policies followed by the Company in the most recent audited consolidated annual financial statements. Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended October 2, 2021. The quarterly unaudited condensed consolidated interim financial statements were neither reviewed nor audited by our external auditors and were authorized for issue by the Board of Directors on August 10, 2022.

(B) BASIS OF MEASUREMENT:

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

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

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

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

(D) USE OF ESTIMATES AND JUDGEMENTS:

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

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are as those applied and described in the Company's audited annual consolidated financial statements for the year ended October 2, 2021.

Notes to unaudited condensed consolidated interim financial statements

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

3. Significant accounting policies:

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended October 2, 2021 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

(A) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended July 2, 2022 and have not been applied in preparing these unaudited condensed consolidated interim financial statements. New standards and amendments to standards and interpretations that are currently under review include:

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

The Company does not intend to adopt any of these standards and interpretations in its consolidated financial statements before the annual period beginning on October 2, 2022. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

4. Depreciation and amortization expense:

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

	For the three months ended		For the nine months ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Depreciation of property, plant and equipment:				
Cost of sales	4,324	4,129	12,911	11,921
Administration and selling expenses	122	(36)	358	422
	4,446	4,093	13,269	12,343
Depreciation of right-of-use assets:				
Cost of sales	742	582	2,095	2,133
Distribution expenses	420	654	1,255	1,435
	1,162	1,236	3,350	3,568
Amortization of intangible assets:				
Administration and selling expenses	972	955	2,902	2,870
Total depreciation and amortization expense	6,580	6,284	19,521	18,781

Notes to unaudited condensed consolidated interim financial statements

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

5. Finance income and finance costs:

Recognized in net earnings:

	For the three months ended		For the nine months ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Interest expense on convertible unsecured subordinated debentures, including accretion expense ⁽¹⁾	2,119	2,101	6,288	6,241
Interest on revolving credit facility	1,308	1,314	3,950	4,670
Interest on senior guaranteed notes	897	612	2,699	612
Amortization of deferred financing fees	311	316	928	909
Other interest expense	143	150	418	727
Interest accretion on discounted lease obligations	240	241	699	654
Net change in fair value of interest rate swap (note 6)	(633)	611	(2,473)	611
Net finance costs recognized in net earnings	4,385	5,345	12,509	14,424

(1) Includes accretion expense of \$242 and \$720 for the three and nine months ended July 2, 2022 (July 3, 2021 - \$229 and \$681, respectively)

6. Financial instruments:

Disclosures relating to risks exposures, in particular credit risk, liquidity risk, foreign currency risk, interest rate risk and equity risk were provided in the October 2, 2021 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three and nine months ended July 2, 2022.

For its financial assets and liabilities measured at amortized cost as at July 2, 2022, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short periods to maturity of these instruments.

Details of recorded gains (losses) for the year, in marking-to-market all derivative financial instruments and embedded derivatives that are outstanding at quarter end, are noted below. For sugar futures contracts (derivative financial instruments), the amounts noted below are netted with the variation margins paid or received to/from brokers at the end of the reporting period. Natural gas forwards and sugar futures have been marked-to-market using published quoted values for these commodities, while foreign exchange forward contracts have been marked-to-market using rates published by the financial institution which is counterparty to these contracts.

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

6. Financial instruments (continued):

As at July 2, 2022, October 2, 2021 and July 3, 2021, the Company's financial derivatives carrying values were as follows:

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	July 2, 2022		July 2, 2022	
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	270	-	-	615
Foreign exchange forward contracts	-	-	287	81
Interest rate swap	1,598	929	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	7,580	12,992	-	-
Interest rate swap	1,104	2,661	-	-
	10,552	16,582	287	696

	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	October 2, 2021				July 3, 2021			
Derivative financial instruments measured at fair value through profit or loss:								
Sugar futures contracts	-	120	142	-	186	-	-	165
Foreign exchange forward contracts	18	127	213	-	1,187	424	-	-
Interest rate swap	-	-	455	16	-	-	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:								
Natural gas futures contracts	5,879	5,623	-	-	2,460	1,052	-	-
Interest rate swap	-	-	1,279	530	-	-	1,649	1,208
	5,897	5,870	2,089	546	3,833	1,476	1,649	1,373

	Charged to cost of sales		Charged to finance income (costs)		For the three months ended	
	Unrealized loss				Other comprehensive gain	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	(794)	(489)	-	-	-	-
Foreign exchange forward contracts	(289)	(75)	-	-	-	-
Interest rate swap	-	-	633	(611)	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	1,608	4,306
Interest rate swap	-	-	-	-	1,583	1,069
	(1,083)	(564)	633	(611)	3,191	5,375

Notes to unaudited condensed consolidated interim financial statements

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

6. Financial instruments (continued):

	Charged to cost of sales		Charged to finance income (costs)		For the nine months ended	
	Unrealized gain / (loss)				Other comprehensive	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	1,515	552	-	-	-	-
Foreign exchange forward contracts	191	5,639	-	-	-	-
Interest rate swap	-	-	2,473	(611)	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	6,067	5,087
Interest rate swap	-	-	-	-	9,070	4,483
	1,706	6,191	2,473	(611)	15,137	9,570

The following table summarizes the Company's hedging components of accumulated other comprehensive income ("AOCI") as at July 2, 2022 and July 3, 2021:

	July 2, 2022			July 3, 2021		
	Natural gas futures contracts	Interest rate swap	Total	Natural gas futures contracts	Interest rate swap	Total
Opening AOCI	12,212	(2,617)	9,595	(865)	(7,513)	(8,378)
Income taxes	(3,646)	1,291	(2,355)	(289)	2,548	2,259
Opening AOCI – net of income taxes	8,566	(1,326)	7,240	(1,154)	(4,965)	(6,119)
Change in fair value of derivatives designated as cash flow hedges	6,067	9,070	15,137	5,087	5,296	10,383
Amounts reclassified to net earnings	-	-	-	-	(813)	(813)
Income taxes	(1,558)	(2,328)	(3,886)	(1,303)	(1,149)	(2,452)
Ending AOCI – net of income taxes	13,075	5,416	18,491	2,630	(1,631)	999

The aggregate notional amount of all the interest rate swap agreements is 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, 2021 to June 28, 2023 – 1.08%	10,000
Fiscal 2020	June 28, 2024 to June 28, 2025 – 1.18%	80,000

Notes to unaudited condensed consolidated interim financial statements

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

7. Revolving credit facility:

The Company has a total of \$200.0 million of available working capital under the revolving credit facility, which matures on November 23, 2026, from which it can borrow at prime rate, LIBOR 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 July 2, 2022, a total of \$588.3 million of assets are pledged as security (October 2, 2021 - \$498.5 million; July 3, 2021 - \$519.7 million). The Company must comply with certain financial covenants related to the revolving credit facility on a quarterly basis. The Company was in compliance with the financial covenants as at July 2, 2022.

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

	July 2, 2022	October 2, 2021	July 3, 2021
Current	41,000	-	20,000
Non-current	100,000	100,000	100,000
	141,000	100,000	120,000

The carrying value of the revolving credit facility approximates fair value as the borrowings bear interest at variable rates.

8. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	July 2, 2022	October 2, 2021	July 3, 2021
Sixth series	57,425	57,425	57,425
Seventh series	97,575	97,575	97,575
Total face value	155,000	155,000	155,000
Less deferred financing fees	(2,782)	(3,523)	(3,770)
Less equity component	(6,930)	(6,930)	(6,930)
Accretion expense on equity component	3,915	3,195	2,959
Total carrying value – non current	149,203	147,742	147,259

The fair value of the Sixth and Seventh series debentures as at July 2, 2022 were approximately \$155.0 million based on market quotes.

9. Share capital and other components of equity:

As of July 2, 2022, a total of 104,372,045 common shares (October 2, 2021 and July 3, 2021 – 103,686,923) were outstanding.

For the nine-month ended July 2, 2022, 685,122 stock options have been exercised for a net proceeds of \$3,303,000 and reversal of previously recognized share-based compensation recorded in contributed surplus of \$108,000.

The Company declared a quarterly dividend of \$0.09 per share amounting to the following for the nine-month period ending July 2, 2022 and July 3, 2021:

	July 2, 2022	July 3, 2021
Dividends	28,107	27,968

Notes to unaudited condensed consolidated interim financial statements

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

10. Earnings per share:

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

	For the three months ended		For the nine months ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Basic earnings per share:				
Net earnings	3,138	6,836	28,934	31,387
Weighted average number of shares outstanding	104,241,686	103,558,545	103,867,069	103,545,114
Basic earnings per share	0.03	0.07	0.28	0.30
Diluted earnings per share:				
Net earnings	3,138	6,836	28,934	31,387
Plus impact of convertible unsecured subordinated debentures ⁽¹⁾	-	-	4,653	3,712
	3,138	6,836	33,587	35,099
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	104,241,686	103,558,545	103,867,069	103,545,114
Plus impact of convertible unsecured subordinated debentures ⁽¹⁾	-	-	17,977,603	17,977,603
Plus impact of share options ⁽¹⁾	299,764	-	248,850	-
	104,541,450	103,558,545	122,093,522	121,522,717
Diluted earnings per share	0.03	0.07	0.28	0.29

(1) For the three and nine months ended July 3, 2021, the share options were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive. For the three months ended July 2, 2022 and July 3, 2021, the unsecured subordinated debentures were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

11. Share-based compensation:

(A) EQUITY-SETTLED SHARE-BASED COMPENSATION:

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.

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 the nine months ended July 2, 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 \$94,000 and \$105,000 of were recorded for the three and nine month periods ended July 2, 2022 (an expense of \$24,000 and \$84,000 for the three and nine month periods ended July 3, 2021).

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

11. Share-based compensation (continued):

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

The following tables summarize information about the Share option plan as of July 2, 2022:

Exercise price per option	Outstanding number of options at October 2, 2021	Options granted during the nine month period	Options exercised during the nine month period	Options forfeited during the nine month period	Outstanding number of options at July 2, 2022	Weighted average remaining life	Number of options exercisable
\$4.28	200,000	-	-	-	200,000	7.72	50,000
\$4.59	730,000	-	(466,800)	-	263,200	2.89	263,200
\$4.68	563,500	-	(67,052)	-	496,448	7.42	158,348
\$5.58	447,175	-	(71,270)	-	375,905	6.42	197,035
\$5.61	80,000	-	(80,000)	-	-	-	-
\$5.85	-	802,564	-	-	802,564	9.43	-
\$6.23	705,322	-	-	(40,000)	665,322	5.42	532,258
\$6.51	360,000	-	-	-	360,000	4.43	360,000
	3,085,997	802,564	(685,122)	(40,000)	3,163,439		1,560,841

Options outstanding held by key management personnel amounted to 2,883,439 options as at July 2, 2022 and 2,765,997 options as at October 2, 2021.

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

Fiscal 2022 grant:

On December 6, 2021, a total of 386,709 PSUs were granted to certain executives and other members of the management team at a price of \$5.85. In addition, an aggregate of 11,517 PSUs at a weighted-average share price of \$6.09 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 July 2, 2022, an aggregate of 398,226 PSUs was outstanding. These PSUs will vest at the end of the 2022-2024 performance cycle based on the achievement of total shareholder returns set by the Board of Directors of the Company. Following the end of a performance cycle, the Board of Directors of the Company will determine, and to the extent only that the vesting conditions include financial conditions, concurrently with the release of the Company's financial and/or operational results for the fiscal year ended at the end of the performance cycle, whether the vesting conditions for the PSUs granted to a participant relating to such performance cycle have been achieved. Depending on the achievement of the vesting conditions, between 0% and 200% of the PSUs will become vested.

The Board of Directors of the Company has the discretion to determine that all or a portion of the PSUs granted to a participant for which the vesting conditions have not been achieved shall vest to such participant.

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

The fair values were established using the Monte Carlo model. The fair value as at grant date was \$1,493,000 and \$1,945,000 as at July 2, 2022. An expense of \$117,000 and an expense of \$866,000 related to this specific grant was recorded for the three and nine months periods ending July 2, 2022 in administration and selling expenses.

For grants related to fiscal years 2020 and 2021, an expense of \$462,000 and an expense of \$3,994,000 was recorded for the three and nine months periods ending July 2, 2022 in administration and selling expenses.

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

12. Supplementary cash flow information:

	For the nine months ended			For the year ended
	July 2, 2022	July 3, 2021	October 2, 2021	October 3, 2020
Non-cash transactions:				
Additions of property, plant and equipment and intangibles included in trade and other payables	3,498	2,273	1,638	1,239
Increase in asset retirement obligation provision included in property, plant and equipment	-	3,131	3,231	100
Additions to right-of-use assets	8,729	2,681	2,724	11,818

13. Segmented information:

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

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

	For the three months ended July 2, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	200,276	54,356	-	254,632
Cost of sales	178,998	50,686	-	229,684
Gross margin	21,278	3,670	-	24,948
Depreciation and amortization	4,903	1,677	-	6,580
Results from operating activities	8,653	663	(494)	8,822
Additions to property, plant and equipment and intangible assets, net of disposals	4,089	63	-	4,152
Additions to right-of-use assets	691	-	-	691

	For the nine months ended July 2, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	572,058	166,670	-	738,728
Cost of sales	482,944	153,451	-	636,395
Gross margin	89,114	13,219	-	102,333
Depreciation and amortization	14,434	5,087	-	19,521
Results from operating activities	49,321	3,862	(1,525)	51,658
Additions to property, plant and equipment and intangible assets, net of disposals	11,182	418	-	11,600
Additions to right-of-use assets	8,729	-	-	8,729

	As at July 2, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	859,580	291,414	(165,828)	985,166
Total liabilities	(968,348)	(187,950)	505,916	(650,382)

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

13. Segmented information (continued):

	For the three months ended July 3, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	161,237	49,694	-	210,931
Cost of sales	134,643	46,224	-	180,867
Gross margin	26,594	3,470	-	30,064
Depreciation and amortization	4,461	1,823	-	6,284
Results from operating activities	15,040	378	(356)	15,062
Additions to property, plant and equipment and intangible assets, net of disposals	5,215	247	-	5,462
Increase in asset retirement obligation provision included in property, plant and equipment	3,131	-	-	3,131
Additions to right-of-use assets	1,475	823	-	2,298

	For the nine months ended July 3, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	476,656	174,044	-	650,700
Cost of sales	391,298	159,274	-	550,572
Gross margin	85,358	14,770	-	100,128
Depreciation and amortization	13,444	5,337	-	18,781
Results from operating activities	53,058	5,828	(1,341)	57,545
Additions to property, plant and equipment and intangible assets, net of disposals	18,180	725	-	18,905
Increase in asset retirement obligation provision included in property, plant and equipment	3,131	-	-	3,131
Additions to right-of-use assets	1,858	823	-	2,681

	As at July 3, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	800,687	250,791	(165,811)	885,667
Total liabilities	(959,006)	(269,478)	623,088	(605,396)

Revenues were derived from customers in the following geographic areas:

	For the three months ended		For the nine months ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Canada	194,299	158,721	562,795	477,349
United States	39,980	38,332	119,345	120,405
Europe	10,763	7,030	27,767	23,347
Other	9,590	6,848	28,821	29,599
	254,632	210,931	738,728	650,700