

Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three and six months ended April 2, 2022 and April 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 six months ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Revenues (note 13)	253,341	215,929	484,096	439,769
Cost of sales	219,442	184,478	406,711	369,705
Gross margin	33,899	31,451	77,385	70,064
Administration and selling expenses	12,120	7,956	23,606	17,554
Distribution expenses	6,280	4,344	10,943	10,027
	18,400	12,300	34,549	27,581
Results from operating activities	15,499	19,151	42,836	42,483
Net finance costs (note 5)	3,707	4,383	8,124	9,079
Earnings before income taxes	11,792	14,768	34,712	33,404
Income tax expense (recovery):				
Current	3,439	3,479	10,158	8,255
Deferred	(217)	511	(1,242)	598
	3,222	3,990	8,916	8,853
Net earnings	8,570	10,778	25,796	24,551
Net earnings per share (note 10)				
Basic	0.08	0.10	0.25	0.24
Diluted	0.08	0.10	0.24	0.23

Condensed consolidated interim statements of comprehensive income	For the three months ended		For the six months ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Net earnings	8,570	10,778	25,796	24,551
Other comprehensive (loss) income Items that may or may not be reclassified subsequently to net earnings:				
Cash flow hedges (note 6)	15,963	4,233	11,946	4,195
Income tax on other comprehensive loss (note 6)	(4,098)	(1,085)	(3,067)	(1,075)
Foreign currency translation differences	(224)	(219)	(207)	(1,120)
	11,641	2,929	8,672	2,000
Net earnings and comprehensive income for the period	20,211	13,707	34,468	26,551

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)

	April 2, 2022	October 2, 2021	April 3, 2021
Assets			
Current assets:			
Cash	10,286	15,643	1,477
Trade and other receivables	100,098	95,546	78,812
Income taxes receivable	-	285	-
Inventories	194,786	180,291	172,535
Prepaid expenses	3,587	4,570	7,531
Derivative financial instruments (note 6)	10,780	5,897	3,005
Total current assets	319,537	302,232	263,360
Non-current assets:			
Property, plant and equipment	240,243	241,713	235,478
Right-of-use assets	24,376	18,526	18,540
Intangible assets	26,199	28,034	29,851
Other assets	693	548	646
Derivative financial instruments (note 6)	13,321	5,870	632
Goodwill	283,007	283,007	283,007
Total non-current assets	587,839	577,698	568,154
Total assets	907,376	879,930	831,514
Liabilities and Shareholder's Equity			
Current liabilities:			
Revolving credit facility (note 7)	35,000	-	60,000
Trade and other payables	89,163	119,940	72,939
Income taxes payable	2,139	3,454	139
Provisions	1,220	1,394	461
Lease obligations	3,905	3,049	3,145
Derivative financial instruments (note 6)	74	2,089	1,584
Total current liabilities	131,501	129,926	138,268
Non-current liabilities:			
Revolving credit facility (note 7)	100,000	100,000	165,000
Employee benefits	29,531	29,299	59,963
Provisions	2,393	2,431	437
Derivative financial instruments (note 6)	14	546	2,805
Lease obligations	20,538	15,443	15,216
Convertible unsecured subordinated debentures (note 8)	148,714	147,742	146,783
Senior guaranteed notes	98,847	98,785	-
Deferred tax liabilities	38,620	36,800	24,876
Total non-current liabilities	438,657	431,046	415,080
Total liabilities	570,158	560,972	553,348
Shareholder's equity:			
Share capital (note 9)	102,724	100,139	99,452
Contributed surplus	300,807	300,887	300,854
Equity portion of convertible unsecured subordinated debentures (note 8)	5,085	5,085	5,085
Deficit	(99,521)	(106,604)	(110,916)
Accumulated other comprehensive (loss) income	28,123	19,451	(16,309)
Total shareholder's equity	337,218	318,958	278,166
Total liabilities and shareholder's equity	907,376	879,930	831,514

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 six months ended April 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	-	-	-	-	-	-	-	25,796	25,796
Dividends (note 9)	-	-	-	-	-	-	-	(18,713)	(18,713)
Issuance of shares (note 9)	508,922	2,585	(91)	-	-	-	-	-	2,494
Share-based compensation (note 11)	-	-	11	-	-	-	-	-	11
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	8,879	-	-	8,879
Translation of foreign operations	-	-	-	-	-	-	(207)	-	(207)
Balance, April 2, 2022	104,195,845	102,724	300,807	5,085	12,450	16,119	(446)	(99,521)	337,218

	For the six months ended April 3, 2021								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized loss 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	-	-	-	-	-	-	-	24,551	24,551
Dividends (note 9)	-	-	-	-	-	-	-	(18,636)	(18,636)
Share-based compensation (note 11)	-	-	60	-	-	-	-	-	60
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	3,120	-	-	3,120
Translation of foreign operations	-	-	-	-	-	-	(1,120)	-	(1,120)
Balance, April 3, 2021	103,536,923	99,452	300,854	5,085	(12,983)	(2,999)	(327)	(110,916)	278,166

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 six months ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Cash flows from operating activities:				
Net earnings	8,570	10,778	25,796	24,551
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets (note 4)	5,564	5,309	11,011	10,582
Amortization of intangible assets (note 4)	966	959	1,930	1,915
Changes in fair value of derivative financial instruments included in cost of sales	(391)	2,879	(1,085)	(697)
Income tax expense	3,222	3,990	8,916	8,853
Pension contributions	(3,052)	(2,982)	(5,043)	(5,072)
Pension expense	3,172	3,433	5,274	5,823
Net finance costs (note 5)	3,707	4,383	8,124	9,079
Share-based compensation – equity settled (note 11)	(9)	24	11	60
Share-based compensation – cash settled (note 11)	2,117	33	4,281	166
Gain on disposal of property, plant and equipment	-	(31)	-	(86)
	23,866	28,775	59,215	55,174
Changes in:				
Trade and other receivables	(27,787)	3,785	(4,552)	15,375
Inventories	32,994	17,084	(14,495)	7,979
Prepaid expenses	(412)	(834)	983	392
Trade and other payables	(3,565)	(35,509)	(36,076)	(60,279)
Provisions	(38)	30	(212)	(39)
	1,192	(15,444)	(54,352)	(36,572)
Cash flows from operating activities	25,058	13,331	4,863	18,602
Interest paid	(1,561)	(1,755)	(8,623)	(7,547)
Income taxes paid	(3,037)	(1,889)	(11,142)	(6,074)
Net cash from operating activities	20,460	9,687	(14,902)	4,981
Cash flows (used in) from financing activities:				
Dividends paid (note 9)	(9,336)	(9,318)	(18,668)	(18,636)
Decrease in bank overdraft	-	-	-	(2,797)
(Decrease) increase in revolving credit facility (note 7)	(1,000)	-	35,000	31,000
Payment of financing fees	-	-	(268)	-
Payment of lease obligations	(1,312)	(1,010)	(2,558)	(2,930)
Issuance of shares (note 9)	2,241	-	2,494	-
Cash flow (used in) from financing activities	(9,407)	(10,328)	16,000	6,637
Cash flows used in investing activities:				
Additions to property, plant and equipment, net of proceeds on disposal	(3,464)	(7,677)	(6,302)	(11,824)
Additions to intangible assets	(95)	(38)	(95)	(272)
Cash flow used in investing activities	(3,559)	(7,715)	(6,397)	(12,096)
Effect of changes in exchange rate on cash	(75)	25	(58)	(19)
Net increase (decrease) in cash	7,419	(8,331)	(5,357)	(497)
Cash, beginning of period	2,867	9,808	15,643	1,974
Cash, end of period	10,286	1,477	10,286	1,477

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 six month periods ended April 2, 2022 and April 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 May 11, 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 April 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 six months ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Depreciation of property, plant and equipment:				
Cost of sales	4,310	3,996	8,587	7,792
Administration and selling expenses	118	317	236	458
	4,428	4,313	8,823	8,250
Depreciation of right-of-use assets:				
Cost of sales	719	589	1,353	1,551
Distribution expenses	417	407	835	781
	1,136	996	2,188	2,332
Amortization of intangible assets:				
Administration and selling expenses	966	959	1,930	1,915
Total depreciation and amortization expense	6,530	6,268	12,941	12,497

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 six months ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Interest expense on convertible unsecured subordinated debentures, including accretion expense ⁽¹⁾	2,119	2,102	4,169	4,140
Interest on revolving credit facility	1,357	1,644	2,643	3,356
Interest on senior guaranteed notes	905	-	1,802	-
Amortization of deferred financing fees	311	297	617	593
Other interest expense	13	159	274	577
Interest accretion on discounted lease obligations	248	181	459	413
Net change in fair value of interest rate swap (note 6)	(1,246)	-	(1,840)	-
Net finance costs recognized in net earnings	3,707	4,383	8,124	9,079

(1) Includes accretion expense of \$242 and \$478 for the three and six months ended April 2, 2022 (April 3, 2021 - \$229 and \$452, 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 six months ended April 2, 2022.

For its financial assets and liabilities measured at amortized cost as at April 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.

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

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	April 2, 2022		April 2, 2022	
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	-	-	74	14
Foreign exchange forward contracts	1,029	55	-	-
Interest rate swap	380	998	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	9,142	9,822	-	-
Interest rate swap	229	2,446	-	-
	10,780	13,321	74	14

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

6. Financial instruments (continued):

	Financial Assets				Financial Liabilities			
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	October 2, 2021				April 3, 2021			
Derivative financial instruments measured at fair value through profit or loss:								
Sugar futures contracts	-	120	142	-	33	-	-	140
Foreign exchange contracts	18	127	213	-	2,834	632	-	-
Interest rate swaps	-	-	455	16	-	-	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:								
Natural gas futures contracts	5,879	5,623	-	-	138	-	-	932
Interest rate swap	-	-	1,279	530	-	-	1,584	1,733
	5,897	5,870	2,089	546	3,005	632	1,584	2,805

	Charged to cost of sales		Charged to finance income (costs)		Other comprehensive	
	Unrealized gain / (loss)				gain / (loss)	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	2,187	1,462	-	-	-	-
Foreign exchange contracts	686	1,320	-	-	-	-
Interest rate swap	-	-	1,246	-	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	12,898	1,216
Interest rate swap	-	-	-	-	3,065	3,017
	2,873	2,782	1,246	-	15,963	4,233

	Charged to cost of sales		Charged to finance income		Other comprehensive	
	Unrealized gain / (loss)				gain / (loss)	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	2,310	1,041	-	-	-	-
Foreign exchange contracts	480	5,714	-	-	-	-
Interest rate swap	-	-	1,840	-	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	7,463	781
Interest rate swap	-	-	-	-	4,483	3,414
	2,790	6,755	1,840	-	11,946	4,195

Notes to unaudited condensed consolidated interim financial statements

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

6. Financial instruments (continued):

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

	April 2, 2022			April 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	7,463	4,483	11,946	781	3,414	4,195
Income taxes	(1,916)	(1,151)	(3,067)	(200)	(875)	(1,075)
Ending AOCI – net of income taxes	14,113	2,006	16,119	(573)	(2,426)	(2,999)

The aggregate notional amount of all the interest rate swap agreements is as follows:

Fiscal year contracted	Date	Total value \$
Fiscal 2017	May 29, 2017 to June 28, 2022 – 1.454%	20,000
Fiscal 2017	September 1, 2017 to June 28, 2022 – 1.946%	30,000
Fiscal 2017	June 29, 2020 to June 29, 2022 – 1.733%	30,000
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

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 April 2, 2022, a total of \$513.1 million of assets are pledged as security (October 2, 2021 - \$498.5 million; April 3, 2021 - \$470.3 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 April 2, 2022.

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

	April 2, 2022	October 2, 2021	April 3, 2021
Current	35,000	-	60,000
Non-current	100,000	100,000	165,000
	135,000	100,000	225,000

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

Notes to unaudited condensed consolidated interim financial statements

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

8. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	April 2, 2022	October 2, 2021	April 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	(3,029)	(3,523)	(4,017)
Less equity component	(6,930)	(6,930)	(6,930)
Accretion expense on equity component	3,673	3,195	2,730
Total carrying value – non current	148,714	147,742	146,783

The fair value of the Sixth and Seventh series debentures as at April 2, 2022 were approximately \$158.1 million based on market quotes.

9. Share capital and other components of equity:

As of April 2, 2022, a total of 104,195,845 common shares (October 2, 2021 – 103,686,923; April 3, 2021 – 103,536,923) were outstanding.

During the first semester, 508,922 stock options have been exercised for a net proceeds of \$2,494,000 and reversal of previously recognized share-based compensation recorded in contributed surplus of \$91,000 (note 11).

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

	April 2, 2022	April 3, 2021
Dividends	18,713	18,636

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 six months ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Basic earnings per share:				
Net earnings	\$8,570	\$10,778	\$25,796	\$24,551
Weighted average number of shares outstanding	103,820,980	103,536,923	103,759,137	103,536,923
Basic earnings per share	\$0.08	\$0.10	\$0.25	\$0.24
Diluted earnings per share:				
Net earnings	\$8,570	\$10,778	\$25,796	\$24,551
Plus impact of convertible unsecured subordinated debentures	\$1,568	\$1,534	\$3,085	\$3,022
	\$10,138	\$12,312	\$28,881	\$27,573
Weighted average number of shares outstanding:				
Basic weighted average number of shares outstanding	103,820,980	103,536,923	103,759,137	103,536,923
Plus impact of convertible unsecured subordinated debentures	17,977,603	17,977,603	17,977,603	17,977,603
Plus impact of share options ⁽¹⁾	296,320	-	269,214	-
	122,094,903	121,514,526	122,005,954	121,514,526
Diluted earnings per share	\$0.08	\$0.10	\$0.24	\$0.23

(1) For the three and six months ended April 3, 2021, the share options were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive.

Notes to unaudited condensed consolidated interim financial statements

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

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 during the first semester of 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. A gain of \$9,000 and an expense \$11,000 of were recorded for the three and six months periods ended April 2, 2022 (an expense of \$24,000 and \$60,000 for the three and six months periods ended April 3, 2021).

The following tables summarize information about the Share option Plan as of April 2, 2022:

Exercise price per option	Outstanding number of options at October 2, 2021	Options granted during the six month period	Options exercised during the six month period	Options forfeited during the six month period	Outstanding number of options at April 2, 2022	Weighted average remaining life	Number of options exercisable
\$4.28	200,000	-	-	-	200,000	7.97	50,000
\$4.59	730,000	-	(290,600)	-	439,400	3.14	439,400
\$4.68	563,500	-	(67,052)	-	496,448	7.67	158,348
\$5.58	447,175	-	(71,270)	-	375,905	6.67	197,035
\$5.61	80,000	-	(80,000)	-	-	-	-
\$5.85	-	802,564	-	-	802,564	9.68	-
\$6.23	705,322	-	-	(40,000)	665,322	5.67	532,258
\$6.51	360,000	-	-	-	360,000	4.93	360,000
	3,085,997	802,564	(508,922)	(40,000)	3,339,639	n/a	1,737,041

Options outstanding held by key management personnel amounted to 3,059,639 options as at April 2, 2022 and 2,765,997 options as at October 2, 2021.

Notes to unaudited condensed consolidated interim financial statements

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

11. Share-based compensation (continued):

(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 5,899 PSUs at a weighted-average share price of \$5.90 were allocated as a result of the dividend paid during the quarter since inception, as the participants also receive dividend equivalents paid in the form of PSUs. As at April 2, 2022, an aggregate of 392,608 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 \$1,955,000 as at April 2, 2022. An expense of \$463,000 and an expense of \$749,000 related to this specific grant was recorded for the three and six months period ending April 2, 2022 in administration and selling expenses.

For grants related fiscal years 2020 and 2021, an expense of \$1,654,000 and an expense of \$3,532,000 was recorded for the three and six months period ending April 2, 2022 in administration and selling expenses.

12. Supplementary cash flow information:

	For the six months ended			For the year ended
	April 2, 2022	April 3, 2021	October 2, 2021	October 3, 2020
Non-cash transactions:				
Additions of property, plant and equipment and intangibles assets included in trade and other payables	2,689	2,672	1,638	1,239
Increase in asset retirement obligation provision included in property, plant and equipment	-	-	3,231	100
Additions to right-of-use assets	8,038	383	2,724	11,818

Notes to unaudited condensed consolidated interim financial statements

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

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 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 April 2, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	195,875	57,466	-	253,341
Cost of sales	166,845	52,597	-	219,442
Gross margin	29,030	4,869	-	33,899
Depreciation and amortization	4,830	1,700	-	6,530
Results from operating activities	14,783	1,212	(496)	15,499
Additions to property, plant and equipment and intangible assets, net of disposals	3,100	136	-	3,236
Additions to right-of-use assets	(129)	-	-	(129)

	For the six months ended April 2, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	371,782	112,314	-	484,096
Cost of sales	303,946	102,765	-	406,711
Gross margin	67,836	9,549	-	77,385
Depreciation and amortization	9,531	3,410	-	12,941
Results from operating activities	40,668	3,199	(1,031)	42,836
Additions to property, plant and equipment and intangible assets, net of disposals	7,093	355	-	7,448
Additions to right-of-use assets	8,038	-	-	8,038

	As at April 2, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	853,229	219,808	(165,661)	907,376
Total liabilities	(958,290)	(116,743)	504,875	(570,158)

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

13. Segmented information (continued):

	For the three months ended April 3, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	155,961	59,968	-	215,929
Cost of sales	129,538	54,940	-	184,478
Gross margin	26,423	5,028	-	31,451
Depreciation and amortization	4,611	1,657	-	6,268
Results from operating activities	17,584	2,122	(555)	19,151
Additions to property, plant and equipment and intangible assets, net of disposals	6,876	367	-	7,243
Additions to right-of-use assets	29	-	-	29

	For the six months ended April 3, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	315,419	124,350	-	439,769
Cost of sales	256,655	113,050	-	369,705
Gross margin	58,764	11,300	-	70,064
Depreciation and amortization	8,983	3,514	-	12,497
Results from operating activities	38,018	5,450	(985)	42,483
Additions to property, plant and equipment and intangible assets, net of disposals	12,965	478	-	13,443
Additions to right-of-use assets	383	-	-	383

	As at April 3, 2021			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	785,948	211,462	(165,896)	831,514
Total liabilities	(947,570)	(228,038)	622,260	(553,348)

Revenues were derived from customers in the following geographic areas:

	For the three months ended		For the six months ended	
	April 2, 2022	April 3, 2021	April 2, 2022	April 3, 2021
Canada	191,618	155,540	368,496	318,627
United States	43,154	42,643	79,365	82,074
Europe	9,619	6,168	17,004	16,317
Other	8,950	11,578	19,231	22,751
	253,341	215,929	484,096	439,769