

Unaudited condensed consolidated interim financial statements of

ROGERS SUGAR INC.

Three months ended December 31, 2022 and January 1, 2022

(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	
	December 31, 2022	January 1, 2022
Revenues (note 13)	261,443	230,755
Cost of sales	220,252	187,269
Gross margin	41,191	43,486
Administration and selling expenses	9,297	11,486
Distribution expenses	5,610	4,663
	14,907	16,149
Results from operating activities	26,284	27,337
Net finance costs (note 5)	6,183	4,417
Earnings before income taxes	20,101	22,920
Income tax expense (recovery):		
Current	4,762	6,719
Deferred	665	(1,025)
	5,427	5,694
Net earnings	14,674	17,226
Net earnings per share (note 10)		
Basic	0.14	0.17
Diluted	0.13	0.15

Condensed consolidated interim statements of comprehensive (loss) income	For the three months ended	
	December 31, 2022	January 1, 2022
Net earnings	14,674	17,226
Other comprehensive (loss) income Items that may or may not be reclassified subsequently to net earnings:		
Cash flow hedges (note 6)	(8,721)	(4,017)
Income tax on cash flow hedges (note 6)	2,239	1,031
Foreign currency translation differences	(436)	17
	(6,918)	(2,969)
Net earnings and comprehensive income for the period	7,756	14,257

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

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

	December 31, 2022	October 1, 2022	January 1, 2022
Assets			
Current assets:			
Cash	12,887	151	2,867
Trade and other receivables	97,969	120,207	72,311
Income taxes receivable	1,373	3,096	269
Inventories	247,293	246,706	227,780
Prepaid expenses	5,075	8,868	3,175
Derivative financial instruments (note 6)	5,982	11,582	2,580
Total current assets	370,579	390,610	308,982
Non-current assets:			
Property, plant and equipment	252,153	247,969	241,529
Right-of-use assets	21,879	22,932	25,642
Intangible assets	23,313	24,264	27,070
Other assets	597	564	757
Derivative financial instruments (note 6)	14,849	18,610	5,379
Goodwill	233,007	233,007	283,007
Total non-current assets	545,798	547,346	583,384
Total assets	916,377	937,956	892,366
Liabilities and Shareholder's Equity			
Current liabilities:			
Revolving credit facility (note 7)	65,000	26,000	36,000
Trade and other payables	125,328	177,435	88,149
Income taxes payable	-	-	2,048
Provisions	1,348	1,503	1,220
Lease obligations	3,292	3,991	3,394
Derivative financial instruments (note 6)	2,826	7,643	1,549
Total current liabilities	197,794	216,572	132,360
Non-current liabilities:			
Revolving credit facility (note 7)	100,000	100,000	100,000
Employee benefits	18,320	18,529	29,411
Provisions	1,333	1,333	2,431
Derivative financial instruments (note 6)	67	76	-
Lease obligations	19,015	19,198	22,232
Convertible unsecured subordinated debentures (note 8)	150,195	149,699	148,225
Senior guaranteed notes	98,928	98,901	98,811
Deferred tax liabilities	40,647	42,229	34,744
Total non-current liabilities	428,505	429,965	435,854
Total liabilities	626,299	646,537	568,214
Shareholder's equity:			
Share capital (note 9)	103,819	103,550	100,408
Contributed surplus	300,955	300,922	300,891
Equity portion of convertible unsecured subordinated debentures (note 8)	5,085	5,085	5,085
Deficit	(155,397)	(160,672)	(98,714)
Accumulated other comprehensive (loss) income	35,616	42,534	16,482
Total shareholder's equity	290,078	291,419	324,152
Total liabilities and shareholder's equity	916,377	937,956	892,366

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of changes in shareholders' equity

(In thousands of dollars except number of shares)

	For the three months ended December 31, 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 (loss)	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 period	-	-	-	-	-	-	-	14,674	14,674
Dividends (note 9)	-	-	-	-	-	-	-	(9,399)	(9,399)
Issuance of shares (note 9)	58,090	269	(8)	-	-	-	-	-	261
Share-based compensation (note 11)	-	-	41	-	-	-	-	-	41
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(6,482)	-	-	(6,482)
Translation of foreign operations	-	-	-	-	-	-	(436)	-	(436)
Balance, December 31, 2022	104,430,135	103,819	300,955	5,085	20,873	13,634	1,109	(155,397)	290,078

	For the three months ended January 1, 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 (loss)	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	-	-	-	-	-	-	-	17,226	17,226
Dividends (note 9)	-	-	-	-	-	-	-	(9,336)	(9,336)
Issuance of shares (note 9)	45,000	269	(16)	-	-	-	-	-	253
Share-based compensation (note 11)	-	-	20	-	-	-	-	-	20
Cash flow hedges, net of tax (note 6)	-	-	-	-	-	(2,986)	-	-	(2,986)
Translation of foreign operations	-	-	-	-	-	-	17	-	17
Balance, January 1, 2022	103,731,923	100,408	300,891	5,085	12,450	4,254	(222)	(98,714)	324,152

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

ROGERS SUGAR INC.

(Unaudited)

Condensed consolidated interim statements of cash flows
(In thousands of dollars)

	For the three months ended	
	December 31, 2022	January 1, 2022
Cash flows from operating activities:		
Net earnings	14,674	17,226
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets (note 4)	5,478	5,447
Amortization of intangible assets (note 4)	951	964
Changes in fair value of derivative financial instruments included in cost of sales	(4,223)	(694)
Income tax expense	5,427	5,694
Pension contributions	(2,227)	(1,990)
Pension expense	2,018	2,102
Net finance costs (note 5)	6,183	4,417
Share-based compensation – equity settled (note 11)	41	20
Share-based compensation – cash settled (note 11)	(722)	2,164
Gain on disposal of property, plant and equipment	-	-
	27,600	35,350
Changes in:		
Trade and other receivables	22,206	23,235
Inventories	(849)	(47,489)
Prepaid expenses	3,793	1,395
Trade and other payables	(53,795)	(32,511)
Provisions	(155)	(174)
	(28,800)	(55,544)
Cash flows (used in) from operating activities	(1,200)	(20,194)
Interest paid	(4,657)	(7,062)
Income taxes paid	(3,037)	(8,105)
Net cash from operating activities	(8,894)	(35,361)
Cash flows (used in) from financing activities:		
Dividends paid (note 9)	(9,393)	(9,332)
Decrease in bank overdraft	-	-
Increase in revolving credit facility (note 7)	39,000	36,000
Payment of financing fees	(100)	(268)
Payment of lease obligations	(1,206)	(1,246)
Issuance of shares (note 9)	261	253
Cash flow (used in) from financing activities	28,562	25,407
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	(6,780)	(2,838)
Additions to intangible assets	-	-
Cash flow used in investing activities	(6,780)	(2,838)
Effect of changes in exchange rate on cash	(152)	16
Net (decrease) increase in cash	12,736	(12,776)
Cash, beginning of period	151	15,643
Cash, end of period	12,887	2,867

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 month periods ended December 31, 2022 and January 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.

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 1, 2022. 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 February 8, 2023.

(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 1, 2022.

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 1, 2022 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

(A) NEW STANDARDS AND INTERPRETATIONS ADOPTED:

The Company adopted the following standards and interpretations in its consolidated interim 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 interim financial statements.

(B) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended December 31, 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:

- 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)
- Lease liability in a sale and leaseback (Amendments to IFRS 16 Leases)

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 1, 2023. 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	
	December 31, 2022	January 1, 2022
Depreciation of property, plant and equipment:		
Cost of sales	4,214	4,278
Administration and selling expenses	148	118
	4,362	4,396
Depreciation of right-of-use assets:		
Cost of sales	749	634
Distribution expenses	367	417
	1,116	1,051
Amortization of intangible assets:		
Administration and selling expenses	951	964
Total depreciation and amortization expense	6,429	6,411

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	
	December 31, 2022	January 1, 2022
Interest expense on convertible unsecured subordinated debentures, including accretion expense ⁽¹⁾	2,126	2,050
Interest on revolving credit facility	1,371	1,286
Interest on senior guaranteed notes	897	896
Amortization of deferred financing fees	314	306
Interest on <i>Producteurs et Productrices Acéricoles du Québec</i> supplier balance	1,177	227
Other interest expense	10	34
Interest accretion on discounted lease obligations	242	212
Net change in fair value of interest rate swap (note 6)	46	(594)
Net finance costs recognized in net earnings	6,183	4,417

(1) Includes accretion expense of \$249 for the three months ended December 31, 2022 (January 1, 2022 - \$236)

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 1, 2022 annual consolidated financial statements and there have been no significant changes in the Company's risk exposures during the three months ended December 31, 2022.

For its financial assets and liabilities measured at amortized cost as at December 31, 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 December 31, 2022, October 1, 2022 and January 1, 2022, the Company's financial derivatives carrying values were as follows:

	Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current
	December 31, 2022		December 31, 2022	
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	174	-	-	-
Foreign exchange forward contracts	-	20	2,826	67
Interest rate swap	799	1,541	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	2,158	10,658	-	-
Interest rate swap	2,851	2,630	-	-
	5,982	14,849	2,826	67

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		Financial Assets		Financial Liabilities	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	October 1, 2022				January 1, 2022			
Derivative financial instruments measured at fair value through profit or loss:								
Sugar futures contracts	561	-	-	-	99	274	-	-
Foreign exchange contracts	-	237	7,643	76	244	117	129	-
Interest rate swap	965	1,412	-	-	-	451	322	-
Derivative financial instruments designated as effective cash flow hedging instruments:								
Natural gas futures contracts	7,858	13,776	-	-	2,237	3,830	-	-
Interest rate swap	2,198	3,185	-	-	-	707	1,098	-
	11,582	18,610	7,643	76	2,580	5,379	1,549	-

	Charged to cost of sales Unrealized gain / (loss)		Charged to finance income (costs)		For the three months ended Other comprehensive gain / (loss)	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
	Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts	(1,208)	123	-	-	-	-
Foreign exchange forward contracts	76	(206)	-	-	-	-
Interest rate swap	-	-	(46)	594	-	-
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	-	-	-	-	(8,818)	(5,435)
Interest rate swap	-	-	-	-	97	1,418
	(1,132)	(83)	(46)	594	(8,721)	(4,017)

The following table summarizes the Company's hedging components of accumulated other comprehensive income (loss) ("AOCI") as at December 31, 2022 and January 1, 2022:

	December 31, 2022			January 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	(8,818)	97	(8,721)	(5,435)	1,418	(4,017)
Income taxes	2,264	(25)	2,239	1,395	(364)	1,031
Ending AOCI – net of income taxes	9,543	4,091	13,634	4,526	(272)	4,254

Notes to unaudited condensed consolidated interim financial statements

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

6. Financial instruments: (continued)

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

7. Revolving credit facility:

On December 31, 2022, the Company had 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. On January 20, 2023, the revolving credit facility was amended. The most significant change is the increase of the balance available for working capital from 200.0 million to \$265.0 million, under the approved accordion feature of \$400 million.

Certain assets of the Company, including trade receivables, inventories and property, plant and equipment, have been pledged as security for the revolving credit facility. As at December 31, 2022, a total of \$576.7 million of assets are pledged as security (October 1, 2022 - \$590.6 million; January 1, 2022 - \$523.5 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 quarter end.

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

	December 31, 2022	October 1, 2022	January 1, 2022
Current	65,000	26,000	36,000
Non-current	100,000	100,000	100,000
	165,000	126,000	136,000

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.

8. Convertible unsecured subordinated debentures:

The outstanding convertible debentures are as follows:

	December 31, 2022	October 1, 2022	January 1, 2022
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	(2,288)	(2,535)	(3,276)
Less equity component	(6,930)	(6,930)	(6,930)
Accretion expense on equity component	4,413	4,164	3,431
Total carrying value – non current	150,195	149,699	148,225

The fair value of the Sixth and Seventh series debentures as at December 31, 2022 were approximately \$153.4 million based on market quotes.

Notes to unaudited condensed consolidated interim financial statements

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

9. Share capital and other components of equity:

As of December 31, 2022, a total of 104,430,135 common shares (October 1, 2022 – 104,372,045; January 1, 2022 – 103,731,923) were outstanding.

During the first quarter, 58,090 stock options were exercised for a net proceeds of \$261,000, and reversal of previously recognized share-based compensation recorded in contributed surplus of \$8,000 (note 11).

The Company declared a quarterly dividend of \$0.09 per share during the three-month period ending December 31, 2022 and January 1, 2022:

	December 31, 2022	January 1, 2022
Dividends	9,399	9,336

10. Earnings per share:

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

	For the three months ended	
	December 31, 2022	January 1, 2022
Basic earnings per share:		
Net earnings	14,674	17,226
Weighted average number of shares outstanding	104,380,645	103,694,006
Basic earnings per share	0.14	0.17
Diluted earnings per share:		
Net earnings	14,674	17,226
Plus impact of convertible unsecured subordinated debentures	1,573	1,635
	16,247	18,861
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	104,380,645	103,694,006
Plus impact of convertible unsecured subordinated debentures	17,977,603	17,977,603
Plus impact of share options	221,583	312,986
	122,579,831	121,984,595
Diluted earnings per share	0.13	0.15

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 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 in the first quarter of 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%

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 \$41,000 was recorded for the three months period ended December 31, 2022 (an expense of \$20,000 for the three months period ended January 1, 2022).

The following tables summarize information about the Share option Plan as of December 31, 2022:

Exercise price per option	Outstanding number of options at October 1, 2022	Options granted during the three month period	Options exercised during the three month period	Options forfeited during the three month period	Outstanding number of options at December 31, 2022	Weighted average remaining life	Number of options exercisable
\$4.28	200,000	-	(36,000)	-	164,000	7.22	14,000
\$4.59	263,200	-	-	-	263,200	2.39	263,200
\$4.68	496,448	-	(18,590)	-	477,858	6.92	252,458
\$5.58	375,905	-	(3,500)	-	372,405	5.92	282,970
\$5.85	-	666,347	-	-	666,347	9.95	-
\$5.85	802,564	-	-	-	802,564	8.93	160,513
\$6.23	625,322	-	-	-	625,322	4.93	625,322
\$6.51	360,000	-	-	-	360,000	3.93	360,000
	3,123,439	666,347	(58,090)	-	3,731,696	n/a	1,958,463

Options outstanding held by key management personnel amounted to 3,491,696 options as at December 31, 2022 and 2,883,439 options as at October 1, 2022.

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 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. 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.

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

The fair values of the PSUs at the date of the financial statements were established using a Monte Carlo simulation model. The fair value on December 31, 2022 was estimated at \$980,000. An expense of \$82,000 related to this specific grant was recorded for the three months period ending December 31, 2022 in administration and selling expenses.

For grants related to fiscal years 2020, 2021 and 2022, a gain of \$844,000 was recorded for the three-month period ending December 31, 2022, in administration and selling expenses.

During the first quarter of fiscal 2023, the grant related to fiscal 2020 was cash settled for an amount of \$640,000.

During the first quarter of 2023, 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 December 31, 2022, 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 \$40,000 was recorded for the three-month period ending December 31, 2022, in administration and selling expenses in connection with these PSUs.

12. Supplementary cash flow information:

	For the three months ended			For the year ended
	December 31, 2022	January 1, 2022	October 1, 2022	October 2, 2021
Non-cash transactions:				
Additions of property, plant and equipment and intangibles assets included in trade and other payables	3,724	3,012	1,958	1,638
Increase in asset retirement obligation provision included in property, plant and equipment	-	-	100	3,231
Additions to right-of-use assets	63	8,167	8,842	2,724

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 senior executives, 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 December 31, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	205,287	56,156	-	261,443
Cost of sales	169,249	51,003	-	220,252
Gross margin	36,038	5,153	-	41,191
Depreciation and amortization	4,712	1,717	-	6,429
Results from operating activities	24,833	1,943	(492)	26,284
Additions to property, plant and equipment and intangible assets, net of disposals	8,452	94	-	8,546
Additions to right-of-use assets	18	45	-	63

	As at December 31, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	881,373	202,013	(167,009)	916,377
Total liabilities	(983,757)	(150,115)	507,573	(626,299)

	For the three months ended January 1, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Revenues	175,907	54,848	-	230,755
Cost of sales	137,101	50,168	-	187,269
Gross margin	38,806	4,680	-	43,486
Depreciation and amortization	4,701	1,710	-	6,411
Results from operating activities	25,884	1,988	(535)	27,337
Additions to property, plant and equipment and intangible assets, net of disposals	3,993	219	-	4,212
Additions to right-of-use assets	8,167	-	-	8,167

	As at January 1, 2022			
	Sugar	Maple products	Corporate and eliminations	Total
Total assets	823,714	234,144	(165,492)	892,366
Total liabilities	(939,330)	(131,269)	502,385	(568,214)

Notes to unaudited condensed consolidated interim financial statements

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

13. Segmented information (continued):

Revenues were derived from customers in the following geographic areas:

	For the three months ended	
	December 31, 2022	January 1, 2022
Canada	204,903	176,878
United States	36,527	36,210
Europe	14,082	7,385
Other	5,931	10,282
	261,443	230,755