HIGHER SUGAR VOLUME FOR THE QUARTER AND YEAR-TO-DATE

IMPROVED MAPLE PRODUCTS ADJUSTED GROSS MARGIN PERCENTAGE FOR THE QUARTER AND YEAR-TO-DATE

As a result of the acquisition of LBMT and Decacer, the Company now has the following two operating segments: Sugar and Maple products.

Sugar

The Company's total sugar deliveries increased by approximately 8,400 metric tonnes and 8,700 metric tonnes for the third quarter and the first nine months of the current fiscal year, respectively, versus the comparable periods last year.

During the third quarter, the industrial market segment increased by approximately 2,300 metric tonnes when compared to the same quarter last year, which is mainly explained by timing in deliveries. Year-to-date, the industrial segment decreased by approximately 4,600 metric tonnes versus last year, mainly due to a softening in demand from our customers.

The consumer market volume was slightly below last year for the current quarter and year-to-date with a decrease of approximately 1,200 metric tonnes and approximately 2,100 metric tonnes, respectively, both variations explained by timing in customers' promotional activities.

Liquid volume was approximately 3,100 metric tonnes higher than the third quarter of last year mainly due to the recapture of some business temporarily lost to high fructose corn syrup ("HFCS") in fiscal 2017 and to some extent, additional demand from existing customers. Year-to-date, the liquid volume was approximately 8,600 metric tonnes higher than last year due to the deliveries of a HFCS substitutable customer in Western Canada for the full nine months of fiscal 2018 as opposed to eight months in the same period of fiscal 2017, to additional demand from existing customers and the recapture of some business temporarily lost to HFCS.

Exports were approximately 4,200 metric tonnes and 6,800 metric tonnes higher than the third quarter and year-to-date of fiscal 2017 respectively, due to timing in sales deliveries to Mexico, as well as additional U.S. high tier opportunistic sales versus last year's comparative periods.

With the mark-to-market of all derivative financial instruments and embedded derivatives in non-financial instruments at the end of each reporting period, our accounting income does not represent a complete understanding of factors and trends affecting the business. Consistent with previous reporting, we prepared adjusted gross margin and adjusted earnings results to reflect the performance of the Company during the period without the impact of the mark-to-market of derivative financial instruments and embedded derivatives in non-financial instruments. Earnings before interest and income taxes ("EBIT") for the Sugar segment included a mark-to-market gain of $3.6 million and $7.1 million for the third quarter of fiscal 2018 and year-to-date, which was deducted to calculate the adjusted EBIT and adjusted gross margin results. See "Non-GAAP measures" section in the MD&A.

Adjusted gross margin for the quarter was $20.7 million compared to $22.8 million for the same quarter last year. The decrease of $2.1 million is due mainly to lower #11 raw sugar values when compared to last year, which has a negative impact on Taber's domestic sales gross margin rate. In addition, by-product revenues were slightly lower than the comparable quarter last year. Adjusted gross margin per metric tonne amounted to $113.37 for the current quarter versus $131.31 for the same period last year. The decrease is due mainly to the lower #11 raw sugar values which, as mentioned above, has a negative impact on Taber's domestic sales gross margin and to the unfavorable sales mix, with higher industrial, liquid and export sales, compounded by lower consumer volume. Year-to-date, adjusted gross margin of $73.9 million includes a non-cash pension plan income of $1.5 million recorded as a result of the approval by the Alberta Treasury Board and Finance of an amendment to the Alberta hourly pension plan. Excluding this non-cash income, adjusted gross margin was $72.4 million or $2.8 million lower than last year. The decrease is mainly explained by the third quarter results and additional operating expenses at the beginning of the year. The year-to-date adjusted gross margin rate of $142.11 per metric tonne includes a gain of $2.84 for the non-cash pension plan income, explained above, thus reducing the adjusted gross margin rate to $139.27 per metric tonne as compared to $147.19 for fiscal 2017, a decrease of $7.92 per metric tonne. The negative impact of the unfavorable sales mix and lower #11 raw sugar values also affected the year-to-date results. In addition, lower by-product revenues when compared to last year also contributed to the decrease in adjusted gross margin per metric tonne.

Administration and selling expenses for the third quarter of fiscal 2017 includes $0.6 million of acquisition costs for LBMT. Excluding this non-recurring expense, administration and selling expenses were $0.7 million higher than the third quarter and year-to-date results of fiscal 2017 mainly explained by higher employee benefits and timing of expenses.

Distribution costs for the current quarter and year-to-date were $0.3 million higher than the comparable periods last year due to additional storage costs in Taber and an overall increase in freight rates.

Adjusted results from operating activities for the third quarter and year-to-date amounted to $12.0 million and $49.7 million, respectively, a decrease of $2.5 million for the current quarter and $1.8 million for the first nine months of fiscal 2018. The acquisition of LBMT has resulted in expenses in fiscal 2017 that do not reflect the economic performance of the operation of the Sugar Segment and non-cash depreciation and amortization expense also had a negative impact on the results from operating activities. As such Management believes that the Sugar segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above mentioned items. See "Non-GAAP measures" section in the MD&A. Adjusted EBITDA is defined as the earnings before interest expenses, taxes and depreciation and amortization expenses of the Sugar segment, adjusted for the total adjustment to cost of sales and the amortization of transitional balances to costs of sales for cash flow hedges relating to its segment and Sugar segment acquisition costs.

The results of operations would therefore need to be adjusted by the following:

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Results from operating activities	**$ 15,583**	$ 1,513	**$ 56,767**	$ 30,893
Total adjustment to cost of sales (1) (2)	**(3,586)**	12,957	**(7,077)**	20,558
Adjusted results from operating activities	**11,997**	14,470	**49,690**	51,451
Non-recurring expenses:				
Acquisition costs incurred	**-**	630	**-**	630
Depreciation of property, plant and equipment and amortization of intangible assets	**3,587**	3,270	**10,064**	9,807
Adjusted EBITDA	**$ 15,584**	$ 18,370	**$ 59,754**	$ 61,888

(1) See “Non-GAAP measures” section.

(2) See “Adjusted results” within the unaudited condensed consolidated interim operating results section and “Segmented information” section of the MD&A.

Adjusted EBITDA for the third quarter and year-to-date amounted to $15.6 million and $59.8 million, respectively, versus $18.4 million and $61.9 million for the comparable periods last year, representing a decrease of $2.8 million and $2.1 million, respectively. The decrease for both the quarter and year-to-date is mainly explained by lower adjusted gross margin, as explained above, and higher selling and administrative expenses and distribution expenses.

Maple products

Gross margin of $7.2 million and $20.7 million for the third quarter of fiscal 2018 and year-to-date do not reflect the economic margin of the Maple products segment, as it includes a gain of $0.2 million and $0.9 million for the mark-to-market of derivative financial instruments on foreign exchange contracts, respectively. The mark-to-market was deducted to calculate adjusted EBITDA and adjusted gross margin results. See “Non-GAAP measures” section in the MD&A.

Adjusted gross margin for the current quarter was $7.0 million, representing an adjusted gross margin percentage of 13.9% while year-to-date adjusted gross margin amounted to $19.7 million, 12.9% of revenues. However, included in cost of sales for the first quarter of fiscal 2018, was an amount of $0.3 million due to an increase in value of the finished goods inventory at the date of acquisition of Decacer. Under IFRS, all inventories of finished goods upon acquisition is valued at the estimated selling price less the sum of the costs of disposal, and a reasonable profit allowance for the selling effort of the acquirer which results in lower selling margins when the acquired inventory is sold. Without this adjustment, adjusted gross margin for the first nine month of the year would have been $20.0 million or 13.1% of revenues.

Administration and selling expenses amounted to $2.4 million for the current quarter and $8.8 million year-to-date, the latter includes non-recurring costs of $0.9 million and $0.7 million in consulting fees and other costs incurred as a result of the acquisition of Decacer in the first quarter.

Distribution expenses were $1.1 million for the current period and $2.8 million, year-to-date.

In addition to the impact of the mark-to-market adjustment for derivative instruments, the acquisition by LBMT of Decacer has resulted in expenses that do not reflect the economic performance of the operation of LBMT. Finally, certain non-cash items and non-recurring expenses also had a negative impact on the results from operating activities. As such Management believes that the Maple products segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above mentioned items. See "Non-GAAP measures" section in the MD&A. Maple products Adjusted EBITDA is defined as the earnings before interest expenses, taxes and depreciation and amortization expenses of the Maple products segment, adjusted for the total adjustment to cost of sales relating to its segment and non-recurring expenses.

The results of operations would therefore need to be adjusted by the following:

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Results from operating activities	**$ 3,713**	$ -	**$ 9,102**	$ -
Total adjustment to cost of sales (1) (2)	**(157)**	-	**(923)**	-
Adjusted results from operating activities	**3,556**	-	**8,179**	-
Non-recurring expenses:				
Acquisition costs incurred	**-**	-	**675**	-
Other non-recurring items	**(166)**	-	**927**	-
Finished goods valued at the estimated selling price less disposal cost as of acquisition date	**-**	-	**261**	-
Depreciation and amortization	**1,359**	-	**3,814**	-
Maple products segment adjusted EBITDA (1) (2)	**$ 4,749**	$ -	**$ 13,856**	$ -

(1) See "Non-GAAP measures" section.

(2) See "Adjusted results" within the unaudited condensed consolidated interim operating results section and "Segmented information" section of the MD&A.

Other non-recurring items mainly include severance costs expensed to date.

Consolidated

Adjusted gross margin for the third quarter and the nine months of fiscal 2018 was $27.7 million and $93.6 million, respectively. This compares to $22.8 million and $75.2 million, respectively, for the comparable periods last year. The Maple segment contributed $7.0 million for the third quarter and $19.7 million year-to-date of adjusted gross margin, partially offset by a lower contribution of the Sugar segment which was explained above in the segmented information section.

The following is a table showing the reconciliation of the EBIT to the Adjusted EBITDA:

Consolidated results (In thousands of dollars, except per share information)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
EBIT as per financial statements	**$ 19,296**	$ 1,513	**$ 65,869**	$ 30,893
Adjustment as per above	**(2,984)**	13,650	**(5,867)**	22,724
Amortization of transitional balance to cost of sales as per above	**(759)**	(693)	**(2,133)**	(2,166)
Adjusted EBIT	**15,553**	14,470	**57,869**	51,451
Depreciation of property, plant and equipment	**3,964**	3,217	**11,042**	9,647
Amortization of intangible assets	**982**	53	**2,836**	160
Sugar Segment acquisition costs	**-**	630	**-**	630
Maple Segment non-recurring expenses (2)	**(166)**	-	**1,863**	-
Adjusted EBITDA (1)	**$ 20,333**	$ 18,370	**$ 73,610**	$ 61,888

(1) See "Non-GAAP measures" section of the MD&A.

(2) See "Adjusted results" within the unaudited condensed consolidated interim results of operation section and "Segmented information" section of the MD&A.

Adjusted EBITDA for the third quarter of fiscal 2018 was $20.3 million versus $18.4 million for the comparable period last year, an increase of $2.0 million. Adjusted EBITDA for the first nine months of fiscal 2018 amounted to $73.6 million versus $61.9 million for the comparable period last year, an improvement of $11.7 million. The variation for both periods is mainly explained by the Maple product segment which contributed $4.8 million and $13.9 million in adjusted EBITDA for the current quarter and year-to-date, respectively. However, the adjusted EBITDA of the Sugar segment was $2.8 million and $2.1 million lower than the same comparable periods, which are explained above in the segmented information section.

Excluding the amortization of the transitional balance, net finance costs for the third quarter and year-to-date were $2.1 million and $5.7 million higher than the comparable period of last year, respectively, due to the increase in overall borrowings under the revolving credit facility and the convertible unsecured subordinated debentures, the increase in interest rates on the revolving credit facility, the additional accretion expense on the convertible unsecured subordinated debentures and the additional interest payable by LBMT and Decacer to the Fédération des Producteurs Acéricoles du Québec ("FPAQ") on syrup purchases.

Free cash flow for the third quarter of 2018 was $7.1 million compared to $6.9 million for the same period last year, an increase of $0.2 million. The variation is mainly explained by an increase in adjusted EBIT of $2.8 million, adjusted for depreciation and amortization expenses (See "Non-GAAP measures" section in the MD&A) as well as a decrease in income taxes paid of $0.1 million. Offsetting a portion of the positive variance is an amount of $1.8 million paid, under the Normal Course Issuer Bid ("NCIB"), to purchase and cancel common shares, an increase in interest paid of $0.3 million, higher capital and intangible assets expenditures, net of operational excellence capital expenditures of $0.3 million and higher pension plan contribution of $0.1 million. Year-to-date, free cash flow for the current fiscal year amounted to $37.4 million compared to $34.0 million for the same period last year, an increase of $3.4 million. The increase is also explained by higher adjusted EBIT of $9.0 million, adjusted for depreciation and amortization expenses and net of the non-cash pension income and lower income taxes paid of $4.3 million. The items that created a negative variance for the quarter also applied for the year-to-date free cash flow such as higher interest paid of $3.9 million, higher capital and intangible assets spending, net of operational excellence capital expenditures of $2.4 million, the purchase and cancellation of common shares under the NCIB of $1.8 million and higher pension contributions of $0.9 million. In addition, in fiscal 2017, an amount of $0.4 million was received following the exercise of share options by executives, compared to none in the current fiscal year. Finally, an additional $0.1 million was paid in fiscal 2018 for financial charges relating to the revolving credit facility.

Outlook

We expect total sugar volume to remain unchanged from previous expectations, whereby volume should increase by approximately 10,000 metric tonnes versus fiscal 2017.

In fiscal 2018, we expect the industrial and consumer sugar market segment to decrease slightly compared to fiscal 2017. This softness will be more than offset through gains in the liquid and export segments, which should both increase by approximately 10,000 metric tonnes each.

The Company will continue to aggressively pursue additional opportunities to increase export volume.

In fiscal 2018, the Company will benefit from a full year of operations for LBMT and approximately ten months for Decacer, since its acquisition on November 18, 2017. The Maple products segment is comprised of both LBMT and Decacer. Upon acquisition, Management's expectations for the Adjusted EBITDA of LBMT and Decacer were $18.4 million and $4.5 million, respectively, for fiscal 2018 for a total of $22.9 million. As of the date of this press release and as communicated on May 1, 2018, Management continue to expect that the Maple products segment Adjusted EBITDA for fiscal 2018 will be lower than expected and should amount to approximately $19.9 million. With the stronger Canadian dollar versus last year, we expect the impact from foreign currency on Adjusted EBITDA to approximate $1.1 million due to sales booked prior to the LBMT acquisition and hedged after, and due to the conversion to Canadian dollar of the U.S. foreign subsidiary, for which both elements had a negative impact on the results year-to-date. In addition, delays in the implementation of operational efficiencies following the acquisition of Decacer also contributed to the lower than expected results for fiscal 2018.

The delays in operational efficiencies is due to a more complex analysis which was undertaken following the acquisition of Decacer and the re-alignment of some of the production lines resulting in a two-phase approach project. The first phase of the project approved this past quarter, is the relocation from the current leased bottling facility in Granby to a new fit for purpose state of the art leased property. This move will allow to better align production flow and to install a new high capacity bottling line at the new location. The completion of the first phase is expected to occur toward the end of fiscal 2019. As a result of this decision, approximately $4.5 million will be spent on return on investment capital expenditures, which will meet our normal threshold of a payback of less than five years. Monies will be spent towards new equipment and leasehold improvements, of which, less than $1.0 million will be spent in fiscal 2018. However, approximately $1.1 million will be spent in fiscal 2019 as non-recurring costs, mostly attributable to lease payments to two locations, moving costs and some additional miscellaneous costs. Savings from a more efficient operation are expected in fiscal 2020.

The operational analysis, with a focus on developing a more specialized and efficient asset footprint, is continuing with the aim of completing the overall plan of the second phase by the fall for the other locations with implementation in fiscal 2019 or early 2020.

As of February 1, 2018 and as previously communicated, Management's expectations for the Adjusted EBITDA of LBMT and Decacer for fiscal 2019 were $20.5 million and $5.1 million, respectively, for a total of $25.6 million. As of the date of this press release and as communicated on May 1, 2018, Management continue to expect that the Maple products segment Adjusted EBITDA for fiscal 2019 to amount to approximately $21.1 million for fiscal 2019 or approximately $22.2 million, when excluding non-recurring costs relating to the Granby location move. The business continues to work through the identified integration plans. While the timing and outcome of each initiative has changed since our initial forecast, our original overall integration gains are achievable albeit over a modestly longer time horizon.

Capital expenditures for the Sugar segment for fiscal 2018 are expected to increase to $20.0 million as the Company intends to spend approximately $6.0 million on operational excellence capital projects. In addition, we have completed the engineering and project design to upgrade the Taber beet factory to be fully compliant with the new air emissions regulations. This solution is expected to require between $8.0 million to $10.0 million in capital expenditures, of which, approximately $2.0 million should be spent in the last quarter of the current fiscal year. Finally, as mentioned above, less than $1.0 million should be spent in fiscal 2018 with regards to the operational excellence project in Granby, which should equate to approximately $2.5 million in capital expenditures for the Maple products segment for the current year. In total, the Company expects to spend approximately $24.5 million in fiscal 2018, of which, $7.0 million should pertain to operational excellence capital projects.

During the quarter, the Company reached an agreement with the Vancouver refinery unionized employees and was signed at competitive rates. In the coming weeks, labour negotiations will start with the Toronto distribution center unionized employees for the renewal of the labour contract that expired in June.

FOR THE BOARD OF DIRECTORS,

Dallas H. Ross, Chairman
Vancouver, British Columbia – August 1, 2018

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This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers", "RSI" or the "Company") dated August 1, 2018 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the period ended June 30, 2018, as well as the audited consolidated financial statements and MD&A for the year ended September 30, 2017. The quarterly unaudited condensed consolidated interim financial statements and any amounts shown in this MD&A were not reviewed nor audited by our external auditors.

Management is responsible for preparing the MD&A. This MD&A has been reviewed and approved by the Audit Committee of Rogers and its Board of Directors.

NON-GAAP MEASURES

In analyzing results, we supplement the use of financial measures that are calculated and presented in accordance with IFRS with a number of non-GAAP financial measures. A non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that excludes (includes) amounts, or is subject to adjustments that have the effect of excluding (including) amounts, that are included (excluded) in most directly comparable measures calculated and presented in accordance with IFRS. Non-GAAP financial measures are not standardized; therefore, it may not be possible to compare these financial measures with the non-GAAP financial measures of other companies having the same or similar businesses. We strongly encourage investors to review the unaudited consolidated financial statements and publicly filed reports in their entirety, and not to rely on any single financial measure.

We use these non-GAAP financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These non-GAAP financial measures reflect an additional way of viewing aspects of the operations that, when viewed with the IFRS results and the accompanying reconciliations to corresponding IFRS financial measures, may provide a more complete understanding of factors and trends affecting our business.

The following is a description of the non-GAAP measures used by the Company in the MD&A:

- Adjusted gross margin is defined as gross margin adjusted for:
  - "the adjustment to cost of sales", which comprises of the mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives as shown in the notes to the unaudited condensed consolidated interim financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives as described below; and
  - "the amortization of transitional balance to cost of sales for cash flow hedges", which is the transitional marked-to-market balance of the natural gas futures outstanding as of October 1, 2016 amortized over time based on their respective settlement date until all existing natural gas futures have expired, as shown in the notes to the consolidated financial statements.
- Adjusted EBIT is defined as EBIT adjusted for the adjustment to cost of sales, the amortization of transitional balances to cost of sales for cash flow hedges.
- Adjusted EBITDA is defined as adjusted EBIT adjusted to add back depreciation and amortization expenses, the Sugar segment acquisition costs and the Maple Segment non-recurring expenses.
- Adjusted net earnings is defined as net earnings adjusted for the adjustment to cost of sales, the amortization of transitional balances to cost of sales for cash flow hedges, the amortization of transitional balance to net finance costs and the income tax impact on these adjustments. Amortization of transitional balance to net finance costs is defined as the transitional marked-to-market balance of the interest rate swaps outstanding as of October 1, 2016, amortized over time

based on their respective settlement date until all existing interest rate swaps agreements have expired, as shown in the notes to the unaudited condensed consolidated interim financial statements.

- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.
- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple segment divided by the revenues generated by the Maple product segment.
- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.
- Maple products segment Adjusted EBITDA is defined as the earnings before interest expenses, taxes and depreciation and amortization expenses of the Maple products segment, adjusted for the total adjustment to cost of sales relating to its segment and non-recurring expenses.
- LBMT's Adjusted EBITDA is defined as the earnings before interest expenses, taxes and depreciation and amortization expenses associated to the LBMT acquisition on August 5, 2017, adjusted for the total adjustment to cost of sales relating to its segment and non-recurring expenses.
- LBMT's EBITDA is defined as earnings before interest expenses, taxes, depreciation and amortization expenses, business combination related costs, gain on business acquisition and fair value adjustment to purchase price allocation on inventories.
- Adjusted *pro forma* EBITDA is defined as LBMT's EBITDA, adjusted to include the EBITDA of Highland and Great Northern from April 1, 2016 until their respective acquisition by LBMT and the expected EBITDA of Sucro-Bec for the twelve-month period ended March 31, 2017, as well as certain non-recurring operating expenses.
- Adjusted *pro forma* EBITDA assuming the LBMT Integration Gains is defined as the adjusted *pro forma* EBITDA, adjusted to include any recent customer gains, procurement efficiencies, re-alignment of production lines, reduction of maple syrup losses and previous integration of acquired businesses.
- Adjusted *pro forma* EBITDA assuming the LBMT Integration Gains and the RSI Integration Gains is defined as the adjusted *pro forma* EBITDA assuming the LBMT Integration Gains, adjusted to include business efficiencies, including procurement cost reductions and Operational Excellence, and customer gains, as a result of the Rogers integration.
- Decacer's *pro forma* Adjusted EBITDA is defined as earnings before interest expenses, taxes, depreciation and amortization expense for the twelve-month period ended March 31, 2017, adjusted to take into account non-recurring items identified by the Decacer Management, non-recurring items identified by the Company during the course of its due diligence and estimated adjustments required to reflect the going-forward EBITDA run-rate.
- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, amortization of transitional balances, financial instruments non-cash amount, and includes funds received or paid from the issue or purchase of shares, deferred financing charges paid and capital expenditures, net of operational excellence capital expenditures.

In the MD&A, we discuss the non-GAAP financial measures, including the reasons why we believe these measures provide useful information regarding the financial condition, results of operations, cash flows and financial position, as applicable. We also discuss, to the extent material, the additional purposes, if any, for which these measures are used. These non-GAAP measures should not be considered in isolation, or as a substitute for, analysis of the Company's results as reported under GAAP. Reconciliations of non-GAAP financial measures to the most directly comparable IFRS financial measures are also contained in this MD&A.

FORWARD-LOOKING STATEMENTS

This report contains Statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking statements may include, without limitation, statements and information which reflect the current expectations of Rogers, Lantic, LBMT and Decacer (together all referred to as "the Company") with respect to future events and performance. Wherever used, the words "may," "will," "should," "anticipate," "intend," "assume," "expect," "plan," "believe," "estimate," and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, the Company cautions investors that statements concerning the following subjects are, or are likely to be, forward-looking statements: future prices of raw sugar, natural gas costs, the opening of special refined sugar quotas in the United States ("U.S."), beet production forecasts, growth of the maple syrup industry, anticipated benefit of the LBMT and Decacer acquisitions (including expected adjusted EBITDA), the status of labour contracts and negotiations, the level of future dividends and the status of government regulations and investigations. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results or current expectations. These risks are referred to in the Company's Annual Information Form in the "Risk Factors" section and include, without limitation: the risks related to the Company's dependence on the operations and assets of Lantic, the risks related to government regulations and foreign trade policies, the risks related to competition faced by Lantic, the risks related to fluctuations in margins, foreign exchange and raw sugar prices, the risks related to security of raw sugar supply, the risk related to weather conditions affecting sugar beets, the risks relating to fluctuation in energy costs, the risks that LBMT and Decacer's historical financial information may not be representative of future performance, the risk that following the acquisition of LBMT on August 5, 2017 and Decacer on November 18, 2017 (the "Acquisitions"), Rogers and Lantic may not be able to successfully integrate LBMT and Decacer's businesses with their current business and achieve the anticipated benefits of the Acquisitions, the risks of unexpected costs or liabilities related to the Acquisitions, including that the Representation and Warranty Insurance ("RWI") Policy may not be sufficient to cover such costs or liabilities or that the Company may not be able to recover such costs or liabilities from the shareholders of LBMT and Decacer, the risks related to the regulatory regime governing the purchase and sale of maple syrup in Québec, including the risk that LBMT and Decacer may not be able to maintain their authorized buyer status with the Federation des Producteurs Acéricoles du Québec ("FPAQ") and the risk that it may not be able to purchase maple syrup in sufficient quantities, the risk related to the production of maple syrup being seasonal and subject to climate change, the risk related to customer concentration and LBMT and Decacer's reliance on private label customers, the risks related to consumer habits and the risk related to LBMT and Decacer's business growth, substantially relying on exports.

Although the Company believes that the expectations and assumptions on which forward-looking information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information as no assurance can be given that it will prove to be correct. Forward-looking information contained herein is made as at the date of this MD&A and the Company does not undertake any obligation to update or revise any forward-looking information, whether as a result of events or circumstances occurring after the date hereof, unless so required by law. As of the date of this MD&A, and as communicated on May 1, 2018, Management's expectations with regards to the Maple products segment Adjusted EBITDA for fiscal 2018 has been adjusted to approximately $19.9 million and to approximately $21.1 million for fiscal 2019. Refer to the "Outlook" section of this MD&A for further details.

FORWARD-LOOKING INFORMATION IN THIS MD&A

The following table outlines the forward-looking information contained in this MD&A, which the Corporation considers important to better inform readers about its potential financial performance, together with the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

Principal Assumptions	**Principal Risks and Uncertainties**
Expected adjusted EBITDA for LBMT The expected adjusted EBITDA is the expected earnings before interest expenses, taxes, depreciation and amortization expense for a twelve-month period, adjusted for one-time costs and including the integration gains. The Corporation estimates annual operating earnings by subtracting from the estimated revenues, the estimated annual operating costs, from which it subtracts estimated general and administrative expenses. The integration gains include LBMT for fiscal 2018 and RSI integration gains for fiscal 2019. LBMT integration gains are estimated gains resulting from the three acquisitions completed by LBMT since February 2, 2016 and which include customer gains, procurement efficiencies, re-alignment of production lines, reduction of maple syrup losses and previous integration of acquired businesses. RSI integration gains are estimated operational gains resulting from the combination of the Corporation and LBMT which include business efficiencies and customer gains.	• Historical financial information used to estimate amounts may not be representative of future results. • Variability in LBMT's performance. • Unexpected administration, selling or distribution expenditures. • Uncertainty of successful integration and operational gains. • Other risks relating to the business of LBMT (refer to the "Risk Factors" section of the MD&A for the year ended September 30, 2017).
Expected Adjusted *pro forma* EBITDA for Decacer Decacer's Adjusted *pro forma* EBITDA is the expected earnings before interest expenses, taxes, depreciation and amortization expense for a twelve-month period, adjusted to take into account non-recurring items identified by Decacer Management, non-recurring items identified by the Company during the course of its due diligence and estimated adjustments required to reflect the going-forward EBITDA run-rate.	• Historical financial information used may not be representative of future results. • Variability in Decacer's performance. • Unexpected administration, selling or distribution expenditures. • Uncertainty of successful integration and operational gains.

INTERNAL DISCLOSURE CONTROLS

In accordance with Regulation 52-109 respecting certification of disclosure in issuers' interim filings, the Chief Executive Officer and Chief Financial Officer have designed or caused it to be designed under their supervision, disclosure controls and procedures ("DC&P").

In addition, the Chief Executive Officer and Chief Financial Officer have designed or caused it to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

The Chief Executive Officer and Chief Financial Officer have evaluated whether or not there were any changes to the Company's ICFR during the three month period ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No such changes were identified through their evaluation.

LIMITATION ON SCOPE OF DESIGN

The Company has limited the scope of its DC&P and ICFR to exclude controls, policies and procedures of LBMT and its subsidiaries, including Decacer, acquired not more than 365 days before the last day of the period covered by the annual filing. The Company elected to exclude it from the scope of certification as allowed by NI 52-109. The Company intends to perform such testing within one year of acquisition.

The chart below presents the summary financial information included in the Corporation's unaudited condensed consolidated interim financial statements for the excluded business:

LMBT & Decacer (In thousands of dollars, unaudited)	For the nine months ended June 30, 2018 $
<u>Statement of Financial Position</u>	
Total assets	290,879
<u>Statement of Comprehensive Income</u>	
Total revenue	152,476
Results from operating activities	9,102

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of Rogers' unaudited condensed consolidated interim results for the first quarters of fiscal 2018 and 2017.

(In thousands of dollars, except volume and per share information)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	Julyl 1, 2017
Total volume				
Sugar (metric tonnes)	**182,331**	173,969	**519,728**	511,068
Maple syrup ('000 pounds)	**10,654**	-	**34,570**	-
Total revenues	**$ 199,056**	$ 166,363	**$ 593,394**	$ 489,533
Gross margin	**31,430**	9,886	**101,598**	54,667
Results from operating activities ("EBIT")	**19,296**	1,513	**65,869**	30,893
Net finance costs	**4,207**	2,139	**12,397**	6,858
Income tax expense (recovery)	**3,795**	(178)	**14,376**	6,143
Net earnings (loss)	**11,294**	(448)	**39,096**	17,892
Net earnings per share:				
Basic	**0.11**	-	**0.37**	0.19
Diluted	**0.10**	-	**0.33**	0.19
Dividends per share	**$ 0.09**	$ 0.09	**$ 0.27**	$ 0.27

Consolidated results of operations

Over the past twelve months, Rogers made two strategic acquisitions in the natural sweetener market. On August 5, 2017, the Company acquired LBMT, a maple syrup bottler, for approximately $160.3 million, subject to closing adjustments of approximately $6.1 million, and on November 18, 2017, Rogers acquired Decacer, another maple syrup bottler, for approximately $40.0 million, subject to closing adjustments of approximately $3.0 million. This new platform provides the Company with opportunities to grow organically, leverage sales and administrative synergies, and investigate other potential opportunistic acquisitions in that segment. Results from the LBMT and Decacer operations are included in the unaudited consolidated interim results of operations since their acquisition date. As a result of the acquisition, Rogers now has the following two operating segments: Sugar and Maple products.

Total revenues

Revenues for the current quarter and year-to-date amounted to $199.1 million and $593.4 million, respectively, an increase of $32.7 million and $103.9 million versus last year's comparable periods. This improvement is mainly attributable to revenues generated by LBMT and Decacer of $50.3 million for the third quarter of fiscal 2018 and of $152.5 million year-to-date. The positive impact of the Maple Segment was partly offset by lower revenues in the Sugar segment due to lower #11 raw sugar values in fiscal 2018 when compared to fiscal 2017.

Gross margin

Gross margin of $31.4 million and $101.6 million for the third quarter of the current fiscal year and year-to-date, respectively do not reflect the economic margin of the Company, as it includes a gain of $3.7 million for the third quarter and $8.0 million year-to-date for the mark-to-market of derivative financial instruments as explained below (See "Adjusted results" section). In fiscal 2017, a mark-to-market loss of $13.0 million and $20.6 million was recorded for the third quarter and year-to-date, resulting in a gross margin of $9.9 million and $54.7 million for each respective period.

Results from operating activities ("EBIT")

EBIT is defined as earnings before interest and taxes. For the third quarter of fiscal 2018, EBIT amounted to $19.3 million compared to $1.5 million last year. The Maple product segment contributed $3.7 million of the increase in EBIT. In addition, a gain of $16.7 million was recorded for the quarter-over-quarter mark-to-market variation of derivative financial instruments, which does not reflect the economic results from operating activities. This was partially offset by a lower contribution from the Sugar segment due mainly to a lower #11 raw sugar values when compared to last year and lower by-product revenues.

Year-to-date, EBIT amounted to $65.9 million versus $30.9 million for the comparable period last year. The Maple product segment and the mark-to-market of derivative financial instruments had a positive impact of $9.1 million and $28.6 million, respectively. The positive variation was somewhat offset by the impact from the third quarter lower contribution from the Sugar segment, as explained above and later in the segmented information section.

Net finance costs

Net finance costs consisted of interest paid under the revolving credit facility, as well as interest expense on the convertible unsecured subordinated debentures and other interest. It also includes a mark-to-market gain or loss on the interest swap agreements.

The net finance costs breakdown is as follows:

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Interest expense on convertible unsecured subordinated debentures, including accretion expense	**$ 2,077**	$ 1,143	**$ 5,619**	$ 4,344
Interest on revolving credit facility	**1,291**	921	**4,094**	2,229
Amortization of deferred financing fees	**315**	160	**1,093**	572
Other interest expense	**660**	-	**1,995**	-
Net change in fair value of interest rate swap agreements	**(136)**	(85)	**(404)**	(287)
Net finance costs	**$ 4,207**	$ 2,139	**$ 12,397**	$ 6,858

The interest expense on the convertible unsecured subordinated debentures increased by approximately $0.9 million, for the current quarter and by $1.3 million, year-to-date, when compared to the same periods last year. The additional interest expense is mostly explained by higher borrowings whereby the Fourth series 5.70% convertible unsecured subordinated debentures ("Fourth series debentures") was repaid on May 1, 2017 using the revolving credit facility and the Seventh series 4.75% convertible unsecured subordinated debentures ("Seventh series debentures") was issued on March 28, 2018. Accretion expense on the equity component of the convertible unsecured subordinated debentures also contributed to the increase when compared to the same periods last year.

The increase in interest on the revolving credit facility is due mainly to the additional drawdown as a result of the LBMT and Decacer acquisitions. The increase in interest rates also had a negative impact when compared to the same periods last year.

The other interest expense pertains mainly to interest payable to the FPAQ on syrup purchases, in accordance with the FPAQ payment terms.

Starting on October 2, 2016, interest rate swap agreements were designated as effective cash flow hedging instruments and as a result, mark-to-market adjustments are now recorded in other comprehensive income. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, will be subsequently removed from other comprehensive income when each of the fixed interest rate tranches will be liquidated, in other words, when the fixed interest rate is paid. As a result, the Company removed a gain of $0.1 million and of $0.4 million for the current quarter and year-to-date, respectively, from other comprehensive income and recorded a gain of the same amount in net finance costs. The transitional balance relating to interest rate swap agreements will be fully depleted in fiscal 2020. See "Adjusted results" section. For the prior year, a gain of $0.1 million and $0.3 million were recorded for the respective comparative periods.

Taxation

The income tax expense (recovery) is as follows:

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Current	**$ 4,950**	$ 1,878	**$ 14,876**	$ 15,551
Deferred	**(1,155)**	(2,056)	**(500)**	(9,408)
Income tax expense (recovery)	**$ 3,795**	$ (178)	**$ 14,376**	$ 6,143

The variation in current and deferred tax expense (recovery) quarter-over-quarter and year-to-date is consistent with the variation in earnings before income taxes in fiscal 2018.

Deferred income taxes reflect temporary differences, which result primarily from the difference between depreciation claimed for tax purposes and depreciation amounts recognized for financial reporting purposes, employee future benefits and derivative financial instruments. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates anticipated to apply to income in the years in which temporary differences are expected to be realized or reversed. The effect of a change in income tax rates on future income taxes is recognized in income in the period in which the change occurs.

Net earnings

Net earnings for the third quarter were $11.3 million compared to a net loss of $0.4 million for fiscal 2017. The increase in net earnings is mostly explained by the after-tax contribution of the Maple product segment and a gain on the mark-to-market of derivative financial instruments. The positive net earnings variance was somewhat offset by the after-tax impact of a decrease in EBIT for the Sugar segment and $2.1 million in additional finance costs, as explained above.

Year-to-date, net earnings amounted to $39.1 million, a $21.2 million increase versus the comparative period last year. The increase is also explained by the after-tax contribution of the Maple product segment and a gain on the mark-to-market of derivative financial instruments somewhat offset by lower contribution from the Sugar segment, additional interest expense, non-recurring costs and acquisition costs.

Adjusted results

In the normal course of business, the Company uses derivative financial instruments consisting of sugar futures, foreign exchange forward contracts, natural gas futures and interest rate swaps. For fiscal 2016 and prior years, all derivative financial instruments were marked-to-market at each reporting date, with the unrealized gains/losses charged to the consolidated statement of earnings. As of October 2, 2016, the Company adopted all the requirements of IFRS 9 (2014) Financial Instruments. As a result, the Company has designated as effective hedging instruments its natural gas futures and its interest rate swap agreements entered into in order to protect itself against natural gas price and interest rate fluctuations as cash flow hedges. Derivative financial instruments pertaining to sugar futures and foreign exchange forward contracts continue to be marked-to-market at each reporting date and are charged to the consolidated statement of earnings. In addition, the derivative financial instruments pertaining to foreign exchange forward contracts on maple syrup sales were marked-to-market as at June 30, 2018 and also charged to the consolidated statement of earnings. The unrealized gains/losses related to natural gas futures and interest rate swaps are accounted for in other comprehensive income. The amount recognized in other comprehensive income is removed and included in net earnings under the same line item in the consolidated statement of earnings and comprehensive income as the hedged item, in the same period that the hedged cash flows affect net earnings, reducing earnings volatility related to the movements of the valuation of these derivatives hedging instruments. The transitional marked-to-market balances outstanding as of October 1, 2016 will be amortized over time based on their settlements until all existing natural gas futures and all existing interest rate swaps agreements have expired.

The Company sells refined sugar to some clients in U.S. dollars. Prior to October 1, 2016, these sales contracts were viewed as having an embedded derivative if the functional currency of the customer was not U.S. dollars, the embedded derivative being the source currency of the transaction. The embedded derivatives were marked-to-market at each reporting date, with the unrealized gains/losses charged to the unaudited condensed consolidated interim statement of earnings with a corresponding offsetting amount charged to the unaudited condensed consolidated statement of financial position. As of October 2, 2016, the U.S. dollars of these sales contract will no longer be considered as being an embedded derivative as it was determined that the U.S. dollar is commonly used in Canada. This change in estimate will be applied prospectively, as a result, only the embedded derivatives relating to sales contracts outstanding as of October 1, 2016 will continue to be marked-to-market every quarter until all the volume on these contracts has been delivered. As at June 30, 2018, there were no embedded derivatives on sales contracts outstanding from the October 1, 2016 balance.

Management believes that the Company's financial results are more meaningful to management, investors, analysts and any other interested parties when financial results are adjusted by the gains/losses from financial derivative instruments and from embedded derivatives. These adjusted financial results provide a more complete understanding of factors and trends affecting our business. This measurement is a non-GAAP measurement. See "Non-GAAP measures" section.

Management uses the non-GAAP adjusted results of the operating company to measure and to evaluate the performance of the business through its adjusted gross margin, adjusted EBIT and adjusted net earnings. In addition, management believes that these measures are important to our investors and parties evaluating our performance and comparing such performance to past results. Management also uses adjusted gross margin, adjusted EBITDA, Maple products segment Adjusted EBITDA, adjusted EBIT and adjusted net earnings when discussing results with the Board of Directors, analysts, investors, banks and other interested parties. See "Non-GAAP measures" section.

The results of operations would therefore need to be adjusted by the following:

Income (loss) (In thousands of dollars)	**Three months ended** June 30, 2018	July 1, 2017	**Nine months ended** June 30, 2018	July 1, 2017
Mark-to-market on:				
Sugar futures contracts	**$ 886**	$ (1,672)	**$ (1,258)**	$ (7,998)
Foreign exchange forward contracts	**(761)**	2,117	**544**	181
Embedded derivatives	**-**	(216)	**51**	(18)
Total mark-to-market adjustment on derivatives	**125**	229	**(663)**	(7,835)
Cumulative timing differences	**2,859**	(13,879)	**6,530**	(14,889)
Adjustment to cost of sales	**2,984**	(13,650)	**5,867**	(22,724)
Amortization of transitional balance to cost of sales for cash flow hedges	**759**	693	**2,133**	2,166
Total adjustment to costs of sales (1)	**$ 3,743**	$ (12,957)	**$ 8,000**	$ (20,558)

(1) See "Non-GAAP measures" section.

The fluctuations in mark-to-market adjustment on derivatives are due to the price movements in #11 world raw sugar and foreign exchange market. See "Non-GAAP measures" section.

Cumulative timing differences, as a result of mark-to-market gains or losses, are recognized by the Company only when sugar is sold to a customer. The gains or losses on sugar and related foreign exchange paper transactions are largely offset by corresponding gains or losses from the physical transactions, namely sale and purchase contracts with customers and suppliers. See "Non-GAAP measures" section.

As previously mentioned, starting on October 2, 2016, natural gas futures were designated as an effective cash flow hedging instrument and as a result, mark-to-market adjustments are now recorded in other comprehensive income. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, will be subsequently removed from other comprehensive income when the natural gas futures will be liquidated, in other words, when the natural gas is used. As a result, in the third quarter and first nine months of fiscal 2018, the Company removed a gain of $0.8 million and $2.1 million, respectively, from other comprehensive income and recorded a gain of the same amount in cost of sales. The transitional balance relating to natural gas futures will be fully depleted in fiscal 2020. See "Non-GAAP measures" section.

The above described adjustments are added or deducted to the mark-to-market results to arrive at the total adjustment to cost of sales. For the third quarter of the current year, the total cost of sales adjustment is a gain of $3.7 million to be deducted from the unaudited condensed consolidated interim operating results versus a loss of $13.0 million to be added to the unaudited condensed consolidated interim results for the comparable quarter last year. Year-to-date, the total cost of sales adjustment is a gain of $8.0 million to be deducted from the unaudited condensed consolidated interim operating results versus a loss of $20.6

million to be added to the unaudited condensed consolidated interim results for the comparable period last year. See "Non-GAAP measures" section.

The following is a table showing the adjusted unaudited condensed consolidated interim results (non-GAAP) without the above mark-to-market results:

Consolidated results (In thousands of dollars, except per share information)	**Three months ended** **June 30, 2018**	July 1, 2017	**Nine months ended** **June 30, 2018**	July 1, 2017
Gross margin as per financial statements	**$ 31,430**	$ 9,886	**$ 101,598**	$ 54,667
Adjustment as per above	**(2,984)**	13,650	**(5,867)**	22,724
Amortization of transitional balance to cost of sales as per above	**(759)**	(693)	**(2,133)**	(2,166)
Adjusted gross margin (1)	**27,687**	22,843	**93,598**	75,225
EBIT as per financial statements	**19,296**	1,513	**65,869**	30,893
Adjustment as per above	**(2,984)**	13,650	**(5,867)**	22,724
Amortization of transitional balance to cost of sales as per above	**(759)**	(693)	**(2,133)**	(2,166)
Adjusted EBIT (1)	**15,553**	14,470	**57,869**	51,451
Net earnings (loss) as per financial statements	**11,294**	(448)	**39,096**	17,892
Adjustment to cost of sales as per above	**(2,984)**	13,650	**(5,867)**	22,724
Amortization of transitional balance to cost of sales as per above	**(759)**	(693)	**(2,133)**	(2,166)
Amortization of transitional balance to net finance costs	**(136)**	(85)	**(404)**	(287)
Income taxes on above adjustments	**1,030**	(3,394)	**2,218**	(5,387)
Adjusted net earnings (1)	**8,445**	9,030	**32,910**	32,776
Net earnings per share basic, as per financial statements	**0.11**	-	**0.37**	0.19
Adjustment for the above	**(0.03)**	0.10	**(0.06)**	0.16
Adjusted net earnings per share basic (1)	**$ 0.08**	$ 0.10	**$ 0.31**	$ 0.35

(1) See "Non-GAAP measures" section.

Adjusted gross margin

Adjusted gross margin for the third quarter and the nine months of fiscal 2018 was $27.7 million and $93.6 million, respectively. This compares to $22.8 million and $75.2 million, respectively, for the comparable periods last year. The Maple segment contributed $7.0 million for the third quarter and $19.7 million year-to-date of adjusted gross margin, partially offset by a lower contribution of the Sugar segment explained later in the segmented information section.

Results from operating activities

Adjusted EBIT for the third quarter of fiscal 2018 was $15.6 million versus $14.5 million for the comparable period last year, an increase of $1.1 million. Adjusted EBIT for the first nine months of fiscal 2018 amounted to $57.9 million versus $51.5 million for the comparable period last year, an improvement of $6.4 million. The variation for both periods is mainly explained by the Maple product segment which contributed $3.6 million and $8.2 million in adjusted EBIT for the current quarter and year-to-date, respectively. In addition, the adjusted EBIT of the Sugar segment was $2.5 million and $1.8

million lower than the same comparable periods, which is explained later in the segmented information section.

Adjusted EBITDA

The following is a table showing the reconciliation of the EBIT to the Adjusted EBITDA:

Consolidated results (In thousands of dollars, except per share information)	**Three months ended**		**Nine months ended**	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Adjusted EBIT as per above (1)	**$ 15,553**	$ 14,470	**$ 57,869**	$ 51,451
Depreciation of property, plant and equipment	**3,964**	3,217	**11,042**	9,647
Amortization of intangible assets	**982**	53	**2,836**	160
Sugar Segment acquisition costs	**-**	630	**-**	630
Maple Segment non-recurring expenses (2)	**(166)**	-	**1,863**	-
Adjusted EBITDA (1)	**$ 20,333**	$ 18,370	**$ 73,610**	$ 61,888

(1) See "Non-GAAP measures" section.

(2) See "Adjusted results" within the unaudited condensed consolidated interim results of operation section and "Segmented information" section.

Adjusted EBITDA for the third quarter of fiscal 2018 was $20.3 million versus $18.4 million for the comparable period last year, an increase of $2.0 million. Adjusted EBITDA for the first nine months of fiscal 2018 amounted to $73.6 million versus $61.9 million for the comparable period last year, an improvement of $11.7 million. The variation for both periods is mainly explained by the Maple product segment which contributed $4.8 million and $13.9 million in adjusted EBITDA for the current quarter and year-to-date, respectively. However, the adjusted EBITDA of the Sugar segment was $2.8 million and $2.1 million lower than the same comparable periods, which are explained later in the segmented information section.

Segmented information

Following the acquisition of LBMT and Decacer, the Company has two distinct segments, namely, refined sugar and by-products, together referred to as the "Sugar" segment and maple syrup and derived products, together referred to as the "Maple products" segment.

The following is a table showing the key results by segments:

Consolidated results (In thousands of dollars)	Three months ended June 30, 2018			Three months ended July 1, 2017		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Revenues	$ 148,720	$ 50,336	$ 199,056	$ 166,363	$ -	$ 166,363
Gross margin	24,257	7,173	31,430	9,886	-	9,886
Administration and selling expenses	5,697	2,370	8,067	5,653	-	5,653
Distribution costs	2,977	1,090	4,067	2,720	-	2,720
Results from operating activities	15,583	3,713	19,296	1,513	-	1,513
Non- GAAP results:						
Total adjustment to the cost of sales (1)	(3,586)	(157)	(3,743)	12,957	-	12,957
Adjusted Gross Margin (1)	20,671	7,016	27,687	22,843	-	22,843
Adjusted results from operating activities (1)	11,997	3,556	15,553	14,470	-	14,470
Depreciation of property, plant and equipment and amortization of intangible assets	3,587	1,359	4,946	3,270	-	3,270
Sugar Segment Acquisition costs (1)	-	-	-	630	-	630
Maple Segment non-recurring costs (1)	-	(166)	(166)	-	-	-
Adjusted EBITDA (1)	$ 15,584	$ 4,749	$ 20,333	$ 18,370	$ -	$ 18,370
Additional information:						
Addition to property, plant and equipment and intangible assets	$ 4,667	$ 447	$ 5,114	$ 4,635	$ -	$ 4,635

(1) See "Non-GAAP measures" section.

Consolidated results (In thousands of dollars)	Nine months ended June 30, 2018			Nine months ended July 1, 2017		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 440,918**	**$ 152,476**	**$ 593,394**	$ 489,533	$ -	$ 489,533
Gross margin	**80,938**	**20,660**	**101,598**	54,667	-	54,667
Administration and selling expenses	**16,319**	**8,786**	**25,105**	16,255	-	16,255
Distribution costs	**7,852**	**2,772**	**10,624**	7,519	-	7,519
Results from operating activities	**56,767**	**9,102**	**65,869**	30,893	-	30,893
Non- GAAP results:						
Total adjustment to the cost of sales (1)	**(7,077)**	**(923)**	**(8,000)**	20,558	-	20,558
Adjusted Gross Margin (1)	**73,861**	**19,737**	**93,598**	75,225	-	75,225
Adjusted results from operating activities (1)	**49,690**	**8,179**	**57,869**	51,451	-	51,451
Depreciation of property, plant and equipment and amortization of intangible assets	**10,064**	**3,814**	**13,878**	9,807	-	9,807
Sugar Segment Acquisition costs (1)	**-**	**-**	**-**	630	-	630
Maple Segment non-recurring costs (1)	**-**	**1,863**	**1,863**	-	-	-
Adjusted EBITDA (1)	**$ 59,754**	**$ 13,856**	**$ 73,610**	$ 61,888	$ -	$ 61,888
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 12,458**	**$ 1,184**	**$ 13,642**	$ 10,646	$ -	$ 10,646

(1) See "Non-GAAP measures" section.

Results from operation by segment

Sugar

Revenues

(In thousands of dollars, except volume)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Volume (MT)	**182,331**	173,969	**519,728**	511,068
Revenues	**$ 148,720**	$ 166,363	**$ 440,918**	$ 489,533

The Company's total sugar deliveries increased by approximately 8,400 metric tonnes and 8,700 metric tonnes for the third quarter and the first nine months of the current fiscal year, respectively, versus the comparable periods last year. The decrease in revenues for fiscal 2018 third quarter and year-to-date results versus the comparable periods last year, is mainly explained by a decrease in the weighted average raw sugar values in the current fiscal year, which more than offset the benefits of the increase in sales volume.

During the third quarter, the industrial market segment increased by approximately 2,300 metric tonnes when compared to the same quarter last year, which is mainly explained by timing in deliveries. Year-to-date, the industrial segment decreased by approximately 4,600 metric tonnes versus last year, mainly due to a softening in demand from our customers.

The consumer market volume was slightly below last year for the current quarter and year-to-date with a decrease of approximately 1,200 metric tonnes and approximately 2,100 metric tonnes, respectively, both variations explained by timing in customers' promotional activities.

Liquid volume was approximately 3,100 metric tonnes higher than the third quarter of last year mainly due to the recapture of some business temporarily lost to high fructose corn syrup ("HFCS") in fiscal 2017 and to some extent, additional demand from existing customers. Year-to-date, the liquid volume was approximately 8,600 metric tonnes higher than last year due to the deliveries of a HFCS substitutable customer in Western Canada for the full nine months of fiscal 2018 as opposed to eight months in the same period of fiscal 2017, to additional demand from existing customers and the recapture of some business temporarily lost to HFCS.

Exports were approximately 4,200 metric tonnes and 6,800 metric tonnes higher than the third quarter and year-to-date of fiscal 2017 respectively, due to timing in sales deliveries to Mexico, as well as additional U.S. high tier opportunistic sales versus last year's comparative periods.

Gross Margin

Two major factors impact gross margins: the selling margin of the products and operating costs.

(In thousands of dollars, except per metric tonne information)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Gross margin	**$ 24,257**	$ 9,886	**$ 80,938**	$ 54,667
Total adjustment to cost of sales (1) (2)	**(3,586)**	12,957	**(7,077)**	20,558
Adjusted gross margin	**$ 20,671**	$ 22,843	**$ 73,861**	$ 75,225
Gross margin per metric tonne	**$ 133.04**	$ 56.83	**$ 155.73**	$ 106.97
Adjusted gross margin per metric tonne	**$ 113.37**	$ 131.31	**$ 142.11**	$ 147.19

(1) See "Non-GAAP measures" section.

(2) See "Adjusted results" within the unaudited condensed consolidated interim results of operation section and "Segmented information" section.

Gross margin of $24.3 million for the quarter and $80.9 million, year-to-date do not reflect the economic margin of the sugar segment, as it includes a gain of $3.6 million and $7.1 million for the third quarter and year-to-date, respectively, for the mark-to-market of derivative financial instruments as explained above. In fiscal 2017, a mark-to-market loss of $13.0 million and $20.6 million were recorded for the third quarter and year-to-date, respectively, resulting in gross margins of $9.9 million and $54.7 million, respectively.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the quarter was $20.7 million compared to $22.8 million for the same quarter last year. The decrease of $2.1 million is due mainly to lower #11 raw sugar values when compared to last year, which has a negative impact on Taber's domestic sales gross margin rate. In addition, by-product revenues were slightly lower than the comparable quarter last year. Adjusted gross margin per metric tonne amounted to $113.37 for the current quarter versus $131.31 for the same period last year. The decrease is due mainly to the lower #11 raw sugar values which, as mentioned above, has a negative impact on Taber's domestic sales gross margin and to the unfavorable sales mix, with higher industrial, liquid and export sales, compounded by lower consumer volume. Year-to-date, adjusted gross margin of $73.9 million includes a non-cash pension plan income of $1.5 million recorded as a result of the approval by the Alberta Treasury Board and Finance of an amendment to the Alberta hourly pension plan. Excluding this non-cash income, adjusted gross margin was $72.4 million or $2.8 million lower than last year. The decrease is mainly explained by the third quarter results and additional operating expenses at the beginning of the year. The year-to-date adjusted gross margin rate of $142.11 per metric tonne includes a gain of $2.84 for the non-cash pension plan income, explained above, thus reducing the adjusted gross margin rate to $139.27 per metric tonne as compared to $147.19 for fiscal 2017, a decrease of $7.92 per metric tonne. The negative impact of the unfavorable sales mix and lower #11 raw sugar values also affected the year-to-date results. In addition, lower by-product revenues when compared to last year also contributed to the decrease in adjusted gross margin per metric tonne.

Included in gross margin and adjusted gross margin is $3.5 million and $9.6 million of depreciation expense in cost of sales for the third quarter and year-to-date, respectively, which compares to $3.1 million and $9.3 million for the same periods last year.

Other expenses

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Administration and selling expenses	**$ 5,697**	$ 5,653	**$ 16,319**	$ 16,255
Distribution costs	**$ 2,977**	$ 2,720	**$ 7,852**	$ 7,519

Administration and selling expenses for the third quarter of fiscal 2017 includes $0.6 million of acquisition costs for LBMT. Excluding this non-recurring expense, administration and selling expenses were $0.7 million higher than the third quarter and year-to-date results of fiscal 2017 mainly explained by higher employee benefits and timing of expenses.

Distribution costs for the current quarter and year-to-date were $0.3 million higher than the comparable periods last year due to additional storage costs in Taber and an overall increase in freight rates.

Results from operating activities

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Results from operating activities	**$ 15,583**	$ 1,513	**$ 56,767**	$ 30,893
Adjusted results from operating activities	**$ 11,997**	$ 14,470	**$ 49,690**	$ 51,451

The results from operating activities for the current quarter and the first nine months of fiscal 2018 of $15.6 million and $56.8 million, respectively, do not reflect the adjusted results from operating activities of the Company, as they include gains from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments. We will therefore comment on adjusted results from operating activities.

In addition, the acquisition of LBMT has resulted in expenses that do not reflect the economic performance of the operation of the Sugar Segment. Finally, non-cash depreciation and amortization expense also had a negative impact on the results from operating activities. As such Management believes that the Sugar segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above mentioned items.

Adjusted results

The results of operations would therefore need to be adjusted by the following:

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Results from operating activities	**$ 15,583**	$ 1,513	**$ 56,767**	$ 30,893
Total adjustment to cost of sales [(1)] [(2)]	**(3,586)**	12,957	**(7,077)**	20,558
Adjusted results from operating activities	**11,997**	14,470	**49,690**	51,451
Non-recurring expenses:				
Acquisition costs incurred	**-**	630	**-**	630
Depreciation of property, plant and equipment and amortization of intangible assets	**3,587**	3,270	**10,064**	9,807
Adjusted EBITDA	**$ 15,584**	$ 18,370	**$ 59,754**	$ 61,888

(1) See "Non-GAAP measures" section.

(2) See "Adjusted results" within the unaudited condensed consolidated interim operating results section and "Segmented information" section.

Adjusted EBITDA for the third quarter and year-to-date amounted to $15.6 million and $59.8 million, respectively, versus $18.4 million and $61.9 million for the comparable periods last year, representing a decrease of $2.8 million and $2.1 million, respectively. The decrease for both the quarter and year-to-date is mainly explained by lower adjusted gross margin, as explained above, and higher selling and administrative expenses and distribution expenses.

Maple products

Revenues

(In thousands of dollars and volume, in thousands of pounds)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Volume (pounds)	**10,654**	-	**34,570**	-
Revenues	**$ 50,336**	$ -	**$ 152,476**	$ -

Revenues include Decacer's revenues since its acquisition on November 18, 2017.

Gross Margin

Two major factors impact gross margins: the selling margin of the products and operating costs.

(In thousands of dollars, except adjusted gross margin percentage information)	Three months ended				Nine months ended			
		June 30, 2018		July 1, 2017		**June 30, 2018**		July 1, 2017
Gross margin	**$**	**7,173**	$	-	**$**	**20,660**	$	-
Total adjustment to cost of sales (1) (2)		**(157)**		-		**(923)**		-
Adjusted gross margin	**$**	**7,016**	**$**	-	**$**	**19,737**	**$**	-
Gross margin percentage		**14.3%**		-		**13.5%**		-
Adjusted gross margin percentage		**13.9%**		-		**12.9%**		-

(3) See "Non-GAAP measures" section.

(4) See "Adjusted results" within the unaudited condensed consolidated interim operating results section and "Segmented information" section.

Gross margin of $7.2 million and $20.7 million for the third quarter of fiscal 2018 and year-to-date do not reflect the economic margin of the Maple products segment, as it includes a gain of $0.2 million and $0.9 million for the mark-to-market of derivative financial instruments on foreign exchange contracts, respectively.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter was $7.0 million, representing an adjusted gross margin percentage of 13.9% while year-to-date adjusted gross margin amounted to $19.7 million, 12.9% of revenues. However, included in cost of sales for the first quarter of fiscal 2018, was an amount of $0.3 million due to an increase in value of the finished goods inventory at the date of acquisition of Decacer. Under IFRS, all inventories of finished goods upon acquisition is valued at the estimated selling price less the sum of the costs of disposal, and a reasonable profit allowance for the selling effort of the acquirer which results in lower selling margins when the acquired inventory is sold. Without this adjustment, adjusted gross margin for the first nine month of the year would have been $20.0 million or 13.1% of revenues.

Included in gross margin and adjusted gross margin is $0.4 million and $1.2 million of depreciation expense in cost of sales for the third quarter and year-to-date.

Other expenses

(In thousands of dollars)	Three months ended				Nine months ended			
		June 30, 2018		July 1, 2017		**June 30, 2018**		July 1, 2017
Administration and selling expenses	**$**	**2,370**	$	-	**$**	**8,786**	$	-
Distribution costs	**$**	**1,090**	$	-	**$**	**2,772**	$	-

Administration and selling expenses amounted to $2.4 million for the current quarter and $8.8 million year-to-date, the latter includes non-recurring costs of $0.9 million and $0.7 million in consulting fees and other costs incurred as a result of the acquisition of Decacer in the first quarter.

Included in administration and selling expenses were $0.9 million and $2.6 million in depreciation and amortization expense for the three and nine month periods ended June 30, 2018.

Distribution expenses were $1.1 million for the current period and $2.8 million, year-to-date.

Results from operating activities

(In thousands of dollars)		Three months ended				Nine months ended		
		June 30, 2018		July 1, 2017		**June 30, 2018**		July 1, 2017
Results from operating activities	**$**	**3,713**	$	-	**$**	**9,102**	$	-
Adjusted results from operating activities	**$**	**3,556**	$	-	**$**	**8,179**	$	-

The above results from operating activities reflect the earnings before interest and taxes of LBMT for the period and Decacer since its acquisition.

Adjusted results

In the normal course of business, the Company uses derivative financial instruments consisting of foreign exchange forward contracts, which are marked-to-market at each reporting date with the unrealized gains/losses charge to the consolidated statement of earnings. In addition, the acquisition by LBMT of Decacer has resulted in expenses that do not reflect the economic performance of the operation of LBMT. Finally, certain non-cash items and non-recurring expenses also had a negative impact on the results from operating activities. As such Management believes that the Maple products segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above mentioned items.

The results of operations would therefore need to be adjusted by the following:

(In thousands of dollars)		Three months ended				Nine months ended		
		June 30, 2018		July 1, 2017		**June 30, 2018**		July 1, 2017
Results from operating activities	**$**	**3,713**	$	-	**$**	**9,102**	$	-
Total adjustment to cost of sales (1) (2)		**(157)**		-		**(923)**		-
Adjusted results from operating activities		**3,556**		-		**8,179**		-
Non-recurring expenses:								
Acquisition costs incurred		**-**		-		**675**		-
Other non-recurring items		**(166)**		-		**927**		-
Finished goods valued at the estimated selling price less disposal cost as of acquisition date		**-**		-		**261**		-
Depreciation and amortization		**1,359**		-		**3,814**		-
Maple products segment adjusted EBITDA(1) (2)	**$**	**4,749**	$	-	**$**	**13,856**	$	-

(1) See "Non-GAAP measures" section.

(2) See "Adjusted results" within the unaudited condensed consolidated interim operating results section and "Segmented information" section.

Other non-recurring items mainly include severance costs expensed to date.

Summary of Quarterly Results

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

(In thousands of dollars, except for volume and per share information)	QUARTERS							
	2018			2017				2016
	Third	**Second**	**First**	Fourth	Third	Second	First	Fourth
Sugar Volume (MT)	**182,331**	**163,253**	**174,144**	183,397	173,969	168,723	168,376	187,179
Maple products volume (‘000 Lbs)	**10,654**	**12,725**	**11,191**	5,764	-	-	-	-
	$	**$**	**$**	$	$	$	$	$
Total revenues	**199,056**	**189,455**	**204,883**	192,984	166,363	163,566	159,604	161,733
Gross margin	**31,430**	**27,055**	**43,113**	22,631	9,886	16,605	28,176	32,418
EBIT	**19,296**	**14,888**	**31,685**	10,138	1,513	8,784	20,596	24,472
Net earnings	**11,294**	**7,586**	**20,216**	4,014	(448)	4,788	13,552	16,453
Gross margin rate per MT (1)	**133.04**	**126.51**	**206.88**	103.82	56.83	98.42	167.34	173.19
Gross margin percentage (2)	**14.3%**	**12.1%**	**14.4%**	13.5%	-	-	-	-
Per share								
Net earnings								
Basic	**0.11**	**0.07**	**0.19**	0.04	-	0.05	0.14	0.18
Diluted	**0.10**	**0.07**	**0.18**	0.04	-	0.05	0.14	0.16
Non-GAAP Measures								
Adjusted gross margin	**27,687**	**28,607**	**37,303**	28,034	22,843	23,267	29,115	29,615
Adjusted EBIT	**15,553**	**16,440**	**25,875**	15,541	14,470	15,446	21,535	21,669
Adjusted net earnings	**8,445**	**8,617**	**15,848**	7,938	9,030	9,628	14,118	14,263
Adjusted gross margin rate per MT (1)	**113.37**	**134.66**	**179.19**	134.18	131.31	137.90	172.92	158.22
Adjusted gross margin percentage (2)	**13.9%**	**12.5%**	**12.4%**	12.8%	-	-	-	-
Adjusted net earnings per share								
Basic	**0.08**	**0.08**	**0.15**	0.08	0.10	0.10	0.15	0.15
Diluted	**0.08**	**0.07**	**0.14**	0.08	0.10	0.10	0.14	0.14

(1) Gross margin rate per MT and adjusted gross margin rate per MT pertains to the Sugar segment only.

(2) Gross margin percentage and adjusted gross margin percentage pertains to the Maple products segment only

Historically the first quarter (October to December) of the fiscal year is the best quarter of the sugar segment for adjusted gross margins and adjusted net earnings due to the favourable sales mix associated with an increased proportion of consumer sales during that period of the year. At the same time, the second quarter (January to March) historically has the lowest volume as well as an unfavourable customer mix, resulting in lower revenues, adjusted gross margins and adjusted net earnings.

The increase in revenues for fiscal 2018 and the fourth quarter of fiscal 2017 is explained by the benefit of the LBMT acquisition on August 5, 2017 and of the Decacer's acquisition on November 18, 2017. The timing of both acquisitions also had an impact on the maple product volume.

Liquidity

Cash flow generated by Lantic is paid to Rogers by way of dividends and return of capital on the common shares and by the payment of interest on the subordinated notes of Lantic held by Rogers, after taking a reasonable reserve for capital expenditures, debt reimbursement and working capital. The cash received by Rogers is used to pay administrative expenses, interest on the convertible debentures, income taxes and dividends to its shareholders. Lantic had no restrictions on distributions of cash arising from the compliance of financial covenants for the year.

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Net cash flow used in operating activities	**$ (7,784)**	$ (11,397)	**$ (8,853)**	$ (13,824)
Cash flow from financing activities	**8,588**	14,672	**44,642**	21,194
Cash flow used in investing activities	**(4,681)**	(4,110)	**(50,823)**	(8,543)
Effect of changes in exchange rate on cash	**60**	-	**231**	-
Net decrease in cash	**$ (3,817)**	$ (835)	**$ (14,803)**	$ (1,173)

Net cash flow from operating activities was negative $7.8 million in the third quarter of fiscal 2018, compared to negative $11.4 million in the comparable quarter of fiscal 2017, resulting in a positive variance $3.6 million The positive variance was due to an increase in gross margin of $21.5 million and lower income taxes paid of $0.1 million, partly offset by a negative non-cash working capital variation of $17.9 million, mainly due to the movement in inventories and trade and other payables, an increase in interest paid of $0.3 million and an increase in pension plan contributions of $0.1 million. Year-to-date, net cash flow from operating activities was negative $8.9 million compared to negative $13.8 million for the same period last year, an improvement of $4.9 million. The positive variance is mostly explained by an increase in EBIT of $35.0 million and lower income taxes paid of $4.3 million. Partly offsetting the positive variance is a negative non-cash working capital variation of $30.9 million, mostly attributable to the movement in trade and other payable and higher interest paid of $3.9 million. It should be noted that the acquisition of the working capital of Decacer is shown in investing activities and therefore, only the working capital variation between the acquisition date and June 30, 2018 is presented as part of the cash flow from operating activities.

Cash flow from financing activities decreased for the current quarter from $14.7 million to $8.6 million, a reduction of $6.1 million. During the current quarter, the Company issued the over-allotment of the Seventh series debentures for a total amount of $12.1 million, net of underwriting and issuance fees. The proceeds from the Seventh series debentures were used to repay a portion of the revolving credit facility.

Overall, during the current quarter, total borrowings increased by $20.1 million versus $23.3 million for the same period last year, a negative variation of $3.2 million less than last year's comparable quarter. Further contributing to the negative variance is an increase in dividend paid of $1.1 million as a result of the issuance of common shares under the public offering of July 2017. Finally, through the Normal Course Issuer Bid ("NCIB"), the Company purchased and cancelled common shares for a total cash consideration of $1.8 million. Year-to-date, cash flow from financing activities was $44.6 million for the current fiscal 2018 compared to $21.2 million last year, an increase of $23.4 million. The issuance of the Seventh series debentures, the repayment of the Fifth series debentures and the additional borrowings under the revolving credit, mostly related to the Decacer acquisition, resulted in a cash inflow of $75.3 million, as opposed to $46.3 million last year, a year-over-year positive variation of $29.0 million. Additional dividend paid of $3.2 million as well as the cash outflow of $1.8 million with regards to the NCIB somewhat offset the positive variation versus the same period last year. In addition, the Company paid $0.1 million more in financing fees associated with the additional borrowings to fund the Decacer acquisition and to extend the revolving credit facility. Finally, in fiscal 2017, a total amount of $0.4 million was received for stock options exercised.

The cash outflow used in investing activities increased compared to the third quarter of fiscal 2017 by $0.6 million, mainly explained by additional capital and intangible assets spending. Year-to-date, cash flows used in investing activities were $50.8 million compared to $8.5 million last year, an increase of $42.3 million, due mainly to the acquisition of Decacer, net of the closing adjustments of the second quarter, totalling $39.0 million. Also contributing to the increase is greater capital and intangible assets spending during the current fiscal year of $3.3 million, in line with an increase in anticipated capital spending in fiscal 2018.

In order to provide additional information, the Company believes it is appropriate to measure free cash flow that is generated by the operations of the Company. Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, amortization of transitional balances, financial instruments non-cash amount, and includes funds received or paid from the issue or purchase of shares, deferred financing charges paid and capital expenditures, net of operational excellence capital expenditures. Free cash flow is a non-GAAP measure.

Free cash flow is as follows:

(In thousands of dollars)	Three months ended		Nine months ended	
	June 30, 2018	July 1, 2017	**June 30, 2018**	July 1, 2017
Net cash flow used in operating activities	**$ (7,784)**	$ (11,397)	**$ (8,853)**	$ (13,824)
Adjustments:				
Changes in non-cash working capital	**23,371**	5,497	**60,345**	29,436
Mark-to-market and derivative timing adjustments	**(2,984)**	13,650	**(5,867)**	22,724
Amortization of transitional balances	**(895)**	(778)	**(2,537)**	(2,453)
Financial instruments non-cash amount	**712**	3,144	**5,035**	4,107
Capital and intangible assets expenditures	**(4,681)**	(4,110)	**(11,837)**	(8,543)
Operational excellence capital expenditures	**1,321**	1,038	**3,245**	2,306
Purchase and cancellation of common shares	**(1,812)**	-	**(1,812)**	-
Deferred financing charges	**(150)**	(160)	**(272)**	(160)
Share options exercised	-	-	-	428
Free cash flow [(1)]	**$ 7,098**	$ 6,884	**$ 37,447**	$ 34,021
Declared dividends	**$ 9,487**	$ 8,460	**$ 28,521**	$ 25,379

(1) See "Non-GAAP measures" section.

Free cash flow for the third quarter of 2018 was $7.1 million compared to $6.9 million for the same period last year, an increase of $0.2 million. The variation is mainly explained by an increase in adjusted EBIT of $2.8 million, adjusted for depreciation and amortization expenses (See "Non-GAAP measures" section) as well as a decrease in income taxes paid of $0.1 million. Offsetting a portion of the positive variance is an amount of $1.8 million paid, under the NCIB, to purchase and cancel common shares, an increase in interest paid of $0.3 million, higher capital and intangible assets expenditures, net of operational excellence capital expenditures of $0.3 million and higher pension plan contribution of $0.1 million. Year-to-date, free cash flow for the current fiscal year amounted to $37.4 million compared to $34.0 million for the same period last year, an increase of $3.4 million. The increase is also explained by higher adjusted EBIT of $9.0 million, adjusted for depreciation and amortization expenses and net of the non-cash pension income and lower income taxes paid of $4.3 million. The items that created a negative variance for the quarter also applied for the year-to-date free cash flow such as higher interest paid of $3.9 million, higher capital and intangible assets spending, net of operational excellence capital expenditures of $2.4 million, the purchase and cancellation of common shares under the NCIB of $1.8 million and higher pension contributions of $0.9 million. In addition, in fiscal 2017, an amount of $0.4 million was received following the exercise of share options by executives, compared to none in the current fiscal year. Finally, an additional $0.1 million was paid in fiscal 2018 for financial charges relating to the revolving credit facility.

Capital and intangible assets expenditures, net of operational excellence expenditures, were slightly higher in fiscal 2018, in line with an anticipated increase in capital spending in fiscal 2018. Operational excellence capital expenditures were $0.3 million and $0.9 million higher for the third quarter of the current fiscal year and year-to-date, when compared to the same periods last year. Free cash flow is not reduced by operational excellence capital expenditures, as these projects are not necessary for the operation of the plants, but are undertaken because of the substantial operational savings that are realized once the projects are completed.

Financing charges are paid when a new debt financing is completed and such charges are deferred and amortized over the term of that debt. The cash used in the year to pay for such fees is therefore not available and as a result is deducted from free cash flow.

The Company declared a quarterly dividend of 9.0 cents per common share, for a total amount of approximately $9.5 million for the current quarter and $28.5 million, for the first nine months of fiscal 2018, versus to $8.5 million and $25.4 million for the comparable periods last year. The increase is due to the issuance of common shares pursuant to the offering made under a short term prospectus in July 2017.

Changes in non-cash operating working capital represent year-over-year movements in current assets, such as accounts receivable and inventories, and current liabilities, such as accounts payables. Movements in these accounts are due mainly to timing in the collection of receivables, receipts of raw sugar and payment of liabilities. Increases or decreases in such accounts are due to timing issues and therefore do not constitute free cash flow. Such increases or decreases are financed from available cash or from the Company's available credit facility of $265.0 million. Increases or decreases in bank indebtedness are also due to timing issues from the above and therefore do not constitute available free cash flow.

The combined impact of the mark-to-market and derivative timing adjustments, amortization of transitional balances and financial instruments non-cash negative amount of $3.2 million for the current quarter and of $3.4 million year-to-date do not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations:

There are no significant changes in the contractual obligations table disclosed in the Management's Discussion and Analysis of the September 30, 2017 Annual Report.

As at June 30, 2018, Lantic had commitments to purchase a total of 1,395,000 metric tonnes of raw sugar, of which 226,073 metric tonnes had been priced for a total dollar commitment of $97.3 million.

During the current quarter, the Company entered into an additional two year agreement with the Alberta Sugar Beet Growers ("ASBG") for the 2019 and 2020 crops, to be harvested and processed in fiscal 2020 and 2021.

Capital resources:

On December 20, 2017, the Company amended its existing revolving credit facility thereby increasing its available credit by $40.0 million by drawing additional funds under the accordion feature embedded in the revolving credit facility ("Additional Accordion Borrowings").

On May 18, 2018, the Company canceled an amount of $50.0 million that was available to be drawn under the revolving credit facility which was made available on April 28, 2017 under the accordion ("Accordion Borrowings"), which had a maturity date of December 31, 2018.

On May 28, 2018, the Company exercised its option to extend the maturity date of its revolving credit facility to June 28, 2023 under the same terms and conditions of the amended credit agreement entered into on December 20, 2017.

As a result of the amended revolving credit facility, the Additional Accordion Borrowings and the cancellation of the Accordion Borrowings, the Company has a total of $265.0 million of available working capital 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. As at June 30, 2018, a total of $438.7 million have been pledged as security for the revolving credit facility, compared to $343.0 million as at July 1, 2017, including trade receivables, inventories and property, plant and equipment.

At June 30, 2018, $212.0 million had been drawn from the working capital facility and $2.2 million in cash was also available.

Cash requirements for working capital and other capital expenditures are expected to be paid from available cash resources and funds generated from operations. Management believes that the unused credit under the revolving facility is adequate to meet any future cash requirements.

OUTSTANDING SECURITIES

On May 22, 2018, the Company received approval from the Toronto Stock Exchange to proceed with a NCIB. Under the NCIB program, the Company may purchase up to 1,500,000 common shares. The NCIB program commenced on May 24, 2018 and may continue to May 23, 2019.

In addition, the Company has entered into an automatic share purchase agreement with Scotia Capital Inc. in connection with the NCIB. Under the agreement, Scotia may acquire, at its discretion, common shares on the Company's behalf during certain "black-out" periods, subject to certain parameters as to price and number of shares.

During the current quarter, the Company purchased 336,900 common shares, for a total cash consideration of $1.8 million. All shares purchased were cancelled. In addition, during the second quarter of the current year, some holders of the Fifth series debentures converted a total of $10 thousands into 1,388 common shares. As a result, a total of 105,408,070 shares were outstanding as at June 30, 2018 and August 1, 2018.

On March 28, 2018, the Company issued $85.0 million of 4.75% Seventh series debentures, maturing June 30, 2025, with interest payable semi-annually in arrears on June 30 and December 31 of each year, starting June 30, 2018. Then, on April 3, 2018, the Company issued an additional $12.8 million Seventh series debentures pursuant to the exercise in full of the over-allotment option granted by the Company. The total amount of the Seventh series debentures issued represents $97.75 million and may be converted at the option of the holder at a conversion price of $8.85 per share (representing 11,045,197 common shares) at any time prior to maturity, and cannot be redeemed prior to June 30, 2021. On or after June 30, 2021and prior to June 30, 2023, the Seventh series debentures may be redeemed by the Company only if the weighted average trading price of the share, for 20 consecutive trading days, is at least 125% of the conversion price of $8.85. Subsequent to June 30, 2023, the Seventh series debentures are redeemable at a price equal to the principal amount thereof plus accrued and unpaid interest.

Following the issuance of the Seventh series debentures on March 28 and April 3, 2018, the Company used a portion of the funds to repay the Fifth series debentures totalling $60.0 million at a price equal to the principal amount thereof plus accrued and unpaid interest as of March 28, 2018. The remaining funds from the issuance of the Seventh series debentures were used to reduce a portion of the amount drawn under revolving credit facility.

On December 4, 2017, a total of 1,065,322 share options were granted at a price of $6.23 per common share to certain executives and senior managers. Last year, on December 5, 2016, the Company granted a total of 360,000 share options to certain executives at an exercise price of $6.51. These options are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all shares granted under the Share Option Plan not vested are forfeited.

In addition, during the first quarter, a Performance Share Unit plan ("PSU") was created and on December 4, 2017, a total of 224,761 PSUs were granted to executives. In addition, an aggregate of 6,513 PSUs were allocated as a result of the dividend paid during the past two quarters. Therefore, an aggregate amount of 231,274 PSUs are outstanding as at June 30, 2018. These PSUs will vest at the end of the 2017-2020 Performance Cycle based on the achievement of total shareholder returns set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors of the Company. 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.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

There were no significant changes in the critical estimate and accounting policies disclosed in the Management's Discussion and Analysis of the September 30, 2017 Annual Report, except as follows:

- Employee benefits:
  - Cash-settled performance share units:

    During the first quarter, the Company implemented a Performance Share Units plan ("PSUs") entitling executives to a cash payment. A liability is recognized for the services acquired and is recorded at fair value based on the share price of the Company's Common Shares in payables with a corresponding expense recognized in administration and selling expenses. The amount recognized as an expense is adjusted to reflect the number of units for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the units of awards that meet the related service and market performance conditions at the vesting date. At the end of each reporting period until the liability is settled, the fair value of the liability is re-measured, with any changes in fair value recognized in the consolidated statement of earnings of the period.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 30, 2017 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements except as noted below:

- IAS 7, *Disclosure Initiative:*

  On January 7, 2016 the IASB issued Disclosure Initiative (amendments to IAS 7). The amendments apply prospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

  The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, includes both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities.

The Company adopted the amendments to IAS 7 in its consolidated financial statements for the annual period beginning on October 1, 2017. The adoption of the standard did not have an impact on the consolidated interim financial statements.

- IAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*:

On January 19, 2016 the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences.

The Company adopted the amendments to IAS 12 in its consolidated interim financial statements for the annual period beginning on October 1, 2017. The adoption of the amendments did not have an impact on the consolidated interim financial statements.

- Annual Improvements to IFRS Standards (2014-2016) Cycle:

On December 8, 2016 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. Each of the amendments has its own specific transition requirements and effective date.

Amendments were made to the following standard:

- Clarification that IFRS 12, *Disclosures of Interests in Other Entities* also applies to interests that are classified as held for sale, held for distribution, or discontinued operations, effective retrospectively for annual periods beginning on or after January 1, 2017.

The Company adopted the amendment in its consolidated interim financial statements for the annual period beginning October 1, 2017. The adoption of the amendments did not have an impact on the consolidated interim financial statements.

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

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

- IFRS 15, *Revenue from Contracts with Customers*:

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard is effective for years beginning on or after January 1, 2018. Earlier application is permitted.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the year beginning on September 30, 2018. The Company has completed most of its analysis and does not expect the standard to have a material impact on the financial statements.

➢ IFRS 16, *Leases*:

On January 13, 2016 the IASB issued IFRS 16 *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by the lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on September 29, 2019. The extent of the impact of adoption of the standard on the consolidated financial statements of the Company has not yet been determined.

➢ IFRS 2, *Classification and Measurement of Share-based Payment Transactions*:

On June 20, 2016, the IASB issued amendments to IFRS 2, Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on September 30, 2018. The Company has completed most of its analysis and does not expect the standard to have a material impact on the financial statements.

- IFRIC 22, *Foreign Currency Transactions and Advance Consideration*:

  On December 8, 2016, the IASB issued IFRIC Interpretation 22, Foreign Currency Transactions and Advance Consideration.

  The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

  The Interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

  The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on September 30, 2018, as applicable. The Company has completed most of its analysis and does not expect the standard to have a material impact on the financial statements.

Additional new standards, and amendments to standards and interpretations, include: Annual Improvements to IFRS Standards (2014-2016) Cycle and (2015-2017) Cycle and IFRIC 23 *Uncertainty over Income Tax Treatments*. The Company intends to adopt these new standards, and amendments to standards and interpretations, in its consolidated financial statements in each of their respective annual period for which they become applicable. The extent of the impact of adoption of these new standards, and amendments to standards and interpretations, has not yet been determined. Refer to note 3 (d) to the unaudited condensed consolidated interim financial statements for more detail.

RISK FACTORS

Risk factors in the Company's business and operations are discussed in the Management's Discussion and Analysis of our Annual Report for the year ended September 30, 2017. This document is available on SEDAR at www.sedar.com or on one of our websites at www.lantic.ca or www.rogerssugarinc.com.

OUTLOOK

We expect total sugar volume to remain unchanged from previous expectations, whereby volume should increase by approximately 10,000 metric tonnes versus fiscal 2017.

In fiscal 2018, we expect the industrial and consumer sugar market segment to decrease slightly compared to fiscal 2017. This softness will be more than offset through gains in the liquid and export segments, which should both increase by approximately 10,000 metric tonnes each.

The Company will continue to aggressively pursue additional opportunities to increase export volume.

In fiscal 2018, the Company will benefit from a full year of operations for LBMT and approximately ten months for Decacer, since its acquisition on November 18, 2017. The Maple products segment is comprised of both LBMT and Decacer. Upon acquisition, Management's expectations for the Adjusted EBITDA of LBMT and Decacer were $18.4 million and $4.5 million, respectively, for fiscal 2018 for a total of $22.9 million. As of the date of this MD&A and as communicated on May 1, 2018, Management continue to expect that the Maple products segment Adjusted EBITDA for fiscal 2018 will be lower than expected and should amount to approximately $19.9 million. With the stronger Canadian dollar versus last year, we expect the impact from foreign currency on Adjusted EBITDA to approximate $1.1 million due to sales booked prior to the LBMT acquisition and hedged after, and due to the conversion to Canadian dollar of the U.S. foreign subsidiary, for which both elements had a negative impact on the results year-to-date. In addition, delays in the implementation of operational efficiencies following the acquisition of Decacer also contributed to the lower than expected results for fiscal 2018.

The delays in operational efficiencies is due to a more complex analysis which was undertaken following the acquisition of Decacer and the re-alignment of some of the production lines resulting in a two-phase approach project. The first phase of the project approved this past quarter, is the relocation from the current leased bottling facility in Granby to a new fit for purpose state of the art leased property. This move will allow to better align production flow and to install a new high capacity bottling line at the new location. The completion of the first phase is expected to occur toward the end of fiscal 2019. As a result of this decision, approximately $4.5 million will be spent on return on investment capital expenditures, which will meet our normal threshold of a payback of less than five years. Monies will be spent towards new equipment and leasehold improvements, of which, less than $1.0 million will be spent in fiscal 2018. However, approximately $1.1 million will be spent in fiscal 2019 as non-recurring costs, mostly attributable to lease payments to two locations, moving costs and some additional miscellaneous costs. Savings from a more efficient operation are expected in fiscal 2020.

The operational analysis, with a focus on developing a more specialized and efficient asset footprint, is continuing with the aim of completing the overall plan of the second phase by the fall for the other locations with implementation in fiscal 2019 or early 2020.

As of February 1, 2018 and as previously communicated, Management's expectations for the Adjusted EBITDA of LBMT and Decacer for fiscal 2019 were $20.5 million and $5.1 million, respectively, for a total of $25.6 million. As of the date of this MD&A and as communicated on May 1, 2018, Management continue to expect that the Maple products segment Adjusted EBITDA for fiscal 2019 to amount to approximately $21.1 million for fiscal 2019 or approximately $22.2 million, when excluding non-recurring costs relating to the Granby location move. The business continues to work through the identified integration plans. While the timing and outcome of each initiative has changed since our initial forecast, our original overall integration gains are achievable albeit over a modestly longer time horizon.

Approximately 75% of fiscal 2018's natural gas requirements have been hedged at average prices comparable to those realized in fiscal 2017. In addition, some futures positions for fiscal 2019 to 2022 have also been taken. Some of these positions are at prices higher than current market value, but are at the same or better levels than those achieved in fiscal 2017. We will continue to monitor natural gas market dynamics with the objective of maintaining competitive costs and minimizing natural gas cost variances.

Capital expenditures for the Sugar segment for fiscal 2018 are expected to increase to $20.0 million as the Company intends to spend approximately $6.0 million on operational excellence capital projects. In addition, we have completed the engineering and project design to upgrade the Taber beet factory to be fully compliant with the new air emissions regulations. This solution is expected to require between $8.0 million to $10.0 million in capital expenditures, of which, approximately $2.0 million should be spent in the last quarter of the current fiscal year. Finally, as mentioned above, less than $1.0 million should be spent in fiscal 2018 with regards to the operational excellence project in Granby, which should equate to approximately $2.5 million in capital expenditures for the Maple products segment for the current year. In total, the Company expects to spend approximately $24.5 million in fiscal 2018, of which, $7.0 million should pertain to operational excellence capital projects.

We have contracted 28,000 acres for planting in Taber for the 2018 crop, a 1,000 acres increase versus last year and should derive approximately 120,000 metric tonnes of refined sugar.

As a result of the acquisition of LBMT and Decacer, as well as the recent increase in interest rate and expectations of further increases by the Bank of Canada in fiscal 2018, we anticipate higher interest expense when compared to fiscal 2017.

During the quarter, the Company reached an agreement with the Vancouver refinery unionized employees and was signed at competitive rates. In the coming weeks, labour negotiations will start with the Toronto distribution center unionized employees for the renewal of the labour contract that expired in June.