Rogers Sugar Reports Third Quarter 2023 Results; Continued Strong Performance Driven by Sugar Segment

Rogers Sugar Inc. (“our,” “we”, “us” or “Rogers”) (TSX: RSI) today reported third quarter of fiscal 2023 results with consolidated adjusted EBITDA of $23.8 million and $82.3 million for the current quarter and the first nine months of the year, respectively.

“Our business continues to deliver consistent, profitable growth, supported by the strength of the domestic Canadian sugar market, generating improved adjusted EBITDA for the third quarter,” said Mike Walton, President and Chief Executive Officer of Rogers and Lantic Inc. “We are confident this favourable trend will continue and result in a strong financial performance for 2023. Today, we are also pleased to officially announce an investment of approximately $200 million in our refining capacity and logistics infrastructure in eastern Canada, allowing us to meet the growing needs of our customers by increasing our sugar refining capacity by 100,000 metric tonnes.”

Third Quarter 2023 Consolidated Highlights (unaudited)	**Q3 2023**	Q3 2022	**YTD 2023**	YTD 2022
Financials ($000s)				
Revenues	**262,285**	254,632	**796,677**	738,728
Gross margin	**41,685**	24,948	**124,534**	102,333
Adjusted gross margin(1)	**34,912**	32,654	**115,138**	104,341
Results from operating activities	**24,008**	8,822	**72,148**	51,658
EBITDA(1)	**30,523**	15,402	**91,681**	71,179
Adjusted EBITDA(1)	**23,750**	23,108	**82,285**	73,187
Net earnings	**14,177**	3,138	**39,913**	28,934
per share (basic)	**0.13**	0.03	**0.38**	0.28
per share (diluted)	**0.12**	0.03	**0.35**	0.28
Adjusted net earnings(1)	**8,749**	8,419	**33,211**	28,498
Adjusted net earnings per share (basic)(1)	**0.08**	0.08	**0.32**	0.27
Trailing twelve months free cash flow	**47,846**	49,480	**47,846**	49,480
Dividends per share	**0.09**	0.09	**0.27**	0.27
Volumes				
Sugar (metric tonnes)	**191,411**	203,315	**579,807**	579,928
Maple Syrup (thousand pounds)	**9,630**	12,027	**33,508**	37,225

(1) See “Cautionary statement on Non-GAAP Measures” section of this press release for definition and reconciliation to GAAP measures.

- Consolidated adjusted net earning for the third quarter of fiscal 2023 was $8.7 million, an increase of $0.3 million compared to the same period last year largely attributable to higher adjusted EBITDA in the Sugar segment;
- Consolidated adjusted EBITDA for the third quarter and the first nine months of fiscal 2023 was $23.8 million and $82.3 million respectively, up $0.6 million, and $9.1 million from the same periods last year. The increase in consolidated adjusted EBITDA for both periods was related to higher adjusted EBITDA in the Sugar segment, partially offset by a slight decrease in adjusted EBITDA in the Maple segment;
- Adjusted EBITDA in the Sugar segment was $20.7 million for the third quarter of fiscal 2023, up $0.7 million compared to the same period last year, largely due to higher adjusted gross margin, partially offset by higher distribution costs;
- Sales volume in the Sugar segment was aligned with our expectations at 191,411 metric tonnes, a decrease of 11,904 metric tonnes compared to the same period last year. This expected decrease in volume can be primarily attributed to the impact of an unforeseen peak in demand resulting from a temporary market disruption in the second half of fiscal 2022;
- We lowered our 2023 volume outlook in the Sugar segment to 800,000 metric tonnes, a decrease of 5,000 metric tonnes from our previous estimate, due to current market dynamics and the timing differences in orders from large customers. Expected sales volume in 2023 represents an increase of 5,000 metric tonnes or 1% compared to the volume sold in 2022;
- Adjusted gross margin in the Sugar segment improved by $20.63 per metric tonne in the third quarter of 2023 compared to the same period last year due to improved average pricing;
- Adjusted EBITDA in the Maple segment was $3.0 million in the third quarter of fiscal 2023, a slight decline when compared to the same period last year;

- Sales volumes in the Maple segment decreased by 2.4 million pounds to 9.6 million pounds in the quarter, driven largely by lower demand. The decrease in volume was partially offset by higher pricing and lower operating costs;
- On August 11, 2023, the Board of Directors of Lantic approved the expansion of the production and logistic capacity of its eastern sugar refining operations in Montreal and Toronto. This investment is expected to provide 100,000 metric tonnes of incremental refined sugar capacity to the growing Canadian market, at an estimated construction cost of approximately $200 million. We expect the incremental production and logistic capacity to be in service in approximately two years.
- Free cash flow for the trailing 12 months ended July 1, 2023, was $47.8 million, a slight decrease of $1.6 million from the same period last year, as a result of higher capital expenditures stemming largely from the costs incurred in connection with the design and planning phase of our capacity and logistic expansion project in eastern Canada;
- In the third quarter of fiscal 2023, we distributed $0.09 per share to our shareholders for a total amount of $9.4 million;
- On August 11, 2023, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before October 12, 2023; and
- On August 11, 2023, the Board of Directors approved the filing of a short-form base shelf prospectus in connection with expected financing initiatives over the next two years.

Sugar

Third Quarter 2023 Sugar Highlights (unaudited)	**Q3 2023**	Q3 2022	**YTD 2023**	YTD 2022
Financials ($000s)				
Revenues	**215,831**	200,276	**637,253**	572,058
Gross margin	**35,772**	21,278	**108,885**	89,114
Adjusted gross margin(1)	**30,494**	28,195	**102,300**	90,844
Per metric tonne ($/ mt) (1)	**159.31**	138.68	**176.44**	156.65
Administration and selling expenses	**7,811**	8,067	**25,547**	26,594
Distribution costs	**6,821**	5,052	**17,223**	14,724
Results from operating activities	**21,140**	8,159	**66,115**	47,796
EBITDA(1)	**26,002**	13,062	**80,567**	62,230
Adjusted EBITDA(1)	**20,724**	19,979	**73,982**	63,960
Volumes (metric tonnes)				
Total volume	**191,411**	203,315	**579,807**	579,928

(1) See "Cautionary statement on Non-GAAP Measures" section of this press release for definition and reconciliation to GAAP measures.

In the third quarter, revenue increased by $15.6 million, compared to the same periods last year, driven mainly by higher prices paid for #11 world raw sugar and higher average pricing for refining related activities.

Overall, sugar volume decreased by 11,904 metric tonnes in the third quarter of 2023 when compared to the same quarter last year, as a result of lower industrial and export sales volume, partially offset by higher consumer and liquid volume. The reduction in industrial volume in the current quarter was largely due to the impact of an unforeseen peak in demand resulting from a temporary market disruption event that occurred in the second half of fiscal 2022.

Gross margin was $35.8 million for the third quarter and include a gain of $5.3 million for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was $21.3 million with a mark-to-market loss of $6.9 million.

Adjusted gross margin increased by $2.3 million in the third quarter compared to the same period last year largely due to higher sugar sales margin from improved average pricing on sugar refining related activities. This positive variance was partially offset by lower sales volume, higher production costs mainly driven by market-based inflationary pressures on operating costs and higher energy prices. On a per-unit basis, adjusted gross margin for the third quarter was $159.31 per metric tonne, higher than last year by $20.63 per metric tonne. The favourable variance was mainly due to the increase in overall margin from improved selling prices, partially offset by higher production costs, as compared to last year.

Results from operating activities for the third quarter of 2023 was $21.1 million, an increase of $13.0 million as compared to the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

EBITDA for the third quarter was $26.0 million, an increase of $13.0 million as compared to same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the third quarter increased by $0.7 million compared to the same period last year, largely driven by higher adjusted gross margin, partially offset by higher distribution costs.

Maple Products

Third Quarter 2023 Maple Highlights (unaudited)	**Q3 2023**	Q3 2022	**YTD 2023**	YTD 2022
Financials ($000s)				
Revenues	**46,454**	54,356	**159,424**	166,670
Gross margin	**5,913**	3,670	**15,649**	13,219
Adjusted gross margin(1)	**4,418**	4,459	**12,838**	13,497
As a percentage of revenues (%) (1)	**9.5%**	8.2%	**8.1%**	8.1%
Administration and selling expenses	**2,675**	2,560	**8,202**	7,639
Distribution costs	**370**	447	**1,414**	1,718
Results from operating activities	**2,868**	663	**6,033**	3,862
EBITDA(1)	**4,521**	2,340	**11,114**	8,949
Adjusted EBITDA(1)	**3,026**	3,130	**8,303**	9,227
Volumes (thousand pounds)				
Total volume	**9,630**	12,027	**33,508**	37,225

(1) See "Cautionary statement on Non-GAAP Measures" section of this press release for definition and reconciliation to GAAP measures.

Revenues for the third quarter were $7.9 million lower than the same period last year due to lower volume, partially offset by higher average selling price.

Gross margin was $5.9 million for the third quarter of 2023 and includes a gain of $1.5 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was $3.7 million with a mark-to-market loss of $0.8 million.

Adjusted gross margin for the third quarter of fiscal 2022 and 2023 amounted to $4.4 million respectively. The reduction in volume sold of 2.4 million pounds was offset by higher pricing and favourable customer mix in the third quarter of fiscal 2023.

Adjusted gross margin percentage for the current quarter increased by 130 basis point compared to the same period last year, mainly due to incremental pricing negotiated with our customers, and favourable customer mix on volume sold.

Results from operating activities for the third quarter of 2023 were $2.9 million, compared to $0.7 million in the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

EBITDA for the third quarter of 2023 amounted to $4.5 million, compared to $2.3 million for the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the third quarter of fiscal 2023 decreased by $0.1 million compared to the same quarter last year, largely driven by lower adjusted gross margins and higher administration and selling expenses, partially offset by lower distribution costs.

OUTLOOK

Following a solid performance in the third quarter of 2023, we expect to continue to deliver strong and stable financial results in 2023. Strong sugar demand and pricing is expected to continue and provide improved results, despite ongoing inflationary pressures. We expect our Maple segment will continue to face a challenging business environment for the remainder of 2023, as the unfavourable market and economic conditions encountered over the last year remain. We intend to mitigate these unfavourable market conditions with recently negotiated price increases, and newly implemented production automation initiatives.

Sugar

We continue to expect the sugar segment to perform well in fiscal 2023. Underlying North American demand remains strong across all customer segments supported by favourable market dynamics. We expect that improvements in pricing implemented over the last year will continue to support our financial results positively, allowing us to mitigate the current impact of inflationary pressures on costs.
In Taber, the harvest season delivered the expected volume of sugar beets, and the processing campaign was completed in early February. The current year crop yielded 104,000 metric tonnes, lower than the prior year production by 16,000 metric tonnes. The lower-than-expected production is attributable to unfavourable weather conditions encountered in the later stage of the current year growing period, which negatively impacted the sugar content of the sugar beets.

We have increased the production plans of our Montreal and Vancouver cane sugar facilities and arranged for the temporary importation of refined white sugar from Central-America, to mitigate the production shortfall of our Taber facility and ensure we can support our commitments to our customers.

In April 2023, we concluded a new two-year agreement with the Alberta Sugar Beet Growers for the supply of sugar beets to the Taber beet plant, for which the crop harvested in the fall of 2023 will be the first year of the agreed contract.

We have slightly reduced our fiscal 2023 sales volume expectations to approximately 800,000 metric tonnes from 805,000 metric tonnes. The decrease of 5,000 metric tonnes reflects current market dynamics and timing differences in orders from large customers. While down slightly from previous expectations, our full-year 2023 volume outlook of 800,000 metric tonnes for the Sugar segment represents an increase of over 5,000 metric tonnes or 1% over 2022, which was our highest sales volume year on record. Overall, we expect the following year-over-year volume variances for our customer segments:

- Industrial, our largest segment, is expected to increase by 2%, as a result of the continuous strong demand supported by favourable market dynamics;
- Liquid volume is expected to grow by 1% driven by continued demand from existing customers;
- Consumer volume is expected to remain stable; and
- A planned 9% reduction in sales to the export markets for 2023, due to the growing demand and strong economics of the domestic market.

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

We expect an increase in distribution costs in 2023, reflecting the incremental needs to move sugar between our facilities to support the demand of our customers and the recent related inflationary-based increases for logistics and supply chain costs.

Administration and selling expenses are expected to be stable in 2023.

We have been able to mitigate the impact of recent increases in interest rates and energy costs through our multi-year hedging strategy. We do not anticipate these increases to have a material impact on our operating results in the near future, as we expect our hedging strategy will continue to mitigate most of our exposure to such risks. However, we anticipate higher net finance costs, mainly from higher working capital requirements.

Spending on regular business capital projects is also expected to remain stable for fiscal 2023. We anticipate spending approximately $25 million on various initiatives. This capital spending estimate excludes expenditures relating our recently announced production and logistic capacity expansion project in eastern Canada, which are currently estimated at $13 millions for fiscal 2023.

Maple Products

For the remainder of 2023, we expect the global Maple industry to be negatively impacted by high inflation, resulting in lower global demand from retail customers. We anticipate the unfavourable impact related to the reduction in retail demand and the related increased competitiveness of the market will be mitigated by recently negotiated price increases with key customers, lower production costs driven by newly implemented automation projects and favourable recently negotiated supply agreements for packaging material.

The expected spending for capital projects for 2023 is approximately $1.0 million, which is consistent with recent years. The main driver for the Maple segment projects is to improve productivity and profitability through automation.

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

A full copy of Rogers third quarter 2023, including management's discussion and analysis and unaudited condensed consolidated interim financial statements, can be found at www.LanticRogers.com.

Cautionary Statement Regarding Non-GAAP Measures

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

We use these non-GAAP financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These non-GAAP financial measures reflect an additional way of viewing aspects of the operations that, when viewed with the IFRS results and the accompanying reconciliations to corresponding IFRS financial measures, may provide a more complete understanding of factors and trends affecting our business. Refer to "Non-GAAP measures" section at the end of the MD&A for the current quarter for additional information.

The following is a description of the non-GAAP measures we used in this press release:

- Adjusted gross margin is defined as gross margin adjusted for "the adjustment to cost of sales", which comprises the mark-to-market gains or losses on sugar futures, foreign exchange forward contracts as shown in the notes to the consolidated financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures and foreign exchange forward contracts.
- Adjusted results from operating activities are defined as results from operating activities adjusted for the adjustment to cost of sales and goodwill impairment.
- EBITDA is defined as results from operating activities adjusted for depreciation, amortization and goodwill impairment.
- Adjusted EBITDA is defined as EBITDA adjusted for total adjustments to cost of sales.
- Adjusted net earnings is defined as net earnings adjusted for the adjustment to cost of sales, goodwill impairment, net change in fair value in interest rate swaps and the income tax impact on these adjustments.
- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.
- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple segment divided by the revenues generated by the Maple segment.
- Adjusted net earnings per share (basic) is defined as adjusted net earnings divided by the weighted average number of shares outstanding.
- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, financial instruments non-cash amount, and including capital and intangible assets expenditures, net of value-added capital expenditures, and payments of capital leases.

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

	Q3 2023			Q3 2022		
Consolidated results (In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**35,772**	**5,913**	**41,685**	21,278	3,670	24,948
Total adjustment to the cost of sales[1]	**(5,278)**	**(1,495)**	**(6,773)**	6,917	789	7,706
Adjusted gross margin	**30,494**	**4,418**	**34,912**	28,195	4,459	32,654
Results from operating activities	**21,140**	**2,868**	**24,008**	8,159	663	8,822
Total adjustment to the cost of sales[1]	**(5,278)**	**(1,495)**	**(6,773)**	6,917	789	7,706
Adjusted results from operating activities	**15,862**	**1,373**	**17,235**	15,076	1,452	16,528
Results from operating activities	**21,140**	**2,868**	**24,008**	8,159	663	8,822
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,862**	**1,653**	**6,515**	4,903	1,677	6,580
EBITDA[1]	**26,002**	**4,521**	**30,523**	13,062	2,340	15,402
EBITDA[1]	**26,002**	**4,521**	**30,523**	13,062	2,340	15,402
Total adjustment to the cost of sales[1]	**(5,278)**	**(1,495)**	**(6,773)**	6,917	789	7,706
Adjusted EBITDA	**20,724**	**3,026**	**23,750**	19,979	3,129	23,108
Net (loss) earnings			**14,177**			3,138
Total adjustment to the cost of sales[1]			**(6,773)**			7,706
Net change in fair value in interest rate swaps[1]			**(203)**			(632)
Income taxes on above adjustments			**1,548**			(1,793)
Adjusted net earnings			**8,749**			8,419
Net earnings per share (basic)			**0.13**			0.03
Adjustment for the above			**(0.05)**			0.05
Adjusted net earnings per share (basic)			**0.08**			0.08

(1) See "Adjusted results" section

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

	YTD 2023			YTD 2022		
Consolidated results (In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**108,885**	**15,649**	**124,534**	89,114	13,219	102,333
Total adjustment to the cost of sales[1]	**(6,585)**	**(2,811)**	**(9,396)**	1,730	278	2,008
Adjusted gross margin	**102,300**	**12,838**	**115,138**	90,844	13,497	104,341
Results from operating activities	**66,115**	**6,033**	**72,148**	47,796	3,862	51,658
Total adjustment to the cost of sales[1]	**(6,585)**	**(2,811)**	**(9,396)**	1,730	278	2,008
Adjusted results from operating activities	**59,530**	**3,222**	**62,752**	49,526	4,140	53,666
Results from operating activities	**66,115**	**6,033**	**72,148**	47,796	3,862	51,658
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**14,452**	**5,081**	**19,533**	14,434	5,087	19,521
EBITDA[1]	**80,567**	**11,114**	**91,681**	62,230	8,949	71,179
EBITDA[1]	**80,567**	**11,114**	**91,681**	62,230	8,949	71,179
Total adjustment to the cost of sales[1]	**(6,585)**	**(2,811)**	**(9,396)**	1,730	278	2,008
Adjusted EBITDA[1]	**73,982**	**8,303**	**82,285**	63,960	9,227	73,187
Net (loss) earnings			**39,913**			28,934
Total adjustment to the cost of sales[1]			**(9,396)**			2,008
Net change in fair value in interest rate swaps[1]			**322**			(2,473)
Income taxes on above adjustments			**2,372**			29
Adjusted net earnings			**33,211**			28,498
Net earnings per share (basic)			**0.38**			0.28
Adjustment for the above			**(0.06)**			(0.01)
Adjusted net earnings per share (basic)			**0.32**			0.27

(1) See "Adjusted results" section

Conference Call and Webcast

We will host a conference call to discuss our third quarter of fiscal 2023 results on August 14, 2023 starting at 8:00 ET. To participate, please dial 1-888-886-7786. A recording of the conference call will be accessible shortly after the conference, by dialing 1-877-674- 7070, access code 029620#. This recording will be available until September 14, 2023. A live audio webcast of the conference call will also be available via www.LanticRogers.com.

About Rogers Sugar

Rogers is a corporation established under the laws of Canada. The Corporation holds all of the common shares of Lantic and its administrative office is in Montréal, Québec. Lantic operates cane sugar refineries in Montreal, Québec and Vancouver, British Columbia, as well as the only Canadian sugar beet processing facility in Taber, Alberta. Lantic also operate a distribution center in Toronto, Ontario. Lantic's sugar products are marketed under the "Lantic" trademark in Eastern Canada, and the "Rogers" trademark in Western Canada and include granulated, icing, cube, yellow and brown sugars, liquid sugars and specialty syrups. Lantic owns all of the common shares of TMTC and its head office is headquartered in Montréal, Québec. TMTC operates bottling plants in Granby, Dégelis and in St-Honore-de-Shenley, Québec and in Websterville, Vermont. TMTC's products include maple syrup and derived maple syrup products supplied under retail private label brands in over fifty countries and also sold under various brand names.

For more information about Rogers please visit our website at www.LanticRogers.com.

Cautionary Statement Regarding Forward-Looking Information

This report contains statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian Securities laws. Forward-looking statements may include, without limitation, statements and information which reflect our current expectations with respect to future events and performance. Wherever used, the words "may," "will," "should," "anticipate," "intend," "assume," "expect," "plan," "believe," "estimate," and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, we caution investors that statements concerning the following subjects are, or are likely to be, forward-looking statements:

- demand for refined sugar and maple syrup;
- our recently announced sugar refining and logistic capacity expansion project in eastern Canada;
- future prices of raw sugar;
- expected inflationary pressures on costs;
- natural gas costs;
- beet production forecasts;
- growth of the maple syrup industry and the refined sugar industry;
- the status of labour contracts and negotiations;
- the level of future dividends; and
- the status of government regulations and investigations.

Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results, or current expectations.

Readers should also refer to the section "Risks and Uncertainties" in this current quarter MD&A and the 2022 fourth quarter MD&A for additional information on risk factors and other events that are not within our control. These risks are also referred to in our Annual Information Form in the "Risk Factors" section. Although we believe that the expectations and assumptions on which forward-looking information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information as no assurance can be given that it will prove to be correct. Forward-looking information contained herein is made as at the date of this press release, and we do not undertake any obligation to update or revise any forward-looking information, whether a result of events or circumstances occurring after the date hereof, unless so required by law

For further information

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ROGERS SUGAR INC.

Financial Report Q3 2023

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc. ("Rogers", "RSI" or "our," "we", "us") dated August 11, 2023 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three- and nine-month periods ended July 1, 2023 and July 2,2022 as well as the audited consolidated financial statements and MD&A for the year ended October 1, 2022. The quarterly unaudited condensed consolidated interim financial statements and any amounts shown in this MD&A were not audited by our external independent auditors. This MD&A refers to Rogers, Lantic Inc. ("Lantic") (Rogers and Lantic together referred as the "Sugar segment"), The Maple Treat Corporation ("Maple Treat") and Highland Sugarworks Inc. ("Highland") (the latter two companies together referred to as "TMTC" or the "Maple segment").

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.

TABLE OF CONTENTS

OUR BUSINESS

Rogers has a long history of providing high quality sugar products to the Canadian market and has been operating since 1888.

Lantic, Rogers wholly owned subsidiary, operates cane sugar refineries in Montréal, Québec and Vancouver, British Columbia, as well as the only Canadian sugar beet processing facility in Taber, Alberta. Lantic's sugar products are marketed under the "Lantic" trademark in Eastern Canada, and the "Rogers" trademark in Western Canada and include granulated, icing, cube, yellow and brown sugars, liquid sugars and specialty syrups. Lantic also operates a distribution center in Toronto, Ontario.

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

Our business has two distinct segments - Sugar – which includes refined sugar and by-products and Maple – which includes maple syrup and maple derived products.

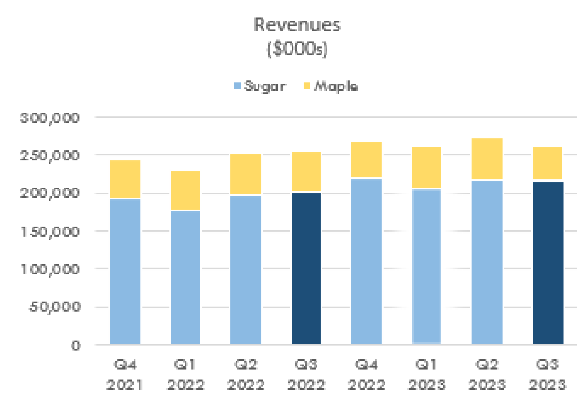
BUSINESS HIGHLIGHTS

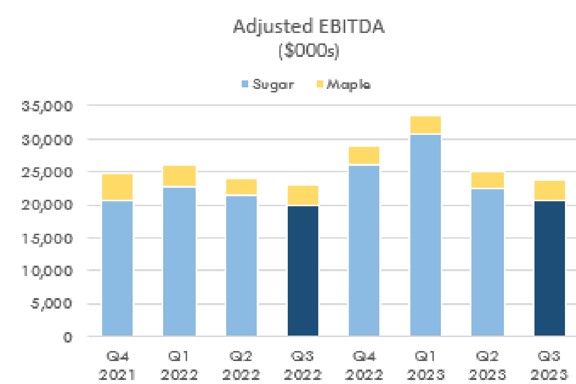
- Consolidated adjusted net earning for the third quarter of fiscal 2023 was $8.7 million, an increase of $0.3 million compared to the same period last year largely attributable to higher adjusted EBITDA in the Sugar segment;
- Consolidated adjusted EBITDA for the third quarter and the first nine months of fiscal 2023 was $23.8 million and $82.3 million respectively, up $0.6 million, and $9.1 million from the same periods last year. The increase in consolidated adjusted EBITDA for both periods was related to higher adjusted EBITDA in the Sugar segment, partially offset by a slight decrease in adjusted EBITDA in the Maple segment;
- Adjusted EBITDA in the Sugar segment was $20.7 million for the third quarter of fiscal 2023, up $0.7 million compared to the same period last year, largely due to higher adjusted gross margin, partially offset by higher distribution costs;
- Sales volume in the Sugar segment was aligned with our expectations at 191,411 metric tonnes, a decrease of 11,904 metric tonnes compared to the same period last year. This expected decrease in volume can be primarily attributed to the impact of an unforeseen peak in demand resulting from a temporary market disruption in the second half of fiscal 2022;
- We lowered our 2023 volume outlook in the Sugar segment to 800,000 metric tonnes, a decrease of 5,000 metric tonnes from our previous estimate, due to current market dynamics and the timing differences in orders from large customers. Expected sales volume in 2023 represents an increase of 5,000 metric tonnes or 1% compared to the volume sold in 2022;
- Adjusted gross margin in the Sugar segment improved by $20.63 per metric tonne in the third quarter of 2023 compared to the same period last year due to improved average pricing;
- Adjusted EBITDA in the Maple segment was $3.0 million in the third quarter of fiscal 2023, a slight decline when compared to the same period last year;
- Sales volumes in the Maple segment decreased by 2.4 million pounds to 9.6 million pounds in the quarter, driven largely by lower demand. The decrease in volume was partially offset by higher pricing and lower operating costs;
- On August 11, 2023, the Board of Directors of Lantic approved the expansion of the production and logistic capacity of its eastern sugar refining operations in Montreal and Toronto. This investment is expected to provide 100,000 metric tonnes of incremental refined sugar capacity to the growing Canadian market, at an estimated construction cost of approximately $200 million. We expect the incremental production and logistic capacity to be in service in approximately two years.
- Free cash flow for the trailing 12 months ended July 1, 2023, was $47.8 million, a slight decrease of $1.6 million from the same period last year, as a result of higher capital expenditures stemming largely from the costs incurred in connection with the design and planning phase of our capacity and logistic expansion project in eastern Canada;
- In the third quarter of fiscal 2023, we distributed $0.09 per share to our shareholders for a total amount of $9.4 million;
- On August 11, 2023, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before October 12, 2023; and
- On August 11, 2023, the Board of Directors approved the filing of a short-form base shelf prospectus in connection with expected financing initiatives over the next two years.

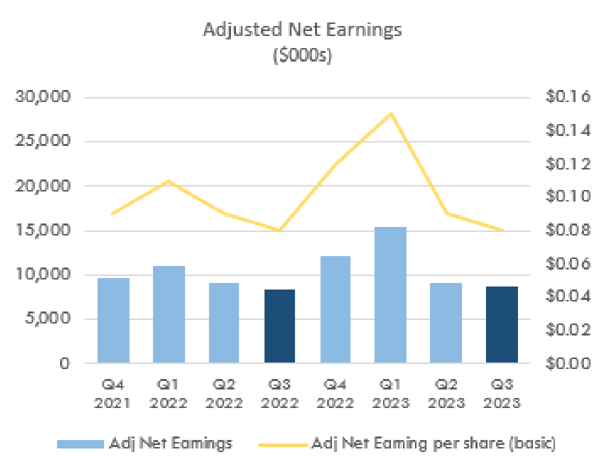
SELECTED FINANCIAL DATA AND HIGHLIGHTS

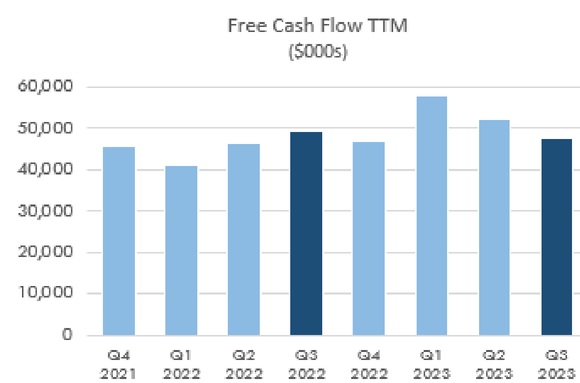
(unaudited) (In thousands of dollars, except volume and per share information)	**Q3 2023**	Q3 2022	**YTD 2023**	YTD 2022
Sugar (metric tonnes)	**191,411**	203,315	**579,807**	579,928
Maple syrup (000 pounds)	**9,630**	12,027	**33,508**	37,225
Total revenues	**262,285**	254,632	**796,677**	738,728
Gross margin	**41,685**	24,948	**124,534**	102,333
Adjustment to cost of sale[2]	**6,773**	(7,706)	**9,396**	(2,008)
Adjusted gross margin[1]	**34,912**	32,654	**115,138**	104,341
Results from operating activities	**24,008**	8,822	**72,148**	51,658
Adjusted results from operating activities[1]	**17,235**	16,528	**62,752**	53,666
EBITDA[1]	**30,523**	15,402	**91,681**	71,179
Adjusted EBITDA[1]	**23,750**	23,108	**82,285**	73,187
Net earnings	**14,177**	3,138	**39,913**	28,934
per share (basic)	**0.13**	0.03	**0.38**	0.28
per share (diluted)	**0.12**	0.03	**0.35**	0.28
Adjusted net earnings[1]	**8,749**	8,419	**33,211**	28,498
Adjusted net earnings per share (basic)[1]	**0.08**	0.08	**0.32**	0.27
Trailing twelve months free cash flow[3]	**47,846**	49,480	**47,846**	49,480
Dividends per share	**0.09**	0.09	**0.27**	0.27

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









Adjusted results

In the normal course of business, we use derivative financial instruments consisting of sugar futures, foreign exchange forward contracts, natural gas futures and interest rate swaps. We have designated our natural gas futures and our interest rate swap agreements entered into in order to protect us against natural gas price and interest rate fluctuations as cash flow hedges. Derivative financial instruments pertaining to sugar futures and foreign exchange forward contracts are marked-to-market at each reporting date and are charged to the condensed consolidated interim statement of earnings. The unrealized gains/losses related to natural gas futures and interest rate swaps that qualify under hedged accounting are accounted for in other comprehensive income. The unrealized gain/losses related to interest rate swaps that do not qualify under hedged accounting are accounted in the condensed consolidated interim statement of earnings and comprehensive income. The amount recognized in other comprehensive income is removed and included in net earnings under the same line item in the condensed consolidated interim statement of earnings and comprehensive income as the hedged item, in the same period that the hedged cash flows affect net earnings, reducing earnings volatility related to the movements of the valuation of these derivatives hedging instruments.

We believe that our financial results are more representative of our business to management, investors, analysts, and any other interested parties when financial results are adjusted by the gains/losses from financial derivative instruments that do not qualify for hedge accounting. These adjusted financial results provide a more complete understanding of factors and trends affecting our business. This measurement is a non-GAAP measurement. See "Non-GAAP measures" section.

We use the non-GAAP adjusted results of the operating company to measure and to evaluate the performance of the business through our adjusted gross margin, adjusted gross margin percentage, adjusted gross margin rate, adjusted results from operating activities, adjusted EBITDA, adjusted net earnings, adjusted net earnings per share and trailing twelve months free cash flow. These non-GAAP measures are evaluated on a consolidated basis and at a segmented level, excluding adjusted gross margin percentage, adjusted gross margin rate, adjusted net earnings per share and trailing twelve months free cash flow. In addition, we believe that these measures are important to our investors and parties evaluating our performance and comparing such performance to past results. We also use adjusted gross margin, adjusted EBITDA, adjusted results from operating activities, adjusted net earnings, adjusted net earning per share and trailing twelve months free cash flow when discussing results with the Board of Directors, analysts, investors, banks, and other interested parties. See "Non-GAAP measures" section.

OUR RESULTS ARE ADJUSTED AS FOLLOWS:

Income (loss) (In thousands of dollars)	**Q3 2023**			Q3 2022		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**3,857**	**-**	**3,857**	(794)	-	(794)
Foreign exchange forward contracts	**611**	**972**	**1,583**	205	(494)	(289)
Total mark-to-market adjustment on derivatives	**4,468**	**972**	**5,440**	(589)	(494)	(1,083)
Cumulative timing differences	**810**	**523**	**1,333**	(6,328)	(295)	(6,623)
Total adjustment to costs of sales	**5,278**	**1,495**	**6,773**	(6,917)	(789)	(7,706)

Income (loss) (In thousands of dollars)	**YTD 2023**			YTD 2022		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**7,574**	**-**	**7,574**	1,515	-	1,515
Foreign exchange forward contracts	**1,180**	**616**	**1,796**	281	(90)	191
Total mark-to-market adjustment on derivatives	**8,754**	**616**	**9,370**	1,796	(90)	1,706
Cumulative timing differences	**(2,169)**	**2,195**	**26**	(3,526)	(188)	(3,714)
Total adjustment to costs of sales	**6,585**	**2,811**	**9,396**	(1,730)	(278)	(2,008)

Fluctuations in the mark-to-market adjustment on derivatives are due to the price movements in Raw #11 sugar and foreign exchange variations.

We recognize cumulative timing differences, as a result of mark-to-market gains or losses, only when sugar or maple product is sold to a customer. The gains or losses on sugar and related foreign exchange paper transactions are largely offset by corresponding gains or losses from the physical transactions, namely sale and purchase contracts with customers and suppliers.

The above-described adjustments are added to or deducted from the mark-to-market results to arrive at the total adjustment to cost of sales. For the third quarter of the current fiscal year, the total cost of sales adjustment is a gain of $6.8 million to be deducted from the consolidated results versus a loss of $7.7 million to be added to the consolidated results for the comparable period last year. For the first nine months of fiscal 2023, the total cost of sales adjustment is a gain of $9.4 million to be deducted from the consolidated results compared to a loss of $2.0 million to be added to the consolidated results for the same period last year.

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

SEGMENTED INFORMATION

Segmented Results (In thousands of dollars)		**Q3 2023**			Q3 2022	
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**215,831**	**46,454**	**262,285**	200,276	54,356	254,632
Gross margin	**35,772**	**5,913**	**41,685**	21,278	3,670	24,948
Administration and selling expenses	**7,811**	**2,675**	**10,486**	8,067	2,560	10,627
Distribution costs	**6,821**	**370**	**7,191**	5,052	447	5,499
Results from operating activities	**21,140**	**2,868**	**24,008**	8,159	663	8,822
Adjustment to cost of sales(2)	**(5,278)**	**(1,495)**	**(6,773)**	6,917	789	7,706
Adjusted Gross margin(1)	**30,494**	**4,418**	**34,912**	28,195	4,459	32,654
Adjusted results from operating activities(1)	**15,862**	**1,373**	**17,235**	15,076	1,452	16,528
EBITDA(1)	**26,002**	**4,521**	**30,523**	13,062	2,340	15,402
Adjusted EBITDA(1)	**20,724**	**3,026**	**23,750**	19,979	3,129	23,108
Additional information:						
Additions to property, plant and equipment and intangible assets, net of disposals	**12,236**	**330**	**12,566**	4,089	63	4,152
Additions to right-of-use assets	**645**	**-**	**645**	691	-	691

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

(2) See "Adjusted results" section

Segmented Results (In thousands of dollars)		**YTD 2023**			YTD 2022	
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**637,253**	**159,424**	**796,677**	572,058	166,670	738,728
Gross margin	**108,885**	**15,649**	**124,534**	89,114	13,219	102,333
Administration and selling expenses	**25,547**	**8,202**	**33,749**	26,594	7,639	34,233
Distribution costs	**17,223**	**1,414**	**18,637**	14,724	1,718	16,442
Results from operating activities	**66,115**	**6,033**	**72,148**	47,796	3,862	51,658
Adjustment to cost of sales(2)	**(6,585)**	**(2,811)**	**(9,396)**	1,730	278	2,008
Adjusted Gross margin(1)	**102,300**	**12,838**	**115,138**	90,844	13,497	104,341
Adjusted results from operating activities(1)	**59,530**	**3,222**	**62,752**	49,526	4,140	53,666
EBITDA(1)	**80,567**	**11,114**	**91,681**	62,230	8,949	71,179
Adjusted EBITDA(1)	**73,982**	**8,303**	**82,285**	63,960	9,227	73,187
Additional information:						
Additions to property, plant and equipment and intangible assets, net of disposals	**27,202**	**699**	**27,901**	11,182	418	11,600
Additions to right-of-use assets	**1,611**	**45**	**1,656**	8,729	-	8,729

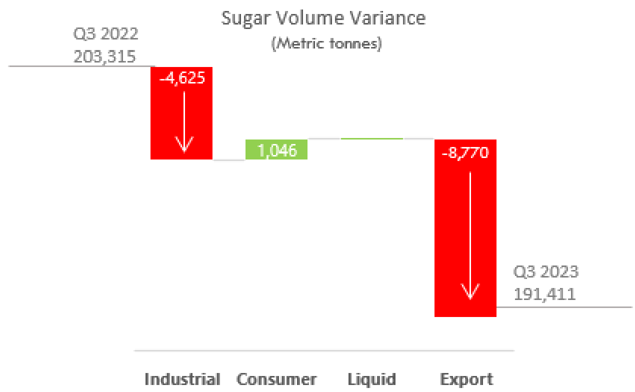
(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures

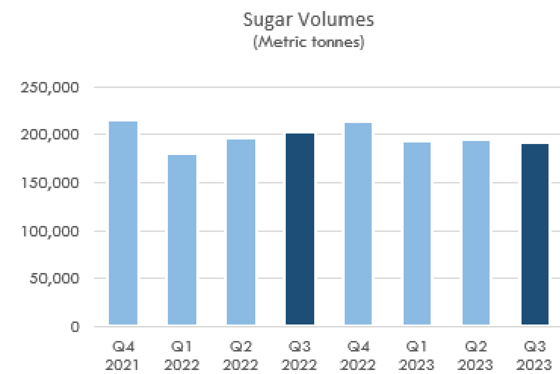
(2) See "Adjusted results" section

Sugar

REVENUES

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars)	**215,831**	200,276	15,555	**637,253**	572,058	65,195

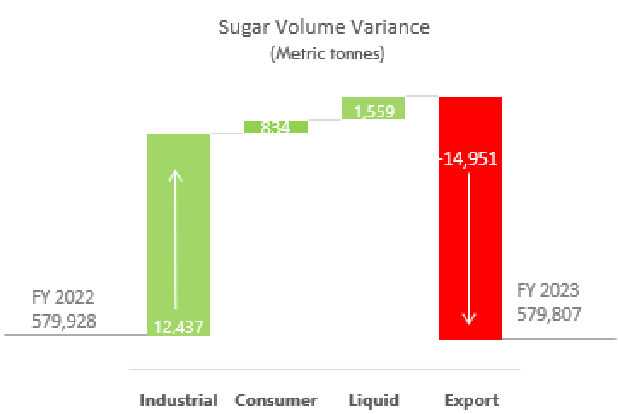


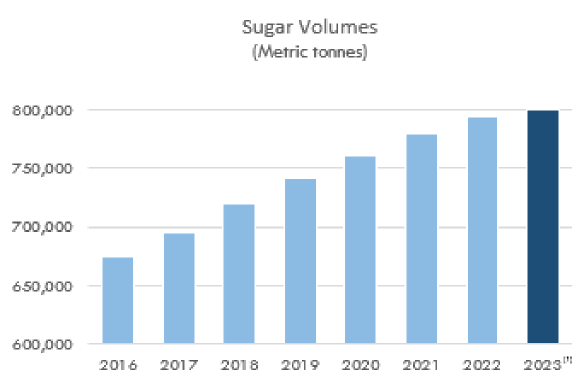


In the third quarter and first nine months of fiscal 2023, revenue increased by $15.6 million and $65.2 million respectively, compared to the same periods last year, driven mainly by higher prices paid for #11 world raw sugar and higher average pricing for refining related activities. The average prices for #11 world raw sugar increased by US 5.83 cent per pound to US 25.03 cent per pound during the current quarter and by US 2.56 cent per pound to US 21.66 cent per pound for the first nine months of the current fiscal year, when compared to the same periods last year.

Overall, sugar volume decreased by 11,904 metric tonnes in the third quarter of 2023 when compared to the same quarter last year, as a result of lower industrial and export sales volume, partially offset by higher consumer and liquid volume.

- Industrial volume decreased by 4,625 metric tonnes or 4.0% compared to the same period last year, largely due to the impact of an unforeseen peak in demand resulting from a temporary market disruption event that occurred in the second half of fiscal 2022.
- Consumer volume increased by 1,046 metric tonnes or 5.6% compared to the same quarter last year, mainly due to timing of orders from customers.
- Liquid volume remained largely unchanged from the same period last year.
- Export volume decreased by 8,770 metric tonnes or 43.8% compared to the same period last year, as we focused our sales efforts on serving the domestic market.





In the first nine months of fiscal 2023, sugar volume totaled 579,807 metric tonnes, compared to 579,928 for the same period last year.

- Industrial volume increased by 12,437 metric tonnes or 3.8% compared to the same period last year, as a result of the strong demand in the domestic market.
- Consumer volume slightly increased by 834 metric tonnes or 1.2% compared to the same period last year, mainly due to timing of orders from customers.
- Liquid volume increased by 1,559 metric tonnes or 1.2% compared to last year as a result of higher demand from existing customers.
- Export volume decreased by 14,951 metric tonnes or 27.5% compared to last year, as we continue to focus our sales efforts on serving the domestic market.

GROSS MARGIN

(In thousands of dollars, except per metric tonne information)	**Q3 2023**	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
Gross margin	**35,772**	21,278	14,494	**108,885**	89,114	19,771
Total adjustment to cost of sales[(2)]	**(5,278)**	6,917	(12,195)	**(6,585)**	1,730	(8,315)
Adjusted gross margin[(1)]	**30,494**	28,195	2,299	**102,300**	90,844	11,456
Adjusted gross margin per metric tonne[(1)]	**159.31**	138.68	20.63	**176.44**	156.65	19.79
Included in gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	**3,878**	4,262	(384)	**11,374**	12,535	(1,161)

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

(2) See "Adjusted results" section

Gross margin was $35.8 million and $108.9 million for the third quarter and the first nine months of fiscal 2023, and includes a gain of $5.3 million and $6.6 million, respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was $21.3 million and $89.1 million, respectively, with a mark-to-market loss of $6.9 million and $1.7 million respectively.

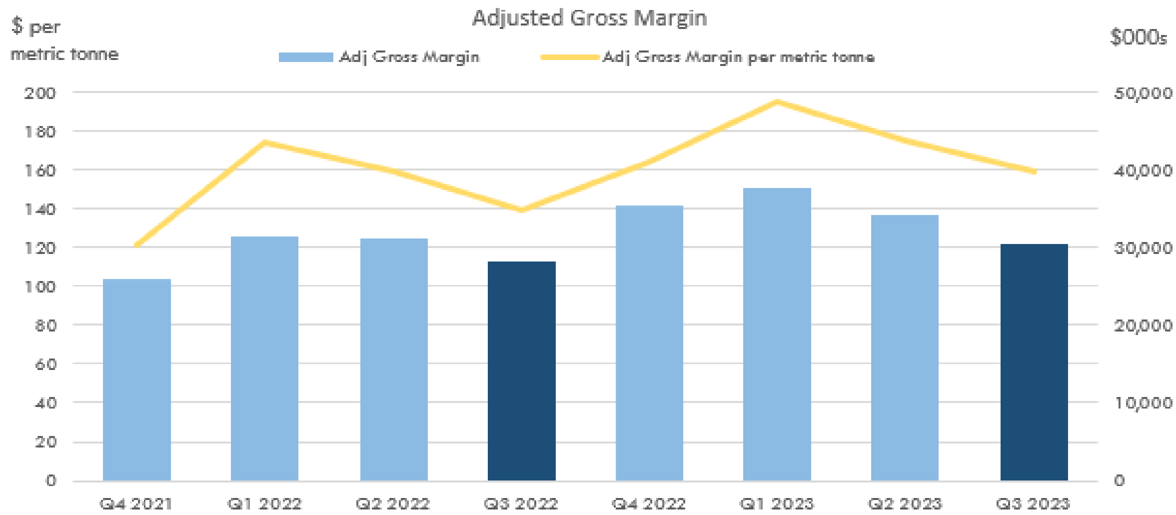
Adjusted gross margin was $30.5 million and $102.3 million for the third quarter and for the first nine months of fiscal 2023, respectively, as compared to $28.2 million and $90.8 million in the same periods last year.

Adjusted gross margin increased by $2.3 million in the third quarter compared to the same period last year largely due to higher sugar sales margin from improved average pricing on sugar refining related activities. This positive variance was partially offset by lower sales volume, higher production costs mainly driven by market-based inflationary pressures on operating costs and higher energy prices.

On a per-unit basis, adjusted gross margin for the third quarter was $159.31 per metric tonne, higher than last year by $20.63 per metric tonne. The favourable variance was mainly due to the increase in overall margin from improved selling prices, partially offset by higher production costs, as compared to last year.

Adjusted gross margin for the first nine months of fiscal 2023 was $11.5 million higher than the comparable period last year, mainly due to improved average pricing on sugar refining related activities. This favourable variance was partially offset by higher production costs mainly driven by market-based inflationary pressures on operating costs and higher energy prices.

On a per-unit basis, for the first nine months of fiscal 2023, adjusted gross margin amounted to $176.44 per metric tonne compared to $156.65 per metric tonne for the same period last year. The favourable variance of $19.79 per metric tonne was mainly due to improved average pricing, partially offset by higher production costs as explained above.



OTHER EXPENSES

(In thousands of dollars, except per metric tonne information)	**Q3 2023**	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
Administration and selling expenses	**7,811**	8,067	(256)	**25,547**	26,594	(1,047)
Distribution costs	**6,821**	5,052	1,769	**17,223**	14,724	2,499
Included in Administration and selling expenses:						
Depreciation of property, plant and equipment and right-of-use assets	**196**	220	(24)	**735**	644	91
Included in Distribution costs:						
Depreciation of right-of-use assets	**789**	420	369	**2,344**	1,255	1,089

In the third quarter of fiscal 2023, administration and selling expenses were lower by $0.3 million compared to the same quarter last year. The variance was mainly due to a non-cash decrease in the cash settled share-based compensation expense driven by a decrease, in the expected share price used to estimate the share-based compensation expense, partially offset by higher compensation costs and related employee benefits. Distribution costs increased by $1.8 million compared to the same quarter last year, mainly due to an increase in logistical costs to support the strong demand in eastern Canada and the lower-than-expected production from our beet sugar facility in Taber.

For the first nine months of fiscal 2023, administration and selling expenses were $1.0 million lower than the comparable period last year. The variance was mainly due to a non-cash decrease in the cash settled share-based compensation expense driven by a decrease in the expected share price used to estimate the share-based compensation expense, partially offset by higher compensation costs and related employee benefits. Distribution costs for the first nine months of fiscal 2023 increased by $2.5 million compared to the same period last year, largely driven by market-based increase in freight costs and additional logistical costs incurred to support the strong demand in eastern Canada and the lower-than-expected production from our beet sugar facility in Taber.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars)						
Results from operating activities	**21,140**	8,159	12,981	**66,115**	47,796	18,319
Total adjustment to cost of sales (2)	**(5,278)**	6,917	(12,195)	**(6,585)**	1,730	(8,315)
Adjusted results from operating activities(1)	**15,862**	15,076	786	**59,530**	49,526	10,004
Depreciation of property, plant and equipment, right-of-use assets, and amortization of intangible assets	**4,862**	4,903	(41)	**14,452**	14,434	18
EBITDA(1)	**26,002**	13,062	12,940	**80,567**	62,230	18,337
Adjusted EBITDA(1)	**20,724**	19,979	745	**73,982**	63,960	10,022

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

(2) See "Adjusted results" section

Results from operating activities for the third quarter and the first nine months of fiscal 2023 were $21.1 million and $66.1 million, respectively, an increase of $13.0 million and $18.3 million respectively, as compared to same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted results from operating activities in the third quarter were $0.8 million higher than the same period last year, mainly due to higher adjusted gross margin, partially offset by higher distribution costs. Adjusted results from operating activities for the first nine months of fiscal 2023 were $10.0 million higher than the same period last year as a result of higher adjusted gross margin, lower administration and selling expenses, partially offset by higher distribution costs.

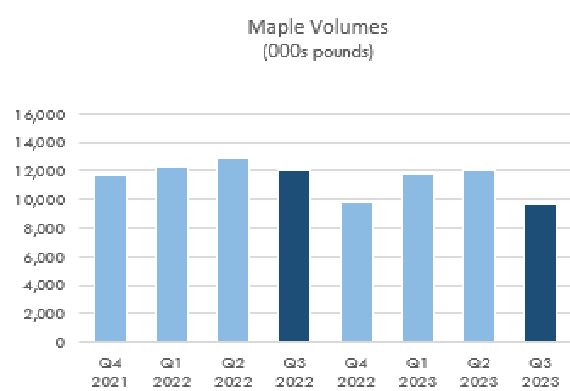
EBITDA for the third quarter and the first nine months of fiscal 2023 were $26.0 million and $80.6 million, respectively, an increase of $13.0 million and $18.3 million respectively, as compared to same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

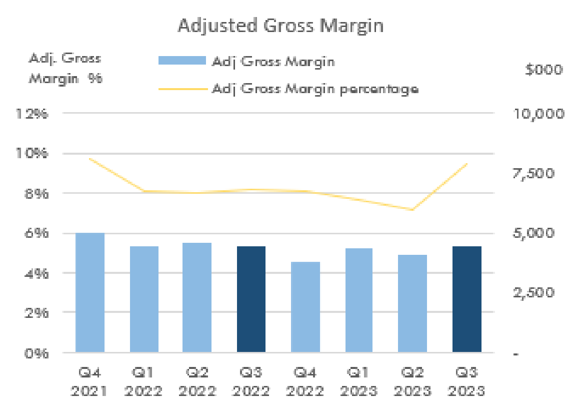
Adjusted EBITDA for the third quarter increased by $0.7 million compared to the same period last year, largely driven by higher adjusted gross margin, partially offset by higher distribution costs. Adjusted EBITDA for the first nine months of fiscal 2023 increased by $10.0 million largely due to higher adjusted gross margin, lower administration and selling expenses, partially offset by higher distribution costs, as mentioned above.

Maple

REVENUES

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars, except volume)						
Volume (000 pounds)	**9,630**	12,027	(2,397)	**33,508**	37,225	(3,717)
Revenues	**46,454**	54,356	(7,902)	**159,424**	166,670	(7,246)





Revenues for the third quarter and the first nine months of fiscal 2023 were $7.9 million and $7.2 million lower than the same period last year, respectively, due to lower volume, partially offset by higher average selling price.

GROSS MARGIN

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars, except adjusted gross margin rate information)						
Gross margin	**5,913**	3,670	2,243	**15,649**	13,219	2,430
Total adjustment to cost of sales (1) (2)	**(1,495)**	789	(2,284)	**(2,811)**	278	(3,089)
Adjusted gross margin (1)	**4,418**	4,459	(41)	**12,838**	13,497	(659)
Adjusted gross margin percentage (1)	**9.5%**	8.2%	1.3%	**8.1%**	8.1%	0.0%
Included in Gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	**776**	805	(29)	**2,448**	2,471	(24)

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

Gross margin was $5.9 million and $15.6 million for the third quarter and the first nine months of fiscal 2023, and includes a gain of $1.5 million and $2.8 million respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was $3.7 million and $13.2 million, respectively, with a mark-to-market loss of $0.8 million and $0.3 million respectively.

Adjusted gross margin for the third quarter of fiscal 2022 and 2023 amounted to $4.4 million respectively. The reduction in volume sold of 2.4 million pounds was offset by higher pricing and favourable customer mix in the third quarter of fiscal 2023. Adjusted gross margin for the first nine months of fiscal 2023 was $12.8 million, a decrease of $0.7 million as compared to the same period last year. The unfavourable variance was mainly due to lower volume as a result of reduced demand and unfavourable market dynamics, partially offset by higher pricing, and favourable customer mix on volume sold.

Adjusted gross margin percentage for the current quarter increased by 130 basis point compared to the same period last year, mainly due to incremental pricing negotiated with our customers, and favourable customer mix on volume sold. Adjusted gross margin percentage for the first nine months of fiscal 2022 and fiscal 2023 amounted to 8.1% respectively.

OTHER EXPENSES

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars)						
Administration and selling expenses	**2,675**	2,560	115	**8,202**	7,639	563
Distribution costs	**370**	447	(77)	**1,414**	1,718	(304)
Included in Administration and selling expenses:						
Amortization of intangible assets	**877**	873	5	**2,633**	2,616	17

Administration and selling expenses for the third quarter and for the first nine months of fiscal 2023 were $0.1 million and $0.6 million higher than the comparable periods last year. These variances were largely due to an increase in compensation related expenses.

Distribution costs for the third quarter and for the first nine months of fiscal 2023 were lower by $0.1 million and $0.3 million respectively compared to the same period last year, mainly due to lower sales volume and lower freight costs.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars)						
Results from operating activities	**2,868**	663	2,205	**6,033**	3,862	2,171
Total adjustment to cost of sales (1)	**(1,495)**	789	(2,284)	**(2,811)**	278	(3,089)
Adjusted results from operating activities (1)	**1,373**	1,452	(79)	**3,222**	4,140	(918)
Depreciation and amortization	**1,653**	1,677	(24)	**5,081**	5,087	(7)
EBITDA (1)	**4,521**	2,340	2,181	**11,114**	8,949	2,165
Adjusted EBITDA (1)	**3,026**	3,130	(104)	**8,303**	9,227	(924)

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

Results from operating activities for the third quarter and the first nine months of fiscal 2023 were $2.9 million and $6.0 million respectively, compared to $0.7 million and $3.9 million in the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted results from operating activities for the third quarter and the first nine months of fiscal 2023 were respectively $0.1 million and $0.9 million lower than the comparable period last year, due mainly to lower adjusted gross margin, higher administration and selling expenses, partially offset by lower distribution costs.

EBITDA for the third quarter and the first nine months of 2023 amounted to $4.5 million and $11.1 million respectively, compared to $2.3 million and $8.9 million for the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the third quarter and the first nine months of fiscal 2023 decreased by $0.1 million and $0.9 million respectively, compared to the same period last year. These unfavorable variances were largely driven by lower adjusted gross margins and higher administration and selling expenses, partially offset by lower distribution costs as explained above.

OUTLOOK

Following a solid performance in the third quarter of 2023, we expect to continue to deliver strong and stable financial results in 2023. Strong sugar demand and pricing is expected to continue and provide improved results, despite ongoing inflationary pressures. We expect our Maple segment will continue to face a challenging business environment for the remainder of 2023, as the unfavourable market and economic conditions encountered over the last year remain. We intend to mitigate these unfavourable market conditions with recently negotiated price increases, and newly implemented production automation initiatives.

Sugar

We continue to expect the sugar segment to perform well in fiscal 2023. Underlying North American demand remains strong across all customer segments supported by favourable market dynamics. We expect that improvements in pricing implemented over the last year will continue to support our financial results positively, allowing us to mitigate the current impact of inflationary pressures on costs.

In Taber, the harvest season delivered the expected volume of sugar beets, and the processing campaign was completed in early February. The current year crop yielded 104,000 metric tonnes, lower than the prior year production by 16,000 metric tonnes. The lower-than-expected production is attributable to unfavourable weather conditions encountered in the later stage of the current year growing period, which negatively impacted the sugar content of the sugar beets.

We have increased the production plans of our Montreal and Vancouver cane sugar facilities and arranged for the temporary importation of refined white sugar from Central-America, to mitigate the production shortfall of our Taber facility and ensure we can support our commitments to our customers.

In April 2023, we concluded a new two-year agreement with the Alberta Sugar Beet Growers for the supply of sugar beets to the Taber beet plant, for which the crop harvested in the fall of 2023 will be the first year of the agreed contract.

We have slightly reduced our fiscal 2023 sales volume expectations to approximately 800,000 metric tonnes from 805,000 metric tonnes. The decrease of 5,000 metric tonnes reflects current market dynamics and timing differences in orders from large customers. While down slightly from previous expectations, our full-year 2023 volume outlook of 800,000 metric tonnes for the Sugar segment represents an increase of over 5,000 metric tonnes or 1% over 2022, which was our highest sales volume year on record. Overall, we expect the following year-over-year volume variances for our customer segments:

- Industrial, our largest segment, is expected to increase by 2%, as a result of the continuous strong demand supported by favourable market dynamics;
- Liquid volume is expected to grow by 1% driven by continued demand from existing customers;
- Consumer volume is expected to remain stable; and
- A planned 9% reduction in sales to the export markets for 2023, due to the growing demand and strong economics of the domestic market.

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

We expect an increase in distribution costs in 2023, reflecting the incremental needs to move sugar between our facilities to support the demand of our customers and the recent related inflationary-based increases for logistics and supply chain costs.

Administration and selling expenses are expected to be stable in 2023.

We have been able to mitigate the impact of recent increases in interest rates and energy costs through our multi-year hedging strategy. We do not anticipate these increases to have a material impact on our operating results in the near future, as we expect our hedging strategy will continue to mitigate most of our exposure to such risks. However, we anticipate higher net finance costs, mainly from higher working capital requirements.

Spending on regular business capital projects is also expected to remain stable for fiscal 2023. We anticipate spending approximately $25 million on various initiatives. This capital spending estimate excludes expenditures relating our recently announced production and logistic capacity expansion project in eastern Canada, which are currently estimated at $13 millions for fiscal 2023.

Maple

For the remainder of 2023, we expect the global Maple industry to be negatively impacted by high inflation, resulting in lower global demand from retail customers. We anticipate the unfavourable impact related to the reduction in retail demand and the related increased competitiveness of the market will be mitigated by recently negotiated price increases with key customers, lower production costs driven by newly implemented automation projects and favourable recently negotiated supply agreements for packaging material.

The expected spending for capital projects for 2023 is approximately $1.0 million, which is consistent with recent years. The main driver for the Maple segment projects is to improve productivity and profitability through automation.

See “Forward Looking Statements” section and “Risks and Uncertainties” section.

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

(unaudited) (In thousands of dollars, except volume and per share information)	**Q3 2023**	Q3 2022	**YTD 2023**	YTD 2022
Sugar (metric tonnes)	**191,411**	203,315	**579,807**	579,928
Maple syrup (000 pounds)	**9,630**	12,027	**33,508**	37,225
Total revenues	**262,285**	254,632	**796,677**	738,728
Gross margin	**41,685**	24,948	**124,534**	102,333
Adjusted gross margin(1)	**34,912**	32,654	**115,138**	104,341
Results from operating activities	**24,008**	8,822	**72,148**	51,658
Adjusted results from operating activities(1)	**17,235**	16,528	**62,752**	53,666
EBITDA(1)	**30,523**	15,402	**91,681**	71,179
Adjusted EBITDA(1)	**23,750**	23,108	**82,286**	73,187
Net finance costs	**5,361**	4,385	**17,890**	12,509
Income tax expense	**4,470**	1,299	**14,345**	10,215
Net earnings	**14,177**	3,138	**39,913**	28,934
per share – (basic)	**0.13**	0.03	**0.38**	0.28
per share – (diluted)	**0.12**	0.03	**0.35**	0.28
Adjusted net earnings(1)	**8,749**	8,419	**33,211**	28,498
per share (basic)(1)	**0.08**	0.08	**0.32**	0.27
Dividends per share	**0.09**	0.09	**0.27**	0.27

(1) See “Non-GAAP Measures” section for definition and reconciliation to GAAP measures

Total revenues

Revenues increased by $7.7 million and $57.9 million respectively for the third quarter and the first nine months of fiscal 2023 compared to the same periods last year. The increase in revenue was mainly attributable to higher prices paid for #11 world raw sugar and higher average pricing for refining related activities in the Sugar segment, as well as higher pricing in the Maple segment.

Gross margin

Gross margin increased by $16.7 million and $22.2 million respectively for the third quarter and for the first nine months of fiscal 2023 compared to the same periods last year. Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the current quarter and the first nine months of 2023 increased by $2.3 million and $10.8 million respectively, compared to the same period last year. These positive variances were mainly due to higher adjusted gross margin in the Sugar segment, partially offset by lower adjusted gross margin in Maple segment.

For the Sugar segment, the adjusted gross margin per metric tonne for the third quarter and for the first nine months of fiscal 2023 were higher by $20.63 per metric tonne and $19.79 per metric tonne respectively, when compared to the same period last year. For the Maple segment, adjusted gross margin percentage for the current quarter of 9.5% increased by130 basis point compared to the same period last year. Adjusted gross margin percentage for the first nine months of fiscal 2022 and fiscal 2023 amounted to 8.1% respectively.

Results from operating activities

Results from operating activities for the third quarter were $24.0 million compared to $8.8 million in the same period last year, representing an increase of $15.2 million. For the first nine months of fiscal 2023, results from operating activities were $72.1 million compared to $51.7 million for the same period last year, representing an increase of $20.4 million. Excluding the mark-to-market of derivative financial instruments, adjusted results from operating activities for the third quarter amounted to $17.2 million compared to $16.5 million in the same period last year, an increase of $0.7 million. For the first nine months of fiscal 2023, adjusted results from operating activities were $62.8 million compared to $53.7 million for the same period last year, representing an increase of $9.1 million. The improvement of adjusted results from operating activities in both periods was mainly driven by higher contribution from the Sugar segment in 2023.

Net finance costs

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars)						
Interest expense on convertible unsecured subordinated debentures, including accretion expense (1)	**2,132**	2,119	13	**6,390**	6,288	102
Interest on revolving credit facility	**1,817**	1,308	509	**5,347**	3,950	1,397
Interest on senior guaranteed notes	**926**	897	29	**2,722**	2,699	23
Amortization of deferred financing fees	**306**	311	(5)	**923**	928	(5)
Interest on *Producteurs et Productrices Acéricoles du Québec* supplier balance	**120**	131	(11)	**1,425**	403	1,022
Other interest expense	**10**	12	(2)	**21**	15	6
Interest accretion on discounted lease obligations	**253**	240	13	**740**	699	41
Net change in fair value of interest rate swaps	**(203)**	(633)	430	**322**	(2,473)	2,795
Net finance costs	**5,361**	4,385	976	**17,890**	12,509	5,381

(1) Includes accretion expense of $256 and $761 for the three and nine months ended July 1, 2023 (July 2, 2022 - $242 and $720, respectively)

For the third quarter of 2023, net finance costs were higher by $1.0 million compared to the same periods last year, largely driven by higher interest expense on our revolving credit facility from higher average borrowing, and the impact of market-based changes in fair value related to interest rate swaps contracts. For the first nine months of fiscal 2023, net finance costs were higher by $5.4 million compared to the same periods last year, driven by the increase in interest expense on our revolving credit facility from higher average borrowing, the increase in interest expense related to the Producteurs et Productrices Acéricoles du Québec ("PPAQ") for maple syrup purchases and the impact of market-based changes in fair value related to interest rate swaps contracts.

Taxation

	Q3 2023	Q3 2022	Δ	**YTD 2023**	YTD 2022	Δ
(In thousands of dollars)						
Current	**3,062**	2,522	540	**11,070**	12,680	(1,610)
Deferred	**1,408**	(1,223)	2,631	**3,275**	(2,465)	5,740
Income tax expense	**4,470**	1,299	3,171	**14,345**	10,215	4,130

The variations in current and deferred tax expense for the current quarter and the first nine months of fiscal 2023 are consistent with the variation in earnings before income taxes during the same periods last year.

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 in the third quarter and for the first nine months of fiscal 2023 amounted to $14.2 million and $39.9 million respectively, representing an increase $11.0 million for both periods, compared to last year.

Adjusted net earnings in the third quarter and the first nine months of fiscal 2023 were higher by $0.3 million and $4.7 million respectively, compared to the same periods last year, largely attributable to higher adjusted results from operating activities from the Sugar segment.

Summary of Quarterly Results

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

(In thousands of dollars, except for volume and per share information)	QUARTERS(2)							
	2023			2022				2021
	Third	Second	First	Fourth	Third	Second	First	Fourth
Sugar Volume (MT)	**191,411**	195,547	192,849	214,672	203,315	196,570	180,043	214,753
Maple products volume (000 pounds)	**9,630**	12,059	11,819	9,838	12,027	12,912	12,286	11,678
Total revenues	**262,285**	272,949	261,443	267,406	254,632	253,341	230,755	243,231
Gross margin	**41,685**	41,658	41,191	28,472	24,948	33,899	43,486	39,616
Adjusted gross margin (1)	**34,912**	38,233	41,993	39,141	32,654	35,887	35,800	31,020
Results from operations	**24,008**	21,856	26,284	(38,345)	8,822	15,499	27,337	26,952
Adjusted results from operations (1)	**17,235**	18,431	27,086	22,324	16,528	17,487	19,651	18,356
EBITDA(1)	**30,523**	28,445	32,713	18,283	15,402	22,029	33,748	33,382
Adjusted EBITDA(1)	**23,750**	25,020	33,515	28,952	23,108	24,017	26,061	24,786
Net earnings (loss)	**14,177**	11,062	14,674	(45,502)	3,138	8,570	17,226	16,140
Per share - basic	**0.13**	0.11	0.14	(0.44)	0.03	0.08	0.17	0.16
Per share - diluted	**0.12**	0.10	0.13	(0.44)	0.03	0.08	0.15	0.15
Adjusted net earnings (1)	**8,749**	9,115	15,347	12,161	8,419	9,122	10,957	9,620
Per share - basic	**0.08**	0.09	0.15	0.12	0.08	0.09	0.11	0.09
Per share - diluted	**0.08**	0.09	0.14	0.11	0.08	0.09	0.10	0.09
Sugar - Adjusted gross margin rate per MT (1)	**159.31**	174.62	195.29	164.55	138.68	159.11	174.25	121.16
Maple - Adjusted gross margin percentage (1)	**9.5%**	7.2%	7.7%	8.1%	8.2%	8.0%	8.1%	9.7%

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
(2) All quarters are 13 weeks

Historically the first quarter (October to December) and the fourth quarter (July to September) of the fiscal year are the best quarters for the sugar segment for adjusted gross margin, adjusted EBITDA, and adjusted net earnings due to the favourable sales product mix associated with an increased proportion of consumer sales during these periods of the year. At the same time, the second quarter (January to March) and the third quarter (April to June) historically have the lowest volumes as well as an unfavourable sales product mix, resulting in lower adjusted gross margins, adjusted EBITDA, and adjusted net earnings. Over the last eight quarters, this trend was less correlated due to sustained strong demand in the domestic market and sales that were delayed from the first quarter to the second quarter of fiscal 2022.

Usually, there is minimal seasonality in the Maple products segment. However, over the last two years, we have experienced volatility in sales volume partially attributable to the pandemic, the highly competitive market, and the global volatility in economic conditions.

Financial condition

(In thousands of dollars)	**July 1, 2023**	July 2, 2022	October 1, 2022
Total assets	**$ 967,174**	$ 985,166	$ 937,956
Total liabilities	**673,866**	650,382	646,537

The decrease in total assets of $18.0 million in the current fiscal quarter compared to the same quarter last year was mainly due to a decrease in trade and other receivables of $7.3 million, the goodwill impairment of $50.0 million recorded in the fourth quarter of 2022, in connection with the Maple business segment, and a decrease in derivatives financial instruments assets of $13.8 million. This was partially offset by an increase in property, plant, and equipment of $22.4 million and inventories of $37.0 million.

Total liabilities for the current fiscal quarter increased by $23.5 million compared to the same quarter last year due mainly to a higher outstanding balance under the revolving credit facility of $35.0 million, partially offset by a reduction in employee benefits of $11.6 million.

Liquidity

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

	Q3 2023	Q3 2022	**YTD 2023**	YTD 2022
(In thousands of dollars)				
Net cash flow (used in) from operating activities	**35,427**	(406)	**1,912**	(15,308)
Cash flow (used in) from financing activities	**(28,472)**	(3,878)	**19,887**	12,123
Cash flow used in investing activities	**(8,608)**	(3,387)	**(21,502)**	(9,784)
Effect of changes in exchange rate on cash	**1**	129	**(153)**	70
Net increase (decrease) in cash	**(1,652)**	(7,542)	**144**	(12,899)

Cash flow from operating activities for the current quarter increased by $35.8 million compared to the same quarter last year, due mainly to a positive non-cash working capital variation of $25.1 million, higher net earnings adjusted for non-cash items of $9.9 million, and lower income taxes paid of $1.3 million. For the first nine months of 2023, cash flow from operating activities increased by $17.2 million compared to the same period last year, as a result of a positive non-cash working capital variation of $6.1 million, higher net earnings adjusted for non-cash items of $8.5 million, and lower income taxes paid of $5.5 million. This variance was partially offset by higher interest paid of $2.9 million.

Cash flow used in financing activities decreased by $24.6 million for the current quarter compared to the same period last year due mainly to a decrease of $25.0 million in borrowings from the revolving credit facility. For the first nine months of fiscal 2023, cash flow from financing activities increased by $7.8 million compared to same period last year largely due to the increase of borrowings from the revolving credit facility.

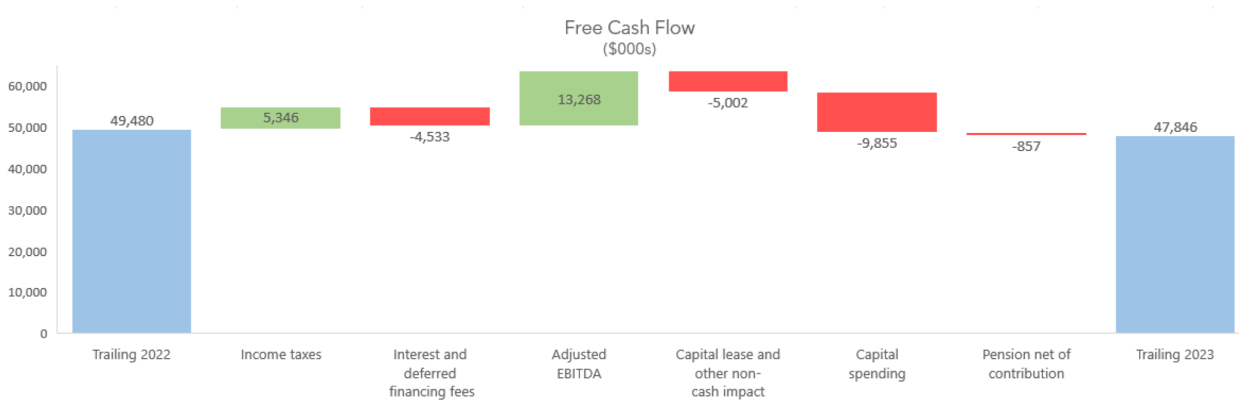
The cash flow used in investing activities for the current quarter and the first nine months of 2023 were higher by $5.2 million and $11.7 million respectively, compared to the same periods last year. The variances were mainly related to timing of regular capital expenditures and the capitalization of $6.9 million of expenditures in connection with the planning and design stage of our planned expansion project in eastern Canada.

In order to provide additional information, we believe it is appropriate to measure free cash flow that is generated by our operations. Free cash flow is a non-GAAP measure and is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments and financial instruments' non-cash amounts, and including capital expenditures and intangible assets, net of value-added capital expenditures, and the payment of lease obligations.

FREE CASH FLOW

	Trailing twelve months	
(In thousands of dollars)	**2023**	2022
Cash flow from operations	**38,771**	33,557
Adjustments:		
Changes in non-cash working capital	**37,133**	44,202
Payment of deferred financing fees	**(1,488)**	(268)
Mark-to-market and derivative timing adjustments	**1,268**	(9,223)
Financial instruments non-cash amount	**1,202**	287
Capital expenditures and intangible assets	**(35,448)**	(16,678)
Value added capital expenditures	**11,615**	2,701
Payment of leases obligation	**(5,207)**	(5,098)
Free cash flow [(1)]	**47,846**	49,480
Declared dividends	**37,687**	37,439

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



Free cash flow for the trailing twelve months ending July 1,2023 amounted to $47.8 million, representing a decrease of $1.6 million compared to the same period last year. This decrease in free cash flow was mainly due to higher capital expenditures, intangible assets and value added capital expenditures of $9.9 million, the reduction of non-cash impact of $4.9 million related to the variance in the accrual for cash settled share-based compensation of senior managements, and the increase in payment of interest and deferred financing fees of $4.5 million. This variance was partially offset by higher adjusted EBITDA of $13.3 million and the decrease in income taxes paid of $5.3 million.

Capital and intangible assets expenditures, net of value-added capital expenditures, increased by $9.9 million compared to last year's rolling twelve months due mainly to timing in spending. Free cash flow is not reduced by value added capital expenditures, as these projects are not necessary for the operation of the plants but are undertaken because of the operational savings that are realized once the projects are completed. The increase in the amount spent in value added capital expenditures for 2023 as compared to the same period in 2022, was mainly related to costs amounting to $6.9 million incurred in connection with the planning and design stage of our planned capacity expansion project for eastern Canada.

The Board of Directors declared a quarterly dividend of 9.0 cents per common share every quarter, totalling 36.0 cents for the trailing twelve-months periods.

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

The combined impact of the mark-to-market and derivative timing adjustments and financial instruments non-cash amount of $2.5 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations

There are no material changes in the contractual obligations table disclosed in the Management's Discussion and Analysis of the October 1, 2022 Annual Report.

As at July 1, 2023, Lantic had commitments to purchase a total of 953,000 metric tonnes of raw cane sugar up to fiscal 2025, of which 305,000 metric tonnes had been priced for a total dollar commitment of $214.3 million.

Capital resources

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

As at July 1, 2023, Lantic had a total of $265.0 million of available working capital from its revolving credit facility, from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios. As at July 1, 2023, a total of $643.0 million of assets have been pledged as security for the revolving credit facility, compared to $588.3 million as at July 2, 2022; including trade receivables, inventories and property, plant and equipment.

As at July 1, 2023, $176.0 million had been drawn from the revolving credit facility and $3.4 million in cash was also available.

Cash requirements for working capital and 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 our expected cash requirements.

As at July 1, 2023, Lantic was in compliance with all the covenants under its revolving credit facility.

In connection with its planned expansion project for eastern refining capacity, Lantic negotiated financing in the form of secured loans with Investissement Quebec up to a maximum amount of $65 millions.

OUTSTANDING SECURITIES

A total of 105,096,120 shares were outstanding as at July 1, 2023 and August 11, 2023, respectively (104,372,045 as at July 2, 2022).

RISK AND UNCERTAINTIES

Rogers' business and operations are substantially affected by many factors, including prevailing margins on refined sugar and its ability to market sugar and maple products competitively, sourcing of raw material supplies, weather conditions, operating costs and government programs and regulations.

Risk factors in our business and operations are discussed in the Management's Discussion and Analysis of our Annual Report for the year ended October 1, 2022. This document is available on SEDAR at www.sedar.com or on our website at www.LanticRogers.com.

The risk factor titled *Recently Announced Expansion Project,* included in the Management's Discussion and Analysis section of our Annual Report for the year ended October 1, 2022 should be updated to reflect the formal approval of the project by the Board of Director of Lantic on August 11, 2023.

Recently Announced Expansion Project

The completion of the recently announced plant expansion project is subject to several conditions, certain of which are outside of the control of Lantic.

The detailed engineering plan for the project has been completed and includes estimates as it relates to costs, construction period and incremental production capacity. The expected cost of the project of approximately $200 million remains subject to change. In addition, in order to complete the project, Lantic might need to further amend existing credit facilities and potentially enter into additional financing agreements in order to finance the construction stage. Lantic's ability to secure the overall financing for the project is related to several factors, including market demand for refined sugar, the final cost estimation for the project and the borrowing conditions of the financial market.
There can be no assurance that the expansion project will be completed, or that it will be completed in the expected timeframe of two to three years, providing the expected incremental volume at the expected cost. Failure by Lantic to complete the expansion project under the expected conditions could have a material impact on the performance, and financial results and conditions of RSI.

NON-GAAP MEASURES

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

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

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

- Adjusted gross margin is defined as gross margin adjusted for “the adjustment to cost of sales”, which comprises the mark-to-market gains or losses on sugar futures, foreign exchange forward contracts as shown in the notes to the consolidated financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures and foreign exchange forward contracts.
- Adjusted results from operating activities are defined as results from operating activities adjusted for the adjustment to cost of sales and goodwill impairment.
- EBITDA is defined as results from operating activities adjusted for depreciation, amortization and goodwill impairment.
- Adjusted EBITDA is defined as EBITDA adjusted for total adjustments to cost of sales.
- Adjusted net earnings is defined as net earnings adjusted for the adjustment to cost of sales, goodwill impairment, net change in fair value in interest rate swaps and the income tax impact on these adjustments.
- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.
- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple segment divided by the revenues generated by the Maple segment.
- Adjusted net earnings per share (basic) is defined as adjusted net earnings divided by the weighted average number of shares outstanding.
- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, financial instruments non-cash amount, and including capital and intangible assets expenditures, net of value-added capital expenditures, and payments of capital leases.

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

	Q3 2023			Q3 2022		
Consolidated results (In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**35,772**	**5,913**	**41,685**	21,278	3,670	24,948
Total adjustment to the cost of sales[1]	**(5,278)**	**(1,495)**	**(6,773)**	6,917	789	7,706
Adjusted gross margin	**30,494**	**4,418**	**34,912**	28,195	4,459	32,654
Results from operating activities	**21,140**	**2,868**	**24,008**	8,159	663	8,822
Total adjustment to the cost of sales[1]	**(5,278)**	**(1,495)**	**(6,773)**	6,917	789	7,706
Adjusted results from operating activities	**15,862**	**1,373**	**17,235**	15,076	1,452	16,528
Results from operating activities	**21,140**	**2,868**	**24,008**	8,159	663	8,822
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,862**	**1,653**	**6,515**	4,903	1,677	6,580
EBITDA[1]	**26,002**	**4,521**	**30,523**	13,062	2,340	15,402
EBITDA[1]	**26,002**	**4,521**	**30,523**	13,062	2,340	15,402
Total adjustment to the cost of sales[1]	**(5,278)**	**(1,495)**	**(6,773)**	6,917	789	7,706
Adjusted EBITDA	**20,724**	**3,026**	**23,750**	19,979	3,129	23,108
Net earnings			**14,177**			3,138
Total adjustment to the cost of sales[1]			**(6,773)**			7,706
Net change in fair value in interest rate swaps[1]			**(203)**			(633)
Income taxes on above adjustments			**1,548**			(1,792)
Adjusted net earnings			**8,749**			8,419
Net earnings per share (basic)			**0.13**			0.03
Adjustment for the above			**(0.05)**			0.05
Adjusted net earnings per share (basic)			**0.08**			0.08

(1) See "Adjusted results" section

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

	YTD 2023			YTD 2022		
Consolidated results (In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**108,885**	**15,649**	**124,534**	89,114	13,219	102,333
Total adjustment to the cost of sales[1]	**(6,585)**	**(2,811)**	**(9,396)**	1,730	278	2,008
Adjusted gross margin	**102,300**	**12,838**	**115,138**	90,844	13,497	104,341
Results from operating activities	**66,115**	**6,033**	**72,148**	47,796	3,862	51,658
Total adjustment to the cost of sales[1]	**(6,585)**	**(2,811)**	**(9,396)**	1,730	278	2,008
Adjusted results from operating activities	**59,530**	**3,222**	**62,752**	49,526	4,140	53,666
Results from operating activities	**66,115**	**6,033**	**72,148**	47,796	3,862	51,658
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**14,452**	**5,081**	**19,533**	14,434	5,087	19,521
EBITDA[1]	**80,567**	**11,114**	**91,681**	62,230	8,949	71,179
EBITDA[1]	**80,567**	**11,114**	**91,681**	62,230	8,949	71,179
Total adjustment to the cost of sales[1]	**(6,585)**	**(2,811)**	**(9,396)**	1,730	278	2,008
Adjusted EBITDA[1]	**73,982**	**8,303**	**82,285**	63,960	9,227	73,187
Net earnings			**39,913**			28,934
Total adjustment to the cost of sales[1]			**(9,396)**			2,008
Net change in fair value in interest rate swaps[1]			**322**			(2,473)
Income taxes on above adjustments			**2,372**			29
Adjusted net earnings			**33,211**			28,498
Net earnings per share (basic)			**0.38**			0.28
Adjustment for the above			**(0.06)**			(0.01)
Adjusted net earnings per share (basic)			**0.32**			0.27

(1) See “Adjusted results” section

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

(In thousands of dollars, except for volumes and per share information)	QUARTERS[1][2]							
	2023			2022				2021
	Third	**Second**	**First**	Fourth	Third	Second	First	Fourth
Gross margin	**41,685**	**41,658**	**41,191**	28,472	24,948	33,899	43,486	39,616
Total adjustment to the cost of sales[2]	**(6,773)**	**(3,425)**	**802**	10,669	7,706	1,988	(7,686)	(8,596)
Adjusted gross margin	**34,912**	**38,233**	**41,993**	39,141	32,654	35,887	35,800	31,020
Results from operating activities	**24,008**	**21,856**	**26,284**	(38,345)	8,822	15,499	27,337	26,952
Total adjustment to the cost of sales[2]	**(6,773)**	**(3,425)**	**802**	10,669	7,706	1,988	(7,686)	(8,596)
Goodwill impairment	**-**	**-**	**-**	50,000	-	-	-	-
Adjusted results from operating activities	**17,235**	**18,431**	**27,086**	22,324	16,528	17,487	19,651	18,356
Results from operating activities	**24,008**	**21,856**	**26,284**	(38,345)	8,822	15,499	27,337	26,952
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**6,515**	**6,589**	**6,429**	6,628	6,580	6,530	6,410	6,430
Goodwill impairment	**-**	**-**	**-**	50,000	-	-	-	-
EBITDA	**30,523**	**28,445**	**32,713**	18,283	15,402	22,029	33,747	33,382
EBITDA	**30,523**	**28,445**	**32,713**	18,283	15,402	22,029	33,747	33,382
Total adjustment to the cost of sales[2]	**(6,773)**	**(3,425)**	**802**	10,669	7,706	1,988	(7,686)	(8,596)
Adjusted EBITDA	**23,750**	**25,020**	**33,515**	28,952	23,108	24,017	26,061	24,786
Net (loss) earnings	**14,177**	**11,062**	**14,674**	(45,502)	3,138	8,570	17,226	16,140
Total adjustment to the cost of sales[2]	**(6,773)**	**(3,425)**	**802**	10,669	7,706	1,988	(7,686)	(8,596)
Goodwill impairment	**-**	**-**	**-**	50,000	-	-	-	-
Net change in fair value in interest rate swaps[2]	**(203)**	**479**	**46**	(328)	(633)	(1,246)	(594)	(162)
Income taxes on above adjustments	**1,548**	**999**	**(175)**	(2,678)	(1,792)	(190)	2,011	2,238
Adjusted net earnings	**8,749**	**9,115**	**15,347**	12,161	8,419	9,122	10,957	9,620

(1) All quarters are 13 weeks

(2) See "Adjusted results" section

CRITICAL ACCOUNTING ESTIMATES

For the third quarter of fiscal 2023, there were no significant changes in the critical accounting estimate as disclosed in our Management's Discussion and Analysis of the October 1, 2022 Annual Report.

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 the unaudited consolidated interim financial statements for the third quarter of fiscal 2023. Management has reviewed such new standards and proposed amendments, and does not anticipate that they will have a material impact on Rogers' financial statements. Refer to note 3 of the unaudited condensed consolidated interim financial statements and to note 3 (q) of the 2022 audited consolidated financial statements for details.

CONTROLS AND PROCEDURES

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 Rogers' ICFR during the period beginning on April 2,2023 and ended on July 1, 2023 that have materially affected, or are reasonably likely to materially affect, Rogers' ICFR. No such changes were identified through their evaluation.

FORWARD-LOOKING STATEMENTS

This report contains statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian Securities laws. Forward-looking statements may include, without limitation, statements and information which reflect our current expectations with respect to future events and performance. Wherever used, the words "may," "will," "should," "anticipate," "intend," "assume," "expect," "plan," "believe," "estimate," and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, we caution investors that statements concerning the following subjects are, or are likely to be, forward-looking statements:

- demand for refined sugar and maple syrup
- our recently announced sugar refining and logistic capacity expansion project in eastern Canada
- future prices of raw sugar
- expected inflationary pressures on costs
- natural gas costs
- beet production forecasts
- growth of the maple syrup industry and the refined sugar industry
- the status of labour contracts and negotiations
- the level of future dividends
- the status of government regulations and investigations

Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results or current expectations. Readers should also refer to the section "Risks and Uncertainties" in this MD&A for additional information on risk factors and other events that are not within our control. These risks are also referred to in our Annual Information Form in the "Risk Factors" section.

Although we believe that the expectations and assumptions on which forward-looking information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information as no assurance can be given that it will prove to be correct. Forward-looking information contained herein is made as at the date of this MD&A and we do not undertake any obligation to update or revise any forward-looking information, whether a result of events or circumstances occurring after the date hereof, unless so required by law.