Rogers Sugar Inc.

Press release – 3rd Quarter 2019 Results

HIGHER SUGAR CONSUMER VOLUME IMPROVES ADJUSTED GROSS MARGIN

INCREASED COMPETITIVE PRESSURE IN THE MAPLE PRODUCTS SEGMENT

Rogers Sugar Inc.'s ("the Company") third quarter results for fiscal 2019 were negatively impacted mainly by increased competitive activity in the Maple products segment. Highlights of the segmented and consolidated results are as follows:

Segmented and Consolidated results	**Three months ended June 29, 2019**			Three months ended June 30, 2018		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 146,240**	**$ 45,208**	**$ 191,448**	$ 148,720	$ 50,336	$ 199,056
Gross margin	**$ 24,461**	**$ 6,280**	**$ 30,741**	$ 24,257	$ 7,173	$ 31,430
Results from operating activities	**$ 15,415**	**$ 3,155**	**$ 18,570**	$ 15,583	$ 3,713	$ 19,296
Non- GAAP results:						
Total adjustment to the cost of sales (1) (2)	**(3,310)**	**(1,200)**	**(4,510)**	(3,586)	(157)	(3,743)
Adjusted Gross Margin (1)	**$ 21,151**	**$ 5,080**	**$ 26,231**	$ 20,671	$ 7,016	$ 27,687
Adjusted results from operating activities (1)	**$ 12,105**	**$ 1,955**	**$ 14,060**	$ 11,997	$ 3,556	$ 15,553
Adjusted EBITDA (1)	**$ 15,519**	**$ 3,273**	**$ 18,792**	$ 15,584	$ 4,749	$ 20,333

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

Segmented and Consolidated results	**Nine months ended June 29, 2019**			Nine months ended June 30, 2018		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 436,446**	**$ 150,274**	**$ 586,720**	$ 440,918	$ 152,476	$ 593,394
Gross margin	**$ 75,658**	**$ 17,844**	**$ 93,502**	$ 80,938	$ 20,660	$ 101,598
Results from operating activities	**$ 49,091**	**$ 7,856**	**$ 56,947**	$ 56,767	$ 9,102	$ 65,869
Non- GAAP results:						
Total adjustment to the cost of sales (1) (2)	**(5,984)**	**34**	**(5,950)**	(7,077)	(923)	(8,000)
Adjusted Gross Margin (1)	**$ 69,674**	**$ 17,878**	**$ 87,552**	$ 73,861	$ 19,737	$ 93,598
Adjusted results from operating activities (1)	**$ 43,107**	**$ 7,890**	**$ 50,997**	$ 49,690	$ 8,179	$ 57,869
Adjusted EBITDA (1)	**$ 53,473**	**$ 12,120**	**$ 65,593**	$ 59,754	$ 13,856	$ 73,610

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

Refer to the MD&A for additional details on the consolidated results of the Company.

With the mark-to-market of all derivative financial instruments and embedded derivatives in non-financial instruments at the end of each reporting period, our accounting income does not represent a complete understanding of factors and trends affecting the business. Consistent with previous reporting, we prepared adjusted gross margin and adjusted earnings results to reflect the performance of the Company during the period without the impact of the mark-to-market of derivative financial instruments and embedded derivatives in non-financial instruments. Earnings before interest and income taxes ("EBIT") included a mark-to-market gain of $4.5 million and $6.0 million for the third quarter and year-to-date of fiscal 2019, which was deducted to calculate the adjusted EBIT and adjusted gross margin results. Adjusted EBITDA represents EBIT, adjusted for the total adjustment to cost of sales for mark-to-market of derivative financial instruments, depreciation and amortization expenses, the Sugar segment acquisition costs and the Maple products segment non-recurring costs. See "Non-GAAP measures" section in the MD&A.

Free cash flow on a rolling twelve month basis was $34.1 million, a decrease of $9.9 million versus the comparable period. The variation is mainly explained by an increase in income taxes and interest payments of $7.0 million and $2.5 million, respectively, to higher capital and intangible assets spending, net of operational excellence capital expenditures of $2.4 million and higher purchases and cancellations under the NCIB of $0.4 million. This negative variance was somewhat offset by an increase in adjusted EBITDA of $1.4 million and a reduction in deferred financing charges of $0.7 million.

Sugar

The Company's total sugar deliveries for the third quarter were approximately 1,500 metric tonnes lower than the comparable quarter last year but were approximately 24,500 metric tonnes higher than the first nine months of fiscal 2018, an increase of approximately 5%. The decrease in revenues for the third quarter is mostly explained by the decrease in sales volume. The decrease in fiscal 2019 year-to-date revenues versus the same period last year is due mainly to a decrease in the weighted average raw sugar values in the current fiscal year, which more than offset the benefits of the increase in sales volume.

The industrial market segment decreased for the current quarter by approximately 5,900 metric tonne which is due to some timing in deliveries and that the third quarter of fiscal 2018 included opportunistic sales volume as a result of a competitor's production issues. Year-to-date, sales volume increased by approximately 8,400 metric tonnes when compared to the same period last year as a result of growth from existing accounts, as well as some timing in deliveries.

Volume in the consumer market increased by approximately 3,100 metric tonnes and approximately 4,100 metric tonnes for the third quarter of the current year and year-to-date, respectively, which is mainly explained by the additional volume negotiated with a National retail account which additional shipments started in April of this year.

Liquid volume was approximately 6,200 metric tonnes and approximately 13,800 metric tonnes higher than the third quarter of last year and year-to-date, respectively, mainly due to the recapture of some business temporarily lost to high fructose corn syrup ("HFCS") as well as additional demand from new and existing customers.

Export volume was approximately 4,900 metric tonne lower than the third quarter last year, mainly due to lower shipments to Mexico and some timing. Year-to-date, export volume was approximately 1,800 metric tonne lower than the comparable period last year, due mainly to timing.

Adjusted gross margin for the third quarter amounted to $21.2 million. The operating issues relating to the installation and commissioning of two inter-linked major capital projects in Vancouver, which greatly impaired the production of refined sugar during the second quarter continued to have some financial impact during the current quarter and amounted to approximately $0.6 million or approximately $3.32 per metric tonne. Without these one-time expenses, adjusted gross margin for the quarter would have been approximately $21.8 million versus $20.7 million. Adjusted gross margin per metric tonne

amounted to $116.97 for the current quarter, or $120.29 when excluding these one-time expenses, compared to $113.37 for the same period last year. The increase of $1.1 million or $6.92 per metric tonne is mainly explained by a favourable sales mix and additional by-product revenues. We are now fine tuning the equipment and as a result, the commissioning issues at the Vancouver refinery are largely behind us.

Year-to-date, adjusted gross margin of $69.7 million compared to $73.9 million for the comparative period represents a decrease of $4.2 million. On a year-to-date basis, the Vancouver commissioning issues added approximately $4.6 million in one-time incremental costs caused by large amounts of overtime, significant refining materials usage and additional natural gas usage in a time period when there was a disruption from the natural gas supply in British Columbia, which significantly increased natural gas transportation costs during the second quarter. In addition, fiscal 2018 included a non-cash pension plan income of $1.5 million recorded as a result of an amendment to a defined benefit pension plan. Therefore, excluding these two items, adjusted gross margin would have been $74.3 million for the first nine months of fiscal 2019 versus $72.4 million for the comparable period last year, representing an increase of $1.9 million. This increase was due mainly to a higher sales volume, additional by-product revenues, somewhat offset by lower #11 raw sugar values during the first quarter of the current year, when compared to the same period last year, which had a negative impact on Taber's domestic sales gross margin. Adjusted gross margin per metric tonne amounted to $128.02 for the first nine months of fiscal 2019 or $136.47, when excluding the one-time costs in Vancouver versus $142.11 for the same period last year, or $139.27 when excluding the non-cash pension plan income of $2.84 per metric tonne. The reduction of $2.80 in adjusted gross margin per metric tonne is mainly explained by the lower #11 raw sugar values in the first quarter of the current year.

Administration and selling expenses were $0.2 million and $0.6 million higher for the current quarter and year-to-date when compared to the same periods last year, mainly due to timing and some employee benefits expenses.

Distribution costs were $0.2 million and $1.8 million higher for the current quarter and year-to-date, respectively. The year-to-date increase is due to additional freight costs as a result of additional sales volume in the first half of the year as well as to product transfers between locations, of which, approximately $0.8 million relates to the commissioning issues in Vancouver encountered in the second quarter of this year.

Adjusted EBITDA for the third quarter and year-to-date amounted to $15.5 million and $53.5 million, respectively, representing a decrease of $0.1 million and $6.3 million, respectively. The decrease for the quarter and year-to-date is mainly explained by lower adjusted gross margin due to one-time costs incurred at the Vancouver refinery, as explained above, to higher distribution costs attributable to higher volume and transfers as a result of the commissioning issues in Vancouver and somewhat higher administrative and selling expenses.

Maple products

Revenue for the current quarter amounted to $45.2 million as compared to $50.3 million for the same period last year, a reduction of $5.1 million, which is mainly explained by a customer loss experienced early in the quarter that was recaptured by the end of the quarter as well as short-term production capacity constraints, associated with the optimization of the operational footprint, causing delays in certain shipments. Year-to-date, revenues were $2.2 million lower than the first nine months of fiscal 2018. The current quarter results, combined with certain delivery delays due to the relocation of production between facilities and the reduction in promotional activities associated with a shortage of certain syrup in the second quarter, more than offset the additional revenues generated by Decacer for the full first quarter of the current year as compared to fiscal 2018.

Adjusted gross margin for the current quarter and year-to-date were $5.1 million and $17.9 million, respectively, representing an adjusted gross margin percentage of revenues of 11.2% and 11.9%, respectively, compared to $7.0 million

and $19.7 million or 13.9% and 12.9% of revenues, respectively in the comparable periods last year. The reduction in the current quarter and year-to-date adjusted gross margin is mainly explained by a decrease in volume, by margin contractions as a result of competitive pressures and additional operating costs due to short-term inefficiencies associated with the operational footprint optimization. In addition, the second quarter results were negatively impacted by low inventories of certain syrup grades which required additional purchases from the Producteurs et Productrices Acéricoles du Québec ("PPAQ"), formerly known as the Federation des Producteurs Acéricoles du Québec ("FPAQ")) at a premium from the PPAQ's reserve as opposed to a discount last year.

Administration and selling expenses amounted to $2.3 million for the current quarter versus $2.4 million for the comparable period last year. Year-to-date, administration and selling expenses amounted to $7.3 million for the current period versus $8.8 million for the comparable period. However, the current fiscal year to date includes non-recurring costs amounting to $0.2 million, compared to $1.6 million for the same period last year. Excluding these non-recurring costs, administration and selling expenses were comparable to the first nine months of fiscal 2018.

Distribution expenses were $0.2 million and $0.1 million lower than the third quarter and year-to-date of fiscal 2018, respectively.

Adjusted EBITDA for the third quarter and the first nine months of fiscal 2019 amounted to $3.3 million and $12.1 million, respectively, a decrease of $1.5 million and $1.7 million period-over-period. The decrease for the current quarter and year-to-date is mainly explained by lower adjusted gross margins, as explained above, somewhat offset by a reduction in administration and selling expenses as well as distribution costs.

Outlook

Sugar

Despite some slight adjustment to the segment mix, the Company continues to expect the overall sales volume should be approximately 25,000 metric tonne above last fiscal year. The industrial segment is expected to increase slightly while the consumer and liquid segments are expected to improve by approximately 6,000 metric tonne and approximately 17,000 metric tonne, respectively. Finally, the export segment should decrease slightly. Additional information is provided in the MD&A.

On May 22, 2019, the Alberta Legislature announced that Bill 1, An Act to Repeal the Carbon Tax, will take effect on June 1, 2019. Bill 1 has effectively removed the carbon tax in Alberta, which was set at $1.517 per gigajoule by the previous government. Then on June 13, 2019, the Canadian government announced that on January 1, 2020, the Federal government will impose a carbon tax on Alberta, which will be equivalent to the carbon tax that was removed on June 1, 2019. The Alberta government has launched a constitutional challenge in court. The savings relating to the temporary removal of the carbon tax is expected to be minimal for fiscal 2019 as the slicing campaign concluded in February, which represents more than 85% of the gas consumption of the Taber facility. Savings of approximately $1.0 million are expected in the first quarter of fiscal 2020 pertaining to the temporary removal of the carbon tax in Alberta. No other changes are expected on carbon tax in British Columbia and Québec.

Consistent with prior communications, the Sugar segment's capital expenditures for fiscal 2019 are expected to increase compared to fiscal 2018 as the Company is undertaking a capital project in Taber to be fully compliant with air emission standards by fiscal 2020, which should add between $6.5 million and $7.0 million in capital spending in the current year. We anticipate that approximately $1.0 million will be spent in fiscal 2020 in order to complete the air emission project, for a total expected cost ranging between $7.0 million and $8.0 million. The remaining capital spend for the Sugar segment is expected to be similar to fiscal 2018, including a high proportion of return on investment capital expenditures.

Maple products

In light of the year-to-date results, Management now expects that Adjusted EBITDA for fiscal 2019 should be approximately $16.0 million. The lower than anticipated results for fiscal 2019 are largely attributable to two factors: heightened competitiveness in the marketplace and, to a lesser extent, some operational inefficiencies related to the plant footprint optimization.

During the quarter, the Company experienced increased competitive activities as a result of a new entrant in the maple bottling business. In these situations, the Company's strategy is to defend its market share and as a result, we have experienced and anticipate continued margin pressures in the Maple products segment until such time as the current market conditions improve. In addition to defending our current market share, the Company will continue to invest in the business to lower the operating cost and build new sales volume through the pursuit of new markets and value-added products.

The footprint optimization, as noted above, has created some short-term operational inefficiencies and capacity constraint in the current quarter. The Company has taken several steps to address the core operational issues. As a result, we expect the Degelis site to continuously improve and hit target efficiencies by the end of calendar 2019. Granby operations have taken on some of the production overflow from Degelis and will complete a planned transition to a new site in the last quarter of calendar 2019. We expect that the economic benefit of this transition will start to be realized after the second quarter of fiscal 2020.

Once the footprint optimization project is completed, the Company will be well positioned to have ample capacity to respond to future growth and be more competitive through more cost efficient facilities. No changes are expected in our Vermont facility.

The Company expects to spend approximately $7.0 million for its footprint optimization, of which, approximately $4.5 million will be spent in fiscal 2019.

FOR THE BOARD OF DIRECTORS,

Dallas H. Ross, Chairman
Vancouver, British Columbia – August 1, 2019

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This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers", "RSI" or the "Company") dated August 1, 2019 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the period ended June 29, 2019, as well as the audited consolidated financial statements and MD&A for the year ended September 29, 2018. The quarterly unaudited condensed consolidated interim financial statements and any amounts shown in this MD&A were not reviewed nor 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 ("TMTC", formerly known as L.B. Maple Treat Corporation ("LBMTC")), 9020-2292 Québec Inc. ("Decacer") and Highland Sugarworks Inc. ("Highland") (the latter three companies together referred to as "TMTC" or the "Maple products 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.

ADJUSTED RESULTS

In the normal course of business, the Company uses derivative financial instruments consisting of sugar futures, foreign exchange forward contracts, natural gas forwards and interest rate swaps. For fiscal 2016 and prior years, all derivative financial instruments were marked-to-market at each reporting date, with the unrealized gains/losses charged to the consolidated statement of earnings. As of October 2, 2016, the Company adopted all the requirements of IFRS 9 (2014) Financial Instruments. As a result, the Company has designated as effective hedging instruments its natural gas forwards and its interest rate swap agreements entered into in order to protect itself against natural gas price and interest rate fluctuations as cash flow hedges. Derivative financial instruments pertaining to sugar futures and foreign exchange forward contracts continue to be marked-to-market at each reporting date and are charged to the consolidated statement of earnings. In addition, the derivative financial instruments pertaining to foreign exchange forward contracts on maple syrup sales were marked-to-market as at June 29, 2019 and also charged to the consolidated statement of earnings. The unrealized gains/losses related to natural gas forwards and interest rate swaps are accounted for in other comprehensive income. The amount recognized in other comprehensive income is removed and included in net earnings under the same line item in the consolidated statement of earnings and comprehensive income as the hedged item, in the same period that the hedged cash flows affect net earnings, reducing earnings volatility related to the movements of the valuation of these derivatives hedging instruments. The transitional marked-to-market balances outstanding as of October 1, 2016 will be amortized over time based on their settlements until all existing natural gas forwards and all existing interest rate swaps agreements have expired.

The Company sells refined sugar to some clients in U.S. dollars. Prior to October 1, 2016, these sales contracts were viewed as having an embedded derivative if the functional currency of the customer was not U.S. dollars, the embedded derivative being the source currency of the transaction. The embedded derivatives were marked-to-market at each reporting date, with the unrealized gains/losses charged to the unaudited condensed consolidated interim statement of earnings with a corresponding offsetting amount charged to the unaudited condensed consolidated statement of financial position. As of October 2, 2016, the U.S. dollars of these sales contract were no longer considered as being an embedded derivative as it was determined that the U.S. dollar is commonly used in Canada. This change in estimate was applied prospectively, as a result, only the embedded derivatives relating to sales contracts outstanding as of October 1, 2016 continued to be marked-to-market every quarter until all the volume on these contracts has been delivered. As at June 29, 2019, there were no embedded derivatives on sales contracts outstanding from the October 1, 2016 balance.

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

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

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

Income (loss)	**For the three months ended**			For the three months ended		
(In thousands of dollars)	**June 29, 2019**			June 30, 2018		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ (551)**	**$ -**	**$ (551)**	$ 886	$ -	$ 886
Foreign exchange forward contracts	**1,528**	**1,013**	**2,541**	(958)	197	(761)
Total mark-to-market adjustment on derivatives	**977**	**1,013**	**1,990**	(72)	197	125
Cumulative timing differences	**1,823**	**187**	**2,010**	2,899	(40)	2,859
Adjustment to cost of sales	**2,800**	**1,200**	**4,000**	2,827	157	2,984
Amortization of transitional balance to cost of sales for cash flow hedges	**510**	**-**	**510**	759	-	759
Total adjustment to costs of sales [1]	**$ 3,310**	**$ 1,200**	**$ 4,510**	$ 3,586	$ 157	$ 3,743

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

Income (loss) (In thousands of dollars)	**For the nine months ended June 29, 2019**			For the nine months ended June 30, 2018		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ (1,565)**	**$ -**	**$ (1,565)**	$ (1,258)	$ -	$ (1,258)
Foreign exchange forward contracts	**31**	**(268)**	**(237)**	(58)	602	544
Embedded derivatives	**-**	**-**	**-**	51	-	51
Total mark-to-market adjustment on derivatives	**(1,534)**	**(268)**	**(1,802)**	(1,265)	602	(663)
Cumulative timing differences	**6,203**	**234**	**6,437**	6,209	321	6,530
Adjustment to cost of sales	**4,669**	**(34)**	**4,635**	4,944	923	5,867
Amortization of transitional balance to cost of sales for cash flow hedges	**1,315**	**-**	**1,315**	2,133	-	2,133
Total adjustment to costs of sales [(1)]	**$ 5,984**	**$ (34)**	**$ 5,950**	$ 7,077	$ 923	$ 8,000

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

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

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

As previously mentioned, starting on October 2, 2016, natural gas forwards were designated as an effective cash flow hedging instrument and as a result, mark-to-market adjustments are now recorded in other comprehensive income. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, will be subsequently removed from other comprehensive income when the natural gas forwards will be liquidated, in other words, when the natural gas is used. As a result, in the third quarter and year-to-date of fiscal 2019, the Company removed a gain of $0.5 million and $1.3 million, respectively, from other comprehensive income and recorded a gain of the same amount in cost of sales. The transitional balance relating to natural gas forwards will be fully depleted in fiscal 2020. See "Non-GAAP measures" section.

The above described adjustments are added or deducted to the mark-to-market results to arrive at the total adjustment to cost of sales. For the third quarter and year-to-date of the current year, the total cost of sales adjustment is a gain of $4.5 million and $6.0 million, respectively, to be deducted to the unaudited condensed consolidated interim operating results versus a gain of $3.7 million and $8.0 million to be deducted to the unaudited condensed consolidated interim results for the comparable periods last year, respectively. See "Non-GAAP measures" section.

SEGMENTED INFORMATION

The Company has two distinct segments, namely, refined sugar and by-products, together referred to as the "Sugar" segment and maple syrup and maple derived products, together referred to as the "Maple products" segment. The financial results for fiscal 2018 include those of Decacer since its acquisition on November 18, 2017. The following is a table showing the key results by segments:

Segmented results (In thousands of dollars)	**Three months ended June 29, 2019** Sugar	Maple Products	Total	Three months ended June 30, 2018 Sugar	Maple Products	Total
Revenues	**$ 146,240**	**$ 45,208**	**$ 191,448**	$ 148,720	$ 50,336	$ 199,056
Gross margin	**24,461**	**6,280**	**30,741**	24,257	7,173	31,430
Administration and selling expenses	**5,879**	**2,274**	**8,153**	5,697	2,370	8,067
Distribution costs	**3,167**	**851**	**4,018**	2,977	1,090	4,067
Results from operating activities	**$ 15,415**	**$ 3,155**	**$ 18,570**	$ 15,583	$ 3,713	$ 19,296
Non- GAAP results:						
Total adjustment to the cost of sales [(1) (2)]	**(3,310)**	**(1,200)**	**(4,510)**	(3,586)	(157)	(3,743)
Adjusted Gross Margin [(1)]	**$ 21,151**	**$ 5,080**	**$ 26,231**	$ 20,671	$ 7,016	$ 27,687
Adjusted results from operating activities [(1)]	**$ 12,105**	**$ 1,955**	**$ 14,060**	$ 11,997	$ 3,556	$ 15,553
Depreciation of property, plant and equipment and amortization of intangible assets	**3,414**	**1,317**	**4,731**	3,587	1,359	4,946
Maple Segment non-recurring costs [(1)]	**-**	**1**	**1**	-	(166)	(166)
Adjusted EBITDA [(1)]	**$ 15,519**	**$ 3,273**	**$ 18,792**	$ 15,584	$ 4,749	$ 20,333

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

(2) See "Adjusted results" section.

Segmented results	**Nine months ended June 29, 2019**			Nine months ended June 30, 2018		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 436,446**	**$ 150,274**	**$ 586,720**	$ 440,918	$ 152,476	$ 593,394
Gross margin	**75,658**	**17,844**	**93,502**	80,938	20,660	101,598
Administration and selling expenses	**16,879**	**7,340**	**24,219**	16,319	8,786	25,105
Distribution costs	**9,688**	**2,648**	**12,336**	7,852	2,772	10,624
Results from operating activities	**$ 49,091**	**$ 7,856**	**$ 56,947**	$ 56,767	$ 9,102	$ 65,869
Non- GAAP results:						
Total adjustment to the cost of sales [(1) (2)]	**(5,984)**	**34**	**(5,950)**	(7,077)	(923)	(8,000)
Adjusted Gross Margin [(1)]	**$ 69,674**	**$ 17,878**	**$ 87,552**	$ 73,861	$ 19,737	$ 93,598
Adjusted results from operating activities [(1)]	**$ 43,107**	**$ 7,890**	**$ 50,997**	$ 49,690	$ 8,179	$ 57,869
Depreciation of property, plant and equipment and amortization of intangible assets	**10,366**	**3,924**	**14,290**	10,064	3,814	13,878
Maple Segment non-recurring costs [(1)]	**-**	**306**	**306**	-	1,863	1,863
Adjusted EBITDA [(1)]	**$ 53,473**	**$ 12,120**	**$ 65,593**	$ 59,754	$ 13,856	$ 73,610

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

(2) See "Adjusted results" section.

Sugar

Revenues

(In thousands of dollars, except volume)	**Three months ended**		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Volume (MT)	**180,824**	182,331	**544,240**	519,728
Revenues	**$ 146,240**	$ 148,720	**$ 436,446**	$ 440,918

The Company's total sugar deliveries for the third quarter were approximately 1,500 metric tonnes lower than the comparable quarter last year but were approximately 24,500 metric tonnes higher than the first nine months of fiscal 2018, an increase of approximately 5%. The decrease in revenues for the third quarter is mostly explained by the decrease in sales volume. The decrease in fiscal 2019 year-to-date revenues versus the same period last year is due mainly to a decrease in the weighted average raw sugar values in the current fiscal year, which more than offset the benefits of the increase in sales volume.

The industrial market segment decreased for the current quarter by approximately 5,900 metric tonne which is due to some timing in deliveries and that the third quarter of fiscal 2018 included opportunistic sales volume as a result of a competitor's production issues. Year-to-date, sales volume increased by approximately 8,400 metric tonnes when compared to the same period last year as a result of growth from existing accounts, as well as some timing in deliveries.

Volume in the consumer market increased by approximately 3,100 metric tonnes and approximately 4,100 metric tonnes for the third quarter of the current year and year-to-date, respectively, which is mainly explained by the additional volume negotiated with a National retail account which additional shipments started in April of this year.

Liquid volume was approximately 6,200 metric tonnes and approximately 13,800 metric tonnes higher than the third quarter of last year and year-to-date, respectively, mainly due to the recapture of some business temporarily lost to high fructose corn syrup ("HFCS") as well as additional demand from new and existing customers.

Export volume was approximately 4,900 metric tonne lower than the third quarter last year, mainly due to lower shipments to Mexico and some timing. Year-to-date, export volume was approximately 1,800 metric tonne lower than the comparable period last year, due mainly to timing.

Gross Margin

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

(In thousands of dollars, except per metric tonne information)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Gross margin	**$ 24,461**	$ 24,257	**$ 75,658**	$ 80,938
Total adjustment to the cost of sales (1) (2)	**(3,310)**	(3,586)	**(5,984)**	(7,077)
Adjusted gross margin	**$ 21,151**	$ 20,671	**$ 69,674**	$ 73,861
Gross margin per metric tonne	**$ 135.28**	$ 133.04	**$ 139.02**	$ 155.73
Adjusted gross margin per metric tonne	**$ 116.97**	$ 113.37	**$ 128.02**	$ 142.11
Included in Gross margin:				
Depreciation of property, plant and equipment	**$ 3,219**	$ 3,422	**$ 9,774**	$ 9,561

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

(2) See "Adjusted results" section.

Gross margin of $24.5 million and $75.7 million for the quarter and year-to-date, respectively, do not reflect the economic margin of the sugar segment, as they include a gain of $3.3 million and $6.0 million, respectively, for the mark-to-market of derivative financial instruments as explained above. In the third quarter and first nine months of fiscal 2018, a mark-to-market gain of $3.6 million and $7.1 million, respectively, were recorded resulting in gross margins of $24.3 million and $80.9 million, respectively.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the third quarter amounted to $21.2 million. The operating issues relating to the installation and commissioning of two inter-linked major capital projects in Vancouver, which greatly impaired the production of refined sugar during the second quarter continued to have some financial impact during the current quarter and amounted to approximately $0.6 million or approximately $3.32 per metric tonne. Without these one-time expenses, adjusted gross margin for the quarter would have been approximately $21.8 million versus $20.7 million. Adjusted gross margin per metric tonne amounted to $116.97 for the current quarter, or $120.29 when excluding these one-time expenses, compared to $113.37 for the same period last year. The increase of $1.1 million or $6.92 per metric tonne is mainly explained by a favourable sales mix and additional by-product revenues. We are now fine tuning the equipment and as a result, the commissioning issues at the Vancouver refinery are largely behind us.

Year-to-date, adjusted gross margin of $69.7 million compared to $73.9 million for the comparative period represents a decrease of $4.2 million. On a year-to-date basis, the Vancouver commissioning issues added approximately $4.6 million in one-time incremental costs caused by large amounts of overtime, significant refining materials usage and additional natural gas usage in a time period when there was a disruption from the natural gas supply in British Columbia, which significantly increased natural

gas transportation costs during the second quarter. In addition, fiscal 2018 included a non-cash pension plan income of $1.5 million recorded as a result of an amendment to a defined benefit pension plan. Therefore, excluding these two items, adjusted gross margin would have been $74.3 million for the first nine months of fiscal 2019 versus $72.4 million for the comparable period last year, representing an increase of $1.9 million. This increase was due mainly to a higher sales volume, additional by-product revenues, somewhat offset by lower #11 raw sugar values during the first quarter of the current year, when compared to the same period last year, which had a negative impact on Taber's domestic sales gross margin. Adjusted gross margin per metric tonne amounted to $128.02 for the first nine months of fiscal 2019 or $136.47, when excluding the one-time costs in Vancouver versus $142.11 for the same period last year, or $139.27 when excluding the non-cash pension plan income of $2.84 per metric tonne. The reduction of $2.80 in adjusted gross margin per metric tonne is mainly explained by the lower #11 raw sugar values in the first quarter of the current year.

Other expenses

(In thousands of dollars)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Administration and selling expenses	**$ 5,879**	$ 5,697	**$ 16,879**	$ 16,319
Distribution costs	**$ 3,167**	$ 2,977	**$ 9,688**	$ 7,852
Included in Administration and selling expenses:				
Amortization of intangible assets	**$ 195**	$ 165	**$ 592**	$ 503

Administration and selling expenses were $0.2 million and $0.6 million higher for the current quarter and year-to-date when compared to the same periods last year, mainly due to timing and some employee benefits expenses.

Distribution costs were $0.2 million and $1.8 million higher for the current quarter and year-to-date, respectively. The year-to-date increase is due to additional freight costs as a result of additional sales volume in the first half of the year as well as to product transfers between locations, of which, approximately $0.8 million relates to the commissioning issues in Vancouver encountered in the second quarter of this year.

Results from operating activities ("EBIT")

(In thousands of dollars)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Results from operating activities	**$ 15,415**	$ 15,583	**$ 49,091**	$ 56,767
Total adjustment to the cost of sales [1] [2]	**(3,310)**	(3,586)	**(5,984)**	(7,077)
Adjusted results from operating activities	**$ 12,105**	$ 11,997	**$ 43,107**	$ 49,690

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

(2) See "Adjusted results" section.

EBIT is defined as earnings before interest and taxes. The results from operating activities for the current quarter and year-to-date of $15.4 million and $49.1 million, respectively, do not reflect the adjusted results from operating activities of the Company, as they include gains from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments. We will therefore comment on adjusted results from operating activities. Adjusted results from operating activities amounted to $12.1 million for the third

quarter, a decrease of $0.1 million when compared to the third quarter of fiscal 2018. Year-to-date, adjusted results were $6.6 million lower than the same period last year, but when excluding the non-cash pension plan income of $1.5 million, were $5.1 million lower. The adjusted gross margin benefit from the additional sales volume and by-products revenues was more than offset by the one-time incremental costs of approximately $5.4 million at the Vancouver refinery for the commissioning issues discussed above. Higher distribution costs and, to a much lesser extent, higher administrative and selling expenses also reduced the year-to-date adjusted EBIT.

Management believes that the Sugar segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for non-cash depreciation and amortization expense as it may have an impact on operating results.

Adjusted EBITDA

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

(In thousands of dollars)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Adjusted results from operating activities	**$ 12,105**	$ 11,997	**$ 43,107**	$ 49,690
Depreciation of property, plant and equipment and amortization of intangible assets	**3,414**	3,587	**10,366**	10,064
Adjusted EBITDA [(1)]	**$ 15,519**	$ 15,584	**$ 53,473**	$ 59,754

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

Adjusted EBITDA for the third quarter and year-to-date amounted to $15.5 million and $53.5 million, respectively, representing a decrease of $0.1 million and $6.3 million, respectively. The decrease for the quarter and year-to-date is mainly explained by lower adjusted gross margin due to one-time costs incurred at the Vancouver refinery, as explained above, to higher distribution costs attributable to higher volume and transfers as a result of the commissioning issues in Vancouver and somewhat higher administrative and selling expenses.

Maple products

Revenues

(In thousands of dollars and volume, in thousands of pounds)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Volume ('000 pounds)	**9,325**	10,654	**32,215**	35,370
Revenues	**$ 45,208**	$ 50,336	**$ 150,274**	$ 152,476

Revenue for the current quarter amounted to $45.2 million as compared to $50.3 million for the same period last year, a reduction of $5.1 million, which is mainly explained by a customer loss experienced early in the quarter that was recaptured by the end of the quarter as well as short-term production capacity constraints, associated with the optimization of the operational footprint, causing delays in certain shipments. Year-to-date, revenues were $2.2 million lower than the first nine months of fiscal 2018. The current quarter results, combined with certain delivery delays due to the relocation of production between facilities and the reduction in promotional activities associated with a shortage of certain syrup in the second quarter, more than offset the additional revenues generated by Decacer for the full first quarter of the current year as compared to fiscal 2018.

Gross Margin

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

(In thousands of dollars, except adjusted gross margin percentage information)	Three months ended			Nine months ended		
		June 29, 2019	June 30, 2018		**June 29, 2019**	June 30, 2018
Gross margin	**$**	**6,280**	$ 7,173	**$**	**17,844**	$ 20,660
Total adjustment to the cost of sales [1] [2]		**(1,200)**	(157)		**34**	(923)
Adjusted gross margin [1]	**$**	**5,080**	$ 7,016	**$**	**17,878**	$ 19,737
Gross margin percentage		**13.9%**	14.3%		**11.9%**	13.5%
Adjusted gross margin percentage		**11.2%**	13.9%		**11.9%**	12.9%
Included in Gross margin:						
Depreciation of property, plant and equipment	**$**	**441**	$ 444	**$**	**1,298**	$ 1,170

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

(2) See "Adjusted results" section.

Gross margins of $6.3 million and $17.8 million for the third quarter and first nine months of fiscal 2019, respectively, do not reflect the economic margin of the Maple products segment, as they include a gain of $1.2 million and a nominal loss, respectively, for the mark-to-market of derivative financial instruments on foreign exchange contracts.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter and year-to-date were $5.1 million and $17.9 million, respectively, representing an adjusted gross margin percentage of revenues of 11.2% and 11.9%, respectively, compared to $7.0 million and $19.7 million or 13.9% and 12.9% of revenues, respectively in the comparable periods last year. The reduction in the current quarter and year-to-date adjusted gross margin is mainly explained by a decrease in volume, by margin contractions as a result of competitive pressures and additional operating costs due to short-term inefficiencies associated with the operational footprint optimization. In addition, the second quarter results were negatively impacted by low inventories of certain syrup grades which required additional purchases from the Producteurs et Productrices Acéricoles du Québec ("PPAQ"), formerly known as the Federation des Producteurs Acéricoles du Québec ("FPAQ")) at a premium from the PPAQ's reserve as opposed to a discount last year.

Other expenses

(In thousands of dollars)	Three months ended			Nine months ended		
		June 29, 2019	June 30, 2018		**June 29, 2019**	June 30, 2018
Administration and selling expenses	**$**	**2,274**	$ 2,370	**$**	**7,340**	$ 8,786
Distribution costs	**$**	**851**	$ 1,090	**$**	**2,648**	$ 2,772
Included in Administration and selling expenses:						
Amortization of intangibles	**$**	**876**	$ 915	**$**	**2,626**	$ 2,644

Administration and selling expenses amounted to $2.3 million for the current quarter versus $2.4 million for the comparable period last year. Year-to-date, administration and selling expenses amounted to $7.3

million for the current period versus $8.8 million for the comparable period. However, the current fiscal year to date includes non-recurring costs amounting to $0.2 million, compared to $1.6 million for the same period last year. Excluding these non-recurring costs, administration and selling expenses were comparable to the first nine months of fiscal 2018.

Distribution expenses were $0.2 million and $0.1 million lower than the third quarter and year-to-date of fiscal 2018, respectively.

Results from operating activities ("EBIT")

(In thousands of dollars)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Results from operating activities	**$ 3,155**	$ 3,713	**$ 7,856**	$ 9,102
Total adjustment to the cost of sales [(1) (2)]	**(1,200)**	(157)	**34**	(923)
Adjusted results from operating activities	**$ 1,955**	$ 3,556	**$ 7,890**	$ 8,179

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

(2) See "Adjusted results" section.

The above results from operating activities reflect the earnings before interest and taxes of TMTC for the full periods and Decacer since its acquisition in the first quarter of fiscal 2018. The results from operating activities for the current quarter and year-to-date of $3.2 million and $7.9 million, respectively, do not reflect the adjusted results from operating activities of the Maple products segment, as they include gains and losses from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments. We will therefore comment on adjusted results from operating activities.

Adjusted EBIT amounted to $2.0 million for the third quarter compared to $3.6 million for the same quarter in fiscal 2018, a decrease of $1.6 million, mostly explained by a decrease in adjusted gross margin as explained above, somewhat offset by lower administration and selling expenses and distribution costs. Year-to-date, Adjusted EBIT amounted to $7.9 million compared to $8.2 million in prior year, a decrease of $0.3 million, is mostly explained by lower adjusted gross margin, as explained above, offset by lower administration and selling expenses and to a lesser extent, distribution costs.

The acquisition by TMTC of Decacer in fiscal 2018 has resulted in expenses that do not reflect the economic performance of the operation of TMTC. Finally, certain non-cash items and non-recurring expenses (income) also had an impact on the results from operating activities. As such Management believes that the Maple products segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above mentioned items.

Adjusted EBITDA

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

(In thousands of dollars)		Three months ended				Nine months ended		
		June 29, 2019		June 30, 2018		**June 29, 2019**		June 30, 2018
Adjusted results from operating activities	**$**	**1,955**	$	3,556	**$**	**7,890**	$	8,179
Non-recurring expenses:								
Acquisition costs incurred		**-**		-		**-**		675
Other non-recurring items		**1**		(166)		**306**		927
Finished goods valued at the estimated selling price less disposal cost as of acquisition date		**-**		-		**-**		261
Depreciation and amortization		**1,317**		1,359		**3,924**		3,814
Maple products segment adjusted EBITDA[(1)]	**$**	**3,273**	$	4,749	**$**	**12,120**	$	13,856

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

Other non-recurring items mainly include severance costs.

Adjusted EBITDA for the third quarter and the first nine months of fiscal 2019 amounted to $3.3 million and $12.1 million, respectively, a decrease of $1.5 million and $1.7 million period-over-period. The decrease for the current quarter and year-to-date is mainly explained by lower adjusted gross margins, as explained above, somewhat offset by a reduction in administration and selling expenses as well as distribution costs.

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of Rogers' unaudited condensed consolidated interim results for the three months and nine months ended June 29, 2019 and June 30, 2018:

(In thousands of dollars, except volume and per share information)		Three months ended				Nine months ended		
		June 29, 2019		June 30, 2018		**June 29, 2019**		June 30, 2018
Sugar (metric tonnes)		**180,824**		182,331		**544,240**		519,728
Maple syrup ('000 pounds)		**9,325**		10,654		**32,215**		35,370
Total revenues	**$**	**191,448**	$	199,056	**$**	**586,720**	$	593,394
Gross margin		**30,741**		31,430		**93,502**		101,598
Results from operating activities		**18,570**		19,296		**56,947**		65,869
Net finance costs		**4,271**		4,207		**13,270**		12,397
Income tax expense		**3,867**		3,795		**11,823**		14,376
Net earnings	**$**	**10,432**	$	11,294	**$**	**31,854**	$	39,096
Net earnings per share (basic)	**$**	**0.10**	$	0.11	**$**	**0.30**	$	0.37
Net earnings per share (diluted)	**$**	**0.10**	$	0.10	**$**	**0.30**	$	0.33
Dividends per share	**$**	**0.09**	$	0.09	**$**	**0.27**	$	0.27
Non- GAAP results:								
Total adjustment to the cost of sales [(1)]		**(4,510)**		(3,743)		**(5,950)**		(8,000)
Adjusted Gross Margin [(1)]		**26,231**		27,687		**87,552**		93,598
Adjusted results from operating activities [(1)]	**$**	**14,060**	$	15,553	**$**	**50,997**	$	57,869
Depreciation of property, plant and equipment and amortization of intangible assets		**4,731**		4,946		**14,290**		13,878
Maple Segment non-recurring costs [(1)]		**1**		(166)		**306**		1,863
Adjusted EBITDA [(1)]	**$**	**18,792**	$	20,333	**$**	**65,593**	$	73,610
Net earnings as per financial statements	**$**	**10,432**	$	11,294	**$**	**31,854**	$	39,096
Total adjustment to the cost of sales [(1) (2)]		**(4,510)**		(3,743)		**(5,950)**		(8,000)
Amortization of transitional balance to net finance costs [(1) (2)]		**(117)**		(136)		**(309)**		(404)
Income taxes on above adjustments		**1,228**		1,030		**1,574**		2,218
Adjusted net earnings [(1)]	**$**	**7,033**	$	8,445	**$**	**27,169**	$	32,910
Net earnings per share (basic), as per financial statements	**$**	**0.10**	$	0.11	**$**	**0.30**	$	0.37
Adjustment for the above		**(0.03)**		(0.03)		**(0.04)**		(0.06)
Adjusted net earnings per share (basic) [(1)]	**$**	**0.07**	$	0.08	**$**	**0.26**	$	0.31

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

(2) See "Adjusted results" section.

Total revenues

Revenues for the current quarter amounted to $191.4 million and were $7.6 million lower than the same period last year. Year-to-date, revenues at $586.7 million were $6.7 million lower than the first nine months of fiscal 2018. The reduction in revenues for the third quarter and year-to-date is explained by lower revenues in the Sugar and Maple products segments versus last year's comparable periods, as explained above.

Gross margin

Gross margins of $30.7 million and $93.5 million for the third quarter and the first nine months of the current fiscal year do not reflect the economic margin of the Company, as they include a gain of $4.5 million and $6.0 million, respectively, for the mark-to-market of derivative financial instruments as explained above (See "Adjusted results" section). In the third quarter and first nine months of fiscal 2018, a mark-to-market gain of $3.7 million and $8.0 million, respectively, were recorded, resulting in a gross margin of $31.4 million and $101.6 million, respectively. Excluding the mark-to-market of derivative financial instruments, adjusted gross margin amounted to $26.2 million for the quarter, compared to $27.7 million last year, a decrease of $1.5 million. The adjusted gross margin for the Maple products segment resulted in a reduction of $1.9 million due mainly to a decrease in revenues, margin contractions stemming from competitive activities and higher operating costs, as explained above. This negative variance was somewhat offset by an increase in the Sugar segment of $0.5 million mainly explained by a favourable sales mix and additional by-product revenues, as explained above. Year-to-date, adjusted gross margin amounted to $87.6 million, compared to $93.6 million for the comparable period, a decrease of $6.0 million. This negative variance compared to the first nine months of fiscal 2018 is mainly explained by a decrease in adjusted gross margin in the Sugar segment due mainly to the one-time operating costs in Vancouver as well as lower #11 raw sugar values in the first quarter and the non-recurrence in fiscal 2018 of a pension income of $1.5 million, as explained above. In addition, the adjusted gross margin for the Maple products segment also contributed negatively to the decrease versus the comparable period due to lower revenues and margins as well as higher syrup costs, as explained above.

Results from operating activities ("EBIT")

For the third quarter and first nine months of fiscal 2019, EBIT amounted to $18.6 million and $56.9 million, respectively, compared to $19.3 million and $65.9 million last year. As mentioned above, the gross margin comparison does not reflect the economic results from operating activities which were positively impacted by $0.8 million for the quarter and negatively impacted by $2.1 million year-to-date due to the period-over-period variation in mark-to-market of derivative financial instruments. Excluding the mark-to-market of derivative financial instruments, adjusted EBIT for the current quarter stood at $14.1 million, a decrease of $1.5 million, mainly explained by a lower contribution from the Maple products segment mostly as a result of lower adjusted gross margin. Year-to-date, adjusted EBIT amounted to $51.0 million, a $6.9 million decrease. The reduction in adjusted gross margin of $4.2 million and $1.9 million for the Sugar and Maple products segment, respectively, mainly explain the decrease year-over-year. The higher distribution costs and administration and selling expenses in the Sugar segment was somewhat offset by a reduction in administration and selling expenses in the Maple products segment.

Net finance costs

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

The net finance costs breakdown is as follows:

(In thousands of dollars)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Interest expense on convertible unsecured subordinated debentures	**$ 2,093**	$ 2,077	**$ 6,257**	$ 5,619
Interest on revolving credit facility	**1,317**	1,291	**3,895**	4,094
Amortization of deferred financing fees	**294**	315	**883**	1,093
Other interest expense	**684**	660	**2,544**	1,995
Net change in fair value of interest rate swap agreements	**(117)**	(136)	**(309)**	(404)
Net finance costs	**$ 4,271**	$ 4,207	**$ 13,270**	$ 12,397

Net finance costs for the current quarter were $0.1 million higher than the same quarter last year.

Year-to-date, the interest expense on convertible unsecured subordinated debentures were $6.3 million, representing an increase of $0.6 million. On March 28, 2018, the Fifth series 5.75% convertible unsecured subordinated debentures ("Fifth series debentures") of $60.0 million were repaid using a portion of the funds raised on the same day from the issuance of the Seventh series 4.75% convertible unsecured subordinated debentures ("Seventh series debentures") of $97.8 million. The increased borrowing level from the Seventh series debentures, combined with the increase in accretion expense, more than offset the reduction in interest rate, which mainly explains the increase year-to-date.

The year-to-date decrease in interest on the revolving credit facility is due mainly to a decrease in the average drawdown during the current fiscal year as compared to the same period last year, which was somewhat tempered by an increase in interest rate.

The other interest expense pertains mainly to interest payable to the PPAQ on syrup purchases, in accordance with the PPAQ payment terms. The increase period-over-period is due to the level of syrup purchases as well as an increase in interest rate.

Starting on October 2, 2016, interest rate swap agreements were designated as effective cash flow hedging instruments and as a result, mark-to-market adjustments are now recorded in other comprehensive income. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, will be subsequently removed from other comprehensive income when each of the fixed interest rate tranches will be liquidated, in other words, when the fixed interest rate is paid. As a result, the Company removed a gain of $0.1 million and $0.3 million for the current quarter and first nine months of fiscal 2019, respectively, from other comprehensive income and recorded a gain of the same amount in net finance costs, this compares to a gain of $0.1 million and $0.4 million for the same period last year, respectively. The transitional balance relating to interest rate swap agreements will be fully depleted in fiscal 2020. See "Adjusted results" section.

Taxation

The income tax expense is as follows:

(In thousands of dollars)		Three months ended				Nine months ended		
		June 29, 2019		June 30, 2018		**June 29, 2019**		June 30, 2018
Current	**$**	**4,333**	$	4,950	**$**	**12,046**	$	14,876
Deferred		**(466)**		(1,155)		**(223)**		(500)
Income tax expense	**$**	**3,867**	$	3,795	**$**	**11,823**	$	14,376

The variation in current and deferred tax expense period-over-period is consistent with the variation in earnings before income taxes in fiscal 2019.

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

Net earnings

Net earnings for the third quarter were $10.4 million compared to $11.3 million for the same period of fiscal 2018. Year-to-date, net earnings amounted to $31.9 million, compared to $39.1 million in fiscal 2018. The decrease is mostly explained by the period-over-period variation of the gain on the mark-to-market of derivative financial instruments, as well as a negative impact of the after-tax impact of a decrease in EBIT and the additional finance costs, as explained above.

Summary of Quarterly Results

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

(In thousands of dollars, except for volume and per share information)	QUARTERS							
	2019			2018				2017
	Third	**Second**	**First**	Fourth	Third	Second	First	Fourth
Sugar volume (MT)	**180,824**	**175,040**	**188,377**	200,147	182,331	163,253	174,144	183,397
Maple products volume ('000 pounds)	**9,325**	**11,033**	**11,857**	10,549	10,654	12,725	11,991	5,764
	$	**$**	**$**	$	$	$	$	$
Total revenues	**191,448**	**189,250**	**206,022**	211,807	199,056	189,455	204,883	192,984
Gross margin	**30,741**	**28,212**	**34,549**	29,255	31,430	27,055	43,113	22,631
EBIT	**18,570**	**15,395**	**22,982**	18,231	19,296	14,888	31,685	10,138
Net earnings (loss)	**10,432**	**8,011**	**13,411**	9,633	11,294	7,586	20,216	4,014
Gross margin rate per MT [(1)]	**135.28**	**124.80**	**155.81**	108.12	113.04	126.51	206.88	103.82
Gross margin percentage [(2)]	**13.9%**	**12.7%**	**9.5%**	15.0%	14.3%	12.1%	14.4%	13.5%
Per share								
Net earnings								
Basic	**0.10**	**0.08**	**0.13**	0.09	0.11	0.07	0.19	0.04
Diluted	**0.10**	**0.08**	**0.12**	0.09	0.10	0.07	0.18	0.04
Non-GAAP Measures								
Adjusted gross margin	**26,231**	**24,312**	**37,009**	32,764	27,687	28,607	37,303	28,034
Adjusted EBIT	**14,060**	**11,495**	**25,442**	21,740	15,553	16,440	25,875	15,541
Adjusted net earnings	**7,033**	**5,077**	**15,056**	12,122	8,445	8,617	15,848	7,938
Adjusted gross margin rate per MT [(1)]	**116.97**	**110.22**	**155.16**	128.90	113.37	134.66	179.19	134.18
Adjusted gross margin percentage [(2)]	**11.2%**	**10.0%**	**14.2%**	13.7%	13.9%	12.5%	12.4%	12.8%
Adjusted net earnings per share								
Basic	**0.07**	**0.05**	**0.14**	0.12	0.08	0.08	0.15	0.08
Diluted	**0.07**	**0.05**	**0.13**	0.11	0.08	0.07	0.14	0.08

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

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

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

Quarterly results reflect TMTC's acquisition on August 5, 2017 and the acquisition of Decacer on November 18, 2017.

Liquidity

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

(In thousands of dollars)	Three months ended		Nine months ended	
	June 29, 2019	June 30, 2018	**June 29, 2019**	June 30, 2018
Net cash flow from (used in) operating activities	**$ 11,930**	$ (7,784)	**$ 15,219**	$ (8,853)
Cash flow (used in) from financing activities	**(10,451)**	8,588	**1,178**	44,642
Cash flow used in investing activities	**(7,349)**	(4,681)	**(17,237)**	(50,823)
Effect of changes in exchange rate on cash	**(161)**	60	**9**	231
Net decrease in cash	**$ (6,031)**	$ (3,817)	**$ (831)**	$ (14,803)

Net cash flow from operating activities increased for the current quarter from negative cash flow of $7.8 million to positive cash flow of $11.9 million, resulting in a positive variance of $19.7 million. The positive variance is mainly explained by a positive non-cash working capital variation of $25.6 million, somewhat offset by a lower EBITDA adjusted for the change in fair value of derivative financial instruments included in cost of sales of $3.3 million, higher interest and taxes paid of $1.4 million and $1.0 million, respectively. Year-to-date, net cash flow from operating activities increased by $24.1 million mainly due to a positive non-cash working capital variation of $34.9 million, somewhat offset by a lower EBITDA adjusted for the change in fair value of derivative financial instruments included in cost of sales and pension expense of $2.5 million as well as higher taxes and interest paid of $7.0 million and $1.5 million, respectively.

Cash flow from financing activities decreased by $19.0 million for the current quarter from a positive $8.6 million to a negative $10.5 million. During the current quarter, borrowings under the revolving credit facility were $9.0 million lower than last year's comparable quarter. In addition, the third quarter of fiscal 2018 included $12.1 million of issuances under the Seventh series debentures, which added to the negative variation for the quarter. Finally, somewhat offsetting the negative impact of these variations is a reduction in purchase and cancellation of shares under the Normal Course Issuer Bid ("2018 NCIB") of $1.8 million and a reduction in deferred financing fees of $0.2 million, which was paid during the third quarter of fiscal 2018 for the extension of the revolving credit facility. Year-to-date, cash flow from financing activities decreased by $43.5 million mainly explained by the net proceeds of $33.3 million from the issuance of the Seventh series debentures, net of the repayment of the Fifth series debentures in fiscal 2018 as well as a $12.5 million decrease in borrowings from the revolving credit facilities, net of the variation in bank overdraft versus the comparable period last year. Slightly reducing the above-mentioned negative cash flows from financing activities is a reduction in purchases under the NCIB of $1.8 million and lower financing fees paid in the current period of $0.3 million.

The cash outflow used in investing activities increased compared to the third quarter of fiscal 2018 by $2.7 million, due to additional property, plant and equipment and intangible assets spending during the current quarter. Year-to-date, the cash outflow used in investing activities decreased by $33.6 million due

to the acquisition of Decacer in fiscal 2018, which resulted in a $39.0 million favorable variance and was somewhat offset by an increase of $5.4 million in property, plant and equipment and intangible assets spending during the current period.

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

Free cash flow is as follows:

(In thousands of dollars)		**Rolling twelve months**		
		2019		2018
Net cash flow from operating activities	**$**	**73,210**	$	57,008
Adjustments:				
Changes in non-cash working capital		**(18,404)**		7,717
Mark-to-market and derivative timing adjustments		**(545)**		387
Amortization of transitional balances		**(2,334)**		(3,473)
Financial instruments non-cash amount		**3,081**		1,206
Capital and intangible assets expenditures		**(29,055)**		(20,597)
Operational excellence capital expenditures		**10,336**		4,283
Purchase and cancellation of common shares		**(2,151)**		(1,719)
Deferred financing charges		**-**		(741)
Free cash flow [(1)]	**$**	**34,138**	$	44,071
Declared dividends	**$**	**37,803**	$	38,038

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

Free cash flow on a rolling twelve month basis was $34.1 million, a decrease of $9.9 million versus the comparable period. The variation is mainly explained by an increase in income taxes and interest payments of $7.0 million and $2.5 million, respectively, to higher capital and intangible assets spending, net of operational excellence capital expenditures of $2.4 million and higher purchases and cancellations under the NCIB of $0.4 million. This negative variance was somewhat offset by an increase in adjusted EBITDA of $1.4 million and a reduction in deferred financing charges of $0.7 million.

Capital and intangible assets expenditures, net of operational excellence expenditures, increased by $2.4 million compared to last year's rolling twelve months due to timing in spending as well as a higher expected spending in fiscal 2019. Free cash flow is not reduced by operational excellence capital expenditures, as these projects are not necessary for the operation of the plants, but are undertaken because of the substantial operational savings that are realized once the projects are completed.

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

The Company declared a quarterly dividend of 9.0 cents per common share every quarter, totalling $0.36 cents for both trailing twelve months periods. The slight decrease in 2019 versus the comparable period is due to the purchase and cancellation of shares under the NCIB, which reduced the dividend paid.

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

The combined impact of the mark-to-market and derivative timing adjustments, amortization of transitional balances and financial instruments non-cash positive amount of $0.2 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:

During the second quarter, TMTC entered into an agreement to lease a new premise in Granby (the "Granby lease") for a total committed value of approximately $8.8 million over a fifteen year period. The lease payments are subject to final adjustment, based on the final construction costs. The Granby lease also includes the option to renew for two additional five year periods.

Other than the Granby lease, there are no significant changes in the contractual obligations table disclosed in the Management's Discussion and Analysis of the September 29, 2018 Annual Report.

As at June 29, 2019, Lantic had commitments to purchase a total of 1,066,500 metric tonnes of raw sugar, of which 199,600 metric tonnes had been priced for a total dollar commitment of $80.6 million.

On July 9, 2019, Lantic exercised its option to extend the maturity date of its revolving credit facility to June 28, 2024 and made some minor amendments, which do not affect its outstanding borrowings nor its financial covenants.

Capital resources:

The Company has a total of $265.0 million of available working capital from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios. As at June 29, 2019, a total of $442.0 million of assets have been pledged as security for the revolving credit facility, compared to $438.7 million as at June 30, 2018, including trade receivables, inventories and property, plant and equipment. As mentioned above, on July 9, 2019, the Company exercised its option to extend the maturity of its revolving credit facility to June 28, 2024

At June 29, 2019, $207.0 million had been drawn from the working capital facility and $1.3 million in cash was also available.

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

OUTSTANDING SECURITIES

A total of 105,008,070 shares were outstanding as at June 29, 2019 and August 1, 2019 (105,408,070 as at June 30, 2018).

On December 3, 2018, 447,175 share options were granted to executives at a price of $5.58 per common share, representing the average market price for the five business days before the granting of options. These share options are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the share options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all share options granted under the Share Option Plan not vested are forfeited.

Also on December 3, 2018, 290,448 performance share units ("PSUs") were granted to executives. These PSUs will vest at the end of the 2019-2021 Performance Cycle based on the achievement of total shareholder returns set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors of the Company. The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the PSU Plan.

On May 22, 2019, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("2019 NCIB"). Under the NCIB, the Company may purchase up to 1,500,000 common shares. The 2019 NCIB commenced on May 24, 2019 and may continue to May 23, 2020.

On May 22, 2018, the Company received approval from the Toronto Stock Exchange to proceed with a 2018 NCIB. Under the 2018 NCIB, the Company was able to purchase up to 1,500,000 common shares. The NCIB commenced on May 24, 2018 and ended on May 23, 2019. During fiscal 2018, the Company purchased 736,900 common shares for a total cash consideration of $4.0 million.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

There were no significant changes in the critical estimate and accounting policies disclosed in the Management's Discussion and Analysis of the September 29, 2018 Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended September 29, 2018 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements except as noted below:

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

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

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

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

The Company adopted IFRS 15 in its consolidated interim financial statements for the year beginning on September 30, 2018. The adoption of the standard did not have an impact on the consolidated interim financial statements

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

On June 20, 2016, the IASB issued amendments to IFRS 2, Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively.

The amendments provide requirements on the accounting for:

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

The Company adopted the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on September 30, 2018. The adoption of the standard did not have an impact on the consolidated interim financial statements.

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

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

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

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

The Company adopted the amendments to IFRIC 22 in its consolidated financial statements for the annual period beginning on September 30, 2018. The adoption of the standard did not have an impact on the consolidated interim financial statements.

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

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

Amendments were made to the following standard:

- Removal of out-dated exemptions for first-time adopters under IFRS 1, *First-time Adoption of International Financial Reporting Standards*, effective for annual periods beginning on or after January 1, 2018; and
- Clarification that the election to measure an associate or joint venture at fair value under IAS 28, Investments in Associates and Joint Ventures for investments held directly, or indirectly, through

a venture capital or other qualifying entity can be made on an investment-by-investment basis. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2018.

The Company adopted the amendment in its consolidated interim financial statements for the annual period beginning on September 30, 2018. The adoption of the standard did not have an impact on the consolidated interim financial statements.

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

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

- IFRS 16, *Leases*:

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

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

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

The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on September 29, 2019.

During the year, the Company has continued to assess the impact of the adoption of IFRS 16. The Company expects to complete the assessment by year-end. Based on the preliminary analysis, the Company expects the adoption of IFRS 16 will have a significant impact on its consolidated financial statements, as the Company will recognize new assets and liabilities for its operating leases of warehouses, operating properties, railcars and production equipment. In addition, the nature and timing of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of use assets and interest expense on lease liabilities. On a go-forward basis, there will be a decrease in operating lease expense and an increase in depreciation and amortization and interest expense.

The Company intends to adopt this standard using the modified retrospective approach with the cumulative effects of initial application recorded in opening retained earnings as at September 28, 2019 with no restatements of the comparative period. Under the modified retrospective approach, the Company has elected to use the following practical expedients permitted on adoption of IFRS 16:

- the Company will not reassess whether a contract is, or contains, a lease at the date of initial application and instead will apply IFRS 16 to contracts that were previously identified as leases applying IAS 17, *Leases*;
- the Company will rely on the assessment of the onerous lease provisions under IAS 37, *Provisions*, contingent liabilities and contingent assets, instead of performing an impairment

review. The Company will adjust the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognized in the consolidated balance sheet immediately before the date of initial application;

- the Company will account for leases for which the lease term ends within twelve months of September 28, 2019 as short-term leases; and
- the Company will use hindsight in determining the lease term at the date of initial application.

Based on the information available as at August 1, 2019, the Company anticipates recognizing approximately $16.0 million to $18.0 million of right-of-use assets and lease liabilities on its consolidated balance sheet as at September 29, 2019.

The actual impact of the initial application of IFRS 16 may vary from the estimates provided, as the Company has not finalized all its calculations.

Additional new standards, and amendments to standards and interpretations, include: Annual Improvements to IFRS Standards (2015-2017) Cycle, IFRIC 23 *Uncertainty over Income Tax Treatments* and Amendments to References to the Conceptual Framework in IFRS Standards. The Company intends to adopt these new standards, and amendments to standards and interpretations, in its consolidated financial statements in each of their respective annual period for which they become applicable. The Company does not expect the adoption of these new standards, and amendments to standards and interpretations, to have a material impact on the consolidated financial statements. Refer to note 3 (c) to the unaudited condensed consolidated interim financial statements for more detail.

RISK FACTORS

Risk factors in the Company's business and operations are discussed in the Management's Discussion and Analysis of our Annual Report for the year ended September 29, 2018. This document is available on SEDAR at www.sedar.com or on our website at www.LanticRogers.com.

OUTLOOK

Sugar

Despite some slight adjustment to the segment mix, the Company continues to expect that the overall sales volume should be approximately 25,000 metric tonne above last fiscal year.

The industrial sugar market segment is expected to increase slightly when compared to fiscal 2018.

The Company anticipates that the consumer market should be approximately 6,000 metric tonnes higher than last fiscal year due to the additional business gained with an existing consumer account.

The liquid segment is expected to exceed fiscal 2018 by approximately 17,000 metric tonnes due to new liquid business as a result of the acquisition of a new account and the conversion of HFCS users to liquid sucrose.

The export segment is still expected to be slightly lower than last year as some of the Mexico shipments will not occur in fiscal 2019, as it was previously expected. The Company will continue to aggressively pursue any additional export sales that would be beneficial to the overall results. It is also worth commenting that the Company does not anticipate that the additional Canada specific quota of 9,600 metric tonnes granted under the United States-Mexico-Canada Agreement ("USMCA") would take effect in fiscal 2019 and therefore, should not have any impact on the overall export volume for this year.

On May 22, 2019, the Alberta Legislature announced that Bill 1, *An Act to Repeal the Carbon Tax,* will take effect on June 1, 2019. Bill 1 has effectively removed the carbon tax in Alberta, which was set at $1.517 per gigajoule by the previous government. Then on June 13, 2019, the Canadian government announced that on January 1, 2020, the Federal government will impose a carbon tax on Alberta, which will be equivalent to the carbon tax that was removed on June 1, 2019. The Alberta government has launched a constitutional challenge in court. The savings relating to the temporary removal of the carbon tax is expected to be minimal for fiscal 2019 as the slicing campaign concluded in February, which represents more than 85% of the gas consumption of the Taber facility. Savings of approximately $1.0 million are expected in the first quarter of fiscal 2020 pertaining to the temporary removal of the carbon tax in Alberta. No other changes are expected on carbon tax in British Columbia and Québec.

Consistent with prior communications, the Sugar segment's capital expenditures for fiscal 2019 are expected to increase compared to fiscal 2018 as the Company is undertaking a capital project in Taber to be fully compliant with air emission standards by fiscal 2020, which should add between $6.5 million and $7.0 million in capital spending in the current year. We anticipate that approximately $1.0 million will be spent in fiscal 2020 in order to complete the air emission project, for a total expected cost ranging between $7.0 million and $8.0 million. The remaining capital spend for the Sugar segment is expected to be similar to fiscal 2018, including a high proportion of return on investment capital expenditures.

We contracted 28,000 acres for planting in Taber for the 2019 crop, being the same as the 2018 crop and should derive approximately 125,000 metric tonnes of refined sugar.

Maple products

In light of the year-to-date results, Management now expects that Adjusted EBITDA for fiscal 2019 should be approximately $16.0 million. The lower than anticipated results for fiscal 2019 are largely attributable to two factors: heightened competitiveness in the marketplace and, to a lesser extent, some operational inefficiencies related to the plant footprint optimization.

During the quarter, the Company experienced increased competitive activities as a result of a new entrant in the maple bottling business. In these situations, the Company's strategy is to defend its market share and as a result, we have experienced and anticipate continued margin pressures in the Maple products segment until such time as the current market conditions improve. In addition to defending our current market share, the Company will continue to invest in the business to lower the operating cost and build new sales volume through the pursuit of new markets and value-added products.

The footprint optimization, as noted above, has created some short-term operational inefficiencies and capacity constraint in the current quarter. The Company has taken several steps to address the core operational issues. As a result, we expect the Degelis site to continuously improve and hit target efficiencies by the end of calendar 2019. Granby operations have taken on some of the production overflow from Degelis and will complete a planned transition to a new site in the last quarter of calendar 2019. We expect that the economic benefit of this transition will start to be realized after the second quarter of fiscal 2020.

Once the footprint optimization project is completed, the Company will be well positioned to have ample capacity to respond to future growth and be more competitive through more cost efficient facilities. No changes are expected in our Vermont facility.

The Company expects to spend approximately $7.0 million for its footprint optimization, of which, approximately $4.5 million will be spent in fiscal 2019.

NON-GAAP MEASURES

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

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

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

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

- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.
- Maple products segment Adjusted EBITDA is defined as the earnings before interest expenses, taxes and depreciation and amortization expenses of the Maple products segment, adjusted for the total adjustment to cost of sales relating to its segment and non-recurring expenses.
- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, amortization of transitional balances, financial instruments non-cash amount, and includes funds received or paid from the issue or purchase of shares, deferred financing charges paid and capital expenditures, net of operational excellence capital expenditures.

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

FORWARD-LOOKING STATEMENTS

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

unexpected costs or liabilities related to the Acquisitions, including that the Representation and Warranty Insurance ("RWI") Policy may not be sufficient to cover such costs or liabilities or that the Company may not be able to recover such costs or liabilities from the shareholders of TMTC and Decacer, the risks related to the regulatory regime governing the purchase and sale of maple syrup in Québec, including the risk that TMTC may not be able to maintain their authorized buyer status with the FPAQ and the risk that it may not be able to purchase maple syrup in sufficient quantities, the risk related to the production of maple syrup being seasonal and subject to climate change, the risk related to customer concentration and TMTC's reliance on private label customers, the risks related to consumer habits and the risk related to TMTC's business growth, substantially relying on exports.

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

FORWARD-LOOKING INFORMATION IN THIS MD&A

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

Principal Assumptions	**Principal Risks and Uncertainties**
Expected adjusted EBITDA for TMTC	
The expected adjusted EBITDA is the expected earnings before interest expenses, taxes, depreciation and amortization expense for a twelve-month period, adjusted for one-time costs and including the integration gains. The Company estimates annual operating earnings by subtracting from the estimated revenues, the estimated annual operating costs, from which it subtracts estimated general and administrative expenses. The integration gains include TMTC for fiscal 2018 and RSI integration gains for fiscal 2019. TMTC integration gains are estimated gains resulting from the three acquisitions completed by TMTC since February 2, 2016 and which include customer gains, procurement efficiencies, re-alignment of production lines, reduction of maple syrup losses and previous integration of acquired businesses. RSI integration gains are estimated operational gains resulting from the combination of the Company and TMTC which include business efficiencies and customer gains.	• Historical financial information used to estimate amounts may not be representative of future results. • Variability in TMTC's performance. • Unexpected administration, selling or distribution expenditures. • Uncertainty of successful integration and operational gains. • Other risks relating to the business of TMTC (refer to the "Risk Factors" section of the MD&A for the year ended September 29, 2018).
Expected Adjusted *pro forma* EBITDA for Decacer	
Decacer's Adjusted *pro forma* EBITDA is the expected earnings before interest expenses, taxes, depreciation and amortization expense for a twelve-month period, adjusted to take into account non-recurring items identified by Decacer's Management, non-recurring items identified by the Company during the course of its due diligence and estimated adjustments required to reflect the going-forward EBITDA run-rate.	• Historical financial information used may not be representative of future results. • Variability in Decacer's performance. • Unexpected administration, selling or distribution expenditures. • Uncertainty of successful integration and operational gains.

INTERNAL DISCLOSURE CONTROLS

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

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

The Chief Executive Officer and Chief Financial Officer have evaluated whether or not there were any changes to the Company's ICFR during the three month period ended June 29, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No such changes were identified through their evaluation.