HIGHER ADJUSTED GROSS MARGIN AND ADJUSTED GROSS MARGIN RATE FOR SUGAR

ADJUSTED EBITDA COMPARABLE TO PRIOR YEAR

February 11, 2020 - Rogers Sugar Inc. (the "Company" or "Rogers") (TSX: RSI) today reported its first quarter fiscal 2020 results. The Company recorded adjusted EBITDA (1) of $30.2 million for the first quarter of fiscal 2020, in line with the comparable period last year.

"During the first quarter the business completed a detailed supply chain plan, which will deliver our domestic customers all of their sugar needs, despite having harvested half of our expected volume in Taber." said John Holliday, President and Chief Executive Officer of Rogers and Lantic Inc. "Having gone through the exercise, we are confident in our ability to produce the expected sales volume, while minimizing the financial impact from a smaller crop and having some contingency plans for unexpected events. For the Maple products segment, we have achieved meaningful gains in plant efficiencies, and, with the addition of some planned overtime, we were able to increase production levels. The footprint optimization project, when completed in the second quarter, will provide further improvement and support our long-term vision to be a low cost, high quality, customer focused business."

First Quarter Highlights

Highlights of the consolidated results are as follows:

(unaudited)	First Quarter Fiscal	
(In thousands of dollars, except volume and per share information)	**2020**	2019 (2)
Sugar (metric tonnes)	**188,379**	188,385
Maple syrup ('000 pounds)	**12,792**	11,857
Total revenues	**$ 209,316**	$ 206,022
Gross margin	**39,046**	34,549
Results from operating activities	**26,751**	22,982
Net earnings	**$ 15,964**	$ 13,411
Net earnings per share (basic)	**$ 0.15**	$ 0.13
Net earnings per share (diluted)	**$ 0.14**	$ 0.12
Dividends per share	**$ 0.09**	$ 0.09
Non- IFRS results (1)		
Adjusted Gross Margin (1)	**$ 36,526**	$ 37,009
Adjusted results from operating activities (1)	**$ 24,231**	$ 25,442
Adjusted EBITDA (1)	**$ 30,227**	$ 30,231
Adjusted net earnings (1)	**$ 14,098**	$ 15,056
Adjusted net earnings per share (basic) (1)	**$ 0.13**	$ 0.14
Trailing twelve months free cash flow (1)	**$ 34,878**	$ 46,246

(1) See "Non-GAAP Measures" section of the MD&A for definition and reconciliation to GAAP measures

(2) The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

- Total sugar volume was in line with the prior year
- Overall Adjusted EBITDA [(1)] was comparable to the prior year whereby the increase in the Sugar segment was offset by the Maple products segment
- Progress continued on the maple segment footprint optimization project during the quarter with the installation and commissioning of the new bottling line at the new Granby location. The project is expected to be completed by the end of the second quarter and to generate significant long-term benefits through improved efficiency and lower operating costs. In addition, production backlog was reduced through improved productivity and temporarily increasing headcount and overtime at the Degelis and Granby locations which increased operating costs in the current period
- Free cash flow [(1)] for the trailing twelve months ending December 28, 2019 was $11.4 million lower than the previous year mainly explained by a decrease in adjusted EBITDA [(1)], an increase in capital and intangible spending, net of operational excellence capital, higher payments for capital leases and income taxes, somewhat offset by a reduction in interest paid, in repurchase and cancellation of shares and pension plan contribution
- Rogers remains committed to adding value for shareholders and returned $10.5 million to shareholders during the quarter, of which $9.4 million was through dividends and $1.1 million was through share repurchases. Subsequent to quarter end, an additional $4.2 million was used towards share purchases
- On February 11, 2020, the Board of Directors declared a quarterly dividend of $0.09.

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

Segmented Information

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

Consolidated results (In thousands of dollars)	**First Quarter Fiscal 2020**			First Quarter Fiscal 2019 [(2)]		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 154,815**	**$ 54,501**	**$ 209,316**	$ 151,139	$ 54,883	$ 206,022
Gross margin	**33,229**	**5,817**	**39,046**	29,352	5,197	34,549
Administration and selling expenses	**5,571**	**2,699**	**8,270**	5,348	2,447	7,795
Distribution costs	**3,228**	**797**	**4,025**	2,914	858	3,772
Results from operating activities	**$ 24,430**	**$ 2,321**	**$ 26,751**	$ 21,090	$ 1,892	$ 22,982
Non- GAAP results [(1)]						
Adjusted Gross Margin [(1)]	**$ 30,775**	**$ 5,751**	**$ 36,526**	$ 29,230	$ 7,779	$ 37,009
Adjusted results from operating activities [(1)]	**$ 21,976**	**$ 2,255**	**$ 24,231**	$ 20,968	$ 4,474	$ 25,442
Adjusted EBITDA [(1)]	**$ 26,120**	**$ 4,107**	**$ 30,227**	$ 24,459	$ 5,772	$ 30,231
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 2,964**	**$ 2,859**	**$ 5,823**	$ 4,533	$ 1,745	$ 6,278

[(1)] See "Non-GAAP Measures" section of the MD&A for definition and reconciliation to GAAP measures

[(2)] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Sugar

Our sugar segment generated solid results due to an increase in adjusted gross margin driven by lower energy costs, and stable total sugar volume when compared to the first quarter of the previous fiscal year.

(In thousands of dollars, except volume)	First Quarter Fiscal	
	2020	2019
Revenues	**$ 154,815**	$ 151,139
Volume (MT) as at December 29, 2018	188,385	
Variation:		
Industrial	(5,024)	
Consumer	3,637	
Liquid	4,323	
Export	(2,942)	
Total variation	(6)	
Volume as at December 28, 2019	**188,379**	

Industrial market segment volume decreased mostly due to non-recurring sales to a competitor that occurred in the first quarter last year and due to timing in certain large industrial accounts.

Total consumer volume increased for the current fiscal year due mainly to the additional volume negotiated with a National retail account for which additional shipments started in April of fiscal 2019.

First quarter liquid market volume increased over the comparable quarter last year due mainly to additional volume from new and existing customers that were gained during fiscal 2019.

Finally, as expected, first quarter export volume decreased for the current quarter when compared to last year due to negotiated delays in shipments to Mexico as we initiated our plans to manage the impact of the reduced factory output in Taber, resulting from the weather-related loss in sugar beet production. The reduction of Mexico deliveries was slightly offset by an increase in deliveries of the Canada specific quota to the United States, due to timing.

Revenues increased in the first quarter of fiscal 2020 versus the comparable period last year due to higher weighted average raw sugar values in Canadian dollars, which is passed on to all domestic customers.

	First Quarter Fiscal	
(In thousands of dollars, except per metric tonne information)	**2020**	2019 (3)
Gross margin	**$ 33,229**	$ 29,352
Total adjustment to cost of sales (1) (2)	**(2,454)**	(122)
Adjusted gross margin (1)	**$ 30,775**	$ 29,230
Gross margin per metric tonne	**$ 176.39**	$ 155.81
Adjusted gross margin per metric tonne	**$ 163.37**	$ 155.16
Included in Gross margin:		
Depreciation of property, plant and equipment and right-of-use assets	**$ 3,678**	$ 3,292

(1) See "Non-GAAP Measures" section of the MD&A for definition and reconciliation to GAAP measures
(2) See "Adjusted results" section of the MD&A
(3) The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Adjusted gross margin for the current quarter was $1.5 million higher or $8.21 per metric tonne higher than the comparable quarter in fiscal 2019, mainly explained by lower energy costs as no carbon tax was incurred in Taber during the current quarter compared to $1.51 per GJ paid last year. The benefit from the additional consumer volume was offset by additional maintenance costs in Montreal, associated with timing of work and higher operating costs in Taber. An early frost damaged the sugar beet crop, which resulted in lower quality beets having to be processed.

Administration and selling expenses were $0.2 million higher for the current quarter versus last year, mainly due to additional employee benefits expenses.

Distribution costs for the current fiscal year were $0.3 million higher than last year due to additional transfer costs.

(In thousands of dollars)	First Quarter Fiscal 2020	2019 [3]
Results from operating activities	**$ 24,430**	$ 21,090
Total adjustment to cost of sales [1] [2]	**(2,454)**	(122)
Adjusted results from operating activities	**$ 21,976**	$ 20,968
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	**4,144**	3,491
Adjusted EBITDA [1] [2]	**$ 26,120**	$ 24,459

[1] See "Non-GAAP Measures" section of this MD&A for definition and reconciliation to GAAP measures
[2] See "Adjusted results" section of this MD&A
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Adjusted EBITDA for the first quarter increased by $1.7 million when compared to the same quarter of fiscal 2019, which is explained by higher adjusted gross margins of $1.9 million, adjusted to remove depreciation, somewhat offset by higher administration and selling expenses of $0.2 million, excluding depreciation and amortization expense, as explained above.

The adoption of the new IFRS 16 Leases standard resulted in a $0.6 million increase in adjusted EBITDA for the current quarter.

Maple products

(In thousands of dollars, except volume)	First Quarter Fiscal 2020	2019
Volume ('000 pounds)	**12,792**	11,857
Revenues	**$ 54,501**	$ 54,883

Revenues for the current quarter were $0.4 million lower than the same period last year. The increase in volume was more than offset by a reduction in overall net selling price.

(In thousands of dollars, except adjusted gross margin rate information)	First Quarter Fiscal 2020	2019 [3]
Gross margin	**$ 5,817**	$ 5,197
Total adjustment to cost of sales [1] [2]	**(66)**	2,582
Adjusted gross margin [1]	**$ 5,751**	$ 7,779
Gross margin percentage	**10.7%**	9.5%
Adjusted gross margin percentage [1]	**10.6%**	14.2%
Included in Gross margin:		
Depreciation of property, plant and equipment and right-of-use assets	**$ 703**	$ 415

[1] See "Non-GAAP Measures" section of the MD&A for definition and reconciliation to GAAP measures
[2] See "Adjusted results" section of the MD&A

(3) The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Adjusted gross margin for the current quarter was $2.0 million lower than the comparable period, representing a decrease of 3.6% in adjusted gross margin percentage. This was not unexpected as it, in large part, stems from a reduction in gross margin percentage for certain customers since the second half of fiscal 2019 as a result of competitive pressures. In addition, the Maple products segment incurred additional labour costs of $0.3 million in the current quarter due to additional personnel and overtime in order to temporarily increase production capacity until the completion of the operational footprint optimization, which is expected by the end of the second quarter of the current year. Finally, depreciation expense increased by $0.3 million, mainly due to additional property, plant and equipment acquired as well as the start of the long-term lease of the new Granby location, which started on October 15, 2019.

Administration and selling expenses were $0.2 million higher than the first quarter last year due mainly to an increase in employee benefits associated with additional personnel.

(In thousands of dollars)	First Quarter Fiscal	
	2020	2019 (3)
Results from operating activities	**$ 2,321**	$ 1,892
Total adjustment to cost of sales (1) (2)	**(66)**	2,582
Adjusted results from operating activities (1)	**2,255**	4,474
Non-recurring expenses:		
Other one-time non-recurring items	**274**	8
Depreciation and amortization	**1,578**	1,290
Adjusted EBITDA (1)	**$ 4,107**	$ 5,772

(1) See "Non-GAAP Measures" section of the MD&A for definition and reconciliation to GAAP measures
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Adjusted EBITDA for the first quarter of fiscal 2020 decreased by $1.7 million due to lower adjusted gross margins and an increase in administration and selling expenses, as explained above.

The adoption of the new IFRS 16 Leases standard did not have a material effect on the current quarter.

Outlook

Sugar

Market conditions remain positive for our sugar business and despite challenges in our manufacturing and supply chain plans as a result of the smaller crop in Taber, we continue to expect that the Sugar segment will exceed last fiscal year's adjusted EBITDA.

As a result of severe adverse weather in late 2019, the beet harvest at Taber was terminated early, leading to lower than expected refined sugar volumes of approximately 65,000 metric tonnes, compared to previous expectations of 125,000 metric tonnes. As a result of the lower production volumes from Taber, the Company has optimized its supply chain to continue to service its customers. These changes mainly include the supply of cane sugar from the Vancouver and Montréal refineries, as both refineries have excess capacity to supply to the Company's domestic market. The Company will continue to mitigate the financial implication of a smaller sugar beet crop in Taber.

Given the smaller crop in Taber, export volume is expected to be approximately 15,000 metric tonnes lower than fiscal 2019. The Company has a long-term relationship with its customer in Mexico and, as a result, we were able to reduce its shipments in fiscal 2020 and roll commitments into fiscal 2022 at no additional costs to the Company. Shipments to the USA under the Canada-specific U.S. quota of 10,300 metric tonnes have been fully considered in our reconfigured supply chain and will be fully delivered in fiscal 2020. At this point in time, the Company does not anticipate any additional volume under the Canada-United States-Mexico Agreement ("CUSMA") for the current fiscal year despite the fact that it is anticipated to be ratified within the new few weeks.

The Company anticipates that the consumer segment should be approximately 10,000 metric tonnes higher than fiscal 2019. Last fiscal year, the Company gained additional business with an existing consumer account which started in April 2019 and as such, will improve consumer volume in fiscal 2020.

The Taber factory delivers a significant portion of its volume to liquid customers, which is still expected to occur in fiscal 2020. Therefore, the Company's liquid segment is expected to be comparable to fiscal 2019.

Finally, the industrial volume is expected to also be comparable to fiscal 2019.

Despite the challenges expected as a result of a small crop in Taber, the Company anticipates that the overall sales volume in fiscal 2020 should be approximately 735,000 metric tonnes, thus approximately 6,000 metric tonnes lower than fiscal 2019.

Energy costs and carbon tax savings of approximately $2.5 million are expected in the first half of fiscal 2020 as a result of the temporary removal of the carbon tax in Alberta as well as the shorter slicing campaign.

In light of the smaller crop in Taber, it is expected that total distribution costs will increase in fiscal 2020 as we reconfigure our supply chains.

With the completion of the air emission project, capital spend for the Sugar segment is expected to return to a level of approximately $20.0 million, including a high proportion of return on investment capital expenditures.

Maple products

The current quarter margins reflect the more competitive market conditions we are in today and as such, we don't anticipate any short-term change in gross margins. In addition to defending our current market share, the Company will continue to invest in the business to lower operating cost and build new sales volume through the pursuit of new markets and value-added products.

Manufacturing throughput increased during the quarter with a combination of improved line efficiency in Degelis and planned overtime. The transition to the new manufacturing network is expected by the end of the second quarter, which is expected to reduce operating costs and increase the overall network capacity, as well as allow for growth.

The Company expects to spend approximately $8.0 million for its footprint optimization, slightly higher than anticipated, of which, approximately $4.7 million will be spent in fiscal 2020 to complete the Granby relocation.

See "Forward Looking Statements" and "Risks and Uncertainties" sections of the MD&A.

Mark-to-Market Measures

With the mark-to-market of all derivative 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. Earnings before interest and income taxes ("EBIT") included a mark-to-market gain of $2.5 million for the first quarter of fiscal 2020, 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, non-cash goodwill impairment and the Maple products segment non-recurring costs. See "Non-GAAP measures" section in the MD&A.

Access to Quarterly Results Information

Rogers Sugar Inc. (RSI) will be holding a conference call to discuss their 2020 first quarter results on Tuesday, February 11th, 2020 at 17:30 (Eastern Time).

The conference call will be chaired by Mr. John Holliday, Chief Executive Officer and Ms. Manon Lacroix, Chief Financial Officer.

Conference Call

If you wish to participate, please dial 1-877-223-4471. A recording of the conference call will be accessible shortly after the conference, by dialing 1-800-585-8367, access code 1585343#. This recording will be available until February 18, 2020.

FOR THE BOARD OF DIRECTORS,

M. Dallas H. Ross, Chairman
Vancouver, British Columbia – February 11th, 2020

For further information:
Ms. Manon Lacroix, Vice President Finance, Chief Financial Officer and Secretary
Tel: (514) 940-4350 - Visit our Website at www.LanticRogers.com

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers", "RSI" or the "Company") dated February 11, 2020 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three month period ended December 28, 2019, as well as the audited consolidated financial statements and MD&A for the year ended September 28, 2019. 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") and Highland Sugarworks Inc. ("Highland") (the latter two companies together referred to as "TMTC" or the "Maple products segment"). It should be noted that 9020-2292 Québec Inc. ("Decacer") was amalgamated with TMTC as of September 29, 2019.

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.

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, 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. Readers should also refer to the section "Risks and Uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. These risks are also referred to in the Company's Annual Information Form in the "Risk Factors" section.

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.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

The following is a summary of selected financial information of Rogers' consolidated results for the first quarter of fiscal 2020 and 2019.

(unaudited) (In thousands of dollars, except volume and per share information)		First Quarter Fiscal **2020**		2019 [2]
Sugar (metric tonnes)		**188,379**		188,385
Maple syrup ('000 pounds)		**12,792**		11,857
Total revenues	**$**	**209,316**	$	206,022
Gross margin		**39,046**		34,549
Results from operating activities		**26,751**		22,982
Net earnings	**$**	**15,964**	$	13,411
Net earnings per share (basic)	**$**	**0.15**	$	0.13
Net earnings per share (diluted)	**$**	**0.14**	$	0.12
Dividends per share	**$**	**0.09**	$	0.09
Non- IFRS results [1]				
Adjusted Gross Margin [1]	**$**	**36,526**	$	37,009
Adjusted results from operating activities [1]	**$**	**24,231**	$	25,442
Adjusted EBITDA [1]	**$**	**30,227**	$	30,231
Adjusted net earnings [1]	**$**	**14,098**	$	15,056
Adjusted net earnings per share (basic) [1]	**$**	**0.13**	$	0.14
Trailing twelve months free cash flow [1]	**$**	**34,878**	$	46,246

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[2] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Adjusted results

In the normal course of business, the Company uses derivative financial instruments consisting of sugar futures, foreign exchange forward contracts, natural gas futures and interest rate swaps. The Company has designated as effective cash flow hedging instruments its natural gas futures and its interest rate swap agreements entered into in order to protect itself against natural gas prices and interest rate fluctuations as cash flow hedges. Derivative financial instruments pertaining to sugar futures and foreign exchange forward contracts are marked-to-market at each reporting date and are charged to the consolidated statement of earnings. The unrealized gains/losses related to natural gas futures and interest rate swaps are accounted for in other comprehensive income. The amount recognized in other comprehensive income is removed and included in net earnings under the same line item in the consolidated statement of earnings and comprehensive income as the hedged item, in the same period that the hedged cash flows affect net earnings, reducing earnings volatility related to the movements of the valuation of these derivatives hedging instruments.

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. 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 results from operating activities ("adjusted EBIT"), adjusted EBITDA, adjusted net earnings, adjusted net earnings per share and trailing twelve months free cash flow. 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, adjusted EBIT and adjusted net earnings when discussing results with the Board of Directors, analysts, investors, banks and other interested parties. See "Non-GAAP measures" section.

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

Income (loss) (In thousands of dollars)	**First Quarter Fiscal 2020** **Sugar**	**Maple Products**	**Total**	First Quarter Fiscal 2019 Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ 2,488**	**$ -**	**$ 2,488**	$ 333	$ -	$ 333
Foreign exchange forward contracts	**(531)**	**255**	**(276)**	(1,419)	(2,065)	(3,484)
Total mark-to-market adjustment on derivatives	**1,957**	**255**	**2,212**	(1,086)	(2,065)	(3,151)
Cumulative timing differences	**490**	**(189)**	**301**	819	(517)	302
Adjustment to cost of sales	**2,447**	**66**	**2,513**	(267)	(2,582)	(2,849)
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges	**7**	**-**	**7**	389	-	389
Total adjustment to costs of sales	**$ 2,454**	**$ 66**	**$ 2,520**	$ 122	$ (2,582)	$ (2,460)

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

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

On October 2, 2016, the Company adopted IFRS 9 (2014) *Financial Instruments* and designated natural gas futures as an effective cash flow hedging instrument. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, are subsequently removed from other comprehensive income when the natural gas futures will be liquidated, in other words, when the natural gas is used. As a result, in fiscal 2020, the Company removed a nominal gain from other comprehensive income and recorded a gain of the same amount in cost of sales for the first quarter. The transitional balance relating to natural gas futures will be fully depleted in the current fiscal year. 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 first quarter of the current year, the total cost of sales adjustment is a gain of $2.5 million to be deducted from the consolidated results versus a loss of $2.5 million to be added to the consolidated results for the comparable quarter last year. 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 following is a table showing the key results by segments:

Consolidated results (In thousands of dollars)	**First Quarter Fiscal 2020** **Sugar**	**Maple Products**	**Total**	First Quarter Fiscal 2019 [2] Sugar	Maple Products	Total
Revenues	**$ 154,815**	**$ 54,501**	**$ 209,316**	$ 151,139	$ 54,883	$ 206,022
Gross margin	**33,229**	**5,817**	**39,046**	29,352	5,197	34,549
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Results from operation by segment

Sugar

(In thousands of dollars, except volume)	**First Quarter Fiscal** **2020**	2019
Revenues	**$ 154,815**	$ 151,139
Volume (MT) as at December 29, 2018	188,385	
Variation:		
Industrial	(5,024)	
Consumer	3,637	
Liquid	4,323	
Export	(2,942)	
Total variation	(6)	
Volume as at December 28, 2019	**188,379**	

The decrease in the industrial market segment is mostly due to non-recurring sales to a competitor that occurred in the first quarter last year and due to timing in certain large industrial accounts.

Total consumer volume increased for the current fiscal year due mainly to the additional volume negotiated with a National retail account for which additional shipments started in April of fiscal 2019.

The volume for the liquid market for the current quarter was higher than the comparable quarter last year due mainly to additional volume from new and existing customers that were gained during fiscal 2019.

Finally, as expected, export volume decreased for the current quarter when compared to last year due to negotiated delays in shipments to Mexico as we initiated our plans to manage the impact of the reduced factory output in Taber, resulting from the weather related loss in sugar beet production. The reduction of Mexico deliveries was slightly offset by an increase in deliveries of the Canada specific quota to the United States, due to timing.

The increase in revenues for the first quarter of fiscal 2020 versus the comparable period last year is mainly explained by an increase in the weighted average raw sugar values in Canadian dollars, which is passed on to all domestic customers.

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)	First Quarter Fiscal 2020		2019 [3]
Gross margin	**$ 33,229**	$	29,352
Total adjustment to cost of sales [1] [2]	**(2,454)**		(122)
Adjusted gross margin [1]	**$ 30,775**	$	29,230
Gross margin per metric tonne	**$ 176.39**	$	155.81
Adjusted gross margin per metric tonne	**$ 163.37**	$	155.16
Included in Gross margin:			
Depreciation of property, plant and equipment and right-of-use assets	**$ 3,678**	$	3,292

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[2] See "Adjusted results" section
[3] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Gross margin of $33.2 million for the current quarter does not reflect the economic margin of the sugar segment, as it includes a gain of $2.5 million for the mark-to-market of derivative financial instruments as explained above. In the first quarter of fiscal 2019, a mark-to-market gain of $0.1 million was recorded resulting in gross margins of $29.4 million.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter was $1.5 million higher or $8.21 per metric tonne higher than the comparable quarter in fiscal 2019, mainly explained by lower energy costs as no carbon tax was incurred in Taber during the current quarter compared to $1.51 per GJ paid last year. The benefit from the additional consumer volume was offset by additional maintenance costs in Montreal, associated with timing of work and higher operating costs in Taber. An early frost damaged the sugar beet crop, which resulted in lower quality beets having to be processed.

Other expenses

(In thousands of dollars)	First Quarter Fiscal 2020		2019 [1]
Administration and selling expenses	**$ 5,571**	$	5,348
Distribution costs	**$ 3,228**	$	2,914
Included in Administration and selling expenses:			
Amortization of intangible assets	**$ 209**	$	199
Included in Distribution costs:			
Depreciation of right-of-use assets	**$ 257**	$	-

[1] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Administration and selling expenses were $0.2 million higher for the current quarter versus last year, mainly due to additional employee benefits expenses.

Distribution costs for the current fiscal year were $0.3 million higher than last year due to additional transfer costs.

Results from operating activities

(In thousands of dollars)	First Quarter Fiscal **2020**	2019 [(2)]
Results from operating activities	**$ 24,430**	$ 21,090
Adjusted results from operating activities [(1)]	**$ 21,976**	$ 20,968

[(1)] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[(2)] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

The results from operating activities for the first quarter of fiscal 2020 of $24.4 million do not reflect the adjusted results from operating activities of the Sugar 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. In addition, non-cash depreciation and amortization expense also had a negative impact on the results from operating activities. As such Management believes that the Sugar segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above-mentioned items.

Adjusted results from operating activities were $1.0 million higher than the first quarter of fiscal 2019 as a result of higher adjusted gross margin of $1.5 million, somewhat offset by higher administration and selling expenses and distribution costs, as explained above.

Adjusted EBITDA

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

(In thousands of dollars)	**First Quarter Fiscal** **2020**	2019 [(3)]
Results from operating activities	**$ 24,430**	$ 21,090
Total adjustment to cost of sales [(1) (2)]	**(2,454)**	(122)
Adjusted results from operating activities	**$ 21,976**	$ 20,968
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	**4,144**	3,491
Adjusted EBITDA [(1) (2)]	**$ 26,120**	$ 24,459

[(1)] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[(2)] See "Adjusted results" section
[(3)] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Adjusted EBITDA for the first quarter increased by $1.7 million when compared to the same quarter of fiscal 2019, which is explained by higher adjusted gross margins of $1.9 million, adjusted to remove depreciation, somewhat offset by higher administration and selling expenses of $0.2 million, excluding depreciation and amortization expense, as explained above.

The adoption of the new IFRS 16 *Leases* standard resulted in a $0.6 million increase in adjusted EBITDA for the current quarter.

Maple products

Revenues

(In thousands of dollars, except volume)	**First Quarter Fiscal** **2020**	2019
Volume ('000 pounds)	**12,792**	11,857
Revenues	**$ 54,501**	$ 54,883

Revenues for the current quarter were $0.4 million lower than the same period last year. The increase in volume was more than offset by a reduction in overall net selling price.

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 rate information)		**First Quarter Fiscal**		
		2020		2019 [3]
Gross margin	**$**	**5,817**	$	5,197
Total adjustment to cost of sales [1] [2]		**(66)**		2,582
Adjusted gross margin [1]	**$**	**5,751**	$	7,779
Gross margin percentage		**10.7%**		9.5%
Adjusted gross margin percentage [1]		**10.6%**		14.2%
Included in Gross margin:				
Depreciation of property, plant and equipment and right-of-use assets	**$**	**703**	$	415

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[2] See "Adjusted results" section
[3] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Gross margin of $5.8 million for the first quarter of fiscal 2020 does not reflect the economic margin of the Maple products segment, as it includes a gain of $0.1 million 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 was $2.0 million lower than the comparable period, representing a decrease of 3.6% in adjusted gross margin percentage. This was not unexpected as it, in large part, stems from a reduction in gross margin percentage for certain customers since the second half of fiscal 2019 as a result of competitive pressures. In addition, the Maple products segment incurred additional labour costs of $0.3 million in the current quarter due to additional personnel and overtime in order to temporarily increase production capacity until the completion of the operational footprint optimization, which is expected by the end of the second quarter of the current year. Finally, depreciation expense increased by $0.3 million, mainly due to additional property, plant and equipment acquired as well as the start of the long-term lease of the new Granby location, which started on October 15, 2019.

Other expenses

(In thousands of dollars)		First Quarter Fiscal		
		2020		2019
Administration and selling expenses	**$**	**2,699**	$	2,447
Distribution costs	**$**	**797**	$	858
Included in Administration and selling expenses:				
Amortization of intangible assets	**$**	**875**	$	875

Administration and selling expenses were $0.2 million higher than the first quarter last year due mainly to an increase in employee benefits associated with additional personnel.

Results from operating activities ("EBIT")

(In thousands of dollars)		First Quarter Fiscal **2020**		2019 [(2)]
Results from operating activities	**$**	**2,321**	$	1,892
Adjusted results from operating activities ("Adjusted EBIT") [(1)]	**$**	**2,255**	$	4,474

[(1)] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[(2)] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

The results from operating activities for the current quarter of $2.3 million do not reflect the adjusted results from operating activities of the Maple products segment, as it includes 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 $2.3 million for the first quarter compared to $4.5 million for the same quarter in fiscal 2019, a decrease of $2.2 million, mostly explained by a decrease in adjusted gross margin and higher administration and selling expenses, as explained above.

Certain non-cash items and non-recurring expenses 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)		**First Quarter Fiscal** **2020**		2019 [(3)]
Results from operating activities	**$**	**2,321**	$	1,892
Total adjustment to cost of sales [(1)] [(2)]		**(66)**		2,582
Adjusted results from operating activities [(1)]		**2,255**		4,474
Non-recurring expenses:				
Other one-time non-recurring items		**274**		8
Depreciation and amortization		**1,578**		1,290
Adjusted EBITDA [(1)]	**$**	**4,107**	$	5,772

[(1)] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[(2)] See "Adjusted results" section
[(3)] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Other non-recurring items for the current quarter mainly include costs associated with having two locations in Granby as part of the footprint optimization project.

Adjusted EBITDA for the first quarter of fiscal 2020 decreased by $1.7 million due to lower adjusted gross margins and an increase in administration and selling expenses, as explained above.

The adoption of the new IFRS 16 *Leases* standard did not have a material effect on the current quarter.

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of Rogers' consolidated results for the first quarter of fiscal 2020 and 2019.

(unaudited) (In thousands of dollars, except volume and per share information)		First Quarter Fiscal 2020		2019 [2]
Sugar (metric tonnes)		**188,379**		188,385
Maple syrup ('000 pounds)		**12,792**		11,857
Total revenues	**$**	**209,316**	$	206,022
Gross margin		**39,046**		34,549
Results from operating activities ("EBIT")		**26,751**		22,982
Net finance costs		**4,881**		4,642
Income tax expense		**5,906**		4,929
Net earnings	**$**	**15,964**	$	13,411
Net earnings per share (basic)	**$**	**0.15**	$	0.13
Net earnings per share (diluted)	**$**	**0.14**	$	0.12
Dividends per share	**$**	**0.09**	$	0.09
Non- IFRS results [1]				
Adjusted Gross Margin [1]	**$**	**36,526**	$	37,009
Adjusted results from operating activities [1]	**$**	**24,231**	$	25,442
Adjusted EBITDA [1]	**$**	**30,227**	$	30,231
Adjusted net earnings [1]	**$**	**14,098**	$	15,056
Adjusted net earnings per share (basic) [1]	**$**	**0.13**	$	0.14

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[2] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Total revenues

Revenues increased by $3.3 million for the first quarter when compared to the same period last year. The improvement in revenues is explained by higher revenues in the Sugar segment, slightly offset by lower revenues in the Maple product segments, as explained above.

Gross margin

Gross margin of $39.0 million for the quarter does not reflect the economic margin of the Company, as it includes a gain of $2.5 million for the current quarter for the mark-to-market of derivative financial instruments (See "Adjusted results" section). In fiscal 2019, a mark-to-market loss of $2.5 million was recorded for the first quarter, resulting in gross margin of $34.5 million for the period.

Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the first quarter of the current year decreased by $0.5 million. The adjusted gross margin for the Maple products segment resulted in a reduction of $2.0 million due mainly to competitive pressures and temporarily higher operating costs, as explained above. The decrease from the Maple products segment was partially offset by an improvement in adjusted gross margin for the Sugar segment of $1.5 million due mainly to lower energy costs associated with lower carbon tax in Taber, as explained above.

Results from operating activities ("EBIT")

EBIT is defined as earnings before interest and taxes. For the first quarter of fiscal 2020, EBIT amounted to $26.8 million, an increase of $3.8 million. As mentioned above, the gross margin comparison does not reflect the economic results from operating activities which were positively impacted by $5.0 million for the current quarter 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 $24.2 million versus $25.4 million, a decrease of $1.2 million. This is mainly explained by a lower contribution from the Maple products segment, somewhat offset by better results from the Sugar segment as a result of a variation in adjusted gross margin as well as higher administration and selling expenses for both segments, as explained above.

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)	First Quarter Fiscal			
		2020		2019
Interest expense on convertible unsecured subordinated debentures	**$**	**2,098**	$	2,087
Interest on revolving credit facility		**1,700**		1,735
Amortization of deferred financing fees		**296**		294
Other interest expense		**676**		624
Interest accretion on discounted lease obligations		**177**		-
Amortization of transition balances and net change in fair value of interest rate swap agreements		**(66)**		(98)
Net finance costs	**$**	**4,881**	$	4,642

Net finance costs for the current quarter were $0.2 million higher than the same quarter last year, which is mainly explained by the impact from the adoption of IFRS 16 *Leases*.

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

As mentioned above, on October 2, 2016, the Company adopted IFRS 9 (2014) *Financial Instruments* and designated interest rate swap agreements as effective cash flow hedging instruments. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, are subsequently removed from other comprehensive income when each of the fixed interest rate tranches is liquidated, in other words, when the fixed interest rate is paid. As a result, the Company removed a gain of $0.1 million from other comprehensive income and recorded a gain of the same amount in net finance costs for both the current quarter and the comparable quarter last year. See "Adjusted results" section.

Taxation

The income tax expense is as follows:

(In thousands of dollars)	Fiscal Year			
		2020		2019
Current	**$**	**5,430**	$	6,260
Deferred		**476**		(1,331)
Income tax expense	**$**	**5,906**	$	4,929

The variation in current and deferred tax expense period-over-period is consistent with the variation in earnings before income taxes in fiscal 2020.

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 were $2.6 million higher than the comparable quarter last year. The increase is mostly explained by the after-tax impact of the period-over-period variation of the gains and losses on the mark-to-market of derivative financial instruments, somewhat offset by the negative variation of a decrease in gross margin, 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							
	2020	2019 (4)				2018 (4)		
	First	Fourth	Third	Second	First	Fourth	Third	Second
Sugar Volume (MT)	**188,379**	196,903	180,824	175,040	188,377	200,147	182,331	163,253
Maple products volume ('000 pounds)	**12,792**	10,163	9,325	11,033	11,857	10,549	10,654	12,725
	$	$	$	$	$	$	$	$
Total revenues	**209,316**	207,572	191,448	189,250	206,022	211,807	199,056	189,455
Gross margin	**39,046**	29,073	30,741	28,212	34,549	29,255	31,430	27,055
EBIT	**26,751**	(32,800)	18,570	15,395	22,982	18,231	19,296	14,888
Net earnings (loss)	**15,964**	(40,021)	10,432	8,011	13,411	9,633	11,294	7,586
Gross margin rate per MT (1)	**176.39**	125.15	135.28	124.80	155.81	108.12	113.04	126.51
Gross margin percentage (2)	**10.7%**	9.2%	13.9%	12.7%	9.5%	15.0%	14.3%	12.1%
Per share								
Net earnings (loss)								
Basic	**0.15**	(0.38)	0.10	0.08	0.13	0.09	0.11	0.07
Diluted	**0.14**	(0.38)	0.10	0.08	0.12	0.09	0.10	0.07
Non-GAAP Measures (3)								
Adjusted gross margin (3)	**36,526**	29,026	26,231	24,312	37,009	32,764	27,687	28,607
Adjusted EBIT (3)	**24,231**	17,153	14,060	11,495	25,442	21,740	15,553	16,440
Adjusted net earnings (3)	**14,098**	9,910	7,033	5,077	15,056	12,122	8,445	8,617
Adjusted gross margin rate per MT (1) (3)	**163.37**	123.71	116.97	110.22	155.16	128.90	113.37	134.66
Adjusted gross margin percentage (2) (3)	**10.6%**	9.7%	11.2%	10.0%	14.2%	13.7%	13.9%	12.5%
Adjusted net earnings per share (3)								
Basic	**0.13**	0.09	0.07	0.05	0.14	0.12	0.08	0.08
Diluted	**0.13**	0.09	0.07	0.05	0.13	0.11	0.08	0.07

(1) Gross margin rate per MT and adjusted gross margin rate per MT pertain to the Sugar segment only
(2) Gross margin percentage and adjusted gross margin percentage pertains to the Maple products segment only
(3) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
(4) The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

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. There is minimal seasonality in the Maple products segment.

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)	First Quarter Fiscal	
	2020	2019 (1)
Net cash flow from operating activities	**$ 14,110**	$ 993
Cash flow (used in) from financing activities	**(7,319)**	7,309
Cash flow used in investing activities	**(4,349)**	(3,228)
Effect of changes in exchange rate on cash	**(119)**	319
Net increase in cash	**$ 2,323**	$ 5,393

(1) The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Cash flow from operating activities increased by $13.1 million, which is mainly explained by a positive non-cash working capital variation of $8.3 million, lower interest and income taxes paid of $3.5 million and $2.6 million, respectively, somewhat offset by a decrease in adjusted EBIT of $1.2 million and an increase in pension plan contribution of $0.3 million.

The negative variation in cash flow used in financing activities of $14.6 million is mainly attributable to the reduction of $12.5 million in borrowings from the revolving credit facilities, net of the variation in bank overdraft versus the comparable period last year. In addition, the increase in repurchases under the Normal Course Issuer Bid ("NCIB") of $1.1 million also had a negative impact on cash flow from financing activities. Finally, the adoption of IFRS 16 *Leases* resulted in an increase of $1.0 million in cash outflow used in financing activities as a result of payments made for leases obligation.

The cash outflow used in investing activities increased compared to fiscal 2019 by $1.1 million due mainly to greater capital spending during the current quarter, when compared to the same period last year.

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 a non-GAAP measure and is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments and financial instruments' non-cash amounts, and including funds received or paid from the issue or purchase of shares, capital expenditures, net of operational excellence capital expenditures, and the payment of capital leases.

Free cash flow is as follows:

(In thousands of dollars)		Trailing twelve months		
		2020		2019 [2]
Cash flow from operations	**$**	**68,985**	$	64,667
Adjustments:				
Changes in non-cash working capital		**(6,313)**		708
Mark-to-market and derivative timing adjustments		**(9,698)**		5,997
Amortization of transitional balances		**(1,623)**		(2,716)
Financial instruments non-cash amount		**4,533**		(2,627)
Capital expenditures and intangible assets		**(28,130)**		(23,828)
Operational excellence capital expenditures		**10,012**		8,158
Payment of leases obligation		**(1,029)**		-
Purchase and cancellation of shares		**(1,703)**		(3,963)
Deferred financing charges		**(156)**		(150)
Free cash flow [1]	**$**	**34,878**	$	46,246
Declared dividends	**$**	**37,765**	$	37,905

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[2] The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Free cash flow for the trailing twelve months end December 28, 2019 amounted to $34.9 million, representing a decrease of $11.4 million for the comparative period last year. The reduction is free cash flow is mainly explained by a decrease in adjusted EBITDA[1] of $11.2 million, an increase in capital and intangible spending, net of operational excellence capital of $2.4 million, higher payments for capital leases of $1.0 million, associated with the adoption of IFRS 16 *Leases,* and higher income taxes paid of $1.9 million. Somewhat offsetting this negative variance is a reduction in interest paid and shares purchased and cancelled under the NCIB of $2.9 million and $2.3 million, respectively, as well as lower pension plan contribution of $0.4 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. 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.

Payments made for capital leases are deducted from free cash flow as such cash flow is no longer reflected as a reduction in cash flow from operation and is therefore not available.

The Company declared a quarterly dividend of 9.0 cents per common share every quarter, totalling 36 cents for both trailing twelve months periods. The slight decrease in 2020 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 $7.4 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations:

There are no significant changes in the contractual obligations table disclosed in the Management's Discussion and Analysis of the September 28, 2019 Annual Report.

As at December 28, 2019, Lantic had commitments to purchase a total of 1,057,000 metric tonnes of raw sugar, of which 297,625 metric tonnes had been priced for a total dollar commitment of $121.6 million.

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 December 28, 2019, a total of $423.2 million of assets have been pledged as security for the revolving credit facility, compared to $393.1 million as at December 29, 2018, including trade receivables, inventories and property, plant and equipment.

At December 28, 2019, $188.0 million had been drawn from the working capital facility and $2.6 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 104,701,023 shares and 104,029,669 shares were outstanding as at December 28, 2019 and February 11, 2020, respectively (105,008,070 as at December 29, 2018).

During the period, a total of $75 thousands of the sixth series debentures and $175 thousands of the seventh series debentures was converted by holders of the securities for a total of 9,079 and 19,774 common shares, respectively.

On December 2, 2019, 563,500 share options were granted to certain executives at a price of $4.68 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 2, 2019, 324,932 performance share units ("PSUs") were granted to executives. These PSUs will vest at the end of the 2020-2022 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. In addition, on May 22, 2019, the Company entered into an automatic share purchase agreement with Scotia Capital Inc. in connection with the 2019 NCIB. Under the agreement, Scotia may acquire, at its discretion, common shares on the Company's behalf during certain "black-out" periods, subject to certain parameters as to price and number of shares. During the first quarter, the Company purchased 213,294 common shares for a total cash consideration of $1.1 million. Subsequent to quarter end, an additional 862,000 common shares were purchased for a total cash consideration of 4.2 million.

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 28, 2019. This document is available on SEDAR at www.sedar.com or on our website at www.LanticRogers.com.

OUTLOOK

Sugar

Market conditions remain positive for our sugar business and despite challenges in our manufacturing and supply chain plans as a result of the smaller crop in Taber, we continue to expect that the Sugar segment will exceed last fiscal year's adjusted EBITDA.

As a result of severe adverse weather in late 2019, the beet harvest at Taber was terminated early, leading to lower than expected refined sugar volumes of approximately 65,000 metric tonnes, compared to previous expectations of 125,000 metric tonnes. As a result of the lower production volumes from Taber, the Company has optimized its supply chain to continue to service its customers. These changes mainly include the supply of cane sugar from the Vancouver and Montréal refineries, as both refineries have excess capacity to supply to the Company's domestic market. The Company will continue to mitigate the financial implication of a smaller sugar beet crop in Taber.

Given the smaller crop in Taber, export volume is expected to be approximately 15,000 metric tonnes lower than fiscal 2019. The Company has a long-term relationship with its customer in Mexico and, as a result, we were able to reduce its shipments in fiscal 2020 and roll commitments into fiscal 2022 at no additional costs to the Company. Shipments to the USA under the Canada-specific U.S. quota of 10,300 metric tonnes have been fully considered in our reconfigured supply chain and will be fully delivered in fiscal 2020. At this point in time, the Company does not anticipate any additional volume under the Canada-United States-Mexico Agreement ("CUSMA") for the current fiscal year despite the fact that it is anticipated to be ratified within the new few weeks.

The Company anticipates that the consumer segment should be approximately 10,000 metric tonnes higher than fiscal 2019. Last fiscal year, the Company gained additional business with an existing consumer account which started in April 2019 and as such, will improve consumer volume in fiscal 2020.

The Taber factory delivers a significant portion of its volume to liquid customers, which is still expected to occur in fiscal 2020. Therefore, the Company's liquid segment is expected to be comparable to fiscal 2019.

Finally, the industrial volume is expected to also be comparable to fiscal 2019.

Despite the challenges expected as a result of a small crop in Taber, the Company anticipates that the overall sales volume in fiscal 2020 should be approximately 735,000 metric tonnes, thus approximately 6,000 metric tonnes lower than fiscal 2019.

In 2019, the Alberta Legislature announced that Bill 1, *An Act to Repeal the Carbon Tax*, became effective as of June 1, 2019. On October 30, 2019, in response to the Federal government legal challenge, the Alberta government proposed a new carbon tax on large emitters called the "Technology Innovation and Emissions Reduction ("TIER")" system that would tax large emitting facilities as of January 1, 2020. Under normal operating conditions, these changes will result in a reduction in carbon tax on the Taber operation. Energy costs and carbon tax savings of approximately $2.5 million are expected in the first half of fiscal 2020 as a result of the temporary removal of the carbon tax in Alberta as well as the shorter slicing campaign.

In light of the smaller crop in Taber, it is expected that total distribution costs will increase in fiscal 2020 as we reconfigure our supply chains.

With the completion of the air emission project, capital spend for the Sugar segment is expected to return to a level of approximately $20.0 million, including a high proportion of return on investment capital expenditures.

Maple products

The current quarter margins reflect the more competitive market conditions we are in today and as such, we don't anticipate any short-term change in gross margins. In addition to defending our current market share, the Company will continue to invest in the business to lower operating cost and build new sales volume through the pursuit of new markets and value-added products.

Manufacturing throughput increased during the quarter with a combination of improved line efficiency in Degelis and planned overtime. The transition to the new manufacturing network is expected by the end of the second quarter, which should reduce operating costs and increase the overall network capacity, as well as allow for growth.

The Company expects to spend approximately $8.0 million for its footprint optimization, slightly higher than anticipated, of which, approximately $4.7 million will be spent in fiscal 2020 to complete the Granby relocation.

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

NON-GAAP MEASURES

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

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

The following is a description of the non-GAAP measures 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 the mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives as shown in the notes to the consolidated financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives as described below; and
  - "the amortization of transitional balance to cost of sales for cash flow hedges", which is the transitional marked-to-market balance of the natural gas futures outstanding as of October 1, 2016 amortized over time based on their respective settlement date until all existing natural gas futures have expired, as shown in the notes to the consolidated financial statements.
- Adjusted results from operating activities ("Adjusted EBIT") is defined as EBIT adjusted for the adjustment to cost of sales, the amortization of transitional balances to cost of sales for cash flow hedges.
- Adjusted EBITDA is defined as adjusted EBIT adjusted to add back depreciation and amortization expenses, goodwill impairment and the Maple products segment non-recurring expenses.
- Adjusted net earnings is defined as net (loss) 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 consolidated financial statements.
- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.
- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple products segment divided by the revenues generated by the Maple products segment.
- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.

- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, amortization of transitional balances, financial instruments non-cash amount, and includes deferred financing charges, funds received from stock options exercised, funds paid for the purchase and cancellation of shares, capital and intangible assets expenditures, net of operational excellence capital expenditures, and payments of capital leases.

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

Consolidated results (In thousands of dollars)	First Quarter Fiscal 2020			Fourth Quarter Fiscal 2019 (2)		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**$ 33,229**	**$ 5,817**	**$ 39,046**	$ 29,352	$ 5,197	$ 34,549
Total adjustment to the cost of sales (1)	**(2,454)**	**(66)**	**(2,520)**	(122)	2,582	2,460
Adjusted Gross Margin	**$ 30,775**	**$ 5,751**	**$ 36,526**	$ 29,230	$ 7,779	$ 37,009
Results from operating activities ("EBIT")	**$ 24,430**	**$ 2,321**	**$ 26,751**	$ 21,090	$ 1,892	$ 22,982
Total adjustment to the cost of sales (1)	**(2,454)**	**(66)**	**(2,520)**	(122)	2,582	2,460
Adjusted results from operating activities ("Adjusted EBIT")	**$ 21,976**	**$ 2,255**	**$ 24,231**	$ 20,968	$ 4,474	$ 25,442
Results from operating activities ("EBIT")	**$ 24,430**	**$ 2,321**	**$ 26,751**	$ 21,090	$ 1,892	$ 22,982
Total adjustment to the cost of sales (1)	**(2,454)**	**(66)**	**(2,520)**	(122)	2,582	2,460
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,144**	**1,578**	**5,722**	3,491	1,290	4,781
Maple Segment non-recurring costs (1)	**-**	**274**	**274**	-	8	8
Adjusted EBITDA (1)	**$ 26,120**	**$ 4,107**	**$ 30,227**	$ 24,459	$ 5,772	$ 30,231
Net earnings			**$ 15,964**			$ 13,411
Total adjustment to the cost of sales (1)			**(2,520)**			2,460
Amortization of transitional balance to net finance costs (1)			**(66)**			(98)
Income taxes on above adjustments			**720**			(717)
Adjusted net earnings			**$ 14,098**			$ 15,056
Net earnings per share (basic)			**$ 0.15**			$ 0.13
Adjustment for the above			**(0.02)**			0.01
Adjusted net earnings per share (basic)			**$ 0.13**			$ 0.14

(1) See "Adjusted results" section
(2) The current period results include the impacts from the adoption of the new IFRS 16 *Leases* as discussed in note 3 (b) of the unaudited condensed consolidated interim financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

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 28, 2019 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 28, 2019 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements except for IFRS 16 *Leases*, the Annual Improvements to IFRS Standards (2015-2017) Cycle and IFRIC 23 *Uncertainty over Income Tax Treatments.* Except for the modifications from the adoption of IFRS 16, as reported in note 3 (b), these new standards did not have a material impact on the Company's unaudited condensed consolidated interim financial statements. Refer to note 3 (b) to the unaudited condensed consolidated interim financial statements for more detail.

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 the Amendments to References to the Conceptual Framework in IFRS Standards. The Company does not intend to adopt the Amendments in its consolidated financial statements before the annual period beginning on October 4, 2020. The Company does not expect the amendments 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.

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 December 28, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No such changes were identified through their evaluation.