Lantic

Rogers Sugar Inc.

Press release – 2nd Quarter 2020 Results

ALL PLANTS FULLY OPERATING WITH NO SIGNIFICANT FINANCIAL IMPACT FROM COVID-19 IN THE QUARTER

ADJUSTED EBITDA COMPARABLE TO PRIOR YEAR FOR THE QUARTER AND YEAR-TO-DATE

HIGHER VOLUME AND REVENUES IN MAPLE PRODUCTS SEGMENT

May 5, 2020 - Rogers Sugar Inc. (the "Company" or "Rogers") (TSX: RSI) today reported its second quarter fiscal 2020 results. The Company recorded adjusted EBITDA (1) of $16.5 million and $46.7 million for the current quarter and year-to-date, in line with the comparable periods last year.

"The COVID-19 pandemic has made the past few months very challenging for us all and had far reaching health and economic impacts," said John Holliday, President and Chief Executive Officer of Rogers and Lantic Inc. "As an essential service, our operations have continued uninterrupted and serviced uncharacteristically strong consumer demand. Our employees have risen to the challenge of adapting to new processes, implemented to keep them safe and to keep our production moving during these unprecedented times. Without their commitment and care, our ability to deliver essential products, such as sugar and maple syrup, to our customers would not be possible. We truly appreciate their efforts and will continue to operate in a safe and responsible way that protects our people and our products."

Impact of COVID-19

The operations of each of our Sugar and Maple products segments are considered as an essential service and as a result, the Company's plants have continued to operate fully, despite the COVID-19 pandemic. While most of our salaried employees are able to work from home, employees in our operations have continued to come to work and as result, our production volumes have not been significantly impacted by COVID-19. The health and safety of our employees is our top priority and the Company has put in place extensive protection measures, including a special committee comprised of representatives from each site that meets on a daily basis, social distancing measures, additional personal protective equipment requirements, increased sanitation and rigorous disinfection procedures, temperature monitoring of all personnel prior to entry into one of our locations as well as daily follow-ups by the Company's nurses regarding all health related questions and concerns. For the second quarter, the financial impact of COVID-19 has been minimal for both segments.

Second Quarter Highlights

Highlights of the consolidated results are as follows:

(unaudited) (In thousands of dollars, except volume and per share information)		For the three months ended **March 28, 2020**		March 30, 2019 (2)		For the six months ended **March 28, 2020**		March 30, 2019 (2)
Sugar (metric tonnes)		**175,226**		175,040		**363,605**		363,417
Maple syrup ('000 pounds)		**12,893**		11,033		**25,686**		22,890
Total revenues	**$**	**199,126**	$	189,250	**$**	**408,442**	$	395,272
Gross margin		**19,390**		28,212		**58,436**		62,761
Results from operating activities		**6,058**		15,395		**32,809**		38,377
Net earnings	**$**	**965**	$	8,011	**$**	**16,929**	$	21,422
Net earnings per share (basic)	**$**	**0.01**	$	0.08	**$**	**0.16**	$	0.20
Net earnings per share (diluted)	**$**	**0.01**	$	0.08	**$**	**0.16**	$	0.20
Dividends per share	**$**	**0.09**	$	0.09	**$**	**0.18**	$	0.18
Non- IFRS results (1)								
Adjusted Gross Margin (1)	**$**	**23,612**	$	24,312	**$**	**60,138**	$	61,321
Adjusted results from operating activities (1)	**$**	**10,280**	$	11,495	**$**	**34,511**	$	36,937
Adjusted EBITDA (1)	**$**	**16,522**	$	16,570	**$**	**46,749**	$	46,801
Adjusted net earnings (1)	**$**	**4,036**	$	5,077	**$**	**18,134**	$	20,133
Adjusted net earnings per share (basic) (1)	**$**	**0.04**	$	0.05	**$**	**0.17**	$	0.19
Trailing twelve months free cash flow (1)					**$**	**28,492**	$	38,355

(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

- COVID-19 added complexity to our manufacturing operations but did not have a significant financial impact for the quarter as operations at each of our Sugar and Maple products segments are considered as an essential service and the Company's plants have continued to operate fully.
- Total sugar volume was in line with the prior year.
- Overall Adjusted EBITDA (1) was comparable to the prior year for the quarter and year-to-date as the increase in the Sugar segment was offset by a decrease in the Maple products segment.
- The final step in the maple segment footprint optimization project was completed during the quarter with the physical move to the new Granby location at the end of January. Commissioning of the new bottling line continued during the quarter. While gradual improvements were made since the start-up and further line efficiencies are expected in Granby in the future, the temporary increase in headcount and overtime, has contributed in increasing production volume which increased sales and operating costs in the current year. The footprint optimization is still expected to generate long-term benefits through improved efficiencies and lower operating costs
- Revolving credit facility covenant at 2.25 times pro-forma debt to pro-forma Adjusted EBITDA, well below its maximum of 3.5 times.
- Outstanding revolving credit facility at $201.0 million with $64.0 million available for drawdown and no repayments required until June 28, 2024.
- Free cash flow (1) for the trailing twelve months ending March 28, 2020 was $9.9 million lower than the previous year mainly due to lower adjusted EBITDA (1), increased of $3.1 million in shares purchased under the NCIB, increased capital and intangible spending, net of operational excellence capital, higher payments for capital leases and interest paid, partially offset by a reduction in income taxes paid and pension plan contributions

- Rogers returned $14.7 million to shareholders during the quarter, of which $9.4 million was through dividends and $5.4 million was through share repurchases. The Normal Course Issuer Bid terminated on March 30, 2020, with 1,500,000 common shares purchased since inception on May 24, 2019
- On May 5, 2020, the Board of Directors declared a quarterly dividend of $0.09.
- The United States Trade Representative ("USTR") announced a refined sugar Tariff-rate Quota ("TRQ"), ending September 30, 2020 with 5,000 metric tonnes allocated to Canada which can only be supplied by Taber, as well as a Global refined TRQ to be supplied on a first-come, first serve basis ending June 29, 2020. The Company intends to maximize its export volume to the U.S. under the Global TRQ and to fully utilize the additional TRQ allocated to Canada.

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)	**For the three months ended March 28, 2020** Sugar	Maple Products	Total	For the three months ended March 30, 2019 (2) Sugar	Maple Products	Total
Revenues	**$ 143,609**	**$ 55,517**	**$ 199,126**	$ 139,067	$ 50,183	$ 189,250
Gross margin	**16,664**	**2,726**	**19,390**	21,845	6,367	28,212
Administration and selling expenses	**5,577**	**2,883**	**8,460**	5,652	2,619	8,271
Distribution costs	**3,997**	**875**	**4,872**	3,607	939	4,546
Results from operating activities	**$ 7,090**	**$ (1,032)**	**$ 6,058**	$ 12,586	$ 2,809	$ 15,395
Non- GAAP results (1)						
Adjusted Gross Margin (1)	**$ 19,210**	**$ 4,402**	**$ 23,612**	$ 19,293	$ 5,019	$ 24,312
Adjusted results from operating activities (1)	**$ 9,636**	**$ 644**	**$ 10,280**	$ 10,034	$ 1,461	$ 11,495
Adjusted EBITDA (1)	**$ 13,847**	**$ 2,675**	**$ 16,522**	$ 13,495	$ 3,075	$ 16,570
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 4,267**	**$ 2,250**	**$ 6,517**	$ 4,447	$ 1,294	$ 5,741

Consolidated results **(In thousands of dollars)**	**For the six months ended March 28, 2020** Sugar	Maple Products	Total	For the six months ended March 30, 2019 (2) Sugar	Maple Products	Total
Revenues	**$ 298,424**	**$ 110,018**	**$ 408,442**	$ 290,206	$ 105,066	$ 395,272
Gross margin	**49,893**	**8,543**	**58,436**	51,197	11,564	62,761
Administration and selling expenses	**11,148**	**5,582**	**16,730**	11,000	5,066	16,066
Distribution costs	**7,225**	**1,672**	**8,897**	6,521	1,797	8,318
Results from operating activities	**$ 31,520**	**$ 1,289**	**$ 32,809**	$ 33,676	$ 4,701	$ 38,377
Non- GAAP results (1)						
Adjusted Gross Margin (1)	**$ 49,985**	**$ 10,153**	**$ 60,138**	$ 48,523	$ 12,798	$ 61,321
Adjusted results from operating activities (1)	**$ 31,612**	**$ 2,899**	**$ 34,511**	$ 31,002	$ 5,935	$ 36,937
Adjusted EBITDA (1)	**$ 39,967**	**$ 6,782**	**$ 46,749**	$ 37,954	$ 8,847	$ 46,801
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 7,231**	**$ 5,109**	**$ 12,340**	$ 8,980	$ 3,039	$ 12,019

(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

Results for the quarter and year-to-date from our sugar segment were comparable to the prior year with additional costs associated with the smaller crop in Taber being offset by the non-recurrence of additional costs resulting from the commissioning issues in Vancouver during the second quarter of fiscal 2019.

(In thousands of dollars, except volume)	For the three months ended		For the six months ended	
	March 28, 2020	March 30, 2019	**March 28, 2020**	March 30, 2019
Revenues	**$ 143,609**	$ 139,067	**$ 298,424**	$ 290,206
Volume (MT) as at March 30, 2019		175,040		363,417
Variation:				
Industrial		(6,072)		(11,097)
Consumer		4,754		8,391
Liquid		3,349		7,672
Export		(1,845)		(4,778)
Total variation		186		188
Volume as at March 28, 2020		175,226		363,605

Total sugar volumes remained largely unchanged in both the current quarter and year-to-date, compared to the same periods last year, as increased volumes in the consumer and liquid segments were offset by a reduction in industrial and a planned reduction in export volumes.

In the second quarter of fiscal 2020, rail blockades created difficulties in servicing our Ontario customers and resulted in a reduction of approximately 2,000 metric tonnes in our industrial segment. Volumes were also lower when compared to the prior year due to timing in deliveries to certain large industrial accounts. The impact of COVID-19 on industrial volumes was minimal for the quarter. Year-to-date, industrial volumes were also impacted by the non-recurring sales to a competitor that occurred in the first quarter of last fiscal year.

Total consumer volumes increased for the current quarter and year-to-date due mainly to additional volume negotiated with a National retail account, with additional shipments starting in April 2019. In addition, in the current quarter, the Company saw an increase in demand in consumer volumes towards the end of the quarter, mainly as a result of COVID-19.

Liquid market volumes increased for the second quarter and year-to-date compared to the prior year due mainly to additional volume from new and existing customers that were gained during fiscal 2019. The impact of COVID-19 on liquid volume was minimal for the quarter.

Finally, export volumes decreased for the current quarter and year-to-date when compared to the same periods in fiscal 2019, due to planned delays in shipments to Mexico negotiated to manage reduced factory output in Taber, driven by a weather related loss in sugar beet production.

Revenue increased in the second quarter and the first six months of fiscal 2020 from the prior comparable periods mainly due to higher weighted average raw sugar values converted into Canadian dollars.

(In thousands of dollars, except per metric tonne information)	For the three months ended March 28, 2020	March 30, 2019 (3)	For the six months ended March 28, 2020	March 30, 2019 (3)
Gross margin	**$ 16,664**	$ 21,845	**$ 49,893**	$ 51,197
Total adjustment to the cost of sales (1) (2)	**2,546**	(2,552)	**92**	(2,674)
Adjusted gross margin	**$ 19,210**	$ 19,293	**$ 49,985**	$ 48,523
Gross margin per metric tonne	**$ 95.10**	$ 124.80	**$ 137.22**	$ 140.88
Adjusted gross margin per metric tonne	**$ 109.63**	$ 110.22	**$ 137.47**	$ 133.52
Included in Gross margin:				
Depreciation of property, plant and equipment	**$ 3,744**	$ 3,263	**$ 7,422**	$ 6,555

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(2) See "Adjusted results" section of the MD&A
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Adjusted gross margin and adjusted gross margin per metric tonne for the current quarter were comparable to last year. To ensure the reliability of our cane operations and to increase production throughput in Vancouver and Montreal, allowing it to offset the impact of the reduced Taber crop, the Company incurred approximately $1.8 million in incremental maintenance costs across all three plants in the current quarter. In addition, as a way to de-risk the supply chain challenges associated with the shortfall in production in Taber, the Company imported refined sugar, which negatively impacted the adjusted gross margin by approximately $1.6 million. Finally, the smaller crop in Taber resulted in lower by-product revenues, which was somewhat offset by a reduction in energy costs as the slicing campaign was terminated in the first quarter. When compared to the same quarter last year, the impact of these factors was offset by approximately $4.0 million in additional costs incurred in the second quarter of fiscal 2019, following the installation and commissioning of two inter-linked major capital projects in Vancouver.

Year-to-date, adjusted gross margin was $1.5 million higher or $3.95 per metric tonne higher than the comparable period last year, mainly explained by a favorable variance from the first quarter, driven by lower energy costs as no carbon tax was incurred in Taber during the first quarter of fiscal 2020 compared to $1.51 per GJ paid last year.

Distribution costs for the current quarter increased by $0.4 million compared to last year, which were partly explained by $1.1 million in additional distribution costs incurred over the past three months to reconfigure the supply chain as a result of the smaller crop in Taber. This was somewhat offset by the non-recurrence of $0.8 million in additional costs incurred in the second quarter of fiscal 2019 as a result of the commissioning issues in Vancouver. Year-to-date, additional transfer costs were incurred in the first quarter of the current year, which, combined with the second quarter variation, explain the increase of $0.7 million in distribution costs.

(In thousands of dollars)	For the three months ended March 28, 2020	March 30, 2019 (3)	For the six months ended March 28, 2020	March 30, 2019 (3)
Results from operating activities	**$ 7,090**	$ 12,586	**$ 31,520**	$ 33,676
Total adjustment to cost of sales (1) (2)	**2,546**	(2,552)	**92**	(2,674)
Adjusted results from operating activities	**$ 9,636**	**$** 10,034	**$ 31,612**	$ 31,002
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	**4,211**	3,461	**8,355**	6,952
Adjusted EBITDA (1) (2)	**$ 13,847**	$ 13,495	**$ 39,967**	$ 37,954

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Adjusted EBITDA for the second quarter increased by $0.4 million when compared to the same quarter of fiscal 2019, which is mainly explained by higher adjusted gross margins of $0.4 million, adjusted to remove depreciation, as the non-recurrence of the commissioning issues in Vancouver was offset by the reduction in adjusted gross margins in the current quarter, largely associated with the smaller crop in Taber. The adjusted EBITDA for the first six months increased by $2.0 million when compared to the same period last year, due mainly to higher adjusted gross margin of $2.3 million, adjusted to remove depreciation, somewhat offset by higher distribution costs and administration and selling expenses, excluding depreciation and amortization expense, of $0.2 million and $0.1 million, respectively, as explained above.

The adoption of the new IFRS 16 *Leases* standard resulted in a $0.8 million and $1.4 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

Maple products

(In thousands of dollars and volume, in thousands of pounds)	For the three months ended **March 28, 2020**	March 30, 2019	For the six months ended **March 28, 2020**	March 30, 2019
Volume ('000 pounds)	**12,893**	11,033	**25,686**	22,890
Revenues	**$ 55,517**	$ 50,183	**$ 110,018**	$ 105,066

Revenues for the second quarter and year-to-date of the current year were $5.3 million and $5.0 million higher than the same periods last year due to an increase in demand related to pantry-loading driven by the COVID-19 pandemic as well as growth from large customers. The increase in volume was more than offset by a reduction in overall net selling price.

(In thousands of dollars, except adjusted gross margin percentage information)	For the three months ended **March 28, 2020**	March 30, 2019 (3)	For the six months ended **March 28, 2020**	March 30, 2019 (3)
Gross margin	**$ 2,726**	$ 6,367	**$ 8,543**	$ 11,564
Total adjustment to the cost of sales (1) (2)	**1,676**	(1,348)	**1,610**	1,234
Adjusted gross margin (1)	**$ 4,402**	$ 5,019	**$ 10,153**	$ 12,798
Gross margin percentage	**4.9%**	12.7%	**7.8%**	11.0%
Adjusted gross margin percentage	**7.9%**	10.0%	**9.2%**	12.2%
Included in Gross margin:				
Depreciation of property, plant and equipment and right-of-use assets	**$ 786**	$ 442	$ **1,489**	$ 857

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Adjusted gross margin for the current quarter was $0.6 million lower than the comparable period last year, representing a decrease of 2.1% in adjusted gross margin percentage. The Maple products segment incurred additional labour costs in the current quarter of $0.6 million due to additional personnel and overtime, driven by an increase in production levels to meet demand, as well as by purposely increasing production capacity prior to the move to the new Granby location on January 31, 2020. In addition, equipment installation and commissioning contributed to higher labour costs in the current quarter. Production levels at the new plant are continuing to ramp up towards expected levels. Furthermore, competitive pressures that began in the second half of 2019 continued to impact selling gross margins percentage, but an increase in sales volume partially offset this impact on overall adjusted gross margins. 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.

Year-to-date, adjusted gross margin was $2.6 million lower than the first half of fiscal 2019, partly driven by an increase in labour costs and depreciation expense of $0.9 million and $0.6 million, respectively, due to the same reasons as explained for the quarter. In addition, in the first six months of the current year, the Company incurred $0.4 million in additional non-recurring costs, mostly associated with the move to the new Granby facility. Adjusted gross margin was also impacted by lower gross margin percentage, as explained above, somewhat offset by higher volume.

Administration and selling expenses were $0.3 million and $0.5 million higher than the second quarter and year-to-date last year, respectively, due mainly to an increase in employee benefits associated with additional personnel.

(In thousands of dollars)	For the three months ended		For the six months ended	
	March 28, 2020	March 30, 2019 [3]	**March 28, 2020**	March 30, 2019 [3]
Results from operating activities	**$ (1,032)**	2,809	**$ 1,289**	$ 4,701
Total adjustment to cost of sales [1] [2]	**1,676**	(1,348)	**1,610**	1,234
Adjusted results from operating activities [1]	**644**	1,461	**2,899**	5,935
Non-recurring expenses:				
Other one-time non-recurring items	**370**	297	**644**	305
Depreciation and amortization	**1,661**	1,317	**3,239**	2,607
Adjusted EBITDA [1]	**$ 2,675**	3,075	**$ 6,782**	$ 8,847

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Other non-recurring items for the current year mainly included costs associated with having two locations in Granby, while fiscal 2019 mainly included severance costs, both of which pertain to the footprint optimization project.

Adjusted EBITDA for the second quarter and the first six months of fiscal 2020 decreased by $0.4 million and $2.1 million, respectively 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 resulted in a $0.2 million and $0.3 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

Outlook

The health and safety of our employees remains our top priority and the Company is closely following all public health authority recommendations. The operations of both of our Sugar and Maple products segments are considered as an essential service and as a result, our plants have continued to fully operate without any disruption to date despite the COVID-19 pandemic. It remains difficult to estimate or forecast the impact from the COVID-19 pandemic on the continued operations of the Company and/or the financial impact it may have; however, the Company is closely monitoring the situation and will react quickly to the changing circumstances.

Sugar

Market conditions remain favourable for our sugar business and, despite the COVID-19 pandemic and the challenges in our manufacturing and supply chain plans related to 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 the lower production volumes from Taber, driven by a weather-related loss in sugar beet production, 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.

Due to similar to Canada beet sugar supply disruptions, on April 3, 2020, the USTR announced the allocation of additional TRQ volume for raw cane sugar and refined sugar. Canada was allocated a total of 5,000 metric tonnes, to be entered into the United States prior to September 30, 2020 and can only be supplied by beet sugar from Taber. In addition, a Global refined TRQ quota of 176,437 metric tonnes was also put in place with seven distinct tranches opening on April 3, 2020 and closing on June 29, 2020, which may be supplied on a first-come, first-served basis. The Company intends to maximize its export volume to the U.S. under the Global refined TRQ with sales from its Montreal and Vancouver facilities and to fully utilize the additional refined beet sugar TRQ allocated to Canada from the Taber factory. As a result, the Company now expects that export volumes should be slightly above fiscal 2019, despite the fact that shipments to Mexico were postponed into fiscal 2022 at no additional costs to the Company. At this point in time, the Company does not anticipate any additional volume under the Canada-United States-Mexico Agreement ("CUSMA") despite the fact that all three countries have ratified CUSMA and that it is expected to take effect on July 1, 2020.

The Company anticipates that volume for the consumer segment for fiscal 2020 should be approximately 10,000 metric tonnes higher than fiscal 2019. Demand for consumer volume was strong at the end of the second quarter and remained strong into the beginning of the third quarter; however, it is difficult to estimate the impact that the COVID-19 pandemic may have on the Company's future volume. Part of the stronger consumer volume could be offset by the anticipated slowdown in the food service segment, due to the COVID-19 pandemic.

The Company continues to anticipate that volume for the liquid and industrial segments should be comparable to fiscal 2019. The Taber factory delivers a significant portion of its volume as liquid, to customers, which is still expected to occur in fiscal 2020. The impact of the COVID-19 pandemic on volume for both of these segments is not expected to be significant.

Despite the challenges created by a small crop in Taber and the COVID-19 pandemic, the overall Sugar segment volume expectations for the Company is positive and it is anticipated that the total sales volume should exceed fiscal 2019 by approximately 9,000 metric tonnes, totalling approximately 750,000 metric tonnes.

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.

The Company's preliminary estimate for costs associated with the COVID-19 pandemic total approximately $1.0 million in additional administrative expenses in fiscal 2020, driven by premiums paid to employees starting at the beginning of the third quarter, additional supplies and consulting services. The financial impact of COVID-19 pandemic on administrative expenses may be higher should restrictions enforced by the government agencies continue past June 2020.

As at March 28, 2020, the Company has not re-assessed the defined benefit pension plan and other benefit plans assumptions. As usual, the actuarial assumptions will be re-assessed at year end. Any material change in assumptions such as discount rate and/or pension assets rate of return may have a material impact on the financial results of the Company. In addition, the actuarial evaluations of the two defined benefit plans have not been completed as at May 5, 2020. Any significant change in the assumptions used for funding purposes may have a material impact on pension plan contributions.

The Company contracted 30,000 acres for planting in Taber for the 2020 crop, an increase of 2,000 acres from last year. Taber is expected to start harvesting and slicing earlier in September than previous years and, under normal growing conditions, the new crop is expected to yield approximately 132,000 metric tonnes.

Spending on capital projects have slowed down in March as a result of the COVID-19 pandemic and is expected to continue at a slower pace than originally anticipated for fiscal 2020. As a result, overall capital spending, including a high proportion of return on investment capital expenditures, may vary between $17.0 million and $19.0 million, down from the previously expectation of $20.0 million.

Maple products

The maple syrup harvest season has started, albeit the reception of barrels is slower than prior years given supply chain challenges associated with the COVID-19 pandemic. It is still very early in the harvesting season, but it is expected that the 2020 crop should range between an average and above average crop as opposed to a record crop last year.

The current year-to-date margins reflect the more competitive market conditions starting last year and as such, we anticipate gross margins rates to remain relatively stable at current levels. The Company is focused on defending its market share and improving its competitive advantage by continuing to pursue opportunities to further lower operating costs and drive new sales volumes through the pursuit of new markets and value-added products. Although we have seen very strong demand at the onset of the COVID -19 pandemic, we are not anticipating a continuation of this trend into the future.

Manufacturing throughput continued to increase during the quarter with a combination of improved line efficiency in Granby and planned overtime. The focus for the remainder of the year will shift towards maximizing the various line efficiencies while optimizing shift crewing and production planning now that the transition between plants is completed, which will allow for growth. Labour costs for the remainder of the year will improve versus the first half of the fiscal year but not at anticipated levels due to new COVID-19 pandemic operating procedures and the impact of third-party plant access restrictions on the commissioning process.

The Company expects to spend less than $1.0 million in the last six months of the year for its footprint optimization project to complete the Granby relocation and the commissioning of equipment.

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 loss of $4.2 million and a loss of $1.7 million for the second quarter and first half of fiscal 2020, respectively, which was added 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.

Rogers Sugar Inc.

Press release – 2nd Quarter 2020 Results

Access to Quarterly Results Information

Rogers Sugar Inc. (RSI) will be holding a conference call to discuss their 2020 second quarter results on Tuesday, May 5, 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 1194817#. This recording will be available until May 12, 2020.

FOR THE BOARD OF DIRECTORS,

M. Dallas H. Ross, Chairman
Vancouver, British Columbia – May 5th, 2020

For further information:
Ms. Manon Lacroix, Vice President Finance, Chief Financial Officer and Secretary
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This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers", "RSI" or the "Company") dated May 5, 2020 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three and six month periods ended March 28, 2020, 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 and the impact of the COVID-19 pandemic on the Corporation and its operations. 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, including with respect to the continuity of its operations despite the COVID-19 pandemic, 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 three and six month periods of fiscal 2020 and 2019.

(unaudited)	For the three months ended				For the six months ended			
(In thousands of dollars, except volume and per share information)		**March 28, 2020**		March 30, 2019 [(2)]		**March 28, 2020**		March 30, 2019 [(2)]
Sugar (metric tonnes)		**175,226**		175,040		**363,605**		363,417
Maple syrup ('000 pounds)		**12,893**		11,033		**25,686**		22,890
Total revenues	**$**	**199,126**	$	189,250	**$**	**408,442**	$	395,272
Gross margin		**19,390**		28,212		**58,436**		62,761
Results from operating activities		**6,058**		15,395		**32,809**		38,377
Net earnings	**$**	**965**	$	8,011	**$**	**16,929**	$	21,422
Net earnings per share (basic)	**$**	**0.01**	$	0.08	**$**	**0.16**	$	0.20
Net earnings per share (diluted)	**$**	**0.01**	$	0.08	**$**	**0.16**	$	0.20
Dividends per share	**$**	**0.09**	$	0.09	**$**	**0.18**	$	0.18
Non- IFRS results [(1)]								
Adjusted Gross Margin [(1)]	**$**	**23,612**	$	24,312	**$**	**60,138**	$	61,321
Adjusted results from operating activities [(1)]	**$**	**10,280**	$	11,495	**$**	**34,511**	$	36,937
Adjusted EBITDA [(1)]	**$**	**16,522**	$	16,570	**$**	**46,749**	$	46,801
Adjusted net earnings [(1)]	**$**	**4,036**	$	5,077	**$**	**18,134**	$	20,133
Adjusted net earnings per share (basic) [(1)]	**$**	**0.04**	$	0.05	**$**	**0.17**	$	0.19
Trailing twelve months free cash flow [(1)]					**$**	**28,492**	$	38,355

[(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)	**For the three months ended March 28, 2020**			For the three months ended March 30, 2019		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ (2,825)**	**$ -**	**$ (2,825)**	$ (1,347)	$ -	$ (1,347)
Foreign exchange forward contracts	**(991)**	**(1,258)**	**(2,249)**	(78)	784	706
Total mark-to-market adjustment on derivatives	**(3,816)**	**(1,258)**	**(5,074)**	(1,425)	784	(641)
Cumulative timing differences	**1,255**	**(418)**	**837**	3,561	564	4,125
Adjustment to cost of sales	**(2,561)**	**(1,676)**	**(4,237)**	2,136	1,348	3,484
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges	**15**	**-**	**15**	416	-	416
Total adjustment to costs of sales	**$ (2,546)**	**$ (1,676)**	**$ (4,222)**	$ 2,552	$ 1,348	$ 3,900

Income (loss) (In thousands of dollars)	**For the six months ended March 28, 2020**			For the six months ended March 30, 2019		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ (337)**	**$ -**	**$ (337)**	$ (1,014)	$ -	$ (1,014)
Foreign exchange forward contracts	**(1,522)**	**(1,003)**	**(2,525)**	(1,497)	(1,281)	(2,778)
Total mark-to-market adjustment on derivatives	**(1,859)**	**(1,003)**	**(2,862)**	(2,511)	(1,281)	(3,792)
Cumulative timing differences	**1,745**	**(607)**	**1,138**	4,380	47	4,427
Adjustment to cost of sales	**(114)**	**(1,610)**	**(1,724)**	1,869	(1,234)	635
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges	**22**	**-**	**22**	805	-	805
Total adjustment to costs of sales	**$ (92)**	**$ (1,610)**	**$ (1,702)**	$ 2,674	$ (1,234)	$ 1,440

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 second quarter and year-to-date. 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 second quarter and year-to-date of the current year, the total cost of sales adjustment is a loss of $4.2 million and $1.7 million, respectively to be added to the consolidated results versus a gain of $3.9 million and $1.4 million to be deducted from the consolidated 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 following is a table showing the key results by segments:

Consolidated results (In thousands of dollars)	**For the three months ended March 28, 2020** **Sugar**	**Maple Products**	**Total**	For the three months ended March 30, 2019 [2] Sugar	Maple Products	Total
Revenues	**$ 143,609**	**$ 55,517**	**$ 199,126**	$ 139,067	$ 50,183	$ 189,250
Gross margin	**16,664**	**2,726**	**19,390**	21,845	6,367	28,212
Administration and selling expenses	**5,577**	**2,883**	**8,460**	5,652	2,619	8,271
Distribution costs	**3,997**	**875**	**4,872**	3,607	939	4,546
Results from operating activities	**$ 7,090**	**$ (1,032)**	**$ 6,058**	$ 12,586	$ 2,809	$ 15,395
Non- GAAP results [1]						
Adjusted Gross Margin [1]	**$ 19,210**	**$ 4,402**	**$ 23,612**	$ 19,293	$ 5,019	$ 24,312
Adjusted results from operating activities [1]	**$ 9,636**	**$ 644**	**$ 10,280**	$ 10,034	$ 1,461	$ 11,495
Adjusted EBITDA [1]	**$ 13,847**	**$ 2,675**	**$ 16,522**	$ 13,495	$ 3,075	$ 16,570
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 4,267**	**$ 2,250**	**$ 6,517**	$ 4,447	$ 1,294	$ 5,741

(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

Consolidated results (In thousands of dollars)	**For the six months ended March 28, 2020** **Sugar**	**Maple Products**	**Total**	For the six months ended March 30, 2019 [2] Sugar	Maple Products	Total
Revenues	**$ 298,424**	**$ 110,018**	**$ 408,442**	$ 290,206	$ 105,066	$ 395,272
Gross margin	**49,893**	**8,543**	**58,436**	51,197	11,564	62,761
Administration and selling expenses	**11,148**	**5,582**	**16,730**	11,000	5,066	16,066
Distribution costs	**7,225**	**1,672**	**8,897**	6,521	1,797	8,318
Results from operating activities	**$ 31,520**	**$ 1,289**	**$ 32,809**	$ 33,676	$ 4,701	$ 38,377
Non- GAAP results [1]						
Adjusted Gross Margin [1]	**$ 49,985**	**$ 10,153**	**$ 60,138**	$ 48,523	$ 12,798	$ 61,321
Adjusted results from operating activities [1]	**$ 31,612**	**$ 2,899**	**$ 34,511**	$ 31,002	$ 5,935	$ 36,937
Adjusted EBITDA [1]	**$ 39,967**	**$ 6,782**	**$ 46,749**	$ 37,954	$ 8,847	$ 46,801
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 7,231**	**$ 5,109**	**$ 12,340**	$ 8,980	$ 3,039	$ 12,019

(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

Impact of COVID-19

The operations of each of our Sugar and Maple products segments are considered as an essential service and as a result, the Company's plants have continued to operate fully, despite the COVID-19 pandemic. While most of our salaried employees are able to work from home, employees in our operations have continued to come to work and as result, our production volumes have not been significantly impacted by COVID-19. The health and safety of our employees is our top priority and the Company has put in place extensive protection measures, including a special committee comprised of representatives from each site that meets on a daily basis, social distancing measures, additional personal protective equipment requirements, increased sanitation and rigorous disinfection procedures, temperature monitoring of all personnel prior to entry into one of our locations as well as daily follow-ups by the Company's nurses regarding all health related questions and concerns. For the second quarter, the financial impact of

COVID-19 has been minimal for both segments. Refer to the outlook section for further discussion on the potential impact for the remainder of the fiscal year.

Results from operation by segment

Sugar

(In thousands of dollars, except volume)	For the three months ended		For the six months ended	
	March 28, 2020	March 30, 2019	**March 28, 2020**	March 30, 2019
Revenues	**$ 143,609**	$ 139,067	**$ 298,424**	$ 290,206
Volume (MT) as at March 30, 2019		175,040		363,417
Variation:				
Industrial		(6,072)		(11,097)
Consumer		4,754		8,391
Liquid		3,349		7,672
Export		(1,845)		(4,778)
Total variation		186		188
Volume as at March 28, 2020		175,226		363,605

Total sugar volumes remained largely unchanged in both the current quarter and year-to-date, compared to the same periods last year, as increased volumes in the consumer and liquid segments were offset by a reduction in industrial and a planned reduction in export volumes.

In the second quarter of fiscal 2020, rail blockades created difficulties in servicing our Ontario customers and resulted in a reduction of approximately 2,000 metric tonnes in our industrial segment. Volumes were also lower when compared to the prior year due to timing in deliveries to certain large industrial accounts. The impact of COVID-19 on industrial volumes was minimal for the quarter. Year-to-date, industrial volumes were also impacted by the non-recurring sales to a competitor that occurred in the first quarter of last fiscal year.

Total consumer volumes increased for the current quarter and year-to-date due mainly to additional volume negotiated with a National retail account, with additional shipments starting in April 2019. In addition, in the current quarter, the Company saw an increase in demand in consumer volumes towards the end of the quarter, mainly as a result of COVID-19.

Liquid market volumes increased for the second quarter and year-to-date compared to the prior year due mainly to additional volume from new and existing customers that were gained during fiscal 2019. The impact of COVID-19 on liquid volume was minimal for the quarter.

Finally, export volumes decreased for the current quarter and year-to-date when compared to the same periods in fiscal 2019, due to planned delays in shipments to Mexico negotiated to manage reduced factory output in Taber, driven by a weather related loss in sugar beet production.

Revenue increased in the second quarter and the first six months of fiscal 2020 from the prior comparable periods mainly due to higher weighted average raw sugar values converted into Canadian dollars.

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)	For the three months ended		For the six months ended	
	March 28, 2020	March 30, 2019 (3)	**March 28, 2020**	March 30, 2019 (3)
Gross margin	**$ 16,664**	$ 21,845	**$ 49,893**	$ 51,197
Total adjustment to the cost of sales (1) (2)	**2,546**	(2,552)	**92**	(2,674)
Adjusted gross margin	**$ 19,210**	$ 19,293	**$ 49,985**	$ 48,523
Gross margin per metric tonne	**$ 95.10**	$ 124.80	**$ 137.22**	$ 140.88
Adjusted gross margin per metric tonne	**$ 109.63**	$ 110.22	**$ 137.47**	$ 133.52
Included in Gross margin:				
Depreciation of property, plant and equipment	**$ 3,744**	$ 3,263	**$ 7,422**	$ 6,555

(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 $16.7 million and $49.9 million for the three and six months ended March 28, 2020 do not reflect the economic margin of the sugar segment, as it includes a loss of $2.5 million and $0.1 million, respectively, for the mark-to-market of derivative financial instruments as explained above. In the second quarter and year-to-date of fiscal 2019, a mark-to-market gain of $2.6 million and $2.7 million, respectively, were recorded resulting in gross margins of $21.8 million and $51.2 million for the comparable periods, respectively.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin and adjusted gross margin per metric tonne for the current quarter were comparable to last year. To ensure the reliability of our cane operations and to increase production throughput in Vancouver and Montreal, allowing it to offset the impact of the reduced Taber crop, the Company incurred approximately $1.8 million in incremental maintenance costs across all three plants in the current quarter. In addition, as a way to de-risk the supply chain challenges associated with the shortfall in production in Taber, the Company imported refined sugar, which negatively impacted the adjusted gross margin by approximately $1.6 million. Finally, the smaller crop in Taber resulted in lower by-product revenues, which was somewhat offset by a reduction in energy costs as the slicing campaign was terminated in the first quarter. When compared to the same quarter last year, the impact of these factors was offset by approximately $4.0 million in additional costs incurred in the second quarter of fiscal 2019, following the installation and commissioning of two inter-linked major capital projects in Vancouver.

Year-to-date, adjusted gross margin was $1.5 million higher or $3.95 per metric tonne higher than the comparable period last year, mainly explained by a favorable variance from the first quarter, driven by lower energy costs as no carbon tax was incurred in Taber during the first quarter of fiscal 2020 compared to $1.51 per GJ paid last year.

Other expenses

(In thousands of dollars)	For the three months ended				For the six months ended			
		March 28, 2020		March 30, 2019 [1]		**March 28, 2020**		March 30, 2019 [1]
Administration and selling expenses	**$**	**5,577**	**$**	5,652	**$**	**11,148**	$	11,000
Distribution costs	**$**	**3,997**	**$**	3,607	**$**	**7,225**	$	6,521
Included in Administration and selling expenses:								
Amortization of intangible assets	**$**	**210**	**$**	198	**$**	**419**	$	397
Included in Distribution costs:								
Depreciation of right-of-use assets	**$**	**257**	**$**	-	**$**	**514**	$	-

(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 $0.1 million lower for the current quarter and $0.1 million higher year-to-date versus the comparable periods last year.

Distribution costs for the current quarter increased by $0.4 million compared to last year, which were partly explained by $1.1 million in additional distribution costs incurred over the past three months to reconfigure the supply chain as a result of the smaller crop in Taber. This was somewhat offset by the non-recurrence of $0.8 million in additional costs incurred in the second quarter of fiscal 2019 as a result of the commissioning issues in Vancouver. Year-to-date, additional transfer costs were incurred in the first quarter of the current year, which, combined with the second quarter variation, explain the increase of $0.7 million in distribution costs.

Results from operating activities

(In thousands of dollars)	For the three months ended				For the six months ended			
		March 28, 2020		March 30, 2019 [2]		**March 28, 2020**		March 30, 2019 [2]
Results from operating activities	**$**	**7,090**	$	12,586	**$**	**31,520**	$	33,676
Adjusted results from operating activities [1]	**$**	**9,636**	$	10,034	**$**	**31,612**	$	31,002

(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 second quarter and year-to-date of fiscal 2020 of $7.1 million and $31.5 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 $0.4 million lower than the second quarter last year, mainly due to higher distribution costs. Year-to-date, adjusted results from operations were $0.6 million higher than the first six months of fiscal 2019 as a result of higher adjusted gross margin of $1.5 million, somewhat offset by higher distribution costs and administration and selling expenses, as explained above.

Adjusted EBITDA

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

(In thousands of dollars)	For the three months ended		For the six months ended	
	March 28, 2020	March 30, 2019 [(3)]	**March 28, 2020**	March 30, 2019 [(3)]
Results from operating activities	**$ 7,090**	$ 12,586	**$ 31,520**	$ 33,676
Total adjustment to cost of sales [(1) (2)]	**2,546**	(2,552)	**92**	(2,674)
Adjusted results from operating activities	**$ 9,636**	**$** 10,034	**$ 31,612**	$ 31,002
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	**4,211**	3,461	**8,355**	6,952
Adjusted EBITDA [(1) (2)]	**$ 13,847**	$ 13,495	**$ 39,967**	$ 37,954

(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 second quarter increased by $0.4 million when compared to the same quarter of fiscal 2019, which is mainly explained by higher adjusted gross margins of $0.4 million, adjusted to remove depreciation, as the non-recurrence of the commissioning issues in Vancouver was offset by the reduction in adjusted gross margins in the current quarter, largely associated with the smaller crop in Taber. The adjusted EBITDA for the first six months increased by $2.0 million when compared to the same period last year, due mainly to higher adjusted gross margin of $2.3 million, adjusted to remove depreciation, somewhat offset by higher distribution costs and administration and selling expenses, excluding depreciation and amortization expense, of $0.2 million and $0.1 million, respectively, as explained above.

The adoption of the new IFRS 16 *Leases* standard resulted in a $0.8 million and $1.4 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

Maple products

Revenues

(In thousands of dollars and volume, in thousands of pounds)	For the three months ended		For the six months ended	
	March 28, 2020	March 30, 2019	**March 28, 2020**	March 30, 2019
Volume ('000 pounds)	**12,893**	11,033	**25,686**	22,890
Revenues	**$ 55,517**	$ 50,183	**$ 110,018**	$ 105,066

Revenues for the second quarter and year-to-date of the current year were $5.3 million and $5.0 million higher than the same periods last year due to an increase in demand related to pantry-loading driven by the COVID-19 pandemic as well as growth from large customers. 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 percentage information)	For the three months ended **March 28, 2020**	March 30, 2019 [(3)]	For the six months ended **March 28, 2020**	March 30, 2019 [(3)]
Gross margin	**$ 2,726**	$ 6,367	**$ 8,543**	$ 11,564
Total adjustment to the cost of sales [(1) (2)]	**1,676**	(1,348)	**1,610**	1,234
Adjusted gross margin [(1)]	**$ 4,402**	$ 5,019	**$ 10,153**	$ 12,798
Gross margin percentage	**4.9%**	12.7%	**7.8%**	11.0%
Adjusted gross margin percentage	**7.9%**	10.0%	**9.2%**	12.2%
Included in Gross margin:				
Depreciation of property, plant and equipment and right-of-use assets	**$ 786**	$ 442	$ **1,489**	$ 857

(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 $2.7 million and $8.5 million for the second quarter and year-to-date of fiscal 2020 do not reflect the economic margin of the Maple products segment, as it includes a loss of $1.7 million and $1.6 million, respectively, for the mark-to-market of derivative financial instruments on foreign exchange contracts. Gross margin for the quarter and first half of fiscal 2019 of $6.4 million and $11.6 million include a gain of $1.3 million and a loss of $1.2 million, respectively.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter was $0.6 million lower than the comparable period last year, representing a decrease of 2.1% in adjusted gross margin percentage. The Maple products segment incurred additional labour costs in the current quarter of $0.6 million due to additional personnel and overtime, driven by an increase in production levels to meet demand, as well as by purposely increasing production capacity prior to the move to the new Granby location on January 31, 2020. In addition, equipment installation and commissioning contributed to higher labour costs in the current quarter. Production levels at the new plant are continuing to ramp up towards expected levels. Furthermore, competitive pressures that began in the second half of 2019 continued to impact selling gross margins percentage, but an increase in sales volume partially offset this impact on overall adjusted gross margins. 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.

Year-to-date, adjusted gross margin was $2.6 million lower than the first half of fiscal 2019, partly driven by an increase in labour costs and depreciation expense of $0.9 million and $0.6 million, respectively, due to the same reasons as explained for the quarter. In addition, in the first six months of the current year, the Company incurred $0.4 million in additional non-recurring costs, mostly associated with the move to the new Granby facility. Adjusted gross margin was also impacted by lower gross margin percentage, as explained above, somewhat offset by higher volume.

Other expenses

(In thousands of dollars)	For the three months ended **March 28, 2020**	March 30, 2019	For the six months ended **March 28, 2020**	March 30, 2019
Administration and selling expenses	**$ 2,883**	$ 2,619	**$ 5,582**	$ 5,066
Distribution costs	**$ 875**	$ 939	**$ 1,672**	$ 1,797
Included in Administration and selling expenses:				
Amortization of intangible assets	**$ 875**	$ 875	**$ 1,750**	$ 1,750

Administration and selling expenses were $0.3 million and $0.5 million higher than the second quarter and year-to-date last year, respectively, due mainly to an increase in employee benefits associated with additional personnel. Distribution costs were $0.1 million below the second quarter and the first half of fiscal 2019.

Results from operating activities ("EBIT")

(In thousands of dollars)		For the three months ended				For the six months ended		
		March 28, 2020		March 30, 2019 [(2)]		**March 28, 2020**		March 30, 2019 [(2)]
Results from operating activities	**$**	**(1,032)**	$	2,809	**$**	**1,289**	$	4,701
Adjusted results from operating activities ("Adjusted EBIT") [(1)]	**$**	**644**	$	1,461	**$**	**2,899**	$	5,935

[(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 a loss of $1.0 million and a profit of $1.3 million year-to-date 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 for the current quarter and year-to-date was $0.8 million and $3.0 million lower than the comparable periods last year, mostly explained by a decrease in adjusted gross margin and higher administration and selling expenses, somewhat offset by lower distribution costs, 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)		For the three months ended			For the six months ended		
		March 28, 2020	March 30, 2019 [(3)]		**March 28, 2020**		March 30, 2019 [(3)]
Results from operating activities	**$**	**(1,032)**	2,809	**$**	**1,289**	$	4,701
Total adjustment to cost of sales [(1)] [(2)]		**1,676**	(1,348)		**1,610**		1,234
Adjusted results from operating activities [(1)]		**644**	1,461		**2,899**		5,935
Non-recurring expenses:							
Other one-time non-recurring items		**370**	297		**644**		305
Depreciation and amortization		**1,661**	1,317		**3,239**		2,607
Adjusted EBITDA [(1)]		**2,675**	3,075	**$**	**6,782**	$	8,847

[(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 year mainly included costs associated with having two locations in Granby, while fiscal 2019 mainly included severance costs, both of which pertain to the footprint optimization project.

Adjusted EBITDA for the second quarter and the first six months of fiscal 2020 decreased by $0.4 million and $2.1 million, respectively 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 resulted in a $0.2 million and $0.3 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of Rogers' consolidated results for the second quarter and year-to-date of fiscal 2020 and 2019.

(unaudited) (In thousands of dollars, except volume and per share information)	For the three months ended **March 28, 2020**	March 30, 2019 [(2)]	For the six months ended **March 28, 2020**	March 30, 2019 [(2)]
Sugar (metric tonnes)	**175,226**	175,040	**363,605**	363,417
Maple syrup ('000 pounds)	**12,893**	11,033	**25,686**	22,890
Total revenues	**$ 199,126**	$ 189,250	**$ 408,442**	$ 395,272
Gross margin	**19,390**	28,212	**58,436**	62,761
Results from operating activities ("EBIT")	**6,058**	15,395	**32,809**	38,377
Net finance costs	**4,504**	4,357	**9,385**	8,999
Income tax expense	**589**	3,027	**6,495**	7,956
Net earnings	**$ 965**	$ 8,011	**$ 16,929**	$ 21,422
Net earnings per share (basic)	**$ 0.01**	$ 0.08	**$ 0.16**	$ 0.20
Net earnings per share (diluted)	**$ 0.01**	$ 0.08	**$ 0.16**	$ 0.20
Dividends per share	**$ 0.09**	$ 0.09	**$ 0.18**	$ 0.18
Non- IFRS results [(1)]				
Adjusted Gross Margin [(1)]	**$ 23,612**	$ 24,312	**$ 60,138**	$ 61,321
Adjusted results from operating activities [(1)]	**$ 10,280**	$ 11,495	**$ 34,511**	$ 36,937
Adjusted EBITDA [(1)]	**$ 16,522**	$ 16,570	**$ 46,749**	$ 46,801
Adjusted net earnings [(1)]	**$ 4,036**	$ 5,077	**$ 18,134**	$ 20,133
Adjusted net earnings per share (basic) [(1)]	**$ 0.04**	$ 0.05	**$ 0.17**	$ 0.19

[(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 $9.9 million and $13.2 million for the second quarter and year-to-date versus comparable periods last year. The improvement in revenues is explained by higher revenues in both the Sugar and Maple products segments, as explained above.

Gross margin

Gross margin of $19.4 million for the current quarter and of $58.4 million for the first half of the current fiscal year do not reflect the economic margin of the Company, as it includes a loss of $4.2 million and a loss of $1.7 million, respectively, for the mark-to-market of derivative financial instruments (See "Adjusted results" section). In fiscal 2019, a mark-to-market gain of $3.9 million and $1.4 million were recorded for the second quarter and the first haft of the fiscal year, resulting in gross margin of $28.2 million and $62.8 million, respectively.

Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the second quarter of the current year decreased by $0.7 million, which is mainly explained by a reduction in the Maple products segment as explained above. Year-to-date, the adjusted gross margin was $1.2 million lower than the first half of fiscal 2019 as the decrease in the Maple products segment was partially offset by an improvement of $1.5 million in adjusted gross margin for the Sugar segment, due mainly to lower energy costs associated with lower carbon tax in Taber in the first quarter, as explained above.

Results from operating activities ("EBIT")

EBIT is defined as earnings before interest and taxes. For the second quarter of fiscal 2020, EBIT amounted to $6.1 million, a decrease of $9.3 million, while the first six months of the current fiscal year represented a decrease of $5.6 million to $32.8 million. As mentioned above, the gross margin comparison does not reflect the economic results from operating activities which were negatively impacted by $8.1 million and $3.1 million for the current quarter and 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 $10.3 million versus $11.5 million, a decrease of $1.2 million. Year-to-date, adjusted EBIT was $34.5 million, representing a decrease of $2.4 million. The variation for both periods is mainly explained by a lower contribution from both segments in the current quarter and by lower results year-to-date, from the Maple products segment, somewhat offset by better results from the Sugar segment. As mentioned above, COVID-19 had minimal financial impact for the current quarter.

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)	For the three months ended		For the six months ended	
	March 28, 2020	March 30, 2019	**March 28, 2020**	March 30, 2019
Interest expense on convertible unsecured subordinated debentures	**$ 2,073**	$ 2,077	**$ 4,171**	$ 4,164
Interest on revolving credit facility	**1,829**	1,827	**3,529**	3,562
Amortization of deferred financing fees	**297**	295	**593**	589
Other interest expense	**156**	252	**832**	876
Interest accretion on discounted lease obligations	**214**	-	**391**	-
Amortization of transition balances and net change in fair value of interest rate swap agreements	**(65)**	(94)	**(131)**	(192)
Net finance costs	**$ 4,504**	$ 4,357	**$ 9,385**	$ 8,999

Net finance costs for the second quarter and first six months of the current year were $0.1 million and $0.4 million higher than the comparable periods last year, respectively, 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 second quarter and year-to-date of the current year, compared to $0.1 million and $0.2 million for the comparable periods last year, respectively. See "Adjusted results" section.

Taxation

The income tax expense is as follows:

(In thousands of dollars)		For the three months ended				For the six months ended		
		March 28, 2020		March 30, 2019		**March 28, 2020**		March 30, 2019
Current	**$**	**2,874**	$	1,453	**$**	**8,304**	$	7,713
Deferred		**(2,285)**		1,574		**(1,809)**		243
Income tax expense	**$**	**589**	$	3,027	**$**	**6,495**	$	7,956

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 in the second quarter and year to date fiscal 2020 were $7.0 million and $4.5 million lower than the comparative periods of fiscal 2019, respectively. The reduction in net earnings 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 and a decrease in results from operating activities for both segments in the second quarter and an increase year-to-date for the Sugar segment, somewhat offset by a decrease in the Maple products segment, 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]	
	Second	**First**	Fourth	Third	Second	First	Fourth	Third
Sugar Volume (MT)	**175,226**	**188,379**	196,903	180,824	175,040	188,377	200,147	182,331
Maple products volume ('000 pounds)	**12,893**	**12,792**	10,163	9,325	11,033	11,857	10,549	10,654
	$	**$**	$	$	$	$	$	$
Total revenues	**199,126**	**209,316**	207,572	191,448	189,250	206,022	211,807	199,056
Gross margin	**19,390**	**39,046**	29,073	30,741	28,212	34,549	29,255	31,430
EBIT	**6,058**	**26,751**	(32,800)	18,570	15,395	22,982	18,231	19,296
Net earnings (loss)	**965**	**15,964**	(40,021)	10,432	8,011	13,411	9,633	11,294
Gross margin rate per MT [1]	**95.10**	**176.39**	125.15	135.28	124.80	155.81	108.12	113.04
Gross margin percentage [2]	**4.9%**	**10.7%**	9.2%	13.9%	12.7%	9.5%	15.0%	14.3%
Per share								
Net earnings (loss)								
Basic	**0.01**	**0.15**	(0.38)	0.10	0.08	0.13	0.09	0.11
Diluted	**0.01**	**0.14**	(0.38)	0.10	0.08	0.12	0.09	0.10
Non-GAAP Measures [3]								
Adjusted gross margin [3]	**23,612**	**36,526**	29,026	26,231	24,312	37,009	32,764	27,687
Adjusted EBIT [3]	**10,280**	**24,231**	17,153	14,060	11,495	25,442	21,740	15,553
Adjusted net earnings [3]	**4,036**	**14,098**	9,910	7,033	5,077	15,056	12,122	8,445
Adjusted gross margin rate per MT [1] [3]	**109.63**	**163.37**	123.71	116.97	110.22	155.16	128.90	113.37
Adjusted gross margin percentage [2] [3]	**7.9%**	**10.6%**	9.7%	11.2%	10.0%	14.2%	13.7%	13.9%
Adjusted net earnings per share [3]								
Basic	**0.04**	**0.13**	0.09	0.07	0.05	0.14	0.12	0.08
Diluted	**0.04**	**0.13**	0.09	0.07	0.05	0.13	0.11	0.08

(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.

Cash from operations could also be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic and other risks detailed in the section "Risks factors". However, based on current forecast, we expect that anticipated cash flows from operations and available credit facility will be sufficient to meet the working capital, capital expenditures and the dividend requirements for the Company.

(In thousands of dollars)		For the three months ended				For the six months ended		
		March 28, 2020		March 30, 2019 [(1)]		**March 28, 2020**		March 30, 2019 [(1)]
Net cash flow from operating activities	**$**	**6,599**	$	2,296	**$**	**20,709**	$	3,289
Cash flow (used in) from financing activities		**(2,294)**		4,320		**(9,613)**		11,629
Cash flow used in investing activities		**(6,062)**		(6,660)		**(10,411)**		(9,888)
Effect of changes in exchange rate on cash		**552**		(149)		**433**		170
Net (decrease) increase in cash	**$**	**(1,205)**	$	(193)	**$**	**1,118**	$	5,200

[(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 for the current quarter increased by $4.3 million, which is mainly explained by a positive non-cash working capital variation of $7.1 million, lower income taxes paid of $2.7 million, somewhat offset by a decrease in adjusted EBIT of $1.2 million and an increase in interest paid of $3.8 million. Year-to-date, cash flow from operating activities increased by $17.4 million, which is mainly explained by a positive non-cash working capital variation of $15.4 million, lower income taxes paid of $5.2 million, somewhat offset by a decrease in adjusted EBIT of $2.4 million and an increase of $0.3 million in both interest paid and pension contributions.

The negative variation in cash flow used in financing activities of $6.6 million for the current quarter is mainly attributable to an increase in repurchases under the Normal Course Issuer Bid ("NCIB") of $5.4 million and a reduction of $0.2 million in borrowings from the revolving credit facilities, net of the variation in bank overdraft versus the comparable period last year. In addition, 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 obligations. Year-to-date, cash flow used in financing activities had a negative variance of $21.2 million, explained mainly by a $12.7 million reduction in borrowings from the revolving credit facilities, net of the variation in bank overdraft, by the repurchase of $6.5 million under the NCIB and by $2.1 million in payments towards lease obligations under IFRS 16.

The cash outflow used in investing activities for the current quarter and year-to-date was $0.6 million lower and $0.5 million higher, respectively, versus the comparable periods 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	**$**	**73,288**	$	57,270
Adjustments:				
Changes in non-cash working capital		**(13,367)**		3,304
Mark-to-market and derivative timing adjustments		**(1,979)**		471
Amortization of transitional balances		**(1,192)**		(2,603)
Financial instruments non-cash amount		**(1,699)**		727
Capital expenditures and intangible assets		**(27,532)**		(26,387)
Operational excellence capital expenditures		**10,288**		9,686
Payment of leases obligation		**(2,063)**		-
Purchase and cancellation of shares		**(7,096)**		(3,963)
Deferred financing charges		**(156)**		(150)
Free cash flow [(1)]	**$**	**28,492**	$	38,355
Declared dividends	**$**	**37,634**	$	37,839

(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 March 28, 2020 amounted to $28.5 million, representing a decrease of $9.9 million for the comparative period last year. The reduction is free cash flow is mainly explained by a decrease in adjusted EBITDA[(1)] of $6.4 million, an increase in shares purchased and cancelled under the NCIB of $3.1 million, higher payments for capital leases of $2.1 million, associated with the adoption of IFRS 16 *Leases*, higher interest paid of $1.6 million and an increase in capital and intangible spending, net of operational excellence capital of $0.5 million. Somewhat offsetting this negative variance is a reduction in income taxes paid of $3.4 million, and lower pension plan contribution of $0.2 million.

Free cash flow for the current trailing twelve months was reduced by $7.1 million for the purchase and cancellation of common shares under the NCIB as Management and the Board allocated some capital to repurchase common shares as the lower stock price did not represent the fair value of the enterprise. Without the NCIB purchases, free cash flow would have amounted to $35.6 million compared to $42.3 million for the comparable period last year. 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 declared to $37.6 million and $37.8 million, respectively.

Capital and intangible assets expenditures, net of operational excellence expenditures, increased by $0.5 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.

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

The combined impact of the mark-to-market and derivative timing adjustments, amortization of transitional balances and financial instruments non-cash negative amount of $3.5 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations:

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

As at March 28, 2020, Lantic had commitments to purchase a total of 1,786,750 metric tonnes of raw sugar, of which 431,483 metric tonnes had been priced for a total dollar commitment of $188.6 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 March 28, 2020, the pro-forma debt to pro-forma Adjusted EBITDA covenant was 2.25, well below its maximum of 3.5 times pro-forma Adjusted EBITDA. The revolving credit facility will expire on June 28, 2024 and no repayments are required prior to maturity. As of March 28, 2020, there has not been any impact associated with COVID-19 on borrowing capacity. See "Risk factors" for additional risks associated with COVID-19. See "Non-GAAP measures" section for the definition of pro-forma debt and pro-forma Adjusted EBITDA.

As at March 28, 2020, a total of $426.6 million of assets have been pledged as security for the revolving credit facility, compared to $399.0 million as at March 30, 2019, including trade receivables, inventories and property, plant and equipment.

At March 28, 2020, $201.0 million had been drawn from the working capital facility and $1.4 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.

During the first quarter, the Company entered into a five-year interest rate swap agreement with an effective date of October 3, 2019 at a rate of 1.68% for a notional amount of $20.0 million.

During the second quarter, the Company entered into a five-year interest rate swap agreement with an effective date of February 24, 2020 at a rate of 1.60% for a notional amount of $20.0 million, a three-year interest rate swap agreement with an effective date of March 6, 2020 at a rate of 1.08% for a notional amount of $20.0 million, going down to $10.0 million on June 28, 2021 and a one-year interest rate swap agreement with an effective date of June 28, 2024 at a rate of 1.18% for a notional amount of $80.0 million.

The aggregate notional amount of the all interest rate swap agreements is as follows:

Fiscal year contracted	Date	Total value $
Fiscal 2015	June 28, 2018 to June 28, 2020 – 1.959%	30,000
Fiscal 2017	May 29, 2017 to June 28, 2022 – 1.454%	20,000
Fiscal 2017	September 1, 2017 to June 28, 2022 – 1.946%	30,000
Fiscal 2017	June 29, 2020 to June 29, 2022 – 1.733%	30,000
Fiscal 2019	March 12, 2019 to June 28, 2024 – 2.08%	20,000
Fiscal 2019	June 28, 2022 to June 28, 2024 – 2.17%	80,000
Fiscal 2020	October 3, 2019 to June 28, 2024 – 1.68%	20,000
Fiscal 2020	February 24, 2020 to June 28, 2025 – 1.60%	20,000
Fiscal 2020	March 6, 2020 to June 28, 2021 – 1.08%	20,000
Fiscal 2020	June 28, 2021 to June 28, 2023 – 1.08%	10,000
Fiscal 2020	June 28, 2024 to June 28, 2025 – 1.18%	80,000

OUTSTANDING SECURITIES

A total of 103,554,993 shares and 103,536,923 shares were outstanding as at March 28, 2020 and May 5, 2020, respectively (105,008,070 as at March 30, 2019).

As at March 28, 2020, the Company had an outstanding amount of $57,425 for its sixth series convertible unsecured subordinated debentures ("Sixth series debentures") and $97,575 outstanding for its seventh series convertible unsecured subordinated debentures ("Seventh series debentures"). The convertible unsecured subordinated debentures mature on December 31, 2024 and on June 30, 2025, respectively.

During the first quarter, 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. Then on March 20, 2020, 250,000 share options were granted to an executive at a price of $4.28 per common share. In both cases, the price of the share option granted represented 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.

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 comment shares and commenced on May 24, 2019. 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 second quarter and the first half of fiscal 2020, the Company purchased 1,146,030 common shares and 1,359,324 common shares, respectively, for a total cash consideration of $5.4 million and $6.5 million, respectively. Subsequent to quarter end, on March 30, 2020, an additional 18,070 common shares were purchased for a total cash consideration of $0.1 million. An amount of 122,606 common shares were purchased in fiscal 2019, which brought the total purchase under the 2019 NCIB to 1,500,000 common shares.

RISK FACTORS

Disease and Epidemics, including COVID-19:

The impact of disease and epidemics may have a negative impact on the Company, Lantic or TMTC and their performance and financial position. In December 2019, a novel strain of coronavirus, known as "COVID-19" was identified in Wuhan, China. As of March 20, 2020, COVID-19 had spread to over 100 countries and been declared a pandemic by the World Health Organization. COVID-19 has resulted in, and renewed outbreaks of COVID-19 or new epidemics could result in, health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, the Company, Lantic or TMTC's operations could be negatively affected if personnel are affected by or quarantined as the result of, or in order to avoid, exposure to a contagious illness. Lantic and TMTC have been designated as "essential businesses" at this time, with minimal disruptions to operations, as described above.

A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit losses on customer sales or credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the business of the Company, Lantic or TMTC. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects may be material. While governmental agencies and private sector participants will seek to mitigate the adverse effects of this coronavirus, which may include such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel, and other restrictions, and the medical community is seeking to develop vaccines and other treatment options, the efficacy of such measures is uncertain. The Company's, Lantic's and TMTC's operations and business results could be materially adversely affected. The extent to which COVID-19 (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain this coronavirus or treat its impact, among others.

All other 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

The health and safety of our employees remains our top priority and the Company is closely following all public health authority recommendations. The operations of both of our Sugar and Maple products segments are considered as an essential service and as a result, our plants have continued to fully operate without any disruption to date despite the COVID-19 pandemic. While most of our salaried employees are able to work from home, the employees in our operations have continued to come to work, resulting in our operations being largely unaffected by the pandemic, to date. It remains difficult to estimate or forecast the impact from the COVID-19 pandemic on the continued operation of the Company and/or the financial impact it may have; however, the Company is closely monitoring the situation and will react quickly to the changing circumstances.

Sugar

Market conditions remain favourable for our sugar business and, despite the COVID-19 pandemic and the challenges in our manufacturing and supply chain plans related to 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.

Due to similar to Canada beet sugar supply disruptions, on April 3, 2020, the United States Trade Representative ("USTR") announced the allocation of additional Tariff-rate Quota ("TRQ") volume for raw cane sugar and refined sugar. Canada was allocated a total of 5,000 metric tonnes, to be entered into the United States prior to September 30, 2020 and can only be supplied by beet sugar from Taber. In addition, a Global refined TRQ quota of 176,437 metric tonnes was also put in place with seven distinct tranches opening on April 3, 2020 and closing on June 29, 2020, which may be supplied on a first-come, first-served basis. The Company intends to maximize its export volume to the U.S. under the Global refined TRQ with sales from its Montreal and Vancouver facilities and to fully utilize the additional refined beet sugar TRQ allocated to Canada from the Taber factory. As a result, the Company now expects that export volumes should be slightly above fiscal 2019, despite the fact that shipments to Mexico were postponed into fiscal 2022 at no additional costs to the Company. At this point in time, the Company does not anticipate any additional volume under the Canada-United States-Mexico Agreement ("CUSMA") despite the fact that all three countries have ratified CUSMA and that it is expected to take effect on July 1, 2020.

The Company anticipates that volume for the consumer segment for fiscal 2020 should be approximately 10,000 metric tonnes higher than fiscal 2019. Demand for consumer volume was strong at the end of the second quarter and remained strong into the beginning of the third quarter; however, it is difficult to estimate the impact that the COVID-19 pandemic may have on the Company's future volume. Part of the stronger consumer volume could be offset by the anticipated slowdown in the food service segment, due to the COVID-19 pandemic.

The Company continues to anticipate that volume for the liquid and industrial segments should be comparable to fiscal 2019. The Taber factory delivers a significant portion of its volume as liquid, to customers, which is still expected to occur in fiscal 2020. The impact of the COVID-19 pandemic on volume for both of these segments is not expected to be significant.

Despite the challenges created by a small crop in Taber and the COVID-19 pandemic, the overall Sugar segment volume expectations for the Company is positive and it is anticipated that the total sales volume should exceed fiscal 2019 by approximately 9,000 metric tonnes, totalling approximately 750,000 metric tonnes.

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.

The Company's preliminary estimate for costs associated with the COVID-19 pandemic total approximately $1.0 million in additional administrative expenses in fiscal 2020, driven by premiums paid to employees starting at the beginning of the third quarter, additional supplies and consulting services. The financial impact of the COVID-19 pandemic on administrative expenses may be higher should restrictions enforced by the government agencies continue past June 2020.

As at March 28, 2020, the Company has not re-assessed the defined benefit pension plan and other benefit plans assumptions. As usual, the actuarial assumptions will be re-assessed at year end. Any material change in assumptions such as discount rate and/or pension assets rate of return may have a material impact on the financial results of the Company. In addition, the actuarial evaluations of the two defined benefit plans have not been completed as at May 5, 2020. Any significant change in the assumptions used for funding purposes may have a material impact on pension plan contributions.

The Company contracted 30,000 acres for planting in Taber for the 2020 crop, an increase of 2,000 acres from last year. Taber is expected to start harvesting and slicing earlier in September than previous years and, under normal growing conditions, the new crop is expected to yield approximately 132,000 metric tonnes.

Spending on capital projects have slowed down in March as a result of the COVID-19 pandemic and is expected to continue at a slower pace than originally anticipated for fiscal 2020. As a result, overall capital spending, including a high proportion of return on investment capital expenditures, may vary between $17.0 million and $19.0 million, down from the previously expectation of $20.0 million.

Maple products

The maple syrup harvest season has started, albeit the reception of barrels is slower than prior years given supply chain challenges associated with the COVID-19 pandemic. It is still very early in the harvesting season, but it is expected that the 2020 crop should range between an average and above average crop as opposed to a record crop last year.

The current year-to-date margins reflect the more competitive market conditions starting last year and as such, we anticipate gross margins rates to remain relatively stable at current levels. The Company is focused on defending its market share and improving its competitive advantage by continuing to pursue opportunities to further lower operating costs and drive new sales volumes through the pursuit of new markets and value-added products. Although we have seen very strong demand at the onset of the COVID -19 pandemic, we are not anticipating a continuation of this trend into the future.

Manufacturing throughput continued to increase during the quarter with a combination of improved line efficiency in Granby and planned overtime. The focus for the remainder of the year will shift towards maximizing the various line efficiencies while optimizing shift crewing and production planning, now that the transition between plants is completed, which will allow for growth. Labour costs for the remainder of the year will improve versus the first half of the fiscal year but not at anticipated levels due to new COVID-19 pandemic operating procedures and the impact of third-party plant access restrictions on the commissioning process.

The Company expects to spend less than $1.0 million in the last six months of the year for its footprint optimization project to complete the Granby relocation and the commissioning of equipment.

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.
- Pro-forma debt (for the purposes of calculating financial covenant) is defined as the outstanding balance under the revolving credit facility, net of any bank cash balances, and it includes any obligations under IAS 17 *Leases* and it excludes the impact from the adoption of IFRS 16 *Leases* with regards to any new lease obligations as well as all convertible unsecured subordinated debentures.
- Pro-forma Adjusted EBITDA (for the purposes of calculating financial covenant) is defined as Adjusted EBITDA adjusted to exclude the impact from the adoption of IFRS 16 *Leases* on Adjusted EBITDA.

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)	**For the three months ended March 28, 2020** Sugar	Maple Products	Total	For the three months ended March 30, 2019 [(2)] Sugar	Maple Products	Total
Gross margin	**$ 16,664**	**$ 2,726**	**$ 19,390**	$ 21,845	$ 6,367	$ 28,212
Total adjustment to the cost of sales [(1)]	**2,546**	**1,676**	**4,222**	(2,552)	(1,348)	(3,900)
Adjusted Gross Margin	**$ 19,210**	**$ 4,402**	**$ 23,612**	$ 19,293	$ 5,019	$ 24,312
Results from operating activities ("EBIT")	**$ 7,090**	**$ (1,032)**	**$ 6,058**	$ 12,586	$ 2,809	$ 15,395
Total adjustment to the cost of sales [(1)]	**2,546**	**1,676**	**4,222**	(2,552)	(1,348)	(3,900)
Adjusted results from operating activities ("Adjusted EBIT")	**$ 9,636**	**$ 644**	**$ 10,280**	$ 10,034	$ 1,461	$ 11,495
Results from operating activities ("EBIT")	**$ 7,090**	**$ (1,032)**	**$ 6,058**	$ 12,586	$ 2,809	$ 15,395
Total adjustment to the cost of sales [(1)]	**2,546**	**1,676**	**4,222**	(2,552)	(1,348)	(3,900)
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,211**	**1,661**	**5,872**	3,461	1,317	4,778
Maple Segment non-recurring costs [(1)]	**-**	**370**	**370**	-	297	297
Adjusted EBITDA [(1)]	**$ 13,847**	**$ 2,675**	**$ 16,522**	$ 13,495	$ 3,075	$ 16,570
Net earnings			**$ 965**			$ 8,011
Total adjustment to the cost of sales [(1)]			**4,222**			(3,900)
Amortization of transitional balance to net finance costs [(1)]			**(65)**			(94)
Income taxes on above adjustments			**(1,086)**			1,060
Adjusted net earnings			**$ 4,036**			$ 5,077
Net earnings per share (basic)			**$ 0.01**			$ 0.08
Adjustment for the above			**0.03**			(0.03)
Adjusted net earnings per share (basic)			**$ 0.04**			$ 0.05

(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

Consolidated results (In thousands of dollars)	**For the six months ended March 28, 2020**						For the six months ended March 30, 2019 [2]					
		Sugar		**Maple Products**		**Total**		Sugar		Maple Products		Total
Gross margin	**$**	**49,893**	**$**	**8,543**	**$**	**58,436**	$	51,197	$	11,564	$	62,761
Total adjustment to the cost of sales [1]		**92**		**1,610**		**1,702**		(2,674)		1,234		(1,440)
Adjusted Gross Margin	**$**	**49,985**	$	**10,153**	**$**	**60,138**	$	48,523	$	12,798	$	61,321
Results from operating activities ("EBIT")	**$**	**31,520**	**$**	**1,289**	**$**	**32,809**	$	33,676	$	4,701	$	38,377
Total adjustment to the cost of sales [1]		**92**		**1,610**		**1,702**		(2,674)		1,234		(1,440)
Adjusted results from operating activities ("Adjusted EBIT")	**$**	**31,612**	**$**	**2,899**	**$**	**34,511**	$	31,002	$	5,935	$	36,937
Results from operating activities ("EBIT")	**$**	**31,520**	**$**	**1,289**	**$**	**32,809**	$	33,676	$	4,701	$	38,377
Total adjustment to the cost of sales [1]		**92**		**1,610**		**1,702**		(2,674)		1,234		(1,440)
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets		**8,355**		**3,239**		**11,594**		6,952		2,607		9,559
Maple Segment non-recurring costs [1]		**-**		**644**		**644**		-		305		305
Adjusted EBITDA [1]	**$**	**39,967**	**$**	**6,782**	**$**	**46,749**	$	37,954	$	8,847	$	46,801
Net earnings					**$**	**16,929**					$	21,422
Total adjustment to the cost of sales [1]						**1,702**						(1,440)
Amortization of transitional balance to net finance costs [1]						**(131)**						(192)
Income taxes on above adjustments						**(366)**						343
Adjusted net earnings					**$**	**18,134**					$	20,133
Net earnings per share (basic)					**$**	**0.16**					$	0.20
Adjustment for the above						**0.01**						(0.01)
Adjusted net earnings per share (basic)					**$**	**0.17**					$	0.19

(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 March 28, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No such changes were identified through their evaluation.