



Rogers Sugar Reports Second Quarter 2023 Results; Continued Strong Performance Driven by Higher Profitability in Sugar

Rogers Sugar Inc. (“our,” “we,” “us” or “Rogers”) (TSX: RSI) today reported second quarter fiscal 2023 results with consolidated adjusted EBITDA of \$25.0 million and \$58.5 million for the current quarter and the first six months of the year, respectively.

“Canada’s favourable sugar dynamics and continued strong demand for sugar containing products drove increased profitability in the second quarter of fiscal 2023,” said Mike Walton, President and Chief Executive Officer of Rogers and Lantic Inc. “We are confident that these trends will continue throughout 2023 and despite lower sugar production from our Taber operations, we expect to deliver strong and stable financial results this year. In our maple business, the impact of improved pricing, automation projects and improving economic conditions helps mitigate an otherwise challenging business environment.”

Second Quarter 2023 Consolidated Highlights (unaudited)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Financials (\$000s)				
Revenues	272,949	253,341	534,392	484,096
Gross margin	41,658	33,899	82,849	77,385
Adjusted gross margin ⁽¹⁾	38,233	35,887	80,226	71,687
Results from operating activities	21,856	15,499	48,140	42,836
EBITDA ⁽¹⁾	28,445	22,029	61,158	55,777
Adjusted EBITDA ⁽¹⁾	25,020	24,017	58,535	50,079
Net earnings	11,062	8,570	25,736	25,796
per share (basic)	0.11	0.08	0.25	0.25
per share (diluted)	0.10	0.08	0.23	0.24
Adjusted net earnings ⁽¹⁾	9,115	9,122	24,462	20,079
Adjusted net earnings per share (basic) ⁽¹⁾	0.09	0.09	0.23	0.19
Trailing twelve months free cash flow ⁽¹⁾	51,807	46,560	51,807	46,560
Dividends per share	0.09	0.09	0.18	0.18
Volumes				
Sugar (metric tonnes)	195,547	196,570	388,396	376,613
Maple Syrup (thousand pounds)	12,059	12,912	23,878	25,198

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

- Consolidated adjusted EBITDA for the second quarter and the first six months of fiscal 2023 was \$25.0 million and \$58.5 million respectively, up \$1.0 million, and \$8.4 million from the same periods last year. The increase in consolidated adjusted EBITDA for both periods was related to higher adjusted EBITDA in the Sugar segment, partially offset by lower adjusted EBITDA in the Maple segment;
- Adjusted EBITDA in the Sugar segment was \$22.6 million in the second quarter of fiscal 2023, up \$1.2 million compared to the same period last year, largely due to higher adjusted gross margin, partially offset by higher administrative and selling expenses;
- Sales volumes in the Sugar segment decreased slightly in the second quarter to 195,547 metric tonnes, from 196,570 metric tonnes for the same period last year;
- Adjusted gross margin in the Sugar segment improved by \$15.51 per metric tonne in the second quarter of 2023 compared to the same period last year due to improved average pricing;
- Adjusted EBITDA in the Maple segment was \$2.4 million in the second quarter, a decrease of \$0.3 million from the same quarter last year, largely as a result of lower adjusted gross margin;
- The volume sold in the Maple segment decreased by 853,000 pounds to 12,059,000 pounds in the quarter, driven largely by lower demand and unfavourable market dynamics;
- We are maintaining our fiscal 2023 sugar sales volume outlook at approximately 805,000 metric tonnes, reflecting the continued strong demand in the Canadian industrial sugar market;
- Free cash flow for the trailing 12 months ended April 1, 2023 was \$51.8 million, an increase of \$5.2 million from the same period last year;
- In the second quarter of fiscal 2023, we distributed \$0.09 per share to our shareholders for a total amount of \$9.4 million;
- On May 10, 2023, the Board of Directors declared a quarterly dividend of \$0.09 per share, payable on or before July 13, 2023; and



- We continue to work on the design and planning of the prospective expansion project announced in August 2022. The expansion project would increase sugar supply by approximately 100,000 metric tonnes in eastern Canada within the next two to three years. We are expecting to complete the design and planning stage in the third quarter of fiscal 2023.

Sugar

Second Quarter 2023 Sugar Highlights (unaudited)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Financials (\$000s)				
Revenues	216,135	195,875	421,423	371,782
Gross margin	37,075	29,030	73,113	67,836
Adjusted gross margin ⁽¹⁾	34,145	31,277	71,806	62,649
Per metric tonne (\$/ mt) ⁽¹⁾	174.62	159.11	184.88	166.35
Administration and selling expenses	11,101	9,415	17,736	18,527
Distribution costs	5,340	5,328	10,402	9,672
Results from operating activities	20,634	14,287	44,975	39,637
EBITDA ⁽¹⁾	25,512	19,117	54,566	49,168
Adjusted EBITDA ⁽¹⁾	22,582	21,364	53,259	43,981
Volumes (metric tonnes)				
Total volume	195,547	196,570	388,396	376,613

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

In the second quarter, revenue increased by \$20.3 million, compared to the same periods last year, driven mainly by higher prices paid for #11 world raw sugar and higher average pricing for refining related activities.

Overall, sugar volume was stable in the second quarter of 2023 compared to the same quarter last year, as strong industrial volumes were offset by lower volumes in our consumer and export categories.

Gross margin was \$37.1 million for the second quarter and include a gain of \$2.9 million for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was \$29.0 million with a mark-to-market loss of \$2.2 million.

Adjusted gross margin increased by \$2.9 million in the second quarter compared to the same period last year mainly as a result of higher sugar sales margin from improved average pricing on sugar refining related activities. This positive variance was partially offset by higher production costs mainly driven by market-based inflationary pressures on operating costs and higher storage costs for raw sugar as we increased the storage capacity of our Montreal plant to support the growing demand for refined sugar in eastern Canada. On a per unit basis, adjusted gross margin for the second quarter was at \$174.62 per metric tonne, higher than last year by \$15.51 per metric tonne. The favourable variance was mainly due to the increase in overall margin from improved selling prices, partially offset by higher production cost, as compared to last year.

Results from operating activities for the second quarter of 2023 was \$20.6 million, an increase of \$6.3 million as compared to the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

EBITDA for the second quarter was \$25.5 million, an increase of \$6.4 million as compared to same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the second quarter increased by \$1.2 million compared to the same period last year, largely as a result of higher adjusted gross margin, partially offset by higher administration and selling expenses.



Maple Products

Second Quarter 2023 Maple Highlights (unaudited)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Financials (\$000s)				
Revenues	56,814	57,466	112,969	112,314
Gross margin	4,583	4,869	9,736	9,549
Adjusted gross margin ⁽¹⁾	4,088	4,610	8,420	9,038
As a percentage of revenues (%) ⁽¹⁾	7.2%	8.0%	7.5%	8.0%
Administration and selling expenses	2,865	2,705	5,527	5,079
Distribution costs	496	952	1,044	1,271
Results from operating activities	1,222	1,212	3,165	3,199
EBITDA ⁽¹⁾	2,933	2,912	6,592	6,609
Adjusted EBITDA ⁽¹⁾	2,438	2,653	5,276	6,098
Volumes (thousand pounds)				
Total volume	12,059	12,912	23,878	25,198

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

Revenues for the second quarter were \$0.7 million lower than the same period last year due to lower volume, partially offset by higher average selling price.

Gross margin was \$4.6 million for the second quarter of 2023 and includes a gain of \$0.5 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was \$4.9 million with a mark-to-market gain of \$0.3 million.

Adjusted gross margin for the second quarter was \$4.1 million, a decrease of \$0.5 million as compared to the same period last year. The unfavourable variance was mainly due to lower volume as a result of lower demand and unfavourable market dynamics.

Adjusted gross margin percentage for the current quarter decreased by 80 basis point to 7.2% compared to the same period last year. This variance was mainly related to market-based production cost increases and the timing of passing these increases to our customers.

Results from operating activities for the second quarter of 2022 and 2023 amounted to \$1.2 million. These results include gains and losses from the mark-to-market of derivative financial instruments.

EBITDA for the second quarter of 2022 and 2023 amounted to \$2.9 million. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the second quarter of fiscal 2022 decreased by \$0.2 million compared to the same quarter last year, largely driven by lower adjusted gross margin, as mentioned above.

OUTLOOK

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

Sugar

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



In Taber, the harvest season delivered the expected volume of sugar beets, and the processing campaign was completed in early February. The expected sugar production from the crop is 105,000 metric tonnes, lower than the prior year production by 15,000 metric tonnes. The lower-than-expected production is attributable to unfavourable weather conditions encountered in the later stage of the current year growing period, which negatively impacted the sugar content of the sugar beets.

We have increased the production plans of our Montreal and Vancouver cane sugar facilities to mitigate the production shortfall of our Taber facility and ensure we can support the growing needs of our customers.

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

We are maintaining our fiscal 2023 sales volume expectations of approximately 805,000 metric tonnes. This represents an increase of 1.3% over 2022. This increase is based on the continued strong demand of the Canadian domestic industrial sugar market. Overall, we expect the following year-over-year volume variances for our customer segments:

- Industrial, our largest segment, is expected to increase by 3%, as a result of the continuous strong demand supported by favourable market dynamics;
- Liquid volume is expected to grow by 4% driven by continued demand from existing customers;
- Consumer volume is expected to remain stable; and
- A planned 15% reduction in sales to the export markets for 2023, due to the growing demand and strong economics of the domestic market. We will consider potential supplemental export sales if favourable production opportunities arise.

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

We expect a slight increase in distribution costs in 2023 as we foresee that recent increases for logistics and our supply chain costs will remain in the second half of 2023.

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

We have been able to lower the impact of recent increases in interest rates and energy costs through our multi-year hedging strategy. We do not anticipate these increases to have a material impact on our financial results in the near future, as we expect our hedging strategy will continue to mitigate most of our exposure to such risks.

Spending on regular business capital projects is also expected to remain stable for fiscal 2023. We anticipate spending approximately \$25 million on various initiatives. This capital spending estimate excludes expenditures relating to the expected capacity expansion of our Montreal sugar refinery and Toronto distribution centre.

Maple Products

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

We plan to spend between \$1 million and \$2 million on capital projects in 2023, which is consistent with recent years. The main driver for the Maple segment projects is to improve productivity and profitability through automation.

See "Cautionary Statement Regarding Forward Looking Information" section below.

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



Cautionary Statement Regarding Non-GAAP Measures

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

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

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

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

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



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

	Q2 2023			Q2 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Consolidated results (In thousands of dollars)						
Gross margin	37,075	4,583	41,658	29,030	4,869	33,899
Total adjustment to the cost of sales ⁽¹⁾	(2,930)	(495)	(3,425)	2,247	(259)	1,988
Adjusted gross margin	34,145	4,088	38,233	31,277	4,610	35,887
Results from operating activities	20,634	1,222	21,856	14,287	1,212	15,499
Total adjustment to the cost of sales ⁽¹⁾	(2,930)	(495)	(3,425)	2,247	(259)	1,988
Adjusted results from operating activities	17,704	727	18,431	16,534	953	17,487
Results from operating activities	20,634	1,222	21,856	14,287	1,212	15,499
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	4,878	1,711	6,589	4,830	1,700	6,530
EBITDA ⁽¹⁾	25,512	2,933	28,445	19,117	2,912	22,029
EBITDA ⁽¹⁾	25,512	2,933	28,445	19,117	2,912	22,029
Total adjustment to the cost of sales ⁽¹⁾	(2,930)	(495)	(3,425)	2,247	(259)	1,988
Adjusted EBITDA	22,582	2,438	25,020	21,364	2,653	24,017
Net (loss) earnings			11,062			8,570
Total adjustment to the cost of sales ⁽¹⁾			(3,425)			1,988
Net change in fair value in interest rate swaps ⁽¹⁾			479			(1,246)
Income taxes on above adjustments			999			(190)
Adjusted net earnings			9,115			9,122
Net earnings per share (basic)			0.11			0.08
Adjustment for the above			(0.02)			0.01
Adjusted net earnings per share (basic)			0.09			0.09

(1) See "Adjusted results" section



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

	YTD 2023			YTD 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Consolidated results (In thousands of dollars)						
Gross margin	73,113	9,736	82,849	67,836	9,549	77,385
Total adjustment to the cost of sales ⁽¹⁾	(1,307)	(1,316)	(2,623)	(5,187)	(511)	(5,698)
Adjusted gross margin	71,806	8,420	80,226	62,649	9,038	71,687
Results from operating activities	44,975	3,165	48,140	39,637	3,199	42,836
Total adjustment to the cost of sales ⁽¹⁾	(1,307)	(1,316)	(2,623)	(5,187)	(511)	(5,698)
Adjusted results from operating activities	43,668	1,849	45,517	34,450	2,688	37,138
Results from operating activities	44,975	3,165	48,140	39,637	3,199	42,836
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	9,591	3,427	13,018	9,531	3,410	12,941
EBITDA ⁽¹⁾	54,566	6,592	61,158	49,168	6,609	55,777
EBITDA ⁽¹⁾	54,566	6,592	61,158	49,168	6,609	55,777
Total adjustment to the cost of sales ⁽¹⁾	(1,307)	(1,316)	(2,623)	(5,187)	(511)	(5,698)
Adjusted EBITDA ⁽¹⁾	53,259	5,276	58,535	43,981	6,098	50,079
Net (loss) earnings			25,736			25,796
Total adjustment to the cost of sales ⁽¹⁾			(2,623)			(5,698)
Net change in fair value in interest rate swaps ⁽¹⁾			525			(1,840)
Income taxes on above adjustments			824			1,821
Adjusted net earnings			24,462			20,079
Net earnings per share (basic)			0.25			0.25
Adjustment for the above			(0.02)			(0.06)
Adjusted net earnings per share (basic)			0.23			0.19

(1) See "Adjusted results" section



Conference Call and Webcast

We will host a conference call to discuss our second quarter of fiscal 2023 results on May 10, 2023 starting at 17:30 ET. To participate, please dial 1-888-886-7786. A recording of the conference call will be accessible shortly after the conference, by dialing 1-877-674-7070, access code 401529#. This recording will be available until May 24, 2023. A live audio webcast of the conference call will also be available via www.LanticRogers.com.

About Rogers Sugar

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

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

Cautionary Statement Regarding Forward-Looking Information

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

- Future demand for refined sugar and maple syrup;
- our intention to increase sugar refining capacity and the related eastern Canada distribution network;
- future prices of raw sugar;
- expected inflationary pressures on costs;
- natural gas costs;
- beet production forecasts;
- growth of the maple syrup industry and the refined sugar industry;
- the status of labour contracts and negotiations;
- the level of future dividends;
- the status of government regulations and investigations; and
- the impact of the COVID-19 pandemic on our operations.

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

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

For further information

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ROGERS SUGAR INC.
Financial Report Q2 2023



This Management’s Discussion and Analysis (“MD&A”) of Rogers Sugar Inc. (“Rogers”, “RSI” or “our,” “we”, “us”) dated May 10, 2023 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three- and six-month periods ended April 1, 2023, as well as the audited consolidated financial statements and MD&A for the year ended October 1, 2022. The quarterly unaudited condensed consolidated interim financial statements and any amounts shown in this MD&A were not 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 (“Maple Treat”) and Highland Sugarworks Inc. (“Highland”) (the latter two companies together referred to as “TMTc” or the “Maple segment”).

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

TABLE OF CONTENTS

OUR BUSINESS.....	2
BUSINESS HIGHLIGHTS	2
SELECTED FINANCIAL DATA AND HIGHLIGHTS.....	3
Adjusted results	4
SEGMENTED INFORMATION.....	5
Sugar	6
Maple	9
OUTLOOK.....	11
Sugar	11
Maple	12
CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION.....	13
Total revenues	13
Gross margin	13
Results from operating activities	13
Net finance costs.....	14
Taxation.....	14
Net earnings.....	14
Summary of Quarterly Results.....	15
Financial condition	15
Liquidity.....	16
Contractual obligations	18
Capital resources.....	18
OUTSTANDING SECURITIES	18
RISK AND UNCERTAINTIES.....	18
INFORMATION ON COVID-19	18
NON-GAAP MEASURES	18
CRITICAL ACCOUNTING ESTIMATES	23
CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED	23
CONTROLS AND PROCEDURES	23
FORWARD-LOOKING STATEMENTS.....	24

OUR BUSINESS

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

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

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

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

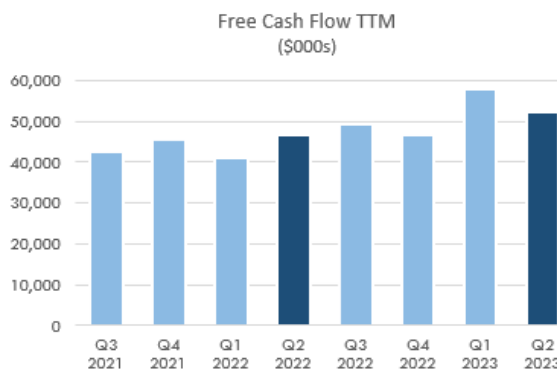
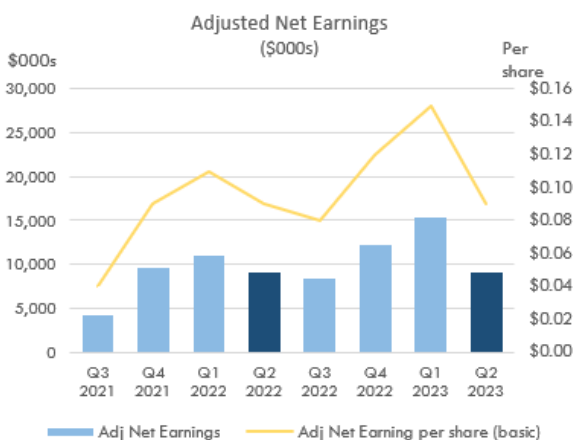
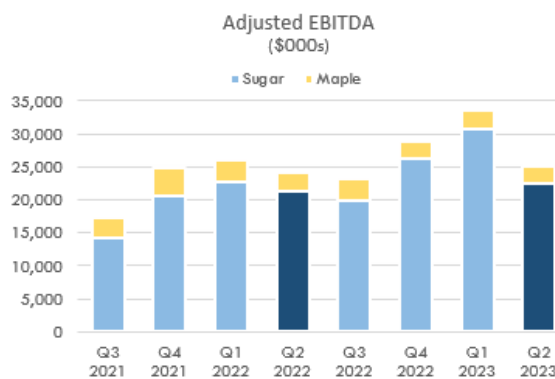
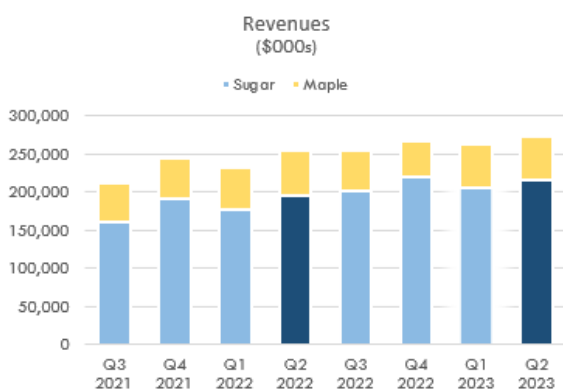
BUSINESS HIGHLIGHTS

- Consolidated adjusted EBITDA for the second quarter and the first six months of fiscal 2023 was \$25.0 million and \$58.5 million respectively, up \$1.0 million, and \$8.4 million from the same periods last year. The increase in consolidated adjusted EBITDA for both periods was related to higher adjusted EBITDA in the Sugar segment, partially offset by lower adjusted EBITDA in the Maple segment;
- Adjusted EBITDA in the Sugar segment was \$22.6 million in the second quarter of fiscal 2023, up \$1.2 million compared to the same period last year, largely due to higher adjusted gross margin, partially offset by higher administrative and selling expenses;
- Sales volumes in the Sugar segment decreased slightly in the second quarter to 195,547 metric tonnes, from 196,570 metric tonnes for the same period last year;
- Adjusted gross margin in the Sugar segment improved by \$15.51 per metric tonne in the second quarter of 2023 compared to the same period last year due to improved average pricing;
- Adjusted EBITDA in the Maple segment was \$2.4 million in the second quarter, a decrease of \$0.3 million from the same quarter last year, largely as a result of lower adjusted gross margin;
- The volume sold in the Maple segment decreased by 853,000 pounds to 12,059,000 pounds in the quarter, driven largely by lower demand and unfavourable market dynamics;
- We are maintaining our fiscal 2023 sugar sales volume outlook at approximately 805,000 metric tonnes, reflecting the continued strong demand in the Canadian industrial sugar market;
- Free cash flow for the trailing 12 months ended April 1, 2023 was \$51.8 million, an increase of \$5.2 million from the same period last year;
- In the second quarter of fiscal 2023, we distributed \$0.09 per share to our shareholders for a total amount of \$9.4 million;
- On May 10, 2023, the Board of Directors declared a quarterly dividend of \$0.09 per share, payable on July 13, 2023; and
- We continue to work on the design and planning of the prospective expansion project announced in August 2022. The expansion project would increase sugar supply by approximately 100,000 metric tonnes in eastern Canada within the next two to three years. We are expecting to complete the design and planning stage in the third quarter of fiscal 2023.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

(unaudited) (In thousands of dollars, except volume and per share information)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Sugar (metric tonnes)	195,547	196,570	388,396	376,613
Maple syrup (000 pounds)	12,059	12,912	23,878	25,198
Total revenues	272,949	253,341	534,392	484,096
Gross margin	41,658	33,899	82,849	77,385
Adjustment to cost of sale ⁽¹⁾	3,425	(1,988)	2,623	5,698
Adjusted gross margin ⁽¹⁾	38,233	35,887	80,226	71,687
Results from operating activities	21,856	15,499	48,140	42,836
Adjusted results from operating activities ⁽¹⁾	18,431	17,487	45,517	37,138
EBITDA ⁽¹⁾	28,445	22,029	61,158	55,777
Adjusted EBITDA ⁽¹⁾	25,020	24,017	58,535	50,079
Net earnings	11,062	8,570	25,736	25,796
per share (basic)	0.11	0.08	0.25	0.25
per share (diluted)	0.10	0.08	0.23	0.24
Adjusted net earnings ⁽¹⁾⁽²⁾	9,115	9,122	24,462	20,079
Adjusted net earnings per share (basic) ⁽¹⁾⁽²⁾	0.09	0.09	0.23	0.19
Trailing twelve months free cash flow ⁽¹⁾	51,807	46,560	51,807	46,560
Dividends per share	0.09	0.09	0.18	0.18

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



Adjusted results

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

We believe that our financial results are more 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.

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

OUR RESULTS ARE ADJUSTED AS FOLLOWS:

Income (loss) (In thousands of dollars)	Q2 2023			Q2 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	4,925	-	4,925	2,187	-	2,187
Foreign exchange forward contracts	296	(160)	136	418	268	686
Total mark-to-market adjustment on derivatives	5,221	(160)	5,061	2,605	268	2,873
Cumulative timing differences	(2,291)	655	(1,636)	(4,852)	(9)	(4,861)
Total adjustment to costs of sales	2,930	495	3,425	(2,247)	259	(1,988)

Income (loss) (In thousands of dollars)	YTD 2023			YTD 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	3,717	-	3,717	2,310	-	2,310
Foreign exchange forward contracts	569	(357)	212	76	404	480
Total mark-to-market adjustment on derivatives	4,286	(357)	3,929	2,386	404	2,790
Cumulative timing differences	(2,979)	1,673	(1,306)	2,801	107	2,908
Total adjustment to costs of sales	1,307	1,316	2,623	5,187	511	5,698

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

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

The above-described adjustments are added to or deducted from the mark-to-market results to arrive at the total adjustment to cost of sales. For the second quarter of the current fiscal year, the total cost of sales adjustment is a gain of \$3.4 million to be deducted from the consolidated results versus a loss of \$2.0 million to be added to the consolidated results for the comparable period last year. For the first six months of fiscal 2023, the total cost of sales adjustment is a gain of \$2.6 million to be deducted from the consolidated results compared to a gain of \$5.7 million to be deducted from the consolidated results for the same period last year.

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

SEGMENTED INFORMATION

Segmented Results (In thousands of dollars)	Q2 2023			Q2 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Revenues	216,135	56,814	272,949	195,875	57,466	253,341
Gross margin	37,075	4,583	41,658	29,030	4,869	33,899
Administration and selling expenses	11,101	2,865	13,966	9,415	2,705	12,120
Distribution costs	5,340	496	5,836	5,328	952	6,280
Results from operating activities	20,634	1,222	21,856	14,287	1,212	15,499
Adjustment to cost of sales ⁽²⁾	(2,930)	(495)	(3,425)	2,247	(259)	1,988
Adjusted Gross margin ⁽¹⁾	34,145	4,088	38,233	31,277	4,610	35,887
Adjusted results from operating activities ⁽¹⁾	17,704	727	18,431	16,534	953	17,487
EBITDA ⁽¹⁾	25,512	2,933	28,445	19,117	2,912	22,029
Adjusted EBITDA ⁽¹⁾	22,582	2,438	25,020	21,364	2,653	24,017
<i>Additional information:</i>						
Additions to property, plant and equipment and intangible assets, net of disposals	6,514	275	6,789	3,100	136	3,236
Additions to right-of-use assets	948	-	948	(129)	-	(129)

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

(2) See "Adjusted results" section

Segmented Results (In thousands of dollars)	YTD 2023			YTD 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Revenues	421,423	112,969	534,392	371,782	112,314	484,096
Gross margin	73,113	9,736	82,849	67,836	9,549	77,385
Administration and selling expenses	17,736	5,527	23,263	18,527	5,079	23,606
Distribution costs	10,402	1,044	11,446	9,672	1,271	10,943
Results from operating activities	44,975	3,165	48,140	39,637	3,199	42,836
Adjustment to cost of sales ⁽²⁾	(1,307)	(1,316)	(2,623)	(5,187)	(511)	(5,698)
Adjusted Gross margin ⁽¹⁾	71,806	8,420	80,226	62,649	9,038	71,687
Adjusted results from operating activities ⁽¹⁾	43,668	1,849	45,517	34,450	2,688	37,138
EBITDA ⁽¹⁾	54,566	6,592	61,158	49,168	6,609	55,777
Adjusted EBITDA ⁽¹⁾	53,259	5,276	58,535	43,981	6,098	50,079
<i>Additional information:</i>						
Additions to property, plant and equipment and intangible assets, net of disposals	14,966	369	15,335	7,093	355	7,448
Additions to right-of-use assets	966	45	1,011	8,083	-	8,038

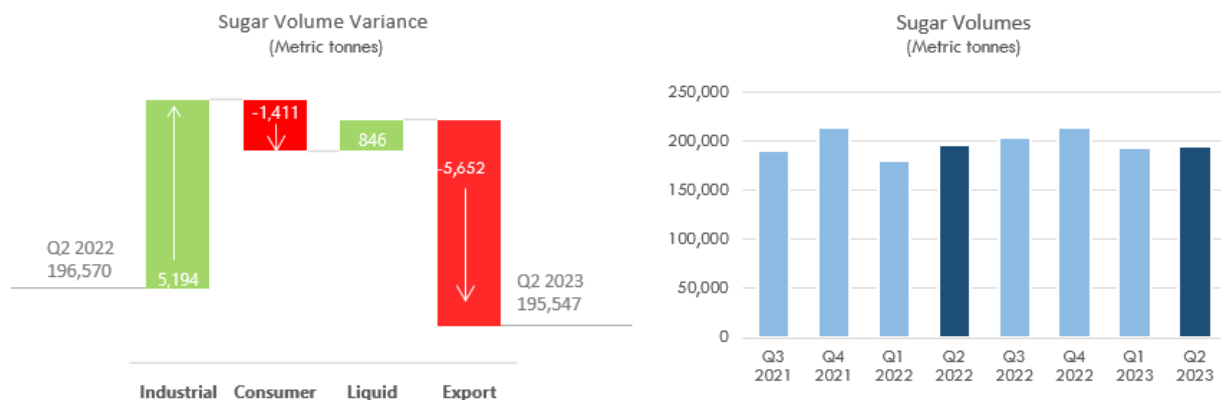
(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures

(2) See "Adjusted results" section

Sugar

REVENUES

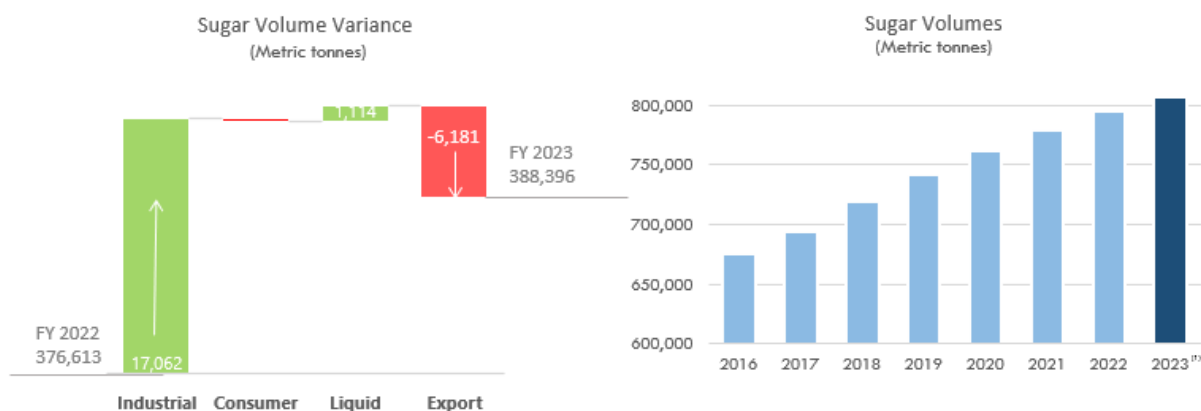
	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars)	216,135	195,875	20,260	421,423	371,782	49,641



In the second quarter and first six months of fiscal 2023, revenue increased by \$20.3 million and \$49.6 million respectively, compared to the same periods last year, driven mainly by higher prices paid for #11 world raw sugar and higher average pricing for refining related activities. The average prices for #11 world raw sugar increased by US 2.3 cent per pound to US 20.7 cent per pound during the current quarter and by US 1.2 cent per pound to US 20.0 cent per pound for the first half of the current fiscal year, when compared to the same periods last year.

Overall, sugar volume was stable in the second quarter of 2023 when compared to the same quarter last year, as lower consumer and exports volumes were offset by strong industrial volumes.

- Industrial volume increased by 5,194 metric tonnes or 4.7% compared to the same period last year, as a result of continued strong demand in the domestic market.
- Consumer volume decreased by 1,411 metric tonnes or 5.9% compared to the same quarter last year, mainly due to timing of orders from customers.
- Liquid volume increased by 846 metric tonnes or 2.0% compared to the same period last year mainly due to additional sales from existing customers.
- Export volume decreased by 5,652 metric tonnes or 28.4% compared to the same period last year, as we focused our sales efforts on serving the domestic market.



In the first half of fiscal 2023, sugar volume totaled 388,396 metric tonnes, an increase of approximately 3.1% or 11,783 metric tonnes compared to the same period last year.

- Industrial volume increased by 17,062 metric tonnes or 8.2% compared to the same period last year, as a result of the continued strong demand in the domestic market as seen over the last three quarters.
- Consumer volume remained largely unchanged from the same period last year.
- Liquid volume increased by 1,114 metric tonnes or 1.3% compared to last year as a result of higher demand from existing customers.
- Export volume decreased by 6,181 metric tonnes or 18.0% compared to last year, as we continue to focus our sales efforts on serving the domestic market.

GROSS MARGIN

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars, except per metric tonne information)						
Gross margin	37,075	29,030	8,045	73,113	67,836	5,277
Total adjustment to cost of sales ⁽²⁾	(2,930)	2,247	(5,177)	(1,307)	(5,187)	3,880
Adjusted gross margin ⁽¹⁾	34,145	31,277	2,868	71,806	62,649	9,157
Adjusted gross margin per metric tonne ⁽¹⁾	174.62	159.11	15.51	184.88	166.35	18.53
Included in gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	3,372	4,201	(829)	7,496	8,273	(777)

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

(2) See "Adjusted results" section

Gross margin was \$37.1 million and \$73.1 million for the second quarter and the first six months of fiscal 2023, and includes a gain of \$2.9 million and \$1.3 million, respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was \$29.0 million and \$67.9 million, respectively, with a mark-to-market loss of \$2.2 million and a gain of \$5.2 million respectively.

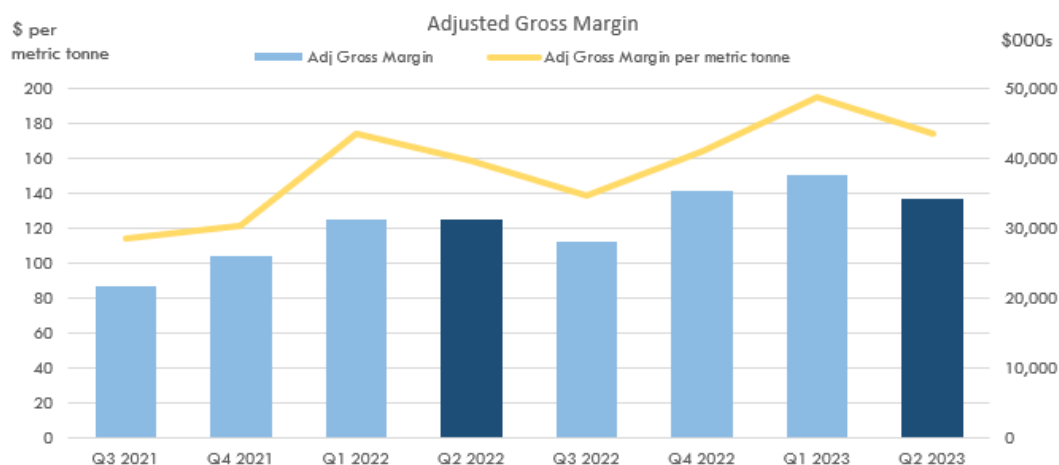
Adjusted gross margin was \$34.1 million and \$71.8 million for the second quarter and for the first six months of fiscal 2023, respectively, as compared to \$31.3 million and \$62.6 million in the same periods last year.

Adjusted gross margin increased by \$2.9 million in the second quarter compared to the same period last year mainly as a result of higher sugar sales margin from improved average pricing on sugar refining related activities. This positive variance was partially offset by higher production costs mainly driven by market-based inflationary pressures on operating costs and higher storage costs for raw sugar as we increased the storage capacity of our Montreal plant to support the growing demand for refined sugar in eastern Canada.

On a per-unit basis, adjusted gross margin for the second quarter was \$174.62 per metric tonne, higher than last year by \$15.51 per metric tonne. The favourable variance was mainly due to the increase in overall margin from improved selling prices, partially offset by higher production costs, as compared to last year.

Adjusted gross margin for the first six months of fiscal 2023 was \$9.2 million higher than the comparable period last year, mainly due to higher volume and improved average pricing on sugar refining related activities. This favourable variance was partially offset by higher production costs mainly driven by market-based inflationary pressures on operating costs, including higher energy prices, and higher storage costs for raw sugar, as explained above.

On a per-unit basis, for the first six months of fiscal 2023, adjusted gross margin amounted to \$184.88 per metric tonne compared to \$166.35 per metric tonne for the same period last year. The favourable variance of \$18.53 per metric tonne was mainly due to higher volume sold to customers, improved average pricing, partially offset by higher production costs as explained above.



OTHER EXPENSES

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
<i>(In thousands of dollars, except per metric tonne information)</i>						
Administration and selling expenses	11,101	9,415	1,686	17,737	18,527	(790)
Distribution costs	5,340	5,328	12	10,402	9,672	730
<i>Included in Administration and selling expenses:</i>						
Depreciation of property, plant and equipment and right-of-use assets	318	213	105	539	424	115
<i>Included in Distribution costs:</i>						
Depreciation of right-of-use assets	1,188	417	771	1,555	835	720

In the second quarter of fiscal 2023, administration and selling expenses were higher by \$1.7 million compared to the same quarter last year. The variance was mainly due to a non-cash increase in share-based compensation expense driven by an increase in the share price in the current quarter, higher compensation costs and related employee benefits. Distribution costs remained stable compared to the same quarter last year.

For the first six months of fiscal 2023, administration and selling expenses were \$0.8 million lower than the comparable period last year. The variance was mainly due to a non-cash decrease in share-based compensation expense driven by a decrease, in the current year, of the average share price used to value the share-based compensation expense. This variance was partially offset by higher compensation costs and related benefits. Distribution costs for the first six months of fiscal 2023 increased by \$0.7 million compared to the same period last year, largely driven by market-based increase in freight costs and additional logistical costs incurred in the first quarter of fiscal 2023 to support the strong demand in eastern Canada.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars)						
Results from operating activities	20,634	14,287	6,347	44,975	39,637	5,338
Total adjustment to cost of sales ⁽²⁾	(2,930)	2,247	(5,177)	(1,307)	(5,187)	3,880
Adjusted results from operating activities ⁽¹⁾	17,704	16,534	1,170	43,668	34,450	9,218
Depreciation of property, plant and equipment, right-of-use assets, and amortization of intangible assets	4,878	4,830	48	9,591	9,531	60
EBITDA ⁽¹⁾	25,512	19,117	6,395	54,566	49,168	5,398
Adjusted EBITDA ⁽¹⁾	22,582	21,364	1,218	53,259	43,981	9,278

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

(2) See "Adjusted results" section

Results from operating activities for the second quarter and the first six months of fiscal 2023 year were \$20.6 million and \$45.0 million, respectively, an increase of \$6.3 million and \$5.3 million respectively, as compared to same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted results from operating activities in the second quarter were \$1.2 million higher than the same period last year, mainly due to higher adjusted gross margin, partially offset by higher administration and selling expenses. Adjusted results from operating activities for the first six months of fiscal 2023 were \$9.2 million higher than the same period last year as a result of higher adjusted gross margin, lower administration and selling expenses, partially offset by higher distribution costs.

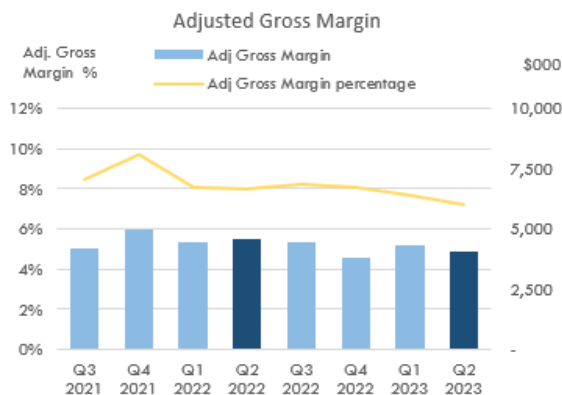
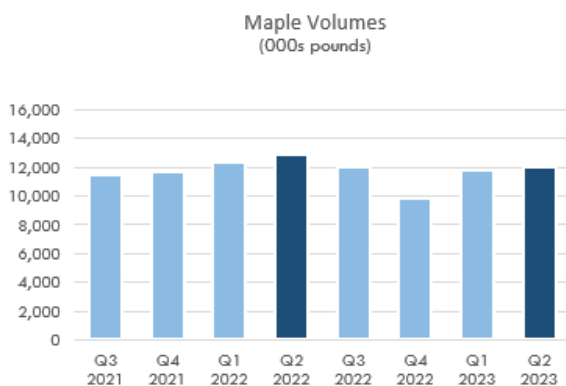
EBITDA for the second quarter and the first six months of fiscal 2023 were \$25.5 million and \$54.6 million, respectively, an increase of \$6.4 million and \$5.4 million respectively, as compared to same periods last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the second quarter increased by \$1.2 million compared to the same period last year, largely as a result of higher adjusted gross margin, partially offset by higher administration and selling expenses. Adjusted EBITDA for the six months of fiscal 2023 increased by \$9.3 million largely due to higher adjusted gross margin, lower administration and selling expenses, partially offset by higher distribution costs, as mentioned above.

Maple

REVENUES

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars, except volume)						
Volume (000 pounds)	12,059	12,912	(853)	23,878	25,198	(1,320)
Revenues	56,814	57,466	(652)	112,969	112,314	655



Revenues for the second quarter were \$0.7 million lower than the same period last year due to lower volume, partially offset by higher average selling price. For the first six months of fiscal 2023, revenues were \$0.7 million higher than the same period last year due to higher average selling price, partially offset by lower volume.

Report for the Second Quarter 2023 Results

GROSS MARGIN

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars, except adjusted gross margin rate information)						
Gross margin	4,583	4,869	(286)	9,736	9,549	187
Total adjustment to cost of sales ^{(1) (2)}	(495)	(259)	(236)	(1,316)	(511)	(805)
Adjusted gross margin ⁽¹⁾	4,088	4,610	(522)	8,420	9,038	(618)
Adjusted gross margin percentage ⁽¹⁾	7.2%	8.0%	(0.8%)	7.5%	8.0%	(0.5%)
Included in Gross margin:						
Depreciation of property, plant and equipment and right-of-use assets	833	827	6	1,672	1,666	6

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

(2) See "Adjusted results" section

Gross margin was \$4.6 million and \$9.7 million for the second quarter and the first six months of fiscal 2023 and includes a gain of \$0.5 million and \$1.3 million respectively, for the mark-to-market of derivative financial instruments. For the same periods last year, gross margin was \$4.9 million and \$9.5 million, respectively, with a mark-to-market gain of \$0.3 million and \$0.5 million respectively.

Adjusted gross margin for the second quarter and the first six months of fiscal 2023 were \$4.1 million and \$8.4 million, respectively, a decrease of \$0.5 million and \$0.6 million respectively, as compared to the same periods last year. The unfavourable variance was mainly due to lower volume as a result of reduced demand and unfavourable market dynamics.

Adjusted gross margin percentage for the second quarter and the first six months of fiscal 2023 were 7.2% and 7.5% respectively, as compared to 8.0% for both periods last year. The variance was mainly related to market-based production cost increases and the timing of passing these increases to our customers.

OTHER EXPENSES

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars)						
Administration and selling expenses	2,865	2,705	160	5,526	5,079	447
Distribution costs	496	952	(456)	1,044	1,271	(227)
Included in Administration and selling expenses:						
Amortization of intangible assets	878	872	6	1,756	1,743	13

Administration and selling expenses for the second quarter and for the first six months of fiscal 2023 were \$0.2 million and \$0.4 million higher than the comparable periods last year. These variances were largely due to an increase in compensation related expenses.

Distribution costs for the second quarter and for the first six months of fiscal 2023 were lower by \$0.5 million and \$0.2 million respectively compared to the same period last year, mainly due to lower sales volume and lower freight costs.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars)						
Results from operating activities	1,222	1,212	10	3,165	3,199	(34)
Total adjustment to cost of sales ⁽¹⁾	(495)	(259)	(236)	(1,316)	(511)	(805)
Adjusted results from operating activities ⁽¹⁾	727	953	(226)	1,849	2,688	(839)
Depreciation and amortization	1,711	1,700	11	3,427	3,410	17
EBITDA ⁽¹⁾	2,933	2,912	21	6,592	6,609	(17)
Adjusted EBITDA ⁽¹⁾	2,438	2,653	(215)	5,276	6,098	(822)

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

(2) See "Adjusted results" section

Results from operating activities for the second quarter and the first six months of fiscal 2022 and fiscal 2023 amounted to \$1.2 million and \$3.2 million respectively. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted results from operating activities for the second quarter and the first six months of fiscal 2023 were respectively \$0.2 million and \$0.8 million lower than the comparable period last year, due mainly to lower adjusted gross margin, higher administration and selling expenses, partially offset by lower distribution costs.

EBITDA for the second quarter and the first six months of 2022 and 2023 amounted to \$2.9 million and \$6.6 million respectively. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the second quarter of fiscal 2023 decreased by \$0.2 million compared to the same period last year, due to lower adjusted gross margin as explained above. Adjusted EBITDA for the first six months of fiscal 2023 decreased by \$0.8 million, compared to the same period last year, largely driven by lower adjusted gross margins and higher administration and selling expenses, partially offset by lower distribution costs as explained above.

OUTLOOK

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

Sugar

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

In Taber, the harvest season delivered the expected volume of sugar beets, and the processing campaign was completed in early February. The expected sugar production from the crop is 105,000 metric tonnes, lower than the prior year production by 15,000 metric tonnes. The lower-than-expected production is attributable to unfavourable weather conditions encountered in the later stage of the current year growing period, which negatively impacted the sugar content of the sugar beets.

We have increased the production plans of our Montreal and Vancouver cane sugar facilities to mitigate the production shortfall of our Taber facility and ensure we can support the growing needs of our customers.

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

We are maintaining our fiscal 2023 sales volume expectations of approximately 805,000 metric tonnes. This represents an increase of 1.3% over 2022. This increase is based on the continued strong demand of the Canadian domestic industrial sugar market. Overall, we expect the following year-over-year volume variances for our customer segments:

- Industrial, our largest segment, is expected to increase by 3%, as a result of the continuous strong demand supported by favourable market dynamics;
- Liquid volume is expected to grow by 4% driven by continued demand from existing customers;
- Consumer volume is expected to remain stable; and
- A planned 15% reduction in sales to the export markets for 2023, due to the growing demand and strong economics of the domestic market. We will consider potential supplemental export sales if favourable production opportunities arise.

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

We expect a slight increase in distribution costs in 2023 as we foresee that recent increases for logistics and our supply chain costs will remain in the second half of 2023.

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

We have been able to lower the impact of recent increases in interest rates and energy costs through our multi-year hedging strategy. We do not anticipate these increases to have a material impact on our financial results in the near future, as we expect our hedging strategy will continue to mitigate most of our exposure to such risks.

Spending on regular business capital projects is also expected to remain stable for fiscal 2023. We anticipate spending approximately \$25 million on various initiatives. This capital spending estimate excludes expenditures relating to the expected capacity expansion of our Montreal sugar refinery and Toronto distribution centre.

Maple

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

We plan to spend between \$1 million and \$2 million on capital projects in 2023, which is consistent with recent years. The main driver for the Maple segment projects is to improve productivity and profitability through automation.

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

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
(unaudited)				
(In thousands of dollars, except volume and per share information)				
Sugar (metric tonnes)	195,547	196,570	388,396	376,613
Maple syrup (000 pounds)	12,059	12,912	23,878	25,198
Total revenues	272,949	253,341	534,392	484,096
Gross margin	41,658	33,899	82,849	77,385
Adjusted gross margin ⁽¹⁾	38,233	35,887	80,226	71,687
Results from operating activities	21,856	15,499	48,140	42,836
Adjusted results from operating activities ⁽¹⁾	18,431	17,487	45,517	37,138
EBITDA ⁽¹⁾	28,445	22,030	61,158	55,777
Adjusted EBITDA ⁽¹⁾	25,020	24,017	58,535	50,079
Net finance costs	6,346	3,707	12,529	8,124
Income tax expense	4,448	3,222	9,875	8,916
Net earnings	11,062	8,570	25,736	25,796
per share (basic)	0.11	0.08	0.25	0.25
per share (diluted)	0.10	0.08	0.23	0.24
Adjusted net earnings ⁽¹⁾	9,115	9,122	24,462	20,079
per share (basic) ⁽¹⁾	0.09	0.09	0.23	0.19
Dividends per share	0.09	0.09	0.18	0.18

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

Total revenues

Revenues increased by \$19.6 million and \$50.3 million respectively for the second quarter and the first six months of fiscal 2023 compared to the same periods last year. The increase in revenue was mainly attributable to higher pricing and increased sales volume in the Sugar segment, as well as higher pricing in the Maple segment, partially offset by lower sales volume in the Maple segment.

Gross margin

Gross margin increased by \$7.8 million and \$5.4 million respectively for the second quarter and for the first six months of fiscal 2023 compared to the same periods last year. Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the current quarter and the first six months of 2023 increased by \$2.3 million and \$8.5 million respectively, compared to the same period last year. These positive variances were mainly due to higher adjusted gross margin in the Sugar segment, partially offset by lower adjusted gross margin in Maple segment.

For the Sugar segment, the adjusted gross margin per metric tonne for the second quarter and for the first six months of fiscal 2023 were higher by \$15.51 per metric tonne and \$18.53 per metric tonne respectively, when compared to the same period last year. For the Maple segment, the adjusted gross margin percentage for the current quarter and the first six months period of fiscal 2023 were lower by 0.8% and 0.5%, respectively, when compared to the same period last year.

Results from operating activities

Results from operating activities for the second quarter were \$21.9 million compared to \$15.5 million in the same period last year, representing an increase of \$6.5 million. For the first six months of fiscal 2023, results from operating activities were \$45.5 million compared to \$37.1 million for the same period last year, representing an increase of \$8.4 million. Excluding the mark-to-market of derivative financial instruments, adjusted results from operating activities for the second quarter amounted to \$18.4 million compared to \$17.5 million in the same period last year, an increase of \$0.9 million. For the first six months of fiscal 2023, adjusted results from operating activities were \$45.5 million compared to \$37.1 million for the same period last year, representing an increase of \$8.4 million. The improvement of adjusted results from operating activities in both periods was mainly driven by higher contribution from the Sugar segment in 2023.

Net finance costs

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars)						
Interest expense on convertible unsecured subordinated debentures, including accretion expense ⁽¹⁾	2,131	2,119	12	4,258	4,169	89
Interest on revolving credit facility	2,158	1,357	801	3,529	2,643	886
Interest on senior guaranteed notes	899	905	(6)	1,796	1,802	(6)
Amortization of deferred financing fees	303	311	(8)	617	617	-
Interest on <i>Producteurs et Productrices Acéricoles du Québec</i> supplier balance	130	12	118	1,305	272	1,033
Other interest expense	1	1	-	11	2	9
Interest accretion on discounted lease obligations	245	248	(3)	488	459	29
Net change in fair value of interest rate swaps	479	(1,246)	1,725	525	(1,840)	2,365
Net finance costs	6,346	3,707	2,639	12,529	8,124	4,405

(1) Includes accretion expense of \$256 and \$505 for the three and six months ended April 1, 2023 (April 2, 2022 - \$242 and \$478, respectively)

For the second quarter of 2023, net finance costs were higher by \$2.6 million compared to the same periods last year, largely driven by the impact of market-based changes in fair value related to interest rate swaps contracts and higher interest expense on our revolving credit facility from higher average borrowing. For the first six months of fiscal 2023, net finance costs were higher by \$4.4 million compared to the same periods last year, driven by the impact of market-based changes in fair value related to interest rate swaps contracts, the increase in interest expense related to the *Producteurs et Productrices Acéricoles du Québec* ("PPAQ") for maple syrup purchases and the increase in interest expense on our revolving credit facility from higher average borrowing.

Taxation

	Q2 2023	Q2 2022	Δ	YTD 2023	YTD 2022	Δ
(In thousands of dollars)						
Current	3,246	3,439	(193)	8,008	10,158	(2,150)
Deferred	1,202	(217)	1,419	1,867	(1,242)	3,109
Income tax expense	4,448	3,222	1,226	9,875	8,916	959

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

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

Net earnings

Net earnings in the second quarter and for the first six month of fiscal 2023 were higher by \$2.5 million and lower by \$0.1 million respectively, compared to the same periods last year.

Adjusted net earnings in the second quarter of fiscal 2023 and fiscal 2022 amounted to \$9.1 million, respectively. Adjusted net earnings for the first six month of fiscal 2023 were \$4.4 million higher compared to the same periods last year, largely attributable to higher adjusted results from operating activities from the Sugar segment.

Summary of Quarterly Results

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

	QUARTERS ⁽²⁾							
	2023		2022				2021	
	Second	First	Fourth	Third	Second	First	Fourth	Third
Sugar volumes (MT)	195,547	192,849	214,672	203,315	196,570	180,043	214,753	190,563
Maple products volumes ('000 pounds)	12,059	11,819	9,838	12,027	12,912	12,286	11,678	11,471
Total revenues	272,949	261,443	267,406	254,632	253,341	230,755	243,231	210,931
Gross margin	41,658	41,191	28,472	24,948	33,899	43,486	39,616	30,064
Adjusted gross margin ⁽¹⁾	38,233	41,993	39,141	32,654	35,887	35,800	31,020	25,932
Results from operations	21,856	26,284	(38,345)	8,822	15,499	27,337	26,952	15,062
Adjusted results from operations ⁽¹⁾	18,431	27,086	22,324	16,528	17,487	19,651	18,356	10,930
EBITDA ⁽¹⁾	28,445	32,713	18,283	15,402	22,029	33,748	33,382	21,346
Adjusted EBITDA ⁽¹⁾	25,020	33,515	28,952	23,108	24,017	26,061	24,786	17,214
Net (loss) earnings	11,062	14,674	(45,502)	3,138	8,570	17,226	16,140	6,836
Per share - basic	0.11	0.14	(0.44)	0.03	0.08	0.17	0.16	0.07
Per share - diluted	0.10	0.13	(0.44)	0.03	0.08	0.15	0.15	0.07
Adjusted net earnings ⁽¹⁾	9,115	15,347	12,161	8,419	9,122	10,957	9,620	4,247
Per share - basic	0.09	0.15	0.12	0.08	0.09	0.11	0.09	0.04
Per share - diluted	0.09	0.14	0.11	0.08	0.09	0.10	0.09	0.04
Sugar - Adjusted gross margin rate per MT ⁽¹⁾	174.62	195.29	164.55	138.68	159.11	174.25	121.16	113.95
Maple - Adjusted gross margin percentage ⁽¹⁾	7.2%	7.7%	8.1%	8.2%	8.0%	8.1%	9.7%	9.4%

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

(2) All quarters are 13 weeks

Historically the first quarter (October to December) and the fourth quarter (July to September) of the fiscal year are the best quarters for the sugar segment for adjusted gross margin, adjusted EBITDA, and adjusted net earnings due to the favourable sales product mix associated with an increased proportion of consumer sales during these periods of the year. At the same time, the second quarter (January to March) and the third quarter (April to June) historically have the lowest volumes as well as an unfavourable sales product mix, resulting in lower adjusted gross margins, adjusted EBITDA, and adjusted net earnings. This trend did not materialize in the second quarter of 2022 as sales that were delayed in the first quarter of the year materialized in the second quarter, resulting in more favourable sales product mix and stronger financial performance.

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

Financial condition

(In thousands of dollars)	April 1, 2023	April 2, 2022	October 1, 2022
Total assets	\$ 905,889	\$ 907,376	\$ 937,956
Total liabilities	616,800	570,158	646,537

The decrease in total assets of \$1.5 million in the current fiscal quarter compared to the same quarter last year was mainly due to a decrease in cash and cash equivalent of \$8.3 million, the goodwill impairment of \$50.0 million recorded in the fourth quarter of 2022, a decrease in derivatives financial instruments assets of \$8.9 million, and a reduction of right of use asset of \$2.7 millions. This variance was partially offset by an increase in trade and other receivables of \$11.7 million, inventories of \$41.5 million and property, plant and equipment of \$14.2 million.

Total liabilities for the current fiscal quarter increased by \$46.6 million compared to the same quarter last year due mainly to a higher outstanding balance under the revolving credit facility of \$60.0 million, partially offset by a reduction in employee benefits of \$11.2 million and a decrease in trade and other payables of \$1.9 million.

Liquidity

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

	Q2 2023	Q2 2022	YTD 2023	YTD 2022
<i>(In thousands of dollars)</i>				
Net cash flow (used in) from operating activities	(24,621)	20,460	(33,515)	(14,902)
Cash flow (used in) from financing activities	19,798	(9,407)	48,360	16,000
Cash flow used in investing activities	(6,114)	(3,559)	(12,894)	(6,397)
Effect of changes in exchange rate on cash	(3)	(75)	(155)	(58)
Net increase (decrease) in cash	(10,940)	7,419	1,796	(5,357)

Cash flow from operating activities for the current quarter decreased by \$45.1 million compared to the same quarter last year, due mainly to a negative non-cash working capital variation of \$45.8 million and higher interest and income taxes paid of \$5.7 million. This variance was partially offset by higher net earnings adjusted for non-cash items of \$6.4 million. For the first six month of 2023, cash flow from operating activities decreased by \$18.6 million compared to the same period last year, as a result of a negative non-cash working capital variation of \$19.0 million and lower net earnings adjusted for non-cash items of \$1.4 million. This variance was partially offset by lower higher interest and income taxes paid of \$1.8 million.

Cash flow from financing activities increased by \$29.2 million for the current quarter compared to the same period last year due mainly to an increase in borrowings from the revolving credit facility. For the first six months of fiscal 2023, cash flow from financing activities increased by \$32.3 million compared to same period last year largely due to the increase of borrowings from the revolving credit facility.

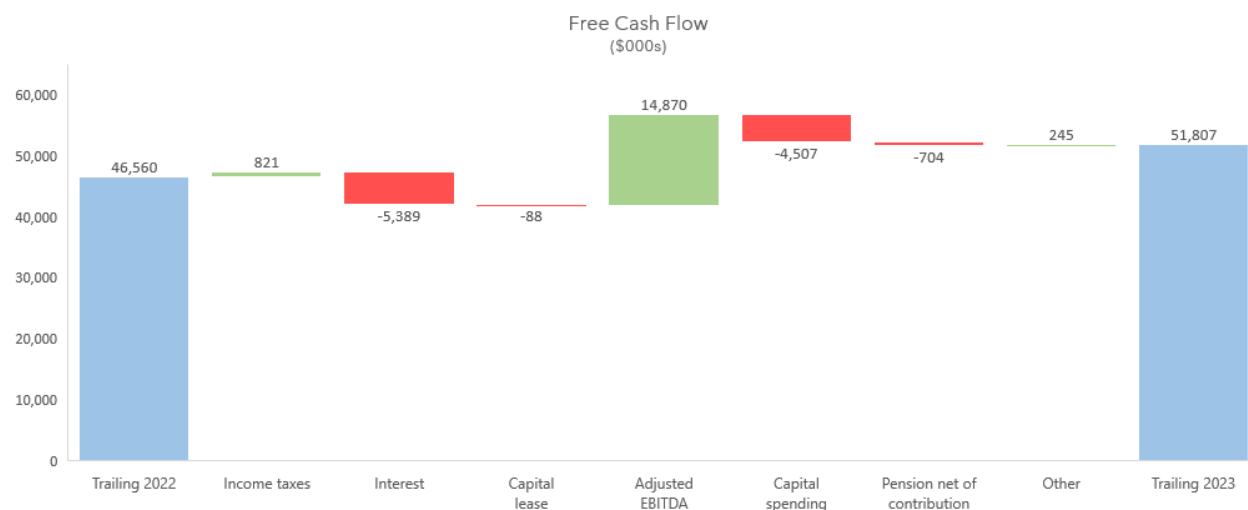
The cash outflow used in investing activities for the current quarter and the first six months of 2023 were higher by \$2.6 million and \$6.5 million respectively, compared to the same periods last year. The variances were mainly related to timing of regular capital expenditures and the capitalization of an amount of \$5.4 million in connection with the planning and design stage of our planned expansion project in eastern Canada.

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

FREE CASH FLOW

	Trailing twelve months	
<i>(In thousands of dollars)</i>	2023	2022
Cash flow from operations	2,939	58,714
Adjustments:		
Changes in non-cash working capital	60,793	28,983
Mark-to-market and derivative timing adjustments	15,316	(19,815)
Financial instruments non-cash amount	(2,298)	(975)
Capital expenditures and intangible assets	(30,227)	(18,979)
Value added capital expenditures	10,505	3,765
Payment of leases obligation	(5,221)	(5,133)
Free cash flow ⁽¹⁾	51,807	46,560
Declared dividends	37,622	37,376

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



Free cash flow for the trailing twelve months ending April 1, 2023 amounted to \$51.8 million, representing an increase of \$5.2 million compared to the same period last year. This increase in free cash flow was mainly due to higher adjusted EBITDA of \$14.9 million, excluding the non-cash impact related to the variance in the accrual for share-based compensation of senior managements, partially offset by the increase in interest paid and higher capital expenditure.

Capital and intangible assets expenditures, net of value-added capital expenditures, increased by \$4.5 million compared to last year's rolling twelve months due mainly to timing in spending. Free cash flow is not reduced by value added capital expenditures, as these projects are not necessary for the operation of the plants but are undertaken because of the operational savings that are realized once the projects are completed. The increase in the amount spent in value added capital expenditures for 2023 as compared to the same period in 2022, was mainly related to costs amounting to \$5.4 million incurred in connection with the planning and design stage of our proposed capacity expansion project for eastern Canada.

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

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

The combined impact of the mark-to-market and derivative timing adjustments and financial instruments non-cash amount of \$13.0 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations

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

As at April 1, 2023, Lantic had commitments to purchase a total of 381,000 metric tonnes of raw sugar, of which 225,411 metric tonnes had been priced for a total dollar commitment of \$135.1 million.

Capital resources

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

As at April 1, 2023, Lantic had a total of \$265.0 million of available working capital from its revolving credit facility, from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios. As at April 1, 2023, a total of \$581.9 million of assets have been pledged as security for the revolving credit facility, compared to \$513.1 million as at April 2, 2022; including trade receivables, inventories and property, plant and equipment.

As at April 1, 2023, \$195.0 million had been drawn from the revolving credit facility and \$4.1 million in cash was also available.

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

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

OUTSTANDING SECURITIES

A total of 104,848,674 shares were outstanding as at April 1, 2023 and May 10, 2023, respectively (104,195,845 as at April 2, 2022).

RISK AND UNCERTAINTIES

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

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

INFORMATION ON COVID-19

We continue to closely monitor the impacts of the COVID-19 on our business. Our business is considered an essential service by the government and as such, our plants have continued to operate at usual capacity. We have established extensive protection measures and protocols to ensure the health and safety of our employees, suppliers, customers and other business partners. In addition to standard operating procedures designed to maintain safe operations, we have implemented disease prevention plans in each location to provide guidance on health and safety measures.

The effect of COVID-19 on our business will depend on future developments that are uncertain and cannot be predicted including, without limitations, the duration and severity of the pandemic, the duration of government mitigation measures, the effectiveness of the actions taken to contain and treat the virus, and the length of time it takes for normal economic and operating conditions to resume.

NON-GAAP MEASURES

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

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

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

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

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

Consolidated results (In thousands of dollars)	Q2 2023			Q2 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Gross margin	37,075	4,583	41,658	29,030	4,869	33,899
Total adjustment to the cost of sales ⁽¹⁾	(2,930)	(495)	(3,425)	2,247	(259)	1,988
Adjusted gross margin	34,145	4,088	38,233	31,277	4,610	35,887
Results from operating activities	20,634	1,222	21,856	14,287	1,212	15,499
Total adjustment to the cost of sales ⁽¹⁾	(2,930)	(495)	(3,425)	2,247	(259)	1,988
Adjusted results from operating activities	17,704	727	18,431	16,534	953	17,487
Results from operating activities	20,634	1,222	21,856	14,287	1,212	15,499
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	4,878	1,711	6,589	4,830	1,700	6,530
EBITDA ⁽¹⁾	25,512	2,933	28,445	19,117	2,912	22,029
EBITDA ⁽¹⁾	25,512	2,933	28,445	19,117	2,912	22,029
Total adjustment to the cost of sales ⁽¹⁾	(2,930)	(495)	(3,425)	2,247	(259)	1,988
Adjusted EBITDA	22,582	2,438	25,020	21,364	2,653	24,017
Net earnings			11,062			8,570
Total adjustment to the cost of sales ⁽¹⁾			(3,425)			1,988
Net change in fair value in interest rate swaps ⁽¹⁾			479			(1,246)
Income taxes on above adjustments			999			(190)
Adjusted net earnings			9,115			9,122
Net earnings per share (basic)			0.11			0.08
Adjustment for the above			(0.02)			0.01
Adjusted net earnings per share (basic)			0.09			0.09

(1) See "Adjusted results" section

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

	YTD 2023			YTD 2022		
	Sugar	Maple Products	Total	Sugar	Maple Products	Total
Consolidated results (In thousands of dollars)						
Gross margin	73,113	9,736	82,849	67,836	9,549	77,385
Total adjustment to the cost of sales ⁽¹⁾	(1,307)	(1,316)	(2,623)	(5,187)	(511)	(5,698)
Adjusted gross margin	71,806	8,420	80,226	62,649	9,038	71,687
Results from operating activities	44,975	3,165	48,140	39,637	3,199	42,836
Total adjustment to the cost of sales ⁽¹⁾	(1,307)	(1,316)	(2,623)	(5,187)	(511)	(5,698)
Adjusted results from operating activities	43,668	1,849	45,517	34,450	2,688	37,138
Results from operating activities	44,975	3,165	48,140	39,637	3,199	42,836
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	9,591	3,427	13,018	9,531	3,410	12,941
EBITDA ⁽¹⁾	54,566	6,592	61,158	49,168	6,609	55,777
EBITDA ⁽¹⁾	54,566	6,592	61,158	49,168	6,609	55,777
Total adjustment to the cost of sales ⁽¹⁾	(1,307)	(1,316)	(2,623)	(5,187)	(511)	(5,698)
Adjusted EBITDA ⁽¹⁾	53,259	5,276	58,535	43,981	6,098	50,079
Net earnings			25,736			25,796
Total adjustment to the cost of sales ⁽¹⁾			(2,623)			(5,698)
Net change in fair value in interest rate swaps ⁽¹⁾			525			(1,840)
Income taxes on above adjustments			824			1,821
Adjusted net earnings			24,462			20,079
Net earnings per share (basic)			0.25			0.25
Adjustment for the above			(0.02)			(0.06)
Adjusted net earnings per share (basic)			0.23			0.19

(2) See "Adjusted results" section

Report for the Second Quarter 2023 Results

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

(In thousands of dollars, except for volumes and per share information)	QUARTERS ⁽¹⁾⁽²⁾							
	2023		2022				2021	
	Second	First	Fourth	Third	Second	First	Third	Second
Gross margin	41,658	41,191	28,472	24,948	33,899	43,486	39,616	30,064
Total adjustment to the cost of sales ⁽²⁾	(3,425)	802	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)
Adjusted gross margin	38,233	41,993	39,141	32,654	35,887	35,800	31,020	25,932
Results from operating activities	21,856	26,284	(38,345)	8,822	15,499	27,337	26,952	15,062
Total adjustment to the cost of sales ⁽²⁾	(3,425)	802	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)
Goodwill impairment	-	-	50,000	-	-	-	-	-
Adjusted results from operating activities	18,431	27,086	22,324	16,528	17,487	19,651	18,356	10,930
Results from operating activities	21,856	26,284	(38,345)	8,822	15,499	27,337	26,952	15,062
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	6,589	6,429	6,628	6,580	6,530	6,410	6,430	6,284
Goodwill impairment	-	-	50,000	-	-	-	-	-
EBITDA	28,445	32,713	18,283	15,402	22,029	33,747	33,382	21,346
EBITDA	28,445	32,713	18,283	15,402	22,029	33,747	33,382	21,346
Total adjustment to the cost of sales ⁽²⁾	(3,425)	802	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)
Adjusted EBITDA	25,020	33,515	28,952	23,108	24,017	26,061	24,786	17,214
Net (loss) earnings	11,062	14,674	(45,502)	3,138	8,570	17,226	16,140	6,836
Total adjustment to the cost of sales ⁽²⁾	(3,425)	802	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)
Goodwill impairment	-	-	50,000	-	-	-	-	-
Net change in fair value in interest rate swaps ⁽²⁾	479	46	(328)	(632)	(1,246)	(594)	(162)	613
Income taxes on above adjustments	999	(175)	(2,678)	(1,793)	(190)	2,011	2,238	930
Adjusted net earnings	9,115	15,347	12,161	8,419	9,122	10,957	9,620	4,247

(1) All quarters are 13 weeks

(2) See "Adjusted results" section

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

(In thousands of dollars, except for volumes and per share information)	YTD 2023	YTD 2022
Gross margin	82,849	77,385
Total adjustment to the cost of sales ⁽¹⁾	(2,623)	(5,698)
Adjusted gross margin	80,226	71,687
Results from operating activities	48,140	42,836
Total adjustment to the cost of sales ⁽¹⁾	(2,623)	(5,698)
Adjusted results from operating activities	45,517	37,138
Results from operating activities	48,140	42,836
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	13,018	12,941
EBITDA	61,158	55,777
EBITDA	61,158	55,777
Total adjustment to the cost of sales ⁽¹⁾	(2,623)	(5,698)
Adjusted EBITDA	58,535	50,079
Net earnings	25,736	25,796
Total adjustment to the cost of sales ⁽¹⁾	(2,623)	(5,698)
Net change in fair value in interest rate swaps ⁽²⁾	525	(1,840)
Income taxes on above adjustments	824	1,821
Adjusted net earnings	24,462	20,079

(1) See "Adjusted results" section

CRITICAL ACCOUNTING ESTIMATES

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

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

A number of new standards, and amendments to standards and interpretations, are not yet effective and have not been applied in preparing the unaudited consolidated interim financial statements for the second quarter of fiscal 2023. Management has reviewed such new standards and proposed amendments, and does not anticipate that they will have a material impact on Rogers' financial statements. Refer to note 3 of the unaudited condensed consolidated interim financial statements and to note 3 (q) of the 2022 audited consolidated financial statements for details.

CONTROLS AND PROCEDURES

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

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

The Chief Executive Officer and Chief Financial Officer have evaluated whether or not there were any changes to Rogers' ICFR during the six-month period ended April 1, 2023 that have materially affected, or are reasonably likely to materially affect, Rogers' ICFR. No such changes were identified through their evaluation.

FORWARD-LOOKING STATEMENTS

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

- demand for refined sugar and maple syrup
- our intention to increase sugar refining capacity and the related eastern Canada distribution network
- future prices of raw sugar
- expected inflationary pressures on costs
- natural gas costs
- beet production forecasts
- growth of the maple syrup industry and the refined sugar industry
- the status of labour contracts and negotiations
- the level of future dividends
- the status of government regulations and investigations
- the impact of the COVID-19 pandemic on our operations

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

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