SUGAR VOLUME LOWER THAN COMPARABLE QUARTER LAST YEAR – STRONG CONSUMER VOLUME, ADDITIONAL US SALES, OFFSET BY REDUCED INDUSTRIAL AND LIQUID VOLUMES

VOLUME AND REVENUES STRONGER THAN COMPARABLE QUARTER IN MAPLE PRODUCTS - BUT SALES MIX HAD LOWER GROSS MARGIN %, SEGMENT HAD ADDITIONAL LABOR COSTS

OPERATING ENVIRONMENT OF PLANTS WAS COMPLICATED - CONTINOUSLY ADAPTING TO COVID-19 MEASURES TO KEEP EMPLOYEES AND CUSTOMERS SAFE, RESPONDING TO CHANGING CUSTOMER REQUIREMENTS AND ADDED U.S. QUOTA SALES, BALANCING PRODUCTION ACROSS PLANTS

August 5, 2020 - Rogers Sugar Inc. (the “Company” or “Rogers”) (TSX: RSI) today reported its third quarter fiscal 2020 results. The Company recorded adjusted EBITDA (1) of $14.3 million and $61.0 million for the current quarter and year-to-date, $4.5 million and $4.6 million lower than the comparable periods last year, respectively.

“The pandemic has resulted in strong consumer demand for both our sugar and maple products, while concurrently driving industrial and liquid demand lower, as the food service sector remains under pressure. We understand that the fight against COVID-19 is far from over and as we address the unique challenges the pandemic brings, we continue to prioritize the health and safety of our people and remain committed to meeting the needs of our customers. Despite this challenging environment, we are focused on running our business and are seeing signs of encouragement for the future, including recent changes in export quotas that will allow us to supply incremental sugar volumes to the U.S..” said John Holliday, President and Chief Executive Officer of Rogers and Lantic Inc.

Impact of COVID-19

The Company’s plants have continued to operate fully, despite the COVID-19 pandemic and our production capacities have not been significantly impacted. The health and safety of our employees remains our top priority and we have continued our extensive protection measures, including a special committee comprised of representatives from each site that meets regularly, social distancing measures, additional personal protective equipment requirements, increased sanitation and rigorous disinfection procedures, temperature monitoring of all personnel prior to entry into one of our locations as well as daily follow-ups by the Company’s nurses regarding all health-related questions and concerns. For the third quarter, the financial impact of the COVID-19 pandemic amounted to $2.1 million for both segments, largely due to increased health and safety measures and premium pay for employees.

Third Quarter Highlights

Highlights of the consolidated results are as follows:

(unaudited) (In thousands of dollars, except volume and per share information)	For the three months ended June 27, 2020	June 29, 2019 (2)	For the nine months ended June 27, 2020	June 29, 2019 (2)
Sugar (metric tonnes)	**172,054**	180,824	**535,659**	544,240
Maple syrup ('000 pounds)	**14,313**	9,325	**39,999**	32,215
Total revenues	**$ 206,147**	$ 191,448	**$ 614,589**	$ 586,720
Gross margin	**29,873**	30,741	**88,309**	93,502
Results from operating activities	**12,372**	18,570	**45,181**	56,947
Net earnings	**$ 5,538**	$ 10,432	**$ 22,467**	$ 31,854
Net earnings per share (basic)	**$ 0.05**	$ 0.10	**$ 0.22**	$ 0.30
Net earnings per share (diluted)	**$ 0.05**	$ 0.10	**$ 0.22**	$ 0.30
Dividends per share	**$ 0.09**	$ 0.09	**$ 0.27**	$ 0.27
Non- IFRS results (1)				
Adjusted Gross Margin (1)	**$ 25,915**	$ 26,231	**$ 86,053**	$ 87,552
Adjusted results from operating activities (1)	**$ 8,414**	$ 14,060	**$ 42,925**	$ 50,997
Adjusted EBITDA (1)	**$ 14,279**	$ 18,792	**$ 61,028**	$ 65,593
Adjusted net earnings (1)	**$ 2,560**	$ 7,033	**$ 20,694**	$ 27,169
Adjusted net earnings per share (basic) (1)	**$ 0.02**	$ 0.07	**$ 0.20**	$ 0.26
Trailing twelve months free cash flow (1)			**$ 37,520**	$ 34,138

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

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

- During the quarter, the Company incurred $2.1 million in additional administrative costs associated with the COVID-19 pandemic.
- Total sugar volume was lower than the comparable quarter last year as strong demand from the consumer volumes and additional opportunistic sales to the U.S. was offset by a reduction of volumes from the industrial and liquid segments.
- Approximately 5,500 metric tonnes delivered under the Global and Canadian refined sugar Tariff-rate Quota ("TRQ") during the quarter.
- Increased volume and revenues in the Maple segment relative to the comparable quarter last year, in part, associated with COVID-19 pandemic pantry-loading, but sales mix was at lower adjusted gross margin percentage and there were also incremental labor costs.
- Overall Adjusted EBITDA (1) was lower than the third quarter last year mainly due to incremental administration and selling expenses and distribution costs in the Sugar segment.
- Revolving credit facility covenant at 2.27 times pro-forma debt to pro-forma Adjusted EBITDA, well below its maximum of 3.5 times.
- Outstanding revolving credit facility at $190.0 million with $75.0 million available for drawdown and no repayments required until June 28, 2024.
- Free cash flow (1) for the trailing twelve months ending June 27, 2020 was $3.4 million higher than the previous year mainly due to lower income taxes and interest paid, lower capital and intangible spending, net of operational excellence capital, partially offset by lower adjusted EBITDA (1), an increase of $5.0 million in shares purchased under the 2019 Normal Course Issuer Bid ("2019 NCIB") and higher payments for capital leases.

- Rogers returned $9.4 million to shareholders during the quarter, of which $9.3 million was through dividends and $0.1 million was through share repurchases. A new Normal Course Issuer Bid was put in place and commenced June 3, 2020 to purchase up to 1,500,000 common shares.
- On August 5, 2020, the Board of Directors declared a quarterly dividend of $0.09.
- Quotas were announced in the last quarter for 5,000 metric tonnes of refined sugar that can only be supplied by Taber by September 30, 2020, as well as non-originating sugar refined in Canada of 36,287 metric tonnes to be supplied between July 1, 2020 and December 31, 2020 by any sugar refiner in Canada. The Company intends to fully deliver its Canadian TRQ by the end of the fiscal year and maximize its export volume to the U.S. under the non-originating sugar refined in Canada TRQ until the end of the calendar year.

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

Segmented Information

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

Consolidated results (In thousands of dollars)	**For the three months ended June 27, 2020**			For the three months ended June 29, 2019 [2]		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 144,173**	**$ 61,974**	**$ 206,147**	$ 146,240	$ 45,208	$ 191,448
Gross margin	**22,997**	**6,876**	**29,873**	24,461	6,280	30,741
Administration and selling expenses	**9,008**	**2,810**	**11,818**	5,879	2,274	8,153
Distribution costs	**4,844**	**839**	**5,683**	3,167	851	4,018
Results from operating activities	**$ 9,145**	**$ 3,227**	**$ 12,372**	$ 15,415	$ 3,155	$ 18,570
Non- GAAP results [1]						
Adjusted Gross Margin [1]	**$ 20,724**	**$ 5,191**	**$ 25,915**	$ 21,151	$ 5,080	$ 26,231
Adjusted results from operating activities [1]	**$ 6,872**	**$ 1,542**	**$ 8,414**	$ 12,105	$ 1,955	$ 14,060
Adjusted EBITDA [1]	**$ 10,928**	**$ 3,351**	**$ 14,279**	$ 15,519	$ 3,273	$ 18,792
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 5,086**	**$ 882**	**$ 5,968**	$ 6,611	$ 348	$ 6,959

Consolidated results (In thousands of dollars)	**For the nine months ended June 27, 2020**			For the nine months ended June 29, 2019 [2]		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 442,597**	**$ 171,992**	**$ 614,589**	$ 436,446	$ 150,274	$ 586,720
Gross margin	**72,890**	**15,419**	**88,309**	75,658	17,844	93,502
Administration and selling expenses	**20,156**	**8,392**	**28,548**	16,879	7,340	24,219
Distribution costs	**12,069**	**2,511**	**14,580**	9,688	2,648	12,336
Results from operating activities	**$ 40,665**	**$ 4,516**	**$ 45,181**	$ 49,091	$ 7,856	$ 56,947
Non- GAAP results [1]						
Adjusted Gross Margin [1]	**$ 70,709**	**$ 15,344**	**$ 86,053**	$ 69,674	$ 17,878	$ 87,552
Adjusted results from operating activities [1]	**$ 38,484**	**$ 4,441**	**$ 42,925**	$ 43,107	$ 7,890	$ 50,997
Adjusted EBITDA [1]	**$ 50,895**	**$ 10,133**	**$ 61,028**	$ 53,473	$ 12,120	$ 65,593
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 12,317**	**$ 5,991**	**$ 18,308**	$ 15,591	$ 3,387	$ 18,978

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

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

Sugar

Results for the quarter and year-to-date from our sugar segment were lower than the prior year mainly as a result of additional administration and selling costs and distribution costs associated with the smaller crop in Taber.

(In thousands of dollars, except volume)	For the three months ended **June 27, 2020**	June 29, 2019	For the nine months ended **June 27, 2020**	June 29, 2019
Revenues	**$ 144,173**	$ 146,240	**$ 442,597**	$ 436,446
Volume (MT) as at June 29, 2019		180,824		544,240
Variation:				
Industrial		(10,120)		(21,216)
Consumer		5,561		13,952
Liquid		(7,448)		224
Export		3,237		(1,541)
Total variation		(8,770)		(8,581)
Volume (MT) as at June 27, 2020		**172,054**		**535,659**

Revenue decreased in the third quarter and increased for the first nine months of fiscal 2020 versus the comparable periods last year, mainly due to higher weighted average raw sugar values converted into Canadian dollars, somewhat offset by a reduction in volume.

In the third quarter, Sugar volumes were lower by 5% compared to the same quarter last year, driven by lower industrial and liquid demand as the COVID-19 pandemic resulted in less manufacturing of food products destined to the food service sector. This was partly offset by increased retail demand driven by COVID-19 related pantry loading and higher export volumes. Export volumes increased in the quarter as the Company took advantage of new tariff quotas that provided for increased sales to the U.S.. The new quotas include the Global refined TRQ quota, which was available on a first come, first serve basis, between April 3 and June 29, 2020, and an allocation of 5,000 metric tonnes to be supplied prior to September 30, 2020 by beet sugar from Taber. The Company sold approximately 5,000 metric tonnes against the Global refined TRQ and approximately 500 metric tonnes against the beet sugar quote in the third quarter.

Year-to-date, sugar volumes were lower by 2% compared to fiscal 2019. In addition to factors impacting the third quarter, year-to-date, industrial volumes were impacted by non-recurring sales to a competitor that occurred in the first quarter of fiscal 2019 and by rail blockades that took place in the second quarter of the current fiscal year. Consumer volumes also benefited from additional volume negotiated with a national retail account, with additional shipments starting in April 2019. Higher liquid volumes in the first half of fiscal 2020, driven by additional demand from new and existing customers, more than offset the reduction in volume for the current quarter. Year-to-date export volumes decreased mostly due to planned contract deferral of shipments to Mexico.

(In thousands of dollars, except per metric tonne information)	For the three months ended **June 27, 2020**	June 29, 2019 (3)	For the nine months ended **June 27, 2020**	June 29, 2019 (3)
Gross margin	**$ 22,997**	$ 24,461	**$ 72,890**	$ 75,658
Total adjustment to the cost of sales (1) (2)	**(2,273)**	(3,310)	**(2,181)**	(5,984)
Adjusted gross margin	**$ 20,724**	$ 21,151	**$ 70,709**	$ 69,674
Gross margin per metric tonne	**$ 133.66**	$ 135.28	**$ 136.08**	$ 139.02
Adjusted gross margin per metric tonne	**$ 120.45**	$ 116.97	**$ 132.00**	$ 128.02
Included in Gross margin:				
Depreciation of property, plant and equipment	**$ 3,576**	$ 3,219	**$ 10,998**	$ 9,774

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(2) See "Adjusted results" section of the MD&A
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Adjusted gross margin for the current quarter was slightly lower than last year, driven mainly by a smaller crop in Taber which resulted in lower by-product revenues, somewhat offset by a reduction in energy costs as the juice campaign in Taber took place in the second quarter this year as opposed to the third quarter last year. In addition, despite a reduction in volume for the current quarter, adjusted gross margin rate was $3.48 per metric tonne higher given the favourable sales mix, with higher consumer and export volumes and lower industrial and liquid sales.

Year-to-date, adjusted gross margin was $1.0 million or $3.98 per metric tonne higher than the comparable period last year, mainly explained by lower energy costs in Taber as a result of a smaller beet campaign and no carbon tax incurred in Taber during the first quarter of fiscal 2020. The non-recurrence of Vancouver commissioning issues in fiscal 2019 was mostly offset by incremental maintenance costs and additional costs associated with importing refined sugar in fiscal 2020. Finally, the impact from the third quarter reduction in by-products revenues, as explained above, also had a negative impact on the current fiscal year adjusted gross margin, when compared to last year.

Administration and selling expenses were $3.1 million and $3.3 million higher for the current quarter and year-to-date, respectively. The increase is mainly explained by $2.0 million and $2.1 million for the quarter and year-to-date, respectively, in incremental costs associated with the COVID-19 pandemic for additional wages, protective personal equipment, sanitary supplies and other associated costs. The remainder of the variation is mainly due to higher employee benefits.

Distribution costs for the current quarter and year-to-date increased by $1.7 million and $2.4 million, respectively, versus the comparable periods last year. Additional distribution costs of $1.4 million and $2.4 million were incurred for the current quarter and year-to-date, respectively, to reconfigure the supply chain as a result of the smaller crop in Taber. In addition, incremental warehousing costs were incurred in the current quarter for a bonded warehouse in the U.S. to take advantage of the Global refined sugar TRQ. These negative variances were somewhat offset by the non-recurrence of $0.8 million in additional costs incurred in the second quarter of fiscal 2019 as a result of the commissioning issues in Vancouver.

(In thousands of dollars)	For the three months ended				For the nine months ended			
		June 27, 2020		June 29, 2019 (3)		**June 27, 2020**		June 29, 2019 (3)
Results from operating activities	**$**	**9,145**	$	15,415	**$**	**40,665**	$	49,091
Total adjustment to cost of sales (1) (2)		**(2,273)**		(3,310)		**(2,181)**		(5,984)
Adjusted results from operating activities	**$**	**6,872**	**$**	12,105	**$**	**38,484**	$	43,107
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets		**4,056**		3,414		**12,411**		10,366
Adjusted EBITDA (1) (2)	**$**	**10,928**	$	15,519	**$**	**50,895**	$	53,473

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Adjusted EBITDA for the third quarter and year-to-date decreased by $4.6 million and $2.6 million, respectively, versus the comparable periods last year, which is mainly explained by higher administration and selling expenses of $3.1 million and $3.3 million, respectively, and higher distribution costs of $1.4 million and $1.6 million, respectively, when adjusted to remove depreciation, as explained above.

The adoption of the new IFRS 16 Leases standard resulted in a $0.8 million and $2.2 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

Maple products

(In thousands of dollars and volume, in thousands of pounds)	For the three months ended **June 27, 2020**	June 29, 2019	For the nine months ended **June 27, 2020**	June 29, 2019
Volume ('000 pounds)	**14,313**	9,325	**39,999**	32,215
Revenues	**$ 61,974**	$ 45,208	**$ 171,992**	$ 150,274

Revenues for the third quarter and year-to-date of the current year were $16.8 million and $21.7 million higher than the same periods last year mainly due to high demand associated with the pantry-loading movement driven by the COVID-19 pandemic and ongoing strong replenishment orders. Year-to-date revenues also benefited from the second quarter growth from large customers.

(In thousands of dollars, except adjusted gross margin percentage information)	For the three months ended **June 27, 2020**	June 29, 2019 (3)	For the nine months ended **June 27, 2020**	June 29, 2019 (3)
Gross margin	**$ 6,876**	$ 6,280	**$ 15,419**	$ 17,844
Total adjustment to the cost of sales (1) (2)	**(1,685)**	(1,200)	**(75)**	34
Adjusted gross margin (1)	**$ 5,191**	$ 5,080	**$ 15,344**	$ 17,878
Gross margin percentage	**11.1%**	13.9%	**9.0%**	11.9%
Adjusted gross margin percentage	**8.4%**	11.2%	**8.9%**	11.9%
Included in Gross margin:				
Depreciation of property, plant and equipment and right-of-use assets	**$ 785**	$ 441	$ **2,274**	$ 1,298

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Adjusted gross margin for the current quarter was $0.1 million higher than the comparable period last year, representing a decrease of 2.8% in adjusted gross margin percentage, as a result of increased sales from lower margin accounts. The Maple products segment incurred additional labour costs in the current quarter of $0.6 million, driven largely by strong sales demand and production inefficiencies due to the implementation of COVID-19 safety measures. Finally, depreciation expense increased by $0.3 million, mainly due to additional property, plant and equipment acquired as well as the start of the long-term lease on October 15, 2019 of the new Granby location.

Year-to-date, adjusted gross margin was $2.5 million lower than the first nine months of fiscal 2019, primarily due to lower margin rates and an increase in labour costs and depreciation expense of $1.5 million and $1.0 million, respectively, due to the same reasons as explained for the quarter. Labour costs year-to-date were also negatively impacted by purposely increasing production capacity prior to the move to the new Granby location on January 31, 2020 and by equipment installation and commissioning inefficiencies to ramp up production levels at the new plant. In addition, in the first nine months of the current year, the Company incurred $0.4 million in additional non-recurring costs, mostly associated with the move to the new Granby facility.

Administration and selling expenses were $0.5 million and $1.1 million higher than the third quarter and year-to-date last year, respectively, due mainly to an increase in employee benefits associated with additional personnel and $0.1 million in incremental costs associated with the COVID-19 pandemic for additional wages, protective personal equipment, sanitary supplies and other associated costs.

(In thousands of dollars)		For the three months ended **June 27, 2020**	June 29, 2019 [3]		For the nine months ended **June 27, 2020**	June 29, 2019 [3]
Results from operating activities	$	**3,227**	3,155	$	**4,516**	7,856
Total adjustment to cost of sales [1] [2]		**(1,685)**	(1,200)		**(75)**	34
Adjusted results from operating activities [1]		**1,542**	1,955		**4,441**	7,870
Non-recurring expenses:						
Other one-time non-recurring items		**145**	1		**789**	306
Depreciation and amortization		**1,664**	1,317		**4,903**	3,924
Adjusted EBITDA [1]		**3,351**	3,273	$	**10,133**	12,120

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

Adjusted EBITDA for the current quarter increased by $0.1 million when compared to the third quarter last year as the adjusted gross margin, when adjusted to remove depreciation expense, was mostly offset by an increase in administration and selling expenses, as explained above. Year-to-date, adjusted EBITDA decreased by $2.0 million, mainly due to lower adjusted gross margins, when adjusted to remove depreciation expense, and an increase in administration and selling expenses, as explained above.

The adoption of the new IFRS 16 *Leases* standard resulted in a $0.1 million and $0.4 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

Outlook

The health and safety of our employees remains our top priority and, with respect to COVID-19, the Company is closely following all public health authority recommendations. While our plants have continued to fully operate without any disruption to date despite the COVID-19 pandemic, it remains difficult to estimate or forecast the impact from the COVID-19 pandemic on the continued operations of the Company and/or the financial impact it may have. The Company is closely monitoring the situation and will react quickly to the changing circumstances.

Sugar

Market conditions remain favourable for our sugar business and, despite the COVID-19 pandemic and the challenges related to a smaller crop in Taber, we continue to expect that the Sugar segment will exceed last fiscal year's volume and adjusted EBITDA.

As a result of increases in existing quota levels and the implementation of new quotas, the Company expects export volumes to be approximately 7,000 metric tonnes above fiscal 2019, despite postponed shipments to Mexico. The quota changes include:

- a total of 5,000 metric tonnes, to be supplied to the U.S. prior to September 30, 2020 only by beet sugar from Taber. The Company intends to fully utilize the incremental sales available under this quota.
- a Global refined TRQ quota to supply, on a first-come, first-served basis, 176,437 metric tonnes between April 3, 2020 and June 29, 2020.
- a recurring annual calendar year quota of 9,600 metric tonnes, only to be supplied by the Taber factory, under the Canada-United States-Mexico Agreement ("CUSMA") that took effect on a prorate basis on July 1, 2020. At this point in time, the Company does not anticipate any additional volume under this quota in the

current fiscal year as it will prioritize filling the 5,000 metric tonne beet sugar allocation by September 30, 2020.

- an additional TRQ for non-originating sugar refined in Canada of 36,287 metric tonnes, to be delivered on a first-come, first-serve basis between July 1, 2020 and December 31, 2020, to be supplied by any sugar refinery in Canada. The Company intends to maximize its export volume to the U.S. under this quota with sales from its Montreal and Vancouver facilities

The Company anticipates that volume for the consumer segment for fiscal 2020 should be approximately 15,000 metric tonnes higher than fiscal 2019. Despite strong consumer demand due to the COVID-19 pandemic to date, it is difficult to estimate the impact that the COVID-19 pandemic may have on the Company's future volume. In addition, the stronger consumer volume could be partly offset by the anticipated continued slowdown in the food service industrial segment, due to the COVID-19 pandemic.

The Company anticipates that volume for the industrial segment should decrease by approximately 20,000 metric tonnes while the liquid segment should be comparable to last fiscal year, due to the COVID-19 pandemic which particularly affected customers manufacturing food products for the food service industry. The Company is monitoring the demand for these two segments very closely. Any increase in inventories as a result of a decrease in demand could be re-directed to the U.S. to further take advantage of the additional non-originating sugar TRQ refined in Canada.

Despite the challenges created by a small crop in Taber and the COVID-19 pandemic, it is anticipated that the total sales volume should exceed fiscal 2019 by approximately 5,000 metric tonnes, totalling approximately 746,000 metric tonnes.

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

The Company estimates that approximately $0.5 million in additional administrative costs will be incurred in the last quarter of the fiscal year for costs associated with the COVID-19 pandemic, driven by additional supplies, distancing measures and consulting services. The financial impact of the COVID-19 pandemic on administrative expenses may be higher should restrictions enforced by the government agencies change from the current status.

As at June 27, 2020, the Company has not re-assessed the defined benefit pension plan and other benefit plans assumptions. As usual, the actuarial assumptions will be re-assessed at year end. Any material change in assumptions such as discount rate and/or pension assets rate of return may have a material impact on the financial results of the Company. In addition, the actuarial evaluations of the two defined benefit plans have not been completed as at August 5, 2020. Any significant change in the assumptions used for funding purposes may have a material impact on pension plan contributions.

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

Spending on capital projects has slowed down during the third quarter as a result of the COVID-19 pandemic but is expected to resume in the last quarter of the fiscal year. As a result, overall capital spending, including a high proportion of return on investment capital expenditures, should be approximately $20.0 million.

Maple products

The current year-to-date margins reflect the competitive market conditions and we anticipate gross margin rates to remain at current levels, in the fourth quarter. The Company is focused on improving margins and maintaining its market share. In addition, the Company is optimizing changes to its manufacturing footprint to improve its competitive advantage by further lowering operating costs. We continue to see strong demand associated with COVID-19 and although we expect a tempering of the initial lift volumes should remain stronger than the comparable period in the prior year. We expect volumes should moderate to pre-COVID-19 levels when the pandemic recedes.

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

Mark-to-Market Measures

With the mark-to-market of all derivative financial instruments at the end of each reporting period, our accounting income does not represent a complete understanding of factors and trends affecting the business. Consistent with previous reporting, we prepared adjusted gross margin and adjusted earnings results to reflect the performance of the Company during the period without the impact of the mark-to-market of derivative financial instruments. Earnings before interest and income taxes ("EBIT") included a mark-to-market gain of $4.0 million and a gain of $2.3 million for the third quarter and year-to-date of fiscal 2020, respectively, which was deducted to calculate the adjusted EBIT and adjusted gross margin results. Adjusted EBITDA represents EBIT, adjusted for the total adjustment to cost of sales for mark-to-market of derivative financial instruments, depreciation and amortization expenses, non-cash goodwill impairment and the Maple products segment non-recurring costs. See "Non-GAAP measures" section in the MD&A.

Access to Quarterly Results Information

Rogers Sugar Inc. (RSI) will be holding a conference call to discuss their 2020 third quarter results on Wednesday, August 5, 2020 at 17:30 (Eastern Time).

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

Conference Call

If you wish to participate, please dial 1-877-223-4471. A recording of the conference call will be accessible shortly after the conference, by dialing 1-800-585-8367, access code 9364679#. This recording will be available until August 12, 2020.

FOR THE BOARD OF DIRECTORS,

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

For further information:
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This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers", "RSI" or the "Company") dated August 5, 2020 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three and nine month periods ended June 27, 2020, as well as the audited consolidated financial statements and MD&A for the year ended September 28, 2019. The quarterly unaudited condensed consolidated interim financial statements and any amounts shown in this MD&A were not reviewed nor audited by our external independent auditors. This MD&A refers to Rogers, Lantic Inc. ("Lantic") (Rogers and Lantic together referred as the "Sugar segment", The Maple Treat Corporation ("TMTC") and Highland Sugarworks Inc. ("Highland") (the latter two companies together referred to as "TMTC" or the "Maple products segment"). It should be noted that 9020-2292 Québec Inc. ("Decacer") was amalgamated with TMTC as of September 29, 2019.

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

FORWARD-LOOKING STATEMENTS

This report contains Statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking statements may include, without limitation, statements and information which reflect the current expectations of the Company with respect to future events and performance. Wherever used, the words "may," "will," "should," "anticipate," "intend," "assume," "expect," "plan," "believe," "estimate," and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, the Company cautions investors that statements concerning the following subjects are, or are likely to be, forward-looking statements: future prices of raw sugar, natural gas costs, the opening of special refined sugar quotas in the United States ("U.S."), beet production forecasts, growth of the maple syrup industry, the status of labour contracts and negotiations, the level of future dividends and the status of government regulations and investigations and the impact of the COVID-19 pandemic on the Corporation and its operations. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, including with respect to the continuity of its operations despite the COVID-19 pandemic, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results or current expectations. Readers should also refer to the section "Risks and Uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. These risks are also referred to in the Company's Annual Information Form in the "Risk Factors" section.

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

SELECTED FINANCIAL DATA AND HIGHLIGHTS

The following is a summary of selected financial information of Rogers' consolidated results for the three and nine month periods of fiscal 2020 and 2019.

(unaudited) (In thousands of dollars, except volume and per share information)		For the three months ended **June 27, 2020**		June 29, 2019 [(2)]		For the nine months ended **June 27, 2020**		June 29, 2019 [(2)]
Sugar (metric tonnes)		**172,054**		180,824		**535,659**		544,240
Maple syrup ('000 pounds)		**14,313**		9,325		**39,999**		32,215
Total revenues	**$**	**206,147**	$	191,448	**$**	**614,589**	**$**	586,720
Gross margin		**29,873**		30,741		**88,309**		93,502
Results from operating activities		**12,372**		18,570		**45,181**		56,947
Net earnings	**$**	**5,538**	$	10,432	**$**	**22,467**	**$**	31,854
Net earnings per share (basic)	**$**	**0.05**	$	0.10	**$**	**0.22**	**$**	0.30
Net earnings per share (diluted)	**$**	**0.05**	$	0.10	**$**	**0.22**	**$**	0.30
Dividends per share	**$**	**0.09**	$	0.09	**$**	**0.27**	**$**	0.27
Non- IFRS results [(1)]								
Adjusted Gross Margin [(1)]	**$**	**25,915**	$	26,231	**$**	**86,053**	**$**	87,552
Adjusted results from operating activities [(1)]	**$**	**8,414**	$	14,060	**$**	**42,925**	**$**	50,997
Adjusted EBITDA [(1)]	**$**	**14,279**	$	18,792	**$**	**61,028**	**$**	65,593
Adjusted net earnings [(1)]	**$**	**2,560**	$	7,033	**$**	**20,694**	**$**	27,169
Adjusted net earnings per share (basic) [(1)]	**$**	**0.02**	$	0.07	**$**	**0.20**	**$**	0.26
Trailing twelve months free cash flow [(1)]					**$**	**37,520**	$	34,138

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

Adjusted results

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

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

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

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

Income (loss) (In thousands of dollars)	**For the three months ended June 27, 2020**			For the three months ended June 29, 2019		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ 1,302**	**$ -**	**$ 1,302**	$ (551)	$ -	$ (551)
Foreign exchange forward contracts	**2,135**	**944**	**3,079**	1,528	1,013	2,541
Total mark-to-market adjustment on derivatives	**3,437**	**944**	**4,381**	977	1,013	1,990
Cumulative timing differences	**(1,213)**	**741**	**(472)**	1,823	187	2,010
Adjustment to cost of sales	**2,224**	**1,685**	**3,909**	2,800	1,200	4,000
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges	**49**	**-**	**49**	510	-	510
Total adjustment to costs of sales	**$ 2,273**	**$ 1,685**	**$ 3,958**	$ 3,310	$ 1,200	$ 4,510

Income (loss) (In thousands of dollars)	**For the nine months ended June 27, 2020**			For the nine months ended June 29, 2019		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ 965**	**-**	**965**	(1,565)	-	(1,565)
Foreign exchange forward contracts	**613**	**(59)**	**554**	31	(268)	(237)
Total mark-to-market adjustment on derivatives	**1,578**	**(59)**	**1,519**	(1,534)	(268)	(1,802)
Cumulative timing differences	**532**	**134**	**666**	6,203	234	6,437
Adjustment to cost of sales	**2,110**	**75**	**2,185**	4,669	(34)	4,635
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges	**71**	**-**	**71**	1,315	-	1,315
Total adjustment to costs of sales	**$ 2,181**	**75**	**2,256**	5,984	(34)	5,950

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

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

On October 2, 2016, the Company adopted IFRS 9 (2014) *Financial Instruments* and designated natural gas futures as an effective cash flow hedging instrument. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, are subsequently removed from other comprehensive income when the natural gas futures will be liquidated, in other words, when the natural gas is used. As a result, in fiscal 2020, the Company removed a nominal gain for the third quarter and a gain of $0.1 million year-to-date from other comprehensive income and recorded a gain of the same amount in cost of sales. The transitional balance relating to natural gas futures will be fully depleted in the current fiscal year. See "Non-GAAP measures" section.

The above described adjustments are added or deducted to the mark-to-market results to arrive at the total adjustment to cost of sales. For the third quarter and year-to-date of the current year, the total cost of sales adjustment is a gain of $4.0 million and $2.3 million, respectively to be deducted from the consolidated results versus a gain of $4.5 million and $6.0 million to be deducted from the consolidated results for the comparable periods last year, respectively. See "Non-GAAP measures" section.

SEGMENTED INFORMATION

The Company has two distinct segments, namely, refined sugar and by-products, together referred to as the "Sugar" segment and maple syrup and maple derived products, together referred to as the "Maple products" segment. The following is a table showing the key results by segments:

Consolidated results (In thousands of dollars)	**For the three months ended June 27, 2020** **Sugar**	**Maple Products**	**Total**	For the three months ended June 29, 2019 [(2)] Sugar	Maple Products	Total
Revenues	**$ 144,173**	**$ 61,974**	**$ 206,147**	$ 146,240	$ 45,208	$ 191,448
Gross margin	**22,997**	**6,876**	**29,873**	24,461	6,280	30,741
Administration and selling expenses	**9,008**	**2,810**	**11,818**	5,879	2,274	8,153
Distribution costs	**4,844**	**839**	**5,683**	3,167	851	4,018
Results from operating activities	**$ 9,145**	**$ 3,227**	**$ 12,372**	$ 15,415	$ 3,155	$ 18,570
Non- GAAP results [(1)]						
Adjusted Gross Margin [(1)]	**$ 20,724**	**$ 5,191**	**$ 25,915**	$ 21,151	$ 5,080	$ 26,231
Adjusted results from operating activities [(1)]	**$ 6,872**	**$ 1,542**	**$ 8,414**	$ 12,105	$ 1,955	$ 14,060
Adjusted EBITDA [(1)]	**$ 10,928**	**$ 3,351**	**$ 14,279**	$ 15,519	$ 3,273	$ 18,792
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 5,086**	**$ 882**	**$ 5,968**	$ 6,611	$ 348	$ 6,959

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

Consolidated results (In thousands of dollars)	**For the nine months ended June 27, 2020** **Sugar**	**Maple Products**	**Total**	For the nine months ended June 29, 2019 [(2)] Sugar	Maple Products	Total
Revenues	**$ 442,597**	**$ 171,992**	**$ 614,589**	$ 436,446	$ 150,274	$ 586,720
Gross margin	**72,890**	**15,419**	**88,309**	75,658	17,844	93,502
Administration and selling expenses	**20,156**	**8,392**	**28,548**	16,879	7,340	24,219
Distribution costs	**12,069**	**2,511**	**14,580**	9,688	2,648	12,336
Results from operating activities	**$ 40,665**	**$ 4,516**	**$ 45,181**	$ 49,091	$ 7,856	$ 56,947
Non- GAAP results [(1)]						
Adjusted Gross Margin [(1)]	**$ 70,709**	**$ 15,344**	**$ 86,053**	$ 69,674	$ 17,878	$ 87,552
Adjusted results from operating activities [(1)]	**$ 38,484**	**$ 4,441**	**$ 42,925**	$ 43,107	$ 7,890	$ 50,997
Adjusted EBITDA [(1)]	**$ 50,895**	**$ 10,133**	**$ 61,028**	$ 53,473	$ 12,120	$ 65,593
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 12,317**	**$ 5,991**	**$ 18,308**	$ 15,591	$ 3,387	$ 18,978

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

Impact of COVID-19

The Company's plants have continued to operate fully, despite the COVID-19 pandemic and our production capacities have not been significantly impacted. The health and safety of our employees remains our top priority and we have continued our extensive protection measures, including a special committee comprised of representatives from each site that meets regularly, social distancing measures, additional personal protective equipment requirements, increased sanitation and rigorous disinfection procedures, temperature monitoring of all personnel prior to entry into one of our locations as well as daily follow-ups by the Company's nurses regarding all health-related questions and concerns. For the third quarter, the financial impact of the COVID-19 pandemic amounted to $2.1 million for both segments, largely due to increased health and safety measures and premium pay for employees.

Results from operation by segment

Sugar

(In thousands of dollars, except volume)	For the three months ended		For the nine months ended	
	June 27, 2020	June 29, 2019	**June 27, 2020**	June 29, 2019
Revenues	**$ 144,173**	$ 146,240	**$ 442,597**	$ 436,446
Volume (MT) as at June 29, 2019		180,824		544,240
Variation:				
Industrial		(10,120)		(21,216)
Consumer		5,561		13,952
Liquid		(7,448)		224
Export		3,237		(1,541)
Total variation		(8,770)		(8,581)
Volume (MT) as at June 27, 2020		**172,054**		**535,659**

Revenue decreased in the third quarter and increased for the first nine months of fiscal 2020 versus the comparable periods last year, mainly due to higher weighted average raw sugar values converted into Canadian dollars, somewhat offset by a reduction in volume.

Total domestic industrial and liquid sugar volumes for both the current quarter and year-to-date were impacted by the COVID-19 pandemic partially offset by the increase from the consumer segment.

For the current quarter, the reduction in industrial volume is mainly explained by lower demand from our customers as a result of the COVID-19 pandemic which saw a decrease in volume demand associated with a reduction in manufacturing of food products destined to the food service sector. Year-to-date, industrial volumes were also impacted by the non-recurring sales to a competitor that occurred in the first quarter of last fiscal year and by the rail blockades that took place in the second quarter of the current fiscal year, which created difficulties in servicing our Ontario customers and resulted in a reduction of approximately 2,000 metric tonnes in our industrial segment.

The third quarter increase in consumer volume was mainly driven by a spike in retail demand associated with the COVID-19 pandemic and the resulting pantry loading movement. Year-to-date, the consumer volumes also benefited from additional volume negotiated with a national retail account, with additional shipments starting in April 2019.

The liquid market volumes also suffered in the third quarter of the current year due to a reduction in volume associated with the COVID-19 pandemic for the same reason as the industrial segment. Year-to-date, the increase in volume in the first half of the current fiscal year, which was driven by additional demand from new and existing customers, more than offset the reduction in volume for the current quarter.

Finally, the increase in export volumes for the current quarter was mainly driven by opportunistic sales from the United States ("U.S.") Global refined Tariff-rate Quota ("TRQ") that was announced in early April by the United States Trade Representative ("USTR"). The Global refined TRQ quota started on April 3, 2020, on a first come first serve basis, and closed on June 29, 2020 and approximately 5,000 metric tonnes were sold against the Global refined TRQ during the current quarter. Canada was also allocated a total of 5,000 metric tonnes, to be entered prior to September 30, 2020, which can only be supplied by beet sugar from Taber, of which, approximately 500 metric tonnes was sold in the current quarter. The additional volume under the Global and Canadian refined TRQ was somewhat offset by lower sales volume to Mexico. Despite the increase in export volume for the current quarter, the year-to-date volume decreased mostly due to planned contract deferral of shipments to Mexico negotiated to manage reduced factory output in Taber, driven by a weather-related loss in sugar beet production.

Gross Margin

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

(In thousands of dollars, except per metric tonne information)	For the three months ended		For the nine months ended	
	June 27, 2020	June 29, 2019 (3)	**June 27, 2020**	June 29, 2019 (3)
Gross margin	**$ 22,997**	$ 24,461	**$ 72,890**	$ 75,658
Total adjustment to the cost of sales (1) (2)	**(2,273)**	(3,310)	**(2,181)**	(5,984)
Adjusted gross margin	**$ 20,724**	$ 21,151	**$ 70,709**	$ 69,674
Gross margin per metric tonne	**$ 133.66**	$ 135.28	**$ 136.08**	$ 139.02
Adjusted gross margin per metric tonne	**$ 120.45**	$ 116.97	**$ 132.00**	$ 128.02
Included in Gross margin:				
Depreciation of property, plant and equipment	**$ 3,576**	$ 3,219	**$ 10,998**	$ 9,774

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

Gross margin of $23.0 million and $72.9 million for the three and nine months ended June 27, 2020 do not reflect the economic margin of the sugar segment, as it includes a gain of $2.3 million and $2.2 million, respectively, for the mark-to-market of derivative financial instruments as explained above. In the third quarter and year-to-date of fiscal 2019, a mark-to-market gain of $3.3 million and $6.0 million, respectively, were recorded resulting in gross margins of $24.5 million and $75.7 million for the comparable periods, respectively.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter was slightly lower than last year, driven mainly by a smaller crop in Taber which resulted in lower by-product revenues, somewhat offset by a reduction in energy costs as the juice campaign in Taber took place in the second quarter this year as opposed to the third quarter last year. In addition, despite a reduction in volume for the current quarter, adjusted gross margin rate was $3.48 per metric tonne higher given the favourable sales mix, with higher consumer and export volumes and lower industrial and liquid sales.

Year-to-date, adjusted gross margin was $1.0 million or $3.98 per metric tonne higher than the comparable period last year, due to a favourable variance from the first half of the fiscal year, mainly driven by lower energy costs in Taber as a result of a smaller beet campaign and no carbon tax incurred in Taber during the first quarter of fiscal 2020 compared to $1.51 per GJ paid last year. The non-recurrence of the Vancouver commissioning issues in fiscal 2019 of $4.6 million was mostly offset by incremental maintenance costs of $1.8 million and additional costs associated with importing refined sugar of $1.6 million, both of which incurred in the second quarter of the current fiscal year. The additional maintenance costs were incurred to ensure the reliability of our cane operations and to increase production throughput in Vancouver and Montreal to support the reliance on these two sites to backfill the Taber crop short fall. Also, as a way to de-risk the supply chain challenges associated with the shortfall in production in Taber, the Company imported refined sugar, which negatively impacted the adjusted gross margin. Finally, the impact from the third quarter reduction in by-products revenues, as explained above, also had a negative impact on the current fiscal year adjusted gross margin, when compared to last year.

Other expenses

(In thousands of dollars)		For the three months ended				For the nine months ended		
		June 27, 2020		June 29, 2019 [(1)]		**June 27, 2020**		June 29, 2019 [(1)]
Administration and selling expenses	**$**	**9,008**	**$**	5,879	**$**	**20,156**	$	16,879
Distribution costs	**$**	**4,844**	**$**	3,167	**$**	**12,069**	$	9,688
Included in Administration and selling expenses:								
Amortization of intangible assets	**$**	**213**	**$**	195	**$**	**632**	$	592
Included in Distribution costs:								
Depreciation of right-of-use assets	**$**	**267**	**$**	-	**$**	**781**	$	-

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

Administration and selling expenses were $3.1 million and $3.3 million higher for the current quarter and year-to-date, respectively. The increase is mainly explained by $2.0 million and $2.1 million for the quarter and year-to-date, respectively, in incremental costs associated with the COVID-19 pandemic for additional wages, protective personal equipment, sanitary supplies and other associated costs. The remainder of the variation is mainly due to higher employee benefits.

Distribution costs for the current quarter and year-to-date increased by $1.7 million and $2.4 million, respectively, versus the comparable periods last year. Additional distribution costs of $1.4 million and $2.4 million were incurred for the current quarter and year-to-date, respectively, to reconfigure the supply chain as a result of the smaller crop in Taber. In addition, incremental warehousing costs were incurred in the current quarter for a bonded warehouse in the U.S. to take advantage of the Global refined sugar TRQ. These negative variances were somewhat offset by the non-recurrence of $0.8 million in additional costs incurred in the second quarter of fiscal 2019 as a result of the commissioning issues in Vancouver.

Results from operating activities

(In thousands of dollars)		For the three months ended				For the nine months ended		
		June 27, 2020		June 29, 2019 [(2)]		**June 27, 2020**		June 29, 2019 [(2)]
Results from operating activities	**$**	**9,145**	$	15,415	**$**	**40,665**	$	49,091
Adjusted results from operating activities [(1)]	**$**	**6,872**	$	12,105	**$**	**38,484**	$	43,107

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

The results from operating activities for the third quarter and year-to-date of fiscal 2020 of $9.1 million and $40.7 million do not reflect the adjusted results from operating activities of the Sugar segment, as they include gains from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments.

Adjusted results from operating activities were $5.2 million lower than the third quarter last year, due to higher administration and selling expenses of $3.1 million, higher distribution costs of $1.7 million and lower adjusted gross margin of $0.4 million. Year-to-date, adjusted results from operations were $4.6 million lower than the first nine months of fiscal 2019 as a result of higher administration and selling expenses of $3.3 million, higher distribution costs of $2.4 million, somewhat offset by higher adjusted gross margin of $1.0 million.

In addition, non-cash depreciation and amortization expense also had a negative impact on the results from operating activities. As such management believes that the Sugar segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above-mentioned items.

Adjusted EBITDA

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

(In thousands of dollars)	For the three months ended		For the nine months ended	
	June 27, 2020	June 29, 2019 (3)	**June 27, 2020**	June 29, 2019 (3)
Results from operating activities	**$ 9,145**	$ 15,415	**$ 40,665**	$ 49,091
Total adjustment to cost of sales (1) (2)	**(2,273)**	(3,310)	**(2,181)**	(5,984)
Adjusted results from operating activities	**$ 6,872**	**$** 12,105	**$ 38,484**	$ 43,107
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	**4,056**	3,414	**12,411**	10,366
Adjusted EBITDA (1) (2)	**$ 10,928**	$ 15,519	**$ 50,895**	$ 53,473

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

Adjusted EBITDA for the third quarter and year-to-date decreased by $4.6 million and $2.6 million, respectively, versus the comparable periods last year, which is mainly explained by higher administration and selling expenses of $3.1 million and $3.3 million, respectively, and higher distribution costs of $1.4 million and $1.6 million, respectively, when adjusted to remove depreciation, as explained above.

The adoption of the new IFRS 16 *Leases* standard resulted in a $0.8 million and $2.2 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

Maple products

Revenues

(In thousands of dollars and volume, in thousands of pounds)	For the three months ended		For the nine months ended	
	June 27, 2020	June 29, 2019	**June 27, 2020**	June 29, 2019
Volume ('000 pounds)	**14,313**	9,325	**39,999**	32,215
Revenues	**$ 61,974**	$ 45,208	**$ 171,992**	$ 150,274

Revenues for the third quarter and year-to-date of the current year were $16.8 million and $21.7 million higher than the same periods last year mainly due to high demand associated with pantry-loading driven by the COVID-19 pandemic and ongoing strong replenishment orders. Year-to-date revenues also benefited from the second quarter growth from large customers.

Gross Margin

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

(In thousands of dollars, except adjusted gross margin percentage information)		For the three months ended June 27, 2020		June 29, 2019 [3]		For the nine months ended June 27, 2020		June 29, 2019 [3]
Gross margin	**$**	**6,876**	$	6,280	**$**	**15,419**	$	17,844
Total adjustment to the cost of sales [1] [2]		**(1,685)**		(1,200)		**(75)**		34
Adjusted gross margin [1]	**$**	**5,191**	$	5,080	**$**	**15,344**	$	17,878
Gross margin percentage		**11.1%**		13.9%		**9.0%**		11.9%
Adjusted gross margin percentage		**8.4%**		11.2%		**8.9%**		11.9%
Included in Gross margin:								
Depreciation of property, plant and equipment and right-of-use assets	**$**	**785**	$	441	$	**2,274**	$	1,298

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

Gross margin of $6.9 million and $15.4 million for the third quarter and year-to-date of fiscal 2020 do not reflect the economic margin of the Maple products segment, as it includes a gain of $1.7 million and $0.1 million, respectively, for the mark-to-market of derivative financial instruments on foreign exchange contracts. Gross margin for the quarter and year-to-date of fiscal 2019 of $6.3 million and $17.8 million include a gain of $1.2 million and a nominal loss, respectively.

We will therefore comment on adjusted gross margin results.
Adjusted gross margin for the current quarter was $0.1 million higher than the comparable period last year, representing a decrease of 2.8% in adjusted gross margin percentage, as a result of increased sales from lower margin accounts. The Maple products segment incurred additional labour costs in the current quarter of $0.6 million, driven largely by strong sales demand and production inefficiencies due to the implementation of COVID-19 safety measures. Finally, depreciation expense increased by $0.3 million, mainly due to additional property, plant and equipment acquired as well as the start of the long-term lease on October 15, 2019 of the new Granby location.

Year-to-date, adjusted gross margin was $2.5 million lower than the first nine months of fiscal 2019, primarily due to lower margin rates and an increase in labour costs and depreciation expense of $1.5 million and $1.0 million, respectively, due to the same reasons as explained for the quarter. Labour costs year-to-date were also negatively impacted by purposely increasing production capacity prior to the move to the new Granby location on January 31, 2020 and by equipment installation and commissioning inefficiencies to ramp up production levels at the new plant. In addition, in the first nine months of the current year, the Company incurred $0.4 million in additional non-recurring costs, mostly associated with the move to the new Granby facility.

Other expenses

(In thousands of dollars)		For the three months ended				For the nine months ended		
		June 27, 2020		June 29, 2019		**June 27, 2020**		June 29, 2019
Administration and selling expenses	**$**	**2,810**	$	2,274	**$**	**8,392**	$	7,340
Distribution costs	**$**	**839**	$	851	**$**	**2,511**	$	2,648
Included in Administration and selling expenses:								
Amortization of intangible assets	**$**	**879**	$	876	**$**	**2,629**	$	2,626

Administration and selling expenses were $0.5 million and $1.1 million higher than the third quarter and year-to-date last year, respectively, due mainly to an increase in employee benefits associated with additional personnel and $0.1 million in incremental costs associated with the COVID-19 pandemic for additional wages, protective personal equipment, sanitary supplies and other associated costs.

Distribution costs were comparable to the third quarter last year and $0.1 million lower, year-to-date.

Results from operating activities ("EBIT")

(In thousands of dollars)		For the three months ended				For the nine months ended		
		June 27, 2020		June 29, 2019 [(2)]		**June 27, 2020**		June 29, 2019 [(2)]
Results from operating activities	**$**	**3,227**	$	3,155	**$**	**4,516**	$	7,856
Adjusted results from operating activities ("Adjusted EBIT") [(1)]	**$**	**1,542**	$	1,955	**$**	**4,441**	$	7,890

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

The results from operating activities for the current quarter of $3.2 million and $4.5 million year-to-date do not reflect the adjusted results from operating activities of the Maple products segment, as it includes gains from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments. We will therefore comment on adjusted results from operating activities.

Adjusted EBIT for the current quarter and year-to-date was $0.4 million and $3.4 million lower than the comparable periods last year, mostly explained by higher administration and selling expenses and a decrease year-to-date in adjusted gross margin, as explained above.

Certain non-cash items and non-recurring expenses had an impact on the results from operating activities. As such, Management believes that the Maple products segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the below-mentioned items.

Adjusted EBITDA

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

(In thousands of dollars)		For the three months ended			For the nine months ended	
		June 27, 2020	June 29, 2019 (3)		**June 27, 2020**	June 29, 2019 (3)
Results from operating activities	$	**3,227**	3,155	$	**4,516**	7,856
Total adjustment to cost of sales (1) (2)		**(1,685)**	(1,200)		**(75)**	34
Adjusted results from operating activities (1)		**1,542**	1,955		**4,441**	7,870
Non-recurring expenses:						
Other one-time non-recurring items		**145**	1		**789**	306
Depreciation and amortization		**1,664**	1,317		**4,903**	3,924
Adjusted EBITDA (1)		**3,351**	3,273	$	**10,133**	12,120

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

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

Adjusted EBITDA for the current quarter increased by $0.1 million when compared to the third quarter last year as the adjusted gross margin, when adjusted to remove depreciation expense, was mostly offset by an increase in administration and selling expenses, as explained above. Year-to-date, adjusted EBITDA decreased by $2.0 million, mainly due to lower adjusted gross margins, when adjusted to remove depreciation expense, and an increase in administration and selling expenses, as explained above.

The adoption of the new IFRS 16 *Leases* standard resulted in a $0.1 million and $0.4 million increase in adjusted EBITDA for the current quarter and year-to-date, respectively.

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

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

(unaudited) (In thousands of dollars, except volume and per share information)		For the three months ended **June 27, 2020**	June 29, 2019 (2)		For the nine months ended **June 27, 2020**	June 29, 2019 (2)
Sugar (metric tonnes)		**172,054**	180,824		**535,659**	544,240
Maple syrup ('000 pounds)		**14,313**	9,325		**39,999**	32,215
Total revenues	$	**206,147**	191,448	$	**614,589**	586,720
Gross margin		**29,873**	30,741		**88,309**	93,502
Results from operating activities ("EBIT")		**12,372**	18,570		**45,181**	56,947
Net finance costs		**4,147**	4,271		**13,532**	13,270
Income tax expense		**2,687**	3,867		**9,182**	11,823
Net earnings	$	**5,538**	10,432	$	**22,467**	31,854
Net earnings per share (basic)	$	**0.05**	0.10	$	**0.22**	0.30
Net earnings per share (diluted)	$	**0.05**	0.10	$	**0.22**	0.30
Dividends per share	$	**0.09**	0.09	$	**0.27**	0.27
Non- IFRS results (1)						
Adjusted Gross Margin (1)	$	**25,915**	26,231	$	**86,053**	87,552
Adjusted results from operating activities (1)	$	**8,414**	14,060	$	**42,925**	50,997
Adjusted EBITDA (1)	$	**14,279**	18,792	$	**61,028**	65,593
Adjusted net earnings (1)	$	**2,560**	7,033	$	**20,694**	27,169
Adjusted net earnings per share (basic) (1)	$	**0.02**	0.07	$	**0.20**	0.26

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

Total revenues

Revenues increased by $14.7 million and $27.9 million for the third quarter and year-to-date versus comparable periods last year. The improvement in revenues is explained by higher revenues in both the Sugar and Maple products segments, as explained above.

Gross margin

Gross margin of $29.9 million for the current quarter and of $88.3 million for the first nine months of the current fiscal year do not reflect the economic margin of the Company, as it includes a gain of $4.0 million and $2.3 million, respectively, for the mark-to-market of derivative financial instruments (See "Adjusted results" section). In fiscal 2019, a mark-to-market gain of $4.5 million and $6.0 million were recorded for the third quarter and year-to-date, resulting in gross margin of $30.7 million and $93.5 million, respectively.

Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the third quarter of the current year decreased by $0.3 million, which is mainly explained by a reduction in the Sugar segment as explained above. Year-to-date, the adjusted gross margin was $1.5 million lower than the comparable period last year as the decrease in the Maple products segment was partially offset by an improvement of $1.0 million in adjusted gross margin for the Sugar segment, due mainly to lower energy costs and lower carbon tax in Taber, as explained above.

Results from operating activities ("EBIT")

EBIT is defined as earnings before interest and taxes. For the third quarter of fiscal 2020, EBIT amounted to $12.4 million, a decrease of $6.2 million, while the first nine months of the current fiscal year represented a decrease of $11.8 million to $45.2 million. As mentioned above, the gross margin comparison does not reflect the economic results from operating activities which were negatively impacted by $0.6 million and $3.7 million for the current quarter and year-to-date due to the period-over-period variation in mark-to-market of derivative financial instruments. Excluding the mark-to-market of derivative financial instruments, adjusted EBIT for the current quarter stood at $8.4 million versus $14.1 million, a decrease of $5.7 million. Year-to-date, adjusted EBIT was $42.9 million, representing a decrease of $8.1 million. The variation for both periods is mainly explained by a lower contribution from both segments in the current quarter and year-to-date, as explained above. The COVID-19 pandemic resulted in incremental costs of $2.1 million for the current quarter and $2.2 million year-to-date.

Net finance costs

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

The net finance costs breakdown is as follows:

(In thousands of dollars)		For the three months ended				For the nine months ended		
		June 27, 2020		June 29, 2019		**June 27, 2020**		June 29, 2019
Interest expense on convertible unsecured subordinated debentures	**$**	**2,114**	$	2,093	**$**	**6,285**	$	6,257
Interest on revolving credit facility		**1,461**		1,894		**4,990**		5,723
Amortization of deferred financing fees		**297**		294		**890**		883
Other interest expense		**121**		107		**953**		716
Interest accretion on discounted lease obligations		**220**		-		**611**		-
Amortization of transition balances and net change in fair value of interest rate swap agreements		**(66)**		(117)		**(197)**		(309)
Net finance costs	**$**	**4,147**	$	4,271	**$**	**13,532**	$	13,270

Net finance costs for the third quarter of the current year were $0.1 million lower than the same period last year as the benefit from a decrease in interest rate was somewhat offset by the impact from the adoption of IFRS 16 *Leases*. Year-to-date, net finance costs were $0.3 million higher than the comparable period last year due to the impact of the adoption of IFRS 16 *Leases* and an increase in other interest expense, somewhat offset by lower interest rate on the revolving credit facility.

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

As mentioned above, on October 2, 2016, the Company adopted IFRS 9 (2014) *Financial Instruments* and designated interest rate swap agreements as effective cash flow hedging instruments. The transitional balances, representing the mark-to-market value recorded as of October 1, 2016, are subsequently removed from other comprehensive income when each of the fixed interest rate tranches is liquidated, in other words, when the fixed interest rate is paid. As a result, the Company removed a gain of $0.1 million and $0.2 million from other comprehensive income and recorded a gain of the same amount in net finance costs for the third quarter and year-to-date of the current year, respectively, compared to $0.1 million and $0.3 million for the comparable periods last year, respectively. See "Adjusted results" section.

Taxation

The income tax expense is as follows:

(In thousands of dollars)		For the three months ended				For the nine months ended		
		June 27, 2020		June 29, 2019		**June 27, 2020**		June 29, 2019
Current	**$**	**541**	$	4,333	**$**	**8,845**	$	12,046
Deferred		**2,146**		(466)		**337**		(223)
Income tax expense	**$**	**2,687**	$	3,867	**$**	**9,182**	$	11,823

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

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

Net earnings

Net earnings in the third quarter and year-to-date fiscal 2020 were $4.9 million and $9.4 million lower than the comparative periods of fiscal 2019, respectively. The reduction in net earnings is mostly explained by the after-tax impact of the period-over-period variation of the gains on the mark-to-market of derivative financial instruments and a decrease in results from operating activities for both segments in the third quarter and year-to-date, as explained above.

Summary of Quarterly Results

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

(In thousands of dollars, except for volume and per share information)

	QUARTERS							
	2020			2019 (4)				2018 (4)
	Third	**Second**	**First**	Fourth	Third	Second	First	Fourth
Sugar Volume (MT)	**172,054**	**175,226**	**188,379**	196,903	180,824	175,040	188,377	200,147
Maple products volume ('000 pounds)	**14,313**	**12,893**	**12,792**	10,163	9,325	11,033	11,857	10,549
	$	**$**	**$**	$	$	$	$	$
Total revenues	**206,147**	**199,126**	**209,316**	207,572	191,448	189,250	206,022	211,807
Gross margin	**29,873**	**19,390**	**39,046**	29,073	30,741	28,212	34,549	29,255
EBIT	**12,372**	**6,058**	**26,751**	(32,800)	18,570	15,395	22,982	18,231
Net earnings (loss)	**5,538**	**965**	**15,964**	(40,021)	10,432	8,011	13,411	9,633
Gross margin rate per MT (1)	**133.66**	**95.10**	**176.39**	125.15	135.28	124.80	155.81	108.12
Gross margin percentage (2)	**11.1%**	**4.9%**	**10.7%**	9.2%	13.9%	12.7%	9.5%	15.0%
Per share								
Net earnings (loss)								
Basic	**0.05**	**0.01**	**0.15**	(0.38)	0.10	0.08	0.13	0.09
Diluted	**0.05**	**0.01**	**0.14**	(0.38)	0.10	0.08	0.12	0.09
Non-GAAP Measures (3)								
Adjusted gross margin (3)	**25,915**	**23,612**	**36,526**	29,026	26,231	24,312	37,009	32,764
Adjusted EBIT (3)	**8,414**	**10,280**	**24,231**	17,153	14,060	11,495	25,442	21,740
Adjusted net earnings (3)	**2,560**	**4,036**	**14,098**	9,910	7,033	5,077	15,056	12,122
Adjusted gross margin rate per MT (1) (3)	**120.45**	**109.63**	**163.37**	123.71	116.97	110.22	155.16	128.90
Adjusted gross margin percentage (2) (3)	**8.4%**	**7.9%**	**10.6%**	9.7%	11.2%	10.0%	14.2%	13.7%
Adjusted net earnings per share (3)								
Basic	**0.02**	**0.04**	**0.13**	0.09	0.07	0.05	0.14	0.12
Diluted	**0.02**	**0.04**	**0.13**	0.09	0.07	0.05	0.13	0.11

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

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

Liquidity

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

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

(In thousands of dollars)	For the three months ended		For the nine months ended	
	June 27, 2020	June 29, 2019 [(1)]	**June 27, 2020**	June 29, 2019 [(1)]
Net cash flow from operating activities	**$ 28,409**	$ 11,930	**$ 49,118**	$ 15,219
Cash flow (used in) from financing activities	**(23,086)**	(10,451)	**(32,699)**	1,178
Cash flow used in investing activities	**(6,110)**	(7,349)	**(16,521)**	(17,237)
Effect of changes in exchange rate on cash	**(258)**	(161)	**175**	9
Net (decrease) increase in cash	**$ (1,045)**	$ (6,031)	**$ 73**	$ (831)

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

Cash flow from operating activities for the current quarter increased by $16.5 million, which is mainly explained by a positive non-cash working capital variation of $10.4 million, lower income taxes paid of $8.0 million, due to payment delays allowed by the government as a result of the COVID-19 pandemic and lower interest paid of $4.5 million, due to timing in payment quarter-over-quarter, somewhat offset by a decrease in adjusted EBIT of $5.6 million. Year-to-date, cash flow from operating activities increased by $33.9 million, which is mainly explained by a positive non-cash working capital variation of $25.8 million, lower income taxes and interest paid of $13.3 million and $4.2 million, respectively, for the same reason as the quarter, somewhat offset by a decrease in adjusted EBIT of $8.1 million and an increase of $0.5 million in pension contributions.

The negative variation in cash flow used in financing activities of $12.6 million for the current quarter is mainly attributable to a reduction of $11.7 million in borrowings from the revolving credit facilities and bank overdraft. In addition, the adoption of IFRS 16 *Leases* resulted in an increase of $1.0 million in cash outflow used in financing activities as a result of payments made for lease obligations. Year-to-date, cash flow used in financing activities had a negative variance of $33.9 million, explained mainly by a $24.4 million reduction in borrowings from the revolving credit facilities and bank overdraft, by the repurchase of $6.5 million under the NCIB and by $3.1 million in payments towards lease obligations under IFRS 16.

The cash outflow used in investing activities for the current quarter and year-to-date was $1.2 million lower and $0.7 million lower, respectively, versus the comparable periods last year.

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

Free cash flow is as follows:

(In thousands of dollars)	Trailing twelve months 2020	2019 (2)
Cash flow from operations	**$ 89,767**	$ 73,210
Adjustments:		
Changes in non-cash working capital	**(23,765)**	(18,404)
Mark-to-market and derivative timing adjustments	**(1,890)**	(545)
Amortization of transitional balances	**(680)**	(2,334)
Financial instruments non-cash amount	**126**	3,081
Capital expenditures and intangible assets	**(26,293)**	(29,055)
Operational excellence capital expenditures	**10,675**	10,336
Payment of leases obligation	**(3,088)**	-
Purchase and cancellation of shares	**(7,176)**	(2,151)
Deferred financing charges	**(156)**	-
Free cash flow (1)	**$ 37,520**	$ 34,138
Declared dividends	**$ 37,501**	$ 37,803

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

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

Free cash flow for the trailing twelve months ending June 27, 2020 amounted to $37.5 million, representing an increase of $3.4 million for the comparative period last year. The improvement in free cash flow is mainly explained by a decrease in income taxes and interest paid of $12.4 million and $4.3 million, respectively, and lower capital and intangible spending, net of operational excellence capital of $3.1 million, partially offset by a decrease in adjusted EBITDA of $9.3 million, an increase in shares purchased and cancelled under the NCIB of $5.0 million, higher payments for capital leases of $3.1 million, associated with the adoption of IFRS 16 *Leases*, higher pension plan contribution of $0.5 million and higher payment of deferred financing fees of $0.2 million.

Free cash flow for the current trailing twelve months was reduced by $7.2 million for the purchase and cancellation of common shares under the NCIB as Management and the Board allocated some capital to repurchase common shares as the lower stock price did not represent the fair value of the enterprise. Without the NCIB purchases, free cash flow would have amounted to $44.7 million compared to $36.3 million for the comparable period last year. The Company declared a quarterly dividend of 9.0 cents per common share per quarter, totalling 36 cents for both trailing twelve months periods. The slight decrease in 2020 versus the comparable period is due to the purchase and cancellation of shares under the NCIB, which reduced the declared dividend to $37.5 million and $37.8 million, for the trailing twelve months ending June 27, 2020 and June 29, 2019, respectively.

Capital and intangible assets expenditures, net of operational excellence expenditures, decreased by $3.1 million compared to last year's rolling twelve months due to timing in spending, in part, due to delays associated with the COVID-19 pandemic. Free cash flow is not reduced by operational excellence capital expenditures, as these projects are not necessary for the operation of the plants, but are undertaken because of the substantial operational savings that are realized once the projects are completed.

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

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

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

The combined impact of the mark-to-market and derivative timing adjustments, amortization of transitional balances and financial instruments non-cash negative amount of $2.4 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations:

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

As at June 27, 2020, Lantic had commitments to purchase a total of 1,684,000 metric tonnes of raw sugar, of which 457,558 metric tonnes had been priced for a total dollar commitment of $187.2 million.

Capital resources:

The Company has a total of $265.0 million of available working capital from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios. As at June 27, 2020, the pro-forma debt to pro-forma Adjusted EBITDA covenant was 2.27, well below its maximum of 3.5 times pro-forma Adjusted EBITDA. The revolving credit facility will expire on June 28, 2024 and no repayments are required prior to maturity. As of June 27, 2020, there has not been any impact associated with COVID-19 on borrowing capacity. See "Risk factors" for additional risks associated with COVID-19. See "Non-GAAP measures" section for the definition of pro-forma debt and pro-forma Adjusted EBITDA.

As at June 27, 2020, a total of $481.0 million of assets have been pledged as security for the revolving credit facility, compared to $442.0 million as at June 29, 2019, including trade receivables, inventories and property, plant and equipment.

At June 27, 2020, $190.0 million had been drawn from the working capital facility and $0.4 million in cash was also available.

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

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

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

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

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

OUTSTANDING SECURITIES

A total of 103,536,923 shares were outstanding as at June 27, 2020 and August 5, 2020, respectively (105,008,070 as at June 29, 2019).

As at June 27, 2020, the Company had an outstanding amount of $57,425 for its sixth series convertible unsecured subordinated debentures ("Sixth series debentures") and $97,575 outstanding for its seventh series convertible unsecured subordinated debentures ("Seventh series debentures"). The convertible unsecured subordinated debentures mature on December 31, 2024 and on June 30, 2025, respectively.

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

On December 2, 2019, 563,500 share options were granted to certain executives at a price of $4.68 per common share. Then on March 20, 2020, 250,000 share options were granted to an executive at a price of $4.28 per common share. In both cases, the price of the share option granted represented the average market price for the five business days before the granting of options. These share options are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the share options and will expire after a term of ten years. Upon termination, resignation, retirement, death or long-term disability, all share options granted under the Share Option Plan not vested are forfeited.

On December 2, 2019, 324,932 performance share units ("PSUs") were granted to executives. These PSUs will vest at the end of the 2020-2022 Performance Cycle based on the achievement of total shareholder returns set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors of the Company. The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the PSU Plan.

On June 1, 2020, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("2020 NCIB"). Under the NCIB, the Company may purchase up to 1,500,000 common shares and commenced on June 3, 2020 and may continue to June 2, 2021. In addition, the Company entered into an automatic share purchase agreement with Scotia Capital Inc. in connection with the 2020 NCIB. Under the agreement, Scotia may acquire, at its discretion, common shares on the Company's behalf during certain "black-out" periods, subject to certain parameters as to price and number of shares. No shares were purchased under the 2020 NCIB during the quarter.

On May 22, 2019, the Company received approval from the Toronto Stock Exchange to proceed with a normal course issuer bid ("2019 NCIB"). Under the NCIB, the Company may purchase up to 1,500,000 common shares. The 2019 NCIB commenced on May 24, 2019 and terminated on March 30, 2020. During the third quarter and year-to-date of fiscal 2020, the Company purchased 18,070 common shares and 1,377,394 common shares, respectively, for a total cash consideration of $0.1 million and $6.5 million, respectively. An amount of 122,606 common shares were purchased in fiscal 2019, which brought the total purchase under the 2019 NCIB to 1,500,000 common shares.

RISK FACTORS

Disease and Epidemics, including COVID-19:

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

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

All other risk factors in the Company's business and operations are discussed in the Management's Discussion and Analysis of our Annual Report for the year ended September 28, 2019. This document is available on SEDAR at www.sedar.com or on our website at www.LanticRogers.com.

OUTLOOK

The health and safety of our employees remains our top priority and, with respect to COVID-19, the Company is closely following all public health authority recommendations. While our plants have continued to fully operate without any disruption to date despite the COVID-19 pandemic, it remains difficult to estimate or forecast the impact from the COVID-19 pandemic on the continued operation of the Company and/or the financial impact it may have. The Company is closely monitoring the situation and will react quickly to the changing circumstances.

Sugar

Market conditions remain favourable for our sugar business and, despite the COVID-19 pandemic and the challenges related to a smaller crop in Taber, we continue to expect that the Sugar segment will exceed last fiscal year's volume and adjusted EBITDA.

As a result of increases in existing quota levels and the implementation of new quotas, the Company expects export volumes to be approximately 7,000 metric tonnes above fiscal 2019, despite postponed shipments to Mexico. The quota changes include:

- a total of 5,000 metric tonnes, to be supplied to the U.S. prior to September 30, 2020 only by beet sugar from Taber. The Company intends to fully utilize the incremental sales available under this quota.
- a Global refined TRQ quota to supply, on a first-come, first-served basis, 176,437 metric tonnes between April 3, 2020 and June 29, 2020.
- a recurring annual calendar year quota of 9,600 metric tonnes, only to be supplied by the Taber factory, under the Canada-United States-Mexico Agreement ("CUSMA") that took effect on a prorated basis on July 1, 2020. At this point in time, the Company does not anticipate any additional volume under this quota in the current fiscal year as it will prioritize filling the 5,000 metric tonne beet sugar allocation by September 30, 2020.
- an additional TRQ for non-originating sugar refined in Canada of 36,287 metric tonnes, to be delivered on a first-come, first-serve basis between July 1, 2020 and December 31, 2020, to be supplied by any sugar refinery in Canada. The Company intends to maximize its export volume to the U.S. under this quota with sales from its Montreal and Vancouver facilities

The Company anticipates that volume for the consumer segment for fiscal 2020 should be approximately 15,000 metric tonnes higher than fiscal 2019. Despite strong consumer demand due to the COVID-19 pandemic to date, it is difficult to estimate the impact that the COVID-19 pandemic may have on the Company's future volume. In addition, the stronger consumer volume could be partly offset by the anticipated continued slowdown in the food service industrial segment, due to the COVID-19 pandemic.

The Company anticipates that volume for the industrial segment should decrease by approximately 20,000 metric tonnes while the liquid segment should be comparable to last fiscal year, due to the COVID-19 pandemic which particularly affected customers manufacturing food products for the food service industry. The Company is monitoring the demand for these two segments very closely. Any increase in inventories as a result of a decrease in demand could be re-directed to the U.S. to further take advantage of the additional non-originating sugar TRQ refined in Canada.

Despite the challenges created by a small crop in Taber and the COVID-19 pandemic, it is anticipated that the total sales volume should exceed fiscal 2019 by approximately 5,000 metric tonnes, totalling approximately 746,000 metric tonnes.

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

The Company estimates that approximately $0.5 million in additional administrative costs will be incurred in the last quarter of the fiscal year for costs associated with the COVID-19 pandemic in fiscal 2020, driven by additional supplies, distancing measures and consulting services. The financial impact of the COVID-19 pandemic on administrative expenses may be higher should restrictions enforced by the government agencies change from the current status.

As at June 27, 2020, the Company has not re-assessed the defined benefit pension plan and other benefit plans assumptions. As usual, the actuarial assumptions will be re-assessed at year end. Any material change in assumptions such as discount rate and/or pension assets rate of return may have a material impact on the financial results of the Company. In addition, the actuarial evaluations of the two defined benefit plans have not been completed as at August 5, 2020. Any significant change in the assumptions used for funding purposes may have a material impact on pension plan contributions.

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

Spending on capital projects has slowed down during the third quarter as a result of the COVID-19 pandemic but is expected to resume in the last quarter of the fiscal year. As a result, overall capital spending, including a high proportion of return on investment capital expenditures, should be approximately $20.0 million.

Maple products

The current year-to-date margins reflect the competitive market conditions and we anticipate gross margin rates to remain at current levels, in the fourth quarter. The Company is focused on improving margins and maintaining its market share. In addition, the Company is optimizing changes to its manufacturing footprint to improve its competitive advantage by further lowering operating costs. We continue to see strong demand associated with COVID-19 and although we expect a tempering of the initial lift volumes should remain stronger than the comparable period in the prior year. We expect volumes should moderate to pre-COVID-19 levels when the pandemic recedes.

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

NON-GAAP MEASURES

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

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

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

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

- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, amortization of transitional balances, financial instruments non-cash amount, and includes deferred financing charges, funds received from stock options exercised, funds paid for the purchase and cancellation of shares, capital and intangible assets expenditures, net of operational excellence capital expenditures, and payments of capital leases.
- Pro-forma debt (for the purposes of calculating financial covenant) is defined as the outstanding balance under the revolving credit facility, net of any bank cash balances, and it includes any obligations under IAS 17 *Leases* and it excludes the impact from the adoption of IFRS 16 *Leases* with regards to any new lease obligations as well as all convertible unsecured subordinated debentures.
- Pro-forma Adjusted EBITDA (for the purposes of calculating financial covenant) is defined as Adjusted EBITDA adjusted to exclude the impact from the adoption of IFRS 16 *Leases* on Adjusted EBITDA.

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

Consolidated results (In thousands of dollars)	**For the three months ended June 27, 2020** Sugar	Maple Products	Total	For the three months ended June 29, 2019 [2] Sugar	Maple Products	Total
Gross margin	**$ 22,997**	**$ 6,876**	**$ 29,873**	$ 24,461	$ 6,280	$ 30,741
Total adjustment to the cost of sales [1]	**(2,273)**	**(1,685)**	**(3,958)**	(3,310)	(1,200)	(4,510)
Adjusted Gross Margin	**$ 20,724**	**$ 5,191**	**$ 25,915**	$ 21,151	$ 5,080	$ 26,231
Results from operating activities ("EBIT")	**$ 9,145**	**$ 3,227**	**$ 12,372**	$ 15,415	$ 3,155	$ 18,570
Total adjustment to the cost of sales [1]	**(2,273)**	**(1,685)**	**(3,958)**	(3,310)	(1,200)	(4,510)
Adjusted results from operating activities ("Adjusted EBIT")	**$ 6,872**	**$ 1,542**	**$ 8,414**	$ 12,105	$ 1,955	$ 14,060
Results from operating activities ("EBIT")	**$ 9,145**	**$ 3,227**	**$ 12,372**	$ 15,415	$ 3,155	$ 18,570
Total adjustment to the cost of sales [1]	**(2,273)**	**(1,685)**	**(3,958)**	(3,310)	(1,200)	(4,510)
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,056**	**1,664**	**5,720**	3,414	1,317	4,731
Maple Segment non-recurring costs [1]	**-**	**145**	**145**	-	1	1
Adjusted EBITDA [1]	**$ 10,928**	**$ 3,351**	**$ 14,279**	$ 15,519	$ 3,273	$ 18,792
Net earnings			**$ 5,538**			$ 10,432
Total adjustment to the cost of sales [1]			**(3,958)**			(4,510)
Amortization of transitional balance to net finance costs [1]			**(66)**			(117)
Income taxes on above adjustments			**1,046**			1,228
Adjusted net earnings			**$ 2,560**			$ 7,033
Net earnings per share (basic)			**$ 0.05**			$ 0.10
Adjustment for the above			**(0.03)**			(0.03)
Adjusted net earnings per share (basic)			**$ 0.02**			$ 0.07

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

Consolidated results (In thousands of dollars)	**For the nine months ended June 27, 2020**			For the nine months ended June 29, 2019 [2]		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**$ 72,890**	**$ 15,419**	**$ 88,309**	$ 75,658	$ 17,844	$ 93,502
Total adjustment to the cost of sales [1]	**(2,181)**	**(75)**	**(2,256)**	(5,984)	34	(5,950)
Adjusted Gross Margin	**$ 70,709**	$ **15,344**	**$ 86,053**	$ 69,674	$ 17,878	$ 87,552
Results from operating activities ("EBIT")	**$ 40,665**	**$ 4,516**	**$ 45,181**	$ 49,091	$ 7,856	$ 56,947
Total adjustment to the cost of sales [1]	**(2,181)**	**(75)**	**(2,256)**	(5,984)	34	(5,950)
Adjusted results from operating activities ("Adjusted EBIT")	**$ 38,484**	**$ 4,441**	**$ 42,925**	$ 43,107	$ 7,890	$ 50,997
Results from operating activities ("EBIT")	**$ 40,665**	**$ 4,516**	**$ 45,181**	$ 49,091	$ 7,856	$ 56,947
Total adjustment to the cost of sales [1]	**(2,181)**	**(75)**	**(2,256)**	(5,984)	34	(5,950)
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**12,411**	**4,903**	**17,314**	10,366	3,924	14,290
Maple Segment non-recurring costs [1]	**-**	**789**	**789**	-	306	306
Adjusted EBITDA [1]	**$ 50,895**	**$ 10,133**	**$ 61,028**	$ 53,473	$ 12,120	$ 65,593
Net earnings			**$ 22,467**			$ 31,854
Total adjustment to the cost of sales [1]			**(2,256)**			(5,950)
Amortization of transitional balance to net finance costs [1]			**(197)**			(309)
Income taxes on above adjustments			**680**			1,574
Adjusted net earnings			**$ 20,694**			$ 27,169
Net earnings per share (basic)			**$ 0.22**			$ 0.30
Adjustment for the above			**(0.02)**			(0.04)
Adjusted net earnings per share (basic)			**$ 0.20**			$ 0.26

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

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

There were no significant changes in the critical estimate and accounting policies disclosed in the Management's Discussion and Analysis of the September 28, 2019 Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

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

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

A number of new standards, and amendments to standards and interpretations, are not yet effective and have not been applied in preparing these unaudited condensed interim consolidated financial statements. New standards and amendments to standards and interpretations that are currently under review include the Amendments to References to the Conceptual Framework in IFRS Standards. The Company does not intend to adopt the Amendments in its consolidated financial statements before the annual period beginning on October 4, 2020. The Company does not expect the amendments to have a material impact on the consolidated financial statements. Refer to note 3 (c) to the unaudited condensed consolidated interim financial statements for more detail.

INTERNAL DISCLOSURE CONTROLS

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

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

The Chief Executive Officer and Chief Financial Officer have evaluated whether or not there were any changes to the Company's ICFR during the three-month period ended June 27, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No such changes were identified through their evaluation.