Lantic

Rogers Sugar Inc.

The Maple Treat Corp.

Rogers Sugar Reports First Quarter 2021 Results, Provides for Higher Volumes Outlook for Sugar and Maple Business Segments for Fiscal 2021

Rogers Sugar Inc.'s ("our," "we", "us" or "Rogers") (TSX: RSI) today reported first quarter fiscal 2021 results with Adjusted EBITDA of $27.6 million and net earnings of $13.8 million ($0.13 per share).

"Our commitment to providing high quality products and customer service is core to our long-term business strategy," said John Holliday, President and Chief Executive Officer of Rogers and Lantic Inc. "During the quarter, we continued to meet our customers' demands, despite the impacts of COVID-19. In several areas, COVID-19 is driving strong increases in demand, leading to improved revenue and sales volumes. In other areas, it is adding costs to how we manage the demand volatility and keep our people safe. Despite the ongoing impacts from COVID-19, we expect to achieve improved financial and operational performance in fiscal 2021, largely driven by strong underlying customer demand, improving operational efficiencies and growing maple margins."

First Quarter 2021 Consolidated Highlights (unaudited)	**Q1 2021**	Q1 2020	Change
Financial ($000s, except per share and change %)			
Revenues	**223,840**	209,316	7%
Adjusted Gross Margin [(1)]	**36,452**	36,526	0%
Adjusted EBITDA [(1)]	**27,647**	30,227	(9%)
Free cash flow - trailing 12 months [(1)]	**33,676**	34,878	(3%)
Net earnings	**13,773**	15,964	(14%)
Per share (basic)	**0.13**	0.15	(13%)
Per share (diluted)	**0.13**	0.14	(7%)
Adjusted net earnings [(1)]	**12,248**	14,098	(13%)
Per share (basic)	**0.12**	0.13	(8%)
Dividends per share	**0.09**	0.09	0%
Volumes			
Sugar (metric tonnes)	**190,440**	188,379	1%
Maple syrup (thousand pounds)	**14,892**	12,792	16%

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

- Consolidated adjusted EBITDA for the first quarter of 2021 was $27.6 million, down $2.6 million from the same quarter last year as lower adjusted EBITDA in the Sugar segment offset higher adjusted EBITDA in the Maple segment;
- Free cash flow for the trailing 12 months ended January 2, 2021 was $33.7 million, down $1.2 million from the same period last year due to increased capital lease payments, share repurchases, and interest paid, partly offset by higher adjusted EBITDA, and lower capital spending and income taxes over the past 12 months;
- Sales volumes in the Sugar segment increased by 1.1% to 190,440 metric tonnes in the first quarter, as strong export, liquid, and consumer demand more than offset a temporary reduction in industrial volumes. Maple segment volumes increased 16.4% to 14.9 million pounds in the quarter, driven by strong demand partly related to the ongoing COVID-19 pandemic;

- Adjusted EBITDA in the sugar segment was $22.7 million in the first quarter, down $3.4 million from the same quarter last year, largely due to higher administration and selling expenses and higher distribution costs mainly attributable to direct and indirect impacts related to the COVID-19 pandemic;
- Adjusted EBITDA in the Maple segment was $4.9 million in the first quarter, an increase of $0.8 million from the same quarter last year as a result of higher customer demand and reduced operating costs driven by plant efficiency improvements;
- In the first quarter of 2021, we distributed $0.09 per share to our shareholders for a total amount of $9.3 million; and
- On February 2, 2021, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on April 13, 2021.

Sugar

First Quarter 2021 Sugar Highlights (unaudited)	**Q1 2021**	Q1 2020	Change
Financial ($000s, except per mt and change %)			
Revenues	**159,459**	154,815	3%
Adjusted Gross Margin [(1)]	**30,696**	30,775	0%
Per metric tonne ($ per mt) [(1)]	**161.18**	163.37	(1%)
Administration and selling expenses	**7,268**	5,571	(30%)
Distribution costs	**5,070**	3,228	(57%)
Adjusted EBITDA [(1)]	**22,730**	26,120	(13%)
Volumes (metric tonnes)			
Total volume	**190,444**	188,379	1%
Year-over-year segment change:			
Industrial	**(5,473)**		
Consumer	**1,863**		
Liquid	**823**		
Export	**4,848**		

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

In the first quarter of fiscal 2021, our sugar business continued to be impacted by COVID-19. While total volume increased in the quarter, profitability was negatively affected by costs incurred to protect our employees' health and well-being, and supply chain costs associated with managing the ongoing volatility in customer demand.

Revenues in the quarter increased by $4.6 million or 3.0% from the same quarter last year, driven by higher volumes and increased pricing.

Overall, sugar volumes increased by 1.1% in the current quarter as stronger consumer, liquid and export volumes were partly offset by a temporary reduction in industrial volumes.

Demand remained firm throughout the majority of the quarter in the industrial segment; however, during the holiday season, after a strong first two months, an unexpected postponement of industrial customer orders, operating mainly in the food service industry, led to lower year-over-year volumes in the first quarter. This temporary reduction was offset by increased volumes across the remaining sugar segments. Consumer volumes increased over last year as the COVID-19 pandemic drove continued growth in home-based baking and meal preparation. Liquid volumes also grew in the current quarter driven by additional volumes from new and existing customers. Export volumes contributed the largest increase in the quarter, largely due to higher beet sugar sales to the United States under the recently ratified Canadian United States Mexico Agreement quotas (“CUSMA”).

Adjusted gross margin for the current quarter was largely unchanged from the prior comparable quarter as the benefit of higher revenues was offset by higher operating costs. Operating costs increased in the current quarter due to higher costs in Taber related to the early harvest of beets and the timing of maintenance costs in our production facilities.

Adjusted EBITDA for the first quarter decreased by $3.4 million when compared to the same quarter of fiscal 2020, largely due to higher administration and selling expenses and higher distribution costs. Administration and selling expenses increased by $1.7 million compared to the same quarter last year, largely driven by COVID-19 related costs. Distribution costs increased by $1.8 million over than same period last fiscal year due to additional logistical costs incurred to support our supply chain. Strong demand in the fourth quarter of fiscal 2020 resulted in lower-than-typical inventory levels at the beginning of the current quarter, in turn resulting in increased supply chain costs to meet expected customer demand levels.

Maple products

First Quarter 2021 Maple Highlights (unaudited)	**Q1 2021**	Q1 2020	Change
Financial ($000s, except per lb and change %)			
Revenues	**64,381**	54,501	18%
Adjusted Gross Margin [(1)]	**5,756**	5,751	0%
As a percentage of revenues (%) [(1)]	**8.9%**	10.6%	(17%)
Administration and selling expenses	**2,330**	2,699	(14%)
Distribution costs	**613**	797	(23%)
Adjusted EBITDA [(1)]	**4,917**	4,107	20%
Volumes (thousand pounds)			
Total volume	**14,892**	12,792	16%

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

Our Maple products segment performed well in the first quarter, with higher demand and lower costs leading to increased adjusted EBITDA, compared to the same quarter last year.

Revenues in the current quarter increased by $9.9 million from the same period last year, mainly due to higher market demand and increased sales, partially driven by the COVID-19 pandemic.

In the first quarter of fiscal 2021, adjusted gross margin remained consistent with the same quarter last year and declined on a percentage basis to 8.9% for the first quarter of 2021 compared to 10.6% for the first quarter of 2020. Adjusted gross margin percentage was lower mainly due to the lagging impact of lower margin contracts, which are progressively expiring. As a result, the first quarter gross margin improved by 90 basis points over the average of the last three quarters of 2020, from 8.0% to 8.9%. The gross margin percentage in the current quarter was also negatively impacted by higher depreciation from the new Granby facility completed in 2020.

Adjusted EBITDA for the first quarter of 2021 increased by $0.8 million from the same quarter last year, mainly due to lower administration and selling expenses driven by improved efficiencies and lower employee compensation and benefits costs. Distribution costs were also lower in the current quarter, largely due to lower net freight costs.

OUTLOOK

The health and safety of our employees remains our top priority. We are closely following all COVID-19 public health authority recommendations and have enhanced safety protocols in place. To date our plants have operated without any disruption during the COVID-19 pandemic; however, the uncertainty and increased demand volatility make it difficult to estimate the impact on future sale volumes, operations and financial results. We are closely monitoring the situation and will continue to adapt quickly to the changing circumstances.

We remain optimistic for the outlook of both Sugar and Maple segments in fiscal 2021, despite the market uncertainty and the additional costs related to the COVID-19 pandemic. We expect volumes to grow in both segments which should result in improved financial performance for 2021 compared to 2020.

Sugar segment

We continue to expect our Sugar segment to perform well in fiscal 2021. Strong underlying demand and a successful beet harvest are expected to result in higher sales volumes and improved financial performance over fiscal 2020.

As a result of our positive outlook, we have increased our full year fiscal 2021 sales volumes guidance to approximately 776,000 metric tonnes, an increase of 15,000 metric tonnes over fiscal 2020 and 10,000 metric tonnes from our previous guidance, despite the slower than anticipated holiday period in the first quarter and an extra week of operations in 2020. Industrial and liquid volumes are expected to increase by approximately 10,000 metric tonnes in 2021, despite the uncertainty of the demand due to COVID-19 restrictions in the food service industry. Our consumer volumes are expected to remain in line with 2020 due to the continuing effects of COVID-19 on retail consumer habits. In addition, export volumes are expected to increase by approximately 5,000 metric tonnes driven by new export quotas and the resumption of deferred beet shipments to Mexico. This increase also includes 14,600 metric tonnes for 2021 to be supplied by the Taber factory, under the CUSMA special quotas that took effect on July 1, 2020.

We expect fiscal 2021 adjusted EBITDA for the Sugar segment to benefit from the return to normal operating conditions at the Taber beet sugar facility. Our 2020 beet harvest campaign was successfully completed, despite minor weather-related crop losses, with an estimated production of 128,000 metric tonnes of beet sugar.

Maintenance programs for the remaining quarters of 2021 are expected to follow the trend of previous years for each facility.

Our capital spending expectations for the year remain unchanged at approximately $25 million, with approximately a third of these funds allocated to return-on-investment projects.

We are continuing to work with our strategic partner, Doux-Matok, to advance a unique sugar reduction solution based on cane sugar, to food companies in North America. Although this is a small portion of the sweetener market, we believe this could provide a competitive offering in this niche market.

Maple segment

We expect to see improved performance in our Maple segment in fiscal 2021. Measures to strengthen sales margins and improve operational efficiencies evident in the first quarter, are expected to continue throughout the year. Sales margins are expected to improve as the impact of successful contract negotiations with new and existing customers in 2020 comes into effect. In addition, we expect the ongoing optimization at our manufacturing facilities and efficiency improvements at our new Granby facility and existing Dégelis plant to continue to drive lower operating costs in 2021.

While we expect the COVID-19 related demand we have seen over the past few quarters to temper in 2021, we expect that firm underlying demand for maple syrup, combined with our improved margins and lower cost structure will result in improved financial performance for fiscal 2021, compared to 2020.

Capital investments are expected to be significantly lower for the Maple segment in 2021, following the completion of our capital projects in 2020 that resulted in an increase of our production capacity.

See Cautionary statements on forward-looking information and NON-GAAP measures sections.

A full copy of Rogers first quarter 2021, including management's discussion and analysis and unaudited condensed consolidated interim financial statements, can be found at www.LanticRogers.com.

Conference Call and Webcast

Rogers will host a conference call to discuss its first quarter fiscal 2021 results on February 3, 2021 starting at 8:00a.m. ET. 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 8578109#. This recording will be available until February 10, 2021. A live audio webcast of the conference call will also be available via www.LanticRogers.com.

About Rogers Sugar

Rogers is a corporation established under the laws of Canada. The Corporation holds all of the common shares of Lantic and its administrative office is in Montréal, Québec. Lantic operates cane sugar refineries in Montreal, Québec and Vancouver, British Columbia, as well as the only Canadian sugar beet processing facility in Taber, Alberta. Lantic's sugar products are marketed under the "Lantic" trademark in Eastern Canada, and the "Rogers" trademark in Western Canada and include granulated, icing, cube, yellow and brown sugars, liquid sugars and specialty syrups. Lantic owns all of the common shares of TMTC and its head office is headquartered in Montréal, Québec. TMTC operates bottling plants in Granby, Dégelis and in St-Honoré-de-Shenley, Québec and in Websterville, Vermont. TMTC's products include maple syrup and derived maple syrup products and are sold under various brand names, such as L.B. Maple Treat, Great Northern, Decacer and Highland Sugarworks. For more information about Rogers please visit our website at www.LanticRogers.com.

Cautionary Statement Regarding forward-looking information

This report contains Statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking statements may include, without limitation, statements and information which reflect 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 the MD&A for the current quarter 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 press release 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.

Cautionary Statement Regarding non-GAAP measures

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

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

For further information

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Rogers Sugar Inc. ("Rogers", "RSI" or the "Company") is a corporation established under the laws of Canada. The Corporation holds all of the common shares of Lantic Inc. ("Lantic"). Lantic operates cane sugar refineries in Montreal, Québec and Vancouver, British Columbia, as well as the only Canadian sugar beet processing facility in Taber, Alberta. Lantic's sugar products are marketed under the "Lantic" trademark in Eastern Canada, and the "Rogers" trademark in Western Canada and include granulated, icing, cube, yellow and brown sugars, liquid sugars and specialty syrups. Lantic owns all of the common shares of The Maple Treat Corporation ("TMTC"). TMTC operates bottling plants in Granby, Dégelis and in St-Honoré-de-Shenley, Québec and in Websterville, Vermont. TMTC's products include maple syrup and derived maple syrup products and are sold under various brand names, such as L.B. Maple Treat, Great Northern, Decacer and Highland Sugarworks.

This Management's Discussion and Analysis ("MD&A") of the Company dated February 2, 2021 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three-month period ended January 2, 2021, as well as the audited consolidated financial statements and MD&A for the year ended October 3, 2020. 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.

The Company has two operating and reportable segments, the Sugar segment and then Maple segment. Management is responsible for preparing the MD&A. This MD&A has been reviewed and approved by the Audit Committee of Rogers and its Board of Directors.

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

UPDATE ON COVID-19

In December 2019, a novel strain of coronavirus, known as COVID-19 was identified. 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 negatively impacted the global economy, disrupted financial markets and supply chain, significantly restricted business travel and interrupted business activity.

Our business is considered an essential service by the government and as such, our plants have continued to operate at usual capacity. We have established extensive protection measures and protocols to ensure the health and safety of our employees. COVID-19 could have a material effect on our business as it relates to customer demand, supply and delivery chain, operations, financial market volatility, pension and benefits liabilities and other economic fundamentals. For the first quarter 2021, we incurred direct costs amounting to $1.0 million in relation to COVID-19. These costs were largely due to increased health and safety measures implemented across all production facilities.

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

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.

BUSINESS HIGHLIGHTS

- Consolidated adjusted EBITDA for the first quarter of 2021 was $27.6 million, down $2.6 million from the same quarter last year as lower adjusted EBITDA in the Sugar segment offset higher adjusted EBITDA in the Maple segment;
- Free cash flow for the trailing 12 months ended January 2, 2021 was $33.7 million, down $1.2 million from the same period last year due to increased capital lease payments, share repurchases, and interest paid, partly offset by higher adjusted EBITDA, and lower capital spending and income taxes over the past 12 months;
- Sales volumes in the Sugar segment increased by 1.1% to 190,440 metric tonnes in the first quarter, as strong export, liquid, and consumer demand more than offset a temporary reduction in industrial volumes. Maple segment volumes increased 16.4% to 14.9 million pounds in the quarter, driven by strong demand partly related to the ongoing COVID-19 pandemic;
- Adjusted EBITDA in the sugar segment was $22.7 million in the first quarter, down $3.4 million from the same quarter last year, largely due to higher administration and selling expenses and higher distribution costs mainly attributable to direct and indirect impacts related to the COVID-19 pandemic;
- Adjusted EBITDA in the Maple segment was $4.9 million in the first quarter, an increase of $0.8 million from the same quarter last year as a result of higher customer demand and reduced operating costs driven by plant efficiency improvements;
- In the first quarter of 2021, we distributed $0.09 per share to our shareholders for a total amount of $9.3 million; and
- On February 2, 2021, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on April 13, 2021.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

The following is a summary of selected financial information of Rogers' consolidated results for the first quarter of fiscal 2021 and 2020.

(unaudited) (In thousands of dollars, except volume and per share information)		First Quarter Fiscal **2021**		2020
Sugar (metric tonnes)		**190,440**		188,379
Maple syrup ('000 pounds)		**14,892**		12,792
Total revenues	**$**	**223,840**	$	209,316
Gross margin		**38,613**		39,046
Results from operating activities		**23,332**		26,751
Net earnings	**$**	**13,773**	$	15,964
Net earnings per share (basic)	**$**	**0.13**	$	0.15
Net earnings per share (diluted)	**$**	**0.13**	$	0.14
Dividends per share	**$**	**0.09**	$	0.09
Non- GAAP results (1) (2)				
Adjusted Gross Margin (1) (2)	**$**	**36,452**	$	36,526
Adjusted results from operating activities (1) (2)	**$**	**21,171**	$	24,231
Adjusted EBITDA (1) (2)	**$**	**27,647**	$	30,227
Adjusted net earnings (1) (2)	**$**	**12,248**	$	14,098
Adjusted net earnings per share (basic) (1) (2)	**$**	**0.12**	$	0.13
Trailing twelve months free cash flow (1) (2)	**$**	**33,676**	$	34,878

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

Adjusted results

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

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

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

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

Income (loss) (In thousands of dollars)	**First Quarter Fiscal 2021** Sugar	Maple Products	Total	First Quarter Fiscal 2020 Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**$ (421)**	**$ -**	**$ (421)**	$ 2,488	$ -	$ 2,488
Foreign exchange forward contracts	**3,296**	**1,098**	**4,394**	(531)	255	(276)
Total mark-to-market adjustment on derivatives	**2,875**	**1,098**	**3,973**	1,957	255	2,212
Cumulative timing differences	**(1,229)**	**(583)**	**(1,812)**	490	(189)	301
Adjustment to cost of sales	**1,646**	**515**	**2,161**	2,447	66	2,513
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges		**-**		7	-	7
Total adjustment to costs of sales	**$ 1,646**	**$ 515**	**$ 2,161**	$ 2,454	$ 66	$ 2,520

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.

The above described adjustments are added or deducted to the mark-to-market results to arrive at the total adjustment to cost of sales. For the first quarter of the current year, the total cost of sales adjustment is a gain of $2.2 million to be deducted from the consolidated results versus a gain of $2.5 million to be deducted to the consolidated results for the comparable quarter last year. See "Non-GAAP measures" section.

SEGMENTED INFORMATION

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

Consolidated results (In thousands of dollars)	**First Quarter Fiscal 2021**			First Quarter Fiscal 2020		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**$ 159,459**	**$ 64,381**	**$ 223,840**	$ 154,815	$ 54,501	$ 209,316
Gross margin	**32,342**	**6,271**	**38,613**	33,229	5,817	39,046
Administration and selling expenses	**7,268**	**2,330**	**9,598**	5,571	2,699	8,270
Distribution costs	**5,070**	**613**	**5,683**	3,228	797	4,025
Results from operating activities (EBIT)	**$ 20,004**	**$ 3,328**	**$ 23,332**	$ 24,430	$ 2,321	$ 26,751
Non- GAAP results (1) (2)						
Adjusted Gross Margin (1) (2)	**$ 30,696**	**$ 5,756**	**$ 36,452**	$ 30,775	$ 5,751	$ 36,526
Adjusted results from operating activities (Adjusted EBIT) (1) (2)	**$ 18,358**	**$ 2,813**	**$ 21,171**	$ 21,976	$ 2,255	$ 24,231
Adjusted EBITDA (1) (2)	**$ 22,730**	**$ 4,917**	**$ 27,647**	$ 26,120	$ 4,107	$ 30,227
Additional information:						
Addition to property, plant and equipment and intangible assets	**$ 6,089**	**$ 111**	**$ 6,200**	$ 2,964	$ 2,859	$ 5,823

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

Results from operation by segment

Sugar

(In thousands of dollars, except volume)	**First Quarter Fiscal 2021**	2020
Revenues	**$ 159,459**	$ 154,815
Volume (MT) as at December 28, 2019	188,379	
Variation:		
Industrial	(5,473)	
Consumer	1,863	
Liquid	823	
Export	4,848	
Total variation	2,061	
Volume as at January 2, 2021	**190,440**	

In the first quarter of fiscal 2021, our sugar business continued to be impacted by COVID-19. While total volume increased in the quarter, profitability was negatively affected by costs incurred to protect our employees' health and well-being, and supply chain costs associated with managing the ongoing volatility in customer demand.

Revenues in the quarter increased by $4.6 million or 3.0% from the same quarter last year, driven by higher volumes and increased pricing.

Overall, sugar volumes increased by 1.1% in the current quarter as stronger consumer, liquid and export volumes were partly offset by a temporary reduction in industrial volumes.

Demand remained firm throughout the majority of the quarter in the industrial segment; however, during the holiday season, after a strong first two months, an unexpected postponement of industrial customer orders, operating mainly in the food service industry, led to lower year-over-year volumes in the first quarter. This temporary reduction was offset by increased volumes across the remaining sugar segments. Consumer volumes increased over last year as the COVID-19 pandemic drove continued growth in home-based baking and meal preparation. Liquid volumes also grew in the current quarter driven by additional volumes from new and existing customers. Export volumes contributed the largest increase in the quarter, largely due to higher beet sugar sales to the United States under the recently ratified Canadian United States Mexico Agreement quotas ("CUSMA").

Gross Margin

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

(In thousands of dollars, except per metric tonne information)	First Quarter Fiscal **2021**	2020
Gross margin	**$ 32,342**	$ 33,229
Total adjustment to cost of sales (1) (2)	**(1,646)**	(2,454)
Adjusted gross margin (1) (2)	**$ 30,696**	$ 30,775
Gross margin per metric tonne	**$ 169.82**	$ 176.39
Adjusted gross margin per metric tonne (1) (2)	**$ 161.18**	$ 163.37
Included in Gross margin:		
Depreciation of property, plant and equipment and right-of-use assets	**$ 3,776**	$ 3,678

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

Gross margin of $32.3 million for the current quarter does not reflect the economic margin of the sugar segment, as it includes a gain of $1.6 million for the mark-to-market of derivative financial instruments as explained above. In the first quarter of fiscal 2020, a mark-to-market gain of $2.5 million was recorded resulting in gross margins of $33.2 million.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter was largely unchanged from the prior comparable quarter as the benefit of higher revenues was offset by higher operating costs. Operating costs increased in the current quarter due to higher costs in Taber related to the early harvest of beets and the timing of maintenance costs in our production facilities.

Other expenses

(In thousands of dollars)	First Quarter Fiscal **2021**	2020
Administration and selling expenses	**$ 7,268**	$ 5,571
Distribution costs	**$ 5,070**	$ 3,228
Included in Administration and selling expenses:		
Amortization of intangible assets	**$ 222**	$ 209
Included in Distribution costs:		
Depreciation of right-of-use assets	**$ 374**	$ 257

In the first quarter of 2021, administration and selling expenses increased by $1.7 million compared to the same quarter last year, largely driven by COVID-19 related costs. In the current quarter, we incurred incremental COVID-19 related costs of approximately $1.0 million, consisting of preventive personal equipment and increased health and safety measures, and additional administrative and employee benefits expenses.

Distribution costs for the current period were $1.8 million higher than the same period last fiscal year due to additional logistical costs incurred to support our supply chain. Strong demand in the fourth quarter of fiscal 2020, compared to prior year, resulted in lower-than-typical inventory levels at the beginning of the current quarter, in turn resulting in increased supply chain costs to meet expected customer demand levels.

Results from operating activities

(In thousands of dollars)		First Quarter Fiscal 2021		2020
Results from operating activities (EBIT)	**$**	**20,004**	$	24,430
Adjusted results from operating activities (Adjusted EBIT) (1) (2)	**$**	**18,358**	$	21,976

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

The results from operating activities for the first quarter of 2021 of $20.0 million do not reflect the adjusted results from operating activities of the Sugar segment, as they include gains and losses from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments. As such Management believes that the Sugar segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above-mentioned items.

Adjusted results from operating activities were $3.6 million lower than the first quarter of fiscal 2020 as a result of higher administration and selling expenses and higher distribution costs, as explained above.

Adjusted EBITDA

Certain non-cash depreciation and amortization expenses had an 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.

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

(In thousands of dollars)		**First Quarter Fiscal** **2021**		2020
Results from operating activities	**$**	**20,004**	$	24,430
Total adjustment to cost of sales (1) (2)		**(1,646)**		(2,454)
Adjusted results from operating activities (adjusted EBIT) (1) (2)	**$**	**18,358**	$	21,976
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets		**4,372**		4,144
Adjusted EBITDA (1) (2)	**$**	**22,730**	$	26,120

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

Adjusted EBITDA for the first quarter decreased by $3.4 million when compared to the same quarter of fiscal 2020 largely due to higher administration and selling expenses and higher distribution costs, as described above.

Maple products

Revenues

(In thousands of dollars, except volume)		**First Quarter Fiscal** **2021**		2020
Volume ('000 pounds)		**14,892**		12,792
Revenues	**$**	**64,381**	$	54,501

Our Maple products segment performed well in the first quarter, with higher demand and lower costs leading to increased adjusted EBITDA, compared to the same quarter last year.

Revenues in the current quarter increased by $9.9 million from the same period last year, mainly due to higher market demand and increased sales, partially driven by COVID-19 pandemic.

Gross Margin

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

(In thousands of dollars, except adjusted gross margin rate information)		First Quarter Fiscal **2021**		2020
Gross margin	**$**	**6,271**	$	5,817
Total adjustment to cost of sales [(1) (2)]		**(515)**		(66)
Adjusted gross margin [(1) (2)]	**$**	**5,756**	$	5,751
Gross margin percentage		**9.7%**		10.7%
Adjusted gross margin percentage [(1) (2)]		**8.9%**		10.6%
Included in Gross margin:				
Depreciation of property, plant and equipment and right-of-use assets	**$**	**992**	$	703

[(1)] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[(2)] See "Adjusted results" section

Gross margin of $6.3 million for the first quarter of fiscal 2021 does not reflect the economic margin of the Maple products segment, as it includes a gain of $0.5 million for the mark-to-market of derivative financial instruments on foreign exchange contracts.

We will therefore comment on adjusted gross margin results.

In the first quarter of fiscal 2021, adjusted gross margin remained consistent with the same quarter last year but declined on a percentage basis to 8.9% for the first quarter of 2021 compared to 10.6% for the first quarter of 2020. Adjusted gross margin percentage was lower mainly due to the lagging impact of lower margin contracts, which are progressively expiring. As a result, the first quarter adjusted gross margin improved by 90 basis points over the average of the last three quarters of 2020, from 8.0% to 8.9%. The adjusted gross margin percentage in the current quarter was also negatively impacted by higher depreciation from the new Granby facility completed in 2020.

Other expenses

(In thousands of dollars)		First Quarter Fiscal **2021**		2020
Administration and selling expenses	**$**	**2,330**	$	**2,699**
Distribution costs	**$**	**613**	$	**797**
Included in Administration and selling expenses:				
Amortization of intangible assets	**$**	**865**	$	**875**

Administration and selling expenses were lower in the first quarter of 2021 compared to the same period last year mainly due to improved efficiencies and lower employee compensation and benefits costs.

Distribution costs were also lower in the current quarter, largely driven by a reduction in net freight costs.

Results from operating activities ("EBIT")

(In thousands of dollars)		First Quarter Fiscal **2021**		2020
Results from operating activities	**$**	**3,328**	$	2,321
Adjusted results from operating activities ("Adjusted EBIT") [(1) (2)]	**$**	**2,813**	$	2,255

[(1)] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[(2)] See "Adjusted results" section

The results from operating activities for the current quarter of $3.3 million do not reflect the adjusted results from operating activities of the Maple products segment, as it includes gains and losses from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments. We will therefore comment on adjusted results from operating activities.

Adjusted EBIT amounted to $2.8 million for the current period compared to $2.3 million for the same period last year, an increase of $0.5 million, mostly explained by lower administration and selling expenses and lower distribution costs, as explained above.

Adjusted EBITDA

Certain non-cash depreciation and amortization expenses had an impact on the results from operating activities. As such Management believes that the Maple 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.

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

(In thousands of dollars)		First Quarter Fiscal **2021**		2020
Results from operating activities	**$**	**3,328**	$	2,321
Total adjustment to cost of sales (1) (2)		**(515)**		(66)
Adjusted results from operating activities (adjusted EBIT) (1) (2)		**2,813**		2,255
Non-recurring expenses:				
Other one-time non-recurring items		**247**		274
Depreciation and amortization		**1,857**		1,578
Adjusted EBITDA (1) (2)	**$**	**4,917**	$	4,107

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

Adjusted EBITDA for the first quarter of 2021 increased by $0.8 million from the same quarter last year, mainly due to lower administration and selling expenses and lower distribution costs, as explained above.

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial information of Rogers' consolidated results for the first quarter of fiscal 2021 and 2020.

(unaudited) (In thousands of dollars, except volume and per share information)		First Quarter Fiscal **2021**		2020
Sugar (metric tonnes)		**190,440**		188,379
Maple syrup ('000 pounds)		**14,892**		12,792
Total revenues	**$**	**223,840**	$	209,316
Gross margin		**38,613**		39,046
Results from operating activities ("EBIT")		**23,332**		26,751
Net finance costs		**4,696**		4,881
Income tax expense		**4,863**		5,906
Net earnings	**$**	**13,773**	$	15,964
Net earnings per share (basic)	**$**	**0. 13**	$	0.15
Net earnings per share (diluted)	**$**	**0.13**	$	0.14
Dividends per share	**$**	**0.09**	$	0.09
Non- GAAP results (1) (2)				
Adjusted Gross Margin (1) (2)	**$**	**36,452**	$	36,526
Adjusted results from operating activities (adjusted EBIT)(1) (2)	**$**	**21,171**	$	24,231
Adjusted EBITDA (1) (2)	**$**	**27,647**	$	30,227
Adjusted net earnings (1) (2)	**$**	**12,248**	$	14,098
Adjusted net earnings per share (basic) (1) (2)	**$**	**0.12**	$	0.13

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

Total revenues

Revenues increased by $14.5 million for the first quarter when compared to the same period last year. The improvement is explained by overall higher revenues in the Sugar segment of $4.6 million and higher revenues in Maple segment of $9.9 million.

Gross margin

Gross margin of $38.6 million for the quarter does not reflect the economic margin of the Company, as it includes a gain of $2.2 million for the current quarter for the mark-to-market of derivative financial instruments. In fiscal 2020, a mark-to-market gain of $2.5 million was recorded for the first quarter, resulting in an adjusted gross margin of $36.5 million for the period.

Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the first quarter of the current fiscal year decreased by $0.1 million when compared to same period in fiscal 2020. Both segments showed constant adjusted gross margin in the first quarter of 2021 compared to the same period last year. For the Sugar segment, the adjusted gross margin per metric tonnes was lower by $2.19 due to higher operating and maintenance costs. For the Maple segment, the adjusted gross margin percentage was lower by 1.7% mainly due to market competition impacting pricing.

Results from operating activities ("EBIT")

For the first quarter of fiscal 2021, EBIT amounted to $23.3 million, a decrease of $3.4 million. As mentioned above, the gross margin comparison does not reflect the economic results from operating activities which were positively impacted by $2.2 million for the current quarter due to the period-over-period variation in mark-to-market of derivative financial instruments. Excluding the mark-to-market of derivative financial instruments, adjusted EBIT for the current quarter amounted to $21.2 million compared to $24.2 million for the same quarter last year, a decrease of $3.0 million. This is mainly due to a lower contribution from the Sugar segment, partially offset by better results from the Maple segment, as explained above.

Net finance costs

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

The net finance costs breakdown is as follows:

(In thousands of dollars)	First Quarter Fiscal	
	2021	2020
Interest expense on convertible unsecured subordinated debentures	**$ 2,038**	$ 2,098
Interest on revolving credit facility	**1,712**	1,700
Amortization of deferred financing fees	**296**	296
Other interest expense	**418**	676
Interest accretion on discounted lease obligations	**232**	177
Amortization of transition balances and net change in fair value of interest rate swap agreements	**-**	(66)
Net finance costs	**$ 4,696**	$ 4,881

Net finance costs for the current quarter were $0.2 million lower than the same quarter last year. The variance is mainly related to lower average interest rate on the revolving credit facility from favorable market conditions; partially offset by a higher average use of the revolving credit facility for operational needs.

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

Taxation

The income tax expense is as follows:

(In thousands of dollars)	First Quarter Fiscal	
	2021	2020
Current	**$ 4,776**	$ 5,430
Deferred	**87**	476
Income tax expense	**$ 4,863**	$ 5,906

Tax expenses for the first quarter of 2021 is lower by $1.1 million compared to the same period last year. The variance is primarily due to lower earning before taxes.

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

Net earnings

Net earnings for the first quarter of 2021 were $2.2 million lower than the comparable quarter last year. The reduction is mostly explained by a decrease in the after-tax results from operating activities, partially offset by the after-tax impact of the period-over-period variation of the gain and losses on the mark-to-market of derivative financial instruments, 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:

	QUARTERS [3] [4]							
(In thousands of dollars, except for volume and per share information)	**2021**	2020				2019		
	First	Fourth	Third	Second	First	Fourth	Third	Second
Sugar Volume (MT)	**190,440**	225,396	172,054	175,226	188,379	196,903	180,824	175,040
Maple products volume ('000 pounds)	**14,892**	13,181	14,313	12,893	12,792	10,163	9,325	11,033
	$	$	$	$	$	$	$	$
Total revenues	**223,840**	246,212	206,147	199,126	209,316	207,572	191,448	189,250
Gross margin	**38,613**	37,890	29,873	19,390	39,046	29,073	30,741	28,212
EBIT	**23,332**	22,829	12,372	6,058	26,751	(32,800)	18,570	15,395
EBITDA	**29,561**	28,993	18,092	11,930	32,473	(27,869)	23,301	20,173
Net earnings (loss)	**13,773**	12,952	5,538	965	15,964	(40,021)	10,432	8,011
Sugar - Gross margin rate per MT	**169.82**	142.85	133.66	95.10	176.39	125.15	135.28	124.80
Maple - Gross margin percentage	**9.7%**	9.9%	11.1%	4.9%	10.7%	9.2%	13.9%	12.7%
Per share								
Net earnings (loss)								
Basic	**0.13**	0.13	0.05	0.01	0.15	(0.38)	0.10	0.08
Diluted	**0.13**	0.12	0.05	0.01	0.14	(0.38)	0.10	0.08
Non-GAAP Measures [1] [2]								
Adjusted gross margin [1] [2]	**36,452**	40,065	25,915	23,612	36,526	29,026	26,231	24,312
Adjusted EBIT [1] [2]	**21,171**	25,004	8,414	10,280	24,231	17,153	14,060	11,495
Adjusted EBITDA[1] [2]	**27,647**	31,231	14,279	16,522	30,227	22,215	18,792	16,570
Adjusted net earnings [1] [2]	**12,248**	14,551	2,560	4,036	14,098	9,910	7,033	5,077
Sugar - Adjusted gross margin rate per MT [1] [2]	**161.18**	157.51	120.45	109.63	163.37	123.71	116.97	110.22
Maple - Adjusted gross margin percentage [1] [2]	**8.9%**	7.90%	8.40%	7.90%	10.6%	9.70%	11.20%	10.00%
Adjusted net earnings per share [1] [2]								
Basic	**0.12**	0.14	0.02	0.04	0.13	0.09	0.07	0.05
Diluted	**0.11**	0.14	0.02	0.04	0.13	0.09	0.07	0.05

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
[2] See "Adjusted results" section
[3] All quarters are 13weeks with the exception of the fourth quarter of 2020 which is 14 weeks
[4] The current period and the 2020 quarters results include the impacts from the adoption of IFRS 16 Leases as discussed in note 3 (h) of the 2020 audited consolidated financial statements. As is permitted with this new standard, comparative information has not been restated for fiscal 2019 quarters and, therefore, may not be comparable

Historically the first quarter 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 historically has the lowest volume as well as an unfavourable customer mix, resulting in lower revenues, adjusted gross margins and adjusted net earnings. The historical trend for adjusted gross margin and adjusted net earnings was different for the last three quarters of 2020 and for the first quarter of 2021 due to the volatility in customer volumes related to COVID-19.

Usually, there is minimal seasonality in the Maple products segment. However, for the last two quarters of 2020 and the first quarter of 2021, we experienced higher sales volume partially attributable to increased demand from COVID-19.

Financial condition

(In thousands of dollars)	**January 2, 2021**(1)	December 28, 2019(1)	October 3, 2020 (1)
Total assets	**$ 889,924**	$ 844,803	$ 887,144
Total non-current liabilities	**443,347**	416,043	448,128

(1) The balances for fiscal 2021 and 2020 include the impacts from the adoption of the IFRS 16 Leases as discussed in note 3 (h) of the 2020 audited consolidated financial statements. As is permitted with this new standard, comparative information has not been restated for fiscal 2019 and, therefore, may not be comparable.

The increase in total assets in the current fiscal quarter compared to first quarter of 2020 is explained mainly by higher inventory of $22.9 million, higher property, plant and equipment of $11.4 million, higher cash of $7.2 million and higher deferred tax assets of $7.3 million. This was partially offset by a reduction of trade receivables and intangible assets of $7.0 million and $3.6 million respectively.

Non-current liabilities for the first quarter of fiscal 2021 also increased compared to fiscal 2020 due mainly to an increase in our credit facility of $10.0 million, an increase in employee benefits liabilities of $7.4 million, mostly due to a change in pension actuarial assumptions as at October 3, 2020, as well as an increase in deferred tax liabilities of $7.0 million.

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.

	First Quarter Fiscal	
(In thousands of dollars)	**2021**	2020
Net cash flow from operating activities	**$ (4,724)**	$ 14,110
Cash flow used in financing activities	**16,983**	(7,319)
Cash flow used in investing activities	**(4,381)**	(4,349)
Effect of changes in exchange rate on cash	**(44)**	(119)
Net increase in cash	**$ 7,834**	$ 2,323

Cash flow from operating activities decreased by $18.8 million in the first quarter of 2021, mainly due to a negative non-cash working capital variation of $9.6 million, higher interest paid of $3.4 million and a decrease in adjusted EBIT of $3.1 million.

The positive variation in cash flow used in financing activities of $24.3 million is mainly attributable to the increase in borrowings from the revolving credit facility.

In order to provide additional information, we 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 and capital expenditures, excluding operational excellence capital expenditures.

Free cash flow is as follows:

(In thousands of dollars)	Trailing twelve months 2021	2020
Cash flow from operations	**$ 45,767**	$ 68,985
Adjustments:		
Changes in non-cash working capital	**8,518**	(6,313)
Mark-to-market and derivative timing adjustments	**364**	(9,698)
Amortization of transitional balances	**(218)**	(1,623)
Financial instruments non-cash amount	**5,503**	4,533
Capital expenditures and intangible assets	**(26,185)**	(28,130)
Operational excellence capital expenditures	**10,478**	10,012
Payment of leases obligation	**(5,078)**	(1,029)
Purchase and cancellation of shares	**(5,473)**	(1,703)
Deferred financing charges	**-**	(156)
Free cash flow [(1)]	**$ 33,676**	$ 34,878
Declared dividends	**$ 37,275**	$ 37,765

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

Free cash flow for the trailing twelve months ending on January 2, 2021 amounted to $33,7 million, representing a decrease of $1.2 million compared to the same period last year. This reduction in free cash flow is mainly due to an increase in payment of capital leases of $4.0 million from change in accounting treatment, the impact of shares purchased and cancelled under the NCIB of $3.8 million and an increase of interest paid of $6.4 million. This variance was partially offset by an increase in adjusted EBITDA of $1.8 million, a reduction in capital and intangible assets spending, net of operational excellence capital of $2.4 million as well as lower income taxes paid of $7.5 million.

Capital and intangible assets expenditures, net of operational excellence expenditures, decreased by $2.4 million compared to last year's rolling twelve months due to timing in spending and the impact of the modernisation of the Granby facility. 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 operational savings that are realized once the projects are completed.

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

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

The Company declared a quarterly dividend of 9.0 cents per common share every quarter, totalling 36 cents for both trailing twelve months periods. The slight decrease in declared dividends for 2021 is due to the purchase and cancellation of shares under the NCIB.

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

The combined impact of the mark-to-market and derivative timing adjustments, amortization of transitional balances and financial instruments non-cash positive amount of $5.6 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations:

There are no material changes in the contractual obligations table disclosed in the Management's Discussion and Analysis of the October 3, 2020 Annual Report.

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 January 2, 2021 a total of $485.7 million of assets have been pledged as security for the revolving credit facility, including trade receivables, inventories and property, plant and equipment.

At January 2, 2021 $225.0 million had been drawn from the working capital facility and $9.8 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 its expected cash requirements.

As at January 2, 2021, the Company was in compliance with all the covenants under its revolving credit facility.

OUTSTANDING SECURITIES

A total of 103,536,923 shares were outstanding as at January 2, 2021 and February 2, 2021, respectively (104,701,023 as at December 28, 2019).

On December 7, 2020, 491,412 performance share units ("PSUs") were granted to executives and other members of the management team. These PSUs will vest at the end of the 2021-2023 Performance Cycle based on the achievement of total shareholder returns set by 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 which the Company may purchase up to 1,500,000 common shares. 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. The 2020 NCIB commenced on June 3, 2020 and may continue to June 2, 2021. No shares have been purchased under the 2020 NCIB as of January 2, 2021.

On May 22, 2019, the Company received approval from the Toronto Stock Exchange to proceed with a Normal Course Issuer Bid ("2019 NCIB"), under which 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, whereby all common shares had been purchased. Under the 2019 NCIB, the Company purchased 1,500,000 common shares having a book value of $1.4 million for a total cash consideration of $7.1 million. All shares purchased were cancelled.

RISK AND UNCERTAINTIES

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

Risk factors in our business and operations are discussed in the Management's Discussion and Analysis of our Annual Report for the year ended October 3, 2020. 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. We are closely following all COVID-19 public health authority recommendations and have enhanced safety protocols in place. To date our plants have operated without any disruption during the COVID-19 pandemic; however, the uncertainty and increased demand volatility make it difficult to estimate the impact on future sale volumes, operations and financial results. We are closely monitoring the situation and will continue to adapt quickly to the changing circumstances.

We remain optimistic for the outlook of both Sugar and Maple segments in fiscal 2021, despite the market uncertainty and the additional costs related to the COVID-19 pandemic. We expect volumes to grow in both segments which should result in improved financial performance for 2021 compared to 2020.

Sugar segment

We continue to expect our Sugar segment to perform well in fiscal 2021. Strong underlying demand and a successful beet harvest are expected to result in higher sales volumes and improved financial performance over fiscal 2020.

As a result of our positive outlook, we have increased our full year fiscal 2021 sales volumes guidance to approximately 776,000 metric tonnes, an increase of 15,000 metric tonnes over fiscal 2020 and 10,000 metric tonnes from our previous guidance, despite the slower than anticipated holiday season in the first quarter and an extra week of operations in 2020. Industrial and liquid volumes are expected to increase by approximately 10,000 metric tonnes in 2021, despite the uncertainty of the demand due to COVID-19 restrictions in the food service industry. Our consumer volumes are expected to remain in line with 2020 due to the continuing effects of COVID-19 on retail consumer habits. In addition, export volumes are expected to increase by approximately 5,000 metric tonnes driven by new export quotas and the resumption of deferred beet shipments to Mexico. This increase also includes 14,600 metric tonnes for 2021 to be supplied by the Taber factory, under the CUSMA special quotas that took effect on July 1, 2020.

We expect fiscal 2021 adjusted EBITDA for the Sugar segment to benefit from the return to normal operating conditions at the Taber beet sugar facility. Our 2020 beet harvest campaign was successfully completed, despite minor weather-related crop losses, with an estimated production of 128,000 metric tonnes of beet sugar.

Maintenance programs for the remaining quarters of 2021 are expected to follow the trend of previous years for each facility.

Our capital spending expectations for the year remain unchanged at approximately $25 million, with approximately a third of these funds allocated to return-on-investment projects.

We are continuing to work with our strategic partner, Doux-Matok, to advance a unique sugar reduction solution based on cane sugar, to food companies in North America. Although this is a small portion of the sweetener market, we believe this could provide a competitive offering in this niche market.

Maple segment

We expect to see improved performance in our Maple segment in fiscal 2021. Measures to strengthen sales margins and improve operational efficiencies evident in the first quarter, are expected to continue throughout the year. Sales margins are expected to improve as the impact of successful contract negotiations with new and existing customers in 2020 come into effect. In addition, we expect the ongoing optimization at our manufacturing facilities and efficiency improvements at our new Granby facility and existing Dégelis plant to continue to drive lower operating costs in 2021.

While we expect the COVID-19 related demand we have seen over the past few quarters to temper in 2021, we expect that firm underlying demand for maple syrup, combined with our improved margins and lower cost structure will result in improved financial performance for fiscal 2021, compared to 2020.

Capital investments are expected to be significantly lower for the Maple segment in 2021, following the completion of our capital projects in 2020 that resulted in an increase of our production capacity.

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 and the Maple products segment non-recurring expenses.
- Adjusted net earnings is defined as net earnings adjusted for the adjustment to cost of sales, the amortization of transitional balances to cost of sales for cash flow hedges, the amortization of transitional balance to net finance costs and the income tax impact on these adjustments. Amortization of transitional balance to net finance costs is defined as the transitional marked-to-market balance of the interest rate swaps outstanding as of October 1, 2016, amortized over time based on their respective settlement date until all existing interest rate swaps agreements have expired, as shown in the notes to the consolidated financial statements.
- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.
- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple products segment divided by the revenues generated by the Maple products segment.
- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.
- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, amortization of transitional balances, financial instruments non-cash amount, and includes deferred financing charges, funds received from stock options exercised, funds paid for the purchase and cancellation of shares, capital and intangible assets expenditures, net of operational excellence capital expenditures, and payments of capital leases.

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

Consolidated results (In thousands of dollars)	First Quarter Fiscal 2021			First Quarter Fiscal 2020		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**$ 32,342**	**$ 6,271**	**$ 38,613**	$ 33,229	$ 5,817	$ 39,046
Total adjustment to the cost of sales (1)	**(1,646)**	**(515)**	**(2,161)**	(2,454)	(66)	(2,520)
Adjusted Gross Margin (1)	**$ 30,696**	$ **5,756**	**$ 36,452**	$ 30,775	$ 5,751	$ 36,526
Results from operating activities ("EBIT")	**$ 20,004**	**$ 3,328**	**$ 23,332**	$ 24,430	$ 2,321	$ 26,751
Total adjustment to the cost of sales (1)	**(1,646)**	**(515)**	**(2,161)**	(2,454)	(66)	(2,520)
Adjusted results from operating activities ("Adjusted EBIT") (1)	**$ 18,358**	**$ 2,813**	**$ 21,171**	$ 21,976	$ 2,255	$ 24,231
Results from operating activities ("EBIT")	**$ 20,004**	**$ 3,328**	**$ 23,332**	$ 24,430	$ 2,321	$ 26,751
Total adjustment to the cost of sales (1)	**(1,646)**	**(515)**	**(2,161)**	(2,454)	(66)	(2,520)
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,372**	**1,857**	**6,229**	4,144	1,578	5,722
Maple Segment non-recurring costs	**-**	**247**	**247**	-	274	274
Adjusted EBITDA (1)	**$ 22,730**	**$ 4,917**	**$ 27,647**	$ 26,120	$ 4,107	$ 30,227
Net earnings			**$ 13,773**			$ 15,964
Total adjustment to the cost of sales (1)			**(2,161)**			(2,520)
Amortization of transitional balance to net finance costs (1)			**-**			(66)
Income taxes on above adjustments			**636**			720
Adjusted net earnings (1)			**$ 12,248**			$ 14,098
Net earnings per share (basic)			**$ 0.13**			$ 0.15
Adjustment for the above			**(0.01)**			(0.02)
Adjusted net earnings per share (basic) (1)			**$ 0.12**			$ 0.13

(1) See "Adjusted results" section

CRITICAL ACCOUNTING ESTIMATES

For the first quarter of 2021, there were no significant changes in the critical accounting estimate as disclosed in our Management's Discussion and Analysis of the October 3, 2020 Annual Report.

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

A number of new standards, and amendments to standards and interpretations, are not yet effective and have not been applied in preparing the unaudited consolidated interim financial statements for the first quarter of 2021. Management has reviewed such new standards, proposed amendments and does not anticipate that they will have a material impact on the Company's financial statements. Refer to note 3 of the unaudited condensed interim financial statements and to note 3 (q) and (r) of the 2020 audited consolidated financial statements for details.

CONTROLS AND PROCEDURES

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

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

The Chief Executive Officer and Chief Financial Officer have evaluated whether or not there were any changes to the Company's ICFR during the three-month period ended January 2, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No such changes were identified through their evaluation.