Rogers Sugar Reports First Quarter 2023 Results; Continuing Strong Performance from the Sugar Segment Driven by Increased Sugar Sales Volume.

Rogers Sugar Inc.'s ("RSI", "our," "we", "us" or "Rogers") (TSX: RSI) today reported first quarter fiscal 2023 results with consolidated adjusted EBITDA of $33.5 million.

"Fiscal 2023 began well as the trends established in 2022 continued to drive strong sugar performance in the first quarter," said Mike Walton, President and Chief Executive Officer of Rogers and Lantic Inc. "Ongoing firm demand from the industrial sugar domestic market has led to increased sales volumes expectations for the year and we are well positioned to meet the growing demand, despite slightly lower-than-expected sugar volumes from our 2022 Taber crop. We are still anticipating recovery for our Maple segment in 2023, as the current inflationary pressures recede."

First Quarter 2023 Consolidated Highlights (unaudited)	**Q1 2023**	Q1 2022
Financials ($000s)		
Revenues	**261,443**	230,755
Gross margin	**41,191**	43,486
Adjusted gross margin(1)	**41,993**	35,800
Results from operating activities	**26,284**	27,337
EBITDA(1)	**32,713**	33,748
Adjusted EBITDA(1)	**33,515**	26,062
Net earnings	**14,674**	17,226
per share (basic)	**0.14**	0.17
per share (diluted)	**0.13**	0.15
Adjusted net earnings(1)	**15,347**	10,957
Adjusted net earnings per share (basic)(1)	**0.15**	0.11
Trailing twelve months free cash flow(1)	**57,985**	41,122
Dividends per share	**0.09**	0.09
Volumes		
Sugar (metric tonnes)	**192,849**	180,043
Maple Syrup (thousand pounds)	**11,819**	12,286

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

- Consolidated adjusted EBITDA for the first quarter of fiscal 2023 was $33.5 million, up $7.4 million from the same quarter last year. Current quarter consolidated adjusted EBITDA increased as a result of higher adjusted EBITDA in the Sugar segment; partially offset by lower adjusted EBITDA in our Maple segment;
- Adjusted EBITDA in the Sugar segment was $30.7 million in the first quarter of fiscal 2023, up $8.1 million compared to the same period last year, largely due to higher volume and adjusted gross margin, along with a decrease in administration costs;
- Sales volumes in the Sugar segment increased by 12,806 metric tonnes to 192,849 metric tonnes in the first quarter, largely driven by increased demand for industrial volume;
- Sugar segment adjusted gross margin improved by $21.04 per metric tonne in the first quarter of 2023 compared to the same period last year due to improved average pricing;
- Adjusted EBITDA in the Maple segment was $2.8 million in the first quarter, a decrease of $0.6 million from the same quarter last year, largely as a result of lower adjusted gross margin and an increase in administration, distribution and selling expense;
- Maple segment volume decreased by 467,000 pounds to 11,819,000 pounds in the quarter, driven largely by lower demand and unfavourable market dynamics;
- We increased fiscal 2023 sugar sales volume expectations by 15,000 metric tonnes to approximately 805,000 metric tonnes, due to continued strong demand in the Canadian domestic industrial sugar market;

- Free cash flow for the trailing 12 months ended December 31, 2022 was $58.0 million, an increase of $16.9 million from the same period last year;
- In the first quarter of 2023, we distributed $0.09 per share to our shareholders for a total amount of $9.4 million;
- On January 20, 2023, the amount available for working capital under the revolving credit facility was increased from $200 million to $265 million, under the approved accordion feature of $400 million;
- We continue to work on the design and planning stage of our planned expansion project announced in August 2022. The expansion project would increase supply by approximately 100,000 metric tonnes in Eastern Canada within the next two to three years. We are expecting to complete the design and planning stage in the third quarter of fiscal 2023.
- On February 8, 2023, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on April 19, 2023.

Sugar

First Quarter 2023 Sugar Highlights (unaudited)	**Q1 2023**	Q1 2022
Financials ($000s)		
Revenues	**205,287**	175,907
Gross margin	**36,038**	38,806
Adjusted gross margin(1)	**37,661**	31,372
Per metric tonne ($/ mt) (1)	**195.29**	174.25
Administration and selling expenses	**6,635**	9,113
Distribution costs	**5,062**	4,344
Results from operating activities	**24,341**	25,349
EBITDA(1)	**29,053**	30,050
Adjusted EBITDA(1)	**30,676**	22,616
Volumes (metric tonnes)		
Total volumes	**192,849**	180,043

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In the first quarter of fiscal 2023, revenue increased by $29.4 million compared to the same period last year. The positive variance was driven mainly by higher sales volume and higher average pricing for refining related activities.

Sugar volume increased by 12,806 metric tonnes in the first quarter of fiscal 2023 compared to the same quarter last year, due mainly to stronger industrial and consumer volumes.

- Industrial volume increased by 11,868 metric tonnes or 12.1% as compared to the same quarter last year, as a result of continued strong demand in the domestic market. This is consistent with the trend experienced in the second half of 2022.
- Consumer volume increased by 1,200 metric tonnes or 4.6% compared to the same period last year, largely due to timing in demand from our eastern customers.
- Liquid volume sold to our customers was stable as compared to the same quarter last year.
- As expected, export volume decreased by 529 metric tonnes in the first quarter as we continue to focus our sales efforts on serving the domestic market.

Gross margin was $36.0 million for the current quarter and included a loss of $1.6 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was $38.8 million with a mark-to-market gain of $7.4 million.

Adjusted gross margin was $37.7 million for the first quarter of 2023 as compared to $31.4 million for the same period in 2022. Adjusted gross margin increased by $6.3 million mainly as a result of higher volume and improved average pricing for refined sugar. This positive variance was partially offset by market-based inflationary pressures on operating costs. On a per unit basis, adjusted gross margin for the first quarter was $195.29 per metric tonne, higher than the same quarter last year by $21.04 per metric tonne. The favourable variance was mainly due to higher selling prices, partially offset by higher production cost, as compared to last year.

Results from operating activities for the first quarter of fiscal 2023 were $24.3 million, a decrease of $1.0 million from the same period last year. These results included 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.

EBITDA for the first quarter of fiscal 2023 was $29.1 million compared to $30.1 million in the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the current quarter increased by $8.1 million compared to the same period last year, largely as a result of higher adjusted results from operation.

Maple

First Quarter 2022 Maple Highlights (unaudited)	**Q1 2023**	Q1 2022
Financials ($000s)		
Revenues	**56,156**	54,848
Gross margin	**5,153**	4,680
Adjusted gross margin(1)	**4,332**	4,428
As a percentage of revenues (%) (1)	**7.7%**	8.1%
Administration and selling expenses	**2,662**	2,373
Distribution costs	**548**	319
Results from operating activities	**1,943**	1,988
EBITDA(1)	**3,660**	3,698
Adjusted EBITDA(1)	**2,839**	3,446
Volumes (thousand pounds)		
Total volumes	**11,819**	12,286

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

Revenues for the first quarter of the current fiscal year were $1.3 million higher than the same period last year, driven by higher average selling price related to recent negotiations with customers, partially offset by lower volume from lower demand from existing customers.

Gross margin was $5.2 million for the first three months of the current fiscal year, including a gain of $0.8 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was $4.7 million with a mark-to-market gain of $0.3 million.

Adjusted gross margin percentage for the current quarter was 7.7% as compared to 8.1% for the same period last year, representing a decrease in adjusted gross margin of $0.1 million.

Results from operating activities for the first quarter of fiscal 2023 were $1.9 million, compared to $2.0 million in the same period last year. These results included 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.

EBITDA for the first quarter of fiscal 2023 and for the same period last year amounted to $3.7 million. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the first quarter of fiscal 2023 decreased by $0.6 million to $2.8 million, due mainly to lower adjusted results from operating activities.

OUTLOOK

Following our strong performance in the first quarter of 2023, we expect to continue to deliver strong and stable financial results in 2023. Strong sugar demand and pricing is expected to continue and provide stable results, despite ongoing inflationary pressures. We expect our Maple segment to recover in fiscal 2023 as the unfavourable market and economics conditions encountered over the last year begin to recede.

Sugar

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

In Taber, the harvest season delivered the expected volume of sugar beets; the processing campaign is on-going, and we anticipate completing the slicing of the crop by the end of February. Unfavourable weather conditions encountered in the later stage of the current year growing period negatively impacted the sugar content of the sugar beets received. Accordingly, the overall sugar production is expected to yield approximately 105,000 metric tonnes of beet sugar, a decrease of 15,000 metric tons compared to last year. We are implementing a revised production plan at our Montreal and Vancouver production facilities to mitigate this shortfall and meet the needs of our customers.

We have increased our fiscal 2023 sales volume expectations to approximately 805,000 metric tonnes. This represents an increase of 1.3% over 2022 and an increase of 15,000 metric tonnes from our last outlook. This increase is based on the continued strong demand of the Canadian domestic industrial sugar market. Overall, we expect the following year-over-year volume variances for our customer segments:

- Industrial, our largest segment, is expected to increase by 3%, as a result of the continuous strong demand supported by favourable market dynamic;
- Liquid volume is expected to grow by 4% driven by continued demand from existing customers;
- Consumer volume is expected to increase by 2% for 2023, due to higher demand; and
- A planned 15% reduction in sales to the export markets for 2023, due to the growing demand and strong economics of the domestic market. We will consider potential supplemental export sales if favourable production opportunities arise.

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

We expect a slight increase in distribution costs in 2023, as we foresee that recent cost increases for logistics and our supply chain activities will remain. Administration and selling expenses are expected to be stable in 2023.

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

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

Maple

Despite lower-than-expected results in the Maple segment in the first quarter, we continue to expect the Maple business segment to recover and to deliver slightly improved financial performance in 2023 as compared to 2022. We have recently seen an increase in average pricing and expect this trend to continue throughout the year. We anticipate, over the next few quarters, that price increases will mitigate the recent market-based cost increases our Maple segment faced over the last year.

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

See “Cautionary Statement Regarding Forward Looking Information” section below.

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

Cautionary Statement Regarding Non-GAAP Measures

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

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

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

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

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

	Q1 2023			Q1 2022		
Consolidated results (In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**36,038**	**5,153**	**41,191**	38,806	4,680	43,486
Total adjustment to the cost of sales[1]	**1,623**	**(821)**	**802**	(7,434)	(252)	(7,686)
Adjusted Gross Margin	**37,661**	**4,332**	**41,993**	31,372	4,428	35,800
Results from operating activities	**24,341**	**1,943**	**26,284**	25,349	1,988	27,337
Total adjustment to the cost of sales[1]	**1,623**	**(821)**	**802**	(7,434)	(252)	(7,686)
Adjusted results from operating activities	**25,964**	**1,122**	**27,086**	17,915	1,736	19,651
Results from operating activities	**24,341**	**1,943**	**26,284**	25,349	1,988	27,337
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,712**	**1,717**	**6,429**	4,701	1,710	6,411
EBITDA[1]	**29,053**	**3,660**	**32,713**	30,050	3,698	33,748
EBITDA[1	**29,053**	**3,660**	**32,713**	30,050	3,698	33,748
Total adjustment to the cost of sales[1]	**1,623**	**(821)**	**802**	(7,434)	(252)	(7,686)
Adjusted EBITDA	**30,676**	**2,839**	**33,515**	22,616	3,446	26,062
Net earnings			**14,674**			17,226
Total adjustment to the cost of sales[1]			**802**			(7,686)
Net change in fair value in interest rate swaps[1]			**46**			(594)
Income taxes on above adjustments			**(175)**			2,011
Adjusted net earnings			**15,347**			10,957
Net earnings per share (basic)			**0.14**			0.17
Adjustment for the above			**0.01**			(0.06)
Adjusted net earnings per share (basic)			**0.15**			0.11

(1) See “Adjusted results” section

Conference Call and Webcast

Rogers will host a conference call to discuss its first quarter fiscal 2023 results on February 9, 2023 starting at 8:00a.m. ET. To participate, please dial 1-888-886-7786. A recording of the conference call will be accessible shortly after the conference, by dialing 1-877-674-7070, access code 884450#. This recording will be available until February 24, 2023. A live audio webcast of the conference call will also be available via www.LanticRogers.com.

About Rogers Sugar

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

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

Cautionary Statement Regarding Forward-Looking Information

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

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

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

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

For further information

Mr. Jean-Sébastien Couillard
Vice President of Finance, Chief Financial Officer and Corporate Secretary
Phone: (514) 940-4350
Email: jscouillard@lantic.ca

ROGERS SUGAR INC.

Financial Report Q1 2023

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers", "RSI" or "our," "we", "us") dated February 8, 2023 should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three-month period ended December 31, 2022, as well as the audited consolidated financial statements and MD&A for the year ended October 1, 2022. The quarterly unaudited condensed consolidated interim financial statements and any amounts shown in this MD&A were not reviewed nor audited by our external independent auditors. This MD&A refers to Rogers, Lantic Inc. ("Lantic") (Rogers and Lantic together referred as the "Sugar segment"), The Maple Treat Corporation ("Maple Treat") and Highland Sugarworks Inc. ("Highland") (the latter two companies together referred to as "TMTC" or the "Maple segment").

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

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OUR BUSINESS

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

Lantic, Rogers wholly owned subsidiary, operates cane sugar refineries in 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. We also operate a custom blending and packaging operation and distribution center in Toronto, Ontario.

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

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

BUSINESS HIGHLIGHTS

- Consolidated adjusted EBITDA for the first quarter of fiscal 2023 was $33.5 million, up $7.4 million from the same quarter last year. Current quarter consolidated adjusted EBITDA increased as a result of higher adjusted EBITDA in the Sugar segment; partially offset by lower adjusted EBITDA in our Maple segment;
- Adjusted EBITDA in the Sugar segment was $30.7 million in the first quarter of fiscal 2023, up $8.1 million compared to the same period last year, largely due to higher volume and adjusted gross margin, along with a decrease in administration costs;
- Sales volumes in the Sugar segment increased by 12,806 metric tonnes to 192,849 metric tonnes in the first quarter, largely driven by increased demand for industrial volume;
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- We continue to work on the design and planning stage of our planned expansion project announced in August 2022. The expansion project would increase supply by approximately 100,000 metric tonnes in eastern Canada within the next two to three years. We are expecting to complete the design and planning stage in the third quarter of fiscal 2023.
- On February 8, 2023, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on April 19, 2023.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

(unaudited) (In thousands of dollars, except volume and per share information)	**Q1 2023**	Q1 2022
Sugar (metric tonnes)	**192,849**	180,043
Maple syrup (000 pounds)	**11,819**	12,286
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Adjustment to cost of sale[(1)]	**(802)**	7,686
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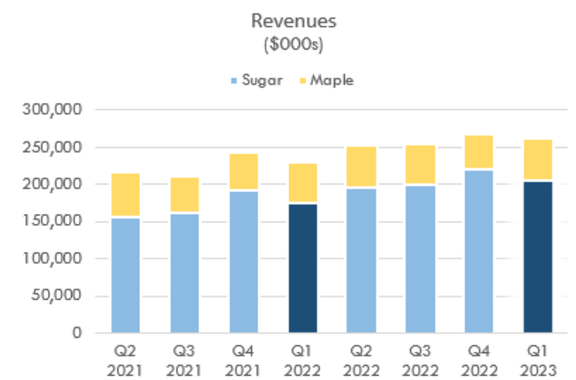
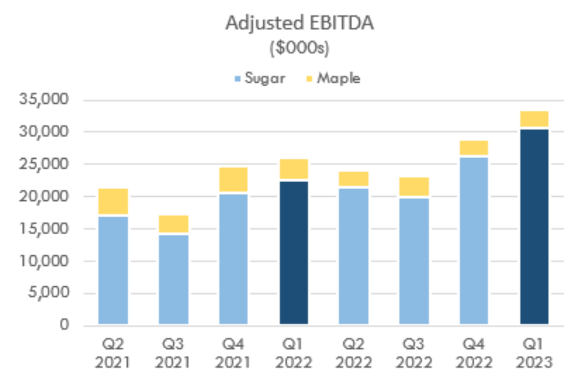
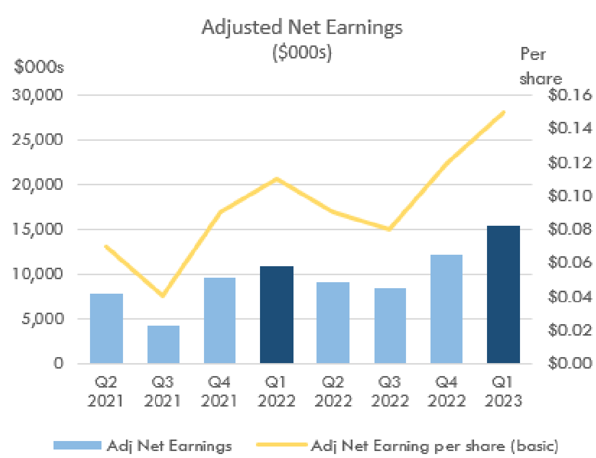
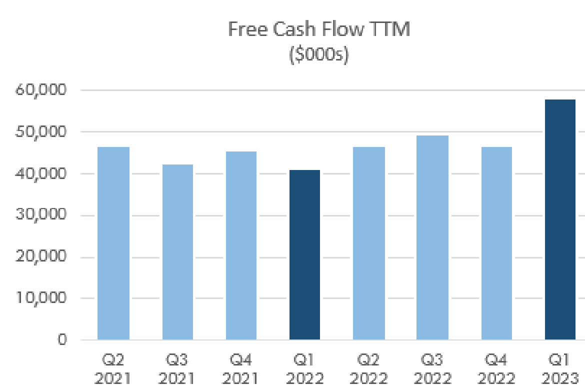
per share (basic)	**0.14**	0.17
per share (diluted)	**0.13**	0.15
Adjusted net earnings[(1)]	**15,347**	10,957
Adjusted net earnings per share (basic)[(1)]	**0.15**	0.11
Trailing twelve months free cash flow[(1)]	**57,985**	41,122
Dividends per share	**0.09**	0.09

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









Adjusted results

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

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

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

OUR RESULTS ARE ADJUSTED AS FOLLOWS:

Income (loss) (In thousands of dollars)	**Q1 2023**			Q1 2022		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Mark-to-market on:						
Sugar futures contracts	**(1,208)**	**-**	**(1,208)**	123	-	123
Foreign exchange forward contracts	**273**	**(197)**	**76**	(342)	136	(206)
Total mark-to-market adjustment on derivatives	**(935)**	**(197)**	**(1,132)**	(219)	136	(83)
Cumulative timing differences	**(688)**	**1,018**	**330**	7,653	116	7,769
Total adjustment to costs of sales	**(1,623)**	**821**	**(802)**	7,434	252	7,686

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

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

The above-described adjustments are added to or deducted from the mark-to-market results to arrive at the total adjustment to cost of sales. For the first quarter of the current year, the total cost of sales adjustment is a loss of $0.8 million to be added to the consolidated results versus a gain of $7.7 million to be deducted from the consolidated results for the comparable quarter last year.

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

SEGMENTED INFORMATION

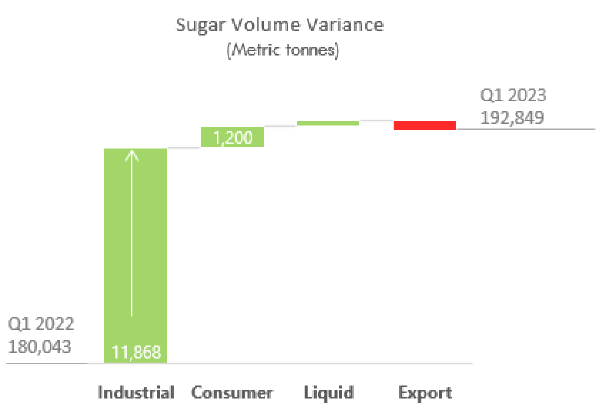
Segmented Results (In thousands of dollars)	**Q1 2023**			Q1 2022		
	Sugar	**Maple Products**	**Total**	Sugar	Maple Products	Total
Revenues	**205,287**	**56,156**	**261,443**	175,907	54,848	230,755
Gross margin	**36,038**	**5,153**	**41,191**	38,806	4,680	43,486
Administration and selling expenses	**6,635**	**2,662**	**9,297**	9,113	2,373	11,486
Distribution costs	**5,062**	**548**	**5,610**	4,344	319	4,663
Results from operating activities	**24,341**	**1,943**	**26,284**	25,349	1,988	27,337
Adjustment to cost of sales[2]	**1,623**	**(821)**	**802**	(7,434)	(252)	(7,686)
Adjusted Gross margin[1]	**37,661**	**4,332**	**41,993**	31,372	4,428	35,800
Adjusted results from operating activities[1]	**25,964**	**1,122**	**27,086**	17,915	1,736	19,651
EBITDA[1]	**29,053**	**3,659**	**32,713**	30,050	3,698	33,748
Adjusted EBITDA[1]	**30,676**	**2,839**	**33,515**	22,616	3,446	26,062
Additional information:						
Additions to property, plant and equipment and intangible assets, net of disposals	**8,452**	**94**	**8,546**	3,993	219	4,212
Additions to right-of-use assets	**18**	**45**	**63**	8,167	-	8,167

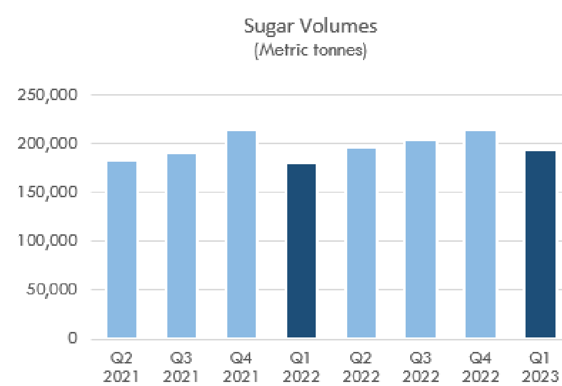
(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
(2) See "Adjusted results" section

Sugar

REVENUES

	Q1 2023	Q1 2022	Δ
(In thousands of dollars)	**205,287**	175,907	29,380





In the first quarter of fiscal 2023, revenue increased by $29.4 million compared to the same period last year. The positive variance was driven mainly by higher sales volume and higher average pricing for refining related activities. In the first quarter of 2023, the average price for #11 world raw sugar slightly decreased to US$0.1924 per pound from US$0.1951 per pound in the first quarter of 2022, the impact of the slight decrease was minimal on overall revenues of the first quarter.

Sugar volume increased by 12,806 metric tonnes in the first quarter of fiscal 2023 compared to the same quarter last year, due mainly to stronger industrial and consumer volumes.

- Industrial volume increased by 11,868 metric tonnes or 12.1% as compared to the same quarter last year, as a result of continued strong demand in the domestic market. This is consistent with the trend experienced in the second half of 2022.
- Consumer volume increased by 1,200 metric tonnes or 4.6% compared to the same period last year, largely due to timing in demand from our eastern customers.
- Liquid volume sold to our customers was stable as compared to the same quarter last year.
- As expected, export volume decreased by 529 metric tonnes in the first quarter as we continue to focus our sales efforts on serving the domestic market.

GROSS MARGIN

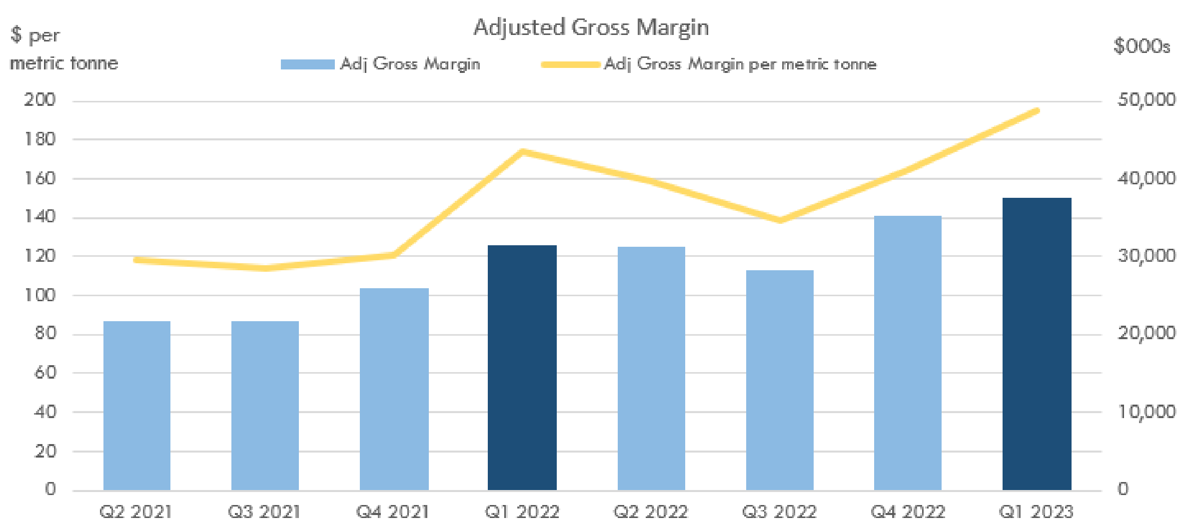
	Q1 2023	Q1 2022	Δ
(In thousands of dollars, except per metric tonne information)			
Gross margin	**36,038**	38,806	(2,768)
Total adjustment to cost of sales[2]	**1,623**	(7,434)	9,057
Adjusted gross margin[1]	**37,661**	31,372	6,289
Adjusted gross margin per metric tonne[1]	**195.29**	174.25	21.04
Included in Gross margin:			
Depreciation of property, plant and equipment and right-of-use assets	**4,124**	4,072	52

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

Gross margin was $36.0 million for the current quarter and included a loss of $1.6 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was $38.8 million with a mark-to-market gain of $7.4 million.

Adjusted gross margin was $37.7 million for the first quarter of 2023 as compared to $31.4 million for the same period in 2022. Adjusted gross margin increased by $6.3 million mainly as a result of higher volume and improved average pricing for refined sugar. This positive variance was partially offset by market-based inflationary pressures on operating costs.

On a per unit basis, adjusted gross margin for the first quarter was $195.29 per metric tonne, higher than the same quarter last year by $21.04 per metric tonne. The favourable variance was mainly due to higher selling prices, partially offset by higher production cost, as compared to last year.



OTHER EXPENSES

	Q1 2023	Q1 2022	Δ
(In thousands of dollars, except per metric tonne information)			
Administration and selling expenses	**6,635**	9,113	(2,478)
Distribution costs	**5,062**	4,344	718
Included in Administration and selling expenses:			
Depreciation of property, plant and equipment and right-of-use assets	**221**	211	(10)
Included in Distribution costs:			
Depreciation of right-of-use assets	**367**	418	(51)

For the first quarter of fiscal 2023, administration and selling expenses decreased by $2.5 million compared to the same quarter last year. The variance was mainly due to a decrease in share-based compensation expense related to performance share units for senior management. The non-cash decrease of this provision was largely driven by a decrease in share price during the current quarter. Distribution costs increased by $0.7 million largely driven by higher freight costs and additional logistical costs incurred to support the strong demand in eastern Canada.

RESULTS FROM OPERATING ACTIVITIES AND ADJUSTED EBITDA

	Q1 2023	Q1 2022	Δ
(In thousands of dollars)			
Results from operating activities	**24,341**	25,349	(1,008)
Total adjustment to cost of sales (2)	**1,623**	(7,434)	9,057
Adjusted results from operating activities(1)	**25,964**	17,915	8,049
Depreciation of property, plant and equipment, right-of-use assets, and amortization of intangible assets	**4,712**	4,701	12
EBITDA(1)	**29,053**	30,050	(996)
Adjusted EBITDA(1)	**30,676**	22,616	8,061

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

(2) See "Adjusted results" section

Results from operating activities for the first quarter of fiscal 2023 were $24.3 million, a decrease of $1.0 million from the same period last year. These results included 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.

Adjusted results from operating activities in the first quarter of fiscal 2023 were $8.0 million higher than the same period last year, mainly due to higher adjusted gross margin and lower administration and selling expenses, partly offset by higher distribution costs as explained above.

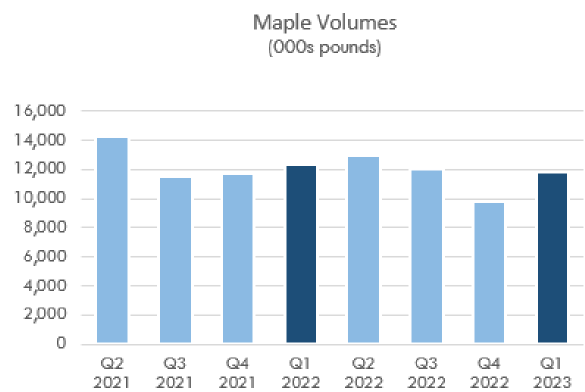
EBITDA for the first quarter of fiscal 2023 was $29.1 million compared to $30.1 million in the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

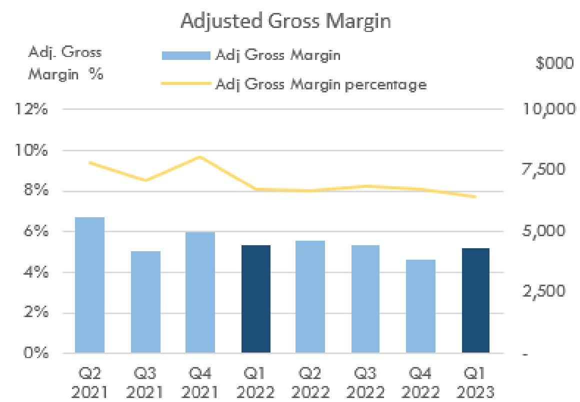
Adjusted EBITDA for the current quarter increased by $8.1 million compared to the same period last year, largely as a result of higher adjusted results from operation, as explained above.

Maple Products

REVENUES

	Q1 2023	Q1 2022	Δ
(In thousands of dollars, except volume)			
Volume (000 pounds)	**11,819**	12,286	(467)
Revenues	**56,156**	54,848	1,308





Revenues for the first quarter of the current fiscal year were $1.3 million higher than the same period last year, driven by higher average selling price related to recent negotiations with customers, partially offset by lower volume from lower demand from existing customers.

GROSS MARGIN

	Q1 2023	Q1 2022	Δ
(In thousands of dollars, except adjusted gross margin rate information)			
Gross margin	**5,153**	4,680	473
Total adjustment to cost of sales(1) (2)	**(821)**	(252)	(569)
Adjusted gross margin(1)	**4,332**	4,428	(96)
Adjusted gross margin percentage(1)	**7.7%**	8.1%	-0.4%
Included in Gross margin:			
Depreciation of property, plant and equipment and right-of-use assets	**838**	839	(1)

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

(2) See "Adjusted results" section

Gross margin was $5.2 million for the first three months of the current fiscal year, including a gain of $0.8 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was $4.7 million with a mark-to-market gain of $0.3 million.

Adjusted gross margin percentage for the current quarter was 7.7% as compared to 8.1% for the same period last year, representing a decrease in adjusted gross margin of $0.1 million.

Other expenses

	Q1 2023	Q1 2022	Δ
(In thousands of dollars)			
Administration and selling expenses	**2,662**	2,373	289
Distribution costs	**548**	319	229
Included in Administration and selling expenses:			
Amortization of intangible assets	**878**	871	7

Administration and selling expenses for the first quarter of the current fiscal year increased by $0.3 million compared to the same period last year, largely due to an increase in compensation-related expenditures. Distribution costs increased by $0.2 million in the current quarter compared to the same quarter last year, mainly due to an increase in freight costs attributable to market-based inflationary pressures, impacting the business since the second half of fiscal 2022.

Results from operating activities and Adjusted EBITDA

	Q1 2023	Q1 2022	Δ
(In thousands of dollars)			
Results from operating activities	**1,943**	1,988	(45)
Total adjustment to cost of sales(1) (2)	**(821)**	(252)	(569)
Adjusted results from operating activities(1)	**1,122**	1,736	(614)
Depreciation and amortization	**1,717**	1,710	7
EBITDA(1)	**3,660**	3,698	(38)
Adjusted EBITDA(1)	**2,839**	3,446	(607)

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

Results from operating activities for the first quarter of fiscal 2023 were $1.9 million, compared to $2.0 million in the same period last year. These results included 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 for the current quarter of 2023 were $0.6 million lower than the comparable period last year, mainly due to lower adjusted gross margin, higher administration and selling expenses and distribution costs, as explained above.

EBITDA for the first quarter of fiscal 2023 and for the same period last year amounted to $3.7 million. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the first quarter of fiscal 2023 decreased by $0.6 million to $2.8 million, due mainly to lower adjusted results from operating activities, as explained above.

OUTLOOK

Following our strong performance in the first quarter of 2023, we expect to continue to deliver strong and stable financial results in 2023. Strong sugar demand and pricing is expected to continue and provide stable results, despite ongoing inflationary pressures. We expect our Maple segment to recover in fiscal 2023 as the unfavourable market and economics conditions encountered over the last year begin to recede.

Sugar

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

In Taber, the harvest season delivered the expected volume of sugar beets; the processing campaign is on-going, and we anticipate completing the slicing of the crop by the end of February. Unfavourable weather conditions encountered in the later stage of the current year growing period negatively impacted the sugar content of the sugar beets received. Accordingly, the overall sugar production is expected to yield approximately 105,000 metric tonnes of beet sugar, a decrease of 15,000 metric tons compared to last year. We have put a revised production plan in place at our Montreal and Vancouver production facilities to mitigate this shortfall and meet the needs of our customers.

We have increased our fiscal 2023 sales volume expectations to approximately 805,000 metric tonnes. This represents an increase of 1.3% over 2022 and an increase of 15,000 metric tonnes from our last outlook. This increase is based on the continued strong demand of the Canadian domestic industrial sugar market. Overall, we expect the following year-over-year volume variances for our customer segments:

- Industrial, our largest segment, is expected to increase by 3%, as a result of the continuous strong demand supported by favourable market dynamic;
- Liquid volume is expected to grow by 4% driven by continued demand from existing customers;
- Consumer volume is expected to increase by 2% for 2023, due to higher expected demand; and
- A planned 15% reduction in sales to the export markets for 2023, due to the growing demand and strong economics of the domestic market. We will consider potential supplemental export sales if favourable production opportunities arise.

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

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

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

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

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

Maple

Despite lower-than-expected results in the Maple segment in the first quarter, we continue to expect the Maple business segment to recover and to deliver slightly improved financial performance in 2023 as compared to 2022. We have recently seen an increase in average pricing and expect this trend to continue throughout the year. We anticipate, over the next few quarters, that price increases will mitigate the recent market-based cost increases our Maple segment faced over the last year.

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

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

CONSOLIDATED RESULTS AND SELECTED FINANCIAL INFORMATION

(Unaudited) (In thousands of dollars, except volume and per share information)	**Q1 2023**	Q1 2022
Sugar (metric tonnes)	**192,849**	180,043
Maple syrup (000 pounds)	**11,819**	12,286
Total revenues	**261,443**	230,755
Gross margin	**41,191**	43,486
Adjusted Gross Margin(1)	**41,993**	35,800
Results from operating activities	**26,284**	27,337
Adjusted results from operating activities(1)	**27,086**	19,651
EBITDA(1)	**32,713**	33,748
Adjusted EBITDA(1)	**33,515**	26,062
Net finance costs	**6,183**	4,417
Income tax expense	**5,427**	5,694
Net earnings	**14,674**	17,226
per share (basic)	**0.14**	0.17
per share (diluted)	**0.13**	0.15
Adjusted net earnings(1)	**15,347**	10,957
per share (basic)(1)	**0.15**	0.11
Dividends per share	**0.09**	0.09

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

Total revenues

Revenues increased by $30.7 million for the first quarter of fiscal 2023 compared to the same quarter last year. The increase in revenue was mainly attributable to higher average selling price and increased sales volume in the Sugar segment, as well as higher sales price in the Maple segment, partially offset by lower sales volume in the Maple segment.

Gross margin

Gross margin decreased by $2.3 million for the current quarter compared to the same period last year. Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the first quarter of the current year increased by $6.2 million, mainly as a result of higher adjusted gross margin from the Sugar segment, slightly offset by lower adjusted gross margin from the Maple segment. For the Sugar segment, the adjusted gross margin per metric tonne for the current quarter at $195.29 per metric tonne was higher than the same period last year by $21.04 per metric tonnes. For the Maple segment, the adjusted gross margin percentage for the quarter was 7.7% as compared to 8.1% for the same period last year.

Results from operating activities

Results from operating activities for the current quarter were $26.3 million compared to $27.3 million for the same quarter last year. Excluding the mark-to-market of derivative financial instruments, adjusted results from operating activities for the current quarter amounted to $27.1 million compared to $19.7 million for the same quarter last year, an increase of $7.4 million. The increase for the current quarter was mainly driven by a higher contribution from the Sugar segment.

Net finance costs

(In thousands of dollars)	**Q1 2023**	Q1 2022	Δ
Interest expense on convertible unsecured subordinated debentures, including accretion expense	**2,126**	2,050	76
Interest on revolving credit facility	**1,371**	1,286	85
Interest on senior guaranteed notes	**897**	896	1
Amortization of deferred financing fees	**314**	306	8
Interest on *Producteurs et Productrices Acéricoles du Québec* supplier balance	**1,177**	227	950
Other interest expense	**10**	34	(24)
Interest accretion on discounted lease obligations	**242**	212	30
Net change in fair value of interest rate swap	**46**	(594)	640
Net finance costs	**6,183**	4,417	1,766

For the first quarter of the current year, net finance costs were $1.8 million higher than the comparable period last year, mainly due to a lower impact in 2023 of changes in fair value related to interest rate swaps contracts and the increase in interest on the Producteurs et Productrices Acéricoles du Québec ("PPAQ") supplier balance for maple syrup purchases. The increase in interest expense related to PPAQ is due to an increase in interest rate and higher level of inventory on hand at the end of the current quarter in comparison to the same period last year, resulting from timing of maple syrup purchases.

Taxation

(In thousands of dollars)	**Q1 2023**	Q1 2022	Δ
Current	**4,762**	6,719	(1,957)
Deferred	**665**	(1,025)	1,690
Income tax expense	**5,427**	5,694	(267)

The variation in current and deferred tax expense period-over-period is consistent with the variation in earnings before income taxes during the current quarter compared to the same quarter last year.

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

Net earnings

Net earnings in the first quarter of fiscal 2023 were $2.6 million lower than the comparable period last year. This decrease was mainly attributable to a non-cash unfavourable variance in the mark-to-market of derivative financial instruments and higher interest expense, partially offset by lower income tax expenses.

Adjusted net earnings in the first quarter of fiscal 2023 were $4.4 million higher than the comparable period last year. This increase was mainly attributable to higher adjusted results from operating activities from the Sugar segment.

Summary of Quarterly Results

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

(In thousands of dollars, except for volumes and per share information)	QUARTERS[2]							
	2023	2022				2021		
	First	Fourth	Third	Second	First	Fourth	Third	Second
Sugar volumes (MT)	**192,849**	214,672	203,315	196,570	180,043	214,753	190,563	183,749
Maple products volumes ('000 pounds)	**11,819**	9,838	12,027	12,912	12,286	11,678	11,471	14,214
Total revenues	**261,443**	267,406	254,632	253,341	230,755	243,231	210,931	215,929
Gross margin	**41,191**	28,472	24,948	33,899	43,486	39,616	30,064	31,451
Adjusted gross margin[1]	**41,993**	39,141	32,654	35,887	35,800	31,020	25,932	27,407
Results from operations	**26,284**	(38,345)	8,822	15,499	27,337	26,952	15,062	19,151
Adjusted results from operations[1]	**27,086**	22,324	16,528	17,487	19,651	18,356	10,930	15,107
EBITDA[1]	**32,713**	18,283	15,402	22,029	33,748	33,382	21,346	25,418
Adjusted EBITDA[1]	**33,515**	28,952	23,108	24,017	26,061	24,786	17,214	21,375
Net (loss) earnings	**14,674**	(45,502)	3,138	8,570	17,226	16,140	6,836	10,778
Per share - basic	**0.14**	(0.44)	0.03	0.08	0.17	0.16	0.07	0.10
Per share - diluted	**0.13**	(0.44)	0.03	0.08	0.15	0.15	0.07	0.10
Adjusted net earnings[1]	**15,347**	12,161	8,419	9,122	10,957	9,620	4,247	7,751
Per share - basic	**0.15**	0.12	0.08	0.09	0.11	0.09	0.04	0.07
Per share - diluted	**0.14**	0.11	0.08	0.09	0.10	0.09	0.04	0.07
Sugar - Adjusted gross margin rate per MT[1]	**195.29**	164.55	138.68	159.11	174.25	121.16	113.95	118,60
Maple - Adjusted gross margin percentage[1]	**7.7%**	8.1%	8.2%	8.0%	8.1%	9.7%	8.5%	9.4%

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures
(2) All quarters are 13 weeks

Historically the first quarter (October to December) of the fiscal year is the best quarter of the sugar segment for adjusted gross margin and adjusted net earnings due to the favourable sales product 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 volumes as well as an unfavourable sales product mix, resulting in lower revenues, adjusted gross margins and adjusted net earnings. This trend was different in the fourth quarter of 2022 as negotiated price increases came into effect throughout the year and in the second quarter of 2022 as several sales that were delayed in the first quarter of the year materialized in the second quarter.

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

Financial condition

(In thousands of dollars)	**December 31, 2022**	January 1, 2022	October 1, 2022
Total assets	**$ 916,377**	$ 892,366	$ 937,956
Total liabilities	**626,299**	568,214	646,537

The increase in total assets of $24.0 million in the current fiscal quarter compared to the same quarter prior year is mainly due to an increase in inventory of $19.5 million, trade and other receivables of $25.7 million, property, plant and equipment of $10.6 million, cash as cash equivalent of $10.0 million, and derivatives financial instruments assets of $12.9 million. The increase in total assets is partially offset by a goodwill impairment of $50.0 million and a reduction in right of use assets of $3.8 million.

Total liabilities for the current fiscal quarter increased by $58.1 million compared to the same quarter last year due mainly to an increase in the revolving credit facility balance of $29.0 million, trade and other payables of $37.2 million and deferred tax liabilities of $5.9 million. This variance was partially offset by a decrease in employee benefits of $11.1 million and a decrease in lease obligations of $3.3 millions.

Liquidity

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

	Q1 2023	Q1 2022
(In thousands of dollars)		
Net cash flow used in operating activities	**(8,894)**	(35,361)
Cash flow from financing activities	**28,562**	25,407
Cash flow used in investing activities	**(6,780)**	(2,838)
Effect of changes in exchange rate on cash	**(152)**	16
Net increase (decrease) in cash	**12,736**	(12,776)

Cash outflow used in operating activities for the current quarter decreased by $26.5 million compared to the same period last year, due mainly to a positive non-cash working capital variation of $26.7 million, lower interest and income taxes paid of $7.5 million, partially offset by lower net earnings adjusted for non-cash items of $7.8 million.

Cash flow from financing activities was higher by $3.2 million for the current quarter compared to the same quarter last year due mainly to a higher increase in borrowings from the revolving credit facility of $3.0 million.

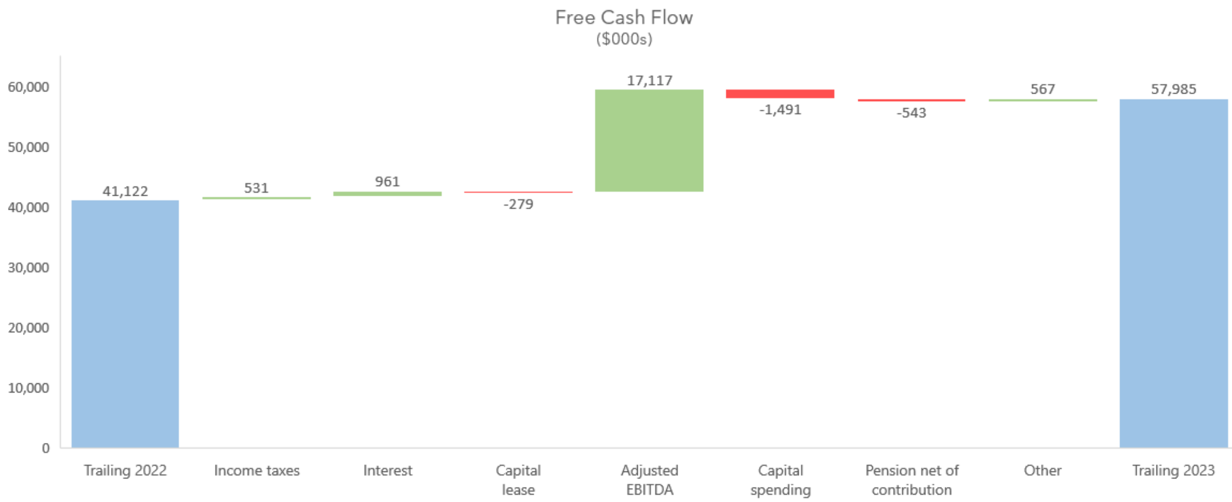
The cash outflow used in investing activities increased by $3.9 million in the current quarter compared to the same period last year due mainly to the timing of capital expenditures.

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

Free cash flow

	Trailing twelve months	
(In thousands of dollars)	**2023**	2022
Cash flow from operations	**48,020**	47,941
Adjustments:		
Changes in non-cash working capital	**16,351**	45,752
Mark-to-market and derivative timing adjustments	**19,004**	(24,601)
Financial instruments non-cash amount	**(1,141)**	(5,491)
Capital expenditures and intangible assets	**(27,672)**	(23,135)
Value added capital expenditures	**8,533**	5,487
Payment of leases obligation	**(5,110)**	(4,831)
Free cash flow(1)	**57,985**	41,122
Declared dividends	**37,563**	37,318

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



Free cash flow for the trailing twelve months ended December 31, 2022 amounted to $58.0 million, representing an increase of $16.9 million compared to the same period last year. This increase in free cash flow was mainly due to higher adjusted EBITDA of $17.1 million, excluding the non-cash impact related the variance in the accrual for share-based compensation of senior managements.

Capital and intangible assets expenditures, net of value-added capital expenditures, increased by $1.5 million compared to last year's rolling twelve months due mainly to timing in spending. Free cash flow is not reduced by value added capital expenditures, as these projects are not necessary for the operation of the plants but are undertaken because of the operational savings that are realized once the projects are completed. The increase in the amount spent un value added capital expenditures for 2023 as compared to the same period in 2022, was mainly related to costs incurred in connection with the planning and design stage of our proposed capacity expansion project for eastern Canada.

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

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

The combined impact of the mark-to-market and derivative timing adjustments, amortization of transitional balances and financial instruments non-cash amount of $17.9 million for the current rolling twelve months does not represent cash items as these contracts will be settled when the physical transactions occur, which is the reason for the adjustment to free cash flow.

Contractual obligations

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

As at December 31, 2022, Lantic had commitments to purchase a total of 601,000 metric tonnes of raw sugar, of which 311,408 metric tonnes had been priced for a total dollar commitment of $183.4 million.

Capital resources

As at December 31, 2022, Lantic had a total of $200.0 million of available working capital from its revolving credit facility, from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios. As at December 31, 2022, a total of $576.7 million of assets have been pledged as security for the revolving credit facility, compared to $523.5 million as at January 1, 2022; including trade receivables, inventories and property, plant and equipment.

As at December 31, 2022, $165.0 million had been drawn from the revolving credit facility and $18.9 million in cash was also available.

On January 20, 2023, the revolving credit facility was amended and the amount available for working capital and capital expenditures was increased from $200 million to $265 million, under the approved accordion feature of $400 million.

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 our expected cash requirements.

As at December 31, 2022, Lantic was in compliance with all the covenants under its revolving credit facility.

OUTSTANDING SECURITIES

A total of 104,430,135 shares were outstanding as at December 31, 2022 and February 8, 2023, respectively (103,731,923 as at January 1, 2022).

RISK AND UNCERTAINTIES

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

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

INFORMATION ON COVID-19

We continue to closely monitor the impacts of the COVID-19 on our business. Our business is considered an essential service by the government and as such, our plants have continued to operate at usual capacity throughout the pandemic. Since the beginning of the COVID-19 pandemic in 2020, we have established extensive protection measures and protocols to ensure the health and safety of our employees, suppliers, customers and other business partners. In addition to standard operating procedures designed to maintain safe operations, we have implemented disease prevention plans in each location to provide guidance on health and safety measures to adopt during a pandemic. We actively communicate with our employees, to keep them apprised of the current situation.

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

NON-GAAP MEASURES

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

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

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

- Adjusted gross margin is defined as gross margin adjusted for "the adjustment to cost of sales", which comprises the mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives as shown in the notes to the consolidated financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives.
- Adjusted results from operating activities are defined as results from operating activities adjusted for the adjustment to cost of sales and goodwill impairment.
- EBITDA is defined as earnings before interest, taxes, depreciation, amortization and goodwill impairment.
- Adjusted EBITDA is defined as adjusted results from operating activities adjusted to add back depreciation and amortization expenses.
- Adjusted net earnings is defined as net earnings adjusted for the adjustment to cost of sales, goodwill impairment and the income tax impact on these adjustments.
- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.

- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple segment divided by the revenues generated by the Maple segment.
- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.
- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, financial instruments non-cash amount, goodwill impairment and includes deferred financing charges, funds received from stock options exercised, capital and intangible assets expenditures, net of value-added capital expenditures, and payments of capital leases.

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

	Q1 2023			Q1 2022		
Consolidated results (In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**36,038**	**5,153**	**41,191**	38,806	4,680	43,486
Total adjustment to the cost of sales(1)	**1,623**	**(821)**	**802**	(7,434)	(252)	(7,686)
Adjusted Gross Margin	**37,661**	**4,332**	**41,993**	31,372	4,428	35,800
Results from operating activities	**24,341**	**1,943**	**26,284**	25,349	1,988	27,337
Total adjustment to the cost of sales(1)	**1,623**	**(821)**	**802**	(7,434)	(252)	(7,686)
Adjusted results from operating activities	**25,964**	**1,122**	**27,086**	17,915	1,736	19,651
Results from operating activities	**24,341**	**1,943**	**26,284**	25,349	1,988	27,337
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**4,712**	**1,717**	**6,429**	4,701	1,710	6,411
EBITDA(1)	**29,053**	**3,660**	**32,713**	30,050	3,698	33,748
EBITDA(1	**29,053**	**3,660**	**32,713**	30,050	3,698	33,748
Total adjustment to the cost of sales(1)	**1,623**	**(821)**	**802**	(7,434)	(252)	(7,686)
Adjusted EBITDA	**30,676**	**2,839**	**33,515**	22,616	3,446	26,062
Net earnings			**14,674**			17,226
Total adjustment to the cost of sales(1)			**802**			(7,686)
Net change in fair value in interest rate swaps(1)			**46**			(594)
Income taxes on above adjustments			**(175)**			2,011
Adjusted net earnings			**15,347**			10,957
Net earnings per share (basic)			**0.14**			0.17
Adjustment for the above			**0.01**			(0.06)
Adjusted net earnings per share (basic)			**0.15**			0.11

(1) See "Adjusted results" section

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

(In thousands of dollars, except for volumes and per share information)	QUARTERS(1)(2)							
	2023	2022				2021		
	First	Fourth	Third	Second	First	Third	Second	First
Gross margin	**41,191**	28,472	24,948	33,899	43,486	39,616	30,064	31,451
Total adjustment to the cost of sales(2)	**802**	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)	(4,044)
Adjusted gross margin	**41,993**	39,141	32,654	35,887	35,800	31,020	25,932	27,407
Results from operating activities	**26,284**	(38,345)	8,822	15,499	27,337	26,952	15,062	19,151
Total adjustment to the cost of sales(2)	**802**	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)	(4,044)
Goodwill impairment	**-**	50,000	-	-	-	-	-	-
Adjusted results from operating activities	**27,086**	22,324	16,528	17,487	19,651	18,356	10,930	15,107
Results from operating activities	**26,284**	(38,345)	8,822	15,499	27,337	26,952	15,062	19,151
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**6,429**	6,628	6,580	6,530	6,410	6,430	6,284	6,268
Goodwill impairment	**-**	50,000	-	-	-	-	-	-
EBITDA	**32,713**	18,283	15,402	22,029	33,747	33,382	21,346	25,419
EBITDA	**32,713**	18,283	15,402	22,029	33,747	33,382	21,346	25,419
Total adjustment to the cost of sales(2)	**802**	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)	(4,044)
Adjusted EBITDA	**33,515**	28,952	23,108	24,017	26,061	24,786	17,214	21,375
Net (loss) earnings	**14,674**	(45,502)	3,138	8,570	17,226	16,140	6,836	10,778
Total adjustment to the cost of sales(2)	**802**	10,669	7,706	1,988	(7,686)	(8,596)	(4,132)	(4,044)
Goodwill impairment	**-**	50,000	-	-	-	-	-	-
Net change in fair value in interest rate swaps(2)	**46**	(328)	(632)	(1,246)	(594)	(162)	613	-
Income taxes on above adjustments	**(175)**	(2,678)	(1,793)	(190)	2,011	2,238	930	1,017
Adjusted net earnings	**15,347**	12,161	8,419	9,122	10,957	9,620	4,247	7,751

(2) All quarters are 13 weeks
(3) See "Adjusted results"

CRITICAL ACCOUNTING ESTIMATES

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

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

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

CONTROLS AND PROCEDURES

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

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

The Chief Executive Officer and Chief Financial Officer have evaluated whether or not there were any changes to Rogers' ICFR during the three-month period ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, Rogers' ICFR. No such changes were identified through their evaluation.

FORWARD-LOOKING STATEMENTS

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

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

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

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