# NEW MAPLE SYRUP PLATFORM ACQUIRED DURING THE QUARTER
# ADDITIONAL ACQUISITION POST YEAR-END TO COMPLEMENT EARLIER ACQUISITION
# VOLUME AND ADJUSTED GROSS MARGINS HIGHER FOR THE FISCAL YEAR

During the quarter, Rogers Sugar Inc. (the "Company") added a new platform for growth with the acquisition of a maple syrup bottler. On August 5, 2017, the Company acquired from Champlain Financial Corporation Inc. 100% of L.B. Maple Treat Corporation ("LBMT"), for approximately $160.3 million, in addition to closing adjustments of approximately $9.2 million. LBMT is one of the world's largest branded and private label maple syrup bottling and distribution companies. Headquartered in Granby, Québec, LBMT has three bottling plants in the heart of the world's maple syrup harvesting region (Québec and Vermont). The acquisition of LBMT allows the Company to diversify into the large and growing market of maple syrup, a natural sweetener, with one of the leaders in the industry to grow organically and leverage sales and administrative gains.

After a relatively short period of time in actively owning and operating a maple syrup business, the Company is pleased to report that on November 18, 2017, it acquired 100% of 9020-2292 Québec Inc. ("Decacer"), a company operated under the "Decacer" trade name for $40.0 million, subject to post-closing adjustments. Decacer has one bottling plant in Dégelis, Québec. This acquisition, combined with the earlier acquisition of LBMT, allows us to create a solid platform and to broaden the Company's maple syrup operations and expand its product offering, including a unique maple sugar dehydration technology as well as enhancing the potential for additional operational synergies. The acquisition was funded by a drawdown under the Company's existing $275.0 million revolving credit facility.

As a result of the acquisition of LBMT and Decacer, the Company now has the following two operating segments: Sugar and Maple products.

***Sugar***

The Company's total sugar deliveries for the fourth quarter of fiscal 2017 decreased by approximately 3,800 metric tonnes versus the comparable period last year but significantly improved on a year-over-year basis by approximately 19,200 metric tonnes.

The industrial market segment decreased by approximately 5,700 metric tonnes and 5,400 metric tonnes for the last quarter and year-to-date, respectively. The weak fourth quarter results are mostly due to timing and to a lesser extent, lower demand from existing customers. The industrial segment experienced an improvement in volume starting in the second quarter of fiscal 2016 but has tapered off during the second half of the current fiscal year.

Total consumer volume decreased for the current quarter by approximately 400 metric tonnes compared to the same period last year while the volume for the twelve months of fiscal 2017 resulted in an increase of approximately 600 metric tonnes versus fiscal 2016. The variation for the quarter and year-to-date is mainly due to timing in customers' retail promotions.

When compared to last fiscal year, liquid volume ended the year at approximately 5,900 metric tonnes and 17,800 metric tonnes higher than the fourth quarter and fiscal year, respectively. The increase is mainly explained by the start at the end of October 2016 of a new long-term contract with a HFCS substitutable customer in Western Canada. However, some of the positive variance was offset by modest temporary volume losses in Eastern Canada against HFCS and liquid sucrose competition.

Exports decreased by approximately 3,600 metric tonnes for the current quarter, mainly explained by timing of the Canada specific U.S. quota deliveries, which was mostly sold in the first half of the current year, as opposed to fairly evenly throughout fiscal 2016. An additional contributing factor to the weaker quarter was a reduction in U.S. high tier opportunistic sales versus the comparative period last year. For the full year, exports were approximately 6,200 metric tonnes higher than last year. Exports also benefited from additional volume driven by a three year agreement with a Mexican customer, which started at the beginning of the current fiscal year. The incremental volume to Mexico was somewhat offset by a small reduction in U.S. high tier sales when compared to the prior fiscal year.

With the mark-to-market of all derivative financial instruments and embedded derivatives in non-financial instruments at the end of each reporting period, our accounting income does not represent a complete understanding of factors and trends affecting the business. Consistent with previous reporting, we prepared adjusted gross margin and adjusted earnings results to reflect the performance of the Company during the period without the impact of the mark-to-market of derivative financial instruments and embedded derivatives in non-financial instruments. Earnings before interest and income taxes ("EBIT") for the Sugar segment included a mark-to-market loss of $5.6 million and $26.1 million for the fourth quarter and year-to-date, respectively, which were added to calculate adjusted EBIT and adjusted gross margin results. See "Non-GAAP measures" section in the MD&A.

Adjusted gross margin for the quarter was $24.6 million compared to $29.6 million for the same quarter last year, representing a decrease of $5.0 million. The decrease is explained by a combination of factors. The Taber beet plant contributed negatively to the adjusted gross margin as a result of higher cost of raw material, higher maintenance costs, lower by-product revenues attributable to timing and to consulting fees incurred on a project to explore air emission reduction. These items attributable to the Taber plant accounted for more than half of the negative variance quarter-over-quarter. In addition, the Montréal refinery had some operating inefficiencies during the current quarter, due to defective operating supplies used within the refining process. These operating deficiencies combined with a lower sales volume and to a one-time non-cash income of $0.6 million recorded in last year's comparable quarter for pension upgrades, all negatively contributed to adjusted gross margin. As a result, the current quarter's adjusted gross margin rate was $134.18 per metric tonne as compared to $158.22 per metric tonne in fiscal 2016, a decrease of $24.04 per metric tonne.

Year-to-date, adjusted gross margin improved when compared to last year and amounted to $99.8 million, an increase of $3.7 million versus fiscal 2016. Adjusted gross margin for the previous year includes a non-cash pension charge of $1.8 million for committed future pension plan upgrades to one of the Company's defined benefit pension plans following the agreement with the Montréal unionized employees. Without this adjustment, the Company's adjusted gross margin would have been $1.9 million higher than last year. The benefits from higher sales volume and higher by-product revenues were partially offset by the inefficiencies and additional costs incurred in the fourth quarter of the current year. Further reducing the positive variance is approximately $0.8 million in additional costs incurred in fiscal 2016 relating to a six-day work stoppage at the Montréal refinery.

On a per metric tonne basis, the current year's adjusted gross margin was $143.76 per metric tonne as opposed to $142.43 per metric tonne for the comparable period last year. Excluding the non-cash pension expense, the fiscal 2016 adjusted gross margin rate would have been $145.10 per metric tonne, resulting in a decrease of $1.34 per metric tonne in fiscal 2017.

Administration and selling expenses for the fourth quarter of fiscal 2017 were $1.7 million higher than the comparable period last year due to a charge of $1.9 million incurred relating to the LBMT acquisition. Year-to-date, administration and selling expenses increased by $4.0 million compared to the prior year. In fiscal 2016, the Company completed the termination of the Salaried Plan, with the settlement and transfer of the defined benefit pension liabilities to an insurance company. The settlement process resulted in the reversal of a non-cash accrual of $1.2 million against administration and selling expenses,

pertaining to the deficit outstanding as at October 1, 2016. Excluding the impact of the settlement of the Salaried Plan, administration and selling expenses were $2.8 million higher than the comparable period last year. The increase in administrative and selling expenses is explained by acquisition costs recorded in the current fiscal year amounting to $2.5 million, additional employee benefits incurred in the first half of the current year, slightly offset by a reduction in costs related to the work stoppage of fiscal 2016.

Adjusted results from operating activities for the fourth quarter of $14.8 million were $6.9 million lower than the comparable period year. The decrease is mainly explained by additional operating costs in Taber and Montréal, lower sales volume and higher administrative and selling costs, as explained above. Year-to-date, adjusted results from operating activities were slightly lower than last year at $66.2 million. The positive impact of additional sales volume and higher by-product revenues were offset by additional costs incurred at the plant level during the last quarter of the current year and additional administration and selling expenses, as explained above.

***Maple products***

Revenues of approximately $26.7 million are included for the two months of operations, since the acquisition on August 5, 2017.

Gross margin of $3.6 million for the quarter and year-to-date does not reflect the economic margin of the Maple product segment, as it includes a gain of $0.2 million for the mark-to-market of derivative financial instruments on foreign exchange contracts. The mark-to-market gain was deducted to calculate adjusted EBITDA and adjusted gross margin results. See "Non-GAAP measures" section in the MD&A.

Since the acquisition by Lantic on August 5, 2017, adjusted gross margin for the quarter and therefore, year-to-date was $3.4 million, representing an adjusted gross margin percentage of 12.8%. However, included in cost of sales, is an amount of $0.7 million due to an increase in value of the finished goods inventory at the date of acquisition. Under IFRS, all inventory of finished goods upon acquisition is valued at the estimated selling price less the sum of the costs of disposal, and a reasonable profit allowance for the selling effort of the acquirer which results in, lower selling margins when the acquired inventory is sold. As at September 30th, 2017, there was no finished goods inventory remaining that existed as at the acquisition date. Without this adjustment resulting from the allocation for accounting purposes of the LBMT purchase price, adjusted gross margin would have been $4.1 million or 15.4% of revenues.

Administration and selling expenses of $1.9 million include $0.4 million in amortization of intangible assets, $0.2 million in consulting fees, as a result of the acquisition, and $0.2 million in one-time non-recurring costs.

Distribution expenses were $0.7 million since the acquisition date.

In addition to the impact of the mark-to-market adjustment for derivative instruments, the acquisition by Lantic of LBMT has resulted in expenses that do not reflect the economic performance of the operation of LBMT. Finally, certain non-cash items and non-recurring expenses also had a negative impact on the results from operating activities. As such Management believes that the Maple products segment's financial results are more meaningful to management, investors, analysts, and any other interested parties when financial results are adjusted for the above mentioned items. See "Non-GAAP measures" section in the MD&A. LBMT Adjusted EBITDA is defined as the earnings before interest expenses, taxes and depreciation and amortization expenses of the Maple products segment, adjusted for the total adjustment to cost of sales relating to its segment and non-recurring expenses.

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

| | | September 30, 2017 |
|---|---|---|
| Results from operating activities | $ | 948 |
| Total adjustment to cost of sales | | (164) |
| Adjusted results from operating activities | | 784 |
| Non-recurring expenses: | | |
| Acquisition costs incurred | | 211 |
| Other one-time non-recurring items | | 195 |
| Inventory bump up on finished goods inventories | | 670 |
| Depreciation and amortization | | 491 |
| LBMT Adjusted EBITDA (1) | $ | 2,351 |

(1) See "Non-GAAP measures" section.

***Consolidated***

Adjusted gross margin for the quarter was $28.0 million versus $29.6 million for the comparable period last year. During the current quarter, LBMT contributed $3.4 million of adjusted gross margin. However, the benefit from the acquisition was more than offset by a reduction in the Sugar segment as previously discussed. Year-to-date, adjusted gross margin was $103.3 million, an improvement of $7.1 million. The additional sales volume from the Sugar segment combined with LBMT's adjusted margin contribution since the acquisition date, mostly explain the year-over-year increase.

Adjusted EBIT for the fourth quarter of fiscal 2017 was $15.5 million compared to $21.7 million, a decrease of $6.2 million. In addition to the reduction in adjusted gross margin, administration and selling expenses as well as distribution costs were higher than the comparable quarter, due mainly to LBMT's administrative and selling expenses and distribution costs of $2.6 million since August 5, 2017. In addition, the Company incurred $1.9 million in acquisition costs for LBMT during the current quarter. Without the acquisition costs, adjusted EBIT was $17.4 million versus $21.7 million for the comparable period last year, a decrease of $4.3 million

Year-to-date, adjusted EBIT of $67.0 million was $0.4 million above fiscal 2016. However, excluding the acquisition costs of $2.5 million, adjusted EBIT was $69.5 million or $2.9 million improvement versus last year.

The LBMT acquisition was partly funded by the issuance of the 5.0% Sixth series convertible unsecured subordinated debentures (the "Sixth series debentures") of $57.5 million. In addition, approximately $48.7 million was funded from a drawdown under the revolving credit facility. The Sixth series debentures were issued on July 28, 2017 and will mature on December 31, 2024.

Net finance costs for the quarter and year-to-date were $1.0 million and $0.8 million higher than the comparable periods of last year, excluding the amortization of the transitional balance for fiscal 2017 and net change in fair value of swap agreements in fiscal 2016, due to the increased borrowings under the revolving credit facility, the issuance of the Sixth series debentures, the increase in interest rates during the fourth quarter of fiscal 2017 and additional interest payable by LBMT to

the *Fédération des Producteurs Acéricoles du Québec* ("FPAQ") on syrup purchases. These negative variations were somewhat offset by the repayment of the Fourth series debentures in the third quarter of the current fiscal year.

Free cash flow for the fourth quarter of 2017 was $6.6 million compared to $14.7 million for the same period year, a decrease of $8.1 million. The decrease is mainly explained by a reduction in adjusted EBITDA (See "Non-GAAP measures" section in the MD&A) of $5.4 million and an increase in capital expenditures, net of operational excellence capital expenditures of $1.1 million. Furthermore, income taxes and interest paid were $1.1 million and $0.9 million higher, respectively. Finally, deferred financing charges incurred were higher for the current quarter versus last year by $0.5 million.

Free cash flow for fiscal 2017 was $4.2 million lower than the previous year mainly explained by an increase in income taxes and interest paid of $7.6 million and $1.2 million, respectively, and additional payments of deferred financing charges of $0.5 million. Somewhat offsetting the negative free cash flow variance is an increase in adjusted EBITDA (See "Non-GAAP measures" section in the MD&A) of $1.7 million, a decrease in pension plan contributions of $1.9 million and lower capital expenditures, net of operational excellence capital expenditures of $0.4 million. Finally, a positive cash flow of $1.2 million from share issuances as a result of stock options exercised versus shares repurchased in the prior year also contributed to reduce the negative variance.

***Outlook***

In fiscal 2018, we expect the industrial market segment to decrease slightly, while the consumer volume should be comparable to fiscal 2017.

The liquid market segment should continue to be strong benefitting from some growth with existing customers, the recapture of some of the volume loss in fiscal 2017 and the benefit of a full year of supply to a large bottler account in Western Canada. As a result, we expect the liquid market segment to surpass fiscal 2017 by approximately 10,000 metric tonnes.

As for the export segment, total volume is anticipated to increase slightly due to additional sales to Mexico.

Overall, we expect total volume to increase by approximately 5,000 metric tonnes.

In fiscal 2018, the Company will benefit from a full year of operations of LBMT. As previously presented in the short form prospectus dated July 21, 2017, we expect LBMT's Adjusted EBITDA (See "Non-GAAP measures" section of the MD&A) to approximate $18.4 million, which includes an increase in sales volume and related selling margins in addition to some operational efficiency gains for a total of approximately $2.9 million. In fiscal 2019, we expect additional integration gains of approximately $2.1 million to be fully realized by the end of fiscal 2019. Therefore, fiscal 2019 Adjusted EBITDA for LBMT should amount to approximately $20.5 million assuming the realization of all expected integration gains.

On November 20, 2017, the Company announced the acquisition of Decacer for $40.0 million, subject to post-closing adjustments. Decacer's Adjusted *pro forma* EBITDA (See "Non-GAAP measures" section of the MD&A) on an annual basis is estimated at $5.1 million. This acquisition, combined with the earlier acquisition of LBMT, allows us to create a solid platform and to broaden the Company's maple syrup operations and expand its product offering, including a unique maple sugar dehydration technology as well as enhancing the potential for additional operational synergies.

We expect energy costs to increase by approximately $1.5 million in fiscal 2018 as a result of the implementation of the carbon tax in Alberta on January 1, 2017. The current carbon tax amounts to $1.011 per gigajoule and will increase to $1.517 per gigajoule on January 1, 2018.

Capital expenditures for fiscal 2018 are expected to increase compared to this year as the Company intends to spend approximately $6.0 million on operational excellence capital projects. The Company is currently evaluating various scenarios in order to be fully compliant on air emission standards for the 2019 beet harvesting season. To achieve this

objective, the Company expects to undertake a significant capital expenditure for this project starting in the first half of fiscal 2018. Early estimates of the net investment required to remediate the non-compliance range between $15 million and $25 million.

The harvest and beet slicing campaign started towards the end of September. This year's growing conditions were ideal and resulted in a very large crop with strong yield per acre. If current harvesting conditions continue and no significant beet storage issues arise, we fully expect that the current crop should derive approximately 120,000 metric tonnes of refined sugar, which is comparable to fiscal 2017's production volume, even though sugar beet planting was reduced by 1,000 acres.

We expect that the total pension plan expense will decrease by approximately $2.4 million in fiscal 2018 as a result of the increase in discount rates, as well as to the approval by the Alberta Treasury Board and Finance of an amendment to the Alberta Hourly Plan.

As a result of the acquisition of LBMT and Decacer, as well as an expectation that interest rate will rise in fiscal 2018, we anticipate that interest expense should increase when compared to the current year.

Labour negotiations with the Vancouver refinery unionized employees for the renewal of the labour contract terminating at the end of February 2018 will start at the beginning of the new calendar 2018.

FOR THE BOARD OF DIRECTORS,

Dallas H. Ross, Chairman
Vancouver, British Columbia – November 22, 2017

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