Essential

2020 annual report

Lantic

Our goal is to offer the best quality sugars and sweeteners to satisfy our customers.

ROGERS holds all of the common shares of Lantic Inc., which 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 / Rogers' products include granulated (regular and organic), brown, icing, liquid, cubed sugars and specialty syrups, as well as stevia, agave, organic coconut sugar, Plantation Raw™ sugar, maple sugar and flakes and other dry blends.

LANTIC also owns all of the common shares of The Maple Treat Corporation ("TMTC"). TMTC operates plants in Granby, Dégelis and in St-Honoré-de-Shenley, Québec and in Websterville, Vermont. TMTC's products include maple syrup and derived maple syrup products and are sold under various brand names, such as TMTC, Uncle Luke's, Decacer and Highland SugarWorks.

Photo: Sugar cane field

CONTINUED AND CONSISTENT DIVIDEND PERFORMANCE

Dividend (thousand of $)

Photo: Maple syrup field

	DEC	MAR	JUN	SEP	TOTAL
Fiscal 2020	9,440	9,423	9,320	9,318	37,501
Fiscal 2019	9,451	9,451	9,451	9,440	37,793

Per Share Dividend ($)

Photo: Sugar beet crop

	DEC	MAR	JUN	SEP	TOTAL
Fiscal 2020	0.09	0.09	0.09	0.09	0.36
Fiscal 2019	0.09	0.09	0.09	0.09	0.36

NEW STATE-OF-THE-ART FACILITY PROVIDES POTENTIAL TO DOUBLE CAPACITY

The Maple Treat Corporation is the largest bottler of maple syrup in the world. Our distribution capacity is supported by four production facilities and warehouses in Canada and the U.S. The move to a new 100,000 square feet facility in Granby at the end of January 2020 completed the modernization of its manufacturing platform.

+100 EMPLOYEES*

+$6M INVESTMENT

100,000 SQUARE FEET

* Granby facility only.

COMPLETION OF THE MANUFACTURING FOOTPRINT OPTIMIZATION

The new facility has a fully automated, high-efficiency plastic bottling line and two glass bottling lines. Since entering the maple syrup market in 2017, the plan was to optimize the manufacturing footprint and improve operational efficiencies to become a true world-class player.

An unmatched range of products all under one company including maple syrup, maple cookies, candies, spread, teas and coffee, flakes and granules.

For the year, we delivered over 760,000 metric tonnes of sugar, including a record breaking fourth quarter of 225,000 metric tonnes.

Dallas H. Ross
Chairman

To my fellow shareholders:

Fiscal 2020 brought many unusual challenges to the business, including the loss of 50% of the sugar beet crop in Alberta in Q1, unforeseen logistics problems with the Canadian rail system and the Port of Montreal, as well as the volatility created by the COVID-19 pandemic. Despite all those events, I am happy to report that our adjusted EBITDA for the year at $92.3 million was $4.5 million higher than in 2019 and that our free cash flow for 2020 improved by $9.2 million, amounting to $40.0 million.

These favourable results were mainly related to the performance of the Sugar business segment. For the year, we delivered over 760,000 metric tonnes of sugar, including a record breaking fourth quarter of 225,000 metric tonnes. This overall annual increase of 2.5% from last year is impressive when considering the material crop loss issues, we faced in Taber last fall and the added costs and disruptions in the business due to COVID-19. The incremental production needed to offset the shortfall of the Taber crop was delivered with increased production volumes from our Montreal and Vancouver facilities. Our plants were also able to adapt to the operational challenges and the customer demand volatility created by the COVID-19 pandemic.

The Maple business had record breaking sales attributable to market growth and COVID-19 driven demand but did not deliver the expected EBITDA results for 2020 due to the competitive market conditions prevailing early in the year, along with operational challenges encountered in the facilities optimization project. However, there have been encouraging

improvements in the fourth quarter as margins are steadily improving due to a better marketing focus and better operational efficiencies. With over 30% of the world distribution capacity, we have a market leading position and with improved customer service and cost improvements underway, we believe we can generate material improvements in EBITDA and value for shareholders over the next few years in the Maple business.

Despite all those events, I am happy to report that our adjusted EBITDA for the year at $92.3 million was $4.5 million higher than in 2019 and that our free cash flow for 2020 improved by $9.2 million, amounting to $40.0 million.

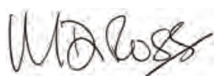
Net earnings for 2020 amounted to $35.4 million or $0.34 per share. The Board and Management believe the combined business segments made measurable progress under the difficult circumstances. As we look forward to 2021, we expect to continue to grow our business as we move past the unusual challenges we faced in the current year. We anticipate the overall market demand for Sugar and Maple products to steadily increase in the future. We believe we are well positioned, financially and operationally, to take advantage of these favourable market conditions.

We will again pay the quarterly dividend of $0.09 per share for a total amount of $37.4 million in 2020, continuing our track record of stable, reliable dividends for shareholders.

I would like to highlight the hard work and dedication of our employees throughout the year. As our business was deemed an essential service amid the COVID-19 pandemic, our employees quickly adapted to deliver our quality products to our valued customers.

Finally, I would like to conclude by thanking our shareholders for the support you have accorded to us.

On behalf of the Board of Directors,



Dallas H. Ross
Chairman
November 25, 2020

Notwithstanding the Taber crop and the overall COVID-19 business challenges, fiscal 2020 delivered well above expected sales volume in both our Sugar and Maple segments.

John Holliday
President and
Chief Executive Officer

There are very few business cycles that will match Fiscal 2020 for its unforeseen challenges. A sugar beet crop loss that created a 62,000 metric tonnes shortfall in our manufacturing platform, a global pandemic that disrupted everything we do, coupled with several supply chain rail stoppages or blockades and a port strike that further challenged our operating plans. From all this chaos came a huge sense of purpose and pride in the essential services we provide to critical food supply chains. Equally as satisfying as the response to COVID-19 related customer demand was the organization’s commitment to do its best to ensure the health and safety of its employees. Our response to these events strengthened our organization and allowed us to absorb some uncontrollable costs to deliver a 5% improvement in EBITDA results.

Notwithstanding the Taber crop and the overall COVID-19 business challenges, fiscal 2020 delivered well above expected sales volume in both our Sugar and Maple segments. Sugar continued to benefit from the conversion of high fructose corn syrup to liquid sucrose and organic growth in this segment. We also enjoyed growth in U.S. exports resulting from new import quotas and special U.S. refined T.R.Q.'s. Our retail segment saw unprecedented volume during the peak of COVID-19 due to consumer pantry loading. Our global Maple sales volume increased 25.5% versus the prior year, as consumers turned to comfort foods and natural ingredients during and post lockdowns. These results continue to affirm our belief that the natural sweetener platform will continue to experience growth.

As we are reviewing closely our Sugar segment, we are happy to report that we continue to invest in our production assets to improve efficiency, increase reliability and meet stringent regulatory standards. The benefit of improved equipment reliability was fully tested this year where our refinery operations were called upon to make up for the unusual circumstances that resulted in the loss of almost 50% of sugar beet crop. In fact, our manufacturing platform proved able to make up for the 62,000 metric tonnes Taber capacity loss and deliver an additional 19,000 metric tonnes over prior year sales. With the perspective that we will continue to see moderate organic growth and in addition, benefit from additional CUSMA quotas, our plans to reinvestment in our facilities will continue to be an important priority.

In concluding with our Sugar business segment, I would like to highlight the recent announcement we have made related to the addition of a natural sugar reduction solution to our product portfolio. In October 2021 we announced the launch of a unique natural sugar reduction solution that will deliver a cane sugar-based product into the evolving sugar reduction market. Although this is a small segment of the sweetener market, we believe our solution showcases our innovative spirit and preparedness to provide a competitive solution in this niche market.

Moving to our Maple business segment, it is worth mentioning the completion of the modernization of our Canadian manufacturing platform. This was accomplished in the midst of higher than expected market growth and throughout a very challenging labour market. Despite this, and with the additional complications of COVID-19, operations were capable of increasing production by over 20%. We were also encouraged by the results of this sector in the later part of 2020 as we saw evidence of meaningful progress with improved margins delivered through operational efficiencies and evidence of a more stable and improving competitive environment.

From all this chaos came a huge sense of purpose and pride in the essential services we provide to critical food supply chains. Equally as satisfying as the response to COVID-19 related customer demand was the organization's commitment to do its best to ensure the health and safety of its employees.

As mentioned previously, fiscal 2020 provided for exceptionally challenging conditions. The results we achieved were below our initial projections but exceeded our revised expectations following the reduced crop in Taber and the volatile environment resulting from COVID-19. Facing these circumstances, we delivered strong financial results and executed on some very important operations and business milestones. We remain very positive about the future of both of our business segments and look forward to continuing to deliver on our business strategy in 2021.

Our global Maple sales volume increased 25.5% versus the prior year, as consumers turned to comfort foods and natural ingredients during and post lockdowns.

In closing, I would like to recognize our employees' exceptionally hard work, perseverance, teamwork and pride in the essential services they provide to our customer food supply chains. I want to take this opportunity to thank our valued employees for all their efforts and support this past year and for their ongoing commitment to ensure we continue to deliver our business strategy.

John Holliday
President and Chief Executive Officer
November 25, 2020

FOR THE FISCAL YEARS ENDED
SEPTEMBER 28, 2020 AND SEPTEMBER 29, 2019

ROGERS

Lantic

This Management's Discussion and Analysis ("MD&A") of Rogers Sugar Inc.'s ("Rogers" or the "Company") audited consolidated financial statements for the fiscal years ended October 3, 2020 and September 28, 2019 should be read in conjunction with the audited consolidated financial statements and related notes for the years ended October 3, 2020 and September 28, 2019. The Company's MD&A and consolidated financial statements are prepared using a fiscal year which typically consists of 52 weeks however, every five years, a fiscal year consists of 53 weeks. The fiscal years ended October 3, 2020 consists of 53 weeks and the fiscal years ended September 28, 2019 and September 29, 2018 both consist of 52 weeks. The fourth quarter of fiscal year 2020 consists of 14 weeks and the fourth quarter of fiscal years 2019 and 2018 both consist of 13 weeks.

All financial information contained in this MD&A and audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars unless otherwise noted, and the term "dollar", as well as the symbol "$", designate Canadian dollars unless otherwise indicated.

Management is responsible for preparing the MD&A. Rogers's audited consolidated financial statements and MD&A have been approved by its Board of Directors upon the recommendation of its Audit Committee prior to release. This MD&A is dated November 25, 2020.

Additional information relating to Rogers, Lantic Inc. ("Lantic") (Rogers and Lantic together referred as the "Sugar segment"), The Maple Treat Corporation ("TMTC") and Highland Sugarworks Inc. ("Highland") (the latter two companies together referred to as "TMTC" or the "Maple segment"), including the annual information form, quarterly and annual reports, management proxy circular and various press releases is available on Rogers's website at www.LanticRogers.com or on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com. Information contained in or otherwise accessible through our website does not form part of this MD&A and is not incorporated into the MD&A by reference. It should be noted that 9020-2292 Québec Inc. ("Decacer") was amalgamated with TMTC as of September 29, 2019.

UPDATE ON COVID-19

In December 2019, a novel strain of coronavirus, known as COVID-19 was identified. As of March 20, 2020, COVID-19 had spread to over 100 countries and been declared a pandemic by the World Health Organization. COVID-19 has negatively impacted the global economy, disrupted financial markets and supply chain, significantly restricted business travel and interrupted business activity.

Our business is considered an essential service by the government and as such, the Company's plants have continued to operate at usual capacity. The Company has established extensive protection measures and protocols to ensure the health and safety of its employees. COVID-19 could have a material effect on our business as it relates to customer demand, supply and delivery chain, operations, financial market volatility, pension and benefits liabilities and other economic fundamentals. For the fourth quarter and the year, the Company incurred unforeseen expenses amounting to $3.4 million in relation to COVID-19. These costs were largely due to increased health and safety measures and premium pay for employees.

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

FORWARD-LOOKING STATEMENTS

This report contains Statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking statements may include, without limitation, statements and information which reflect the current expectations of the Company with respect to future events and performance. Wherever used, the words "may," "will," "should," "anticipate," "intend," "assume," "expect," "plan," "believe," "estimate," and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, the Company cautions investors that statements concerning the following subjects are, or are likely to be, forward-looking statements: future prices of raw sugar, natural gas costs, the opening of special refined sugar quotas in the United States ("U.S."), beet production forecasts, growth of the maple syrup industry, the status of labour contracts and negotiations, the level of future dividends and the status of government regulations and investigations and the impact of the COVID-19 pandemic on the Corporation and its operations. Forward-looking statements are

based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, including with respect to the continuity of its operations despite the COVID-19 pandemic, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results or current expectations. Readers should also refer to the section "Risks and Uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. These risks are also referred to in the Company's Annual Information Form in the "Risk Factors" section.

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

ABOUT ROGERS SUGAR INC

Rogers is the largest refined sugar producer in Canada and the largest maple syrup bottler in the world. Our aspiration is to become a leading North American natural sweetener supplier by executing on our three core strategies, namely, operational excellence, market access and acquisition. On August 5 and November 18, 2017, the Company made progress in its third strategy by acquiring TMTC and Decacer. As a result, the Company diversified and solidified its leadership position in this growing natural sweetener market. Rogers encompasses two reportable segments; the Sugar segment and the Maple product segment.

Rogers' head office is in Vancouver, British Columbia and its administrative office is located in Montréal, Québec.

Our 800 employees are key to our success and employee safety is continuously at the forefront of our priorities. Each of the Company's manufacturing operations incorporates occupational health and safety components in its annual planning which are reviewed weekly by senior management and quarterly by the Board of Directors.

SUGAR SEGMENT

Facilities

Lantic is the only sugar producer with operating facilities across Canada with cane refineries in Montréal and Vancouver and a sugar beet factory in Taber, Alberta. Lantic also operates a custom blending and packaging operation and a distribution center in Toronto, Ontario. The strategic location of these facilities confers operating flexibility and the ability to service all customers across the country efficiently and on a timely basis.

Our Products

All Lantic operations supply high quality white sugar as well as a broad portfolio of specialty products which are differentiated by colour, granulation, and raw material source.

Sales are focused in three specific market segments: industrial, consumer, and liquid products. The domestic market represents more than 90% of the Company's total volume.

In fiscal 2020, the domestic refined sugar market continued to show modest growth and increased by approximately 1.5% versus last fiscal year.

The industrial granulated segment is the largest segment accounting for approximately 60% of all shipments. The industrial segment is comprised of a broad range of food processing companies that serve both the Canadian and American markets.

In the consumer market segment, a wide variety of products are offered under the Lantic and Rogers brand names. This segment has remained fairly stable during the past several years although volume sold within this market in fiscal 2020 by Canadian refiners had an increase of approximately 21% year-over-year due to a non-recurring increase in home cooking attributable to the COVID-19 pandemic.

The liquid market segment is comprised of core users whose process or products require liquid sucrose and another customer group that can substitute liquid sucrose with high fructose corn syrup ("HFCS"). The purchasing patterns of substitutable users are largely influenced by the absolute price spread between HFCS and liquid sugar. Increasingly, other considerations, such as ingredient labeling could also bear some influence on the purchasing decision.

The liquid segment grew modestly in the current fiscal year. It should be noted that liquid and industrial customer segments have shown volatility more recently due to the varying impact of the COVID-19 pandemic on their operations and overall customer demands.

Lantic's Taber plant is the only beet sugar factory in Canada and is therefore the only producer of Canadian origin sugar. As such, this plant is the sole participant in an annual Canadian-specific quota to the U.S. of 10,300 metric tonnes. As part of the recently concluded Canada-United-States-Mexico Agreement ("CUSMA"), an additional quota of 9,600 metric tonnes of Canadian origin sugar has been awarded to Canada. This agreement was ratified on July 1, 2020 and additional shipments are expected to begin in fiscal 2021.

By-products relating to beet processing and cane refining activities are sold in the form of beet pulp, beet and cane molasses. Taber Beet pulp is sold domestically and to export customers for livestock feed. The production of these products is dependent on the volume of sugar processed through the Taber, Montréal and Vancouver plants.

Our Supply

The global supply of raw cane sugar is ample. Over the last several years, Lantic has purchased most of its raw cane sugar from Central and South America for its Montréal and Vancouver cane refineries.

In fiscal 2018, the Company entered into a two-year agreement with the Alberta Sugar Beet Growers (the "Growers") for the supply of sugar beets to the Taber beet plant, for which the crop harvested in the Fall of 2019 is the first year of the agreed contract. Contract negotiations with the Growers for crop years beyond 2020 are currently taking place and are expected to conclude prior to the next spring planting season. Any potential shortfall in beet sugar production related to crop issues is mostly replaced by refined cane sugar from the Vancouver refinery, which acts as a swing capacity refinery and from the Montréal refinery if required.

Pricing

In fiscal 2020, the price of raw sugar fluctuated between U.S. 9.05 cents per pound and U.S. 15.90 cents per pound and closed at U.S. 13.55 cents per pound at the end of the fiscal year, which was 2.02 cents higher than the closing value at September 28, 2019. Although price variation during the year was more than in fiscal 2019 when raw sugar prices fluctuated between U.S. 10.68 and U.S. 14.24 cents per pound, the average raw sugar price in fiscal 2020 was similar to the 2019 average. However, during fiscal 2020, the COVID-19 pandemic created significant volatility in the raw sugar market price. On April 28th, 2020, the price dropped to U.S. 9,05 cents per pound, the lowest level since June 2008.

The price of refined sugar deliveries from the Montréal and Vancouver raw cane facilities is directly linked to the price of the #11 world raw sugar market traded on the Intercontinental Exchange ("ICE"). All sugar transactions are economically hedged, thus eliminating the impact of volatility in world raw sugar prices. This applies to all refined sugar sales made by these plants. Liquid sales to HFCS substitutable customers are normally priced against competing HFCS prices and are historically the lowest margin sales for the Company.

Whereas higher #11 world raw sugar values may have the effect of reducing the competitiveness of the liquid business versus HFCS, the opposite holds true for our beet operation. In Taber, the raw material used to produce sugar is sugar beets, for which a fixed price, plus a scaled incentive linked to higher raw sugar values, is paid by Lantic to the Growers. As a result, Lantic benefits from, or alternatively, absorbs some of the changes associated with fluctuations in world raw sugar prices for all volume sold, excluding non-U.S. export volume.

MAPLE PRODUCTS SEGMENT

Facilities

TMTC operates three plants in Québec, namely, in Granby, Dégelis and in St-Honoré-de-Shenley, and one in Websterville, Vermont. On August 1, 2018, the Company announced its intention to relocate its Granby operation to a new built for purpose leased facility also located in Granby. The relocation was completed at the beginning of calendar 2020.

Our Products

TMTC's products are comprised of the following: bottled maple syrup, bulk maple syrup, maple sugar and flakes, and ancillary or derived maple products.

Bottled maple syrup is packaged in a variety of formats and sizes, including bottles, plastic jugs and the traditional cans. Bottled maple syrup is available in all commercial grades and in organic and non-organic varieties. TMTC's bottled maple syrup is sold under a variety of brands, including Uncle Luke's™, L.B. Maple Treat™, Great Northern™, Decacer, Highland Sugarworks™ and Tapp and Spout™.

Bulk maple syrup is mainly sold in containers of 4L or 17L, barrels and totes to foodservice retailers as well as other wholesalers. Bulk maple syrup is also sold for industrial use for bottling or for use in food production, and privately under the L.B. Maple Treat™ brand.

Maple derived products include maple blended syrup, maple spread, maple cookies, maple taffy and other maple candies, popcorn, teas and coffees. Maple products are mainly sold under the L.B. Maple Treat™ and Highland Sugarworks™ brands.

Our Supply

The biggest concentration of maple trees is located in Québec, New Brunswick, Ontario, Vermont, Maine, New York and New Hampshire. The production of maple syrup takes place over a period of 6 to 8 weeks during the months of March and April of each year.

Canada remains the largest producer of maple syrup, with over 80% of the world's production. The U.S. is the only other major producing country in the world, producing approximately 20% of the global supply. Québec represented 72% of the world's production in 2020.

The maple syrup producers in Québec are represented by the Producteurs et Productrices Acéricoles du Québec ("PPAQ"). The PPAQ generally regulates the buying and selling of bulk maple syrup. The PPAQ represents approximately 11,300 producers and 7,400 individual businesses.

In Québec, nearly 90% of the total production of maple syrup is sold through the PPAQ Sales Agency to the authorized buyers, leaving only approximately 10% of the total production being sold directly by the producers to consumers at farmer's market or direct store delivery to local grocery stores. The authorized buyer status is renewed on an annual basis.

In 2002, the PPAQ set up a strategic maple syrup reserve in order to mitigate production fluctuations imputable to weather conditions and prevent such fluctuations from causing supply disruption and maple syrup prices to spike or drop significantly. The reserve was initially established to set aside a production quantity equivalent to half of the then annual demand. Each year, the PPAQ may organize a sale of a portion of its accumulated reserve. This allows bottlers to respond to supply shortages in the event of a poor harvest or unplanned growth and demand. As of October 2020, the PPAQ had over 127 million pounds of bulk maple syrup, including 16 million pounds of processing/industrial grade maple syrup, in its strategic reserve, which represents a little over half of the annual global retail consumption.

In 2004, the PPAQ adopted a policy with respect to production and marketing quotas which resulted in an annual production volume allocated to each maple syrup business. The main objective of the policy is to adjust the supply of maple syrup in response to consumer demand, and more specifically, to stabilize selling prices for producers and, ultimately, the buying price for consumers, foster investments in the maple industry and maintain a steady number of maple producing businesses in operation, regardless of their size.

Outside of Québec, the maple syrup industry is generally organized through producer-based organizations or associations, which promote maple syrup in general and its industry and serve as the official voice for maple syrup producers with the public.

TMTC has relationships with more than 1,400 maple syrup producers, mainly in Québec and Vermont. Most of these producers sell 100% of their production to TMTC. Through its strong relationship with such producers, TMTC was able to develop a leading position in certified organic maple syrup.

Pricing

Pursuant to a Marketing Agreement entered into annually between the PPAQ and the Conseil de l'industrie de l'érable (the Maple Industry Council ("MIC")), authorized buyers must pay a minimum price to the PPAQ for any maple syrup purchased from the producers. The price is fixed on an annual basis and depends on the grade of the maple syrup. In addition, a premium is added to the minimum price for any organic maple syrup. Pursuant to the Marketing Agreement, authorized buyers must buy maple syrup from the PPAQ.

USE OF FINANCIAL DERIVATIVES FOR HEDGING

Sugar

In order to protect itself against fluctuations in the world raw sugar market, the Company follows a rigorous hedging program for all purchases of raw cane sugar and sales of refined sugar.

The #11 world raw sugar market is only traded on the ICE, which trades in U.S. dollars. One can trade sugar futures forward for a period of three years against four specific terminals per year (March, May, July and October). The terminal values are used to determine the price settlement upon the receipt of a raw sugar vessel or the delivery of sugar to the Company's customers. The ICE rules are strict and are governed by the New York Board of Trade. Any amount owed, due to the movement of the commodity being traded, has to be settled in cash the following day (margin call payments/receipts).

For the purchasing of raw sugar, the Company enters into long-term supply contracts with reputable raw sugar suppliers (the "Seller"). These long-term agreements will, amongst other things, specify

the yearly volume (in metric tonnes) to be purchased, the delivery period of each vessel, the terminal against which the sugar will be priced, and the freight rate to be charged for each delivery. The price of raw sugar will be determined later by the Seller, based upon the delivery period. The delivery period will correspond to the terminal against which the sugar will be priced.

The selling of refined sugar by the Company is also done under the #11 world raw sugar market. When a sales contract is negotiated with a customer, the sales contract will determine the period of the contract, the expected delivery period against specific terminals and the refining margin and freight rate to be charged over and above the value of the sugar. The price of the sugar is not yet determined but needs to be fixed by the customer prior to delivery. The customer will make the decision to fix the price of the sugar when he feels the sugar market is favourable against the sugar terminal, as per the anticipated delivery period.

The Company purchases sugar beets from the Growers under a fixed price formula plus a scale incentive when raw sugar values exceed a certain price level. Except for sales to the U.S., under the export quota, to HFCS-substitutable accounts, and for other export opportunities, all other sales are made using the same formula as cane sugar, following the #11 world raw sugar price.

Natural Gas

The Board of Directors of Lantic approved an energy hedging policy to mitigate the overall price risks in the purchase of natural gas.

The Company purchases between 3.0 million gigajoules and 3.5 million gigajoules of natural gas per year for use in its refining operations. To protect against large and unforeseen fluctuations, the Company can hedge forward up to 90% of its estimated usage over the next 12 months and lower percentages of its estimated usage on a longer-term basis.

These gas hedges are unwound in the months that the commodity is used in the operations, at which time any gains or losses incurred are then recognized for the determination of gross margins and earnings.

Foreign Exchange

Raw sugar costs for all sales contracts are based on the U.S. dollar. The Company also buys natural gas in U.S. dollars. In addition, sugar export sales and some Canadian sugar sales are denominated in U.S. dollars.

In order to protect itself against the movement of the Canadian dollar versus the U.S. dollar, the Company, on a daily basis, reconciles all of its exposure to the U.S. dollar and will hedge the net position against various forward months, estimated from the date of the various transactions.

Certain export sales of maple syrup are denominated in U.S. dollars, in Euro or in Australian dollars. In order to mitigate against the movement of the Canadian dollar versus the U.S. dollars, Euro or Australian dollars, TMTC enters into foreign exchange hedging contracts with certain customers. These foreign exchange hedging contracts are unwound when the money is received from the customer, at which time any gains or losses incurred are then recognized for the determination of adjusted gross margins and earnings. Foreign exchange gains or losses on any unhedged sales contracts are recorded when realized.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

The following is a summary of selected financial information of Rogers' consolidated results for the 2020, 2019 and 2018 fiscal years. The financial results for fiscal 2018 include those of Decacer since its acquisition on November 18, 2017.

(unaudited)	Fourth Quarter [3]		Fiscal Year [4]		
(In thousands of dollars, except volume and per share information)	**2020**	2019 [5]	**2020**	2019 [3]	2018 [3]
Total volume					
Sugar (metric tonnes)	**225,396**	196,903	**761,055**	741,144	719,875
Maple syrup ('000 pounds)	**13,181**	10,163	**53,180**	42,377	45,919
	$	$	**$**	$	$
Total revenues	**246,212**	207,572	**860,801**	794,292	805,201
Gross margin	**37,890**	29,073	**126,199**	122,575	130,853
Results from operating activities ("EBIT")	**22,829**	(32,800)	**68,010**	24,147	84,100
Net earnings (loss)	**12,952**	(40,021)	**35,419**	(8,167)	48,729
Net earnings (loss) per share (basic)	**0.13**	(0.38)	**0.34**	(0.08)	0.46
Net earnings (loss) per share (diluted)	**0.12**	(0.38)	**0.34**	(0.08)	0.43
Dividends per share	**0.09**	0.09	**0.36**	0.36	0.36
Non- IFRS results [1]	**$**	$	**$**	$	$
Adjusted Gross Margin [1] [2]	**40,065**	29,026	**126,118**	116,578	126,362
Adjusted results from operating activities ("Adjusted EBITDA") [1] [2]	**25,004**	17,153	**67,929**	68,150	79,609
Adjusted EBITDA [1] [2]	**31,231**	22,215	**92,259**	87,808	99,942
Adjusted net earnings [1] [2]	**14,551**	9,910	**35,245**	37,079	45,032
Adjusted net earnings per share (basic) [1] [2]	**0.14**	0.09	**0.34**	0.35	0.43
Trailing twelve months free cash flow [2]	**40,002**	30,843	**40,002**	30,843	47,802

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] See "Adjusted results" section.
[3] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[4] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
[5] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Adjusted results

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

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

Management uses the non-GAAP adjusted results of the operating company to measure and to evaluate the performance of the business through its adjusted gross margin, adjusted EBIT, adjusted EBITDA and adjusted net earnings. In addition, management believes that these measures are important to our investors and parties evaluating our performance and comparing such performance to past results. Management also uses adjusted gross margin, adjusted EBIT, adjusted EBITDA, and adjusted net earnings, including segment specific information when discussing results with the Board of Directors, analysts, investors, banks and other interested parties. See "Non-GAAP measures" section.

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

Income (loss)	**Fourth Quarter Fiscal 2020** [1]			Fourth Quarter Fiscal 2019 [1]		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Mark-to-market on:						
Sugar futures contracts	**(1,766)**	**—**	**(1,766)**	1,744	—	1,744
Foreign exchange forward contracts	**992**	**1,069**	**2,061**	(250)	(53)	(303)
Total mark-to-market adjustment on derivatives	**(774)**	**1,069**	**295**	1,494	(53)	1,441
Cumulative timing differences	**(2,555)**	**61**	**(2,494)**	(1,551)	(185)	(1,736)
Adjustment to cost of sales	**(3,329)**	**1,130**	**(2,199)**	(57)	(238)	(295)
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges	**24**	**—**	**24**	342	—	342
Total adjustment to costs of sales	**(3,305)**	**1,130**	**(2,175)**	285	(238)	47

[1] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.

Income (loss)		**Fiscal 2020** [1]			Fiscal 2019 [1]	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Mark-to-market on:						
Sugar futures contracts	**(801)**	**—**	**(801)**	179	—	179
Foreign exchange forward contracts	**1,605**	**1,010**	**2,615**	(220)	(321)	(541)
Total mark-to-market adjustment on derivatives	**804**	**1,010**	**1,814**	(41)	(321)	(362)
Cumulative timing differences	**(2,023)**	**195**	**(1,828)**	4,652	49	4,701
Adjustment to cost of sales	**(1,219)**	**1,205**	**(14)**	4,611	(272)	4,339
Amortization of transitional balance to cost of sales and changes in fair value of expired contracts for cash flow hedges	**95**	**—**	**95**	1,658	—	1,658
Total adjustment to costs of sales	**(1,124)**	**1,205**	**81**	6,269	(272)	5,997

[1] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.

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

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

The above described adjustments are added or deducted to the mark-to-market results to arrive at the total adjustment to cost of sales. For the fourth quarter of the current year, the total cost of sales adjustment is a loss of $2.2 million to be added to the consolidated results versus a nominal gain to be deducted from the consolidated results for the comparable quarter last year. For fiscal 2020, the total cost of sales adjustment is a gain of $0.1 million compared to a gain of $6.0 million to be deducted from the consolidated results for the comparable period last year. See "Non-GAAP measures" section.

SEGMENTED INFORMATION

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

Consolidated results	Fourth Quarter Fiscal 2020 [3]			Fourth Quarter Fiscal 2019 [2] [3]		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Revenues	**188,666**	**57,546**	**246,212**	159,432	48,140	207,572
Gross margin	**32,198**	**5,692**	**37,890**	24,643	4,430	29,073
Administration and selling expenses	**7,803**	**2,589**	**10,392**	4,730	2,622	7,352
Distribution costs	**4,197**	**472**	**4,669**	3,465	1,056	4,521
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Results from operating activities (EBIT)	**20,198**	**2,631**	**22,829**	16,448	(49,248)	(32,800)
Non-GAAP results [1]:						
Adjusted Gross Margin [1]	**35,503**	**4,562**	**40,065**	24,358	4,668	29,026
Adjusted results from operating activities (Adjusted EBIT) [1]	**23,503**	**1,501**	**25,004**	16,163	990	17,153
Adjusted EBITDA [1]	**27,982**	**3,249**	**31,231**	19,662	2,553	22,215
Additional information:						
Addition to property, plant and equipment and intangible assets	**8,394**	**578**	**8,972**	7,054	1,081	8,135

Consolidated results	Fiscal Year 2020 [4]			Fiscal Year 2019 [2] [4]		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Revenues	**631,263**	**229,538**	**860,801**	595,878	198,414	794,292
Gross margin	**105,088**	**21,111**	**126,199**	100,301	22,274	122,575
Administration and selling expenses	**27,959**	**10,981**	**38,940**	21,609	9,962	31,571
Distribution costs	**16,266**	**2,983**	**19,249**	13,153	3,704	16,857
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Results from operating activities (EBIT)	**60,863**	**7,147**	**68,010**	65,539	(41,392)	24,147
Non-GAAP results:						
Adjusted Gross Margin [1]	**106,212**	**19,906**	**126,118**	94,032	22,546	116,578
Adjusted results from operating activities (Adjusted EBIT) [1]	**61,987**	**5,942**	**67,929**	59,270	8,880	68,150
Adjusted EBITDA [1]	**78,877**	**13,382**	**92,259**	73,135	14,673	87,808
Additional information:						
Addition to property, plant and equipment and intangible assets	**20,711**	**6,569**	**27,280**	22,645	4,468	27,113

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.
[3] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[4] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.

Results from operation by segment

SUGAR

Revenues

	Fourth Quarter [1]		Fiscal Year [2]	
(In thousands of dollars, except volume)	**2020**	2019	**2020**	2019
	$	$	**$**	$
Revenues	**188,666**	159,432	**631,263**	595,878
Volume (MT) as at September 28, 2019	**196,903**		**741,144**	
Variation:				
Industrial	**10,367**		**(10,850)**	
Consumer	**5,818**		**19,770**	
Liquid	**5,418**		**5,642**	
Export	**6,890**		**5,349**	
Total variation	**28,493**		**19,911**	
Volume as at September 28, 2019	**225,396**		**761,055**	

[1] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[2] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.

Strong performance in the sugar segment in the fourth quarter and full year fiscal 2020 was driven by increased volumes across almost all segments of the sugar business and improved adjusted gross margin. Approximately 14,000 metric tonnes of the volume increase in the fourth quarter and the current year is attributable to the extra week of fiscal 2020.

Revenues increased in the fourth quarter of fiscal 2020 and for the year due to an extra week of operation in fiscal 2020, higher weighted average raw sugar values in Canadian dollars as well as an increase in overall volumes.

Volumes in the industrial market segment increased in the fourth quarter mostly due to the extra week of shipments and the return to normal demand for certain large industrial accounts impacted earlier by the COVID-19 pandemic. For the full year, industrial volumes were lower than last year due to reduced demand in the third quarter driven by the COVID-19 pandemic which resulted in less demand for manufacturing of food products destined for the food service sector. Industrial volumes were also impacted by the non-recurring sales to a competitor that occurred in the first quarter of fiscal year 2019 and by the rail blockades that took place in the second quarter of the current fiscal year, which created difficulties in servicing our Ontario customers.

Consumer volumes increased in the fourth quarter and full year in 2020 due to the extra week of shipments in the current year and continued strong retail demand driven by the increase in home baking associated with the COVID-19 pandemic.

Liquid volumes increased in the current quarter and the current year as a result of the extra week of shipments in 2020 along with additional demand from existing customers.

Finally, export volumes increased in the current quarter and the full year driven by additional U.S. global refined Tariff-Rate Quotas ("TRQ") in fiscal 2020. In total the Company sold 5,349 metric tonnes more than in the previous year. Most of the extra volume was sold in the fourth quarter of 2020. The export sales for 2020 amounted to approximately 57,000 metric tonnes of which approximately 18,000 metric tonnes were entered against the various US refined TRQ's.

Gross margin

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

(In thousands of dollars, except per metric tonne information)	Fourth Quarter [3]		Fiscal Year [4]	
	2020	2019 [5]	**2020**	2019 [5]
	$	$	**$**	$
Gross margin	**32,198**	24,643	**105,088**	100,301
Total adjustment to cost of sales [1] [2]	**3,305**	(285)	**1,124**	(6,269)
Adjusted gross margin [1]	**35,503**	24,358	**106,212**	94,032
Gross margin per metric tonne	**142.85**	125.15	**138.08**	135.33
Adjusted gross margin per metric tonne	**157.51**	123.71	**139.56**	126.87
Included in Gross margin:				
Depreciation of property, plant and equipment and right-of-use assets	**3,920**	3,298	**14,918**	13,072

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] See "Adjusted results" section.
[3] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[4] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
[5] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Gross margin of $32.2 million for the quarter and $105.1 million for the year does not reflect the economic margin of the sugar segment, as it includes a loss of $3.3 million and of $1.1 million for the fourth quarter and the year respectively, for the mark-to-market of derivative financial instruments as explained above. In fiscal 2019, a mark-to-market gain of $0.3 million and $6.3 million was recorded for the fourth quarter and the year, respectively, resulting in gross margins of $24.6 million and $100.3 million for their respective periods. These mark-to-market gains and losses must be deducted from or added to the gross margin in order to arrive to adjusted gross margin results.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter was $11.1 million or 45.8% higher than the last quarter of fiscal 2019. For the fourth quarter of 2020, the adjusted gross margin per metric tonne was $33.80 higher than the prior year. The favourable variance in adjusted gross margin per metric tonne was mainly related to higher sales volume in the grocery and exports segments.

For fiscal 2020, adjusted gross margin increased by $12.2 million or 13%. For fiscal 2020, adjusted gross margin per metric tonne increased by $12.69 compared to fiscal 2019. The favourable variance in adjusted gross margin per metric tonne was mainly related to higher sales volume in the grocery and exports segments and from lower volume originating from our beet sugar plant in Taber.

Other expenses

(In thousands of dollars)	Fourth Quarter [1] 2020	Fourth Quarter [1] 2019 [3]	Fiscal Year [2] 2020	Fiscal Year [2] 2019 [3]
	$	$	**$**	$
Administration and selling expenses	**7,803**	4,730	**27,959**	21,609
Distribution costs	**4,197**	3,465	**16,266**	13,153
Included in Administration and selling expenses:				
Amortization of intangible assets	**230**	201	**862**	793
Included in Distribution costs:				
Depreciation of right-of-use assets	**329**	—	**1,110**	—

(1) The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
(2) Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
(3) The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Administration and selling expenses were $3.1 million and $6.4 million higher than the fourth quarter and for the prior year, respectively. The increase is mainly related to incremental costs associated with the COVID-19 pandemic in the current year. These costs included additional wages, protective personal equipment, sanitary supplies, and other incremental resources allocated to our operations and amounted to $1.0 million for the fourth quarter and $3.1 million for the full year. In addition, administrative and selling expenses in the fourth quarter and full year were impacted by higher compensation costs and related employee benefits.

Distribution costs for the current quarter and for the year amounted to $4.2 million and $16.3 million, respectively. The additional $3.1 million of costs in fiscal 2020 were mainly related to expenses incurred to reconfigure the supply chain as a result of the smaller crop in Taber, along with incremental warehousing costs in the U.S. incurred to take advantage of the Global refined sugar TRQ.

Results from operating activities (EBIT)

(In thousands of dollars)	Fourth Quarter [3] 2020	Fourth Quarter [3] 2019 [5]	Fiscal Year [4] 2020	Fiscal Year [4] 2019 [5]
	$	$	**$**	$
Results from operating activities (EBIT)	**20,198**	16,448	**60,863**	65,539
Adjusted results from operating activities (Adjusted EBIT) [1] [2]	**23,503**	16,163	**61,987**	59,270

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
(2) See "Adjusted results" section.
(3) The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
(4) Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
(5) The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

The results from operating activities of $20.2 million and $60.9 million for the fourth quarter and the year, respectively, do not reflect the adjusted results from operating activities of the Sugar segment, as they include gains and losses from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments.

Adjusted results from operating activities for the fourth quarter and the year of 2020 were $7.3 million and $2.7 million higher than the comparative period for last year. The fourth quarter result represents a 45.3% improvement from the same quarter last year, driven by higher adjusted gross margin of $11.1 million, partially offset by higher administration and selling expenses of $3.1 million and higher distribution costs of $0.7 million. For the full year, adjusted results from operating activities were 5.0% higher, due to higher adjusted gross margin of $12.2 million, partially offset by higher administration and selling expenses of $6.4 million and higher distribution costs of $3.1 million.

Adjusted EBITDA

	Fourth Quarter [3]		Fiscal Year [4]	
(In thousands of dollars)	**2020**	2019 [5]	**2020**	2019 [5]
	$	$	**$**	$
Results from operating activities	**20,198**	16,448	**60,863**	65,539
Total adjustment to cost of sales [1] [2]	**3,305**	(285)	**1,124**	(6,269)
Adjusted results from operating activities (Adjusted EBIT)	**23,503**	16,163	**61,987**	59,270
Depreciation of property, plant and equipment, right-of -use assets and amortization of intangible assets	**4,479**	3,499	**16,890**	13,865
Adjusted EBITDA [1] [2]	**27,982**	19,662	**78,877**	73,135

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] See "Adjusted results" section.
[3] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[4] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
[5] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

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

Adjusted EBITDA for the fourth quarter and the year of 2020 increased by $8.3 million and $5.7 million, respectively compared to last year. The improvement was mainly driven by increased adjusted results from operations, as described above, along with a larger adjustment for the impact of non-cash depreciation and amortization expenses largely caused by the implementation of IFRS 16. The adoption of the new IFRS 16 Leases standard resulted in a $0.9 million and $3.0 million increase in adjusted EBITDA for the current quarter and the year, respectively.

MAPLE PRODUCTS

Revenues

(In thousands of dollars, except volume)	Fourth Quarter [1]		Fiscal Year [2]	
	2020	2019	**2020**	2019
Volume ('000 pounds)	**13,181**	10,163	**53,180**	42,377
Revenues	**57,546**	48,140	**229,538**	198,414

[1] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[2] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.

Revenues increased in the fourth quarter and fiscal 2020 by $9.4 million and $31.1 million compared to the same periods last year mainly due to higher sales volumes from new and existing customers. Volumes in the fourth quarter and full year increased by 29.7% and 25.5%, respectively, in part driven by higher demand associated with the COVID-19 pandemic.

Gross margin

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

(In thousands of dollars, except adjusted gross margin rate information)	Fourth Quarter [3]		Fiscal Year [4]	
	2020	2019 [5]	**2020**	2019 [5]
	$	$	**$**	$
Gross margin	**5,692**	4,430	**21,111**	22,274
Total adjustment to cost of sales [1] [2]	**(1,130)**	238	**(1,205)**	272
Adjusted gross margin [1]	**4,562**	4,668	**19,906**	22,546
Gross margin percentage	**9.9%**	9.2%	**9.2%**	11.2%
Adjusted gross margin percentage [1]	**7.9%**	9.7%	**8.7%**	11.4%
Included in Gross margin:				
Depreciation of property, plant and equipment and right-of-use assets	**809**	557	**3,083**	1,855

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] See "Adjusted results" section.
[3] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[4] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
[5] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Gross margin of $5.7 million and $21.1 million for the quarter and for the year does not reflect the economic margin of the Maple products segment, as it includes a gain of $1.1 million and of $1.2 million, respectively, for the mark-to-market of derivative financial instruments on foreign exchange contracts.

We will therefore comment on adjusted gross margin results.

Adjusted gross margin for the current quarter and the year amounted to $4.6 million and $19.9 million, respectively. Adjusted gross margin in the fourth quarter and for the year, on a percentage basis, was lower than the prior year due largely to lower average pricing resulting from increased market competition. Adjusted gross margin was also impacted in fiscal 2020 by non-recurring operational costs incurred in connection with the relocation of the Granby production facility.

Other expenses

(In thousands of dollars)	Fourth Quarter [1] 2020	Fourth Quarter [1] 2019	Fiscal Year [2] 2020	Fiscal Year [2] 2019
	$	$	**$**	$
Administration and selling expenses	**2,589**	2,622	**10,981**	9,962
Distribution costs	**472**	1,056	**2,983**	3,704
Goodwill impairment	**—**	50,000	**—**	50,000
Included in Administration and selling expenses:				
Amortization of intangible assets	**876**	875	**3,505**	3,501

(1) The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
(2) Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.

Administration and selling expenses for the fourth quarter and for the year were $2.6 million and $11.0 million, respectively. Fourth quarter levels were consistent with the same quarter last year and the increase of $1.0 million compared to fiscal 2019 was mainly related to additional costs incurred to support the business, including costs related to the COVID-19 pandemic.

Distribution expenses were $0.6 million and $0.7 million lower in the fourth quarter and for the year when compared to the same periods last year driven largely by changes in the sales product mix.

At the end of 2019, the Company reviewed the valuation of the Maple cash generating unit and concluded that the carrying value of goodwill exceeded the expected recoverable amount. As a result, the Company recorded a non-cash impairment of $50.0 million to its goodwill balance in the fourth quarter of fiscal 2019.

Results from operating activities (EBIT)

(In thousands of dollars)	Fourth Quarter [3] 2020	Fourth Quarter [3] 2019 [5]	Fiscal Year [4] 2020	Fiscal Year [4] 2019 [5]
	$	$	**$**	$
Results from operating activities	**2,631**	(49,248)	**7,147**	(41,392)
Adjusted results from operating activities (Adjusted EBIT) [1] [2]	**1,501**	990	**5,942**	8,880

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
(2) See "Adjusted results" section.
(3) The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
(4) Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
(5) The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

The results from operating activities for the fourth quarter and for the full year 2020 of $2.6 million and $7.1, respectively, do not reflect the adjusted results from operating activities of the Maple products segment, as they include gains and losses from the mark-to-market of derivative financial instruments, as well as timing differences in the recognition of any gains and losses on the liquidation of derivative instruments. We will therefore comment on adjusted results from operating activities.

As explained above, in the fourth quarter of fiscal 2019, a goodwill impairment of $50.0 million was recorded and negatively impacted Adjusted EBIT. Excluding the goodwill impairment, fourth quarter 2020 Adjusted EBIT of $1.5 million was $0.5 million higher than the same quarter last year, mostly due to lower distribution costs, as explained above. For the full year, excluding the goodwill impairment, Adjusted EBIT of $5.9 million was $2.9 million lower than fiscal 2019 due to lower adjusted gross margin and higher administration and selling expenses, as mentioned above, partially offset by lower distribution costs.

Adjusted EBITDA

	Fourth Quarter [3]		**Fiscal Year** [4]	
(In thousands of dollars)	**2020**	2019 [5]	**2020**	2019 [5]
	$	$	**$**	$
Results from operating activities	**2,631**	(49,248)	**7,147**	(41,392)
Total adjustment to cost of sales [1] [2]	**(1,130)**	238	**(1,205)**	272
Adjusted results from operating activities (Adjusted EBIT) [1]	**1,501**	(49,010)	**5,942**	(41,120)
Non-recurring expenses:				
Other one-time non-recurring items	**63**	131	**852**	437
Depreciation and amortization	**1,685**	1,432	**6,588**	5,356
Goodwill impairment	**—**	50,000	**—**	50,000
Adjusted EBITDA [1]	**3,249**	2,553	**13,382**	14,673

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
(2) See "Adjusted results" section.
(3) The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
(4) Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
(5) The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

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

Adjusted EBITDA for the fourth quarter and the year of 2020 increased by $0.7 million and decreased by $1.3 million, respectively compared to last year. For the fourth quarter, the favorable variance was mainly related to lower distribution costs. For the year, the variance was mainly related to unfavourable adjusted gross margin and higher administration and selling expenses, partially offset by lower distribution costs.

CONSOLIDATED RESULTS OF OPERATION

The following is a summary of selected financial information of Rogers' consolidated results for the 2020, 2019 and 2018 fiscal years. The financial results for fiscal 2018 include those of Decacer since its acquisition on November 18, 2017.

(unaudited)	Fourth Quarter [2]		Fiscal Year [3]		
(In thousands of dollars, except volume and per share information)	**2020**	2019 [2]	**2020**	2019 [2]	2018 [2]
	$	$	**$**	$	$
Sugar (metric tonnes)	**225,396**	196,903	**761,055**	741,144	719,875
Maple syrup ('000 pounds)	**13,181**	10,163	**53,180**	42,377	45,119
Total revenues	**246,212**	207,572	**860,801**	794,292	805,201
Gross margin	**37,890**	29,073	**126,199**	122,575	130,853
Results from operating activities (EBTI)	**22,829**	(32,800)	**68,010**	24,147	84,100
Net finance costs	**4,991**	4,843	**18,523**	18,113	17,132
Income tax expense	**4,886**	2,378	**14,068**	14,201	18,239
Net earnings (loss)	**12,952**	(40,021)	**35,419**	(8,167)	48,729
Net earnings (loss) per share (basic)	**0.13**	(0.38)	**0.34**	(0.08)	0.46
Net earnings (loss) per share (diluted)	**0.12**	(0.38)	**0.34**	(0.08)	0.43
Dividends per share	**0.09**	0.09	**0.36**	0.36	0.36
Non- GAAP results [1]:					
Adjusted Gross Margin [1]	**40,065**	29,026	**126,118**	116,578	126,362
Adjusted results from operating activities (Adjusted EBIT) [1]	**25,004**	17,153	**67,929**	68,150	79,609
Adjusted EBITDA [1]	**31,231**	22,215	**92,259**	87,808	99,942
Adjusted net earnings [1]	**14,551**	9,910	**35,245**	37,079	45,032
Adjusted net earnings per share (basic) [1]	**0.14**	0.09	**0.34**	0.35	0.43

(1) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
(2) See "Adjusted results" section.
(3) The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
(4) Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
(5) The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Total revenues

Revenues increased by $38.6 million and $66.5 million for the fourth quarter and the current year in comparison to prior periods. The improvement in revenues is explained by higher revenues in both the Sugar and Maple products segments, as explained above.

Gross margin

Gross margin of $37.9 million for the current quarter and $126.2 million for the current year does not reflect the economic margin of the Company, as it includes a loss of $2.2 million for the fourth quarter of the current year and a gain of $0.1 million for the current year related to the mark-to-market of derivative financial instruments (See "Adjusted results" section). In fiscal 2019, a nominal mark-to-market gain and a mark-to-market gain of $6.0 million was recorded for the fourth quarter and for the year, respectively, resulting in gross margins of $29.1 million and $122.6 million for their respective period.

Excluding the mark-to-market of derivative financial instruments, adjusted gross margin for the last quarter of 2020 increased by $11.0 million, which is mainly explained by an increase in the Sugar segment of as explained above. For the year, the adjusted gross margin was $9.5 million higher for 2020 compared to 2019 due to the increase noted in the Sugar segment of $12.2 million was partially offset by a decrease in the Maple products segment of $2.6 million, as explained above.

Results from operating activities (EBIT)

For the fourth quarter and fiscal 2020, EBIT amounted to $22.8 million and $68.0 million, respectively. For 2019, EBIT for the fourth quarter was showing a negative balance of $32.8 million while the annual EBIT for 2019 was $24.2 million. As discussed previously, the fourth quarter of 2019 includes a non-cash goodwill impairment of $50.0 million relating to the Maple products segment. In addition, as mentioned above, the gross margin comparison does not reflect the economic results from operating activities which were impacted by $2.2 million and $5.9 million for the quarter and the year, respectively, due to the period-over-period variation in mark-to-market of derivative financial instruments adjustments.

Excluding the mark-to-market of derivative financial instruments and excluding the impact of the goodwill impairment in the prior year, adjusted EBIT for the current quarter was $25.0 million as compared to $17.1 million for the comparative period last year. The increase of $7.9 million was largely attributable to the Sugar segment as explained above. For the year, adjusted EBIT was $67.9 million compared to $68.2 million for the prior year.

Net finance costs

The net finance costs breakdown is as follows:

	Fourth Quarter [1]		Fiscal Year [2]	
(In thousands of dollars)	**2020**	2019	**2020**	2019
	$	$	**$**	$
Interest expense on convertible unsecured subordinated debentures	**2,161**	2,082	**8,446**	8,339
Interest on revolving credit facility	**1,797**	1,797	**6,723**	7,337
Amortization of deferred financing fees	**297**	296	**1,187**	1,178
Other interest expense	**543**	737	**1,500**	1,637
Interest accretion on discounted lease obligations	**253**	—	**864**	—
Amortization of transition balances and net change in fair value of interest rate swap agreements	**—**	(69)	**(197)**	(378)
Net finance costs	**4,991**	4,843	**18,523**	18,113

[1] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[2] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.

Net finance costs consisted of interest paid under the revolving credit facility, as well as interest expense on the convertible unsecured subordinated debentures and other interest. It also includes a mark-to-market gain or loss on the interest swap agreements. The other interest expense pertains mainly to interest payable to the PPAQ on syrup purchases, in accordance with payment terms.

Net finance costs for the current quarter and for the current year were $0.1 million and $0.4 million higher than the same period last year, respectively, as the benefit from a decrease in interest rate was partially offset by the impact from the adoption of IFRS 16 *Leases*.

Taxation

The income tax expense (recovery) is as follows:

	Fourth Quarter [1]		Fiscal Year [2]	
(In thousands of dollars)	**2020**	2019	**2020**	2019
	$	$	**$**	$
Current	**2,445**	4,038	**11,290**	16,084
Deferred	**2,441**	(1,660)	**2,778**	(1,883)
Income tax expense	**4,886**	2,378	**14,068**	14,201

(1) The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
(2) Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.

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.

The variation in current and deferred tax expense for the quarter and the year in comparison to 2019 is consistent with the variation in earnings before taxes excluding the goodwill impairment expense recorded in 2019.

Net earnings (loss)

Net earnings amounted to $13.0 million for the fourth quarter of 2020 and $35.4 million for the year ended October 3, 2020. The increase of $53.0 million for the fourth quarter and $43.6 million for the year is mostly explained by the Maple products non-cash goodwill impairment recorded in the last quarter of 2019, as well as the variation of the after-tax impact of a reduction in adjusted operational results partially off-set by the gains and losses on the mark-to-market of derivative financial instruments.

Summary of Quarterly Results

The following is a summary of selected financial information of the consolidated financial statements and non-GAAP measures of the Company for each of the quarters of fiscal 2020 and 2019:

QUARTERS [4]	2020				2019 [5]			
(In thousands of dollars, except for volume and per share information)	**First**	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
Sugar Volume (MT)	**188,379**	**175,226**	**172,054**	**225,396**	188,377	175,040	180,824	196,903
Maple products volume ('000 pounds)	**12,792**	**12,893**	**14,313**	**13,181**	11,857	11,033	9,325	10,163
	$	**$**	**$**	**$**	$	$	$	$
Total revenues	**209,316**	**199,126**	**206,147**	**246,212**	206,022	189,250	191,448	207,572
Gross margin	**39,046**	**19,390**	**29,873**	**37,890**	34,549	28,212	30,741	29,073
EBIT	**26,751**	**6,058**	**12,372**	**22,829**	22,982	15,395	18,570	(32,800)
EBITDA	**32,473**	**11,930**	**18,092**	**28,993**	27,763	20,173	23,301	(27,869)
Net earnings (loss)	**15,964**	**965**	**5,538**	**12,952**	13,411	8,011	10,432	(40,021)
Gross margin rate per MT [1]	**176.39**	**95.10**	**133.66**	**142.85**	155.81	124.80	135.28	125.15
Gross margin percentage [2]	**10.7%**	**4.9%**	**11.1%**	**9.9%**	9.5%	12.7%	13.9%	9.2%
Per share								
Net earnings (loss)								
Basic	**0.15**	**0.01**	**0.05**	**0.13**	0.13	0.08	0.10	(0.38)
Diluted	**0.14**	**0.01**	**0.05**	**0.12**	0.12	0.08	0.10	(0.38)
Non-GAAP Measures [3]								
Adjusted gross margin [3]	**23,612**	**23,612**	**25,915**	**40,065**	37,009	24,312	26,231	29,026
Adjusted EBIT [3]	**10,280**	**10,280**	**8,414**	**25,004**	25,442	11,495	14,060	17,153
Adjusted EBITDA [3]	**30,227**	**16,522**	**14,279**	**31,231**	30,231	16,570	18,792	22,215
Adjusted net earnings [3]	**4,036**	**4,036**	**2,560**	**14,551**	15,056	5,077	7,033	9,910
Adjusted gross margin rate per MT [1] [3]	**109.63**	**109.63**	**120.45**	**157.51**	155.16	110.22	116.97	123.71
Adjusted gross margin percentage [2] [3]	**7.9%**	**7.9%**	**8.4%**	**7.9%**	14.2%	10.0%	11.2%	9.7%
Adjusted net earnings per share [3]								
Basic	**0.13**	**0.04**	**0.02**	**0.14**	0.14	0.05	0.07	0.09
Diluted	**0.13**	**0.04**	**0.02**	**0.14**	0.13	0.05	0.07	0.09

(1) Gross margin rate per MT and adjusted gross margin rate per MT pertain to the Sugar segment only.
(2) Gross margin percentage and adjusted gross margin percentage pertains to the Maple products segment only.
(3) See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
(4) All quarters are 13 weeks with the exception of the fourth quarter of fiscal 2020 which is 14 weeks.
(5) The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Historically, the first quarter (October to December) of the fiscal year is the best quarter of the sugar segment for adjusted gross margins and adjusted net earnings due to the favourable sales mix associated with an increased proportion of consumer sales during that period of the year. At the same time, the second quarter (January to March) historically has the lowest volume as well as an unfavourable customer mix, resulting in lower revenues, adjusted gross margins and adjusted net earnings. The historical trend for adjusted gross margin and adjusted net earnings was different for 2020 due to the impact of the smaller beet crop in the first quarter, the volatility in customer demand related to COVID-19 throughout the last three quarters of the year and the extra week recognized in the fourth quarter.

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

Financial condition

(In thousands of dollars)	**2020**	2019 [1]	2018 [1]
	$	$	$
Total assets	**887,144**	835,028	870,209
Total non-current liabilities	**448,128**	404,904	382,136

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

The increase in total assets in the current fiscal year is due mainly to the impact from the adoption of *IFRS 16* as well as higher property-plant and equipment. The decrease in total assets for fiscal 2019 when compared to 2018 is due mainly to the $50.0 million impairment of goodwill partially offset by higher property-plant and equipment.

Non-current liabilities for fiscal 2020 also increased due mainly to the impact from the adoption of *IFRS 16*, an increase in employee benefits liabilities mostly due to a change in pension actuarial assumptions as at October 3, 2020, as well as an increase in deferred tax liabilities. The increase in non-current liabilities from fiscal 2018 to fiscal 2019 is explained by an increase in employee benefits liabilities mostly due to a change in pension actuarial assumptions as of September 28, 2019.

Liquidity

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

(In thousands of dollars)	**2020 [1]**	2019 [1] [2]
	$	$
Cash flow from operating activities	**64,601**	55,868
Cash flow used in financing activities	**(36,786)**	(30,768)
Cash flow used in investing activities	**(26,153)**	(27,009)
Effect of changes in exchange rate on cash	**28**	52
Net increase (decrease) in cash and cash equivalents	**1,690**	(1,817)

[1] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
[2] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Cash flow from operating activities increased by $8.7 million, which is explained by lower income taxes paid of $9.9 million, partially offset by higher pension contributions of $1.2 million.

The negative variation in cash flow used in financing activities of $6.0 million is mainly attributable to an increase in repurchase of shares of $5.9 million, the adoption of IFRS 16 Leases resulted in an increase of $4.2 million in cash outflow used in financing activities as a result of payments made for lease obligations, a variation in bank overdraft of $8.3 million, partly offset by an increase in revolving credit facility of $12.0 million.

The cash outflow used in investing activities decreased compared to fiscal 2019 by $0.9 million due to lower capital spending.

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

Free cash flow is as follows:

	Fiscal Year [2]		
(In thousands of dollars)	**2020**	2019 [3]	2018 [3]
	$	$	$
Cash flow from operations	**64,601**	55,868	52,912
Adjustments:			
Changes in non-cash working capital	**(1,098)**	1,996	12,764
Mark-to-market and derivative timing adjustments	**12**	(4,340)	(1,776)
Amortization of transitional balances	**(292)**	(2,037)	(3,247)
Financial instruments non-cash amount	**2,413**	(1,472)	7,645
Capital expenditures and intangible assets	**(26,153)**	(27,009)	(23,655)
Operational excellence capital expenditures	**11,275**	8,617	7,394
Payment of leases obligation	**(4,205)**	—	—
Purchase and cancellation of shares	**(6,536)**	(640)	(3,963)
Deferred financing charges	**(16)**	(140)	(272)
Free cash flow [1]	**40,001**	30,843	47,802
Declared dividends	**37,380**	37,793	37,971

[1] See "Non-GAAP Measures" section for definition and reconciliation to GAAP measures.
[2] Fiscal 2020 consists of 53 weeks and fiscal 2019 and 2018 consists of 52 weeks.
[3] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Free cash flow for fiscal 2020 was $9.2 million higher than the previous year mainly explained by an increase in adjusted EBITDA[1] of $4.5 million, a lower capital and intangible spending, net of operational excellence capital of $3.5 million, lower taxes paid of $9.9 million. Somewhat offsetting the positive variance is an increase of $5.9 million in purchase and cancellation of shares, capital lease payments of $4.2 million and higher pension contributions of $1.2 million.

Capital and intangible assets expenditures, net of operational excellence expenditures, decreased by $3.5 million compared to last year due to timing in spending, in part, due to delays associated with the COVID-19 pandemic. Free cash flow is not impacted by operational excellence capital expenditures, as these projects are not necessary for the operation of the plants but are undertaken because of the substantial operational savings that are realized once the projects are completed.

During the year, the Sugar segment invested $14.3 million in "Stay in Business and Safety" capital projects for plant reliability, product security, information systems and environmental requirements. The Maple product segment invested $0.8 million in "Stay in Business and Safety" capital projects.

During the current fiscal year, Rogers purchased and cancelled a total of 1,377,394 common shares under the NCIB for a total cash consideration of $6.5 million, compared to 122,606 common shares acquired last fiscal year, for a total cash consideration of $0.6 million.

Financing charges are paid when a new debt financing is completed and such charges are deferred and amortized over the term of that debt. The cash used in the year to pay for such fees is therefore not available and as a result is deducted from free cash flow. In fiscal 2020, a nominal amount was paid to extend and amend the revolving credit facility as opposed to $0.1 million for fiscal 2019.

The Company declared a quarterly dividend of 9.0 cents per common share, resulting in an amount payable of $37.4 million for the current year versus $37.8 million last year.

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

The combined impact of the mark-to-market, financial instruments non-cash amount and amortization of transitional balances of $2.1 million for the current fiscal year do 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

The following table identifies the outstanding contractual obligations of the Company as at year-end, and the effects such obligations are expected to have on liquidity and cash flow over the next several years:

(In thousands of dollars)	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Revolving credit facility	194,000	29,000	—	165,000	—
Interest on convertible debentures	34,218	7,506	15,012	7,506	4,194
Interest based on swap agreement	11,583	2,655	5,549	2,422	957
Lease obligations	26,218	4,405	6,242	3,946	11,625
Purchase obligations	63,294	63,294	—	—	—
	329,313	106,860	26,803	178,874	16,776
Sugar segment purchase obligations (in MT)	1,496,000	544,000	850,000	102,000	—
Maple product segment purchase obligations (in '000 pounds)	4,000	4,000	—	—	—

The Sixth and Seventh series debentures, which mature in December 2024 and June 2025, respectively, have been excluded from the above table due to the holders' conversion option and the Company's option to satisfy the obligations at redemption or maturity in shares. Interest has been included in the above table to the date of maturity.

In fiscal 2013, Lantic entered into a five-year credit agreement of $150.0 million effective June 28, 2013, replacing the $200.0 million credit agreement that expired on the same date. On August 3, 2017, the Company amended its existing revolving credit facility to partially fund the acquisition of TMTC. The available credit was increased by $75.0 million by drawing additional funds under the accordion feature embedded in the revolving credit facility ("Additional Accordion Borrowings"). Then, on December 20, 2017, the Company amended, once again, its existing revolving credit facility thereby increasing its available credit by $40.0 million by drawing additional funds under the accordion feature ("Second Additional Accordion Borrowings") to partially fund the Decacer acquisition.

On July 9, 2019, the Company exercised its option to extend the maturity date of its revolving credit facility to June 28, 2024 and made minor amendments to the amended credit agreement entered into on December 20, 2017, which do not affect its outstanding borrowings nor its financial covenants. As a result of the amended revolving credit facility, the Second Additional Accordion Borrowings and the Additional Accordion Borrowings, the Company has a total of $265.0 million of available working capital from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios. As at October 3, 2020, a total of $483.7 million have been pledged as security for the revolving credit facility, compared to $422.2 million as at September 28, 2019, including trade receivables, inventories and property, plant and equipment.

At October 3, 2020, the Company was in compliance with all the financial covenants related to its revolving credit facility and a total of $194.0 million had been borrowed under the facility, of which, $29.0 million was presented as current.

In order to fix the interest rate on a substantial portion of the expected drawdown of the revolving credit facility, the Company enters into interest rate swap agreements. Since June 28, 2013, a number of interest rate swap agreements were put in place. The following table provides the outstanding swap agreements as at October 3, 2020 as well as their respective value, interest rate and time period:

Fiscal year contracted	Date	Total value
		$
Fiscal 2017	May 29, 2017 to June 28, 2022 – 1.454%	20,000
Fiscal 2017	September 1, 2017 to June 28, 2022 – 1.946%	30,000
Fiscal 2017	June 29, 2020 to June 29, 2022 – 1.733%	30,000
Fiscal 2019	March 12, 2019 to June 28, 2024 – 2.08%	20,000
Fiscal 2020	October 3, 2019 to June 28, 2024 – 1.68%	20,000
Fiscal 2020	February 24, 2020 to June 28, 2025 – 1.60%	20,000
Fiscal 2020	March 6, 2020 to June 28, 2021 – 1.08%	20,000
Total outstanding value as at October 3, 2020		160,000
		$
Forward start interest rate swaps:		
Fiscal 2019	June 29, 2022 to June 28, 2024 – 2.17%	80,000
Fiscal 2020	June 28, 2021 to June 28, 2023 – 1.08%	10,000
Fiscal 2020	June 28, 2024 to June 28, 2025 – 1.18%	80,000

Lease obligations relate mainly to the leasing of various mobile equipment, the premises of the blending operations in Toronto and other various location associated with the Maple products segment operations.

Purchase obligations represent all open purchase orders as at year-end and approximately $22.9 million for sugar beets that will be harvested and processed in fiscal 2020 but exclude any raw sugar priced against futures contracts. The purchase obligation regarding the sugar beets represents Management's best estimate of the amount expected to be payable in fiscal 2021 as of the date of this MD&A.

TMTC has $4.0 million remaining to pay related to an agreement to purchase approximately $12.2 million (4.0 million pounds) of maple syrup from the PPAQ. In order to secure bulk syrup purchases, the Company issued letters of guarantee for a total amount of $14.5 million in favor of the PPAQ. The letters of guarantee expire on February 28, 2021.

A significant portion of the Company's sales are made under fixed-price, forward-sales contracts, which extend up to three years. The Company also contracts to purchase raw cane sugar substantially in advance of the time it delivers the refined sugar produced from the purchase. To mitigate its exposure to future price changes, the Company attempts to manage the volume of refined sugar sales contracted for future delivery in relation to the volume of raw cane sugar contracted for future delivery, when feasible.

The Company uses derivative instruments to manage exposures to changes in raw sugar prices, natural gas prices and foreign exchange. The Company's objective for holding derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of these exposures.

To reduce price risk, the Company's risk management policy is to manage the forward pricing of purchases of raw sugar in relation to its forward refined sugar sales. The Company attempts to meet this objective by entering into futures contracts to reduce its exposure. Such financial instruments are used to manage the Company's exposure to variability in fair value attributable to the firm commitment purchase price of raw sugar.

The Company has hedged all of its exposure to raw sugar price risk movement through July 2023.

At October 3, 2020, the Company had a net short sugar position of $3.9 million in net contract amounts with a current net contract value of $5.2 million. This short position represents the offset of a smaller volume of sugar priced with customers than purchases priced from suppliers.

The Company uses futures contracts and swaps to help manage its natural gas costs. At October 3, 2020, the Company had $40.5 million in natural gas derivatives, with a current contract value of $38.9 million.

The Company's activities, which result in exposure to fluctuations in foreign exchange rates, consist of the purchasing of raw sugar, the selling of refined sugar and Maple products and the purchasing of natural gas. The Company manages this exposure by creating offsetting positions through the use of financial instruments. These instruments include forward contracts, which are commitments to buy or sell at a future date and may be settled in cash.

The credit risk associated with foreign exchange contracts arises from the possibility that counterparties to a foreign exchange contract in which the Company has an unrealized gain, fail to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Forward foreign exchange contracts have maturities of less than three years and relate mostly to the U.S. currency, and to a much smaller extent, the Euro and Australian currency. The counterparties to these contracts are major Canadian financial institutions. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparties.

At October 3, 2020, the Company had a net $160.4 million in foreign currency forward contracts with a current contract value of $157.9 million.

As part of its normal business practice, the Company also enters into multi-year supply agreements with raw sugar processors for raw cane sugar. Contract terms will state the quantity and estimated delivery schedule of raw sugar. The price is determined at specified periods of time before such raw sugar is delivered based upon the value of raw sugar as traded on the ICE #11 world raw sugar market. At October 3, 2020, the Company had commitments to purchase a total of 1,496,000 metric tonnes of raw sugar, of which approximately 383,574 metric tonnes had been priced, for a total dollar commitment of $150.0 million.

The Company has no other off-balance sheet arrangements.

Capital resources

As mentioned above, Lantic entered into a five-year credit agreement of $150.0 million effective June 28, 2013, which has been amended in fiscal 2017, 2018 and 2019 to increase its borrowing capacity by requesting the Additional Accordion borrowings and the Second Additional Accordion Borrowings, which brought the total available credit to $265.0 million. In addition, the credit facility was also amended in the current year to extend its maturity to June 28, 2024. At October 3, 2020, $194.0 million had been drawn from the working capital facility, $2.8 million was drawn as bank overdraft and $2.0 million in cash was also available.

The Taber beet operation requires seasonal working capital in the first half of the fiscal year, when inventory levels are high and a substantial portion of the payments due to the Growers is made. TMTC also has seasonal working capital requirements. Although the syrup inventory is received during the third quarter of the fiscal year, its payment terms with the PPAQ requires cash payment in the first half of the fiscal year. The Company has sufficient cash and availability under its line of credit to meet such requirements.

Future commitments of approximately $24.6 million have been approved for completing capital expenditures presently in progress.

The Company also has funding obligations related to its employee future benefit plans, which include defined benefit pension plans. As at October 3, 2020, all of the Company's registered defined benefit pension plans were in a deficit position. The Company performed actuarial evaluations for its three remaining pension plans as of December 31, 2016, January 1, 2017 and December 31, 2019.

The Company monitors its pension plan assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in line with industry best practices. Nonetheless, pension fund assets are not immune to market fluctuations and, as a result, the Company may be required to make additional cash contributions in the future. In fiscal 2020, cash contributions to defined benefit pension plans increased by approximately $0.4 million to $4.0 million. In total, the Company expects to incur cash contributions of approximately $5.9 million for fiscal 2021 relating to employee defined benefit pension plans. For more information regarding the Company's employee benefits, please refer to Note 20 of the audited consolidated financial statements.

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

OUTSTANDING SECURITIES

A total of 103,536,923 shares were outstanding as at October 3, 2020 and November 25, 2020, respectively (104,885,464 as at September 28, 2019).

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

On May 22, 2019, the Company received approval from the Toronto Stock Exchange to proceed with a Normal Course Issuer Bid ("2019 NCIB"), under which the Company may purchase up to 1,500,000 common shares. The 2019 NCIB commenced on May 24, 2019 and terminated on March 30, 2020, whereby all common shares had been purchased. During the year, the Company purchased 1,377,394 common shares having a book value of $1.3 million for a total cash consideration of $6.5 million. The excess of the purchase price over the book value of the shares in the amount of $5.2 million was charged to deficit. During fiscal 2019, the Company purchased 122,606 common shares having a book value of $0.1 million for a total cash consideration of $0.6 million. The excess of the purchase price over the book value of the shares in the amount of $0.5 million was charged to deficit. All shares purchased were cancelled.

During fiscal 2020, holders of the Sixth series debentures converted a total of $0.1 million into 9,079 common shares. As a result, the total amount outstanding under the Sixth series debentures is $57,425.

During fiscal 2020, holders of the Seventh series debentures converted a total of $0.2 million into 19,774 common shares. As a result, the total amount outstanding under the Seventh series debentures is $97,575.

The Company currently has a share option plan that was established in 2011 and amended in 2015. Under this plan, the Company has set aside 4,000,000 common shares to be granted to key personnel. As at October 3, 2020, a total of 3,535,997 options had been granted at exercise prices ranging between $4.28 per share and $6.51 per share. These share options are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years.

In fiscal 2018, a Performance Share Unit plan ("PSU") was created and on December 4, 2017. The following table provides the detail of the grants under the PSU:

Grant date	PSU	Additional PSU	Total PSU	Performance Cycle
December 4, 2017	224,761	44,372	269,133	2018-2020
December 3, 2018	290,448	36,717	327,165	2019-2021
December 2, 2019	324,932	18,734	343,666	2020-2022

The PSUs were granted to executives and will vest at the end of the Performance Cycle based on the achievement of total shareholder returns set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors of the Company. If the level of achievement of total shareholder returns is within the specified range, the value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the PSU Plan. If the level of achievement of total shareholder returns is below the minimum threshold, the PSU will be forfeited without any payments made.

ENVIRONMENT

The Company's policy is to meet all applicable government requirements with respect to environmental matters. Management believes that the Company is in compliance in all material respects with environmental laws and regulations and maintains an open dialogue with regulators and the Government with respect to awareness and adoption of new standards.

In fiscal year 2020 the Company completed the installation of equipment to upgrade the Taber beet factory to be fully compliant with the new air emissions regulations in preparation for the start of the 2020 beet harvesting season (crop 2019). Air emission testing took place, and the Alberta Environment and Parks issued a compliance certificate.

With respect to potential environmental remediation of our properties, which could occur in the event of a building demolition or a sale, it is worth noting that the Vancouver facility has a lengthy history of industrial use, and fill materials have been used on the property in the normal course of business. No assurance can be given that material expenditures will not be required in connection with contamination from such industrial use or fill materials.

Similarly, the Montréal facility has a lengthy history of industrial use. Contamination has been identified on a vacant property acquired in 2001, and the Company has been advised that additional soil and ground water contamination is likely to be present. Given the industrial use of the property, and the fact that the Company does not intend to change the use of that property in the future, the Company does not anticipate any material expenditures being required in the short term to deal with this contamination, unless off-property impacts are discovered. The Company has recorded a provision under asset retirement obligations for this purpose and the provision is expected to be sufficient.

Although the Company is not aware of any specific problems at its Toronto distribution centre, its Taber plant and any of the TMTC properties, no assurance can be given that expenditures will not be required to deal with known or unknown contamination at the property or other facilities or offices currently or formerly owned, used or controlled by Lantic.

RISKS AND UNCERTAINTIES

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

Disease and Epidemics, including COVID-19

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

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

Dependence Upon Lantic

Rogers is entirely dependent upon the operations and assets of Lantic through its ownership of securities of this company. Accordingly, interest payments to debenture holders and dividends to shareholders will be dependent upon the ability of Lantic and/or TMTC to pay its interest obligations under the subordinated notes and to declare and pay dividends on or return capital in respect of the common shares. The terms of Lantic's bank and other indebtedness may restrict its ability to pay dividends and make other distributions on its shares or make payments of principal or interest on subordinated debt, including debt which may be held, directly or indirectly, by Rogers, in certain circumstances. In addition, Lantic may defer payment of interest on the subordinated notes at any given time for a period of up to 18 months.

No Assurance of Future Performance

Historic and current performance of the business of the Company and TMTC may not be indicative of success in future periods. The future performance of the business after the acquisition may be influenced by economic downturns and other factors beyond the control of the Company. As a result of these factors, the operations and financial performance of the Company, including TMTC, may be negatively affected, which may materially adversely affect the Company's financial results.

Government Regulations and Foreign Trade Policies with regards to Sugar

In July 1995, Revenue Canada made a preliminary determination, followed by a final determination in October 1995, that there was dumping of refined sugar from the United States, Denmark, Germany, the United Kingdom, the Netherlands and the Republic of Korea into Canada, and that subsidized refined sugar was being imported into Canada from the European Union ("EU"). The Canadian International Trade Tribunal ("CITT") conducted an inquiry and on November 6, 1995 ruled that the dumping of refined sugar from the United States, Denmark, Germany, the United Kingdom and the Netherlands as well as the subsidizing from the EU was threatening material injury to the Canadian sugar industry. The ruling resulted in the imposition of protective duties on these unfairly traded imports.

Under Canadian laws, these duties must be reviewed every five years. On October 30, 2015, the CITT concluded its fourth review of the 1995 finding and issued its decision to continue the finding against dumped and subsidized sugar from the U.S. and EU for another five years. New CITT practice is to initiate reviews later than in previous reviews so it is likely that duty protection will remain in place as late as July 2021 and could be further extended for another five years depending on the outcome of the review.

On October 2, 2020, the CITT initiated the sunset review concerning the anti-dumping and countervailing measures on imports of US and EU refined sugar in the Canadian market. As a result of the CITT's decision, the Canada Border Services Agency (CBSA) has initiated its investigation to determine whether the expiry of the measures is likely to result in the resumption of dumping and subsidizing of US and EU imports into Canada. The CBSA is expected to make a determination by March 1, 2021. If this determination is positive, the CITT will initiate its inquiry on March 2, 2021 to determine if the dumping or subsidizing of refined sugar is likely to result in injury to the Canadian sugar industry. The CITT is expected to issue its decision and reasons by August 6, 2021.

The Canadian Sugar Institute (CSI) is seeking continuation of the anti-dumping and countervailing measures, without amendment, for an additional five years beyond October 29, 2020. This position based on the fact that the trade-distorting sugar programs in the US and EU remain in place and the Canadian industry remains vulnerable to injury from unfair competition from dumped and subsidized imports from these sources.

The duties on imports of U.S. and EU refined sugar are important to Lantic and to the Canadian refined sugar industry in general because they protect the market from the adverse effect of unfairly traded imports from these sources. The government support and trade distorting attributes of the U.S. and EU sugar regimes continue to generate surplus refined sugar production and exports that threaten the Canadian sugar market. However, there is no assurance that the CITT determination in the next review will continue the duty protection for a further five years.

Fluctuations in Margins and Foreign Exchange

The Company's profitability is principally affected by its margins on domestic refined sugar sales. In turn, this price is affected by a variety of market factors such as competition, government regulations and foreign trade policies. The Company, through the Canadian-specific quota, normally sells a small portion of its production of refined sugar in the U.S. and to Mexico and also sells beet pulp to export customers in U.S. dollars. The Company's Taber sugar sales in Canada are priced against the #11 world raw sugar market, which trades in U.S. dollars, while the sugar derived from the sugar beets is paid for in Canadian dollars to the Growers. Fluctuations in the value of the Canadian dollar will impact the profitability of these sales. Except for these sales, which currently can only be supplied by the Company's Taber beet plant, and sales to the U.S. under other announced specific quotas, most sales are in Canada and have little exposure to foreign exchange movements.

Fluctuations in Raw Sugar Prices

Raw sugar prices are not a major determinant of the profitability of the Company's cane sugar operations, as the price at which sugar is both purchased and sold is related to the #11 world raw sugar price and all transactions are hedged. In a market where world raw sugar is tight due to lower production, significant premiums may be charged on nearby deliveries which would have a negative impact on the adjusted gross margins of the cane operations. The #11 world raw sugar price can, however, impact the profitability of the Company's beet operations. Sugar derived from beets is purchased at a fixed price, plus an incentive when sugar prices rise over a certain level, and the selling price of domestic refined sugar rises or falls in relation to the #11 world raw sugar price.

A relatively high world raw sugar price and/or low price of corn will also reduce the competitive position of liquid sugar in Canada as compared to HFCS which could result in the loss of HFCS substitutable business for Lantic.

Security of Raw Sugar Supply

There are over 177 million metric tonnes of sugar produced worldwide. Of this, more than 60 million metric tonnes of sugar are traded on the world market. The Company, through its cane refining plants, buys approximately 0.7 million metric tonnes of raw sugar per year. Even though worldwide raw sugar supply is much larger than the Company's yearly requirements, concentration of supply in certain countries like Brazil, combined with an increase in cane refining operations in certain countries, may create tightness in raw sugar availability at certain times of the year. To prevent any raw sugar supply shortage, the Company normally enters long-term supply contracts with reputable suppliers. For raw sugar supply not under contract, significant premiums may be paid on the purchase of raw sugar on a nearby basis, which may negatively impact adjusted gross margins.

The availability of sugar beets to be processed in Taber, Alberta is dependent on a supply contract with the Growers, and on the Growers planting the necessary acreage every year. In the event that sufficient acreage is not planted in a certain year, or that the Company and the Growers cannot agree on a supply contract, sugar beets might not be available for processing, thus requiring transfer of products from the Company's cane refineries to the Prairie market, normally supplied by Taber. This would increase the Company's distribution costs and may have an impact on the adjusted gross margin rate per metric tonne sold.

Weather and Other Factors Related to Production

Sugar beets, as is the case with most other crops, are affected by weather conditions during the growing season. Additionally, weather conditions during the harvesting and processing season could affect the Company's total beet supply and sugar extraction from beets stored for processing. A significant reduction in the quantity or quality of sugar beets harvested due to adverse weather conditions, disease or other factors could result in decreased production, with negative financial consequences to Lantic.

Regulatory Regime Governing the Purchase and Sale of Maple Syrup in Québec

Producers of maple syrup in Québec are required to operate within the framework provided for by the Marketing Act. Pursuant to the Marketing Act, producers, including producers of maple syrup, can take collective and organized control over the production and marketing of their products (i.e. a joint plan). Moreover, the Marketing Act empowers the marketing board responsible for administering a joint plan, that is the PPAQ in the case of maple syrup, with the functions and role otherwise granted to the Régie des marchés agricoles et alimentaires du Québec, the governing body created by the Government of Québec to regulate, among other things, the agricultural and food markets in Québec. As part of its regulating and organizing functions, the PPAQ may establish arrangements to maintain fair prices for all producers and may manage production surpluses and their storage to stabilize the pricing of maple syrup.

Pursuant to the Sales Agency Regulation, the PPAQ is responsible for the marketing of bulk maple syrup in Québec. Therefore, any container that contains 5L or more of maple syrup must be marketed through the PPAQ as the exclusive selling agent for the producers. Bulk maple syrup may be sold to the PPAQ or to "authorized buyers" accredited by the PPAQ. In Québec, 85% of the total production of maple syrup is sold to the PPAQ or the authorized buyers, leaving only approximately 15% of the total production being sold directly by the producers to consumers or grocery stores. TMTC is an authorized buyer with the PPAQ. The authorized buyer status is renewed on an annual basis. There is no certainty that TMTC will be able to maintain its status as an authorized buyer with the PPAQ. Failure by TMTC, the Corporation or Lantic to remain an authorized buyer with the PPAQ will likely affect the capacity to fully supply the resale of maple syrup or Maple products and therefore the financial results of the Corporation.

The PPAQ, in its capacity as bargaining and sales agent for the producers of maple syrup in Québec as well as the body empowered to regulate and organize the production and marketing of maple syrup, and the bulk buyers of maple syrup, represented by the MIC, entered into the Marketing Agreement, which is expected to be renewed on an annual basis. Pursuant to the Marketing Agreement, authorized buyers must pay a minimum price to the PPAQ for any maple syrup purchased from the producers. As a result, TMTC's ability to negotiate the purchase price of maple syrup is limited. Moreover, the minimum purchase price that is applicable to the authorized buyers with the PPAQ also restricts TMTC's ability to adjust its resale pricing to take into account market fluctuations due to supply and demand. TMTC's incapacity to adjust its resale prices upward to take into account any increase in consumer demand may affect the financial outlook of the Corporation.

Pursuant to the Marketing Agreement, authorized buyers must buy Maple products from the PPAQ in barrels corresponding to the "anticipated volume". The anticipated volume must be realistic and in line with volumes purchased in previous years. The refusal from the PPAQ to accept the anticipated volume set forth by TMTC or the failure by TMTC to properly estimate the anticipated volume for a given year may affect the ability for TMTC to increase its reselling capacity and could materially adversely affect the Company's financial results and operations.

Production of Maple Syrup Being Seasonal and Subject to Climate Change

The production of maple syrup takes place over a period of 6 to 8 weeks during the months of March and April of each year. Maple syrup production is intimately tied to the weather as sap only flows when temperatures rise above freezing level during the day and drop below it during the night, such temperature difference creating enough pressure to push sap out of the maple tree. Given the sensitivity of temperature in the process of harvesting maple sap, climate change and global warming may have a material impact on such process as the maple syrup production season may become shorter. Reducing the production season for maple syrup may also have an impact on the level of production.

In 2002, the PPAQ set up a strategic maple syrup reserve in order to mitigate production fluctuations imputable to weather conditions and prevent such fluctuations from causing maple syrup prices to spike or drop significantly. The reserve was initially established to set aside a production quantity equivalent to half of the then annual demand. Each year, the PPAQ may organize a sale of a portion of its accumulated reserve. There can be no assurance that TMTC will have access to some of such reserve to offset decreases in production due to weather conditions or that such reserve will be sufficient to cover a gap in the production in any given year. Any decrease in production or incapacity to purchase additional reserves from the PPAQ may affect TMTC's supply of its sales of maple syrup and other Maple products and, ultimately, its financial results.

Competition

For the Sugar segment, the Company faces domestic competition from Redpath Sugar Ltd. and smaller regional operators and/distributors of both foreign and domestic refined sugar. Differences in proximity to various geographic areas within Canada and elsewhere result in differences in freight and shipping costs, which in turn affect pricing and competitiveness in general.

In addition to sugar, the overall sweetener market also includes: corn-based sweeteners, such as HFCS, an alternative liquid sweetener, which can be substituted for liquid sugar in soft drinks and certain other applications; and non-nutritive, high intensity sweeteners such as aspartame, sucralose and stevia. Differences in functional properties and prices have tended to define the use of these various sweeteners. For example, HFCS is limited to certain applications where a liquid sweetener can be used. Non-nutritive sweeteners are not interchangeable in all applications. The substitution of other sweeteners for sugar has occurred in certain products, such as soft drinks. We are not able to predict the availability, development or potential use of these sweeteners and their possible impact on the operations of the Company.

For the Maple products segment, TMTC is among the largest branded and private label maple syrup bottling and distributing companies in the world. TMTC has three major competitors in the market and also competes against a multitude of smaller bottlers and distributing companies.

A large majority of TMTC's revenues are made under the private label line. The Corporation anticipates that for a foreseeable future, TMTC's relationship with its top private label customers will continue to be key and will continue to have a material impact on its sales. Although the Corporation considers that the relationship with its top private label customers is excellent, the loss of, or a decrease in the amount of business from, such customers, or any default in payment on their part could significantly reduce TMTC's sales and harm the Company's operating and financial results.

Consumer Habits may Change

The maple products market, both national and international, has experienced some important changes over the last few years as maple products are becoming better known and consumer preferences and consumption patterns have shifted to more natural products. Maple syrup has typically been used, principally in North America, as a natural alternative to traditional sweeteners and has been served on morning meals, such as pancakes, waffles and other breakfast bakeries for decades. The offer of maple products has recently expanded to include, among others, maple butter and maple sugar, flakes and taffy. As a result of evolving customer trends and the development of new maple products continues, TMTC will need to anticipate and meet these trends and developments in a competitive environment on a timely basis. The failure of TMTC to anticipate, identify and react to shifting consumer and retail customer trends and preferences through successful innovation and enhanced production capability could adversely result in reduced demand for its products, which could in turn affect the financial performance of the Company. There is also no guarantee that the current favourable market trends will continue in the future.

Growth of TMTC's Business Relying Substantially on Exports

The size of the global wholesale market for maple syrup is currently estimated at $850 million, the United States being by far the world's largest importer, followed by Japan and Germany. Despite the increase of sales of maple products that the Canadian market has experienced in recent years, the potential for growth of this industry largely relies on the international market. Moreover, over the last few years, New York Vermont and Maine have increased their production of maple syrup and have now become competitors of Québec, which however remains the largest producer and exporter of maple syrup in the world. While TMTC continues to develop its selling efforts outside of Canada, including through forming new partnerships in countries where the maple syrup market is undeveloped, it will likely face high competition from other bottlers and distributers, including from other Canadian and U.S. companies, for its share of the international market. Such growing competition and the incapacity for TMTC to further develop its selling efforts outside of Canada could adversely affect the Company's capacity to grow TMTC's business and its future results. Furthermore, an incapacity to attract increased attention on maple products or a sudden lack of interest for such products from customers outside of North America may affect the Company's future results.

Operating Costs

Natural gas represents an important cost in our refining operations. Our Taber beet factory includes primary agricultural processing and refining. As a result, Taber uses more energy in its operations than the cane facilities in Vancouver and Montréal, principally as a result of the need to heat the cossettes (sliced sugar beets) to evaporate water from juices containing sugar, and to dry wet beet pulp. Changes in the costs and sources of energy may affect the financial results of the Company's operations. In addition, all-natural gas purchased is priced in U.S. dollars. Therefore, fluctuations in the Canadian/U.S. dollar exchange rate will also impact the cost of energy. The Company hedges a portion of its natural gas price exposure through the use of natural gas contracts to lessen the impact of fluctuations in the price of natural gas. Provincial application of some form of carbon tax has been increasingly important across Canada and for some provinces with a carbon tax, rates have been increasing, which could increase the overall energy costs for the Company.

Foreign Trade Policies with regards to Maple products

TMTC's international operations are also subject to inherent risks, including change in the free flow of food products between countries, fluctuations in currency values, discriminatory fiscal policies, unexpected changes in local regulations and laws and the uncertainty of enforcement of remedies in foreign jurisdictions. In addition, foreign jurisdictions, including the United States, TMTC's current and expected largest market, could impose tariffs, quotas, trade barriers and other similar restrictions on TMTC's international sales and subsidize competing agricultural products.

All of these risks could result in increased costs or decreased revenues, either of which could materially adversely affect TMTC's financial condition and results of operations.

Employee Relations

The majority of the Lantic's operations are unionized and agreements are currently in place in each unionized facility. The next collective bargaining agreements to expire will be in fiscal 2021 at the Montreal sugar refinery facility. We expect these agreements will renewed at competitive rates.

The Company has contingency plans in place to mitigate the potential impact of labour disruptions at its facilities. However, such potential disruptions in future years could restrict the ability of the Company to service its customers in the affected regions, consequently affecting the Company's financial results.

Food Safety and Consumer Health

The Company is subject to risks that affect the food industry in general, including risks posed by accidental contamination, product tampering, consumer product liability, and the potential costs and disruptions of a product recall. The Company actively manages these risks by maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems and by maintaining prudent levels of insurance.

The Company's facilities are subject to audit by federal health agencies in Canada and similar institutions outside of Canada. The Company also performs its own audits designed to ensure compliance with its internal standards, which are generally at, or higher than, regulatory agency standards in order to mitigate the risks related to food safety.

Consumers, public health officials and government officials are increasingly concerned about the public health consequences of obesity, particularly among young people. In addition, some researchers, health advocates and dietary guidelines are suggesting that consumption of sugar, in various forms, is a primary cause of increased obesity rates and are encouraging consumers to reduce their consumption of sugar. Increasing public concern about obesity and other health conditions; possible new or increased taxes on products containing sugar, such as sugar-sweetened beverages by government entities to reduce consumption or to raise revenue; shift in consumer preferences from sugar to other types of sweeteners; additional governmental regulations concerning the marketing, labeling, packaging or sale of products and negative publicity may reduce demand for the products of the Company and each of the aforementioned factors could materially adversely affect the Company's financial results and operations.

Cybersecurity

The Company faces various security threats, including cybersecurity threats to gain unauthorized access to sensitive information, to render data or systems unusable, or otherwise affect the Company's ability to operate. The Company's operations require it to use and store personally identifiable and other sensitive information of its employees, notably. The collection and use of personally identifiable information are governed by Canadian federal and provincial laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. The security measures put in place by the Company in that regard cannot provide absolute security, and the Company's information technology infrastructure may be vulnerable to cyberattacks, including without limitation, malicious software, attempts to gain unauthorized access to data hereinabove mentioned, and other electronic security breaches that could lead to disruptions in critical systems, corruptions of data and unauthorized release of confidential or otherwise protected information. The occurrence of one of these events could cause a substantial decrease in revenues, increased costs to respond or other financial loss, damage to reputation, increased regulation or litigation or inaccurate information reported by the Company's operations. These developments may subject the Company's operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could materially and adversely affect the Company's financial results and operations.

The Company seeks to manage cybersecurity risk by continuing to invest in appropriate information technology systems, infrastructure and security, including disaster plans, reviewing its existing technologies, processes and practices on a regular basis and ensuring employees understand and are aware of their role in protecting the integrity of the Company's technological security and information. The Company relies on third party products and services to assist it in protecting its information technology infrastructure and its proprietary and confidential information. The Company seeks to be proactive in the area of cybersecurity and consequently anticipates that it will continue to incur expenses in relation to, and dedicate personnel and other resources to, cybersecurity, as new and increasingly complex threats and risks are identified and responded to.

Environmental Matters

The operations of the Company are subject to environmental regulations imposed by federal, provincial and municipal governments in Canada, including those relating to the treatment and disposal of wastewater and cooling water, air emissions, contamination and spills of substances. Management believes that the Company is in compliance in all material respects with environmental laws and regulations. However, these regulations have become progressively more stringent and the Company anticipates this trend will continue, potentially resulting in the incurrence of material costs to achieve and maintain compliance.

Violation of these regulations can result in fines or other penalties, which in certain circumstances can include clean-up costs. As well, liability to characterize and clean up or otherwise deal with contamination on or from properties owned, used or controlled by the Company currently or in the past can be imposed by environmental regulators or other third parties. Such liabilities could materially adversely affect the Company's financial results and operations.

Income Tax Matters

The income of the Company must be computed and is taxed in accordance with Canadian tax laws, all of which may be changed in a manner that could adversely affect the ability of the Company to pay dividends in the future. There can be no assurance that taxation authorities will accept the tax positions adopted by the Company including the determination of the amounts of federal and provincial income which could materially adversely affect dividends.

The current corporate structure involves a significant amount of inter-company or similar debt, generating substantial interest expense, which reduces earnings and therefore income tax payable at Lantic and TMTC's level. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed against Lantic, it could materially adversely affect the amount of cash transferred to Rogers for dividend payment. Management believes that the interest expense inherent in the structure is supportable and reasonable considering the terms of the debt owed by Lantic to Rogers and TMTC to Lantic.

Management and Operation of Lantic

The Board of Directors of Lantic is currently controlled by Lantic Capital, an affiliate of Belkorp Industries. As a result, holders of shares have limited say in matters affecting the operations of Lantic; if such holders are in disagreement with the decisions of the Board of Directors of Lantic, they have limited recourse. The control exercised by Lantic Capital over the Board of Directors of Lantic may make it more difficult for others to attempt to gain control of or influence the activities of Lantic and the Company.

OUTLOOK

The health and safety of our employees remains our top priority. With respect to COVID-19, the Company is closely following all public health authority recommendations and has put in place enhanced safety protocols. While our plants have continued to operate without any disruption during the COVID-19 pandemic, it remains difficult to estimate or forecast the impact going forward on operations and/or financial results. The Company is closely monitoring the situation and will react quickly to the changing circumstances

Sugar

The Company expects the sugar segment to continue to perform well in fiscal 2021. A combination of strong underlying demand resulting in increased volumes along with a successful beet harvest are expected to result in improved fiscal 2021 operational and financial performance.

Sales volume and Adjusted EBITDA

Market conditions are expected to remain favourable for the sugar business segment in fiscal 2021, despite the ongoing impact of COVID-19. The Company expects sales volume and adjusted EBITDA to improve moderately over fiscal 2020. Sales volumes for fiscal 2021 are expected to increase by approximately 5,000 metrics tonnes notwithstanding the extra week of 2020, to reach approximately 766,000 metric tonnes.

Volume for industrial customers

The Company anticipates that volume for the industrial customer group will increase by approximately 4,000 metric tonnes in 2021, representing a return to normal demand levels with minimal impact from the COVID-19 pandemic in 2021.

For the liquid portion of the industrial customer group, the Company expects volume for 2021 to be comparable to 2020.

Volume for retail customers

The retail consumer demand in 2020 was better than expected due to the effects of COVID-19 and the additional week of operations. In fiscal 2021, the Company does not expect to experience the same level of COVID-19 related demand and anticipates retail customer volume to decrease by approximately 8,000 metric tonnes or 7.0% as compared to 2020.

Volume related to export sales

The Company anticipates export volumes for 2021 to be approximately 10,000 metric tonnes above 2020 driven by the implementation of new export quotas and the resumption of deferred beet shipments to Mexico. The increase also includes 14,400 metric tonnes for 2021 to be supplied by the Taber factory, under the CUSMA special quotas that took effect on July 1, 2020.

Other considerations
In fiscal 2021, the Company expects Adjusted EBITDA to benefit from the return to normal operating conditions in its Taber beet sugar facility. In the fall of 2019, the beet harvest was suspended early due to the impact of severe adverse weather in Alberta. As a result, the crop derived a much inferior quantity of refined sugar resulting in a shortfall of approximately 62,000 metric tonnes. For the 2020 crop, the Company contracted 30,000 acres for planting in Taber, an increase of 2,000 acres from last year. In addition, Taber started harvesting and slicing earlier than previous years and, under normal growing conditions, the new crop is expected to yield approximately 132,000 metric tonnes of beet sugar.

Maintenance programs for the three operating facilities are expected to follow the trend of previous years. Spending on capital projects is also expected to be similar to recent periods. For fiscal 2021, the Company anticipates spending between $25.0 million and $30.0 million on various capital projects, with approximately a quarter allocated to return on investment projects.

In October 2020, the Company announced a strategic collaboration with DouxMatok, a food-tech company and pioneer in the development of efficient flavor delivery technologies, to deliver a unique sugar reduction solution based on cane sugar, to food companies in North America. Although this is a small portion of the sweetener market, we believe this could provide a competitive offering in this niche market.

Maple products
In fiscal 2021, the Company expects to see continued improvement in sales margins, a trend established in the later part of fiscal 2020 and driven by successful contract negotiations with new and existing customers. In addition, the Company expects to lower its operating costs and improve its gross margin through ongoing optimization at its manufacturing facilities and efficiency improvements provided by the investments made in the past two years in its new Granby facility and existing Dégelis plant. Competitive pressures in the Maple industry have stabilized over the past few quarters; however, the Company remains focused on maintaining its market share and improving its sales margins.

Capital investments are expected to be reduced significantly for the Maple segment considering the expenditures incurred over the last two years to improve and increase the production capacity. We continue to expect steady growth in demand for Maple-related products although we expect a tempering from the increase seen during the period of COVID-19.

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

NON-GAAP MEASURES

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

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

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

- Adjusted gross margin is defined as gross margin adjusted for:
    - "the adjustment to cost of sales", which comprises the mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives as shown in the notes to the consolidated financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures, foreign exchange forward contracts and embedded derivatives as described below; and
    - "the amortization of transitional balance to cost of sales for cash flow hedges", which is the transitional marked-to-market balance of the natural gas futures outstanding as of October 1, 2016 amortized over time based on their respective settlement date until all existing natural gas futures have expired, as shown in the notes to the consolidated financial statements.

- Adjusted operating results ("Adjusted EBIT") is defined as EBIT adjusted for the adjustment to cost of sales, the amortization of transitional balances to cost of sales for cash flow hedges.

- Adjusted EBITDA is defined as adjusted EBIT adjusted to add back depreciation and amortization expenses, goodwill impairment, the Sugar segment acquisition costs and the Maple products segment non-recurring expenses.

- Adjusted net earnings is defined as net (loss) earnings adjusted for the adjustment to cost of sales, the amortization of transitional balances to cost of sales for cash flow hedges, the amortization of transitional balance to net finance costs and the income tax impact on these adjustments. Amortization of transitional balance to net finance costs is defined as the transitional marked-to-market balance of the interest rate swaps outstanding as of October 1, 2016, amortized over time based on their respective settlement date until all existing interest rate swaps agreements have expired, as shown in the notes to the consolidated financial statements.

- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.

- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple products segment divided by the revenues generated by the Maple products segment.

- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.

- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, amortization of transitional balances, financial instruments non-cash amount, and includes deferred financing charges, funds received from stock options exercised, funds paid for the purchase and cancellation of shares, capital and intangible assets expenditures, net of operational excellence capital expenditures, and payments of capital leases.

- Pro-forma debt (for the purposes of calculating financial covenant) is defined as the outstanding balance under the revolving credit facility, net of any bank cash balances, and it includes any obligations under IAS 17 Leases and it excludes the impact from the adoption of IFRS 16 Leases with regards to any new lease obligations as well as all convertible unsecured subordinated debentures.

- Pro-forma Adjusted EBITDA (for the purposes of calculating financial covenant) is defined as Adjusted EBITDA adjusted to exclude the impact from the adoption of IFRS 16 Leases on Adjusted EBITDA.

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

Consolidated results	**Fourth Quarter Fiscal 2020 [2]**			Fourth Quarter Fiscal 2019 [2] [4]		
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Gross margin	**32,198**	**5,692**	**37,890**	24,643	4,430	29,073
Total adjustment to the cost of sales [1]	**3,305**	**(1,130)**	**2,175**	(285)	238	(47)
Adjusted Gross Margin	**35,503**	**4,562**	**40,065**	24,358	4,668	29,026
Results from operating activities ("EBIT")	**20,198**	**2,631**	**22,829**	16,448	(49,248)	(32,800)
Total adjustment to the cost of sales [1]	**3,305**	**(1,130)**	**2,175**	(285)	238	(47)
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Adjusted results from operating activities ("Adjusted EBIT")	**23,503**	**1,501**	**25,004**	16,163	990	17,153
Results from operating activities ("EBIT")	**20,198**	**2,631**	**22,829**	16,448	(49,248)	(32,800)
Total adjustment to the cost of sales [1]	**3,305**	**(1,130)**	**2,175**	(285)	238	(47)
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	**4,479**	**1,685**	**6,164**	3,499	1,432	4,931
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Maple Segment non-recurring costs [1]	**—**	**63**	**63**	—	131	131
Adjusted EBITDA [1]	**27,982**	**3,249**	**31,231**	19,662	2,553	22,215
Net earnings (loss)			**12,952**			(40,021)
Total adjustment to the cost of sales [1]			**2,175**			(47)
Goodwill impairment			**—**			50,000
Amortization of transitional balance to net finance costs [1]			**—**			(69)
Income taxes on above adjustments			**(576)**			47
Adjusted net earnings			**14,551**			9,910
Net earnings (loss) per share (basic)			**0.13**			(0.38)
Adjustment for the above			**0.01**			0.47
Adjusted net earnings per share (basic)			**0.14**			0.09

[1] See "Adjusted results" section.
[2] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[3] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
[4] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

Consolidated results		**Fiscal 2020** [3]			Fiscal 2019 [3] [4]	
(In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
	$	**$**	**$**	$	$	$
Gross margin	**105,088**	**21,111**	**126,199**	100,301	22,274	122,575
Total adjustment to the cost of sales [1]	**1,124**	**(1,205)**	**(81)**	(6,269)	272	(5,997)
Adjusted Gross Margin	**106,212**	**19,906**	**126,118**	94,032	22,546	116,578
Results from operating activities ("EBIT")	**60,863**	**7,147**	**68,010**	65,539	(41,392)	24,147
Total adjustment to the cost of sales [1]	**1,124**	**(1,205)**	**(81)**	(6,269)	272	(5,997)
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Adjusted results from operating activities ("Adjusted EBIT") [1]	**61,987**	**5,942**	**67,929**	59,270	8,880	68,150
Results from operating activities ("EBIT")	**60,863**	**7,147**	**68,010**	65,539	(41,392)	24,147
Total adjustment to the cost of sales [1]	**1,124**	**(1,205)**	**(81)**	(6,269)	272	(5,997)
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	**16,890**	**6,588**	**23,478**	13,865	5,356	19,221
Goodwill impairment	**—**	**—**	**—**	—	50,000	50,000
Maple Segment non-recurring costs [1]	**—**	**852**	**852**	—	437	437
Adjusted EBITDA [1]	**78,877**	**13,382**	**92,259**	73,135	14,673	87,808
Net earnings (loss)			**35,419**			(8,167)
Total adjustment to the cost of sales [1]			**(81)**			(5,997)
Goodwill impairment			**—**			50,000
Amortization of transitional balance to net finance costs [1]			**(197)**			(378)
Income taxes on above adjustments			**104**			1,621
Adjusted net earnings			**35,245**			37,079
Net earnings (loss) per share (basic)			**0.34**			(0.08)
Adjustment for the above			**—**			0.43
Adjusted net earnings per share (basic)			**0.34**			0.35

[1] See "Adjusted results" section.
[2] The fourth quarter of fiscal 2020 consists of 14 weeks and the fourth quarter of fiscal 2019 consists of 13 weeks.
[3] Fiscal 2020 consists of 53 weeks and fiscal 2019 consists of 52 weeks.
[4] The current period results include the impacts from the adoption of the new IFRS 16 Leases as discussed in note 3 (h) of the consolidated financial statements. As is permitted with this new standard, comparative information has not been restated and, therefore, may not be comparable.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's audited consolidated financial statements in conformity with IFRS requires us to make estimates and judgements that affect the reported amounts of assets and liabilities, net revenue and expenses, and the related disclosures. Such estimates include the valuation of goodwill, intangible assets, identified assets and liabilities acquired in business combinations, other long-lived assets, income taxes, the provision for asbestos removal and pension obligations. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience, knowledge of economics and market factors, and various other assumptions that management believe to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions are recognized in the period in which the estimates are revised. Refer to note 2 (d) to the audited consolidated financial statements for more detail.

CHANGES IN ACCOUNTING PRINCIPLES AND PRACTICES NOT YET ADOPTED

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

CONTROLS AND PROCEDURES

In compliance with the provisions of Canadian Securities Administrators' Regulation 52-109, the Corporation has filed certificates signed by the President and Chief Executive Officer ("CEO") and by the Vice-President Finance and Chief Financial Officer ("CFO"), in that, among other things, report on:

- their responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company; and
- the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

The CEO and the CFO, have designed the disclosure controls and procedures ("DC&P"), or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others, particularly during the period in which the interim and annual filings are being prepared; and

- information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at October 3, 2020, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of the Company's DC&P. Based on this evaluation, the CEO and the CFO concluded that the Company's DC&P were appropriately designed and were operating effectively as at October 3, 2020.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO have also designed internal controls over financial reporting ("ICFR"), or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS using the framework established in "Internal Control – Integrated Framework (COSO 2013 Framework) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)". As at October 3, 2020, an evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of the Company's ICFR. Based on that evaluation, they have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at October 3, 2020.

In designing and evaluating such controls, it should be recognized that, due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is obliged to use judgement in evaluating controls and procedures.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal controls over financial reporting during the year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Rogers Sugar Inc. and all the information in this annual report pertaining to the Corporation are the responsibility of the Administrator and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by the Administrator in accordance with International Financial Reporting Standards by applying the detailed accounting policies set out in the notes to the financial statements. The Administrator is of the opinion that the consolidated financial statements were prepared based on reasonable and material criteria and using justifiable and reasonable estimates. The Administrator has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial statements of the Corporation.

The Administrator maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that the Administrator fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements of the Corporation. The Board carries out this responsibility through its Audit Committee.

The Audit Committee is appointed by the Board and all of its members are outside and unrelated directors. The committee meets with the Administrator, as well as external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The committee reports its findings to the Board for consideration when approving the financial statements for issuance to the Shareholders. The committee also considers, for review by the Board and approval by the Shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements of the Corporation have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Shareholders. KPMG LLP has full and free access to the Audit Committee.

John Holliday,
President and Chief Executive Officer
Lantic Inc., Administrator

Jean-Sébastien Couillard,
Vice President Finance, Chief Financial Officer and Corporate Secretary
Lantic Inc., Administrator

November 25, 2020

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Rogers Sugar Inc.

Opinion
We have audited the consolidated financial statements of Rogers Sugar Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at October 3, 2020 and September 28, 2019,
- the consolidated statements of earnings (loss) and comprehensive income (loss) for fiscal years ended October 3, 2020 and September 28, 2019,
- the consolidated statements of changes in shareholders' equity for fiscal years ended October 3, 2020 and September 28, 2019,
- the consolidated statements of cash flows for fiscal years ended October 3, 2020 and September 28, 2019,
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at October 3, 2020 and September 28, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Change in Accounting Policy
We draw attention to Note 3 (h) to the financial statements which indicates that the Entity has changed its accounting policy for leases as of September 29, 2019, due to the adoption of IFRS 16, Leases, and has applied that change using a modified retrospective transition approach.

Our opinion is not modified in this respect.

Other Information
Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

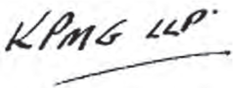
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



The engagement partner on the audit resulting in this auditors' report is Aaron Fima.

Montréal, Canada
November 25, 2020

* CPA auditor, CA, public accountancy permit No. A125211

	Fiscal years ended	
Consolidated statements of earnings (loss)	**October 3, 2020**	September 28, 2019
	$	$
Revenues (note 31)	**860,801**	794,292
Cost of sales	**734,602**	671,717
Gross margin	**126,199**	122,575
Administration and selling expenses	**38,940**	31,571
Distribution expenses	**19,249**	16,857
Goodwill impairment (note 15)	**—**	50,000
	58,189	98,428
Results from operating activities	**68,010**	24,147
Finance income (note 5)	**(197)**	(378)
Finance costs (note 5)	**18,720**	18,491
Net finance costs (note 5)	**18,523**	18,113
Earnings before income taxes	**49,487**	6,034
Income tax expense (recovery) (note 6):		
Current	**11,290**	16,084
Deferred	**2,778**	(1,883)
	14,068	14,201
Net earnings (loss)	**35,419**	(8,167)
Net earnings (loss) per share (note 26):		
Basic	**0.34**	(0.08)
Diluted	**0.34**	(0.08)

	Fiscal years ended	
Consolidated statements of comprehensive income (loss)	**October 3, 2020**	September 28, 2019
	$	$
Net earnings (loss)	**35,419**	(8,167)
Other comprehensive income (loss):		
Items that are or may be reclassified subsequently to net earnings (loss):		
Cash flow hedges (note 9)	**(3,887)**	(4,763)
Income tax on other comprehensive income (loss) (note 6)	**1,016**	1,243
Foreign currency translation differences	**54**	425
	(2,817)	(3,095)
Items that will not be reclassified to net earnings (loss):		
Defined benefit actuarial (losses) gains (note 20)	**(5,847)**	(19,902)
Income tax recovery on other comprehensive income (loss) (note 6)	**1,502**	5,194
	(4,345)	(14,708)
Other comprehensive loss	**(7,162)**	(17,803)
Net earnings (loss) and comprehensive income (loss) for the year	**28,257**	(25,970)

The accompanying notes are an integral part of these consolidated financial statements.

	October 3, 2020	September 28, 2019
	$	$
ASSETS		
Current assets:		
Cash	**1,974**	284
Trade and other receivables (note 7)	**94,262**	85,823
Income taxes receivable	**2,042**	1,977
Inventories (note 8)	**180,792**	182,359
Prepaid expenses	**7,923**	4,162
Derivative financial instruments (note 9)	**2,616**	931
Total current assets	**289,609**	275,536
Non-current assets:		
Property, plant and equipment (note 10)	**230,385**	220,408
Right-of-use assets (note 3 and 11)	**20,489**	—
Intangible assets (note 12)	**31,666**	35,444
Other assets (note 13)	**745**	928
Deferred tax assets (note 14)	**31,085**	19,684
Derivative financial instruments (note 9)	**158**	21
Goodwill (note 15)	**283,007**	283,007
Total non-current assets	**597,535**	559,492
Total assets	**887,144**	835,028
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	**2,797**	8,325
Revolving credit facility (note 16)	**29,000**	17,000
Trade and other payables (note 17)	**131,089**	117,735
Provisions (note 18)	**500**	878
Lease obligations (note 3 and 19)	**3,981**	139
Derivative financial instruments (note 9)	**1,458**	615
Total current liabilities	**168,825**	144,692
Non-current liabilities:		
Revolving credit facility (note 16)	**165,000**	160,000
Employee benefits (note 20)	**59,212**	51,810
Provisions (note 18)	**437**	819
Derivative financial instruments (note 9)	**6,933**	4,677
Lease obligations (note 3 and 19)	**16,423**	742
Convertible unsecured subordinated debentures (note 21)	**145,836**	144,230
Deferred tax liabilities (note 14)	**54,287**	42,626
Total non-current liabilities	**448,128**	404,904
Total liabilities	**616,953**	549,596
Shareholders' equity:		
Share capital (note 22)	**99,452**	100,522
Contributed surplus	**300,794**	300,626
Equity portion of convertible unsecured subordinated debentures (note 21)	**5,085**	5,085
Deficit	**(116,831)**	(109,654)
Accumulated other comprehensive (loss) income	**(18,309)**	(11,147)
Total shareholders' equity	**270,191**	285,432
Commitments (notes 19 and 24)		
Contingencies (note 25)		
Total liabilities and shareholders' equity	**887,144**	835,028

The accompanying notes are an integral part of these consolidated financial statements.

(In thousands of dollars except number of shares)

	For the fiscal year ended October 3, 2020								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized gain (loss) on employee benefit plans	Accumulated cash flow hedge gain	Accumulated foreign currency translation differences	Deficit	Total
		$	$	$	$	$	$	$	$
Balance, September 28, 2019	**104,885,464**	**100,522**	**300,626**	**5,085**	**(8,638)**	**(3,248)**	**739**	**(109,654)**	**285,432**
Net earnings for the year	—	—	—	—	—	—	—	**35,419**	**35,419**
Dividends (note 22)	—	—	—	—	—	—	—	**(37,380)**	**(37,380)**
Purchase and cancellation of shares (note 22)	**(1,377,394)**	**(1,320)**	—	—	—	—	—	**(5,216)**	**(6,536)**
Share-based compensation (note 23)	—	—	**168**	—	—	—	—	—	**168**
Conversion of convertible debentures into common shares (notes 21 and 22)	**28,853**	**250**	—	—	—	—	—	—	**250**
Cash flow hedges, net of tax (note 9)	—	—	—	—	—	**(2,871)**	—	—	**(2,871)**
Defined benefit actuarial losses, net of tax (note 20)	—	—	—	—	**(4,345)**	—	—	—	**(4,345)**
Translation of foreign operations	—	—	—	—	—	—	**54**	—	**54**
Balance, October 3, 2020	**103,536,923**	**99,452**	**300,794**	**5,085**	**(12,983)**	**(6,119)**	**793**	**(116,831)**	**270,191**

The accompanying notes are an integral part of these consolidated financial statements.

	For the fiscal year ended September 28, 2019								
	Number of shares	Common shares	Contributed surplus	Equity portion of convertible debentures	Accumulated unrealized loss on employee benefit plans	Accumulated cash flow hedge gain	Accumulated foreign currency translation differences	Deficit	Total
		$	$	$	$	$	$	$	$
Balance, September 29, 2018	105,008,070	100,639	300,436	5,085	6,070	272	314	(63,171)	349,645
Net earnings for the year	—	—	—	—	—	—	—	(8,167)	(8,167)
Dividends (note 22)	—	—	—	—	—	—	—	(37,793)	(37,793)
Purchase and cancellation of shares (note 22)	(122,606)	(117)	—	—	—	—	—	(523)	(640)
Share-based compensation (note 23)	—	—	190	—	—	—	—	—	190
Cash flow hedges, net of tax (note 9)	—	—	—	—	—	(3,520)	—	—	(3,520)
Defined benefit actuarial losses, net of tax (note 20)	—	—	—	—	(14,708)	—	—	—	(14,708)
Translation of foreign operations	—	—	—	—	—	—	425	—	425
Balance, September 28, 2019	104,885,464	100,522	300,626	5,085	(8,638)	(3,248)	739	(109,654)	285,432

The accompanying notes are an integral part of these consolidated financial statements.

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Cash flows from operating activities:		
Net earnings (loss)	**35,419**	(8,167)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets (note 4)	**19,656**	15,449
Amortization of intangible assets (note 4)	**3,822**	3,772
Changes in fair value of derivative financial instruments included in cost of sales	**(2,413)**	1,472
Income tax expense (note 6)	**14,068**	14,201
Pension contributions	**(9,636)**	(8,422)
Pension expense	**11,191**	8,836
Net finance costs (note 5)	**18,523**	18,113
Loss on disposal of property, plant and equipment (note 10)	**(82)**	(16)
Share-based compensation - equity settled (note 23)	**168**	190
Share-based compensation - cash settled (note 23)	**26**	5
Goodwill impairment (note 15)	**—**	50,000
Other	**1**	7
	90,743	95,440
Changes in:		
Trade and other receivables	**(9,381)**	(4,039)
Inventories	**1,604**	(2,828)
Prepaid expenses	**(3,761)**	1,143
Trade and other payables	**13,496**	4,306
Provisions (note 18)	**(860)**	(578)
	1,098	(1,996)
Cash generated from operating activities:	**91,841**	93,444
Interest paid	**(15,900)**	(16,350)
Income taxes paid	**(11,340)**	(21,226)
Net cash flows from operating activities	**64,601**	55,868
Cash flows used in financing activities:		
Dividends paid	**(37,501)**	(37,804)
(Decrease) increase in bank overdraft	**(5,528)**	2,856
Increase in revolving credit facility (note 16)	**17,000**	5,000
Payment of lease obligations (note 19)	**(4,205)**	—
Purchase and cancellation of shares (note 22)	**(6,536)**	(640)
Payment of financing fees (note 13)	**(16)**	(140)
Net cash flows used in financing activities	**(36,786)**	(30,728)
Cash flows used in investing activities:		
Additions to property, plant and equipment, net of proceeds on disposal	**(26,128)**	(26,837)
Additions to intangible assets (note 12)	**(25)**	(172)
Net cash used in investing activities	**(26,153)**	(27,009)
Effect of changes in exchange rate on cash	**28**	52
Net increase (decrease) in cash	**1,690**	(1,817)
Cash, beginning of year	**284**	2,101
Cash, end of year	**1,974**	284

Supplemental cash flow information (note 27).

The accompanying notes are an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Rogers Sugar Inc. ("Rogers" or the "Company") is a company domiciled in Canada, incorporated under the Canada Business Corporations Act. The head office of Rogers is located at 123 Rogers Street, Vancouver, British Columbia, V6B 3V2. The consolidated financial statements of Rogers as at October 3, 2020 and September 28, 2019 comprise Rogers and the directly and indirectly controlled subsidiaries, Lantic Inc. ("Lantic") and The Maple Treat Corporation ("TMTC"), (together referred to as the "Company"). The principal business activities of the Company are the refining, packaging and marketing of sugar and maple products.

The Company's fiscal year ends on the Saturday closest to the end of September. All references to 2020 and 2019 represent the years ended October 3, 2020 and September 28, 2019.

2. BASIS OF PREPARATION

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on November 25, 2020.

(b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statements of financial position:

(i) derivative financial instruments are measured at fair value,

(ii) equity-settled share-based compensation, cash-settled share appreciation rights and cash-settled performance share units are measured at fair value,

(iii) the defined benefit liability is recognized as the net total of the present value of the defined benefit obligation less the total of the fair value of the plan assets and the unrecognized past service costs;

(iv) assets acquired and liabilities assumed in business combinations are measured at fair value at acquisition date, less any subsequent impairment, if applicable; and

(v) lease liabilities are measured at the present value of future lease payments when the leased asset is available for use by the Company.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, since it is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousands, except as noted and per share amounts.

(d) Use of estimates and judgements:

The preparation of these consolidated financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions about future events that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting years.

The novel coronavirus disease ("COVID-19") did not have a significant impact on estimates and judgements.

2. BASIS OF MEASUREMENT (CONTINUED)

(d) Use of estimates and judgements (continued):

The following is a summary of areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements:

(i) Goodwill impairment:
The Company makes a number of estimates when calculating the recoverable amount of a cash-generating unit containing goodwill using discounted future cash flows or other valuation methods.

(ii) Asset impairment:
The Company must assess the possibility that the carrying amounts of tangible and intangible assets may not be recoverable. Management is required to make subjective assessments, linking the possible loss of value of assets to future economic performance, and determine the amount of asset impairment that should be recognized, if any.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation:

(i) Subsidiaries:
The consolidated financial statements include the Company and the subsidiary it controls, Lantic Inc. ("Lantic") and its subsidiaries, TMTC and Highland Sugarworks Inc. ("Highland") (the latter two companies together referred to as "TMTC"). It should be noted that 9020-2292 Québec Inc. ("Decacer") was amalgamated with TMTC as of September 29, 2019.

Control exists where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company.

The Company owns 100% of the common shares of Lantic. Lantic Capital Inc., a wholly-owned subsidiary of Belkorp Industries Inc., owns the two outstanding Class C shares of Lantic. These Class C shares are non-voting, have no rights to return or risk of loss and are redeemable for a nominal value of one dollar each. The Class C shares entitle the holder to elect five of the seven directors of Lantic but have no other voting rights at any meetings of Lantic's shareholders except as may be required by law.

Notwithstanding Lantic Capital Inc.'s ability to elect five of the seven directors of Lantic, Lantic Capital Inc. receives no benefits or exposure to losses from its ownership of the Class C shares. As the Class C shares are non-dividend paying and redeemable for a nominal value of one dollar, there is no participation in future dividends or changes in value of Lantic resulting from the ownership of the Class C shares. There is also no management fee or other form of consideration attributable to the Class C shares. The determination of control involves a high degree of judgement. Based on all the facts and available information, management has concluded that the Company has control of Lantic.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued):

(ii) Business combinations:
Business combinations are accounted for using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value of the assets transferred, and any debt and equity interests issued by the Company on the date control of the acquired company are obtained. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Contingent consideration classified as a liability that is a financial instrument is subsequently remeasured at fair value, with any resulting gain or loss recognized in the consolidated statements of earnings (loss) and comprehensive income (loss).

Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred and are included in administration and selling expenses in the consolidated statements of earnings (loss) and comprehensive income (loss). Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally measured initially at their fair values at the acquisition date.

(b) Foreign currency transactions:

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date that the fair value was determined. Foreign denominated non-monetary assets and liabilities that are measured at the historical costs are translated at the rate prevailing at the transaction date. Revenues and expenses denominated in foreign currencies are translated into the functional currency at the rate in effect on the dates they occur. Gains or losses resulting from these translations are recorded in net earnings (loss) of the period.

(c) Foreign operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on business combinations, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the average exchange rate in effect during the reporting period.

Foreign currency differences are recognized in other comprehensive income (loss) in the accumulated foreign currency translation differences account. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Company disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to income or loss.

(d) Cash:

Cash includes cash on hand, bank balances and bank overdraft when the latter forms an integral part of the Company's cash management.

(e) Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined on a first-in, first-out basis and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment:

Property, plant and equipment, with the exception of land, are recorded at cost less accumulated depreciation and any accumulated impairment losses. Land is carried at cost and is not depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Construction-in-progress assets are capitalized during construction and depreciation commences when the asset is available for use.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in cost of sales for assets used in production and in administration and selling expenses for all other assets.

Depreciation related to assets used in production is recorded in cost of sales while the depreciation of all other assets is recorded in administration and selling expenses. Depreciation is calculated on a straight-line basis, after taking into account residual values, over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Significant components of individual assets are assessed and, if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately. The estimated useful lives are as follows:

Barrels	6 years
Buildings	20 to 60 years
Furniture and fixtures	5 to 10 years
Machinery and equipment	5 to 40 years

Finance leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and depreciation is adjusted on a prospective basis, if necessary.

(g) Intangible assets:

(i) Goodwill:

Goodwill is measured at the acquisition date as the fair value of the consideration transferred less the fair value of the net identifiable assets of the acquired company or business activities. Goodwill is not amortized and is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (continued):

(ii) Other intangible assets:
Intangible assets that are acquired by the Company and have finite useful lives are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Amortization is calculated over the cost of the asset, less its residual value. Amortization is recognized in administrative expenses on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization of intangible assets not in service begins when they are ready for their intended use. The estimated useful lives are as follows:

Software	5 to 15 years
Customer relationships	10 years
Other	10 years

Brand names are not amortized as they are considered to have an indefinite life.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

For intangible assets with finite life, useful lives and residual values are reviewed at each financial year-end and amortization is adjusted on a prospective basis, if necessary.

(h) Leases:

Effective September 29, 2019 (date of initial application), the Company adopted IFRS 16 using the modified retrospective transition approach. Accordingly, comparative figures as at and for the year-ended September 28, 2019 have not been restated and continue to be reported under IAS 17 and IFRIC 4. The impacts of changes are disclosed in note 3 q) i).

As a result of the adoption of IFRS 16, the Company updated its accounting policy for leases as follows:

The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. The lease payments include fixed and in-substance fixed payments and variable lease payments that depend on an index or rate, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. The Company uses the lessee's incremental borrowing rate for its present value calculations. Lease payments are discounted over the lease term, which includes the fixed term and renewal options that the Company is reasonably certain to exercise. Lease payments are allocated between the lease liability and a finance cost, which is recognized in finance costs over the lease term in the consolidated statement of earnings.

Lease payments for assets that are exempt through the short-term exemption and variable payments not based on an index or rate are recognized in administration and selling expenses or distribution expenses as incurred.

Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any re-measurement of lease liabilities. Cost is calculated as the initial measurement of the lease liability plus any initial direct costs and any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment:

Non-financial assets:
The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated yearly at the same time, at year-end, and whenever there is an indication that the asset might be impaired.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The Company's corporate assets do not generate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(j) Employee benefits:

(i) Pension benefit plans:
The Company provides post-employment benefits through defined benefit and defined contribution plans. The Company also sponsors Supplemental Executive Retirement Plans ("SERP"), which are neither registered nor pre-funded. Finally, the Company sponsors defined benefit life insurance, disability plans and medical benefits for some retirees and employees.

Defined contribution plans
The Company's obligations for contributions to employee defined contribution pension plans are recognized as employee benefit expense in profit or loss in the years during which services are rendered by employees.

Defined benefit plans
The Company maintains some contributory defined benefit plans that provide for pensions to employees based on years of service and the employee's compensation. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued):

(i) Pension benefit plans (continued):

Defined benefit plans (continued)

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (loss). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. Costs related to plan settlements are recorded at the time the Company is committed to a settlement as a separate constructive obligation. Subsequent to the Company being committed to a settlement, the plan liability is measured at the expected settlement amount using settlement interest rates.

(ii) Short-term employee benefits:
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under cash incentive if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based compensation:
The Company has a Share Option Plan. Share-based payment awards are measured at fair value at the grant date, which is recognized as a personnel expense, with a corresponding increase in contributed surplus over the vesting period, which is normally five years. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met. Any consideration paid by employees on exercise of share options is credited to share capital.

(iv) Employee share purchase plan:
The Company has an Employee Share Purchase Plan that is an equity-settled share-based payment with employees; the measurement is based on the grant-date fair value of the equity instrument granted. As such, the expense is recognized when the employee purchases the shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued):

(v) Cash-settled Performance Share Units:
The Company implemented a Performance Share Units plan ("PSU") entitling certain senior personnel to a cash payment. A liability is recognized in payables for the services acquired and is recorded at fair value based on the share price of the Company's Common Shares with a corresponding expense recognized in administration and selling expenses. The amount recognized as an expense is adjusted to reflect the number of units for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the units of awards that do meet the related service and non-market performance conditions at the vesting date.

At the end of each reporting period until the liability is settled, the fair value of the liability is re-measured, with any changes in fair value recognized in the consolidated statement of earnings (loss). The fair value of the employee benefits expense of the PSUs is measured using the Monte Carlo pricing model.

(vi) Termination benefits:
Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be fully settled within 12 months of the end of the reporting period, they are discounted.

(k) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(i) Asset retirement obligation:
The Company recognizes the estimated liability for future costs to be incurred in the remediation of site restoration in regards to asbestos removal and disposal of such asbestos to a landfill for hazardous waste, and for oil, chemical and other hazardous materials storage tanks, only when a present legal or constructive obligation has been determined and that such obligation can be estimated reliably. Upon initial recognition of the obligation, the corresponding costs are added to the carrying amount of the related items of property, plant and equipment and amortized as an expense over the economic life of the asset, or earlier if a specific plan of removal exists. This obligation is reduced every year by payments incurred during the year in relation to these items. The obligation might be increased by any required remediation to the owned assets that would be required through enacted legislation.

(ii) Contingent liability:
A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company, or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services, or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments:

(i) IFRS 9, *Financial Instruments*:

The following summarizes the classification and measurement for the Company's non-derivative and derivative financial assets and financial liabilities.

Financial assets:	IFRS 9 (2014)
Cash	Amortized cost
Trade and other receivables	Amortized cost
Income taxes recoverable	Amortized cost
Non-hedged derivative assets	Fair value through profit or loss

Financial liabilities:	IFRS 9 (2014)
Bank overdraft	Amortized cost
Revolving credit facility	Amortized cost
Amortized cost	Amortized cost
Trade and other payables	Amortized cost
Income taxes payable	Amortized cost
Amortized cost	Amortized cost
Lease obligations	Amortized cost
Convertible unsecured subordinated debentures	Amortized cost
Other long-term liabilities	Fair value through profit or loss
Non-hedged derivative liabilities	Fair value through profit or loss

The Company's natural gas futures and interest rate swap agreements were designated as being effective hedging instruments.

The Company initially recognizes financial instruments on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. In the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are added to or deducted from the fair value.

(ii) Financial assets:

Financial assets are classified into the following categories:

a. Financial assets measured at amortized cost:

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principals and/or interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued):

(ii) Financial assets (continued):

The Company currently classifies its cash, trade accounts receivable, and certain other current assets as assets measured at amortized cost. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. The Company has a portfolio of trade receivables at the reporting date.

The Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income or loss and reflected in an allowance account against trade and other receivables.

b. Financial assets measured at fair value:
These assets are measured at fair value and changes therein, including any interest are recognized in profit or loss. The Company currently has no significant financial assets measured at fair value, except for non-hedged derivative assets.

(iii) Financial liabilities:
Financial liabilities are classified into the following categories:

a. Financial liabilities measured at amortized cost:
A financial liability is subsequently measured at amortized cost, using the effective interest method. The Company currently classifies and measures bank overdraft and revolving credit facility, trade payables and accrued liabilities, lease obligations, and convertible unsecured subordinated debentures as financial liabilities measured at amortized cost.

b. Financial liabilities measured at fair value:
Financial liabilities at fair value are initially recognized at fair value and are re-measured at each reporting date with any changes therein recognized in net earnings (loss). The Company currently has no significant financial liabilities measured at fair value except for non-hedged derivative liabilities.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued):

(iv) Fair values of financial instruments:
Financial assets and liabilities measured at fair value use a fair value hierarchy to prioritize the inputs used in measuring fair value as follows:

Level 1 – valuation based on observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3 – valuation techniques with observable market inputs (involves assumptions and estimates by management of how market participants would price the asset or liability).

a. Cash:
The Company classifies its cash as amortized cost assets. Cash includes cash on hand, bank balances and bank overdraft when the latter forms an integral part of the Company's cash management.

b. Derivative financial instruments and hedging relationships:
The Company enters into derivative financial instruments to hedge its market risk exposures. On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be effective in offsetting the changes in the fair value or cash flows of the respective hedged items throughout the period for which the hedge is designated. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net earnings (loss).

c. Other derivatives:
When a derivative financial instrument, for example, sugar futures and at times options ("sugar contracts"), foreign exchange forward contracts and embedded derivatives is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in net earnings (loss) (marked-to-market).

d. Compound financial instruments:
The Company's convertible unsecured subordinated debentures are accounted for as compound financial instruments. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, gains and losses relating to the financial liability are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued):

(iv) Fair values of financial instruments (continued):

e. Financing charges:
Financing charges, which reflect the cost to obtain new financing, are offset against the debt for which they were incurred and recognized in finance costs using the effective interest method. Financing charges for the revolving credit facility are recorded with other assets.

f. Trade date:
The Company recognizes and derecognizes purchases and sales of derivative contracts on the trade date.

g. Share capital:
Common shares
Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Dividends to the equity holders are recorded in equity.

Repurchase of share capital
When share capital recognized as equity is repurchased for cancellation, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. The excess of the purchase price over the carrying amount of the shares is charged to deficit.

(v) Cash flow hedges:
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect net earnings (loss), the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (loss) and presented in accumulated other comprehensive income (loss) as part of equity.

The amount recognized in other comprehensive income (loss) is removed and included in net earnings (loss) under the same line item in the consolidated statements of earnings (loss) and comprehensive income (loss) as the hedged item, in the same period that the hedged cash flows affect net earnings (loss).

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income (loss) remains in accumulated other comprehensive income (loss) until the forecasted transaction affects profit or loss.

If the forecasted transaction is no longer expected to occur, then the balance in accumulated other comprehensive income (loss) is recognized immediately in net earnings (loss).

When the hedged item is a non-financial asset, the amount recognized in other comprehensive income (loss) is transferred to net earnings (loss) in the same period that the hedged item affects net earnings (loss).

The Company has designated as hedging items its natural gas futures and its interest rate swap agreements entered into in order to protect itself against natural gas price and interest rate fluctuations as cash flow hedges.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition:

The Company derives revenue from the sale of finished goods, which include sugar and maple products. The Company recognizes revenue when all performance obligations have been met which is generally at a point in time when it transfers control of the finished goods to a customer, which occurs upon shipment of the finished goods from the Company's facilities or upon delivery of the finished goods to the customer's premises. Some arrangements for the sale of finished goods provide for customer price discounts and/or volume rebates based on aggregate sales over a specified period, which gives rise to variable consideration. At the time of sale, estimates are made for items giving rise to variable consideration based on the terms of the sales program or arrangement. The variable consideration is estimated at contract inception using the most likely amount method and revenue is only recognized to the extent that a significant reversal of revenue is not expected to occur.

The estimate is based on historical experience, current trends, and other known factors. Sales are recorded net of customer discounts, rebates, and exclude sales taxes.

(n) Finance income and finance costs:

Finance income comprises interest income on funds invested and finance costs comprise interest expense on borrowings. Changes in the fair value of interest rate swaps are recorded initially in other comprehensive income since inception of the cash flow hedge and transferred to finance income and finance costs in the same period that the hedged cash flows affect net earnings (loss). Interest expense is recorded using the effective interest method.

(o) Income taxes:

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. In addition, the effect on deferred tax assets or liabilities of a change in tax rates is recognized in profit or loss in the period in which the enactment or substantive enactment takes place, except to the extent that it relates to an item recognized either in other comprehensive income (loss) or directly in equity in the current or in a previous period. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings (loss) per share:

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares from the conversion of the convertible debentures.

(q) New standards and interpretations adopted:

(i) IFRS 16, *Leases*:

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019.

Effective September 29, 2019 (date of initial application), the Company adopted IFRS 16 using the modified retrospective transition approach. Accordingly, comparative figures as at and for the year-ended September 28, 2019 have not been restated and continue to be reported under IAS 17 and IFRIC 4.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or modified on or after September 29, 2019.

At transition, the Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating lease under IAS 17:

- the Company relied on the assessment of the onerous lease provisions under IAS 37, Provisions, contingent liabilities and contingent assets, instead of performing an impairment review. The Company adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous leases recognized in the consolidated statements of financial position immediately before the date of initial application;
- the Company accounted for low-value leases and leases for which the lease term ends within twelve months of the date of initial application as short-term leases; and
- the Company used hindsight in determining the lease term at the date of initial application.

The Company applied the modified retrospective transition approach measuring the right-of-use asset ("ROU asset") to be equal to the lease liability with no restatement of the comparative period. As such, as at September 29, 2019, the Company recorded ROU assets of $11.0 million and lease obligations of $11.0 million. When measuring the lease liabilities, the Company discounted future lease payments using its incremental borrowing rate as at September 29, 2019 being 4.40%.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New standards and interpretations adopted (continued):

(i) IFRS 16, *Leases (continued)*:

The following table summarizes the impact of the adoption on certain items on the Company's consolidated balance sheet as at September 29, 2019:

	September 28, 2019	Transition adjustment	September 29, 2019
	$	$	$
Property, plant and equipment	220,408	(1,059)	219,349
Right-of-use assets	—	12,094	12,094
Finance lease obligations - current	139	(139)	—
Lease obligations - current	—	2,596	2,596
Finance lease obligations - non-current	742	(742)	—
Lease obligations - non-current	—	9,320	9,320

The following table reconciles the Company's operating lease commitments as at September 28, 2019 as previously disclosed in the Company's audited annual consolidated financial statements, to the lease obligation recognized on initial application of IFRS 16 as at September 29, 2019:

	$
Operating lease commitment as at September 28, 2019	20,930
Finance lease liability as at September 28, 2019	881
Lease commitments of leases commencing after the initial application date	(9,349)
Recognition exemption for short-term leases	(263)
Discounted using the incremental borrowing rate as at September 29, 2019	(2,214)
Extension option reasonably certain to be exercised	3,240
Other	(1,309)
Lease obligations as at September 29, 2019	11,916

As a result of the adoption of IFRS 16, the Company updated its accounting policy for leases as reflected in note 3 (h).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) New standards and interpretations adopted (continued):

(ii) IFRIC 23, *Uncertainty over Income Tax Treatments*:
On June 7, 2017, the IASB issued IFRIC Interpretation 23, Uncertainty over Income Tax Treatments.

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

The Interpretation requires an entity to:

- Contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and
- Measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Company adopted the Interpretation in its consolidated financial statements for the annual period beginning on September 29, 2019. The adoption of the Interpretation did not have an impact on the consolidated financial statements.

(iii) *Annual Improvements to IFRS Standards (2015-2017) Cycle:*
On December 12, 2017 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process.

The amendments are effective on or after January 1, 2019, with early application permitted. Each of the amendments has its own specific transition requirements.

Amendments were made to the following standards:

- IFRS 3, *Business Combinations* and IFRS 11, *Joint Arrangements* - to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12, *Income Taxes* - to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits - in profit or loss, OCI, or equity; and
- IAS 23, *Borrowing Costs* - to clarify that specific borrowings - i.e. funds borrowed specifically to finance the construction of a qualifying asset - should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed.

The Company adopted the amendments in its consolidated financial statements for the annual period beginning on September 29, 2019. The adoption of the amendments did not have an impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New standards and interpretations not yet adopted:

A number of new standards and amendments to standards and interpretations are not yet effective for the year ending October 3, 2020 and have not been applied in preparing these consolidated financial statements. New standards and amendments to standards and interpretations that are currently under review include:

(i) Amendments to References to the Conceptual Framework in IFRS Standards:
On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards (the Amendments) to update references in IFRS Standards to previous versions of the Conceptual Framework.

Both documents are effective from January 1, 2020 with earlier application permitted.

The Company does not intend to adopt the Amendments in its consolidated financial statements before the annual period beginning on October 4, 2020. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

4. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and amortization expenses were charged to the consolidated statements of earnings (loss) and comprehensive income (loss) as follows:

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Depreciation of property, plant and equipment:		
Cost of sales	**15,677**	14,927
Administration and selling expenses	**545**	522
	16,222	15,449
Depreciation of right-of-use assets:		
Cost of sales	**2,324**	—
Administration and selling expenses	**1,110**	—
	3,434	—
Amortization of intangible assets:		
Administration and selling expenses	**3,822**	3,772
Total depreciation and amortization expenses	**23,478**	19,221

5. FINANCE INCOME AND FINANCE COSTS

Recognized in net (loss) earnings:

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Net change in fair value of interest rate swaps (note 9)	**197**	378
Finance income	**197**	378
Interest expense on convertible unsecured subordinated debentures, including accretion of $868 (2019 - $821) (note 21)	**8,446**	8,339
Interest on revolving credit facility	**6,723**	7,337
Amortization of deferred financing fees	**1,187**	1,178
Other interest expense	**1,500**	1,637
Interest accretion on discounted lease obligations	**864**	—
Finance costs	**18,720**	18,491
Net finance costs recognized in net earnings (loss)	**18,523**	18,113

6. INCOME TAX EXPENSE (RECOVERY)

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Current tax expense:		
Current period	**11,290**	16,084
Deferred tax expense (recovery):		
Recognition and reversal of temporary differences	**2,249**	(978)
Adjustments for prior year periods	**384**	(453)
Changes in tax rates	**145**	(452)
Deferred tax expense (recovery)	**2,778**	(1,883)
Total income tax expense	**14,068**	14,201

Income tax recognized in other comprehensive income (loss):

	For the fiscal years ended					
	October 3, 2020			September 28, 2019		
	Before tax	**Tax effect**	**Net of tax**	Before tax	Tax effect	Net of tax
	$	**$**	**$**	$	$	$
Cash flow hedges	**(3,887)**	**1,016**	**(2,871)**	(4,763)	1,243	(3,520)
Defined benefit actuarial losses	**(5,847)**	**1,502**	**(4,345)**	(19,902)	5,194	(14,708)

6. INCOME TAX EXPENSE (RECOVERY) (CONTINUED)

Reconciliation of effective tax rate:

The provision for income taxes differs from the amount computed by applying the Canadian federal and provincial tax rates to earnings before provision for income taxes. The reasons for the difference and the related tax effects are as follows:

	For the fiscal years ended			
	October 3, 2020		September 28, 2018	
	%	**$**	%	$
Earnings before income taxes	**—**	**49,487**	—	6,034
Income taxes using the Company's statutory tax rate	**27.00**	**13,362**	27.00	1,629
Changes due to the following items:				
Changes in tax rates	**0.29**	**145**	(7.49)	(452)
Non-deductible expenses	**0.36**	**177**	2.59	156
Non-deductible impairment of goodwill	**—**	**—**	220.76	13,321
Adjustments for prior year periods	**0.78**	**384**	(7.51)	(453)
Other	**—**	**—**	—	—
	28.43	**14,068**	235.35	14,201

7. TRADE AND OTHER RECEIVABLES

	October 3, 2020	September 28, 2019
	$	$
Trade receivables	**82,191**	**80,174**
Less expected credit loss	**(662)**	**(827)**
	81,539	**79,347**
Other receivables	**11,866**	**5,961**
Initial margin deposits with commodity brokers	**867**	**515**
	94,262	**85,823**

The Company grants credit to its customers in the ordinary course of business.

Management believes that the Company's exposure to credit risk and impairment losses related to trade and other receivables is limited due to the following reasons:

- There is a broad base of customers with dispersion across different market segments.
- Bad debt write-offs to total revenue have been less than 0.1% for each of the last five years (averaging less than $0.2 million per year). Write-offs for fiscal 2020 were $0.2 million (September 28, 2019 - $0.1 million). All bad debt write-offs are charged to administration and selling expenses.
- Less than 1% of trade receivables are outstanding for more than 90 days (September 28, 2019 - less than 2%), while over 84% are current (less than 30 days) as at October 3, 2020 (September 28, 2019 - 83%).

Through general security agreements with its lenders, trade and other receivables have been granted as continuing collateral security for all present and future indebtedness to the current lenders.

8. INVENTORIES

	October 3, 2020	September 28, 2019
	$	$
Raw inventory	**104,852**	113,487
Work in progress	**10,378**	7,947
Finished goods	**37,975**	36,356
	153,205	157,790
Packaging and operating supplies	**13,453**	11,831
Spare parts and other	**14,134**	12,738
	180,792	182,359

Costs of sales expensed during the year were all inventorial items, except for fixed costs incurred in Taber, Alberta, after the beet slicing campaign, and mark-to-market adjustments of derivative financial instruments.

As at October 3, 2020, inventories recognized as cost of goods sold amounted to $734.7 million (September 28, 2019 - $677.7 million).

9. FINANCIAL INSTRUMENTS

Derivative financial instruments

Fair value estimates are made as of a specific point in time, using available information about the financial instruments. These estimates are subjective in nature and may not be determined with precision. A three-tier fair value hierarchy prioritizes the inputs used in measuring the fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value of derivative instruments is the estimated amount that the Company would receive or pay to terminate the instruments at the reporting date. The fair values have been determined by reference to prices available from the markets on which the instruments trade, subject to credit adjustments as applicable. The fair values of the sugar future contracts and options are measured using Level 1 inputs, using published quoted values for these commodities. The fair values for the natural gas futures contracts, foreign exchange forward contracts and interest rate swap contracts are measured using Level 2 inputs. The fair values for these derivative assets or liabilities are estimated using industry standard valuation models.

Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, natural gas prices, foreign exchange rates, and forward and spot prices for currencies.

The fair values of all derivative instruments approximate their carrying value and are recorded as separate line items on the consolidated statements of financial position.

The Company's natural gas futures and interest rate swap agreements were designated as cash flow hedges and qualified for hedge accounting.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

Details of recorded gains (losses) for the year, in marking-to-market all derivative financial instruments and embedded derivatives that are outstanding at year-end, are noted below. For sugar futures contracts (derivative financial instruments), the amounts noted below are netted with the variation margins paid or received to/from brokers at the end of the reporting period. Natural gas forwards and sugar futures have been marked-to-market using published quoted values for these commodities, while foreign exchange forward contracts have been marked-to-market using rates published by the financial institution, which is a counterparty to these contracts. The fair values of the interest rate swaps have been determined by using rates published on financial capital markets.

The fair value of natural gas futures contracts, foreign exchange forward contracts and interest rate swap calculations includes a credit risk adjustment for the Company's or counterparty's credit, as appropriate.

As at October 3, 2020 and September 28, 2019, the Company's financial derivatives carrying values were as follows:

	Financial Assets October 3, 2020		**Financial Liabilities October 3, 2020**	
	Current	**Non-current**	**Current**	**Non-current**
	$	**$**	**$**	**$**
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	**8**	**95**	**—**	**—**
Foreign exchange forward contracts	**2,521**	**63**	**—**	**—**
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	**87**	**—**	**—**	**1,662**
Interest rate swaps	**—**	**—**	**1,458**	**5,271**
	2,616	**158**	**1,458**	**6,933**

	Financial Assets September 28, 2019		Financial Liabilities September 28, 2019	
	Current	Non-current	Current	Non-current
	$	$	$	$
Derivative financial instruments measured at fair value through profit or loss:				
Sugar futures contracts	27	—	—	59
Foreign exchange forward contracts	673	21	13	328
Derivative financial instruments designated as effective cash flow hedging instruments:				
Natural gas futures contracts	—	—	602	2,956
Interest rate swaps	231	—	—	1,334
	931	21	615	4,677

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

	For the fiscal years ended					
	Charged to cost of sales Unrealized (loss) gain		Charged to finance income		Other comprehensive (loss) gain	
	October 3, 2020	September 28, 2019	**October 3, 2020**	September 28, 2019	**October 3, 2020**	September 28, 2019
	$	$	**$**	$	**$**	$
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts	**(801)**	179	**—**	—	**—**	—
Foreign exchange forward contracts	**2,615**	(541)	**—**	—	**—**	—
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas futures contracts	**95**	1,658	**—**	—	**1,886**	(784)
Interest rate swap	**—**	—	**197**	378	**(5,773)**	(3,979)
	1,909	1,296	**197**	378	**(3,887)**	(4,763)

The following table summarizes the Company's hedging components of other comprehensive income (loss) ("OCI") as at October 3, 2020 and September 28, 2019:

	October 3, 2020			September 28, 2019		
	Natural gas futures contracts	**Interest rate swap**	**Total**	Natural gas futures contracts	Interest rate swap	Total
	$	**$**	**$**	$	$	$
Opening OCI	**(2,751)**	**(1,740)**	**(4,491)**	(2,229)	2,492	263
Income taxes	**204**	**1,039**	**1,243**	262	(253)	9
Opening OCI – net of income taxes	**(2,547)**	**(701)**	**(3,248)**	(1,967)	2,239	272
Change in fair value of derivatives designated as cash flow hedges	**1,981**	**(5,576)**	**(3,595)**	874	(3,601)	(2,727)
Amounts reclassified to net earnings (loss)	**(95)**	**(197)**	**(292)**	(1,658)	(378)	(2,036)
Income taxes	**(493)**	**1,509**	**1,016**	204	1,039	1,243
Ending OCI – net of income taxes	**(1,154)**	**(4,965)**	**(6,119)**	(2,547)	(701)	(3,248)

For the fiscal year ended October 3, 2020, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net earnings (loss).

Approximately $1.0 million of net losses presented in accumulated other comprehensive income (loss) are expected to be reclassified to net earnings (loss) within the next twelve months.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

For its financial assets and liabilities measured at amortized cost as at October 3, 2020 and September 28, 2019, the Company has determined that the carrying value of its short-term financial assets and liabilities approximates their fair value because of the relatively short period to maturity of these instruments.

The Company uses derivative financial instruments to manage its exposure to changes in raw sugar, foreign exchange, and natural gas prices. In addition, the Company entered into interest rate swap contracts to fix a portion of the Company's exposure to floating interest rate debt on its short-term borrowings. The Company's objective for holding derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of these exposures.

(a) Raw sugar:

The Company's risk management policy is to manage the forward pricing of purchases of raw sugar in relation to its forward refined sugar sales to reduce price risk. The Company attempts to meet this objective by entering into futures contracts to reduce its exposure. Such financial instruments are used to manage the Company's exposure to variability in fair value attributable to the committed purchase price of raw sugar. The pricing mechanisms of futures contracts and the respective forecasted raw sugar purchase transactions are the same.

The Company's raw sugar futures contracts as well as the fair value of these contracts relating to purchases or sales of raw sugar as at October 3, 2020 and September 28, 2019 are as follows:

	October 3, 2020			September 28, 2019		
	Original futures contracts value	**Current contract value**	**Fair value gain/(loss)**	Original futures contracts value	Current contract value	Fair value gain/(loss)
	(US$)	**(US$)**	**(US$)**	(US$)	(US$)	(US$)
Purchases						
0 - 6 months	**33,496**	**35,997**	**2,501**	35,746	35,393	(353)
6 - 12 months	**66,611**	**72,132**	**5,521**	51,877	51,665	(212)
12 - 24 months	**16,737**	**16,611**	**(126)**	6,964	6,757	(207)
Over 24 months	**2,022**	**2,013**	**(9)**	613	604	(9)
	118,866	**126,753**	**7,887**	95,200	94,419	(781)
Sales						
0 - 6 months	**(31,580)**	**(35,573)**	**(3,993)**	(40,393)	(39,774)	619
6 -12 months	**(69,148)**	**(74,749)**	**(5,601)**	(39,556)	(38,553)	1,003
12 - 24 months	**(20,594)**	**(20,315)**	**279**	(12,816)	(12,556)	260
Over 24 months	**—**	**—**	**—**	—	—	—
	(121,322)	**(130,637)**	**(9,315)**	(92,765)	(90,883)	1,882
Net position	**(2,456)**	**(3,884)**	**(1,428)**	2,435	3,536	1,101
Foreign exchange rate at the end of the period			**1.3304**			1.3247
Net value (CA$)			**(1,900)**			1,458
Margin call (receipt) payment at year-end			**2,003**			(1,490)
Net asset (liability) (CA$)			**103**			(32)

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(a) Raw sugar (continued):

All sugar futures contracts are traded through a large exchange clearing house on the New York Intercontinental Exchange. Regulation of the U.S. futures industry is primarily self-regulation, with the role of the Federal Commodity Futures Trading Commission being principally an oversight role to determine that self-regulation is continuous and effective.

The exchange clearing house used is one of the world's largest capitalized financial institutions with excellent long-term credit ratings. Daily cash settlements are mandatory (margin calls) for resulting gains and/or losses from futures trading for each customer's account. Due to the above, the Company does not anticipate a credit risk from the raw sugar futures derivative instruments.

(b) Natural gas:

The Company uses natural gas contracts to help manage its costs of natural gas. The Company monitors its positions and the credit ratings of its counterparties and does not anticipate losses due to counterparty's non-performance. The Company's natural gas contracts as well as the fair value of these contracts relating to purchases of natural gas are as follows:

	October 3, 2020			September 28, 2019		
	Original futures contracts value	**Current contract value**	**Fair value gain/(loss)**	Original futures contracts value	Current contract value	Fair value gain/(loss)
	(US$)	**(US$)**	**(US$)**	(US$)	(US$)	(US$)
Purchases						
Less than 1 year	**5,106**	**5,171**	**65**	5,904	5,449	(455)
1 to 2 years	**6,413**	**6,144**	**(269)**	6,415	5,480	(935)
2 to 3 years	**6,384**	**5,960**	**(424)**	6,429	5,568	(861)
3 years and over	**12,546**	**11,990**	**(556)**	9,834	9,399	(435)
	30,449	**29,265**	**(1,184)**	28,582	25,896	(2,686)
Foreign exchange rate at the end of the period			**1.3304**			1.3247
Net liability (CA$)			**(1,575)**			(3,558)

The forecasted purchases of natural gas, the hedged items, are used for calculating the hedge ineffectiveness. No ineffectiveness was recognized in net earnings (loss) as the change in value of the hedging instrument for calculating ineffectiveness was the same or smaller as the change in value of the hedged items used for calculating the ineffectiveness.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(c) Foreign exchange contracts:

The Company's activities, which result in exposure to fluctuations in foreign currency exchange rates, consist of the purchasing of raw sugar, the selling of refined sugar and maple products, the purchase of natural gas and purchases of property, plant and equipment. The Company manages this exposure by creating offsetting positions through the use of financial instruments. These instruments include forward contracts, which are commitments to buy or sell U.S. dollars or Euros at a future date, and may be settled in cash.

The credit risk associated with foreign exchange contracts arises from the possibility that a counterparty to a foreign exchange contract, in which the Company has an unrealized gain, fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Forward foreign exchange contracts have maturities of less than four years and relate mostly to U.S. currency, and from time to time, Euro currency. The counterparties to these contracts are major Canadian financial institutions. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparties.

The Company's foreign currency forward contracts relating to the purchase of raw sugar, the sale of refined sugar, the purchase of natural gas and purchases of property, plant and equipment for the sugar segment are detailed below. In addition, for the maple products segment, the Company hedges its exposure to fluctuations in foreign currency related to its anticipated cash flows from sales to specific U.S. customers, using a foreign exchange forward contract.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(c) Foreign exchange contracts (continued):

				October 3, 2020
	Original contract value	Original contract value	Current contract value	Fair value gain/(loss)
	(US$/EUR/AUD$)	(CA$)	(CA$)	(CA$)
SUGAR				
Purchases U.S. dollars				
Less than 1 year	68,395	81,032	70,145	(10,887)
1 to 2 years	5,232	5,791	5,758	(33)
2 to 3 years	400	540	550	10
	74,027	87,363	76,453	(10,910)
Sales U.S. dollars				
Less than 1 year	(121,608)	(152,480)	(140,947)	11,533
1 to 2 years	(17,093)	(21,621)	(21,550)	71
2 to 3 years	(3,513)	(4,706)	(4,706)	—
3 years and over	(179)	(236)	(240)	(4)
	(142,393)	(179,043)	(167,443)	11,600
Total U.S. dollars - Sugar	(68,366)	(91,680)	(90,990)	690
SUGAR				
Purchases EUR				
Less than 1 year	672	1,058	1,055	(3)
1 to 2 years	—	—	(2)	(2)
Total EUR - Sugar	672	1,058	1,053	(5)
MAPLE PRODUCTS				
Purchases U.S. dollars				
Less than 1 year	3,201	4,292	4,012	(280)
Sales U.S. dollars				
Less than 1 year	(34,475)	(47,715)	(45,623)	2,092
1 to 2 years	(1,788)	(2,400)	(2,380)	20
2 to 3 years	(103)	(139)	(138)	1
	(36,366)	(50,254)	(48,141)	2,113
Total U.S. dollars - Maple	(33,165)	(45,962)	(44,129)	1,833
MAPLE PRODUCTS				
Sales EUR				
Less than 1 year	(12,108)	(19,022)	(18,923)	99
Total EUR - Maple	(12,108)	(19,022)	(18,923)	99
MAPLE PRODUCTS				
Sales AUD				
Less than 1 year	(5,123)	(4,840)	(4,873)	(33)
Total AUD - Maple	(5,123)	(4,840)	(4,873)	(33)
Total Foreign Exchange	(118,090)	(160,446)	(157,862)	2,584

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(c) Foreign exchange contracts (continued):

				September 28, 2019
	Original contract value	Original contract value	Current contract value	Fair value gain/(loss)
	(US$/EUR/AUD$)	(CA$)	(CA$)	(CA$)
SUGAR				
Purchases U.S. dollars				
Less than 1 year	66,592	77,280	77,782	502
1 to 2 years	8,481	11,157	11,614	457
2 to 3 years	575	756	760	4
	75,648	89,193	90,156	963
Sales U.S. dollars				
Less than 1 year	(96,978)	(117,528)	(118,025)	(497)
1 to 2 years	(14,791)	(19,178)	(19,964)	(786)
2 to 3 years	(1,616)	(2,138)	(2,142)	(4)
	(113,385)	(138,844)	(140,131)	(1,287)
Total U.S. dollars - Sugar	(37,737)	(49,651)	(49,975)	(324)
SUGAR				
Purchases EUR				
Less than 1 year	263	400	382	(18)
Total EUR - Sugar	263	400	382	(18)
MAPLE PRODUCTS				
Purchases U.S. dollars				
Less than 1 year	2,500	3,323	3,303	(20)
Sales U.S. dollars				
Less than 1 year	(28,694)	(38,204)	(37,973)	231
1 to 2 years	(400)	(531)	(530)	1
	(29,094)	(38,735)	(38,503)	232
Total U.S. dollars - Maple	(26,594)	(35,412)	(35,200)	212
MAPLE PRODUCTS				
Purchases EUR				
Less than 1 year	155	236	227	(9)
Sales EUR				
Less than 1 year	(8,072)	(12,283)	(11,816)	467
1 to 2 years	(270)	(426)	(406)	20
	(8,342)	(12,709)	(12,222)	487
Total EUR - Maple	(8,187)	(12,473)	(11,995)	478
MAPLE PRODUCTS				
Sales AUD				
Less than 1 year	(2,666)	(2,404)	(2,399)	5
1 to 2 years	(148)	(134)	(134)	—
Total AUD - Maple	(2,814)	(2,538)	(2,533)	5
Total Foreign Exchange	(75,069)	(99,674)	(99,321)	353

9. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments (continued)

(d) Interest rate swap agreements:

In order to fix the interest rate on a substantial portion of the expected drawdown of the revolving credit facility, the Company enters into interest rate swap agreements. The outstanding swap agreements by maturity are as follows:

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

The counterparties to these swap agreements are major Canadian financial institutions. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of swap agreements, nor does it anticipate non-performance by the counterparties. As at October 3, 2020, the fair value of the swap agreements amounted to a liability of $6.7 million (September 28, 2019 - liability of $1.1 million).

The forecasted interest payments, the hedged items, are used for calculating the hedge ineffectiveness. No ineffectiveness was recognized in net earnings (loss) as the change in value of the hedging instrument for calculating ineffectiveness was the same or smaller as the change in value of the hedged items used for calculating the ineffectiveness.

Risks

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks at year-end.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company believes it has limited credit risk other than those explained in Note 7, Trade and other receivables and Note 9, Financial instruments.

(b) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rate. The Company's significant cash flow exposure to foreign currency is due mainly to the following:

- sales in U.S. dollars for both the sugar and maple products segments;
- purchases of natural gas;
- sales of by-products;
- Taber refined sugar and by-products sales;
- ocean freight; and
- purchases of property, plant and equipment for both the sugar and maple products segments.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(b) Currency risk (continued):

The Company mitigates its exposure to foreign currency by entering into forward exchange contracts (see Note 9, Financial instruments; Derivative financial instruments, (c) Foreign exchange contracts).

The Company had the following significant foreign currency exposures at year-end:

	October 3, 2020	September 28, 2019
	(US$)	(US$)
Financial instruments measured at amortized cost:		
Cash	**3,126**	2,115
Trade and other receivables, including initial margin deposits	**22,400**	21,330
Trade and other payables	**(2,703)**	(3,356)
	22,823	20,089
Financial instruments at fair value through profit or loss:		
Raw sugar futures sales contracts	**121,322**	92,765
Raw sugar futures purchases contracts	**(118,866)**	(95,200)
Natural gas contracts	**(30,449)**	(28,582)
Fair value loss or (gain) on futures contracts	**1,428**	(1,101)
	(26,565)	(32,118)
Total exposure from above	**(3,742)**	(12,029)
Forward exchange contracts	**(101,532)**	(64,333)
Gross exposure	**(105,274)**	(76,362)

As at October 3, 2020, the U.S./Can. exchange rate was $1.3304 (September 28, 2019 - $1.3247).

Based on the above gross exposure at year-end, and assuming that all other variables remain constant, in particular the price of raw sugar and natural gas, a 5-cent increase in the Canadian dollar would result in an increase in net earnings of $3.9 million, (September 28, 2019 - decrease in net loss of $2.8 million) while a 5-cent decrease would have an equal but opposite effect on net earnings (loss).

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(b) Currency risk (continued):

Management believes that the impact on the gross exposure is not representative as it needs to be adjusted for the following transactions, which are not recorded on the consolidated statements of financial position as at year-end but were committed during the fiscal year, and will be accounted for as the physical transactions occur:

	October 3, 2020	September 28, 2019
	(US$)	(US$)
Gross exposure as per above	**(105,274)**	(76,362)
Sugar purchases priced not received	**(112,742)**	(85,992)
Committed future sales in U.S. dollars	**185,095**	139,368
Ocean freight	**554**	(488)
Other	**(1,515)**	(374)
Net exposure	**(33,882)**	(23,848)

The net exposure is due mainly to the Company's policy not to hedge its foreign exchange exposure on natural gas futures contracts with maturities exceeding 12 months. The impact of a 5-cent increase in the Canadian dollar would result in an increase in net earnings by $1.3 million in 2020 (September 28, 2019 - decrease in net loss of $0.9 million) while a decrease would have an equal but opposite effect on net earnings (loss).

Raw sugar futures sales contracts represent, in large part, futures contracts entered into when sugar is priced by a raw sugar supplier. As both the raw sugar futures sales contracts and the sugar purchases priced not received are in U.S. dollars, there is no need to economically hedge the currency, hence the reason for the adjustment for sugar purchases priced not received.

Included in other is the Taber sales formula for refined sugar, which is based on the raw sugar value that trades in U.S. dollars. As all beet sugar is paid in Canadian dollars, the raw sugar value within the Taber sales contracts is in U.S. dollars and therefore needs to be economically hedged for currency exposure.

Some sales are transacted in U.S. dollars. For these sales, the raw sugar value is not hedged, as the corresponding futures contract is also in U.S. dollars. Only the U.S. dollar refined sugar margin and ocean freight contribution are economically hedged for the currency exposure.

Ocean freight for raw sugar is denominated in U.S. dollars and therefore forward exchange contracts are used to cover the foreign exchange exposure.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at October 3, 2020, the Company has a short-term cash borrowing of $29.0 million (September 28, 2019 - $17.0 million) and a long-term cash borrowing of $165.0 million (September 28, 2019 - $160.0 million). The Company normally enters into a 30 - or 90-day bankers' acceptance for an amount varying between $100.0 million to $180.0 million of the borrowings and will borrow either under prime rate loans or shorter term bankers' acceptances for any other borrowings.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(c) Interest rate risk (continued):

To mitigate the risk in future cash flows due to interest rate fluctuations, the Company enters into interest rate swap agreements from time to time (see Note 9, Financial Instruments, Derivative financial instruments, (d) interest rate swap agreements). All other borrowings over and above the aggregate notional amount of the swap agreements are therefore exposed to interest rate fluctuations.

For the fiscal year ended October 3, 2020, if interest rates had been 50 basis points higher, considering all borrowings not covered by the interest rate swap agreements, net earnings would have been $0.4 million lower (September 28, 2019 - $0.5 million higher net loss) while a decrease would have an equal but opposite effect on net earnings (loss).

(d) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities, including estimated interest payments:

						October 3, 2020
	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$	$
Non-derivative financial liabilities:						
Bank overdraft	2,797	2,797	2,797	—	—	—
Revolving credit facility	194,000	194,000	29,000	—	—	165,000
Trade and other payables	131,089	131,089	131,089	—	—	—
Lease obligations	20,404	26,218	2,209	2,204	3,569	18,236
	348,290	354,104	165,095	2,204	3,569	183,236
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts (net) (i)	(103)	5,167	(565)	3,481	4,928	(2,677)
Forward exchange contracts (net) (i)	(2,584)	(160,446)	(104,885)	(32,792)	(18,230)	(4,539)
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas contracts (i)	1,575	40,509	3,703	3,091	8,532	25,183
Interest on swap agreements	6,729	11,583	1,341	1,314	2,660	6,268
	5,617	(103,188)	(100,406)	(24,906)	(2,110)	24,234
	353,907	250,916	64,689	(22,702)	1,459	207,470

(i) Based on notional amounts as presented above.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(d) Liquidity risk (continued):

					September 28, 2019	
	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$	$
Non-derivative financial liabilities:						
Bank overdraft	8,325	8,325	8,325	—	—	—
Revolving credit facility	177,000	177,000	17,000	—	—	160,000
Trade and other payables	117,731	117,731	117,731	—	—	—
Finance lease obligations	881	1,025	89	81	117	738
	303,937	304,081	143,145	81	117	160,738
Derivative financial instruments measured at fair value through profit or loss:						
Sugar futures contracts (net) (i)	32	(4,684)	5,804	(17,368)	7,680	(800)
Forward exchange contracts (net) (i)	(353)	(99,674)	(77,736)	(11,443)	(9,112)	(1,383)
Derivative financial instruments designated as effective cash flow hedging instruments:						
Natural gas contracts (i)	3,558	37,863	4,256	3,565	8,498	21,544
Interest on swap agreements	1,103	9,341	939	922	1,811	5,669
	4,340	(57,154)	(66,737)	(24,324)	8,877	25,030
	308,277	246,927	76,408	(24,243)	8,994	185,768

(i) Based on notional amounts as presented above.

The convertible unsecured subordinated debentures of $145.8 million have been excluded from the above due to the Company's option to satisfy the obligations at redemption or maturity in shares.

The Company borrows under its revolving credit facility (see Note 16, Revolving credit facility). It is the Company's intention to keep a debt level under its revolving credit facility between $120.0 million to $200.0 million. All other non-derivative financial liabilities are expected to be financed through the collection of trade and other receivables and cash flows generated from operations.

Derivative financial instruments for raw sugar, natural gas and forward exchange contracts are expected to be financed from the working capital of the Company.

As at October 3, 2020, the Company had an unused available line of credit of $71.0 million (September 28, 2019 - $88.0 million), a cash balance of $2.0 million (September 28, 2019 - $0.3 million) and an overdraft balance of $2.8 million (September 28, 2019 - $8.3 million).

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(e) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices.

There are two types of commodity contracts, which are entered into by the Company:

(i) Sugar:

In order to protect itself against fluctuations of the world raw sugar market, the Company follows a rigorous hedging program for all purchases of raw cane sugar and sales of refined sugar. Anytime raw sugar is priced by a sugar supplier, a corresponding sugar futures contract is sold for the same quantity, period and underlying value. Anytime refined sugar is priced by a customer, the corresponding volume of raw sugar is purchased for the same quantity, period and underlying value. The Company's policy is to cover all raw cane purchases and refined sugar sales as they are priced by the Company's suppliers and customers. On a daily basis, the Company monitors all net sugar futures contract positions against the physical priced purchases and sales commitments to ensure that appropriate hedge positions are in place.

For the Company's beet operation, the Board of Directors approved an economic pre-hedge, using sugar futures contracts, of some of the beet sugar sales that will occur in the future, provided there is a contract in place with the Alberta Sugar Beet Growers to grow sugar beets.

The Board of Directors also approved a trading book up to a maximum of 25,000 metric tonnes of sugar derivative contracts. The Board reviews on a quarterly basis the results achieved.

(ii) Natural gas:

In order to mitigate the overall price risks in the purchase of natural gas for use in the manufacturing operations, the Board approved the use of natural gas futures contracts. Natural gas futures contracts cannot be entered into for speculative reasons. The Board reviews on a quarterly basis the position of the natural gas contracts.

As at October 3, 2020, the Company had the following commodity contracts:

	Sugar futures contracts			Natural gas contracts		
	Volume	Current average value	Current contract value	Contracts	Current average value	Current contract value
	(M.T.)	(US$)	(US$)	(10,000 MM BTU)	(US$)	(US$)
Purchases	441,122	287.34	126,753	1,155	25.34	29,264
Sales	(457,024)	285.84	(130,637)	—	—	—
	(15,902)	n/a	(3,884)	1,155	25.34	29,264
Foreign exchange rate at the end of the period			1.3304			1.3304
Net value CA$			(5,167)			38,933

9. FINANCIAL INSTRUMENTS (CONTINUED)

Risks (continued)

(e) Commodity price risk (continued):

(ii) Natural gas (continued):

As at September 28, 2019, the Company had the following commodity contracts:

	Sugar futures contracts			Natural gas contracts		
	Volume	Current average value	Current contract value	Contracts	Current average value	Current contract value
	(M.T.)	(US$)	(US$)	(10,000 MM BTU)	(US$)	(US$)
Purchases	333,725	282.92	94,419	1,127	22.98	25,896
Sales	(320,872)	283.24	(90,883)	—	—	—
	12,853	n/a	3,536	1,127	22.98	25,896
Foreign exchange rate at the end of the period			1.3247			1.3247
Net value CA$			4,684			34,304

If, on October 3, 2020, the raw sugar value would have increased by US$0.05 per pound (being approximately US$110.0 per metric tonne), and all other variables remained constant, the impact on net earnings would have been a decrease of approximately $1.7 million (calculated only on the point-in-time exposure on October 3, 2020) (September 28, 2019 - decrease in net loss of $1.4 million for US$0.05 per pound increase). If the raw sugar value would have decreased by US$0.02 per pound (being approximately US$44.00 per metric tonne), and all other variables remained constant, the impact on net earnings would have been an increase of approximately $0.7 million (September 28, 2019 - increase in net loss of $0.5 million for US$0.02 decrease).

Except for the beet pre-hedge, management believes that the above is not representative, as the Company has physical raw sugar purchases and refined sugar selling contracts that would offset most gains or losses realized from such decrease or increase in the commodity value, when such contracts are liquidated. The Company had no beet pre-hedge contracts as at October 3, 2020 nor September 28, 2019. If, on October 3, 2020, the natural gas market price would have increased by US$1.00, and all other variables remained constant, net earnings would have increased by $11.4 million (September 28, 2019 - decrease in net loss of $11.0 million) as a result of the change in fair value of our natural gas futures. If the natural gas value would have decreased by US$1.00, and all other variables remained constant, net earnings would have decreased by $11.4 million (September 28, 2019 - increase in net loss of $11.0 million).

Management believes that this impact for natural gas is not representative as this variance will mostly offset when the actual natural gas is purchased and used. At such time, a gain or loss on the liquidation of the natural gas contracts would mostly offset the same increase or decrease in the actual physical transaction.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial instruments

The fair values of derivative instruments are the estimated amount that the Company would receive or pay to terminate the instruments at the reporting date. The fair values have been determined by reference to prices available from the markets on which the instruments trade, subject to credit adjustments as applicable. The fair values of all derivative instruments approximate their carrying value and are recorded as separate line items on the consolidated statements of financial position.

The following describes the fair value determinations of financial instruments:

i) Cash: due to the short-term maturity of these instruments, the carrying amount approximates fair value.

ii) Trade and other receivables and trade and other payables: the carrying amount approximates fair value due to the short-term maturity of these instruments.

iii) Borrowing under the revolving credit facility: the carrying amount approximates fair value as the borrowings bear interest at variable rates.

iv) The fair values for the derivative assets and liabilities are estimated using industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, natural gas prices, foreign exchange rates, and forward and spot prices for currencies.

v) The fair value of convertible unsecured subordinated debentures was based upon market quotes for the identical instruments.

vi) See Note 19, Lease obligations.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial instruments (continued)

The following tables provide a comparison of carrying and fair values for each classification of financial instruments at year-end, and show a level within the fair values hierarchy in which they have been classified.

	Fair values hierarchy level	**October 3, 2020** Carrying values	**October 3, 2020** Fair values	September 28, 2019 Carrying values	September 28, 2019 Fair values
		$	**$**	$	$
FINANCIAL ASSETS:					
Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts	Level 1	**103**	**103**	—	—
Foreign exchange forward contracts	Level 2	**2,584**	**2,584**	353	353
Derivative financial instruments designated as effective cash flow hedging instruments:					
Natural gas futures contracts	Level 2	**87**	**87**	—	—
Financial assets recorded at amortized cost:					
Cash	Level 1	**1,974**	**1,974**	284	284
Trade and other receivables	n/a	**94,262**	**94,262**	85,823	85,823
Income taxes receivable	n/a	**2,042**	**2,042**	1,977	1,977
Total financial assets		**101,052**	**101,052**	88,437	88,437
FINANCIAL LIABILITIES:					
Derivative financial instruments measured at fair value through profit or loss:					
Sugar futures contracts	Level 2	—	—	32	32
Derivative financial instruments designated as effective cash flow hedging instruments:					
Natural gas futures contracts	Level 2	**1,662**	**1,662**	3,558	3,558
Interest rate swap	Level 2	**6,729**	**6,729**	1,103	1,103
Financial liabilities recorded at amortized cost:					
Bank overdraft	Level 1	**2,797**	**2,797**	8,325	8,325
Revolving credit facility	n/a	**194,000**	**194,000**	177,000	177,000
Trade and other payables	n/a	**131,089**	**131,089**	117,731	117,731
Lease obligations	n/a	**20,404**	**20,404**	881	881
Convertible unsecured subordinated debentures	Level 1	**145,836**	**156,722**	144,230	158,010
Total financial liabilities		**502,517**	**513,403**	452,860	466,640

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Barrels	Furniture and fixtures	Finance leases	Construction in progress	Total
	$	$	$	$	$	$	$	$
Cost or deemed cost								
Balance at September 29, 2018	18,089	73,468	293,688	2,589	8,240	428	15,167	411,669
Additions	—	630	1,578	36	123	897	23,725	26,989
Transfers	—	1,241	20,674	—	288	—	(22,203)	—
Disposals	—	(9)	(752)	—	(1,955)	—	—	(2,716)
Effect of movements in exchange rate	—	—	11	3	1	3	—	18
Balance at September 28, 2019	18,089	75,330	315,199	2,628	6,697	1,328	16,689	435,960
Transfer to right-of-use assets	**—**	**—**	**—**	**—**	**—**	**(1,328)**	**—**	**(1,328)**
Additions	**—**	**2,655**	**3,481**	**142**	**359**	**—**	**20,618**	**27,255**
Transfers	**—**	**2,248**	**16,848**	**—**	**500**	**—**	**(19,596)**	**—**
Disposals	**—**	**—**	**(224)**	**(38)**	**—**	**—**	**—**	**(262**
Effects of movements in exchange rate	**—**	**—**	**2**	**1**	**—**	**—**	**—**	**3**
Balance at October 3, 2020	**18,089**	**80,233**	**335,306**	**2,733**	**7,556**	**—**	**17,711**	**461,628**
Depreciation								
Balance at September 29, 2018	—	24,284	173,009	469	4,837	171	—	202,770
Depreciation for the year	—	1,873	12,258	439	781	98	—	15,449
Disposals	—	(9)	(706)	—	(1,955)	—	—	(2,670)
Effect of movements in exchange rate	—	—	2	1	—	—	—	3
Balance at September 28, 2019	—	26,148	184,563	909	3,663	269	—	215,552
Transfer to right-of-use assets	**—**	**—**	**—**	**—**	**—**	**(269)**	**—**	**(269)**
Depreciation for the year	**—**	**2,144**	**12,726**	**456**	**896**	**—**	**—**	**16,222**
Disposals	**—**	**—**	**(224)**	**(38)**	**—**	**—**	**—**	**(262)**
Effect of movements in exchange rate	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at October 3, 2020	**—**	**28,292**	**197,065**	**1,327**	**4,559**	**—**	**—**	**231,243**
Net carrying amounts								
At September 28, 2019	18,089	49,182	130,636	1,719	3,034	1,059	16,689	220,408
At October 3, 2020	**18,089**	**51,941**	**138,241**	**1,406**	**2,997**	**—**	**17,711**	**230,385**

There were no impairment losses during fiscal 2020 and 2019.

Any grants received are offset against property, plant and equipment additions. During the year, an amount of $0.6 million was recorded (September 28, 2019 - $4.0 million).

All property, plant and equipment have been pledged as security for the revolving credit facility (see Note 16, Revolving credit facility).

11. RIGHT-OF-USE ASSETS

	Land	Buildings	Machinery and equipment	Total
	$	$	$	$
Cost:				
Balance at September 28, 2019	—	—	—	—
Reclassification from property, plant and equipment	**40**	**1,023**	**265**	**1,328**
Additions as at September 29, 2019 (initial recognition)	**—**	**7,159**	**3,876**	**11,035**
Other Additions	**—**	**9,383**	**2,435**	**11,818**
Effect of movements in exchange rate	**—**	**6**	**2**	**8**
Balance at October 3, 2020	**40**	**17,571**	**6,578**	**24,189**
Amortization:				
Balance at September 28, 2019	—	—	—	—
Reclassification from property, plant and equipment	**—**	**69**	**200**	**269**
Depreciation for the year	**—**	**2,712**	**722**	**3,434**
Effect of movements in exchange rate	**—**	**(3)**	**—**	**(3)**
Balance at October 3, 2020	**—**	**2,778**	**922**	**3,700**
Net carrying amounts:				
At October 3, 2020	**40**	**14,793**	**5,656**	**20,489**

12. INTANGIBLE ASSETS

	Software	Customer relationships	Brand names[1]	Other	Total
	$	$	$	$	$
Cost					
Balance at September 29, 2018	4,061	34,542	5,871	574	45,048
Additions	172	—	—	—	172
Disposals	(203)	—	—	—	(203)
Effect of movements in exchange rate	—	81	16	—	97
Balance at September 28, 2019	4,030	34,623	5,887	574	45,114
Additions	**25**	**—**	**—**	**—**	**25**
Effect of movements in exchange rate	**—**	**15**	**4**	**—**	**19**
Balance at October 3, 2020	**4,055**	**34,638**	**5,891**	**574**	**45,158**
Amortization					
Balance at September 29, 2018	2,159	3,747	—	195	6,101
Amortization for the year	279	3,465	—	28	3,772
Disposals	(203)	—	—	—	(203)
Balance at September 28, 2019	2,235	7,212	—	223	9,670
Amortization for the year	**324**	**3,470**	**—**	**28**	**3,822**
Balance at October 3, 2020	**2,559**	**10,682**	**—**	**251**	**13,492**
Net carrying amounts					
At September 28, 2019	1,795	27,411	5,887	351	35,444
At October 3, 2020	**1,496**	**23,956**	**5,891**	**323**	**31,666**

[1] Indefinite life.

13. OTHER ASSETS

	October 3, 2020	September 28, 2019
	$	$
Deferred financing charges, net	**743**	925
Other	**2**	3
	745	928

Deferred financing charges represent the fees and costs related to the negotiation of the 5-year credit agreement. Borrowings under the revolving credit facility are short term in nature and can be repaid at any time. Therefore, deferred financing charges are presented separately and not applied against the debt (see Note 16, Revolving credit facility).

On July 9, 2019, the Company paid $0.1 million in financing fees to amend its existing revolving credit facility.

These fees, along with the outstanding balance of the previously deferred financing charges, are amortized over the extended life of the revolving credit facility, which now matures on June 28, 2024.

14. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets (liabilities) comprise the following temporary differences:

	October 3, 2020	September 28, 2019
	$	$
Assets:		
Employee benefits	**15,213**	13,267
Lease obligations	**5,310**	—
Derivative financial instruments	**2,621**	1,339
Losses carried forward	**6,307**	3,548
Provisions	**241**	435
Intangibles	**79**	58
Other	**1,314**	1,037
	31,085	19,684
Liabilities:		
Property, plant and equipment	**(36,529)**	(29,465)
Right-of-use assets	**(5,335)**	—
Derivative financial instruments	**(679)**	(565)
Goodwill	**(2,649)**	(2,537)
Deferred financing charges	**(687)**	(549)
Intangibles	**(7,066)**	(7,894)
Other	**(1,342)**	(1,616)
	(54,287)	(42,626)
Net assets (liabilities):		
Property, plant and equipment	**(36,529)**	(29,465)
Right-of-use assets	**(5,335)**	—
Intangibles	**(6,987)**	(7,836)
Employee benefits	**15,213**	13,267
Lease obligations	**5,310**	—
Derivative financial instruments	**1,942**	774
Losses carried forward	**6,307**	3,548
Goodwill	**(2,649)**	(2,537)
Provisions	**241**	435
Deferred financing charges	**(687)**	(549)
Other	**(28)**	(579)
	(23,202)	(22,942)

14. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The movement in temporary differences during the current years is as follows:

	Balance September 28, 2019	**Recognized in profit (loss)**	**Recognized in other comprehensive income (loss)**	**Balance October 3, 2020**
	$	**$**	**$**	**$**
Property, plant and equipment	**(29,465)**	**(7,064)**	**—**	**(36,529)**
Right-of-use assets	**—**	**(5,335)**	**—**	**(5,335)**
Intangibles	**(7,836)**	**849**	**—**	**(6,987)**
Employee benefits	**13,267**	**444**	**1,502**	**15,213**
Lease obligations	**—**	**5,310**	**—**	**5,310**
Derivative financial instruments	**774**	**152**	**1,016**	**1,942**
Losses carried forward	**3,548**	**2,759**	**—**	**6,307**
Goodwill	**(2,537)**	**(112)**	**—**	**(2,649)**
Provisions	**435**	**(194)**	**—**	**241**
Deferred financing charges	**(549)**	**(138)**	**—**	**(687)**
Other	**(579)**	**551**	**—**	**(28)**
	(22,942)	**(2,778)**	**2,518**	**(23,202)**

	Balance September 29, 2018	Recognized in profit (loss)	Recognized in other comprehensive income (loss)	Balance September 28, 2019
	$	**$**	**$**	**$**
Property, plant and equipment	(29,260)	(205)	—	(29,465)
Intangibles	(8,653)	817	—	(7,836)
Employee benefits	8,330	(257)	5,194	13,267
Derivative financial instruments	(218)	(251)	1,243	774
Losses carried forward	1,518	2,030	—	3,548
Goodwill	(2,509)	(28)	—	(2,537)
Provisions	583	(148)	—	435
Deferred financing charges	(417)	(132)	—	(549)
Other	(636)	57	—	(579)
	(31,262)	1,883	6,437	(22,942)

15. GOODWILL

	October 3, 2020	September 28, 2019
	$	$
Balance, beginning of year	**283,007**	333,007
Goodwill impairment	**—**	(50,000)
Balance, end of year	**283,007**	283,007

Recoverability of cash generating units ("CGU"):

For the purpose of impairment testing, goodwill and intangibles with indefinite useful life are allocated to the Company's operating segments, which represent the lowest level within the Company at which the goodwill and intangibles are monitored for internal management purposes, as follows:

	October 3, 2020	September 28, 2019
	$	$
Sugar:		
Goodwill	**229,952**	229,952
Maple products:		
Goodwill	**53,055**	53,055
Brand names	**5,891**	5,887
	288,898	288,894

In assessing whether goodwill and indefinite life intangible assets are impaired, the carrying amount of the segments (including goodwill and indefinite life intangible assets) are compared to their recoverable amount. The recoverable amounts of segments are based on the higher of the value in use and fair value less costs of disposal.

SUGAR SEGMENT

The Company performed the annual impairment review for goodwill and indefinite life intangible assets as at October 3, 2020, and the estimated recoverable amounts exceeded the carrying amounts of the segments and, as a result, there was no impairment identified.

The recoverable amount was based on value in use. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2020
	%
Pre-tax discount rate	9.9
Terminal growth rate	2.0
Budgeted EBITDA growth rate (average of next 5 years)	5.0

The discount rate was a pre-tax measure estimated based on historical industry weighted-average cost of capital adjusted for impacts on risk and taxes.

15. GOODWILL (CONTINUED)

SUGAR SEGMENT (CONTINUED)

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was based on management's best estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted to factor revenue growth for the first year based on budgeted sales volumes, and the following years taking into account the average growth levels experienced over the past 5 years and the estimated sales volumes and price growth for the next five years. It was assumed that the sales price would increase in line with forecasted inflation over the next five years.

Management has identified the two key assumptions that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2020
	%
Pre-tax discount rate	7.1
Budgeted EBITDA growth rate	(8.6)

MAPLE PRODUCTS SEGMENT
The Company performed the annual impairment review for goodwill and indefinite life intangible assets as at October 3, 2020, and the estimated recoverable amounts to be equal to the carrying amounts of the segments and, as a result, there was no impairment identified.

The recoverable amount was based on value in use. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2020
	%
Pre-tax discount rate	12.3
Terminal growth rate	3.0
Budgeted EBITDA growth rate (average of next 5 years)	9.5

The discount rate was a pre-tax measure estimated based on historical industry weighted-average cost of capital adjusted for impacts on risk and taxes.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was based on management's best estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience and was adjusted to factor revenue growth for the first year based on budgeted sales volumes, adjusted for uncertainties, and the following years taking into account the average growth levels experienced in the past and the estimated sales volumes and price growth for the next five years. It was assumed that the sales volumes would increase in line with forecasted market growth over the next five years.

16. REVOLVING CREDIT FACILITY

On July 9, 2019, the Company exercised its option to extend the maturity date of its revolving credit facility to June 28, 2024 and made some minor amendments, which do not affect its outstanding borrowings nor its financial covenants. A total of $0.1 million was paid in financing fees.

As a result of the amended revolving credit facility, the Company has a total of $265.0 million of available working capital from which it can borrow at prime rate, LIBOR rate or under bankers' acceptances, plus 20 to 250 basis points, based on achieving certain financial ratios.

Certain assets of the Company, including trade receivables, inventories and property, plant and equipment, have been pledged as security for the revolving credit facility. As at October 3, 2020, a total of $482.9 million of assets are pledged as security (September 28, 2019 - $422.2 million).

The following amounts were outstanding as at:

	October 3, 2020	September 28, 2019
	$	$
Outstanding amount on revolving credit facility:		
Current	**29,000**	127,000
Non-current	**165,000**	160,000
	194,000	177,000

The carrying value of the revolving credit facility approximates fair value as the borrowings bear interest at variable rates.

17. TRADE AND OTHER PAYABLES

	October 3, 2020	September 28, 2019
	$	$
Trade payables	**105,894**	96,150
Other non-trade payables	**2,641**	2,907
Personnel-related liabilities	**13,236**	9,238
Dividends payable to shareholders	**9,318**	9,440
	131,089	117,735

Considering that Maple products syrup is harvested once a year, the *Producteurs et Productrices Acericoles du Québec* ("PPAQ") offers to authorized purchasers the possibility to pay their purchases over the course of the year (ending in February). Once the syrup is graded, the Company must pay 30% of the cost of the syrup on the 15th of the following month. The outstanding balance bears interest (prime + 1%) and is paid in four monthly installments (November, December, January and February). Included in trade payables is an amount of $61.4 million as of October 3, 2020 (September 28, 2019 - $62.3 million).

During the year, more than 87% of the maple syrup purchases were made from the PPAQ.

Personnel-related liabilities represent the Company's obligation to its current and former employees that are expected to be settled within one year from the reporting period as salary and accrued vacation.

The Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 9, Financial instruments.

18. PROVISIONS

	October 3, 2020	September 28, 2019
	$	$
Opening balance	**1,697**	2,205
Additions	**100**	70
Provisions used during the period	**(860)**	(578)
Closing balance	**937**	1,697
Presented as:		
Current	**500**	878
Non-current	**437**	819
	937	1,697

Provisions are comprised of asset retirement obligations, which represent the future cost the Company estimated to incur for the removal of asbestos in the operating facilities and for oil, chemical and other hazardous materials storage tanks for which the Company has been able to identify the costs.

The estimate of the total liability for future asset retirement obligations is subject to change, based on amendments to laws and regulations and as new information concerning the Company's operations becomes available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions would be recognized prospectively as a change in estimate, when applicable.

19. LEASE OBLIGATIONS

The Company's leases are primarily for warehouses, operating properties, railcars and production equipment.

The following table presents lease obligations recorded in the consolidated statement of financial position as at October 3, 2020 and September 28, 2019:

	October 3, 2020	September 28, 2019 [1]
	$	$
Current	**3,981**	139
Non-current	**16,423**	742

[1] Finance lease obligations assessed under the previous standards. Refer to Note 3 (q) i).

The following table summarizes the reconciliation of the lease obligations from the date of initial application until October 3, 2020:

	$
Lease obligations as at September 28, 2019	—
Reclassification from finance lease obligations	881
Additions as at September 29, 2019 (date of initial application)	11,035
Additions during the period	11,818
Payment of lease obligations	(4,205)
Interest accretion	864
Effect of movements in exchange rate	11
Lease obligations as at October 3, 2020	20,404

19. LEASE OBLIGATIONS (CONTINUED)

Certain leases contain extension or termination options exercisable by the Company before the end of the non-cancellable contract period. The Company has applied judgement to determine the lease term for the contracts with renewal and termination options and has included renewal and termination options in the measurement of lease obligations when it is reasonably certain to exercise the options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or a significant change in circumstances which impacts the original assessments made.

Expenses relating to short-term leases, and for leases of low-value assets were not significant for the period ended October 3, 2020 (September 28, 2019 - operating leases expensed - $5.4 million).

The total cash outflow for leases (including interest) for the period ended October 2020 was $4.2 million, which was included as part of cash outflows from financing activities.

The lease obligations are payable as follows:

	October 3, 2020			September 28, 2019 [1]		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments
	$	**$**	**$**	$	$	$
Less than one year	**4,405**	**839**	**3,565**	170	31	139
Between one and five years	**10,188**	**2,931**	**7,257**	435	83	352
More than five years	**11,625**	**2,044**	**9,582**	420	30	390
	26,218	**5,814**	**20,404**	1,025	144	881

[1] Finance lease obligations assessed under the previous standards. Refer to Note 3 (q) i).

20. EMPLOYEE BENEFITS

The Company sponsors defined benefit pension plans for its employees ("Pension benefit plans"), as well as health care benefits, medical plans and life insurance coverage ("Other benefit plans").

The following table presents a reconciliation of the pension obligations, the plan assets and the funded status of the benefit plans:

	October 3, 2020	September 28, 2019
	$	$
Fair value of plan assets:		
Pension benefit plans	**103,373**	**105,323**
Defined benefit obligation:		
Pension benefit plans	**145,667**	**139,952**
Other benefit plans	**16,918**	**17,181**
	162,585	**157,133**
Funded status:		
Pension benefit plans	**(42,294)**	**(34,628)**
Other benefit plans	**(16,918)**	**(17,182)**
	(59,212)	**(51,810)**
Experience adjustment arising on plan liabilities	**2,881**	**19,363**
Experience adjustment arising on plan assets	**(3,026)**	**(539)**

The Company has determined that, in accordance with the terms and conditions of the defined benefit pension plans, and in accordance with statutory requirements (such as minimum funding requirements) of the plans of the respective jurisdictions, the present value of refunds or reductions in the future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of the obligations. As such, no decrease in the defined benefit asset is necessary as at October 3, 2020 (September 28, 2019 - no decrease in defined benefit asset).

The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes at year-end. The most recent actuarial valuations of the pension plans for funding purposes were as of December 31, 2016, January 1, 2017 and December 31, 2019, the next required valuations will be as of December 31, 2022.

20. EMPLOYEE BENEFITS (CONTINUED)

The asset allocation of the major categories in the plan was as follows:

	October 3, 2020		September 28, 2019	
	%	**$**	%	$
Equity instruments	**58.5**	**60,473**	61.4	64,668
Government bonds	**36.1**	**37,318**	35.4	37,285
Cash and short-term securities	**5.4**	**5,582**	3.2	3,370
	100.0	**103,373**	100.0	105,323

The pension committee prepares the documentation relating to the management of asset allocation, reviews the investment policy and recommends it to the Board of Directors for approval in the event of material changes to the policy. Semi-annually monitoring of the asset allocation of the pension benefit plans allows the pension committee to ensure that the limits of asset allocation of the pension benefit plans are respected.

Based on historical data, contributions to the defined benefit pension plans in fiscal 2021 are expected to be approximately $5.9 million.

The pension plan exposes the Company to the following risks:

(i) Investment risk:
The defined benefit obligation is calculated using a discount rate. If the fund returns are lower than the discount rate, a deficit is created.

(ii) Interest rate risk:
Variation in bond rates will affect the value of the defined benefit obligation.

(iii) Inflation risk:
The defined benefit obligation is calculated assuming a certain level of inflation. An actual inflation higher than expected will have the effect of increasing the value of the defined benefit obligation.

20. EMPLOYEE BENEFITS (CONTINUED)

Movement in the present value of the defined benefit obligations is as follows:

	For the fiscal years ended					
	October 3, 2020			September 28, 2019		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
	$	**$**	**$**	$	$	$
Movement in the present value of the defined benefit obligation:						
Defined benefit obligation, beginning of the year	**139,952**	**17,181**	**157,133**	120,650	15,206	135,856
Current service cost	**3,156**	**312**	**3,468**	2,370	235	2,605
Re-measurements of other long-term benefits	**—**	**—**	**—**	(8)	(103)	(111)
Interest cost	**4,110**	**498**	**4,608**	4,587	565	5,152
Employee contributions	**1,006**	**—**	**1,006**	982	—	982
Benefit payments from plan	**(4,947)**	**—**	**(4,947)**	(5,217)	—	(5,217)
Benefit payments from employer	**(919)**	**(645)**	**(1,564)**	(862)	(635)	(1,497)
Actuarial gains arising from changes in demographic assumptions	**(826)**	**(1,180)**	**(2,006)**	—	(56)	(56)
Actuarial losses arising from changes in financial assumptions	**5,255**	**635**	**5,890**	17,208	2,000	19,208
Actuarial (gains) losses arising from member experience	**(1,120)**	**117**	**(1,003)**	242	(31)	211
Defined benefit obligation, end of year	**145,667**	**16,918**	**162,585**	139,952	17,181	157,133
Movement in the fair value of plan assets:						
Fair value of plan assets, beginning of the year	**105,323**	**—**	**105,323**	104,362	—	104,362
Interest income	**3,128**	**—**	**3,128**	4,022	—	4,022
Return on plan assets (excluding interest income)	**(3,026)**	**—**	**(3,026)**	(539)	—	(539)
Employer contributions	**3,376**	**645**	**4,021**	2,972	635	3,607
Employee contributions	**1,006**	**—**	**1,006**	982	—	982
Benefit payments from plan	**(4,947)**	**—**	**(4,947)**	(5,217)	—	(5,217)
Benefit payments from employer	**(919)**	**(645)**	**(1,564)**	(862)	(635)	(1,497)
Plan expenses	**(568)**	**—**	**(568)**	(397)	—	(397)
Fair value of plan assets, end of year	**103,373**	**—**	**103,373**	105,323	—	105,323

20. EMPLOYEE BENEFITS (CONTINUED)

The net defined benefit obligation can be allocated to the plans' participants as follows:

	October 3, 2020		September 28, 2019	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Active plan participants	**49.5**	**41.6**	47.2	43.8
Retired plan members	**46.4**	**58.4**	48.4	56.2
Deferred plan participants	**4.1**	**—**	1.3	—
Other	**—**	**—**	3.1	—
	100.0	**100.0**	100.0	100.0

The Company's defined benefit pension expense was as follows:

	For the fiscal years ended					
	October 3, 2020			September 28, 2019		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
	$	**$**	**$**	$	$	$
Pension costs recognized in net earnings (loss):						
Current service cost	**3,156**	**312**	**3,468**	2,370	235	2,605
Expenses related to the pension benefits plans	**568**	**—**	**568**	397	—	397
Net interest cost	**982**	**498**	**1,480**	565	565	1,130
Re-measurements of other long-term benefits	**9**	**51**	**60**	(8)	(103)	(111)
Pension expense	**4,715**	**861**	**5,576**	3,324	697	4,021
Recognized in:						
Cost of sales	**4,218**	**580**	**4,798**	2,802	606	3,408
Administration and selling expenses	**497**	**281**	**778**	522	91	613
	4,715	**861**	**5,576**	3,324	697	4,021

20. EMPLOYEE BENEFITS (CONTINUED)

The following table presents the change in the actuarial gains and losses recognized in other comprehensive income (loss):

	For the fiscal years ended					
	October 3, 2020			September 28, 2019		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
	$	**$**	**$**	$	$	$
Cumulative amount in comprehensive income (loss) at the beginning of the year	**18,159**	**(7,041)**	**11,118**	170	(8,954)	(8,784)
Recognized during the year	**6,326**	**(479)**	**5,847**	17,989	1,913	19,902
Cumulative amount in comprehensive income (loss) at the end of the year	**24,485**	**(7,520)**	**16,965**	18,159	(7,041)	11,118
Recognized during the year, net of tax	**4,701**	**(356)**	**4,345**	13,294	1,414	14,708

Principal actuarial assumptions used were as follows:

	For the fiscal years ended			
	October 3, 2020		September 28, 2019	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Company's defined benefit obligation:				
Discount rate	**2.75**	**2.75**	3.00	3.00
Rate of compensation increase	**3.00**	**3.00**	2.50	3.00
Net benefit plan expense:				
Discount rate	**3.00**	**2.75**	3.90	3.90
Rate of compensation increase	**2.50**	**3.00**	2.20	3.00

20. EMPLOYEE BENEFITS (CONTINUED)

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the value of the liabilities in the defined benefit plans are as follows:

	October 3, 2020	September 28, 2019
Longevity at age 65 for current pensioners:		
Males	**22.1**	22.0
Females	**24.7**	24.7
Longevity at age 65 for members aged 45:		
Males	**23.5**	23.5
Females	**26.1**	26.0

The assumed health care cost trend rate as at October 3, 2020 was 5.73% (September 28, 2019 - 5.67%), decreasing uniformly to 4.00% in 2040 (September 28, 2019 - 4.00% in 2040) and remaining at that level thereafter.

The following table outlines the key assumptions for the fiscal year ended October 3, 2020 and the sensitivity of a percentage change in each of these assumptions on the defined benefit plan obligations and the net defined benefit plan costs.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	For the fiscal year ended October 3, 2020		
	Pension benefit plans	**Other benefit plans**	**Total**
	$	**$**	**$**
(Decrease) increase in Company's defined benefit obligation:			
Discount rate			
Impact of increase of 1%	**(19,559)**	**(2,262)**	**(21,821)**
Impact of decrease of 1%	**25,133**	**2,962**	**28,095**
Rate of compensation increase			
Impact of increase of 0.5%	**1,472**	**5**	**1,477**
Impact of decrease of 0.5%	**(1,381)**	**(4)**	**(1,385)**
Mortality			
99% of expected rate	**374**	**64**	**438**

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend would have the following effects:

	Increase	**Decrease**
	$	**$**
Effect on the defined benefit obligations	**2,434**	**(1,932)**

As at October 3, 2020, the weighted average duration of the defined benefit obligation amounts to 15.4 years (September 28, 2019 - 15.5 years).

21. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

The outstanding convertible debentures are as follows:

	October 3, 2020	September 28, 2019
	$	$
Non-current		
Sixth series (i)	**57,425**	57,500
Seventh series (ii)	**97,575**	97,750
Total face value	**155,000**	155,250
Less net deferred financing fees	**(4,512)**	(5,500)
Less equity component (i), (ii)	**(6,930)**	(6,930)
Accretion expense on equity component	**2,278**	1,410
Total carrying value - non-current	**145,836**	144,230

(i) Sixth series:

On July 28, 2017, the Company issued $57.5 million Sixth series, 5.00% convertible unsecured subordinated debentures ("Sixth series debentures"), maturing on December 31, 2024, with interest payable semi-annually in arrears on June 30 and December 31 of each year, starting on December 31, 2017. The debentures may be converted at the option of the holder at a conversion price of $8.26 per share (representing 6,961,259 common shares) at any time prior to maturity, and cannot be redeemed prior to December 31, 2020.

On or after December 31, 2020 and prior to December 31, 2022, the debentures may be redeemed by the Company, at a price equal to the principal amount plus accrued and unpaid interest, only if the current market price on the day preceding the date on which the notice is given is at least 125% of the conversion price of $8.26. Subsequent to December 31, 2022, the debentures are redeemable at a price equal to the principal amount thereof plus accrued unpaid interest.

On redemption or at maturity, the Company will repay the indebtedness of the convertible debentures by paying an amount equal to the principal amount of the outstanding convertible debentures, together with accrued and unpaid interest thereon.

The Company may, at its option, elect to satisfy its obligation to repay the principal amount of the convertible debentures, which are to be redeemed or which have matured, by issuing shares to the holders of the convertible debentures. The number of shares to be issued will be determined by dividing $1,000 (one thousand) of principal amount of the convertible debentures by 95% of the then current market price on the day preceding the date fixed for redemption or the maturity date, as the case may be.

The Company allocated $2.6 million of the Sixth series debentures into an equity component (net of tax an amount of $2.0 million). During the year, the Company recorded $0.3 million (September 28, 2019 - $0.3 million) in finance costs for the accretion of the Sixth series debentures.

The Company incurred underwriting fees and issuance costs of $2.7 million, which are netted against the convertible debenture liability.

21. CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES (CONTINUED)

(i) Sixth series (continued):

During fiscal 2020, holders of the Sixth series debentures converted a total of $0.1 million into 9,079 common shares. This conversion is a non-cash transaction and therefore not reflected in the consolidated statements of cash flows.

The fair value of the Sixth series convertible unsecured subordinated debentures is measured based on Level 1 of the three-tier fair value hierarchy and was based upon market quotes for the identical instruments. The fair value as at October 3, 2020 was approximately $58.2 million (September 28, 2019 - $58.8 million).

(ii) Seventh series:
On March 28, 2018, in connection with a bought deal offering filed on March 21, 2018, the Company issued 85,000 Seventh series debentures, maturing on June 30, 2025 and bears interest of 4.75%, with interest payable semi-annually in arrears on June 30 and December 31 of each year, commencing on June 30, 2018 for gross proceeds of $85.0 million. Then, on April 3, 2018, the Company issued an additional 12,750 Seventh series debentures pursuant to the exercise in full of the over-allotment option granted by the Company for gross proceeds of $12.8 million. As a result of the over-allotment, the total amount outstanding under the Seventh series is $97,750. The debentures may be converted at the option of the holder at a conversion price of $8.85 per share (representing 11,045,197 common shares) at any time prior to maturity and cannot be redeemed by the Company prior to June 30, 2021.

On or after June 30, 2021 and prior to June 30, 2023, the debentures will be redeemable in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the weighted average trading price of the common shares, for the 20 consecutive trading days ending on the fifth trading day preceding the day prior to the date upon which the notice of redemption is given is at least 125% of the conversion price of $8.85 per Debenture Share. On or after June 30, 2023 and prior to the maturity date, the debentures may be redeemed at a price equal to the principal amount thereof plus accrued and unpaid interest.

On redemption or on the maturity date, the Company will repay the indebtedness of the convertible debentures by paying an amount equal to the principal amount of the outstanding debentures, together with accrued and unpaid interest thereon.

The Company may, at its option, elect to satisfy its obligation to repay the principal amount of the convertible debentures, which are to be redeemed or which have matured, by issuing shares to the holders of the convertible debentures. The number of shares to be issued will be determined by dividing $1,000 (one thousand) of principal amount of the convertible debentures by 95% of the then current market price on the day preceding the date fixed for redemption or the maturity date, as the case may be.

The Company allocated $4.3 million ($3.1 million net of tax) of the Seventh series debentures into an equity component. During the year, the Company recorded $0.6 million (September 28, 2019 - $0.5 million) in finance costs for the accretion of the Seventh series debentures.

The Company incurred underwriting fees and issuance costs of $4.5 million, which are netted against the convertible debenture liability.

During fiscal 2020, holders of the Seventh series debentures converted a total of $0.2 million into 19,774 common shares. This conversion is a non-cash transaction and therefore not reflected in the consolidated statements of cash flows.

The fair value of the Seventh series convertible unsecured subordinated debentures is measured based on Level 1 of the three-tier fair value hierarchy and was based upon market quotes for the identical instruments. The fair value as at October 3, 2020 was approximately $98.6 million (September 28, 2019 - $99.2 million).

22. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

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

On May 22, 2019, the Company received approval from the Toronto Stock Exchange to proceed with a Normal Course Issuer Bid ("2019 NCIB"), under which the Company may purchase up to 1,500,000 common shares. The 2019 NCIB commenced on May 24, 2019 and terminated on March 30, 2020, whereby all common shares had been purchased. During the year, the Company purchased 1,377,394 common shares having a book value of $1.3 million for a total cash consideration of $6.5 million. The excess of the purchase price over the book value of the shares in the amount of $5.2 million was charged to deficit. During fiscal 2019, the Company purchased 122,606 common shares having a book value of $0.1 million for a total cash consideration of $0.6 million. The excess of the purchase price over the book value of the shares in the amount of $0.5 million was charged to deficit. All shares purchased were cancelled.

As of October 3, 2020, a total of 103,536,923 common shares (September 28, 2019 - 104,885,464) were outstanding.

The Company declared a quarterly dividend of $0.09 per share for fiscal years 2020 and 2019.

The following dividends were declared by the Company:

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Dividends	**37,380**	37,793

Contributed surplus:
The contributed surplus account is used to record amounts arising on the issue of equity-settled share-based payment awards (see Note 23, Share-based compensation).

Capital management:
The Company's objectives when managing capital are:

- To ensure proper capital investment is done in the manufacturing infrastructure to provide stability and competitiveness of the operations;
- To have stability in the dividends paid to shareholders;
- To have appropriate cash reserves on hand to protect the level of dividends made to shareholders;
- To maintain an appropriate debt level so that there is no financial constraint on the use of capital;
- To have an appropriate line of credit, and;
- To repurchase shares or convertible debentures when the Board of Directors considers trading values do not reflect fair values.

22. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONTINUED)

Capital management (continued):

The Company typically invests in its operations approximately $20.0 million yearly in capital expenditures. On an exceptional basis, the Company may invest more than $20.0 million when special capital requirements arise. Management believes that these investments, combined with approximately $30.0 to $40.0 million spent on average annually on maintenance expenses, allow for the stability of the manufacturing operations and improve its cost competitiveness through new technology or process procedures.

The Board of Directors aims to ensure proper cash reserves are in place to maintain the current dividend level. Dividends to shareholders will only be raised after the Directors have carefully assessed a variety of factors that include the overall competitive landscape, volume and selling margin sustainability, the operating performance and capital requirements of the manufacturing plants and the sustainability of any increase.

The Company has a $265.0 million revolving credit facility. The Company estimates to use between $120.0 million and $200.0 million of its revolving credit facility to finance its normal operations during the year.

The Company monitors, on a quarterly basis, the ratio of total debt to earnings before interest, income taxes, depreciation and amortization, adjusted for the impact of all derivative financial instruments ("adjusted EBITDA") of the operating company. Through required lenders' covenants, the debt ratio must be kept below 3.5:1. At year-end, the operating company's debt ratio was 2.09:1 for fiscal 2020 and 1.96:1 for fiscal 2019.

Having satisfied the above factors, if cash is available, it will be used to repurchase the Company's shares and convertible debentures when the Board of Directors considers that the current trading range does not reflect the fair trading value of the Company's shares. As such, the Company puts in place a NCIB from time to time.

The Company does not use equity ratios to manage its capital requirements.

23. SHARE-BASED COMPENSATION

(a) Equity-settled share-based compensation:
The Company currently has a share option plan that was established in 2011 and amended in 2015. Under this plan, the Company has set aside 4,000,000 common shares to be granted to key personnel. As at October 3, 2020, a total of 3,535,997 options had been granted at exercise prices ranging between $4.28 per share and $6.51 per share. These share options are exercisable to a maximum of twenty percent per year, starting after the first anniversary date of the granting of the options and will expire after a term of ten years.

Compensation expense is amortized over the vesting period of the corresponding optioned shares and is expensed in the administration and selling expenses with an offsetting credit to contributed surplus. An expense of $168 was incurred for the fiscal year ended October 3, 2020 (September 28, 2019 - $190).

23. SHARE-BASED COMPENSATION (CONTINUED)

(a) Equity-settled share-based compensation (continued):

The following table summarizes information about the Share Option Plan as of October 3, 2020:

Exercise price per option	Outstanding number of options at September 28, 2019	Options granted during the period	Options forfeited during the period	Options exercised during the period	Outstanding number of options at October 3, 2020	Weighted average remaining life (in years)	Number of options exercisable
$4.28	**—**	**250,000**	**—**	**—**	**250,000**	**9.46**	**—**
$4.59	**830,000**	**—**	**—**	**—**	**830,000**	**4.64**	**830,000**
$4.68	**—**	**563,500**	**—**	**—**	**563,500**	**9.16**	**—**
$5.58	**447,175**	**—**	**—**	**—**	**447,175**	**8.17**	**89,435**
$5.61	**80,000**	**—**	**—**	**—**	**80,000**	**1.46**	**80,000**
$6.23	**1,005,322**	**—**	**—**	**—**	**1,005,322**	**7.17**	**402,129**
$6.51	**360,000**	**—**	**—**	**—**	**360,000**	**6.17**	**216,000**
	2,722,497	**813,500**	**—**	**—**	**3,535,997**	**n/a**	**1,617,564**

The following table summarizes information about the Share Option Plan as of September 28, 2019:

Exercise price per option	Outstanding number of options at September 29, 2018	Options granted during the period	Options forfeited during the period	Options exercised during the period	Outstanding number of options at September 28, 2019	Weighted average remaining life (in years)	Number of options exercisable
$4.59	830,000	—	—	—	830,000	5.65	660,000
$5.58	—	447,175	—	—	447,175	9.18	—
$5.61	80,000	—	—	—	80,000	2.48	80,000
$6.23	1,005,322	—	—	—	1,005,322	8.18	201,064
$6.51	360,000	—	—	—	360,000	7.19	144,000
	2,275,322	447,175	—	—	2,722,497	n/a	1,085,064

Options outstanding held by key management personnel amounted to 2,915,997 options as at October 3, 2020 and 2,102,497 options as at September 28, 2019 (see Note 28, Key management personnel).

23. SHARE-BASED COMPENSATION (CONTINUED)

(a) Equity-settled share-based compensation (continued):

The measurement date fair values were measured based on the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values of the share-based payment plans granted in the first quarter of fiscal 2020 are the following:

Total fair value of options at grant date	$106
Share price at grant date	$4.81
Exercise price	$4.68
Expected volatility (weighted average volatility)	15.984% to 16.870%
Option life (expected weighted average life)	4 to 6 years
Expected dividends	7.48%
Weighted average risk-free interest rate (based on government bonds)	1.641% to 1.660%

The inputs used in the measurement of the fair values of the share-based payment plans granted in the second quarter of fiscal 2020 are the following:

Total fair value of options	$26
Share price	$4.24
Exercise price	$4.28
Expected volatility (weighted average volatility)	16.872% to 17.949%
Option life (expected weighted average life)	4 to 6 years
Expected dividends	8.49%
Weighted average risk-free interest rate (based on government bonds)	0.714% to 0.763%

(b) Cash-settled share-based compensation:

i) Performance Share Units ("PSU")

Fiscal 2020 grant:
On December 2, 2019, a total of 324,932 PSUs were granted to certain executives. In addition, an aggregate of 18,734 PSUs at a weighted-average share price of $4.78 were allocated as a result of the dividend paid during the quarters since inception, as the participants also receive dividend equivalents paid in the form of PSUs. As at October 3, 2020, an aggregate of 343,666 PSUs was outstanding. These PSUs will vest at the end of the 2020-2022 Performance Cycle based on the achievement of total shareholder returns set by the Human Resources and Compensation Committee ("HRCC") and the Board of Directors of the Company. Following the end of a Performance Cycle, the Board of Directors of the Company will determine, and to the extent only that the Vesting Conditions include financial conditions, concurrently with the release of the Company's financial and/or operational results for the fiscal year ended at the end of the Performance Cycle, whether the Vesting Conditions for the PSUs granted to a participant relating to such Performance Cycle have been achieved. Depending on the achievement of the Vesting Conditions, between 0% and 200% of the PSUs will become vested.

The Board of Directors of the Company has the discretion to determine that all or a portion of the PSUs granted to a participant for which the Vesting Conditions have not been achieved shall vest to such participant.

The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the five trading days immediately preceding the day on which the Company shall pay the value to the participant under the PSU Plan, and such date will in no event occur after December 31 of the third calendar year following the calendar year in which the PSUs are granted.

23. SHARE-BASED COMPENSATION (CONTINUED)

(b) Cash-settled share-based compensation (continued):

i) Performance Share Units ("PSU") (continued)

Fiscal 2020 grant (continued):

The fair values were established using the Monte Carlo model. The fair value as at grant date was $64 and $89 as at October 3, 2020. An expense of $19 was recorded for the period ending October 3, 2020 in administration and selling expenses. The liabilities arising from the PSUs as at October 3, 2020 were $19.

Fiscal 2019 grant:
On December 3, 2018, an aggregate of 290,448 PSUs was granted by the Company. In addition, an aggregate of 36,717 PSUs at a weighted-average share price of $5.29 were allocated as a result of the dividend paid during the quarters since inception, as the participants also receive dividend equivalents paid in the form of PSUs. As at October 3, 2020, an aggregate of 327,165 PSUs was outstanding. These PSUs will vest at the end of the 2019-2021 Performance Cycle.

The fair values were established using the Monte Carlo model. The fair value as at grant date was $308 and $43 as at October 3, 2020 (September 28, 2019 - $35). An expense of $15 was recorded for the period ending October 3, 2020 (September 28, 2019 - $7) in administration and selling expenses. The liabilities arising from the PSUs as at October 3, 2020 were $22 (September 28, 2019 - $7).

Fiscal 2019 grant:
On December 4, 2017, an aggregate of 224,761 PSUs was granted by the Company. In addition, an aggregate of 44,372 PSUs at a weighted-average share price of $5.50 were allocated as a result of the dividend paid during the quarters since inception, as the participants also receive dividend equivalents paid in the form of PSUs. As at October 3, 2020, an aggregate of 269,133 PSUs was outstanding. These PSUs will vest at the end of the 2018-2020 Performance Cycle.

The fair value as at October 3, 2020 was nil (September 28, 2019 - nil). An expense of nil was recorded for the period ending October 3, 2020 (September 28, 2019 - nil) in administration and selling expenses. The liabilities arising from the PSUs as at October 3, 2020 were nil (September 28, 2019 - nil).

24. COMMITMENTS

As at October 3, 2020, the Company had commitments to purchase a total of 1,496,000 metric tonnes of raw cane sugar (September 28, 2019 - 1,057,000), of which 383,574 metric tonnes had been priced (September 28, 2019 - 283,162), for a total dollar commitment of $150.0 million (September 28, 2019 - $113.9 million). In addition, the Company has a commitment of approximately $22.9 million (September 28, 2019 - $25.0 million) for sugar beets to be harvested and processed in fiscal 2020.

TMTC has $4.1 million (September 28, 2019 - $8.8 million) remaining to pay related to an agreement to purchase approximately $12.2 million (4.0 million pounds) (September 28, 2019 - $13.9 million; 4.3 million pounds) of maple syrup from the PPAQ. In order to secure bulk syrup purchases, the Company issued letters of guarantee for a total amount of $14.5 million in favor of the PPAQ (September 28, 2019 - $17.3 million). The letters of guarantee expire on February 28, 2021.

During the fiscal year ended October 3, 2020, the Company entered into capital commitments to complete its capital projects for a total value of $23.6 million (September 28, 2019 - $19.0 million).

25. CONTINGENCIES

The Company, in the normal course of business, becomes involved from time to time in litigation and claims. While the final outcome with respect to claims and legal proceedings pending as at October 3, 2020 cannot be predicted with certainty, management believes that no provision was required and that the financial impact, if any, from claims related to normal business activities will not be material.

26. EARNINGS (LOSS) PER SHARE

Reconciliation between basic and diluted earnings (loss) per share is as follows:

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Basic earnings (loss) per share:		
Net earnings (loss)	**35,419**	(8,167)
Weighted average number of shares outstanding	**103,973,735**	104,997,204
Basic earnings (loss) per share	**0.34**	(0.08)
Diluted earnings (loss) per share:		
Net earnings (loss)	**35,419**	(8,167)
Plus impact of convertible unsecured subordinated debentures and share options	**2,348**	—
	37,767	(8,167)
Weighted average number of shares outstanding:		
Basic weighted average number of shares outstanding	**103,973,735**	104,997,204
Plus impact of convertible unsecured subordinated debentures and share options	**6,952,179**	—
	110,925,914	104,997,204
Diluted earnings (loss) per share	**0.34**	(0.08)

As at October 3, 2020, the share options and the Seventh series debentures, representing 11,025,424 common shares, were excluded from the calculation of diluted earnings per share as they were deemed anti-dilutive. As at September 28, 2019, the share options, the Sixth series debentures, representing 6,961,259 common shares and the Seventh series debentures, representing 11,045,198 common shares, were excluded from the calculation of diluted loss per share as they were deemed anti-dilutive.

27. SUPPLEMENTARY CASH FLOW INFORMATION

	October 3, 2020	September 28, 2019	September 29, 2018
	$	$	$
Non-cash transactions:			
Additions of property, plant and equipment and intangible assets included in trade and other payables	**1,239**	294	1,041

28. KEY MANAGEMENT PERSONNEL

The Board of Directors as well as the executive team, which include the President and all the Vice-Presidents, are deemed to be key management personnel of the Company. The following is the compensation expense for key management personnel:

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Salaries and short-term benefits	**3,989**	2,281
Attendance fees for members of the Board of Directors	**962**	883
Post-employment benefits	**164**	111
Share-based compensation (note 23)	**194**	195
	5,309	3,470

29. PERSONNEL EXPENSES

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Wages, salaries and employee benefits	**98,887**	86,806
Expenses related to defined benefit plans (note 20)	**5,576**	4,021
Expenses related to defined contributions plans	**5,615**	4,815
Share-based compensation (note 23)	**194**	195
	110,272	95,837

The personnel expenses were charged to the consolidated statements of earnings (loss) and comprehensive income (loss) or capitalized in the consolidated statements of financial position as follows:

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Cost of sales	**89,046**	78,972
Administration and selling expenses	**19,445**	14,928
Distribution expenses	**1,494**	1,582
	109,985	95,482
Property, plant and equipment	**287**	355
	110,272	95,837

30. RELATED PARTIES

Lantic has outstanding redeemable Class B special shares of $44.5 million that are retractable and can be settled at Lantic's option by delivery of a note receivable from Belkorp Industries Inc., having the same value. The note receivable bears no interest and has no fixed terms of repayment. The Class B special shares are entitled to vote, but on a pro rata basis at a meeting of shareholders of Lantic. Under the terms of a voting trust agreement between Belkorp Industries Inc. and Rogers, Rogers is entitled to vote the Class B special shares so long as they remain outstanding. Due to the fact that Lantic has the intent and the legal right to settle the note receivable with the redeemable Class B special shares, these amounts have been offset and, therefore, are not presented on the consolidated statements of financial position.

Belkorp Industries Inc. also controls, through Lantic Capital, the two Lantic Class C shares issued and outstanding. The Class C shares entitle Lantic Capital to elect five of the seven directors of Lantic, but have no other voting rights at any meetings of shareholders of Lantic, except as may be required by law.

31. SEGMENTED INFORMATION

The Company has two operating and reportable segments, sugar and maple products. The principal business activity of the sugar segment is the refining, packaging and marketing of sugar products. The Maple products segment processes pure maple syrup and related maple products. The reportable segments are managed independently as they require different technology and capital resources. Performance is measured based on the segments' gross margins and results from operating activities. These measures are included in the internal management reports that are reviewed by the Company's President and CEO, and management believes that such information is the most relevant in the evaluation of the results of the segments.

Transactions between reportable segments are interest receivable (payable), which are eliminated upon consolidation.

	For the fiscal year ended October 3, 2020			
	Sugar	Maple products	Corporate and eliminations	Total
	$	$	$	$
Revenues	631,263	229,538	—	860,801
Cost of sales	526,175	208,427	—	734,602
Gross margin	105,088	21,111	—	126,199
Depreciation and amortization	16,890	6,588	—	23,478
Results from operating activities	62,382	7,147	(1,519)	68,010
Additions to property, plant and equipment and intangible assets, net of disposals	20,711	6,569	—	27,280
Additions to right-of-use assets	14,550	8,303	—	22,853

	For the fiscal year ended October 3, 2020			
	Sugar	Maple products	Corporate and eliminations	Total
	$	$	$	$
Total assets	798,179	255,242	(166,277)	887,144
Total liabilities	(969,021)	(270,230)	622,298	(616,953)

31. SEGMENTED INFORMATION (CONTINUED)

	For the fiscal year ended September 28, 2019			
	Sugar	Maple products	Corporate and eliminations	Total
	$	$	$	$
Revenues	595,878	198,414	—	794,292
Cost of sales	495,577	176,140	—	671,717
Gross margin	100,301	22,274	—	122,575
Depreciation and amortization	15,449	3,772	—	19,221
Results from operating activities	66,868	(41,392)	(1,329)	24,147
Additions to property, plant and equipment and intangible assets, net of disposals	22,647	4,468	—	27,115

	For the fiscal year ended September 28, 2019			
	Sugar	Maple products	Corporate and eliminations	Total
	$	$	$	$
Total assets	768,949	231,659	(165,580)	835,028
Total liabilities	(934,300)	(241,665)	626,369	(549,596)

Revenues were derived from customers in the following geographic areas:

	For the fiscal years ended	
	October 3, 2020	September 28, 2019
	$	$
Canada	**637,781**	**611,633**
United States	**142,888**	**109,655**
Europe	**44,368**	**34,633**
Other	**35,764**	**38,371**
	860,801	**794,292**

Substantially all of the non-current assets are located in Canada.

Rogers Sugar Inc.

Corporate Information

DIRECTORS

M. Dallas H. Ross, (1) (3)
Chairman and CEO
Kinetic Capital Limited Partnership

Dean Bergmame, (2) (3)
Director

William S. Maslechko, (3)
Partner
Burnet, Duckworth & Palmer LLP

Daniel Lafrance, (1) (2)
Director

Gary Collins, (2)
Senior Advisor
Lazard Group

Stephanie Wilkes,
Director

(1) Nominees to Board of Directors of Lantic Inc.
(2) Audit Committee Members
(3) Nominating and Governance Committee Members

LEGAL COUNSEL

Davies, Ward, Phillips & Vineberg
Montreal, Quebec

TRADING SYMBOL

RSI

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

ANNUAL MEETING

The annual meeting of Shareholders
will be held virtually February 2, 2021

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Operating Companies

Corporate Information — Management

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Gary Collins, [2]
Senior Advisor
Lazard Group

Michael Heskin, [2]
Vice President Finance and CFO
Belkorp Industries Inc.

Donald G. Jewell,
Managing Partner
RIO Industrial

Daniel Lafrance, [1] [2]
Director

John Holliday,
President and Chief Executive Officer
Lantic Inc.

(1) Rogers Sugar Inc. Nominees
(2) Audit Committee Members

OFFICERS
John Holliday,
President and Chief Executive Officer

Michael Walton,
Chief Operating Officer of Lantic Inc. &
President of The Maple Treat Corporation

Jean-Sébastien Couillard,
Vice President Finance,
Chief Financial Officer
and Corporate Secretary

Patrick Dionne,
Vice President, Operations and
Supply Chain

Jean-François Khalil,
Vice President,
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