
Condensed Interim Consolidated Financial Statements

Sucro Holdings, LLC

For the three and nine months ended September 30, 2023 and 2022

(Expressed in United States Dollars)

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Sucro Holdings, LLC

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2023

Expressed in United States Dollars

	September 30, 2023	December 31,
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,478,056	\$ 6,996,710
Trading and derivative assets (note 5)	5,182,074	1,704,108
Accounts receivable	68,357,122	72,064,422
Inventory (note 6)	220,951,909	131,798,673
Due from related parties (note 15)	2,724,131	768,484
Unrealized gains on forward commitments (note 20)	119,334,509	82,103,822
Prepaid expenses	3,137,273	2,246,826
Sales taxes recoverable	6,622,744	740,817
Other receivables	474,652	292,098
Assets held for sale	-	1,103,624
Total Current Assets	434,262,470	299,819,584
Non-Current Assets		
Property, plant and equipment (note 7)	77,025,275	67,576,249
Right-of-use assets (note 8)	7,887,326	9,981,138
Cash surrender value of life insurance	831,828	841,994
Equity investment	989,671	628,908
Other non-current assets	68,631	242,792
Goodwill	960,947	960,947
Total Non-Current Assets	87,763,678	80,232,028
Total Assets	\$ 522,026,148	\$ 380,051,612

Sucro Holdings, LLC

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2023

Expressed in United States Dollars

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 53,007,345	\$ 37,513,307
Unrealized losses on forward commitments (note 20)	27,177,198	9,358,215
Loans and borrowings, current portion (note 9)	229,453,821	159,134,534
Due to related parties (note 15)	530,496	-
Taxes payable	-	59,965
Lease liabilities, current portion (note 10)	1,262,097	2,021,294
Sales taxes payable	2,179,430	1,355,946
Customer deposits	14,500	14,500
Liabilities held for sale	-	912,383
Equity-based settlement (note 12)	1,588,018	-
Total Current Liabilities	315,212,905	210,370,144
Non-Current Liabilities		
Loans and borrowings, net of current portion (note 9)	34,302,346	35,704,553
Deferred tax liability	22,773,782	12,782,067
Lease liabilities (note 10)	3,572,035	5,010,623
Put option (note 11)	8,839,125	7,058,331
Total Liabilities	384,700,193	270,925,718
Members' Equity		
Members' capital (note 13)	45,482,939	46,053,792
Accumulated retained earnings	104,496,709	71,622,688
Warrant reserve (note 14)	105,747	105,747
Put option reserve (note 11)	(8,839,125)	(7,058,331)
Cash flow hedging reserve (note 4)	544,051	347,346
Equity Attributable to Unit Holders of the Company	141,790,321	111,071,242
Non-controlling interest (note 1)	(4,464,366)	(1,945,348)
Total Members' Equity	137,325,955	109,125,894
Total Liabilities and Members' Equity	\$ 522,026,148	\$ 380,051,612

Nature of Operations (note 1)

Commitments and Contingencies (note 21)

Subsequent Events (note 23)

Approved on behalf of the Board of Directors.

Signed " Don Hill " Director

Signed " Anthony Cina " Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Sucro Holdings, LLC

Condensed Interim Consolidated Statements of Income and Comprehensive Income
For the three and nine months ended September 30,
Expressed in United States Dollars

	Three months ended 2023 (Unaudited)	Three months ended 2022 (Unaudited)	Nine months ended 2023 (Unaudited)	Nine months ended 2022 (Unaudited)
Revenue (notes 17 and 22)	\$ 139,041,328	\$ 84,002,720	\$ 382,274,474	\$ 344,799,019
Cost of sales (note 18)	121,925,272	65,653,212	304,449,133	293,993,488
Gross Profit	17,116,056	18,349,508	77,825,341	50,805,531
Selling, General and Administrative Expenses				
Administrative expenses (note 15)	4,649,853	3,014,866	13,770,970	10,229,876
Selling and distribution expenses	478,669	(131,718)	1,829,760	414,167
Other operating expenses	1,013,140	898,936	2,393,380	2,541,049
Depreciation (note 7)	1,139,843	751,729	3,311,350	1,892,692
Depreciation of right-of-use assets (note 8)	208,295	224,129	648,914	610,764
Equity-based compensation (note 13)	-	296,408	(570,853)	2,096,953
Equity-based settlement expense (note 12)	-	-	1,588,018	-
Total Selling, General and Administrative Expenses	7,489,800	5,054,350	22,971,539	17,785,501
Income From Operations	9,626,256	13,295,158	54,853,802	33,020,030
Other Income (Expenses)				
Interest expense	(5,896,519)	(2,345,662)	(15,254,262)	(6,350,712)
Interest income	165,509	225,407	364,666	436,657
Earnings from equity investment	44,424	73,688	360,764	232,433
Other income	297,236	85,746	408,698	529,576
Total Other Income (Expenses)	(5,389,350)	(1,960,821)	(14,120,134)	(5,152,046)
Income Before Income Taxes	4,236,906	11,334,337	40,733,668	27,867,984
Income Tax Expense				
Current income tax expense	(1,491,240)	121,490	(386,950)	(2,190,283)
Deferred income tax expense	(762,955)	(2,327,365)	(9,991,715)	(5,941,818)
Total Tax Expense	(2,254,195)	(2,205,875)	(10,378,665)	(8,132,101)
Net Income Before Discontinued Operations	1,982,711	9,128,462	30,355,003	19,735,883
Income From Discontinued Operations	-	-	-	149,613
Net Income	1,982,711	9,128,462	30,355,003	19,885,496
Other Comprehensive Income				
Items that may be reclassified to profit or loss				
Gain on Interest Rate Swap	127,227	534,784	302,779	368,706
Gain (Loss) on Energy Rate Swap	18,529	-	(106,074)	-
Comprehensive Income	\$ 2,128,467	\$ 9,663,246	\$ 30,551,708	\$ 20,254,202
Income (Loss) from continuing operations per Unit - basic	\$ 0.27	\$ 1.28	\$ 4.17	\$ 2.89
Income from discontinued operations per Unit - basic	\$ -	\$ -	\$ -	\$ 0.02
Income (Loss) from continuing operations per Unit - diluted	\$ 0.27	\$ 1.25	\$ 4.14	\$ 2.84
Income from discontinued operations per Unit - diluted	\$ -	\$ -	\$ -	\$ 0.02
Weighted Average Number of Units Outstanding - basic	7,294,450	7,159,458	7,278,186	6,831,438

Sucro Holdings, LLC

Condensed Interim Consolidated Statements of Income and Comprehensive Income

For the three and nine months ended September 30,

Expressed in United States Dollars

	Three months ended 2023	Three months ended 2022	Nine months ended 2023	Nine months ended 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted Average Number of Units Outstanding - diluted	7,341,400	7,274,063	7,325,136	6,946,043
Net Income Attributable to:				
Non-controlling interest	\$ (1,732,796)	\$ (1,476,985)	\$ (2,519,018)	\$ (1,618,214)
Unit holders of the Company	3,715,507	10,605,447	32,874,021	21,503,710
	\$ 1,982,711	\$ 9,128,462	\$ 30,355,003	\$ 19,885,496
Comprehensive Income Attributable to:				
Non-controlling interest	\$ (1,732,796)	\$ (1,476,985)	\$ (2,519,018)	\$ (1,618,214)
Unit holders of the Company	3,861,263	11,140,231	33,070,726	21,872,416
	\$ 2,128,467	\$ 9,663,246	\$ 30,551,708	\$ 20,254,202

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Sucro Holdings, LLC

Condensed Interim Consolidated Statements of Changes in Members' Equity

For the nine months ended September 30, 2023 and 2022

Expressed in United States Dollars

	Unit Capital	Retained Earnings	Warrant Reserve	Put Option Reserve	Cash Flow Hedging Reserve	Non- controlling Interest	Total Members' Equity
Balance, January 1, 2022	\$ 36,366,350	\$ 35,146,951	\$ -	\$ -	\$ -	\$ 56,546	\$ 71,569,847
Unrealized gain on interest rate swaps	-	-	-	-	368,706	-	\$ 368,706
Equity based compensation	2,096,953	-	-	-	-	-	2,096,953
Proceeds from private placement	8,043,014	-	-	-	-	-	8,043,014
Share issuance costs	(579,632)	-	(8,340)	-	-	-	(587,972)
Warrants issued to brokers	(114,087)	-	114,087	-	-	-	-
Dividends	-	(1,245,496)	-	-	-	-	(1,245,496)
Put option reserve	-	-	-	(6,145,085)	-	-	(6,145,085)
Net income (loss) attributable to unit holders of the Company	-	21,503,710	-	-	-	-	21,503,710
Total equity attributable to unit holders of the Company	45,812,598	55,405,165	105,747	(6,145,085)	368,706	56,546	95,603,677
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	(1,618,214)	(1,618,214)
Balance, September 30, 2022 (Unaudited)	\$ 45,812,598	\$ 55,405,165	\$ 105,747	\$ (6,145,085)	\$ 368,706	\$ (1,561,668)	\$ 93,985,463
Balance, January 1, 2023	\$ 46,053,792	\$ 71,622,688	\$ 105,747	\$ (7,058,331)	\$ 347,346	\$ (1,945,348)	\$ 109,125,894
Unrealized gain on interest rate swaps	-	-	-	-	302,779	-	302,779
Unrealised loss on energy rate swaps	-	-	-	-	(106,074)	-	(106,074)
Equity-based compensation	(570,853)	-	-	-	-	-	(570,853)
Put option reserve	-	-	-	(1,780,794)	-	-	(1,780,794)
Net income (loss) attributable to unit holders of the Company	-	32,874,021	-	-	-	-	32,874,021
Total equity attributable to unit holders of the Company	45,482,939	104,496,709	105,747	(8,839,125)	544,051	(1,945,348)	139,844,973
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	(2,519,018)	(2,519,018)
Balance, September 30, 2023 (Unaudited)	\$ 45,482,939	\$ 104,496,709	\$ 105,747	\$ (8,839,125)	\$ 544,051	\$ (4,464,366)	\$ 137,325,955

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Sucro Holdings, LLC

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30,

Expressed in United States Dollars

	2023 (Unaudited)	2022 (Unaudited)
Cash provided by (used in)		
Cash Flows From Operating Activities		
Net income for the period	\$ 30,355,003	\$ 19,885,496
Adjustments to reconcile net income to net cash used in operating activities:		
Earnings from equity investment	(360,764)	(232,433)
Lease interest expense	293,981	273,836
Loss (Gain) on lease modification	(84,398)	-
Net change in mark to market gains (losses) on forward contracts (note 4)	(35,483,527)	(26,340,402)
Depreciation expense (note 7)	3,311,350	1,892,692
Depreciation of right-of-use assets (note 8)	648,914	610,764
Equity-based compensation	(570,853)	2,096,953
Deferred tax expense	9,991,715	6,464,729
Equity-based settlement	1,588,018	-
Operating cash flows before changes in non-cash working capital and discontinued operations		
	9,689,439	4,651,635
Changes in non-cash operating assets and liabilities		
(Increase) decrease in non-cash operating assets:		
Net trading and derivative account assets (note 5)	\$ (2,350,741)	\$ (720,617)
Accounts receivables	3,736,261	(7,486,672)
Sales taxes receivable	(5,881,927)	(313,750)
Inventory (note 6)	(74,040,892)	(53,371,941)
Prepaid expenses	(890,447)	(624,161)
Other receivables	(182,554)	(183,358)
Other non-current assets	174,161	188,089
Increase (decrease) in non-cash operating liabilities:		
Accounts payable	15,494,036	28,974,247
Sales tax payable	823,484	636,915
Customer deposits	-	(3,610,271)
Taxes payable	(59,965)	1,613,167
Changes in non-cash operating assets and liabilities	(63,178,584)	(34,898,352)
Operating cash flows from discontinued operations	-	2,843,512
Net cash provided by (used in) from operating activities	\$ (53,489,145)	\$ (27,403,205)
Cash Flows From Investing Activities		
Purchase of property plant and equipment (note 7)	\$ (11,636,310)	\$ (17,259,655)
Sale of assets held for sale	1,103,624	-
Cash surrender value of life insurance	10,166	(168,074)
BTG Ingredients, LLC cash balance at time of distribution	-	(611,328)
Net cash provided by (used in) investing activities	\$ (10,522,520)	\$ (18,039,057)

Sucro Holdings, LLC

Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30,
Expressed in United States Dollars

	2023	2022
	(Unaudited)	(Unaudited)
Cash Flows From Financing Activities		
Due to related parties	\$ 530,496	\$ 2,804,228
Due from related parties	(1,955,647)	(2,640,908)
Financial liabilities, advances	110,360,330	148,609,013
Financial liabilities, repayments	(41,865,920)	(103,615,613)
Proceeds from issuance of membership units	-	8,043,014
Lease payments	(2,086,535)	(1,847,873)
Unit issuance costs	-	(587,972)
Repayment of liabilities held for sale	(489,713)	-
Net cash provided by financing activities from continuing operations	64,493,011	50,763,889
Net cash provided by financing activities from discontinued operations	-	(2,843,512)
Net cash provided by financing activities	\$ 64,493,011	\$ 47,920,377
Net increase (decrease) in cash	481,346	2,478,115
Cash, beginning of period	6,996,710	1,928,091
Cash, end of period	\$ 7,478,056	\$ 4,406,206
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 14,195,916	\$ 5,550,970
Income taxes paid	503,493	-

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
Expressed in United States Dollars

1. Nature of Operations

Sucro Holdings LLC (the "Company") was incorporated on April 2, 2019, under, and is governed by, the laws of Florida. The Company is a vertically integrated wholesale sugar merchant, operating primarily in North America. The Company is engaged in sourcing, transporting, storing and processing sugar. The Company's business consists primarily of purchasing raw, refined, and specialty sugars from mills in net-exporting countries and supplying raw, refined, specialty and liquid sugars to wholesalers and food and beverage manufacturers in net-importing countries. The Company's operations are classified into two reportable business segments: Trade and Services (see note 22). Each of these segments is organized based upon the nature of products and services offered and aligns with the management structure.

These condensed interim consolidated financial statements for the period ended September 30, 2023 and 2022 include the Company, its wholly-owned subsidiaries and WS Services, LLC which is a joint operation (the "Subsidiaries").

Revenue can be seasonal in nature, as it usually has a seasonal low in the first calendar quarter of the year and a seasonal high in the fourth calendar quarter. This is due to large sugar users ramping up production ahead of the holiday season. Likewise, forward contracts for any given year, and therefore unrealized gains (losses) on forward contracts, which are included in cost of sales, are typically entered into predominantly in the second and third calendar quarters of the preceding year.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
Expressed in United States Dollars

1. Nature of Operations (continued)

The following companies have been consolidated within the condensed interim consolidated financial statements. The Company's percentage of ownership as at September 30, 2023 and 2022 was:

Name of the Corporation	Jurisdiction of Incorporation	Principal Activity	Percentage of Ownership	
			September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Sucro Can Sourcing, LLC	Florida	Wholesale Sugar Merchant	100%	100%
Sucro Can International	Delaware	Sugar Processor	100%	100%
Sucro Trading SRL	Panama	Wholesale Sugar Merchant	100%	100%
BTG Ingredients, LLC	Delaware	Wholesale Dairy Merchant	0%	0%
Sucro Can Canada Inc.	Ontario, Canada	Sugar Processor	100%	100%
Sweet Life, LLC	Delaware	Sugar Processor	100%	100%
Sucro Atlanta, LLC	Delaware	Equipment	100%	100%
Sucro Chicago, LLC	Delaware	Real Estate	100%	100%
Sweet Life Services, LLC	Delaware	Sugar Processor, storage and broker	51%	51%
Sucro 2020, LLC	Florida	Real Estate	100%	100%
Sucro Real Estate NY, LLC	New York	Real Estate	100%	100%
WS Services, LLC	Delaware	Sugar storage	50%	50%

As at September 30, 2023, SC Americas Corp (the "Ultimate Parent") owned 72.63% (December 31, 2022 - 73.56%) of the Company. In addition to the companies listed above, the Company also has investments in Sucro Processing, LLC, Sweet Life Transportation Limited, Sucro Brazil LTDA, Sucro Andina S.A., and Sugar Latam del Ecuador S.A. All of these entities are inactive subsidiaries of which the Company has a 100% ownership interest.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
Expressed in United States Dollars

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as issued by the International Accounting Standards Board (IASB) (collectively IFRSs). These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2022 except as noted below. These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on November 29, 2023.

The condensed interim consolidated financial statements are presented in United States Dollars ("U.S. Dollars"), unless otherwise noted, which is the functional currency of the Company and its Subsidiaries.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for the following items:

- i. Financial Instruments- fair value through profit or loss
- ii. Financial Instruments- fair value through other comprehensive income
- iii. Inventory - fair value less costs to sell

3. Summary of Material Accounting Policies

(a) Recent accounting pronouncements

The following amended accounting standards issued by the IASB have an effective date on or after January 1, 2023 and were adopted effective January 1, 2023.

(i) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

(ii) Materiality of Accounting Policy Disclosure (Amendments to IAS 1)

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
Expressed in United States Dollars

3. Summary of Material Accounting Policies (continued)

(a) Recent accounting pronouncements (continued)

(iii) Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Effective for year ends beginning on or after January 1, 2023, IAS 12 has been modified to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations.

The adoption of these amendments did not have a material impact on the Company's condensed interim consolidated financial statements.

4. Trading, Derivative and Hedging Activities

The Company engages in wholesale sugar-based financial transactions (Trading Activities). Trading Activities involve the purchase and sale of sugar products under forward contracts at fixed and variable prices and the trading of sugar contracts which include exchange traded futures.

The Company marks to market all open trading contracts from both forward physical and financial trading activities. The fair values of open trading contracts are based on regulated exchange prices, industry pricing publications, internal pricing models and broker or dealer quotes. The Company has not designated any of its Trading Activities as hedging activities.

Prior to settlement, the changes in fair values of forward physical sale and purchase contracts are included in cost of sales and are part of the unrealized forward commitment asset or liability on the consolidated statement of financial position, as appropriate. Upon settlement, forward physical trading sale and purchase contracts are included in revenues and purchases.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements
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4. Trading, Derivative and Hedging Activities (continued)

The Company uses financial contracts and derivatives such as exchange traded futures to mitigate the fixed-price exposure inherent in inventory and certain forward commodity commitments. The impact of the contracts and derivatives can be significantly impacted by factors such as volatility of the relationship between the futures price of the commodities and cash prices of the underlying commodities and volatility of freight markets. Any change in the fair value of these financial derivatives is recognized currently in profit or loss with the net proceeds reported as a component of cost of sales.

As of September 30, 2023 and December 31, 2022, the total notional amount of the Company's receive-variable/pay-fixed interest rate swaps was \$14,000,000.

The Company has also entered into energy swap agreements to manage price risk exposure associated with the Company's consumption of energy in its processing and refining facilities. An energy swap agreement utilized by the Company effectively modifies the Company's exposure to price risk by converting the Company's variable rate to a fixed-rate basis from April 2023 through March 2025, thus reducing the impact of price changes on future energy payments. This agreement involves the receipt of variable rate on the first 51,600 MMBTU per month in exchange for fixed rate energy payments over the life of the agreement without an exchange of the underlying notional units. The Company designated this energy swap as a cash flow hedge.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements
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4. Trading, Derivative and Hedging Activities (continued)

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk, foreign currency exchange rate risk, and interest rate risk.

The following table provides a summary of the Company's derivative assets:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Forward commitments	\$ 119,246,138	\$ 82,103,822
Futures contracts (note 5)	930,518	1,356,762
Interest rate swap (note 5)	650,125	347,346
Foreign currency forwards	88,371	-
Total derivatives	\$ 120,915,152	\$ 83,807,930

The following table provides a summary of the Company's derivative liabilities:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Forward commitments (note 5)	\$ 27,153,334	\$ 9,358,215
Foreign currency forwards	23,864	-
Energy swap (note 5)	106,074	-
Total derivatives	\$ 27,283,272	\$ 9,358,215

During the period ended September 30, 2023 and September 30, 2022, net unrealized gains (losses) on derivative transactions recognized in cost of sales are as follows:

	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)
Mark-to-market gains (losses) on commodity forward contracts	\$ 10,860,302	\$ 26,658,424
Mark-to-market gains on inventory	26,028,265	785,517
Mark-to-market gains on futures contracts	(1,459,418)	(1,134,108)
Mark-to-market gains (losses) on foreign currency forwards	54,378	30,569
Total gains (losses)	\$ 35,483,527	\$ 26,340,402

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022
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4. Trading, Derivative and Hedging Activities (continued)

The amount of gain or loss on derivative transactions is presented in cost of sales, with the exception of the gain on the interest rate swap and loss on energy rate swap, which are presented under accumulated other comprehensive income in the consolidated statement of comprehensive income and members' equity and on the consolidated statement of financial position.

The following table shows the Company's gains and losses from derivatives designated as hedging relationships for the periods indicated:

Derivatives in cash flow hedging relationships	Amount of Gain (loss) recognized in OCI on Derivative (effective portion) for the period ended September 30		Location of Gain(loss) reclassified from OCI into income (effective portion)	Amount of gain (loss) reclassified from OCI into income (effective portion) for the period ended September 30		Location of gain(loss) reclassified in income on derivative (ineffective portion)	Amount of gain(loss) recognized in income on derivative (ineffective portions) for the period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)		2023 (Unaudited)	2022 (Unaudited)		2023 (Unaudited)	2022 (Unaudited)
Interest rate swap	\$ 302,779	\$ -	Interest income (expense)	\$ 127,812	\$ -	Other income (expense)	\$ -	\$ -
Energy rate swap	\$ (106,074)	\$ -	Cost of sales	\$ (143,098)	\$ -	Other income (expense)	\$ -	\$ -

5. Trading and Derivative Assets and Liabilities

The Company maintains an account with a broker to facilitate financial derivative transactions. Based on the value of the positions in this account and the associated margin requirements, the Company may be required to deposit cash into the brokerage account. The Company offsets fair value amounts for cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty.

At September 30, 2023 and December 31, 2022, trading account assets and liabilities consist of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash position	\$ 3,707,505	\$ 422,256
Net unrealized gains on open futures contracts	930,518	934,506
Interest rate swap	650,125	347,346
Energy swap	(106,074)	-
Net trading and derivative assets	\$ 5,182,074	\$ 1,704,108

Sucro Holdings, LLC

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6. Inventory

Inventory consists of varying types and grades of sugar and sugar products and is held at the various storage, processing, and off-site plants the Company utilizes. The Company values its sugar at fair value less cost to sell and its processing additives at net realizable value.

The Company's inventories consist of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Sugar commodities	\$ 220,498,349	\$ 131,525,108
Processing additives	453,560	273,565
Total	\$ 220,951,909	\$ 131,798,673

The cost of inventories included as an expense through cost of sales for the period ended September 30, 2023 was \$252,799,683 (September 30, 2022 - \$162,900,106). As at September 30, 2023, inventory of \$220,498,349 (December 31, 2022 - \$131,525,108) was pledged as security against the Company's borrowing base revolving line of credit facility.

Sucro Holdings, LLC

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7. Property, Plant and Equipment

	Office and computer equipment	Machinery and plant equipment	Buildings and leasehold improvements	Furniture and fixtures	Vehicles	Land	Construction in progress	Total
Cost								
Balance - December 31, 2022	\$ 644,154	\$ 49,665,132	\$ 26,583,196	\$ 125,147	\$ 103,932	\$ 258,457	\$ 224,168	\$ 77,604,186
Additions	197,768	6,337,049	759,273	503,147	175,153	-	4,895,873	12,868,263
Disposals	-	-	-	(13,689)	(32,014)	-	-	(45,703)
Reclassification from Construction in progress	-	-	-	-	-	-	(62,184)	(62,184)
Balance - September 30, 2023	\$ 841,922	\$ 56,002,181	\$ 27,342,469	\$ 614,605	\$ 247,071	\$ 258,457	\$ 5,057,857	\$ 90,364,562
Accumulated Depreciation								
Balance - December 31, 2022	\$ 166,413	\$ 9,539,547	\$ 247,737	\$ 35,017	\$ 39,223	\$ -	\$ -	\$ 10,027,937
Depreciation	114,060	2,555,995	574,719	48,837	17,739	-	-	3,311,350
Balance - September 30, 2023	\$ 280,473	\$ 12,095,542	\$ 822,456	\$ 83,854	\$ 56,962	\$ -	\$ -	\$ 13,339,287
Carrying Value								
As at December 31, 2022	\$ 477,741	\$ 40,125,585	\$ 26,335,459	\$ 90,130	\$ 64,709	\$ 258,457	\$ 224,168	\$ 67,576,249
As at September 30, 2023	\$ 561,449	\$ 43,906,639	\$ 26,520,013	\$ 530,751	\$ 190,109	\$ 258,457	\$ 5,057,857	\$ 77,025,275

Sucro Holdings, LLC

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8. Right-of-Use Assets

	Plant and machinery	Motor vehicles	Warehouse	Office space	Land	Hamilton Port	Leasehold Improvements	Transformer	Total
Cost									
Balance as of December 31, 2022	\$ 6,971,947	\$ 72,444	\$ 3,778,169	\$ 264,705	\$ 124,807	\$ 733,030	\$ 403,167	\$ 129,594	\$ 12,477,863
Additions	-	24,832	-	-	-	-	-	-	24,832
Changes due to lease modifications	-	-	(344,424)	-	-	-	-	-	(344,424)
Disposals	(1,248,903)	(31,194)	-	-	-	-	-	-	(1,280,097)
Balance as of September 30, 2023	\$ 5,723,044	\$ 66,082	\$ 3,433,745	\$ 264,705	\$ 124,807	\$ 733,030	\$ 403,167	\$ 129,594	\$ 10,878,174
Accumulated Depreciation									
Balance as of December 31, 2022	\$ 887,807	\$ 35,055	\$ 919,583	\$ 56,388	\$ 26,586	\$ 317,646	\$ 238,541	\$ 15,119	\$ 2,496,725
Depreciation	246,926	15,292	275,061	14,097	6,647	55,793	30,238	4,860	648,914
Disposal	(124,891)	(29,900)	-	-	-	-	-	-	(154,791)
Balance as of September 30, 2023	\$ 1,009,842	\$ 20,447	\$ 1,194,644	\$ 70,485	\$ 33,233	\$ 373,439	\$ 268,779	\$ 19,979	\$ 2,990,848
Carrying Value									
As at December 31, 2022	\$ 6,084,140	\$ 37,389	\$ 2,858,586	\$ 208,317	\$ 98,221	\$ 415,384	\$ 164,626	\$ 114,475	\$ 9,981,138
As at September 30, 2023	\$ 4,713,202	\$ 45,635	\$ 2,239,101	\$ 194,220	\$ 91,574	\$ 359,591	\$ 134,388	\$ 109,615	\$ 7,887,326

Sucro Holdings, LLC

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9. Loans and Borrowings

Changes to the Company's loans and borrowings for the period ended September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Opening balance	\$ 194,839,087	\$ 128,832,898
Repurchase obligations (b)	(6,901,054)	19,004,259
Lines of Credit (a)	115,377,187	127,200,000
Term Loan	-	200,000
Line of Credit (others)	-	226,745
Senior Secured Equipment Loan (others)	1,621,912	11,147,033
Real Estate Term Loan	-	11,573,219
Senior Secured Equipment Loan (c)	453,600	-
Vehicle Loan	111,639	-
Repayments	(41,865,920)	(101,261,148)
Amortization of debt issuance costs	(302,954)	(1,039,919)
Reclassified from (to) liabilities held for sale	422,670	(1,044,000)
Ending balance	\$ 263,756,167	\$ 194,839,087
Current portion	\$ 229,453,821	\$ 159,134,534
Long term portion	\$ 34,302,346	\$ 35,704,553

(a) Lines of Credit

- (i) At September 30, 2023, the Company had an uncommitted syndicated credit facility with maximum borrowings, subject to borrowing base limitations, up to \$300,000,000 (\$225,000,000, as at December 31, 2022) with a financial institution acting as administrative agent. As of September 30, 2023, the Company had borrowings outstanding under this credit facility totaling \$202,277,187 (December 31, 2022 - \$157,997,792) and outstanding standby letter of credit in the amount of \$2,000,000 (December 31, 2022 - \$Nil). Borrowings bear interest at the cost of funding rate plus an applicable margin as defined in the credit agreement (effectively 8.56% at September 30, 2023 (December 31, 2022- 7.48%)). Interest accrues and is payable monthly. This facility matures in August 2024 and is due on demand.

The Company's credit agreement requires the Company to meet certain financial covenants, which include, among others, minimum tangible net worth and working capital and maximum debt to tangible net worth ratio. As of September 30, 2023, the Company was in compliance with these covenants. As security for the facility, Sucro Can Sourcing, LLC and Sucro Trading SRL have pledged all assets, including all inventory, equipment and existing and future contracts for the purchase and sale of sugar products along with any receivables arising from the performance of those contracts. In addition, this facility is guaranteed by Sucro Holdings, LLC on a stand-alone basis.

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9. Loans and Borrowings (continued)

(b) Repurchase Obligations

The Company periodically enters into sale agreements with a related repurchase agreement whereby the Company receives cash from a financial institution in exchange for the sale of inventory, which the Company agrees to repurchase from the financial institution at a fixed rate at a future date. These such sale transactions are recorded as financial liabilities. As at September 30, 2023, the Company had open purchase agreements for 29,282 MT (December 31, 2022 - 60,454 MT) of raw sugar for which it has recognized liabilities of \$23,546,152 (December 31, 2022 - \$30,470,206) and accrued interest of \$330,587 (December 31, 2022 - \$330,586). The purchase agreements all have maturity dates of less than six months and carry an average interest rate of 10.37% (December 31, 2022 - 10.24%). The Company's repurchase obligations are secured by the underlying inventory sold pursuant to the sale agreement as legal title of the inventory passes to the financial institution upon delivery of the inventory. During the period ended September 30, 2023, the Company incurred interest expense of \$1,289,310 (September 30, 2022 - \$1,553,697) related to these agreements.

(c) In March 2023, the Company entered into a senior secured equipment term loan with a financial institution in the principal amount of \$453,600. This loan is secured by the assets acquired with the loan proceeds. This loan matures in March 2027. Interest accrues at a fixed rate of 6.65% per annum, and is payable in monthly equal installments. The loan is guaranteed by Sucro Holdings, LLC.

(d) In November 2021, the Company entered into a loan agreement with a financial institution in the principal amount of up to \$15,000,000. This loan is secured by equipment to be installed at the facility located at 2303 Hamburg Turnpike, Lackawanna, NY. This loan matures in April 2029. During the initial 18-month period, interest is payable monthly. After this period, interest and principal is payable monthly. Interest accrues at a rate of 7.75% at September 30, 2023. The loan is guaranteed by Sucro Holdings, LLC and Sucro International, LLC. On August 22, 2023, there was an amendment where the principal amount was further increased by \$3,000,000 increasing the maximum borrowing limit to \$18,000,000. As of September 30, 2023, \$14,963,337 (December 31, 2022 - \$13,867,369) is outstanding on this loan.

10. Lease Liabilities

The Company leases office, warehouse and manufacturing space, as well as equipment and land.

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Opening balance	\$ 7,031,917	\$ 7,825,505
New leases	24,886	1,267,701
Interest expense	293,981	391,656
Lease payments	(2,093,562)	(2,252,107)
Lease modification	(430,114)	-
Foreign exchange	7,024	(200,838)
Ending balance	\$ 4,834,132	\$ 7,031,917
Current portion	\$ 1,262,097	\$ 2,021,294
Long term portion	\$ 3,572,035	\$ 5,010,623

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11. Put Options

In April 2022, the Company and certain minority members entered into a put option agreement whereby during the 30-day period following December 31, 2023 and June 30, 2025 (each a Price Date), each such minority member has the right but not the obligation to elect to sell to the Company all (but not less than all) of such minority member's units at a price equal to the dollar amount resulting by dividing (i) the total consolidated net assets of the Company reflected in the Company's consolidated statement of financial position as of the Price Date by (ii) the total number of outstanding Units (and any outstanding options, warrants or other securities convertible into units on a fully diluted basis) at the Price Date. The put option expires on the date that the Company completes its first underwritten public offering of units. On June 30, 2023, the put option agreements were amended to change the starting date of the 30-day exercise periods from December 31, 2023 and June 30, 2025 to December 31, 2025 and December 31, 2027, respectively.

The fair value of the put option is calculated as the minority members' pro-rata share of the net assets of the Company as at each valuation date on a fully-diluted basis. At September 30, 2023, the estimated fair value of this put option is \$8,839,125 (December 31, 2022- \$7,058,331).

12. Equity-based settlement

In May 2023, an affiliate of Sucro Holdings dismissed an employee and filed a declaratory action to cancel all vested member units of Sucro Holdings granted to them. In June 2023, this action was settled and dismissed with prejudice. Pursuant to the terms of the settlement, the former employee will receive cash payments through the end of 2023. In addition, all vested units granted to the former employee will be reinstated and the former employee will have a put option exercisable through December 31, 2023, which would allow them to sell 133,223 units (but not less than such number of units) to Sucro Holdings at the April 2022 private placement price of \$11.92 per unit. The put option will immediately terminate if Sucro Holdings (or a parent company) completes an initial public offering on or prior to December 31, 2023 and the former employee's put option units are sold in a secondary offering on the same terms as the initial public offering. At September 30, 2023, the estimated fair value of this liability is \$1,588,018 (December 31, 2022- \$Nil)

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13. Members' Capital

Authorized unit capital

The authorized member unit capital consists of 10 million member units. The member units do not have a par value. All issued units are fully paid.

The changes in member unit capital for the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

	Number of Member Units	Amount
Balance, December 31, 2021	6,285,625	\$ 36,366,350
Issued for cash	676,605	8,043,014
Issue costs paid in cash	-	(579,632)
Fair value of broker warrants allocated to units	-	(114,087)
Equity-based compensation	233,022	2,338,147
Balance, December 31, 2022	7,195,252	46,053,792
Issued upon exercise of liquidity warrants	67,655	-
Equity-based compensation	31,543	(570,853)
Balance, September 30, 2023	7,294,450	\$ 45,482,939

During the year ended December 31, 2022, the Company issued 676,605 Units for gross proceeds of \$8,043,014. Each Unit comprises one member unit and one liquidity warrant. In connection with the issuance, the Company paid cash expenses of \$587,972 of which \$550,717 have been allocated to member unit capital, \$28,915 to liquidity warrants and \$8,340 to broker warrants. The Company also issued 42,682 broker warrants in connection with the issuance (see note 14).

During the year ended December 31, 2022, the Company entered into a Restricted Unit Award Agreement pursuant to which the Company will issue an aggregate of 513,432 member units to an employee. The employee was issued 153,932 member units as of the date of grant with an additional 7,190 member units to be issued on a monthly basis at the end of each calendar month until March 31, 2026. The fair value of the 513,432 member units was calculated to be \$6.68 per member unit and the Company will recognize the related expense over the vesting period of each tranche of member units. During the period ended September 30, 2023, the Company issued 31,543 (December 31, 2022- 233,022) member units pursuant to the agreement. As of September 30, 2023 this employee has separated from the Company, having vested 264,565 units and forfeited all the unvested units under the award. During the period ended September 30, 2023 the estimated forfeiture rate was adjusted to reflect the dismissal of the employee (note 12), previously accrued equity based compensation on unvested and cancelled restricted units of \$859,028 has been recognized.

During the period ended September 30, 2023, the Company issued 67,655 member units pursuant to the exercise of the liquidity warrants. The consideration received for these units was \$Nil.

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14. Warrants

The changes in warrants for the years ended September 30, 2023 and December 31, 2022 were as follows:

	Number of Warrants	Amount
Balance, December 31, 2021	-	\$ -
Issued for cash	676,605	-
Issue costs paid cash	-	(8,340)
Broker warrants	42,682	114,087
Balance, December 31, 2022	719,287	105,747
Exercised	(676,605)	-
Balance, September 30, 2023	42,682	\$ 105,747

During the period ended September 30, 2023, the Company issued 67,655 member units pursuant to the exercise of the liquidity warrants. The consideration received for these units was \$Nil.

For the period ended September 30, 2023, there have been no changes to the broker warrants.

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15. Related Party Transactions

In August 2022, the Company's controlling member entered into a subordinated unsecured note payable to the Company for \$1,679,419. This note bears interest at a rate of 8% per annum and matures in August 2024. The balance of this loan as of September 30, 2023 is \$741,419 (December 31, 2022- \$699,419). The Company recorded interest income of \$42,000 during the period ended September 30, 2023 (September 30, 2022- Nil).

In August 2023, the Company's controlling member entered into a subordinated unsecured note payable to the Company for \$1,903,663. This note bears interest at a rate of 8% per annum and matures in August 2024. The balance of this loan as of September 30, 2023 is \$1,923,123 (December 31, 2022- \$Nil). The Company recorded interest income of \$19,460 during the period ended September 30, 2023.

The Company purchases or obtains services from and sells to entities in which it has significant influence but not control. The amount payable to those companies as of September 30, 2023 is \$530,496 (December 31, 2022- Nil)

The Company defines Key Management Personnel as its CEO, CFO, Vice-Presidents and members of the Company's Board of Directors. Consideration paid to Key Management Personnel during the period ended September 30, 2023 and September 30, 2022 is as follows

	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)
Salaries	\$ 1,606,252	\$ 1,091,779
Short-term employment benefits	56,504	51,907
Other cash compensation	205,290	33,409
Equity-based compensation	(570,853)	2,096,953
Total	\$ 1,297,193	\$ 3,274,048

The Company periodically purchases or obtains services from and sells to entities related through common ownership or control. Management determined these transactions to be insignificant to the overall consolidated financial statements.

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16. Commodity Risk Management

The Company uses derivative instruments to manage its exposure to fluctuating prices of certain commodities. The Company manages open positions, which limit its exposure to market risk and requires routine reporting to management of potential financial exposure.

Other than the interest and energy rate swap discussed previously, the Company has elected not to designate the derivative instruments as hedges for accounting purposes. As a result, gains and losses representing changes in these derivative instruments' fair values are recognized in profit or loss.

The table below summarizes the commodity derivative instrument positions for sugar as of September 30, 2023:

September 30, 2023 (Unaudited)				
	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value (Approximate)
Sugar commodities	34,805 MTS	Jan 2023 - September 2023	October 2023 - October 2025	\$129,410,845
Total fair market value				\$129,410,845

The table below summarizes the commodity derivative instrument positions for sugar as of December 31, 2022:

December 31, 2022 (Audited)				
	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value (Approximate)
Sugar commodities	26,611 MTS	Jan 2022 - Dec 2022	Jan 2023 - Oct 2025	\$ 84,391,119
Total fair market value				\$ 84,391,119

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17. Revenue

		September 30, 2023 (Unaudited)		September 30, 2022 (Unaudited)
Tolling	\$	1,103,992	\$	4,087,063
Warehousing		864,729		885,667
Commodity contracts		377,518,358		340,768,873
F&O Trading		2,787,395		(942,584)
Gross Revenue	\$	382,274,474	\$	344,799,019

All of the Company's revenue except warehousing is recognized at a single point in time. Warehousing revenue is recognised over time.

18. Cost of Sales

		September 30, 2023 (Unaudited)		September 30, 2022 (Unaudited)
Cost of sales on realized positions	\$	339,932,660	\$	320,333,890
Net unrealized mark-to-market-gains		(35,483,527)		(26,340,402)
Total Cost of Sales	\$	304,449,133	\$	293,993,488

The Company had a gross profit on its realized positions of \$42,341,814 for the nine months ended September 30, 2023 (September 30, 2022 - \$24,465,129).

19. Financial Risk Management

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and, market risk. Market risk is comprised of interest rate, foreign currency and other price risk. The Company regularly evaluates and manages the risks assumed with its financial instruments.

Management of risks during the period ended September 30, 2023 did not change materially from the year ended December 31, 2022, with the exception of the energy swap transaction disclosed in note 4.

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20. Fair Value Measurements

The Company measures and reports certain assets and liabilities at fair value and within a hierarchy disclosure framework that prioritizes and ranks the level of observable inputs used in measuring fair value. Inputs based on market data from independent sources are considered observable inputs and inputs generated from a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable are considered unobservable inputs. The fair value hierarchy prioritizes fair value measurements into three levels based on the nature of the inputs. Quoted prices in active markets for identical assets or liabilities have the highest priority (Level 1), followed by observable inputs from other than quoted prices, including prices for similar but not identical assets or liabilities (Level 2), and unobservable inputs, including the reporting entity's estimates of the assumptions that market participants would use, having the least priority (Level 3). At each statement of financial position date, the Company performs an analysis of all instruments subject to fair value measurements.

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company primarily applies the market approach for recurring fair value measurements and utilizes the best available information. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

At September 30, 2023, assets measured at fair value on a recurring basis are as follows:

(Unaudited)	Level 1	Level 2	Level 3	Total
Unrealized gains on forward commitments	\$ 1,097,116	\$ 103,961,609	\$ 14,187,413	\$ 119,246,138
Mark-to-market gains (losses) on inventory	221,231	25,327,485	13,141,326	38,690,042
Interest rate swap	650,125	-	-	650,125
Foreign currency forwards	88,371	-	-	88,371
Inventory in transit (Mark-to-market)	18,942	577,699	2,113,954	2,710,595
Total	\$ 2,075,785	\$ 129,866,793	\$ 29,442,693	\$ 161,385,271

At September 30, 2023, liabilities measured at fair value on a recurring basis are as follows:

(Unaudited)	Level 1	Level 2	Level 3	Total
Unrealized losses on forward commitments	\$ (1,135,763)	\$ (25,366,340)	\$ (651,231)	\$ (27,153,334)
Mark-to-market gains (losses) on inventory	\$ (18,556)	\$ (1,898,308)	\$ (794,025)	\$ (2,710,889)
Futures	\$ 930,518	\$ -	\$ -	\$ 930,518
Inventory in transit (Mark-to-market)	\$ -	\$ (2,313,221)	\$ (53,511)	\$ (2,366,732)
Energy swap	\$ (106,074)	\$ -	\$ -	\$ (106,074)
Foreign currency forwards	\$ (23,864)	\$ -	\$ -	\$ (23,864)
Total	\$ (353,739)	\$ (29,577,869)	\$ (1,498,767)	\$ (31,430,375)

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20. Fair Value Measurements (continued)

At December 31, 2022, assets measured at fair value on a recurring basis are as follows:

(Audited)	Level 1	Level 2	Level 3	Total
Unrealized gains on forward commitments	\$ 4,208,418	\$ 55,685,936	\$ 22,209,468	\$ 82,103,822
Mark-to-market gains (losses) on inventory	217,068	2,674,494	7,396,371	10,287,933
Net trading and derivative assets	1,704,108	-	-	1,704,108
Total	\$ 6,129,594	\$ 58,360,430	\$ 29,605,839	\$ 94,095,863

At December 31, 2022, liabilities measured at fair value on a recurring basis are as follows:

(Audited)	Level 1	Level 2	Level 3	Total
Unrealized losses on forward commitments	\$ (5,036,733)	\$ (3,502,880)	\$ (818,602)	\$ (9,358,215)

There were no transfers of financial instruments between the three levels of the fair value hierarchy during the nine months ended September 30, 2023.

Futures contracts are generally based on exchange prices and unadjusted quoted prices in active markets and are classified within Level 1. Fair values for forward commitments are valued at the prevailing futures rate of the underlying commodity on the reporting date plus management inputs that are determined by a wide variety of factors, including the transportation costs incurred to transport the asset to its most advantageous market and the liquidity of markets in varying locations. Forward commitments and inventory fair values that are derived from observable inputs and adjusted by management inputs are classified as Level 2. Forward commitments that are derived primarily from management inputs due to lack of an observable market price are classified as Level 3.

Where the fair values of financial instruments recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the comparable market approach, based on historical transacted prices and estimates. When using these models, a degree of judgment is required in establishing fair values (Level 3). The judgments include considerations of model inputs regarding comparability, forward prices and volatility that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

When the prices of sugar change compared to the forward or futures prices, the difference is recorded in operating results. As a result, earnings are subject to volatility, even when the underlying expected profit margin over the duration of the contracts is unchanged. The volatility can be significant from period to period.

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20. Fair Value Measurements (continued)

Changes in Level 3 instruments for the nine months ended September 30, 2023 are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial assets		
Balance - beginning of period	\$ 29,605,839	\$ 31,730,492
Acquisitions	7,243,173	16,180,823
Disposals and settlements	(16,474,678)	(40,073,459)
Mark-to-market amount recognized in cost of sales	9,068,359	21,767,983
Balance - end of period	\$ 29,442,693	\$ 29,605,839

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial liabilities		
Balance - beginning of period	\$ 818,602	\$ 2,927,856
Acquisitions	528,225	289,725
Disposals and settlements	(7,143,080)	(6,069,690)
Mark-to-market amount recognized in cost of sales	7,295,020	3,670,711
Balance - end of period	\$ 1,498,767	\$ 818,602

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21. Commitments and Contingencies

(a) Future Commitments

The Company records purchases and sales when goods are delivered and control passes to the Company or customer. As a result, the Company's financial results are affected significantly by the price of the commodities bought and sold through the normal course of business. Historically, the markets for certain types of commodities have been volatile and are expected to be volatile in the future. Losses and liabilities arising from changes in prices and other adverse conditions that can affect the commodity trading industry could have materially adverse effects on financial condition and operations of the Company upon execution of fixed price commitments on physical contracts. As of September 30, 2023, fixed price sales and purchase commitments on physical contracts for the Company were approximately \$17,000,000 and \$21,000,000, respectively. As of December 31, 2022, fixed price sales and purchase commitments on physical contracts for the Company were approximately \$88,000,000 and \$34,000,000, respectively.

(b) Contingencies

The Company is involved in lawsuits or other claims from time to time arising from normal business activities. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Management has reviewed the possibility of litigation with legal counsel and believes that, as of the date the condensed interim consolidated financial statements were approved, there is no material pending litigation or threat of such action.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

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22. Segment Reporting

A reportable segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other operating segments. The Company's operations are classified into two reportable business segments: Trade and Services. Each of these segments is organized based upon the nature of products and services offered and aligns with the management structure. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Company's financing and income taxes are managed on a Company basis and are not allocated to operating segments. Inter-segment revenues are eliminated on consolidation.

Trade

The Trade segment is a business focusing on capturing profits through sourcing, merchandising, and managing logistics of sugar. Income from the Trade segment is earned on sugar bought and sold, where a margin is made by capturing a price differential in time, geographical location, or quality of the sugar bought and sold. Fixed price purchase and sale commitments, as well as sugar held in inventory, expose the Company to risks related to adverse changes in market prices. Sugar prices are typically comprised of two components, futures prices on regulated commodity exchanges and local basis adjustments. The Company manages the futures price risk by entering into exchange-traded futures contracts with regulated commodity exchanges or by entering into an offsetting fixed price contract with a counterparty. Regulated commodity exchanges maintain futures markets for the sugar merchandised by the Company.

Services

The Company's asset-based services business provides tolling (refining, processing, handling, packaging, and quality assurance), storage, and other services primarily to the Trade segment. This allows the Company to capture margins on its sugar forward contracts and inventory positions by capturing time, geographic location, and quality pricing differentials.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements

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22. Segment Reporting (continued)

The Company has assigned the accounts of the Company and its subsidiaries to the following segments:

Name of the Corporation	Segment	Principal Activity
Sucro Holdings, LLC	Corporate ⁽¹⁾	Holding Company
Sucro Can Sourcing, LLC	Trading	Wholesale Sugar Merchant
Sucro Can International	Services	Sugar Processor
Sucro Trading SRL	Trading	Wholesale Sugar Merchant
BTG Ingredients, LLC	Trading	Wholesale Dairy Merchant
Sucro Can Canada Inc.	Services	Sugar Processor
Sweet Life, LLC	Services	Sugar Processor
Sucro Atlanta, LLC	Services	Equipment
Sucro Chicago, LLC	Services	Real Estate
Sweet Life Services, LLC	Services	Sugar Processor, storage and broker
Sucro 2020, LLC	Services	Real Estate
Sucro Real Estate NY, LLC	Services	Real Estate
Sucro Processing, LLC	Services	Inactive
Sweet Life Transportation Limited	Services	Inactive
WS Services, LLC	Services	Sugar storage

(1) Sucro Holdings, LLC does not have business operations of its own that are measured and reviewed by the Company's management, and its results are not included in either of the Company's reportable segments. However, for purposes of reconciling the Company's segments a third segment has been added to the following tables.

Sucro Holdings, LLC

Notes to the Condensed Interim Consolidated Financial Statements

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22. Segment Reporting (continued)

The income and expenses of the Company's segments for the nine months ended September 30, 2023 are as follows:

	Nine months ended September 30, 2023 (Unaudited)				
	Services	Trading	Corporate	Eliminations	Consolidated
Revenue					
External customers	\$ 2,172,093	\$380,102,381	\$ -	\$ -	\$382,274,474
Inter-segment	30,063,444	86,710,210	-	(116,773,654)	-
	<u>32,235,537</u>	<u>466,812,591</u>	<u>-</u>	<u>(116,773,654)</u>	<u>382,274,474</u>
Cost of sales	<u>21,169,500</u>	<u>435,813,143</u>	<u>-</u>	<u>(117,049,983)</u>	<u>339,932,660</u>
Gross Profit on Realized Positions	11,066,037	30,999,448	-	276,329	42,341,814
Net unrealized mark-to-market gains (note 4)	-	35,483,527	-	-	35,483,527
Gross Profit on Realized and Unrealized Positions	<u>11,066,037</u>	<u>66,482,975</u>		<u>276,329</u>	<u>77,825,341</u>
Selling, General and Administrative Expenses	<u>8,174,280</u>	<u>14,274,516</u>	<u>2,438,940</u>	<u>(1,916,198)</u>	<u>22,971,539</u>
Income (Loss) From Operations	<u>2,891,757</u>	<u>52,208,459</u>	<u>(2,438,940)</u>	<u>2,192,527</u>	<u>54,853,802</u>
Other Income (Expenses)	<u>(192,489)</u>	<u>(12,412,192)</u>	<u>400,374</u>	<u>(1,915,827)</u>	<u>(14,120,134)</u>
Income (Loss) Before Income Taxes	2,699,268	39,796,267	(2,038,566)	276,700	40,733,668
Income tax expense	-	-	-	-	(10,378,665)
Income (Loss) Before Discontinued Operations	<u>2,699,268</u>	<u>39,796,267</u>	<u>(2,038,566)</u>	<u>276,700</u>	<u>30,355,003</u>
Net Income (Loss)	<u>\$ 2,699,268</u>	<u>\$ 39,796,267</u>	<u>\$ (2,038,566)</u>	<u>\$ 276,700</u>	<u>\$ 30,355,003</u>

Sucro Holdings, LLC

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For the three and nine months ended September 30, 2023 and 2022

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22. Segment Reporting (continued)

The income and expenses of the Company's segments for the nine months ended September 30, 2022 are as follows:

	Nine months ended September 30, 2022 (Unaudited)				
	Services	Trading	Corporate	Eliminations	Consolidated
Revenue					
External customers	\$ 6,105,025	\$ 338,693,994	\$ -	\$ -	\$ 344,799,019
Inter-segment	21,187,144	37,406,315	-	(58,593,459)	-
	<u>27,292,169</u>	<u>376,100,309</u>	<u>-</u>	<u>(58,593,459)</u>	<u>344,799,019</u>
Cost of sales	<u>16,523,004</u>	<u>362,638,002</u>	<u>137,610</u>	<u>(58,964,726)</u>	<u>320,333,890</u>
Gross Profit on Realized Positions	10,769,165	13,462,307	(137,610)	371,267	24,465,129
Net unrealized mark-to-market gains (note 4)		26,342,174		(1,772)	26,340,402
Gross Profit on Realized and Unrealized Positions	<u>10,769,165</u>	<u>39,804,481</u>	<u>(137,610)</u>	<u>369,495</u>	<u>50,805,531</u>
Selling, General and Administrative Expenses	<u>7,180,424</u>	<u>11,588,449</u>	<u>203,612</u>	<u>(1,186,984)</u>	<u>17,785,501</u>
Income From Operations	<u>3,588,741</u>	<u>28,216,032</u>	<u>(341,222)</u>	<u>1,556,479</u>	<u>33,020,030</u>
Other Income (Expenses)	<u>831,222</u>	<u>(5,145,932)</u>	<u>1,807,134</u>	<u>(2,644,470)</u>	<u>(5,152,046)</u>
Income (Loss) Before Income Taxes	4,419,963	23,070,100	1,465,912	(1,087,991)	27,867,984
Income tax expense	-	-	-	-	(8,132,101)
Income (Loss) Before Discontinued Operations	4,419,963	23,070,100	1,465,912	(1,087,991)	19,735,883
Net Income from Discontinued Operations	-	149,613	-	-	149,613
Net Income (Loss)	<u>\$ 4,419,963</u>	<u>\$ 23,219,713</u>	<u>\$ 1,465,912</u>	<u>\$ (1,087,991)</u>	<u>\$ 19,885,496</u>

Information about major customers

For the nine month ended September 30, 2023, no single external customer accounted for greater than 10% of revenues (September 30, 2022 – \$44,738,933 or 10.98% was derived from a single external customer). These revenues are attributed to the trading segment.

Sucro Holdings, LLC

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23. Subsequent Events

On October 2, 2023, a reorganization was completed (the “Reorganization”) pursuant to which the members of the Company contributed all of the units of the Company into Sucro Limited, a Cayman Islands company, in exchange for 167,189.29 proportionate voting shares (“PVS”) and 5,164,421 subordinate voting shares (“SVS”) of Sucro Limited. Each unit of the Company was exchanged for 3 SVS or 0.03 PVS, as applicable. In turn, each PVS is convertible into 100 SVS. The result of the Reorganization was to establish Sucro Limited as the top holding company in the Sucro group of companies domiciled in the Cayman Islands.

On October 17, 2023, a subsidiary of the Company entered into two leases with the Hamilton-Oshawa Port Authority in Hamilton, Ontario in connection with the Company’s proposed development of a new sugar refinery. One lease is on vacant lands in the Port of Hamilton (“Pier 15 Lease”) and the other lease is for substantially all of the building located at 500 Sherman Ave N, Hamilton, Ontario, proximate to the vacant lands (the “Office Lease”). The term of the Pier 15 Lease is 40 years commencing on November 1, 2023, with an option in favour of the subsidiary to renew the term for a further 20 years. Payments under the lease consist of basic rent calculated on a per-square-footage basis, additional rent which primarily consists of cost recoveries and fees based on the tonnage of cargo unloaded by the tenant in the Port of Hamilton. The Pier 15 Lease also provides for a credit facility to the tenant to fund improvements on the premises much of the terms of which have yet to be finalized. The Office Lease is for a term of 20 years commencing on November 1, 2023. Payments under the Office Lease consist of basic rent calculated on a per-square-footage basis, and additional rent which primarily consists of cost recoveries. Aggregate commitments under the two leases over the next 10 year period total \$9,555,166. Basic rent resets on the leases every ten years at current market rates, subject to a 5% cap on the prior basic rental amount in the first year and 3% in each of the nine years thereafter.

On October 17, 2023, a subsidiary of the Company mutually agreed with the Hamilton Port Authority to terminate the Vacant Land and Warehouse Lease and the Wharf Agreement relating to Pier 10 which were entered on November 27, 2020, and the Offer to Lease of a property located on Pier 26, dated October 22, 2022.

On October 20, 2023 Sucro Limited filed a final prospectus in all provinces of Canada other than Quebec for the distribution of 1,364,000 SVS in an initial public offering from treasury at a price of C\$11.00 per share for gross proceeds of C\$15,004,000 (the "Offering"). On October 30, 2023, the Company completed its initial public offering issuing 1,364,000 SVS at a price of C\$11.00 per share for gross proceeds of C\$15,004,000. Following the completion of the Offering, the put option referred in Note 11 was terminated. The estimated fair value of the put option as of September 30, 2023 was \$8,839,125. This amount will be derecognised in the fourth quarter of 2023.

On November 3, 2023, the Company entered into a receive-variable/pay-fixed interest rate swap with a three-year term on a total notional amount of \$30.0 million to hedge its exposure to short term fluctuations in interest rates with respect to current financial liabilities. The fixed secured overnight financing rate for this swap is 4.39%.