Consolidated Financial Statements

Sucro Limited

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of US Dollars)

INDEX

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sucro Limited:

Opinion

We have audited the consolidated financial statements of Sucro Limited and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Key audit matter	How our audit addressed the key audit matter
Valuation of sugar commodities inventory ("sugar inventory")	
Note 3(c)(ii) and 7	Our approach to addressing the matter included the following procedures, among others:
As at December 31, 2023, the Company held inventory of $220,048 thousand consisting of sugar commodities and processing additives. Sugar inventory is measured at fair value less costs to sell. Fair value is calculated based on quoted spot prices from published indices for similar sugar commodities, adjusted for differences in the quality of the sugar and delivery location. Due to the unobservable inputs used to calculate fair value, sugar inventory is classified in Level 3 of the fair value hierarchy. To calculate fair value, management was required to refer to unobservable inputs, which included determining the adjustments required from the quoted spot prices for the differences in quality of the sugar and the delivery location. In addition, the determination of the quantity of sugar, which is an input into the fair value measurement, required mathematical recalculations to determine the volumes of sugar piles, factoring in the sugar inventory's density and relative humidity to calculate total tonnage. We considered this a key audit matter due to the magnitude of the sugar inventory balance and the auditor attention required with respect to the significant judgment and estimation uncertainty applied by management in determining the fair value of the Company's sugar inventory.	• Obtained an understanding of the design and implementation of the relevant controls associated with the calculation of fair value of sugar inventory. • Conducted inventory count observations at select locations to test the quantity of sugar inventory at the count dates and performed procedures on inbound and outbound movements between count dates and the year-end date. • Read the inventory verification reports prepared by an external third-party. The third party inspected each of the locations, conducted sample counts, performed mathematical recalculations of the quantity and volume of sugar piles. We evaluated the competence, capabilities and objectivity of the third party. In addition, we conducted our inventory count alongside the external party and compared our count results to theirs. • Tested the sugar prices by comparing the price to the quoted spot prices from published indices for similar sugar commodities. • Tested the adjustment to quoted spot prices by assessing whether the adjustment for the quality of sugar and delivery location was appropriate based on historical adjustments. • Recalculated the expected gain or loss on remeasurement of sugar inventory to fair value at the year-end date. • Assessed the completeness and adequacy of the Company's Level 3 fair disclosures in the consolidated financial statements.
Valuation of derivative instruments	
Note 26 and 3(c)(ii)	Our approach to addressing the matter included the following procedures, among others:
As at December 31, 2023, the Company reported unrealized gains on forward commitments of $140,544 thousand and unrealized losses of $34,025 thousand. The Company's derivatives, consisting of forwards and futures contracts, are classified as fair value through profit or loss. The fair value of futures contracts based on unadjusted quoted prices in active markets are classified within Level 1 of the fair value hierarchy. The fair value of certain forward commitments based on the prevailing futures rate, adjusted for	• Obtained an understanding of the design and implementation of the relevant controls associated with the calculation of fair value of the Company's forwards and futures contracts. • Agreed the price in the fair value calculation for Level 1 inputs to the quoted market price on the relevant forward commodity market indices. • Tested the adjustments to quoted market price for Level 2 inputs by comparing the adjustments for future freight and commission costs to historical amounts incurred by examining external invoices and agreements.

management inputs that include transportation costs and the delivery location are classified within Level 2 of the fair value hierarchy. The fair value of certain forward commitments based primarily on unobservable inputs, which include historical transacted prices, forward prices, volatilities, and adjustments to accommodate sugar grades and delivery locations, are classified within Level 3 of the fair value hierarchy. We considered this a key audit matter due to the magnitude of the unrealized gains and losses on forward commitments and the auditor attention required with respect to the significant judgment and estimation uncertainty applied by management in determining the fair value of the Company's derivative instruments.	• Engaged an external valuations expert to assess management's valuation methodology for Level 3 inputs. We assessed the competence, capabilities and objectivity of the expert and evaluated the adequacy of the work performed. • Recalculated the expected gain or loss on remeasurement of derivatives to fair value at the year-end date. Where open quantities changed from the initial contract position, we agreed all purchase and sale movement during the year to external invoices and shipping documents. • Assessed the completeness and adequacy of the Company's fair disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 18, 2024

Sucro Limited

Consolidated Statements of Financial Position
As of December 31
(Expressed in Thousands of US Dollars)

		2023		2022
Assets				
Current Assets				
Cash	**$**	**5,919**	$	6,997
Trading and derivative assets (note 5)		**2,179**		1,704
Accounts receivable (note 6) (note 25) (b)		**67,655**		72,064
Inventory (note 7)		**215,851**		131,799
Due from related parties (note 19)		**3,023**		768
Unrealized gains on forward commitments (note 26)		**140,544**		82,104
Prepaid expenses		**6,560**		2,247
Sales taxes recoverable		**-**		741
Other receivables		**2,210**		292
Assets held for sale (note 35)		**-**		1,104
Total Current Assets		**443,941**		299,820
Non-Current Assets				
Property, plant and equipment (note 8)		**82,922**		67,576
Right-of-use assets (note 9)		**13,178**		9,981
Cash surrender value of life insurance (note 10)		**-**		842
Sales taxes recoverable		**2,014**		-
Equity investment (note 11)		**841**		629
Other non-current assets		**72**		243
Goodwill (note 12)		**961**		961
Total Non-Current Assets		**99,988**		80,232
Total Assets	**$**	**543,929**	$	380,052

Sucro Limited

Consolidated Statements of Financial Position
As of December 31
(Expressed in Thousands of US Dollars)

		2023		2022
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**60,032**	$	37,527
Unrealized losses on forward commitments (note 26)		**34,025**		9,358
Loans and borrowings, current portion (note 13)		**229,052**		159,135
Due to related parties (note 19)		**5,054**		-
Taxes payable (note 20)		**329**		60
Lease liabilities, current portion (note 14)		**686**		2,021
Sales taxes payable		**5,345**		1,356
Liabilities held for sale (note 35)		**-**		912
Total Current Liabilities		**334,523**		210,369
Non-Current Liabilities				
Loans and borrowings, net of current portion (note 13)		**37,704**		35,705
Deferred tax liability (note 20)		**18,068**		12,782
Lease liabilities (note 14)		**11,809**		5,011
Put option (note 15)		**-**		7,058
Total Liabilities		**402,104**		270,925
Shareholders' Equity				
Share capital (note 17)		**53,782**		43,715
Retained earnings		**86,667**		71,624
Equity-based compensation reserve (note 27)		**902**		2,444
Put option reserve (note 15)		**-**		(7,058)
Cash flow hedging reserve (note 4)		**(759)**		347
Equity Attributable to Shareholders of the Company		**140,592**		111,072
Non-controlling interest (note 3(q))		**1,233**		(1,945)
Total Shareholders' Equity		**141,825**		109,127
Total Liabilities and Shareholders' Equity	**$**	**543,929**	$	380,052

Nature of Operations (note 1)
Commitments and Contingencies (note 28)
Subsequent Events (note 37)

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 consolidated financial statements.

Sucro Limited

Consolidated Statements of Income and Comprehensive Income
For the years ended December 31,
(Expressed in Thousands of US Dollars)

		2023		2022
Revenue (notes 22 and 29)	**$**	**496,834**	$	439,254
Cost of sales (note 23)		**426,549**		366,838
				-
Gross Profit		**70,285**		72,416
Selling, General and Administrative Expenses				
Administrative expenses (note 24) (note 19)		**18,455**		14,359
Selling and distribution expenses		**866**		544
Other operating expenses		**2,619**		4,014
Depreciation (note 8)		**1,460**		664
Depreciation of right-of-use assets (note 9)		**550**		475
Equity-based compensation (note 17)		**(461)**		2,338
Total Selling, General and Administrative Expenses		**23,489**		22,394
Income From Operations		**46,796**		50,022
Other Income (Expenses)				
Interest expense		**(22,857)**		(10,006)
Interest income		**522**		419
Earnings from equity investment (note 11)		**212**		322
Other income		**1,658**		992
Total Other Income (Expenses)		**(20,465)**		(8,273)
Income Before Income Taxes		**26,331**		41,749
Income Tax Expense				
Current income tax expense(note 20)		**(1,071)**		(60)
Deferred income tax expense		**(5,286)**		(6,119)
Total Tax Expense		**(6,357)**		(6,179)
Net Income Before Discontinued Operations		**19,974**		35,570
Income From Discontinued Operations (note 34)		**-**		150
Net Income		**19,974**		35,720
Other Comprehensive Income				
Items that may be reclassified to profit or loss				
Gain (loss) on Interest Rate Swap		**(869)**		347
Loss on Energy Rate Swap		**(237)**		-
Comprehensive Income	**$**	**18,868**	$	36,067
Income from continuing operations per Share - basic	**$**	**3.18**	$	5.14
Income from discontinued operations per Share - basic	**$**	**-**	$	0.02
Income from continuing operations per Share - diluted	**$**	**0.86**	$	5.06
Income from discontinued operations per Share - diluted	**$**	**-**	$	0.02
Weighted Average Number of Shares Outstanding - basic		**6,282,726**		6,919,573
Weighted Average Number of Shares Outstanding - diluted		**23,193,074**		7,034,178
Net Income Attributable to:				
Non-controlling interest	**$**	**3,178**	$	(2,002)
Shareholders of the Company		**16,796**		37,722
	$	**19,974**	$	35,720

Sucro Limited

Consolidated Statements of Income and Comprehensive Income
For the years ended December 31,
(Expressed in Thousands of US Dollars)

		2023		2022
Comprehensive Income Attributable to:				
Non-controlling interest	**$**	**3,178**	$	(2,002)
Shareholders of the Company		**15,690**		38,069
	$	**18,868**	$	36,067

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

Sucro Limited

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of US Dollars)

	Share Capital	Retained Earnings	Equity-based Compensation Reserve	Put Option Reserve	Cash Flow Hedging Reserve	Non-controlling Interest	Total Shareholders' Equity
Balance, January 1, 2022	**$ 36,366**	**$ 35,147**	**$ -**	**$ -**	**$ -**	**$ 57**	**$ 71,570**
Unrealized gain on interest rate swaps	-	-	-	-	347	-	347
Equity based compensation	-	-	2,338	-	-	-	2,338
Proceeds from private placement	8,043	-	-	-	-	-	8,043
Share issuance costs	(580)	-	(8)	-	-	-	(588)
Warrants issued to brokers	(114)	-	114	-	-	-	-
Dividends	-	(1,245)	-	-	-	-	(1,245)
Put option reserve	-	-	-	(7,058)	-	-	(7,058)
Net income (loss) attributable to share holders of the Company	-	37,722	-	-	-	-	37,722
Total equity attributable to share holders of the Company	43,715	71,624	2,444	(7,058)	347	57	111,129
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	(2,002)	(2,002)
Balance, December 31, 2022	**$ 43,715**	**$ 71,624**	**$ 2,444**	**$ (7,058)**	**$ 347**	**$ (1,945)**	**$ 109,127**
Balance, January 1, 2023	**$ 43,715**	**$ 71,624**	**$ 2,444**	**$ (7,058)**	**$ 347**	**$ (1,945)**	**$ 109,127**
Unrealized loss on interest rate swaps	-	-	-	-	(869)	-	(869)
Unrealised loss on energy rate swaps	-	-	-	-	(237)	-	(237)
Equity-based compensation	1,161	-	(1,622)	-	-	-	(461)
Issued for cash in initial public offering	10,829	-	-	-	-	-	10,829
Share issuance costs	(1,843)	-	-	-	-	-	(1,843)
Warrants issued to brokers	(80)	-	80	-	-	-	-
Dividends	-	(1,753)	-	-	-	-	(1,753)
Put option reserve	-	-	-	7,058	-	-	7,058
Net income (loss) attributable to share holders of the Company	-	16,796	-	-	-	-	16,796
Total equity attributable to share holders of the Company	53,782	86,667	902	-	(759)	(1,945)	138,647
Net income (loss) attributable to non-controlling interests	-		-	-	-	3,178	3,178
Balance, December 31, 2023	**$ 53,782**	**$ 86,667**	**$ 902**	**$ -**	**$ (759)**	**$ 1,233**	**$ 141,825**

Sucro Limited

Consolidated Statements of Cash Flows
For the years ended December 31,
(Expressed in Thousands of US Dollars)

	2023	2022
Cash provided by (used in)		
Cash Flows From Operating Activities		
Net income for the year	**$ 19,974**	$ 35,720
Adjustments to reconcile net income to net cash used in operating activities:		
Earnings from equity investment	**(212)**	(322)
Lease interest expense	**452**	392
Gain on lease modification	**(75)**	-
Net change in mark to market on forward contracts (note 4)	**(20,835)**	(33,886)
Depreciation expense (note 8)	**4,553**	2,357
Unrealised foreign exchange loss on lease liability	**483**	-
Depreciation of right-of-use assets (note 9)	**895**	828
Gain on bargain purchase	**(500)**	-
Equity-based compensation	**(461)**	2,338
Deferred tax expense (note 20)	**5,286**	6,119
Customer deposits	**-**	(3,420)
Operating cash flows before changes in non-cash working capital and discontinued operations	**9,560**	10,126
Changes in non-cash operating assets and liabilities(note 30)	**(69,415)**	(56,798)
Operating cash flows from discontinued operations (note 34)	**-**	2,844
Net cash used in from operating activities	**(59,855)**	(43,828)
Net cash used in investing activities (note 31)	**$ (13,399)**	$ (22,904)
Net cash provided by financing activities from continuing operations (note 32)	**72,176**	74,645
Net cash provided by financing activities from discontinued operations (note 34)	**-**	(2,844)
Net cash by financing activities (note 32)	**72,176**	71,801
Net increase (decrease) in cash	**(1,078)**	5,069
Cash, beginning of year	**6,997**	1,928
Cash, end of year	**$ 5,919**	$ 6,997
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 18,096**	$ 6,726
Income taxes paid	**701**	-

Supplemental Disclosure of Non-Cash Investing and Financing Activities (note 33).

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

(Expressed in Thousands of US Dollars)

1. Nature of Operations

Sucro Limited (the ‘‘Company’’) was incorporated as an exempt company under the Companies Act (2023 Revision) (Cayman Islands) on July 31, 2023. The Company is incorporated and domiciled in the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and the principal place of business is 2020 Ponce De Leon, Suite 1204, Coral Gables, Miami, Florida 33145. The Company is a vertically integrated wholesale sugar merchant, operating primarily in North America. 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 29). Each of these segments is organized based upon the nature of products and services offered and aligns with the management structure. The Trade segment is a business focusing on capturing profits through sourcing, merchandising, and managing logistics of sugar. The Company’s asset-based Services segment provides tolling (refining, processing, handling, packaging, and quality assurance), storage, and other services primarily to the Trade segment.

The following companies have been consolidated within the Company's consolidated financial statements. The Company's percentage of ownership as of December 31, 2023 and 2022 was:

			Percentage of Ownership	
Name of the Corporation	Jurisdiction of Incorporation	Principal Activity	December 31, 2023	December 31, 2022
Sucro Holdings, LLC	Florida	Administrative	100%	100%
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%
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	100%	50%
Sucro Processing LLC	Delaware	Sugar Processor	100%	100%
Sweet Life Transportation LLC	Delaware	Inactive	100%	100%

As of December 31, 2023, SC Americas Corp (the "Ultimate Parent") owned 67.92% (December 31, 2022 - 73.56%) of the Company. In addition to the companies listed above, the Company also has a 100% interest in Sucro Brazil LTDA, Sugar Latam del Ecuador S.A. and SCM Sugar Servicios S.A. All of these entities are inactive subsidiaries.

1. Nature of Operations (continued)

Reorganization

On October 2, 2023, the Company, Sucro Holdings, LLC ("Sucro Holdings") and the existing members of Sucro Holdings entered into a Share Exchange Agreement pursuant to which the members of Sucro Holdings contributed all of the units of Sucro Holdings, LLC into the Company in exchange for 167,189.29 Proportionate Voting Shares ("PVS") and 5,164,421 Subordinated Voting Shares ("SVS") of the Company (the "Reorganization"). Each unit of Sucro Holdings was exchanged for 3 SVS or 0.03 PVS, as applicable. The result of the Reorganization was to establish the Company as the holding company of Sucro Holdings and its subsidiaries, domiciled in the Cayman Islands.

In connection with the Reorganization, the one SVS that was issued and outstanding for organizational purposes for a subscription price of $1 was repurchased by the Company for cancellation.

The Reorganization was treated by the Company as a reverse acquisition. For accounting purposes, Sucro Holdings is considered to have acquired the Company as the accounting acquiree. Accordingly, the consolidated financial statements of the Company are presented as a continuation of the financial statements of Sucro Holdings.

Initial Public Offering

On October 20, 2023, the Company 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 CAD$11.00 per share for gross proceeds of CAD$15,004,000 (the "Offering"). On October 30, 2023, the Company completed its initial public offering.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards and related Interpretations which are issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) (collectively IFRSs). The policies applied in the Company's consolidated financial statements are based on IFRS effective for the year ended December 31, 2023. These consolidated financial statements were authorized for issuance by the Board of Directors on April 18, 2024.

The consolidated financial statements are presented in United States Dollars ("U.S. Dollars") and all values are rounded to the nearest ($000), unless otherwise noted.

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which it operates. The Canadian Dollar ("CAD") is the functional currency of the parent Company, while the U.S. Dollar is the functional currency of all other consolidated subsidiaries. The consolidated financial statements are presented in U.S. Dollars ("the presentation currency") because that is the functional currency of a majority of the Company's operations.

2. Basis of Preparation (continued)

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value, and inventory, which is measured at fair value less cost to sell.

3. Material Accounting Policy Information

(a) Basis of consolidation

The Subsidiaries are controlled exclusively by the Company, as the Company is exposed to, or has rights, to variable returns from its involvement with the Subsidiaries and has the ability to affect those returns through its power over the Subsidiaries by way of its ownership of issued and outstanding units of the Subsidiaries. The consolidated financial statements incorporate the financial statements of the Company and the Subsidiaries. The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statement of income and comprehensive income from the date that control commences until it ceases. All intercompany transactions, balances, income, and expenses are eliminated upon consolidation.

The Company's investments in other investees that are not controlled by the Company are accounted for using the equity method of accounting (note 11).

(b) Foreign currencies

The consolidated financial statements of the Company are presented in U.S. Dollars. The Company has determined the functional currency of the Company is the CAD Dollar while for its Subsidiaries it is the U.S Dollar as that is the currency of the primary economic environment in which the Company and the Subsidiaries operate.

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into USD using the spot exchange rate in effect at the reporting date; and Non-monetary items measured at historical rates.

Exchange differences arising from the translation process of foreign operations are recognized as foreign currency translation adjustments in other comprehensive income and accumulated in equity.

(c) Critical accounting estimates and judgments

The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates and requires Company’s management to exercise judgment in applying the Company's accounting policies. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgments.

3. Material Accounting Policy Information (continued)

(c) Critical accounting estimates and judgments (continued)

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Critical judgments:

Fair value of financial instruments

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.

Revenue recognition for sales transactions with repurchase agreements

Where the Company has a sale transaction with a financial institution which includes a related repurchase agreement for the same inventory in the future, the Company has accounted for the purchase transaction as a forward, with the relevant inventory remaining on the Company's statement of financial position and the proceeds received accounted for as a financial liability, as the Company has an obligation to repurchase the asset in the future.

The financing component of the repurchase price is recognized as interest expense to reflect the cost of financing the inventory. The remainder is booked as futures and options ("F&O") results as it reflects the difference in the market price between the time of the sale and the time of repurchase.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the temporary differences between accounting carrying values and tax basis are expected to be recovered or settled. The determination of the ability of the Company to utilize tax loss carry forwards and other deferred tax assets to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

3. Material Accounting Policy Information (continued)

(c) Critical accounting estimates and judgments (continued)

(i) Critical judgments: (continued)

Assessment of the effectiveness of a hedging instrument

In order for a financial instrument to qualify for treatment as a hedge and for a hedging relationship to qualify for hedge accounting, certain requirements need to be met in order for the hedge to be deemed effective. The Company must conclude that there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes that result from that economic relationship, and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item, in order to apply hedge accounting under IFRS.

Put Option

The Company's treatment of the put option (note 15) as equity or a liability requires the Company to assess whether the put option represents a contractual obligation for the Company to deliver cash or another financial instrument to the holder that arises only on liquidation or at another time. The Company has concluded that the put option represents a liability, namely, a contractual obligation of the Company to deliver cash and debt equal to the holder's proportionate share of the net assets of the Company at a point in time other than liquidation, as it is conditional only on the holder's exercise of such option. The Company has concluded that this is a non-reciprocal transaction with the holder's in their capacity as shareholders and, accordingly, the remeasurement is recognized in equity. The Company has also concluded that the holder's proportionate share of the net assets can be reliably measured at each financial statement date.

(ii) Critical estimates and assumptions:

Expected credit losses

The calculation of the Company’s expected credit losses on financial instruments requires management to make estimates around the probability of possible outcomes with regards to credit losses, the discount rate to use for the time value of money, changes to the financial instrument’s credit risk as well as other future oriented factors.

Estimated useful lives, depreciation of property, plant and equipment and right-of-use assets

Depreciation of property, plant and equipment and right-of-use assets is based upon estimates of useful lives that are determined through the exercise of judgment.

3. Material Accounting Policy Information (continued)

(ii) Critical estimates and assumptions (continued)

Impairment of property, plant and equipment and right-of-use assets

The assessment of any impairment of these assets is dependent on estimates of recoverable amounts and include the consideration of economic factors and market conditions, as well as the useful lives of assets.

Fair value of equity-based payments and warrants

The estimate of fair value for equity-based payments and warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the expected life of options or warrants and expected extinguishments. The Company uses the Black-Scholes option pricing model and changes in the subjective input assumptions, such as the expected price volatility, can materially affect the estimated fair value.

Inventory

The estimate of fair value of the Company's inventory includes various estimates with respect to the type, grade and location, as well as the market price for the underlying inventory. In addition, the measurement of bulk raw sugar inventory is complex as a number of estimates are required, including the dimensions of the piles, relative humidity, and density at year-end. Changes in these input assumptions can materially affect the estimated fair value.

Forwards and futures contracts

The estimate of fair value of the Company's forward and futures contracts includes estimates of the market price of the underlying product to be purchased or sold at a future date. Changes in these input assumptions can materially affect the estimated fair value.

(d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets or financial liabilities are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. Financial assets are classified as either fair value through profit or loss (“FVTPL”), amortized cost or fair value through other comprehensive income (“FVTOCI”). The Company determines the classification of its financial assets at initial recognition. Financial liabilities are classified as either financial liabilities at FVTPL, amortized cost or FVTOCI. The Company determines the classification of its financial liabilities at initial recognition.

3. Material Accounting Policy Information (continued)

(d) Financial instruments (continued)

Below is a summary showing the classification and measurement basis of financial instruments:

Financial Instrument	Classification and measurements
Cash	FVTPL
Trading and derivative assets	FVTPL
Accounts receivable	Amortized cost
Due from related parties	Amortized cost
Other receivables	Amortized cost
Cash surrender value of life insurance	Amortized cost
Unrealized gains on forward commitments	FVTPL
Due to related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Unrealized losses on forward commitments	FVTPL
Put option	See note 3(o)
Loans and borrowings	Amortized cost

(1) Financial Assets

Financial assets are classified as either FVTPL, amortized cost or FVTOCI.

(i) Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Financial assets classified as FVTPL are accounted for initially, and subsequently, at fair value with changes recognized in profit or loss. Gains or losses on these items are recognized in profit or loss.

(ii) Investments recorded at fair value through other comprehensive income (FVTOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVTOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis. Financial assets classified as FVTOCI are accounted for initially, and subsequently, at fair value with changes recognized in other comprehensive income or loss, net of income taxes.

3. Material Accounting Policy Information (continued)

(d) Financial instruments (continued)

(1) Financial Assets (continued)

(iii) Amortized cost

Financial assets recorded at amortized cost are initially measured at fair value. Subsequent to initial measurement, financial assets are measured at initial cost plus interest calculated using the effective interest method net of cumulative repayments and cumulative impairment losses. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset, or where appropriate, a shorter period. Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL:

1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and,
2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(2) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or amortized cost.

(i) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. Financial liabilities recorded at amortized cost are initially measured at fair value. Subsequent to initial measurement, financial liabilities are measured using the effective interest method net of cumulative repayments and cumulative impairment losses.

3. Material Accounting Policy Information (continued)

(d) Financial instruments (continued)

(2) Financial liabilities (continued)

(ii) Financial liabilities recorded at FVTPL

Financial liabilities classified as FVTPL are accounted for initially, and subsequently, at fair value with changes recognized in profit or loss. Gains or losses on these items are recognized in profit or loss.

(3) Transaction costs

Transaction costs associated with financial instruments carried at FVTPL are expensed as incurred, while transaction costs associated with all other financial instruments are included in, or deducted from, the initial carrying amount of the asset or the liability.

(4) Derecognition

The Company derecognizes financial assets when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows. On derecognition of a financial asset, the difference between its carrying amount and the consideration received is recognized in profit or loss. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Expected credit loss impairment model

The Company utilizes a single expected credit loss impairment model, which is based on changes in credit quality since the initial recognition.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 180 days past due. The Company recognizes an expected credit loss based on a specified percentage of revenue that is determined using historical default rates.

3. Material Accounting Policy Information (continued)

(e) Fair value considerations

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. The Company's assets or liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

(f) Derivative and hedging contracts

Derivative financial instruments are recorded when the contract is entered into and valued at fair value. The treatment of recognizing the resulting profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company uses certain financial contracts and derivatives such as exchange traded futures to mitigate the fixed price exposure inherent in inventory and certain forward commodity commitments and interest rate swaps to mitigate interest rate risk related to debt with variable interest rates.

At the beginning of the business transaction, the Company documents the relationship between the hedge and the hedged items, as well as its risk management targets and strategies for undertaking the various hedging transactions. Furthermore, the Company also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of the derivatives’ change in fair value, which are designated as cash flow hedges and comply with the requirements to apply hedge accounting, is accounted for in other comprehensive income. Profit and loss from the ineffective portion of the change in fair value are recognized immediately in profit or loss. Changes in fair value of the financial instrument are accumulated in other comprehensive income and reclassified to profit or loss in the same reporting period when the hedged transaction affects profit and loss.

3. Material Accounting Policy Information (continued)

(g) Inventory

Inventories are commodity inventories that consist of varying types and grades of sugar and sugar products and are held at the various processing and storage facilities that the Company utilizes. These inventories are readily convertible into cash due to their commodity characteristics, widely available markets and international pricing mechanisms. The Company's inventories are measured at fair value based on spot prices from published indices for similar products, adjusted based on quality, location and other factors, less cost to sell.

Marked-to-market inventory is reflected on the Company’s consolidated statement of financial position. Unrealized mark-to-market gains or losses on inventory are reflected in profit or loss under cost of sales.

Other inventory, including processing additives, is valued at the lower of cost and net realizable value.

(h) Property, plant, and equipment

At initial recognition, the Company recognizes property, plant and equipment at cost which consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Included in cost are borrowing costs that are directly attributable to the acquisition, construction, or production of an item of property, plant, and equipment.

After initial recognition, the Company measures the property, plant and equipment using the cost model, whereby the Company carries items of property, plant and equipment at their cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are reviewed for impairment at the end of each reporting period to assess whether there is any indication of impairment. If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated as the higher of fair value less costs of disposal and value in use.

As of December 31, 2023, the Company has included borrowing costs of $Nil (2022- $1,030) in the cost of property, plant, and equipment. These costs were paid on borrowings specifically for the acquisition of items of property, plant, and equipment.

3. Material Accounting Policy Information (continued)

(h) Property, plant, and equipment (continued)

Depreciation is recognized on a straight-line basis using the following useful lives:

Office and computer equipment	3-5 years
Machinery and plant equipment	5-25 years
Buildings	10-39 years
Leasehold improvements	Over lease term
Furniture and fixtures	5 years
Vehicles	5 years

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Certain comparative amounts in the statement of income and other comprehensive income have been reclassified as a result of a change in the classification of certain depreciation expenses during the current year see (note 8).

(i) Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date or the Transition Date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

3. Material Accounting Policy Information (continued)

(i) Leases and right-of-use assets (continued)

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term. During the year ended December 31, 2023, the Company incurred expense of $281 (December 31, 2022 - $104) related to leases for which the practical expedient has been applied. These expenses have been included as administrative expenses in profit or loss.

Certain comparative amounts in the income and other comprehensive income have been reclassified as a result of a change in the classification of certain depreciation expenses during the current year see (note 9).

(j) Equity method investments

The Company evaluates investments for level of influence and ownership in the entity. If the Company has significant influence, the equity method is applied. Investments accounted for under the equity method are recorded initially at cost and subsequently adjusted for the Company's share of net income or loss and cash contributions and distributions to or from the associate.

An investment accounted for using the equity method is impaired and impairment losses incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occur after the initial recognition of the net investment (a "loss event") and that loss event (or events) has an impact on the estimated future cash flow from the net investment that can be readily estimated.

(k) Impairment of non-financial assets

The Company periodically reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of an asset`s fair value less cost of disposal and its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

3. Material Accounting Policy Information (continued)

(l) Goodwill

The Company measures goodwill as the excess of the aggregate of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Any goodwill recognized on an acquisition is allocated to the cash-generating unit ("CGU") or CGUs that are expected to benefit from the synergies of the combination. Goodwill and intangible assets with indefinite lives are not subject to depreciation and are tested for impairment annually, or more frequently if events or conditions exist that indicate they may be impaired.

An impairment loss is recognized for goodwill and intangible assets with indefinite lives for the amount by which the carrying value of a CGU or group of CGU's, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal and the value-in-use.

(m) 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. The Company has accounted for these transactions as product financing arrangements and, accordingly, these transactions are treated as financial liabilities and commodity inventory in the Company's consolidated statement of financial position (see note 13), and no revenues or cost of sales for these transactions are reported in profit or loss.

3. Material Accounting Policy Information (continued)

(n) Income taxes

(i) Current income tax

Current income tax expense is based on taxable profit for the year. Taxable profit differs from net income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

The Company is a C Corporation for federal tax purposes in the United States. The Company uses the liability method of accounting for income tax. Deferred tax is recognized as temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

(o) Put option

The Company's put option with certain minority unitholders (see note 15) represents a contractual obligation of the Company to deliver cash equal to the holder's proportionate share of the net assets of the Company at a point in time other than liquidation, as it is conditional only on the holder’s exercise of such option. As the put option entitles the holder to a pro-rata share of the Company's net assets in an event other than the Company's liquidation, the put option does not meet the conditions to be recognized as equity and has, therefore, been recognized as a liability pursuant to IAS 32. The fair value of the put option will be adjusted at each reporting date with changes in the fair value of the liability being reflected in a separate reserve account within equity. The Company has concluded that this is a non-reciprocal transaction with the holder's in their capacity as shareholders and, accordingly, the remeasurement is recognized directly in equity.

(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(p) Earnings per share

The Company presents basic and diluted earnings per share for its shares. Basic earnings (losses) per share is determined by dividing the Company's net income for the period attributable to members by the weighted average number of shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of shares outstanding for the impact of all dilutive potential shares, which are comprised of in-the-money equity-based compensation awards granted and warrants.

(q) Non-controlling interests

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

The Company has a 51% ownership and voting interest in Sweet Life Services, LLC ("Sweet Life"), a wholesaler, broker and processor of sugar with its operations based in University Park, Illinois. Sweet Life also earns revenue through the storage of sugar.

Summarized financial information of Sweet Life Services is as follows:

	December 31, 2023	December 31, 2022
Current assets	**$ 3,764**	$ 1,899
Non-current assets	**118**	41
Current liabilities	**1,366**	2,367
Non-current liabilities	**-**	-
Revenue	**9,826**	6,530
Profit (Loss) from continuing operations	**2,030**	(4,085)
Net Profit (Loss) for the year	**$ 2,030**	$ (4,085)

3. Material Accounting Policy Information (continued)

(r) Revenue

The Company's revenue consists of sales from commodity contracts that are accounted for under IFRS 9, *Derivatives and Hedging*, and sales of other products and services that are accounted for under IFRS 15, *Revenue from Contracts with Customers.*

Revenue from commodity contracts (IFRS 9)

Revenue from the trading of commodity contracts primarily relates to forward sales of sugar, which are accounted for as derivatives at fair value under IFRS 9. These forward sales meet the definition of a derivative as their value changes in response to the change in a specified commodity price (Sugar), there is no initial net investment, and can be net settled at a future date. Revenue from commodity contracts is recognized in Revenues for the contractually stated amount when the contracts are settled. Settlement of the commodity contracts generally occurs upon shipment or delivery of the product when title and risks and rewards of ownership transfers to the customer. Prior to settlement, these forward sales contracts are recognized at fair value with the unrealized gains or losses recorded within Net unrealized mark-to-market gains in cost of sales. Revenue also includes realized sugar futures and options trading results.

Revenue from contracts with customers (IFRS 15)

Revenue from contracts with customers from the delivery of goods to a customer is accounted for in accordance with IFRS 15, *Revenue from Contracts with Customers*. Revenue is recognized when the Company satisfies its singular performance obligation under the contract by transferring control of the promised goods to its customer, which occurs at the point in time of delivery of the goods to the customer.

Revenues and costs from tolling and storage fees are recognized when services are performed, and costs are incurred. Revenue is recognized when the Company satisfies its performance obligation(s) by transferring the promised service to its customer. The nature of the Company's tolling fees generally does not give rise to any notable amounts of variable consideration. Neither the type of the product or service sold, or the location of the sale significantly impacts nature, amount, timing or uncertainty of revenue and cash flows.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

i. Identify a customer along with a corresponding contract;
ii. Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
iii. Determine the transaction price the Company expects to be entitled to in exchange for services to a customer;
iv. Allocate the transaction price to the performance obligation(s) in the contract; and
v. Recognize revenue when or as the Company satisfies the performance obligation(s).

(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(r) Revenue (continued)

Other operating income is recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented gross in revenues and cost of revenues.

The Company's revenues were as follows:

	December 31, 2023	December 31, 2022
Revenue from commodity contracts	**$ 494,118**	$ 432,573
Revenue from contract with customers	**2,716**	6,681
Gross Revenue	**$ 496,834**	$ 439,254

(s) Cost of sales

Cost of sales includes the cost of material purchases, ocean freight, land freight, white sugar processing, liquid sugar processing, direct customs fees, direct storage costs, insurance, licenses, inspection, supervision, adjustments for differences in quality and quantity between what is ordered and delivered to a customer, additives and other direct costs related to the acquisition, transit, processing and delivery of goods. Cost of sales also includes any unrealized gains and losses on the Company's forward, futures and foreign currency contracts as well as mark-to-market adjustments to the Company's commodity inventories. In addition, cost of sales includes depreciation of plant and equipment used to process sugar, including those owned and classified as right-of-use (see notes 8 and 9).

Other direct and indirect costs associated with inventory and storage are classified within cost of sales.

(t) Equity-based payments arrangements

Restricted share units and awards

The Company may grant restricted share units and awards to officers, certain employees, and consultants of the Company on such terms and conditions determined by the Board of Directors. Restricted share units and awards are equity-settled share-based payment transactions. In accordance with IFRS 2, equity-based compensation expense for the restricted share units and awards is measured based on the fair value of the Company's shares at the grant date. The grant-date fair value of equity settled share-based payment arrangements granted is recognized as expense, with a corresponding increase in equity over the vesting period of the awards.

3. Material Accounting Policy Information (continued)

(v) Equity-based payments arrangements (continued)

Equity participation rights

The Company granted equity participation rights ("EARs"), to a select group of directors, management, or senior employees . The EARs are cash-settled share-based payment transactions that are measured at the fair value of the liability as of the date of vesting. At the end of each reporting period, the Company remeasures the fair value of the liability and any changes in fair value of that liability is recorded in profit or loss for the period. Since the cash settlement of the EARs can be exercised only upon the occurrence of a contingent event that is outside the participants' control, the Company does not record equity-based compensation expense and a corresponding liability until it becomes probable that the event will occur.

(u) 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.

(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 consolidated financial statements.

3. Material Accounting Policy Information (continued)

(w) Recent accounting pronouncements

The following standards issued will be adopted in a future period, and the potential impact on the Company's consolidated financial statements, if any, is being assessed:

i. Classification of Liabilities as Current or Non-current (Amendment to IAS 1)
ii. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
iii. Non-current Liabilities with Covenants (Amendment to IAS 1)
iv. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
v. Lack of Exchangeability (Amendment to IAS 21)

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.

The Company entered into interest rate swap agreements to manage interest rate risk exposure associated with the Company's floating-rate borrowings and designates them as a cash flow hedges.

As of December 31, 2023, the total notional amount of the Company's receive-variable/pay-fixed interest rate swaps was $64,000 (December 31, 2022- $14,000).

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.

(Expressed in Thousands of US Dollars)

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:

	December 31, 2023	December 31, 2022
Forward commitments	**$ 140,495**	$ 82,104
Futures contracts (note 5)	**2,938**	1,357
Interest rate swap (note 5)	**281**	347
Foreign currency forwards	**49**	-
Total derivatives	**$ 143,763**	$ 83,808

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

	December 31, 2023	December 31, 2022
Forward commitments (note 5)	**$ 32,902**	$ 9,358
Interest rate swap (note 5)	**803**	-
Foreign currency forwards	**1,123**	-
Energy swap (note 5)	**237**	-
Total derivatives	**$ 35,065**	$ 9,358

During the years ended December 31, 2023 and December 31, 2022, net unrealized gains (losses) on derivative transactions recognized in cost of sales are as follows:

	December 31, 2023	December 31, 2022
Mark-to-market gains on commodity forward contracts	**$ 26,300**	$ 32,496
Mark-to-market gains on inventory	**4,704**	471
Mark-to-market gains (losses) on futures contracts	**(9,085)**	879
Mark-to-market gains (losses) on foreign currency forwards	**(1,084)**	41
Total gains	**$ 20,835**	$ 33,887

(Expressed in Thousands of US Dollars)

4. Trading, Derivative and Hedging Activities (continued)

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 year ended December 31**		**Location of gain (loss) reclassified from OCI into income (effective portion)**	**Amount of gain (loss) reclassified from OCI into income (effective portion) for the year ended December 31**		**Location of gain (loss) reclassified in income on derivative (ineffective portion)**	**Amount of gain (loss) recognized in income on derivative (ineffective portions) for the year ended December 31**	
	2023	**2022**		**2023**	**2022**		**2023**	**2022**
Interest rate swap	$ (869)	$ 347	Interest income (expense)	$ 251	$ -	Other income (expense)	$ -	$ -
Energy rate swap	$ (237)	$ -	Cost of sales	$ (158)	$ -	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.

As of December 31, 2023 and December 31, 2022, trading account assets and liabilities consist of the following:

	December 31, 2023	December 31, 2022
Cash position	**$ 11,089**	$ 422
Net unrealized gains (losses) on open futures contracts	**(8,151)**	935
Interest rate swap	**(522)**	347
Energy swap	**(237)**	-
Net trading and derivative assets	**$ 2,179**	$ 1,704

(Expressed in Thousands of US Dollars)

6. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Trade credit is generally extended on a short-term basis; thus, accounts receivable do not bear interest, although interest may be charged to such receivables that are not paid by the due date, as stipulated in each contract.

A provision for expected credit loss is established based on management's judgment of the likelihood of collection for each specified account. The provision for expected credit loss (see note 25) also includes a reserve for amounts that may become uncollectable based on unforeseen future events. This reserve is established based on historical collection results. Accounts receivable outstanding are written off through a provision for expected credit losses after the Company exhausts all reasonable collection efforts.

The Company has entered into agreements with third parties that allows the Company to sell receivables due from designated customers at a financial discount (fees) without recourse factoring. During the year ended December 31, 2023, fees associated with sold receivables totaled approximately $327 (December 31, 2022- $175).

7. 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:

	December 31, 2023	December 31, 2022
Sugar commodities	**$ 215,441**	$ 131,525
Processing additives	**410**	274
Total	**$ 215,851**	$ 131,799

The cost of inventories included as an expense through cost of sales for the year ended December 31, 2023 was $347,524 (December 31, 2022 - $211,036). As of December 31, 2023, inventory of $215,441 (December 31, 2022 - $131,525) was pledged as security against the Company's borrowing base revolving line of credit facility.

(Expressed in Thousands of US Dollars)

8. 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, 2021	**$ 563**	**$ 28,681**	**$ 9,499**	**$ 70**	**$ 129**	**$ 258**	**$ 17,468**	**$ 56,668**
Additions	81	25,863	18,164	56	-	-	22,254	66,418
Reclassification from Construction in progress	-	-	-	-	-	-	(39,497)	(39,497)
Redevelopment tax credits	-	(3,704)	(1,080)	-	-	-	-	(4,784)
Reclassification as held for sale	-	(1,175)	-	-	(25)	-	-	(1,200)
Balance - December 31, 2022	**$ 644**	**$ 49,665**	**$ 26,583**	**$ 126**	**$ 104**	**$ 258**	**$ 225**	**$ 77,605**
Additions	199	9,869	967	489	143	-	9,511	21,178
Disposals	-	-	-	-	-	-	-	-
Reclassification from Construction in progress	-	-	-	-	-	-	(16)	(16)
Redevelopment tax credits	-	(550)	(161)	(69)	-	-	(985)	(1,765)
50% acquisition of WS	-	78	423	1	-	-	-	502
Balance - December 31, 2023	**$ 843**	**$ 59,062**	**$ 27,812**	**$ 547**	**$ 247**	**$ 258**	**$ 8,735**	**$ 97,504**
Accumulated Depreciation								
Balance - December 31, 2021	**$ 50**	**$ 7,573**	**$ 100**	**$ 19**	**$ 26**	**$ -**	**$ -**	**$ 7,768**
Depreciation for the year	117	2,061	148	15	16	-	-	2,357
Reclassification - held for sale	-	(94)	-	-	(2)	-	-	(96)
Balance - December 31, 2022	**$ 167**	**$ 9,540**	**$ 248**	**$ 34**	**$ 40**	**$ -**	**$ -**	**$ 10,029**
Depreciation	157	3,472	826	70	28	-	-	4,553
Balance - December 31, 2023	**$ 324**	**$ 13,012**	**$ 1,074**	**$ 104**	**$ 68**	**$ -**	**$ -**	**$ 14,582**
Carrying Amount								
As of December 31, 2022	**$ 477**	**$ 40,125**	**$ 26,335**	**$ 92**	**$ 64**	**$ 258**	**$ 225**	**$ 67,576**
As of December 31, 2023	**$ 519**	**$ 46,050**	**$ 26,738**	**$ 443**	**$ 179**	**$ 258**	**$ 8,735**	**$ 82,922**

8. **Property, Plant and Equipment** (continued)

During the year ended December 31, 2023, the Company recorded redevelopment tax credits of $1,765 (2022 -$4,784) to be received pursuant to the New York Brownfield Cleanup Program with respect to a property owned by the Company in Lackawanna, NY. The Company has received the completion certificate from the New York Department of Environmental Conservation which is a required step to receive the credits.

During 2023, the Company modified the classification of depreciation expense on certain plant and equipment to reflect more appropriately the way in which economic benefits are derived from its use. Comparative amounts in the statement of income and other comprehensive income were reclassified for consistency. As a result, $1,692 from 2022 comparatives was reclassified from ‘depreciation’ to ‘cost of sales’.

(Expressed in Thousands of US Dollars)

9. Right-of-Use Assets

	Plant and machinery	Motor vehicles	Warehouse and others	Office space	Land	Hamilton Port	Leasehold Improvements	Transformer	Total
Cost									
Balance as of December 31, 2021	**$ 5,728**	**$ 48**	**$ 3,778**	**$ 265**	**$ 125**	**$ 733**	**$ 403**	**$ 130**	**$ 11,210**
Additions	1,243	25	-	-	-	-	-	-	1,268
Balance as of December 31, 2022	**$ 6,971**	**$ 73**	**$ 3,778**	**$ 265**	**$ 125**	**$ 733**	**$ 403**	**$ 130**	**$ 12,478**
Additions	541	25	193	1,416	7,649	-	-	-	9,824
Changes due to lease modifications	-	-	(1,309)	(125)	(59)	-	-	-	(1,493)
Disposals	(4,739)	(31)	-	-	-	-	-	-	(4,770)
Balance as of December 31, 2023	**$ 2,773**	**$ 67**	**$ 2,662**	**$ 1,556**	**$ 7,715**	**$ 733**	**$ 403**	**$ 130**	**$ 16,039**
Accumulated Depreciation									
Balance as of December 31, 2021	**$ 534**	**$ 18**	**$ 610**	**$ 38**	**$ 18**	**$ 244**	**$ 198**	**$ 9**	**$ 1,669**
Depreciation for the year	354	17	310	19	9	73	40	6	828
Balance as of December 31, 2022	**$ 888**	**$ 35**	**$ 920**	**$ 57**	**$ 27**	**$ 317**	**$ 238**	**$ 15**	**$ 2,497**
Depreciation	345	20	370	31	9	73	40	7	895
Disposal	**(502)**	(29)	-	-	-	-	-	-	(531)
Balance as of December 31, 2023	**$ 731**	**$ 26**	**$ 1,290**	**$ 88**	**$ 36**	**$ 390**	**$ 278**	**$ 22**	**$ 2,861**
Carrying Amount									
As of December 31, 2022	**$ 6,083**	**$ 38**	**$ 2,858**	**$ 208**	**$ 98**	**$ 416**	**$ 165**	**$ 115**	**$ 9,981**
As of December 31, 2023	**$ 2,042**	**$ 41**	**$ 1,372**	**$ 1,468**	**$ 7,679**	**$ 343**	**$ 125**	**$ 108**	**$ 13,178**

During 2023, the Company modified the classification of depreciation expense on right-of-use plant and equipments to reflect more appropriately the way in which economic benefits are derived from its use. Comparative amounts in the statement of income and other comprehensive income were reclassified for consistency. As a result, $353 from 2022 comparatives was reclassified from 'depreciation of right-of-use assets' to 'cost of sales'.

(Expressed in Thousands of US Dollars)

10. Joint Operation

Prior to December 31, 2023, the Company had a 50% interest in WS Services, LLC ("WS Services"), a sugar storage company based in Lackawanna, NY, which had been accounted for as a joint operation due to the Company and the other 50% owner having direct rights to the assets of WS Services and being jointly and severally liable for the liabilities incurred. WS Services therefore was classified as a joint operation, and the Company recognized its direct right to the jointly held assets, liabilities, revenues, and expenses.

Effective December 31, 2023, the Company's equity interest in WS Services increased from 50% to 100% and WS Services became a wholly owned subsidiary. The Company acquired the additional 50% interest in WS Services in exchange for total purchase consideration of $200, consisting of a promissory note, payable in full on March 30, 2024, with interest accruing at 5.26% per annum. Since this transaction was the acquisition of additional interest in the joint operation, previously held interests were remeasured, and the acquired assets and assumed liabilities were recognized at fair value. A bargain purchase gain of $500 was recognized as a result of the acquisition and recorded in other income.

The following table summarizes the consideration transferred and identifiable net assets assumed at the date of acquisition:

		December 31, 2023
Fair value of consideration transferred		
Promissory Note	$	**200**
Settlement of pre-existing relationship	$	**(343)**
Total consideration transferred	$	**(143)**
Recognized amounts of identifiable net assets		
Property, plant and equipment	$	**433**
Receivables		**32**
Prepaids and other assets		**4**
Assumed liabilities		**(112)**
Total identifiable net assets	$	**357**
Bargain Purchase Gain	$	**500**

The following pre-existing relationships were effectively settled on the acquisition date at fair value:

Accounts receivable and accounts payable

The Company held trade receivable and trade payable balances with WS Services, with a net amount owing by the Company that was settled at its fair value of $343, as of the acquisition date.

(Expressed in Thousands of US Dollars)

10. Joint Operation (continued)

Summarized financial information of WS Services as of December 31, 2023 is as follows:

	December 31, 2023	December 31, 2022
Current assets	**$ 981**	$ 124
Non-current assets	**873**	506
Current liabilities	**452**	82
Non-current liabilities	**-**	-
Revenue	**1,235**	449
Income from continuing operations	**(55)**	(576)
Net income for the year	**$ (55)**	$ (576)

11. Equity Method Investments

The Company has a 19% ownership interest in Amerikoa Ingredients LLC (“Amerikoa”), a specialty ingredients wholesaler, whose principal place of business is Chicago, Illinois

Changes in the carrying amount of the Company's investment in Amerikoa for the years ended December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Balance - beginning of year	**$ 629**	$ 307
Share of net income	**212**	322
Balance - end of year	**841**	629

Summarized financial information of Amerikoa is as follows:

	December 31, 2023	December 31, 2022
Current assets	**$ 11,474**	$ 19,823
Non-current assets	**1,100**	1,007
Current liabilities	**8,165**	6,144
Non-current liabilities	**113**	11,371
Revenue	**37,504**	29,633
Income from continuing operations	**1,116**	1,692
Net income for the year	**1,116**	1,692

12. Goodwill

The carrying amount of the Company's goodwill of $961 (December 31, 2022 - $961) has been allocated to the cash-generating unit of Sucro Can Canada Inc. The Company performed its annual impairment assessment as of December 31, 2023, and determined that Sucro Can Canada Inc.'s value in use is greater than the carrying amount and, therefore, no impairment exists as of that date.

(Expressed in Thousands of US Dollars)

13. Loans and Borrowings

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

		December 31, 2023		December 31, 2022
Opening balance	$	**194,840**	$	128,833
Lines of Credit (a)		**116,077**		127,627
Senior Secured Equipment Loan (b)		**7,457**		11,147
Real Estate Term Loan (b)		**-**		11,573
Repurchase obligations (c)		**19,103**		19,004
Vehicle Loan		**112**		-
Other Promissory Note		**200**		-
Repayments		**(70,554)**		(101,260)
Debt issuance costs		**(1,391)**		(1,040)
Reclassified from (to) liabilities held for sale		**912**		(1,044)
Ending balance	$	**266,756**	$	194,840
Current portion	$	**229,052**	$	159,135
Long term portion	$	**37,704**	$	35,705

(a) Lines of Credit

Type	Effective rate	Maturity		Balance as of December 31, 2023		Balance as of December 31, 2022
Line of credit (i)	Wall Street Journal + 0.75% or never less than 4% (At December 31, 2023 -9.25%)	April, 2024	$	**200**	$	417
Line of credit (ii)	Secured overnight financing rate plus 3.5% (At December 31, 2023 - 8.59%)	August, 2024		**189,777**		157,998
			$	**189,977**	$	158,415

i) The line of credit is guaranteed by Sucro Holdings for a maximum amount of $255.

ii) 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 and Sucro Limited on a stand-alone basis.

The Company incurred $14,710 of interest expense on the above credit facilities for the year ended December 31, 2023 (2022 - $8,054). As of December 31, 2023, the Company was in compliance with its covenants.

(Expressed in Thousands of US Dollars)

13. Loans and Borrowings (continued)

(b) Senior Secured Equipment and Real Estate Loans

Type of loan	Effective rate	Maturity	Balance as of December 31, 2023	Balance as of December 31, 2022
Equipment (i)	7.75%	April, 2029	**$ 13,938**	$ 13,867
Equipment (ii)	6.85%	November, 2030	**1,544**	-
Equipment (iii)	Variable	on demand	**604**	-
Equipment (iv)	4.0120	December, 2028	**836**	608
Equipment (v)	3.84%	December, 2026	**5,456**	5,660
Equipment (vi)	five year treasury rate plus 2.3%	November, 2027	**232**	274
Equipment (vii)	five year treasury rate plus 2.3%	October, 2027	**470**	566
Equipment (viii)	6.65%	March, 2027	**386**	-
Equipment (ix)	7.36%	December, 2028	**3,400**	-
Equipment (x)	4.6%	March 2027	**460**	588
Real Estate (xi)	WSJ +1.25%	April, 2027	**13,596**	13,731
Real Estate (xii)	3.582%	February, 2025	**806**	921
			$ 41,728	$ 36,215

The senior secured equipment loans (i), (ii) and (iii) are guaranteed by Sucro Holdings, LLC and Sucro Can International. These loans are secured by the equipments acquired.

The senior secured equipment loans (iv), (v), (vi), (vii), (viii) and (x) are guaranteed by Sucro Holdings, LLC on a stand-alone basis. These loans are secured by the equipments acquired.

The senior secured equipment loan (ix) is guaranteed by Sucro Can Canada Inc. This loan is secured by the equipments acquired.

The senior secured real estate loan (xi) is guaranteed by the controlling member of the Company and Sucro Holdings, LLC on a stand-alone basis. The senior secured real estate loan (xii) is secured by the real property acquired.

During the year ended December 31, 2023, the Company incurred $2,666 (2022 - $1,417) of interest expense on above credit facilities. Of these amounts, $2,666 (2022 - $344) has been expensed in profit or loss and $Nil (2022 - $1,073) has been capitalized in property, plant and equipment. As of December 31, 2023, the Company was in compliance with all its covenants.

13. Loans and Borrowings (continued)

(c) Repurchase Obligations

As disclosed in note 3(m), 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 sale transactions are recorded as financial liabilities. As of December 31, 2023, the Company had open purchase agreements for 53,320 MT (December 31, 2022 - 60,454 MT) of raw sugar for which it has recognized liabilities of $35,551 (December 31, 2022 - $30,470) and accrued interest of $961 (December 31, 2022 - $330). The purchase agreements all have maturity dates of less than six months and carry an average interest rate of 9.59% (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 December 31, 2023, the Company incurred interest expense of $3,334 (December 31, 2022 - $2,124) related to these agreements.

Deferred financing costs represent external costs incurred to obtain debt financing and are amortized over the terms of the related debt agreements. These costs are deducted from the carrying value of the associated debt and amortized using the effective interest method as interest expense.

Amortization of debt issuance costs was approximately $1,391 for the year ended December 31, 2023 (2022 - $1,040).

(Expressed in Thousands of US Dollars)

14. Lease Liabilities

The Company has lease contracts for various items of office, warehouse, plant and machinery, vehicles and other equipment used in its operations. Leases of plant and machinery, motor vehicles and other equipment generally have lease terms between 3 and 5 years, while office and warehouse generally have lease terms between 3 and 40 years.

	December 31, 2023	December 31, 2022
Opening balance	**$ 7,032**	$ 7,826
New leases (a)	**9,824**	1,268
Interest expense	**452**	392
Lease payments	**(3,607)**	(2,253)
Lease modification	**(1,689)**	-
Foreign exchange	**483**	(201)
Ending balance	**$ 12,495**	$ 7,032
Current portion	**$ 686**	$ 2,021
Long term portion	**$ 11,809**	$ 5,011

The undiscounted Company's lease payments are due as follows:

2024	$ 993
2025	1,066
2026	1,407
2027	1,130
2028	1,089
Thereafter	45,170
	$ 50,855

15. 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 had the right but not the obligation to elect to sell to the Company all (but not less than all) of such minority member's shares 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 a certain date by (ii) the total number of outstanding shares (and any outstanding options, warrants or other securities convertible into units on a fully diluted basis) at such date. The put option expired on the date that the Company completed its first underwritten public offering of shares.

The fair value of the put option is calculated as the minority members' pro-rata share of the net assets of the Company as of each valuation date on a fully-diluted basis. At December 31, 2023, the put option had expired unexercised (at December 31, 2022, the estimated fair value was $7,058).

16. Equity-based settlement

In connection with a legal settlement, in May 2023, an affiliate of the Company granted to a former employee a put option exercisable through December 31, 2023, which would allow him to sell 399,669 units to the Company at the price of $3.97 per share. The put option was not exercised by December 31, 2023 and expired.

(Expressed in Thousands of US Dollars)

17. Share Capital

On October 2, 2023, a reorganization of the Company was completed pursuant to which the members of Sucro Holdings contributed all of the units of Sucro Holdings into the Company in exchange for shares of the Company. Each unit of Sucro Holdings was exchanged for 3 SVS or 0.03 PVS, as applicable. The result of the Reorganization was to establish the Company as the top holding company in the Sucro group of companies domiciled in the Cayman Islands. In connection with the Reorganization, the original one (1) SVS issued for organizational purposes was repurchased by the Company for cancellation.

The Company is authorized to issue 490,000,000 SVS with a par value of $0.0001 per SVS and 1,000,000 PVS with a par value of $0.001 per PVS.

Holders of the SVS are entitled to one vote (1) per share and holders of PVS are entitled to one hundred (100) votes per share as shareholders of the Company. Holders of the SVS and PVS are entitled to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of the Company upon its dissolution or winding-up in the same proportions as their voting rights.

The changes in member units and share capital for Sucro Holdings and the Company for the years ended December 31, 2022 and 2023, respectively, were as follows:

	Member Units	SVS	PVS
Balance, December 31, 2021	6,285,625	-	$ -
Issued for cash in private placement	676,605	-	-
Equity-based compensation	233,022	-	-
Balance, December 31, 2022	7,195,252	-	-
Issued upon exercise of liquidity warrants	67,655	-	-
Equity-based compensation	31,543	-	-
Balance, October 2, 2023	7,294,450	-	
Reorganization transaction	(7,294,450)	5,164,421	167,189
Issued for cash in initial public offering	-	1,364,000	-
Equity-based compensation	-	154,885	-
Balance, December 31, 2023	-	6,683,306	167,189

During the year ended December 31, 2022, Sucro Holdings issued 676,605 units in a private placement for gross proceeds of $8,043. Each unit was comprised one member unit and one liquidity warrant. In connection with the issuance, the Company paid expenses (including broker commissions) of $587 of which $550 was allocated to member unit capital, $28 to liquidity warrants and $8 to broker warrants. Each liquidity warrant entitled the holder to recieve one-tenth of one additional membership unit for no additional consideration in the event that Sucro Holdings shares were not listed on a specified stock exchange on or prior to January 28, 2023. The Company also issued 42,682 broker warrants in connection with the issuance (see note 18).

(Expressed in Thousands of US Dollars)

17. Share Capital (continued)

On December 28, 2023, the Company entered into an EAR cancellation agreement with an employee such that the existing EAR's totaling 75,894 were cancelled in exchange for the issuance of 154,885 restricted SVSs. The SVS's issued may not be sold, assigned, or pledged until December 31, 2024 as to one-half of the shares, until June 30, 2025 as to one-quarter of the shares, and until December 31, 2025 as to the final one-quarter of the shares (each a "Restriction Period").

During the year ended December 31, 2023, Sucro Holdings issued 67,655 member units pursuant to the automatic exercise of the liquidity warrants. No additional consideration was received for the issuance of these units.

Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of changes in the fair value of derivatives that are specifically designated and qualify as cash flow hedges. These hedges aim to mitigate the potential impact of future cash flow fluctuations due to changes in certain variables, such as interest rates, foreign currency exchange rates and commodity prices.

Dividends

The following dividends were declared and paid by the Company:

		December 31, 2023
On total issued and outstanding subordinate voting shares		
6,528,421 @0.10 CAD per share	**$**	**653**
On total issued and outstanding proportionate voting shares		
167,189.29 @10 CAD per share		**1,672**
Total (CAD)	**$**	**2,325**
Total (USD)	**$**	**1,753**

(Expressed in Thousands of US Dollars)

18. Warrants

The changes in warrants for Sucro Holdings and Sucro Limited for the years ended December 31, 2023 and December 31, 2022 were as follows:

	Number of Warrants	Amount	
Balance, December 31, 2021	-	$	-
Liquidity warrants Issued for cash	676,605		-
Issue costs paid cash	-		(8)
Broker warrants	42,682		114
Balance, December 31, 2022	719,287		106
Exercised	(676,605)		-
Balance, October 2, 2023	42,682	$	106
Reorganization transaction	(42,682)		-
Exchanged in reorganization	128,046		-
Broker warrants issued in initial public offering	39,785		79
Balance, December 31, 2023	167,831	$	185

During the year ended December 31, 2022 Sucro Holdings issued 67,655 liquidity and 42,682 broker warrants in connection with the private placement of equity securities.

Each liquidity warrant entitles the holder to acquire one-tenth of one additional member unit of Sucro Holdings at an exercise price of $Nil if the Company did not complete a go-public event by January 28, 2023. Each broker warrant entitles the holder to acquire one Unit at an exercise price of CAD $15.25 for a period of two years from the grant date.

In April 2023, 676,605 member units were issued pursuant to the exercise of the liquidity warrants. The consideration received for these units was $Nil.

On October 2, 2023, a reorganization of the Company was completed pursuant to which the members of Sucro Holdings contributed all of the outstanding 42,682 warrant units of Sucro Holdings into the Company in exchange for warrants of the Company. Each warrant issued and outstanding of Sucro Holdings was exchanged for 3 warrants, as applicable. Each broker warrant entitles the holder to acquire one share as described in note 17 at an exercise price of CAD$15.25 for a period of two years from the grant date.

(Expressed in Thousands of US Dollars)

18. Warrants (continued)

The fair value of the broker warrants issued in 2022 by Sucro Holdings which were exchanged as part of the reorganization process was estimated at the issuance date based on a Black-Scholes option pricing model using the following assumptions:

Expected dividend yield	0.00%
Risk-free interest rate	3.40%
Expected life	2 years
Expected volatility	35%*
Unit price	$11.92

*Based on historical volatility of the shares of comparable publicly-traded companies

The Company also issued 39,785 new broker warrants in connection with its initial public offerring. Each broker warrant entitles the holder to acquire one SVS at an exercise price of CAD$11 until October 30, 2025.

The fair value of the broker warrants was estimated at the issuance date based on a Black-Scholes option pricing model using the following assumptions:

Expected dividend yield	0.00%
Risk-free interest rate	3.98%
Expected life	2 years
Expected volatility	39%*
Unit price	$7.95

*Based on historical volatility of the shares of comparable publicly-traded companies

As of December 31, 2023, the following Warrants were issued and outstanding:

Exercise Price (CAD)	Warrants Outstanding	Expiry Date
$ 15.25	128,046	April 28, 2024
$ 11.00	39,785	October 30, 2025
	167,831	

(Expressed in Thousands of US Dollars)

19. Related Party Transactions

In August 2022, the Company's controlling shareholder entered into a subordinated unsecured note payable to the Company for $1,679. This note bears interest at a rate of 8% per annum and matures in August 2024. The balance of this loan as of December 31, 2023 is $755 (December 31, 2022- $699). The Company recorded interest income of $56 during the year ended December 31, 2023 (December 31, 2022- $Nil).

In August 2023, the Company's controlling shareholder entered into a subordinated unsecured note payable to the Company for $1,903. This note bears interest at a rate of 8% per annum and matures in August 2024. In December, 2023 the original note was amended where the principal amount was restated to $2,214 which also includes the unpaid accrued interest on the original note. The interest rate and maturity terms were not amended. The balance of this loan as of December 31, 2023 is $2,214 (December 31, 2022- $Nil). The Company recorded interest income of $57 during the year ended December 31, 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 December 31, 2023 is $5,054 (December 31, 2022- $Nil)

A family member of a director and CEO of the Company earned $120 in salaries and $50 in short-term employment benefits during the year ended December 31, 2023.

In December 2022, the Company acquired sugar processing equipment from the Ultimate Parent for its Lackawanna, NY facility. The equipment was purchased for total cash consideration of $980. There were no transaction expenses associated with the purchase.

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 year ended December 31, 2023 and December 31, 2022 is as follows

	December 31, 2023	**December 31, 2022**
Salaries and other cash compensation	**$ 3,434**	$ 3,056
Short-term employment benefits	**248**	102
Equity-based compensation	**(461)**	2,338
Total	**$ 3,221**	$ 5,496

(Expressed in Thousands of US Dollars)

20. Income Taxes

a) Income Taxes

Year ended December 31,		**2023**		2022
Income before income taxes	$	26,331	$	41,749
Statutory rate (combined federal, state and provincial rates)		21%		24%
Expected income tax recovery at statutory rate		5,530		10,020
Non-deductible items		415		1,159
State income taxes, net of federal benefit income tax		(216)		-
Origination and reversal of temporary differences		-		(5,060)
Panama income exempt from tax		630		-
Other		(2)		60
Net current income and deferred tax expense	$	6,357	$	6,179
Allocated as follows:				
Current	$	1,071	$	60
Deferred		5,286		6,119
Total	$	6,357	$	6,179

b) Deferred Tax Assets and Liabilities

The tax effects of temporary differences that give rise to the deferred income tax asset (liability) at December 31, 2023 and 2022 are as follows:

		December 31, 2023		December 31, 2022
Deferred Tax Assets				
Non-capital and net operating losses carried forward and other tax pools	$	7,154	$	3,563
Cost of sales capitalized in inventory		530		261
Lease liabilities		1,143		1,688
Interest expense carried forward		6,527		2,101
Allowance for bad debts		8		16
	$	15,362	$	7,629
Deferred Tax Liabilities				
Property, plant and equipment	$	(13,609)	$	(9,621)
Mark-to-market gains		(16,724)		(8,133)
Right-of-use assets		(2,337)		(2,395)
Equity-based compensation		(236)		(262)
Investment in partnership		(524)		-
	$	(33,430)	$	(20,411)
Net deferred tax asset (liability)	$	(18,068)	$	(12,782)

(Expressed in Thousands of US Dollars)

20. Income Taxes (continued)

c) Non-Capital Losses

The Company has a non-capital losses carried forward balance of $28,647 (2022 - $14,757) available to reduce future years' taxable income. These losses will expire as follows:

	United States	Canada	Total
2036	-	350	350
2038	-	323	323
2039	-	3,143	3,143
2040	-	635	635
2041	-	5,954	5,954
2042	-	2,171	2,171
Indefinite	11,695	4,376	16,071
	$ 11,695	$ 16,952	$ 28,647

21. 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 December 31, 2023:

	December 31, 2023			
	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value
Sugar commodities	28,757 MTS	Jan 2024 - November 2025	January 2024 - November 2025	$ 116,438
Total fair market value				**$ 116,438**

(Expressed in Thousands of US Dollars)

21. Commodity Risk Management (continued)

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

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

22. Revenue

Year ended		**December 31, 2023**		December 31, 2022
Tolling	**$**	**1,306**	$	5,200
Warehousing		**1,015**		1,464
Commodity contracts		**495,316**		432,347
F&O Trading		**(803)**		243
Gross Revenue	**$**	**496,834**	$	439,254

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

23. Cost of Sales

		December 31, 2023		December 31, 2022
Cost of sales on realized positions	**$**	**443,946**	$	398,678
Net unrealized mark-to-market-gains		**(20,835)**		(33,886)
Depreciation on plant and equipment		**3,093**		1,692
Depreciation on right-of-use plant and equipment		**345**		354
Total Cost of Sales	**$**	**426,549**	$	366,838

The Company had a gross profit on its realized positions of $49,450 for the year ended December 31, 2023 (December 31, 2022 - $38,530).

Included in Cost of sales for the year ended December 31, 2023 are employee compensation and other benefits of $7,151 (December 31, 2022 - $5,664).

(Expressed in Thousands of US Dollars)

24. Administrative Expenses

Included in administrative expenses for the year ended December 31, 2023 are employee compensation and other benefits of $10,235 (December 31, 2022 - $6,370).

25. 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.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to this risk mainly in respect of its accounts payable, unrealized losses on forward commitments, accrued liabilities, current financial liabilities, due from related parties, current lease liabilities and other current liabilities. The Company considers that it has sufficient funds available to meet its current and long-term financial obligations as they come due. As of December 31, 2023, the Company has current assets of $443,941 (December 31, 2022 - $299,820) and current liabilities of $334,523 (December 31, 2022 - $210,369). Management of liquidity risk during the year ended December 31, 2023 did not change materially from the year ended December 31, 2022.

As of December 31, 2023 and December 31, 2022, the contractual maturities of the Company's liabilities are as follows:

December 31, 2023

	Due within 6 months	Due within 6 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Accounts payable and accrued liabilities	$ 60,032	$ -	$ -	$ -	$ 60,032
Unrealized losses on forward commitments	25,842	8,183	-	-	34,025
Financial liabilities	248,343	1,794	32,518	5,412	288,067
Sales tax payable	5,345	-	-	-	5,345
Lease liabilities	475	518	4,692	45,170	50,855
Taxes Payable	329	-	-	-	329
Due to related parties	5,054	-	-	-	5,054
Total	$ 345,420	$ 10,495	$ 37,210	$ 50,582	$ 443,707

(Expressed in Thousands of US Dollars)

25. Financial Risk Management (continued)

(a) Liquidity risk (continued)

December 31, 2022	Due within 6 months	Due within 6 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Accounts payable and accrued liabilities	$ 37,527	$ -	$ -	$ -	$ 37,527
Unrealized losses on forward commitments	9,358	-	-	-	9,358
Financial Liabilities	156,393	2,742	34,207	1,498	194,840
Due to related parties	-	-	-	-	-
Sales tax payable	1,356	-	-	-	1,356
Lease liabilities	1,019	1,002	2,973	2,038	7,032
Put option	-	-	7,058	-	7,058
Taxes payable	60	-	-	-	60
Liabilities held for sale	912	-	-	-	912
Total	$ 206,625	$ 3,744	$ 44,238	$ 3,536	$ 258,143

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable, forward contracts and loans to related parties. The Company does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant losses for non-performance.

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and accounts receivables. All customers go through a credit approval process, and counterparty limits are verified against the Company's credit insurance prior to any commercial transactions with the counterparty. The Company routinely assesses the financial strength of its customers and ensures that counterparty balances are maintained within the approved insured credit limits. As a result, the Company believes concentrations of credit risk are limited. Management of credit risk during the year ended December 31, 2023 did not change materially from the year ended December 31, 2022. To mitigate credit risk on its accounts receivable, the Company utilizes credit insurance. The maximum risk of loss related to credit risk on the Company's bank deposits and accounts receivable as of December 31, 2023 is $52,924 (December 31, 2022 - $68,436).

(Expressed in Thousands of US Dollars)

25. Financial Risk Management (continued)

(b) Credit risk (continued)

The Company maintains cash balances in financial institutions. These financial institutions are insured by the Federal Deposit Insurance Corporation. From time to time, the Company maintains cash in bank accounts in excess of the Federal Deposit Insurance limit. The Company has not experienced any losses from maintaining cash accounts in excess of the Federal Deposit Insurance limit. Management believes it is not exposed to any significant credit risk due to the high credit quality of the banks.

The Company also maintains certain cash balances and derivatives in another financial institution for the primary purpose of clearing and holding custody of derivative instruments. Concentration of credit risk with respect to derivative instruments is significant as funds deposited with this financial institution are not insured by the Federal Deposit Insurance Corporation or guaranteed by the financial institution.

As of December 31, 2023, the Company had deposits of $3,513 (December 31, 2022 - $4,372) that were in excess of the Federal Deposit Insurance Limit.

As of December 31, 2023 and December 31, 2022, the Company's accounts receivable were aged as follows:

	December 31, 2023	December 31, 2022
Current	**$ 64,664**	$ 48,381
31-60 days	**1,011**	4,186
61 days - 90 days	**312**	6,836
90 days - older	**1,700**	12,727
Expected credit losses	**(32)**	(66)
Total	**$ 67,655**	$ 72,064

The change in the provision for expected credit losses is as follows:

	December 31, 2023	December 31, 2022
Balance, beginning of year	**$ (66)**	$ (155)
Amounts written- off during the year	**(34)**	-
Allowance for the year	**(32)**	(66)
Reversal of prior periods provision	**100**	155
Balance, end of year	**$ (32)**	$ (66)

25. Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is exposed to market risk on its fixed price commodities forwards and future contracts (note 21). Management of market risk during the year ended December 31, 2023 did not change materially from the year ended December 31, 2022, with the exception of the interest rate and energy swap disclosed in note 5.

(i) 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. Certain of the Company's bank loans have a variable interest rate (note 13). Changes in the loan's base rate can cause fluctuations in interest payment and cash flows. If the base rate of the Company's variable rate debt increased/ decreased by 50 basis points, the Company's net income before income taxes would have been $949 lower/ higher (2022 - $1,726 lower/ higher). The Company does uses derivative financial instruments to alter the effects of this risk.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows from the Company's operations will fluctuate due to changes in foreign exchange rates. The Company has several accounts denominated in currencies other than its functional currency of the United States Dollar as described below.

As at December 31, 2023, the Company had cash of $702 (December 31, 2022 - $581), accounts receivable of $9,748 (December 31, 2022 - $2,150), accounts payable and accrued liabilities of $3,305 (December 31, 2022 - $3,534), lease liabilities of $11,683 (December 31, 2022 - $2,861), sales taxes payable of $4,744 (December 31, 2022 - $2,217) and forwards of $6,362 (December 31, 2022 - $4,370) denominated in Canadian Dollars. At December 31, 2023, if the Canadian Dollar had strengthened (weakened) 5 percent against the United States Dollar, net income before income taxes would have been $146 lower (higher) (December 31, 2022 - $294 lower (higher)).

As at December 31, 2023, the Company had cash of $29 (December 31, 2022 - $488), accounts receivable of $23,512 (December 31, 2022 - $4,277), accounts payable and accrued liabilities of $15,555 (December 31, 2022 - $340), inventory of $13,879 (December 31, 2022 - $952), sales taxes receivable of $1,649 (December 31, 2022 - $807) and forwards of $21,321 (December 31, 2022 - $2,008) denominated in Mexican Pesos. At December 31, 2023, if the Mexican Peso had strengthened (weakened) 5 percent against the United States Dollar, net income before income taxes would have been $109 higher (lower) (December 31, 2022 - $309 higher (lower)).

A 5 percent fluctuation in the United Kingdom Pound Sterling against the United Stated Dollar would not have had a significant impact on income before income taxes in either 2023 and 2022.

25. Financial Risk Management (continued)

(iii) Other price risk

The Company is exposed to other price risk on its fixed price commodities forwards and future contracts (note 21) through its exposure to the market price of the commodity of sugar. The Company manages this risk by entering into future and forward contracts for the purchase and sale of sugar. At December 31, 2023, if the market price of sugar had increased (decreased) by 10%, the Company's net income would have been $14,003 greater (lower) (December 31, 2022 - $2,359 greater (lower)).

26. 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.

(Expressed in Thousands of US Dollars)

26. Fair Value Measurements (continued)

At December 31, 2023, assets measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Unrealized gains on forward commitments	$ 5,855	$ 106,772	$ 27,869	$ 140,496
Inventory	705	13,061	11,932	25,698
Interest rate swap	281	-	-	281
Foreign currency forwards	-	-	49	49
Total	$ 6,841	$ 119,833	$ 39,850	$ 166,524

At December 31, 2023, liabilities measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Unrealized losses on forward commitments	$ (5,539)	$ (26,962)	$ (401)	$ (32,902)
Inventory	$ (55)	$ (5,371)	$ (1,081)	$ (6,507)
Futures	$ (8,150)	$ -	$ -	$ (8,150)
Interest rate swap	$ (803)	$ -	$ -	$ (803)
Energy swap	$ (237)	$ -	$ -	$ (237)
Foreign currency forwards	$ -	$ -	$ (1,123)	$ (1,123)
Total	$ (14,784)	$ (32,333)	$ (2,605)	$ (49,722)

(Expressed in Thousands of US Dollars)

26. Fair Value Measurements (continued)

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

	Level 1	Level 2	Level 3	Total
Unrealized gains on forward commitments	$ 4,208	$ 55,686	$ 22,209	$ 82,103
Inventory	217	2,674	7,396	10,287
Net trading and derivative assets	1,704	-	-	1,704
Total	$ 6,129	$ 58,360	$ 29,605	$ 94,094

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

	Level 1	Level 2	Level 3	Total
Unrealized losses on forward commitments	$ (5,037)	$ (3,503)	$ (819)	$ (9,359)

There were no transfers of financial instruments between the three levels of the fair value hierarchy during the year ended December 31, 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.

(Expressed in Thousands of US Dollars)

26. Fair Value Measurements (continued)

Changes in Level 3 instruments for the years ended December 31, 2023 and 2022 are as follows:

		December 31, 2023		December 31, 2022
Financial assets				
Balance - beginning of year	**$**	**29,606**	$	31,730
Acquisitions		**19,260**		16,181
Disposals and settlements		**(32,649)**		(40,073)
Mark-to-market amount recognized in cost of sales		**23,633**		21,768
Balance - end of year	**$**	**39,850**	$	29,606

		December 31, 2023		December 31, 2022
Financial liabilities				
Balance - beginning of year	**$**	**819**	$	2,928
Acquisitions		**386**		290
Disposals and settlements		**(4,298)**		(6,070)
Mark-to-market amount recognized in cost of sales		**5,698**		3,671
Balance - end of year	**$**	**2,605**	$	819

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters. The significant unobservable input of the Company's Level 3 financial instruments is the historical prices of certain sugar. The results of the sensitivity analysis for the effect on profit or loss from changes in inputs of plus or minus 10% for financial instruments which are categorized within Level 3 and subject to sensitivity analysis are as follows:

For the year ended December 31, 2023		**Favorable changes Profit or Loss**		**Unfavorable changes Profit or Loss**
Financial assets at fair value through profit or loss	$	20,755	$	(20,755)
Financial liabilities at fair value through profit or loss	$	7,444	$	(7,444)

For the year ended December 31, 2022		**Favorable changes Profit or Loss**		**Unfavorable changes Profit or Loss**
Financial assets at fair value through profit or loss	$	2,086	$	(2,086)
Financial liabilities at fair value through profit or loss	$	587	$	(587)

27. Share-based payment arrangements

Equity participation units (cash-settled)

On January 1, 2021, the Company's Board of directors of Sucro Holdings approved, and the Company adopted, the Sucro Holdings, LLC Equity Participation Plan (the "EAR Plan"). Under the EAR Plan, as amended in connection with the reorganization, holders of EARs are entitled to a cash payment from Sucro Holdings, LLC on a sale of the Company calculated as the difference between the sale price (net of transaction costs) and the specified base valuation indicated in the applicable EAR award, if any, and on the basis of each EAR representing three SVS of the Company. Participants are not entitled to dividends or other distributions or any share of profits on their EARs. Because the cash settlement feature of the EAR Plan can be exercised only upon the occurrence of a contingent event that is outside the participants' control, the Company does not record equity-based compensation expense and a corresponding liability until it becomes probable the event will occur.

At December 31, 2023, there were 118,692 EARs outstanding (December 31, 2022 -274,260), out of which 81,192 EARs (December 31, 2022 - 179,455) had vested. The remaining EARs have monthly vesting schedules through March 2025. Acceleration of vesting and treatment of the awards upon a participant's termination of service with the Company varies on an award-by-award basis.

No further awards of EARs will be made under the EAR Plan. During the year ended December 31, 2023 an aggregate of 145,579 EARs previously awarded under the EAR plan were cancelled in connection with forfeitures and the Company's transition to the newly established Omnibus Equity Incentive Plan described below.

Equity Incentive Plan (equity-settled)

On September 1, 2023, the Company established the Omnibus Equity Incentive Plan (the "Plan") for certain qualified directors, officers, employees, consultants, management company employees, eligible charitable organizations, and other employees providing ongoing services to the Company and its affiliates.

The total number of SVS's reserved and available for grant and issuance pursuant to the Awards under the Plan and any other share-based arrangement of the Company shall not exceed 10% of the total issued and outstanding SVSs at the time of grant (on a non-diluted basis but assuming the conversion of all PVS into SVS). Awards issued under the Plan may be in the form of restricted share units ("RSUs"), performance share units ("PSUs"), or options to acquire SVSs ("Stock Options"), (collectively, the "Awards").

(Expressed in Thousands of US Dollars)

27. Share-based payment arrangements (continued)

During 2023, an aggregate of 177,973 RSUs have been granted under the Plan, including RSUs issued to an officers of the Company who agreed to the cancellation of EARs previously awarded under the EAR Plan. The RSUs awarded vest over a period of a minimum of one year and a maximum of two years and will be settled in shares only.

The fair value of the RSUs issued was determined to be the stock price of the Company at the time of issuance. The weighted average grant date fair value of RSUs issued in 2023 was C$10.17.

No PSUs or Stock Options were issued under the Plan during the year ended December 31, 2023.

The following table shows the RSUs granted and outstanding at the beginning and end of the reporting period:

	Outstanding
Balance as of December 31, 2021	**-**
Granted	-
Vested	-
Forfeited	-
Exercised	-
Balance as of December 31, 2022	**-**
Granted	177,973
Forfeited	-
Exercised	-
Balance as of December 31, 2023	**177,973**

Restricted Stock Awards (equity-settled)

On December 28, 2023, the Company entered into an EAR cancellation agreement with an employee such that the existing EAR's totaling 75,894 were cancelled in exchange for the issuance of 154,885 restricted SVSs. The SVS's issued may not be sold, assigned, or pledged until December 31, 2024 as to one-half of the shares, until June 30, 2025 as to one-quarter of the shares, and until December 31, 2025 as to the final one-quarter of the shares (each a "Restriction Period").

The fair value of the 154,885 member units was calculated to be $1,161 (CAD$9.90 per share), which was the closing price of the SVS on the TSX Venture Exchange on the day prior to issuance. The Company will recognize the related expense over each tranche of the Restriction Period.

Restricted Units (equity-settled)

During the year ended December 31, 2022, Sucro Holding entered into a restricted unit award agreement pursuant to which the Company was to issue an aggregate of 513,432 member units to an employee. As of December 31, 2023 this employee has separated from the Company, having vested 264,565 units and forfeiting all of the unvested units under the award. Stock price at the time of issuance was $6.68. Previously expensed equity based compensation related to forfeited unvested units of $781 was reversed to profit or loss during the year ended December 31, 2023.

(Expressed in Thousands of US Dollars)

27. Share-based payment arrangements (continued)

Share-based compensation expense

Total compensation expense arising from share-based payment transactions recognized during the year were as follows:

	December 31, 2023	December 31, 2022
EARs issued under the EAR plan	$ -	$ -
RSUs issued (vested) under the plan	100	-
Restricted units	210	2,338
Restricted Shares	10	-
Restricted units forfeited	(781)	-
Total	**$ (461)**	$ 2,338

Equity-based compensation Reserve

	December 31, 2023	December 31, 2022
Opening Balance	**$ 2,444**	**$ -**
Warrants issued	80	106
Restricted units issued	210	2,338
RSUs issued (vested) under the plan	100	-
RSUs Exercised	-	-
Restricted units forfeited	(781)	-
Restricted shares issued	(1,151)	-
Closing Balance	**$ 902**	**$ 2,444**

28. 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 December 31, 2023, fixed price sales and purchase commitments on physical contracts for the Company were approximately $17,000 and $21,000, respectively. As of December 31, 2022, fixed price sales and purchase commitments on physical contracts for the Company were approximately $88,000 and $34,000, 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 consolidated financial statements were approved, there is no material pending litigation or threat of such action.

29. Segment Reporting

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.

29. 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 Limited	Corporate (1)	Holdings Company
Sucro Holdings, LLC	Corporate (1)	Administrative
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	Equipment
Sweet Life Transportation Limited	Services	Equipment
WS Services, LLC	Services	Sugar storage

(1) Sucro Limited and 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.

(Expressed in Thousands of US Dollars)

29. Segment Reporting (continued)

The assets and liabilities of the Company's segments as of December 31, 2023 are as follows:

	Year Ended December 31, 2023			
	Services	Trading	Corporate	Consolidated
Assets				
Current Assets				
Cash	$ 2,436	$ 3,362	$ 121	$ 5,919
Accounts receivable	635	66,983	37	67,655
Inventory	410	215,441	-	215,851
Trading and derivative account assets	44	2,135	-	2,179
Due from related parties	809	-	2,214	3,023
Unrealized gains on forward commitments	-	140,544	-	140,544
Prepaid expenses	2,088	4,472	-	6,560
Other receivables	2,292	-	(82)	2,210
Total Current Assets	8,714	432,937	2,290	443,941
Non-Current Assets				
Right-of-use assets	13,178	-	-	13,178
Sales taxes receivable	-	2,005	9	2,014
Property, plant and equipment	81,422	1,500	-	82,922
Equity method investment	-	-	841	841
Other non-current assets	7	-	65	72
Goodwill	961	-	-	961
Total Assets	$ 104,282	$ 436,442	$ 3,205	$ 543,929
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 6,384	$ 52,882	$ 766	$ 60,032
Unrealized losses on forward commitments	-	34,025	-	34,025
Financial liabilities, current portion	4,527	224,525	-	229,052
Due to related parties	421	4,459	174	5,054
Taxes payable	(5)	-	334	329
Lease liabilities, current portion	686	-	-	686
Sales taxes payable	1,567	3,778	-	5,345
Total Current Liabilities	13,580	319,669	1,274	334,523
Non-Current Liabilities				
Financial liabilities, net of current portion	37,704	-	-	37,704
Deferred tax liability	-	-	18,068	18,068
Lease liabilities	11,809	-	-	11,809
Total Liabilities	$ 63,093	$ 319,669	$ 19,342	$ 402,104

(Expressed in Thousands of US Dollars)

29. **Segment Reporting** (continued)

The assets and liabilities of the Company's segments as of December 31, 2022 are as follows:

	Year Ended December 31, 2022			
	Services	Trading	Corporate	Consolidated
Assets				
Current Assets				
Cash	$ 1,895	$ 5,025	$ 77	$ 6,997
Accounts receivable	2,838	69,214	12	72,064
Inventory	273	131,526	-	131,799
Trading and derivative account assets	347	1,357	-	1,704
Due from related parties	753	15	-	768
Unrealized gains on forward commitments	-	82,104	-	82,104
Prepaid expenses	922	1,174	151	2,247
Sales taxes receivable	1	740	-	741
Other receivables	22	-	270	292
Assets held for sale	1,104	-	-	1,104
Total Current Assets	8,155	291,155	510	299,820
Non-Current Assets				
Right-of-use assets	9,981	-	-	9,981
Cash surrender value of life insurance	-	842	-	842
Property, plant and equipment	65,779	1,797	-	67,576
Equity method investment	-	-	629	629
Other non-current assets	4	-	239	243
Goodwill	961	-	-	961
Total Assets	$ 84,880	$ 293,794	$ 1,378	$ 380,052
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 8,114	$ 29,197	$ 216	$ 37,527
Unrealized losses on forward commitments	-	9,358	-	9,358
Financial liabilities, current portion	928	158,207	-	159,135
Taxes payable	-	-	60	60
Lease liabilities, current portion	2,021	-	-	2,021
Sales taxes payable	1,236	120	-	1,356
Liabilities held for sale	912	-	-	912
Total Current Liabilities	13,211	196,882	276	210,369
Non-Current Liabilities				
Financial liabilities, net of current portion	35,705	-	-	35,705
Deferred tax liability	-	-	12,782	12,782
Lease liabilities	5,011	-	-	5,011
Put option	-	-	7,058	7,058
Total Liabilities	$ 53,927	$ 196,882	$ 20,116	$ 270,925

(Expressed in Thousands of US Dollars)

29. Segment Reporting (continued)

The income and expenses of the Company's segments for the year ended December 31, 2023 are as follows:

	Year ended December 31, 2023				
	Services	Trading	Corporate	Eliminations	Consolidated
Revenue					
External customers	$ 2,716	$ 494,118	$ -	$ -	$ 496,834
Inter-segment	41,677	13,512	-	(55,189)	-
	44,393	507,630	-	(55,189)	496,834
Cost of sales	32,328	470,316	56	(55,316)	447,384
Gross Profit on Realized Positions	12,065	37,314	(56)	127	49,450
Net unrealized mark-to-market gains (note 4)	-	20,829	-	6	20,835
Gross Profit on Realized and Unrealized Positions	12,065	58,143	(56)	133	70,285
Selling, General and Administrative Expenses					
Administrative expenses	6,386	11,739	1,525	(1,195)	18,455
Selling and distribution expenses	(1,887)	3,436	-	(683)	866
Other operating expenses	1,444	1,120	48	7	2,619
Depreciation	935	525	-	-	1,460
Depreciation of right-of-use assets	550	-	-	-	550
Equity-based compensation	-	(571)	110	-	(461)
Total Selling, General and Administrative Expenses	7,428	16,249	1,683	(1,871)	23,489
Income (Loss) From Operations	4,637	41,894	(1,739)	2,004	46,796
Other Income (Expenses)					
Interest expense	(3,519)	(19,477)	-	139	(22,857)
Interest income	196	407	58	(139)	522
Earnings from equity investment (note 12)	-	-	212	-	212
Other income	3,663	168	(169)	(2,004)	1,658
Total Other Income (Expenses)	340	(18,902)	101	(2,004)	(20,465)
Income (Loss) Before Income Taxes	4,977	22,992	(1,638)	-	26,331
Income tax expense	71	(1)	(6,427)	-	(6,357)
Net Income (Loss)	$ 5,048	$ 22,991	$ (8,065)	$ -	$ 19,974

(Expressed in Thousands of US Dollars)

29. Segment Reporting (continued)

The income and expenses of the Company's segments for the year ended December 31, 2022 are as follows:

	Year ended December 31, 2022				
	Services	**Trading**	**Corporate**	**Eliminations**	**Consolidated**
Revenue					
External customers	$ 7,564	$ 484,622	$ -	$ (52,932)	$ 439,254
Inter-segment	81,987	-	-	(81,987)	-
	89,551	484,622	-	(134,919)	439,254
Cost of sales	24,231	458,323	64	(81,894)	400,724
Gross Profit on Realized Positions	65,320	26,299	(64)	(53,025)	38,530
Net unrealized mark-to-market gains (note 4)		33,886			33,886
Gross Profit on Realized and Unrealized Positions	65,320	60,185	(64)	(53,025)	72,416
Selling, General and Administrative Expenses					
Administrative expenses	6,327	9,300	238	(1,506)	14,359
Selling and distribution expenses	(636)	1,301	-	(121)	544
Other operating expenses	1,769	2,307	-	(62)	4,014
Depreciation	195	469	-	-	664
Depreciation of right-of-use assets	475	-	-	-	475
Equity-based compensation	-	2,338	-	-	2,338
Total Selling, General and Administrative Expenses	8,130	15,715	238	(1,689)	22,394
Income From Operations	57,190	44,470	(302)	(51,336)	50,022
Other Income (Expenses)					
Interest expense	(1,151)	(8,946)	-	91	(10,006)
Interest income	67	443	-	(91)	419
Earnings from equity investment	-	-	322	-	322
Redevelopment tax credit	-	-	-	-	-
Other income	(4,785)	6,999	374	(1,596)	992
Total Other Income (Expenses)	(5,869)	(1,504)	696	(1,596)	(8,273)
Income (Loss) Before Income Taxes	51,321	42,966	394	(52,932)	41,749
Income tax expense	-	-	-	-	(6,179)
Income (Loss) Before Discontinued Operations	51,321	42,966	394	(52,932)	35,570
Net Income from Discontinued Operations	-	150	-	-	150
Net Income (Loss)	$ 51,321	$ 43,116	$ 394	$ (52,932)	$ 35,720

Information about major customers

For the year ended December 31, 2023, no single external customer accounted for greater than 10% of revenues (December 31, 2022 – $45,360 or 10.39% was derived from a single external customer). These revenues are attributed to the trading segment.

(Expressed in Thousands of US Dollars)

29. Segment Reporting (continued)

Certain non-current assets of the Company relate to the following geographical segments:

	As at December 31, 2023			As at December 31, 2022		
	USA	**Others**	**Total**	**USA**	**Others**	**Total**
Right-of-use assets	$ 732	$ 12,446	$ 13,178	$ 2,502	$ 7,479	$ 9,981
Cash surrender value of life insurance	$ -	$ -	$ -	$ 842	$ -	$ 842
Property, plant and equipment	$ 63,227	$ 19,695	$ 82,922	$ 52,564	$ 15,012	$ 67,576
Equity method investment	$ 841	$ -	$ 841	$ 629	$ -	$ 629
Sales tax recoverable	$ 34	$ 1,980	$ 2,014	$ -	$ -	$ -
Other non-current assets	$ 72	$ -	$ 72	$ 243	$ -	$ 243
Goodwill	$ 14	$ 947	$ 961	$ 14	$ 947	$ 961
Total	**64,920**	**35,068**	**99,988**	**56,794**	**23,438**	**80,232**

30. Cash Flows From Operating Activities

Changes in operating assets and liabilities	**December 31, 2023**	December 31, 2022
(Increase) decrease in operating assets:		
Net trading and derivative account assets (note 5)	**$ (9,816)**	$ 468
Accounts receivables (note 6)	**4,847**	(22,731)
Due from related parties	**-**	(666)
Due to related parties	**5,054**	-
Sales taxes receivable	**(1,273)**	448
Inventory (note 7)	**(88,757)**	(45,146)
Prepaid expenses	**(4,308)**	(890)
Other receivables	**(1,917)**	1,089
Other non-current assets	**171**	14
Increase (decrease) in operating liabilities:		
Accounts payable	**22,325**	9,878
Sales tax payable	**3,990**	758
Taxes payable (note 20)	**269**	(20)
Changes in operating assets and liabilities	**$ (69,415)**	$ (56,798)

(Expressed in Thousands of US Dollars)

31. Cash Flows From Investing Activities

		December 31, 2023		December 31, 2022
Purchase of property plant and equipment (note 8)	**$**	**(15,345)**	$	(22,135)
Sale of assets held for sale (note 35)		**1,104**		-
Cash surrender value of life insurance		**842**		(158)
BTG cash balance at time of distribution		**-**		(611)
Net cash provided by investing activities	**$**	**(13,399)**	$	(22,904)

32. Cash Flows From Financing Activities

		December 31, 2023		December 31, 2022
Due to related parties	**$**	**-**	$	2,725
Due from related parties		**(2,255)**		-
Financial liabilities, advances		**142,749**		168,311
Financial liabilities, repayments		**(71,032)**		(101,261)
Proceeds from issuance of common shares		**10,829**		8,043
Lease payments		**(3,607)**		(2,453)
Share/unit issuance costs		**(1,843)**		(588)
Liabilities held for sale		**(912)**		(132)
Dividend paid		**(1,753)**		-
Net cash provided by financing activities	**$**	**72,176**	$	74,645

33. Supplemental Disclosure of Non-cash Investing and Financing Activities

		December 31, 2023		December 31, 2022
Depreciation	**$**	**4,553**	$	2,356
Cash surrender value of life insurance via debt financing	**$**	**842**	$	(157)
Accrued interest on Borrowings		**961**		330
Property and equipment financed with long-term debt		**5,008**		22,040
Initial recognition or modification of lease liabilities and right-of-use assets:				
Right of Use Assets		**4,550**		1,268
Lease Liabilities		**(8,595)**		(1,268)
Equity-based compensation		**(461)**		2,338
Share issue costs in prepaid change		**806**		587
Put option liability		**7,058**		(7,058)
Effect of foreign exchange on lease liabilities		**483**		-
Depreciation on right-of-use-assets		**895**		828

(Expressed in Thousands of US Dollars)

34. Discontinued Operations

In April 2022, Sucro Holdings distributed to its members all of the equity interests in BTG Ingredients, LLC ("BTG"). The BTG disposition meets the discontinued operations criteria under IFRS 5. Assets and liabilities of the discontinued operations in the accompanying statements of financial position are reported at their historical values. The following tables show the cash flows and results from discontinued operations for the year from January 1, 2022 to December 31, 2022. No gain or loss was recognized on disposition.

Cash flows from discontinued operations

	December 31, 2023	December 31, 2022
Net cash provided by (used in) operating activities	**$ -**	$ 2,844
Net cash provided by (used in) financing activities	**-**	(2,844)
Change in cash	**$ -**	$ -

Results of discontinued operations

	December 31, 2023	December 31, 2022
Revenue (note 22)	**$ -**	$ 12,649
Cost of sales	**-**	12,240
Gross Profit	**-**	409
Selling, General and Administrative Expenses	**-**	337
Income From Operations	**-**	72
Other Expenses		(63)
Income Before Income Taxes	**-**	9
Income Tax Expense	**-**	141
Net Income	**$ -**	$ 150

(Expressed in Thousands of US Dollars)

35. Assets and Liabilities Held for Sale

In November 2022, the board of directors of the Company approved management's plan to dispose of the property, plant and equipment owned by Sucro Atlanta, LLC in Atlanta, GA. During February 2023, the Company sold the assets at auction for proceeds of $575, resulting in a loss on disposition of $92. Other assets were transferred to other companies within the Company's corporate group. In 2022, this disposition met the held-for-sale criteria under IFRS 5 and the Company recognized an expense of $275 in connection with the sale of these assets during the year ended December 31, 2022. The actual costs of disposition incurred on the sale of the assets subsequent to December 31, 2022 was $119. The following table shows the non-current assets and liabilities as of December 31, 2023 and December 31, 2022. As the operations of Sucro Atlanta, LLC did not meet the criteria of IFRS 5 to be considered a discontinued operation, the income and expenses of Sucro Atlanta, LLC are not included in income from discontinued operations in profit or loss and are, instead, included within the various line items of profit or loss as applicable.

	December 31, 2023	December 31, 2022
Non-Current Assets		
Property, plant and equipment	**$ -**	$ 1,104
Total Assets Held for Sale	**$ -**	$ 1,104
Non-Current Liabilities		
Financial liability	**$ -**	$ 912
Total Liabilities Held for Sale	**$ -**	$ 912

36. Capital Disclosures

The Company's objectives when managing capital are as follows:

(i) to safeguard the Company's assets and ensure the Company's ability to continue as a going concern;

(ii) to maintain or raise sufficient capital to finance its operations and protect its ability to meet its ongoing liabilities; and

(iii) to maximize returns for unitholders over the long-term.

(Expressed in Thousands of US Dollars)

36. Capital Disclosures (continued)

The Company defines capital as the sum of loans and borrowings, lease liabilities, amounts due to related parties and members' equity.

		December 31, 2023	December 31, 2022
Loans and borrowings	**$**	**266,756**	$ 194,840
Lease liabilities		**12,495**	7,032
Due to related parties		**5,054**	-
Shareholders' equity		**141,825**	109,127
	$	**426,130**	$ 310,999

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's short-term working capital requirements, externally imposed capital requirements or the presence of opportunities for further development.

There were no changes to the Company's approach to capital management during the year ended December 31, 2023 and year ended December 31, 2022.

37. Subsequent Events

On January 9, 2024, the Company entered into a term loan with a financial institution in the principal amount of $320. This loan is secured by the assets acquired with the loan proceeds. This term loan is entered pursuant to the Master credit agreement and master specific security agreement dated as of November 26, 2021 between the financial institution and the borrower. This loan matures in January 2031.
One payment of interest only due and payable on the date of this term loan. After this, interest and principal is payable monthly. Interest accrues at a fixed rate of 6.38% per annum. The loan is guaranteed by Sucro Holdings, LLC and Sucro International, LLC.

On January 10, 2024, the Company entered into a receive-variable/pay-fixed interest rate swap with a two year term on a total notional amount of $10,000 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 4.261%.

On January 31, 2024, the Company entered into a receive-variable/pay-fixed interest rate swap with a two year term on a total notional amount of $5,000 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 4.07%.

37. Subsequent Events (continued)

On January 30, 2024, the Company entered into an additional physical inventory line of credit with a financial institution. This is a $30,000 facility for the financing of inventory. This is an uncommitted, discretionary line, with each transaction being subject to its own terms.

On February 1, 2024, the Board of Directors of the Company approved the award under the Omnibus Plan of 78,159 RSUs to directors, officers and employees of the Company and its subsidiaries who agreed to the cancellation of an aggregate 42,797 EARs previously awarded under the Equity Plan. The purpose of these RSU awards was to transition equity-based compensation away from the former privately held Sucro Holdings to the new Omnibus Plan of Sucro Limited following the completion of its initial public offering on October 30, 2023. The RSUs awarded will vest over a period of a minimum of one year and a maximum of two years. Following the cancellation of these EARs, 75,895 EARs remain outstanding.

On February 1, 2024, 836 RSUs were awarded to directors of the Company under the Omnibus Plan, with vesting occurring no earlier than one year from the date of the award.

On March 28, 2024, the Company paid $200 to settle the promissory note outstanding as of December 31, 2023, related to the acquisition of an additional 50% interest in WS Services LLC. This payment resulted in the acquisition being paid in full.