SUCRO LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

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MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management’s discussion and analysis of operations and financial condition for the year ended December 31, 2023 (the “MD&A”), is dated April 18, 2024, and should be read in conjunction with the audited annual consolidated financial statements of Sucro Limited (the “Company”) for the fiscal year ended December 31, 2023, and accompanying notes, and the audited annual consolidated financial statements of Sucro Holdings, LLC (“Sucro Holdings”) for the year ended December 31, 2022, and accompanying notes. The information presented herein includes the historical financial performance of Sucro Holdings, as predecessor to the business of the Company prior to its acquisition by the Company on October 2, 2023, in a reverse acquisition transaction. Certain information included herein is forward-looking and based upon current assumptions and anticipated results that are subject to significant risks and uncertainties and speak only as of the date of this MD&A. Should one or more of these uncertainties materialize or should any of the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See “Forward-Looking Statements” and “Risk Factors”. All references in this MD&A to “we”, “us”, “our” and “our Company” refer to Sucro Limited and its subsidiaries. The financial information presented is derived from the Company’s audited annual consolidated financial statements for the year ended December 31, 2023, and the audited annual consolidated financial statements of Sucro Holdings for the fiscal year ended December 31, 2022, all of which have been prepared in accordance with accounting standards under International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Unless otherwise noted, amounts contained herein are in thousands of U.S. Dollars ($). Certain totals, subtotals and percentages may not reconcile due to rounding. For additional information, readers should also refer to our final prospectus dated October 19, 2023, and other Company information filed on www.sedarplus.ca.

Overview

The Company is a growing sugar refiner that operates throughout the Americas with a primary focus in North America. The Company operates a highly integrated and interconnected sugar refining business, utilizing the entire sugar supply chain to service its customers, including sourcing from third party suppliers in addition to its own refineries. The Company’s integrated supply chain includes sourcing raw and refined sugar from countries throughout Latin America and delivering to customers in North America and the Caribbean.

The Company operates in multiple sugar industry segments throughout North America, leveraging its operational assets with innovative design features to effectively compete against existing industry players. We believe this innovative and unique sugar supply chain model takes advantage of multiple cost factors to produce competitively priced sugar, within the profitable and growing North American sugar industry. Notwithstanding our creation of multiple operational start-ups, the Company has achieved significant profitability and steady, predictable growth, as its assets have facilitated entry into profitable business segments, including both conventional and organic sugar markets in both Canada and the U.S.

Typically sugar suppliers are categorized as either refiners (selling sugar entirely produced within their own refineries), as “trade houses” (selling sugar exclusively produced by third party refiners and mills), or as “distributors” (that purchase sugar from third parties and seek to add value through light processing or freight logistics services).

The Company operates a hybrid or integrated model, which encompasses each of these categories, and seeks to provide the most optimal solution to its customers. Accordingly, the Company operates multiple facilities in North America, ranging from fully integrated sugar refineries in Hamilton, Ontario, and Lackawanna, New York, to a processing, packaging and storage facility in University Park, Illinois (which the Company has recently announced will be converted into a full granular sugar refinery by early 2026).

The Company has developed its business based on innovation and investment in strategically located refining assets that are highly integrated. In both Canada and the United States, the Company has developed strong commercial relationships with many leading multinational food and beverage companies. Market consolidation, demand growth, refinery closures, low industry investment, and substantial freight and logistics cost increases have created significant demand for new and innovative services, supported by modern, efficient and geographically advantaged assets.

The business of the Company consists of capturing profits through sourcing, merchandising, and managing logistics of sugar, including by changing its quality through the refining process. Income is earned on sugar bought and sold, where a margin is made by capturing a price differential in time, geographical location, or quality. 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. The Company seeks to hedge these risks through strict controls of its positions and limits. 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 other than organic or other specialty sugar.

The Company's sugar refineries and other facilities provide refining, processing, handling, packaging, quality assurance, storage, and other services, primarily to the Company. Controlling these strategic assets allows the Company to capture incremental margins on its sugar forward contracts and inventory positions by capturing value added refining margins.

Sucro Limited was incorporated on July 31, 2023, under the Companies Act (2023 Revision) (Cayman Islands) as an exempt company. The Company's head office is located at 2020 Ponce de Leon Blvd., Suite 1204, Coral Gables Florida 33134, and its registered office is located at 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is the successor to the sugar business previously conducted by Sucro Holdings. Effective October 2, 2023, a reorganization was completed (the "Reorganization") pursuant to which the members of Sucro Holdings contributed all of the units of Sucro Holdings into Sucro Limited in exchange for an aggregate of 167,189.29 proportionate voting shares ("PVS") and 5,164,421 subordinate voting shares ("SVS") of Sucro Limited, a Cayman Islands company. Each unit of Sucro Holdings was exchanged for 3 SVS or 0.03 PVS, as applicable. Each PVS is convertible into 100 SVS. The result of the Reorganization was to establish Sucro Limited as the top holding company in the Sucro group of companies domiciled in the Cayman Islands.

In October 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 C$11.00 per share for gross proceeds of approximately C$15.0 million (the "Offering"). The Offering was completed on October 30, 2023, at which time the SVS were posted for trading on the TSX Venture Exchange in Canada.

Factors Affecting Our Performance

Availability of Sugar on Favorable Terms

The sugar industry is highly competitive. Sugar supply fluctuates year over year depending on weather, energy prices (which dictate how much sugar cane goes into ethanol production), and other factors. While we have longstanding relationships with our suppliers, we must compete each year to secure sugar allocations on competitive terms. In addition, sugar regulations, especially in the U.S., dictate the sugar origins and qualities that are viable at any point in time. Finally, sugar is a relatively inexpensive product. This means that management of the supply chain costs is essential to achieve favorable margins. Our ability to secure sugar on competitive terms from origins that are adequate to fulfill our plants and customers' needs significantly affects our performance and key performance indicators ("KPIs").

Available Capacity and Volumes We Are Able to Process at Our Refineries

Our revenue, cash flow and profitability are highly dependent on the volumes of refined sugar available for sale from our refining facilities. Available volumes of sugar are in turn dependent upon the capacity of sugar we are able to process and produce at our facilities. In Lackawanna, New York, we have recently completed our first year of commissioning, following the opening of our new cane sugar refinery, and we continue to make progress in adding capacity at the Hamilton, Ontario refinery, that began sugar refining in 2019. However, it can take several years following the commencement of commissioning of these facilities to reach peak capacity, subject to a variety of

design, engineering, and operational challenges. Any delays in increasing our capacity at these facilities to targeted levels can significantly affect our performance and KPIs.

Effectiveness of Our Hedging and Pricing Strategies

We manage our overall sugar position through a combination of exchange-traded futures contracts, which we mostly use for variable price contracts (i.e., contracts priced against a market index, plus or minus a differential) and offsetting supply and sales fixed price contracts. Within our overall sugar position, however, we may have market-specific positions that are not hedged against the same market but that reflect the physical execution within our innovative supply chain. Our performance (on a mark-to-market basis) may vary to the extent that we have a net long or short position in our overall book or within a specific market. Moreover, the effectiveness of our hedging and pricing strategy is highly dependent on our counterparties' performance of their contractual obligations as customer or supplier defaults may leave us exposed to a futures or physical position that would need to be covered at then-current market prices. For that reason, we have established counterparty limits and regularly evaluate and monitor our counterparties' risk of default.

Effective Management of Supply Chain Costs

Our performance is highly dependent on our ability to control supply chain costs and to keep them within the values forecasted. These costs include freight, storage, delivery, processing, and other logistical costs necessary to bring sugar from its port of origin and deliver it to our customers on the agreed terms.

Effective Management of Processing Costs at Our Plants

As our refining operations grow in scale, processing costs become more relevant to our overall performance. Processing costs are driven by scale – the higher the output of a plant, the lower the unit cost of sugar refined – as well as by certain variable costs, primarily labor and energy.

Effective Management of Inventories

We finance inventory purchases predominantly with short term debt. Effective management of inventories can reduce interest expense, while inefficient management of inventory balances and low inventory turnover can result in higher interest expense.

Seasonality

Historically, our revenues have not been significantly impacted by seasonality in a predictable fashion. On the other hand, forward contracts for any given year, and therefore unrealized gains (losses) on forward contracts, which is included in cost of sales, are typically entered into predominantly in the third and fourth calendar quarters of the preceding year.

Key Components of Results of Operations

Revenue

Revenue is derived primarily through the purchase and sale of sugar, where a margin is made by capturing a price differential in time, geographical location, or quality. The Company's physical assets, which include refineries and processing facilities, provide a competitive advantage in capturing these differentials.

Revenue from forward sales contracts with customers is recognized for the contractually stated amount when the contracts are settled, either physically (through delivery of sugar in accordance with the contractual terms) or, to a lesser extent, in cash. Forward sales contracts are typically firm commitments by a customer to buy a certain amount of sugar, delivered at a specified location and meeting certain specifications, over a defined delivery period. Forward sales contracts are typically annual. It is customary for forward sales contracts for any given year to be entered into during the third and fourth quarters of the preceding calendar year.

The Company treats its commodity forward contracts, for both purchases and sales, as financial instruments. 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. The positive value of the Company's commodity forward contracts is recorded on the statement of financial position as Unrealized gains (losses) on forward commitments and any increase in the aggregate value of these contracts, which is primarily driven by the increase in the underlying volume committed by Sucro during the period in question (i.e., a growing forward book) are deducted from cost of sales. Revenue also includes sugar futures and options (F&O) trading results, which corresponds to hedging of our physical positions.

Cost of Sales

Cost of sales includes the cost of sugar and other direct costs related to the acquisition, transit, processing, and delivery of goods, including costs of the entire logistics chain, such as ocean freight, land freight, sugar processing, additives, customs fees, storage costs, licenses, inspection, and supervision, as well as depreciation of plant and equipment used to process sugar. Cost of sales also includes cargo and credit insurance, foreign exchange hedging results and fees and commissions relating to futures and foreign exchange hedging.

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. Commodity inventories are valued at fair value minus cost to sell. The Company treats its commodity forward contracts, for both purchases and sales, as financial instruments. The Company uses such commodity forwards, as well as exchange traded futures and foreign exchange contracts, to mitigate the fixed-price exposure inherent in inventory and forward sugar commodity commitments. The Company has elected to not designate any of these activities as hedging activities. Therefore, the Company marks to market all open forward and futures sugar contracts, as well as its inventory and foreign exchange contracts. Unrealized gains and losses on forward contracts reflect market variations on existing positions, which are subject to strict limits, as well as the growth of the Company's operations from period to period (the latter being historically the largest component).

Selling, General and Administrative Expenses

Selling, general and administrative expenses include the cost of our employees and contractors. This includes administrative, management, sales, operations, futures and hedging, and trading personnel. Selling, general and administrative expenses also include audit, legal and other professional fees, travel and entertainment, and communication and IT expenses.

Interest Income and Expense

Interest income is earned on prepayments to suppliers. Interest expense is incurred in connection with term debt financing fixed assets, such as equipment and real property, and revolving debt financing working capital assets, such as inventory, accounts receivable, and our futures account. While interest rates on term debt are fixed and subject to change only at maturity or refinancing, interest rates applicable to revolving loans, to the extent not subject to an interest rate hedging agreement, are variable and subject to base rate (typically the Secured Overnight Financing Rate ("SOFR")) fluctuations.

Other Selected Financial Information (Key Performance Indicators) –Non-IFRS Measures

We monitor a number of KPIs to help us evaluate our business, measure our performance, identify trends affecting our business, and formulate strategic plans. The Company has adopted the following non-IFRS measures:

Adjusted Gross Profit and Adjusted Gross Profit Margin

Adjusted Gross Profit and Adjusted Gross Profit Margin provide an insight into the performance of our physical operations. We define Adjusted Gross Profit as gross profit, adjusted for the effects of fair-value accounting for commodity forwards, futures (adjusting for any closed-out positions corresponding to physical settlements), foreign exchange contracts, and inventory. We define Adjusted Gross Profit Margin as Adjusted Gross Profit divided by

revenue. The most directly comparable IFRS measure for Adjusted Gross Profit is gross profit. When reporting Adjusted Gross Profit per metric ton delivered, we adjust for any cash settlement of forward contracts during the relevant period to ensure that only the margin derived from physical deliveries during such period is reported and can be consistently compared across periods.

Three months Ended December 31		**2023**		**2022**
Sugar deliveries (metric tons)		95,883		81,947
Revenue	$	114,560	$	94,455
Deduct Cost of sales		(119,417)		(71,269)
Gross Profit		(4,857)		23,186
Deduct mark to market unrealized positions		14,648		(7,546)
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(324)		(239)
Adjusted Gross Profit		**9,467**		**15,401**
Adjusted Gross Profit Margin		**8.3%**		**16.3%**
Deduct cash settlement of forward contracts during the period		(4,132)		-
Adjusted Gross Profit on delivered inventory	**$**	**5,335**	**$**	**15,401**
Adjusted Gross Profit per metric ton delivered	**$**	**46.57**	**$**	**163.06**

Year Ended December 31		**2023**		**2022**
Sugar deliveries (metric tons)		476,778		518,557
Revenue	$	496,834	$	439,254
Deduct Cost of sales		(426,549)		(366,838)
Gross Profit		70,285		72,416
Deduct mark to market unrealized positions		(20,835)		(33,886)
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(324)		(239)
Adjusted Gross Profit	**$**	**49,126**	**$**	**38,291**
Adjusted Gross Profit Margin		**9.9%**		**8.7%**
Deduct cash settlement of forward contracts during the period		(4,132)		-
Adjusted Gross Profit on delivered inventory	**$**	**44,994**	**$**	**38,291**
Adjusted Gross Profit per metric ton delivered	**$**	**94.37**	**$**	**73.84**

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

We define EBITDA as net income (loss) for a period, as reported, before interest, taxes, depreciation and amortization. We define EBITDA Margin as EBITDA divided by revenue. Below is a reconciliation of these measures. Adjusted EBITDA is EBITDA further adjusted to remove transaction costs relating to our initial public offering, equity-based compensation expense, earnings (loss) from equity investment, and the effects of fair-value accounting for commodity forwards, futures (adjusting for any closed-out positions corresponding to physical settlements), foreign exchange contracts, and inventory. We use Adjusted EBITDA as a measure of the profitability of our physical operations as it removes the effects of unrealized and mark-to-market gains and losses. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue. Below is a reconciliation of these measures. The most directly comparable IFRS measure for each of EBITDA and Adjusted EBITDA is net income.

Three Months Ended December 31		2023		2022
Net Income (Loss)	$	(10,381)	$	15,685
Add back interest expense		7,602		3,655
Add back depreciation expense		1,242		463
Add back depreciation of right-of-use assets		246		219
Deduct interest income		(157)		17
Add back tax expense		(4,022)		(1,953)
EBITDA		(5,471)		18,086
Add back stock-based compensation expense		110		241
Deduct earnings from equity investment		149		(90)
Deduct mark to market unrealized positions		14,648		(7,546)
Add back equity-based settlement expense		(1,588)		-
Add back transaction costs		785		-
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(324)		(239)
Adjusted EBITDA		8,308		10,452
Divide by Revenue		114,560		94,455
EBITDA Margin		-4.8%		19.1%
Adjusted EBITDA Margin		7.3%		11.1%

Year Ended December 31		2023		2022
Net Income (Loss)	$	19,974	$	35,570
Add back interest expense		22,857		10,006
Add back depreciation expense		4,553		2,356
Add back depreciation of right-of-use assets		895		829
Deduct interest income		(522)		(419)
Add back tax expense		6,357		6,179
EBITDA		54,113		54,521
Add back stock-based compensation expense		(461)		2,338
Deduct earnings from equity investment		(212)		(322)
Deduct mark to market unrealized positions		(20,835)		(33,886)
Add back equity-based settlement expense		-		-
Add back transaction costs		785		-
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(324)		(239)
Adjusted EBITDA		33,065		22,412
Divide by Revenue		496,834		439,254
EBITDA Margin		10.9%		12.4%
Adjusted EBITDA Margin		6.7%		5.1%

Return on Equity

Return on equity measures the total return to our equity holders from our physical, trading, and services operations. We define return on equity as net income for a period (annualized, if necessary) divided by total shareholders' equity at the beginning of the period, expressed as a percentage.

Year Ended December 31		2023		2022
Net Income, as reported	$	19,974	$	35,570
Divide by Total Shareholders' Equity at the beginning of period		109,127		71,570
Return on Equity (annualized)		18.3%		49.7%

Free Cash Flow

Free Cash Flow is defined as cash flow from operations excluding changes in non-cash working capital and operating cash flows from discontinued operations, and including capital expenditures, net of value-added capital expenditures, and lease payments. The most directly comparable IFRS measure for Free Cash Flow is Cash flow from operating activities.

Year Ended December 31		**2023**		**2022**
Net cash flow provided by (used in) operating activities	$	(59,855)	$	(43,828)
Changes in non-cash operating assets and liabilities		69,415		56,798
Operating Cash flows from discontinued operations		-		(2,844)
Lease Payments		(3,607)		(2,453)
Purchase of property plant and equipment (capital expenditures)		(15,345)		(22,135)
Value-added capital expenditures		14,215		21,192
Free cash flow	**$**	**4,823**	**$**	**6,730**

Adjusted Net Debt and Capitalization

Adjusted net debt is defined as total Loans and borrowings less the net collateral value of current assets eligible as collateral, against which we can borrow on our borrowing base facility, and other cash balances. For a description of our borrowing base facility, see "Capital Resources." The most directly comparable IFRS measure for Adjusted net debt is total Loans and borrowings. Capitalization is defined as our shareholders' equity plus Adjusted net debt, lease liabilities, and amounts due to related parties. The most directly comparable IFRS measure for Capitalization is Shareholders' equity.

Year Ended December 31		**2023**		**2022**
Loans and borrowings	$	266,756	$	194,840
Less:				
Net collateral value		(204,856)		(135,186)
Other cash		(5,919)		(6,997)
Adjusted net debt		55,981		52,657
Lease liabilities		12,495		7,032
Due to related parties		5,054		-
Shareholders' equity		141,825		109,127
Capitalization		215,355		168,816
Adjusted net debt to capitalization		26.0%		31.2%
Adjusted EBITDA (previous 12 months)		33,065		22,412
Adjusted leverage ratio		1.7		2.3

Our KPIs may be calculated in a manner different than similar metrics used by other companies.

Selected Annual Information

The following selected financial data for each of the three most recently completed financial years are derived from the audited consolidated annual financial statements of the Company and Sucro Holdings.

Year Ended December 31		**2023**		**2022**		**2021**
Sugar Deliveries (Metric Tons)		476,778		518,557		417,456
Revenue	$	496,834	$	439,254	$	270,191
Cost of sales		426,549		366,838		229,566
Gross Profit		70,285		72,416		40,624
Adjusted gross profit		49,126		38,291		25,747
Adjusted gross profit margin		9.9%		8.7%		9.5%
Income From Operations		46,796		50,022		27,102
Income Before Income Taxes		26,331		41,749		22,464
Net Income		19,974		35,570		18,466
Income from continuing operations– per share (basic)*		3.18		5.14		2.94
Income from continuing operations– per share (diluted)*		0.86		5.06		2.94
EBITDA		54,113		54,521		29,368
Adjusted EBITDA		33,065		22,412		14,049
Adjusted EBITDA Margin		6.7%		5.1%		5.2%
Total assets		543,929		380,052		269,316
Total non-current liabilities		67,581		60,556		30,133
Total Shareholders' equity		141,825		109,127		71,570
Return on equity (annualized)		18.3%		49.7%		50.8%
Dividend per share		0.10		-		-
Free cash flow		4,823		6,730		9,258
Refineries Results						
Refineries Volume (Metric Tons)		160,323		83,615		46,790
Adjusted Gross Profit	$	23,004	$	9,480	$	3,900
Adjusted Gross Profit per MT		143.49		113.38		83.34

* Per share figures are as reported and do not make any adjustments for the Reorganization. Basic calculation does counts each PVS as one share.

Quarter Ended December 31, 2023, and December 31, 2022

Quarter Ended December 31		**2023**		**2022**
Sugar Deliveries (Metric Tons)		95,883		81,947
Revenue	$	114,560	$	94,455
Cost of sales		119,417		71,269
Gross Profit		(4,857)		23,186
Adjusted gross profit		9,467		15,401
Adjusted gross profit margin		8.3%		16.3%
Income From Operations		(8,057)		17,002
Income Before Income Taxes		(14,404)		13,881
Net Income		(10,381)		15,685
Income from continuing operations– per share (basic)*		(1.65)		2.27
Income from continuing operations– per share (diluted)*		(0.45)		2.23
EBITDA		(5,471)		18,086
Adjusted EBITDA		8,308		10,452
EBITDA Margin		-4.8%		19.1%
Adjusted EBITDA Margin		7.3%		11.1%
Return on equity (annualized)		18.3%		49.7%
Adjusted gross profit per metric ton delivered (net of cash settlements)		55.64		187.94
Refineries Results				
Refineries Volume (Metric Tons)		34,287		19,345
Adjusted Gross Profit	$	6,244	$	2,276
Adjusted Gross Profit per MT		182.12		117.67

* Per share figures are as reported and do not make any adjustments for the Reorganization. Basic calculation does counts each PVS as one share.

Customer sugar deliveries increased by 17.0% from 81,947 MTs for the quarter ended December 31, 2022, to 95,883 MTs for the corresponding 2023 period, primarily due to the increase of deliveries from our facility in Lackawanna that offset decreased deliveries in Mexico (a market where we have prioritized strategic opportunities over low margin sales) and decreased deliveries of organic sugar (as we have shifted free on board sales at origin for higher margin delivered sales in the U.S.).

Adjusted Gross Profit decreased to $9.5 million for the quarter ended December 31, 2023, from $15.4 million for the corresponding 2022 period. This decrease was driven by lower Adjusted Gross Profit Margin (8.3% compared with 16.3% for the year ended December 31, 2023, and 2022, respectively), driven mainly by very favorable non-refinery sugar deliveries in the U.S. in the last quarter of 2022, as well as the year-over-year cost increases associated with having a full operating quarter for the Lackawanna refinery, which began operations in December 2022. For the same reason, Adjusted EBITDA was $8.3 million for the quarter ended December 31, 2023, compared with $10.4 million for the corresponding 2022 period, a 25.0% decrease. Likewise, EBITDA was $(5.5) million for the quarter ended December 31, 2023, compared with $18.1 million for the corresponding period in fiscal 2022, a 107.0% decrease driven by the growth of favorably priced physical forward contracts booked in the last quarter of 2022 (for deliveries in 2023), which was not replicated in 2023, in which we saw more gradual growth over the entire year, as well as due to period-end differences in forward commodity contracts' mark-to-market adjustments.

Refined sugar deliveries from our own refineries increased by 77.2% from 19,345 MT in the three months ended December 31, 2022, to 34,287 MT in the corresponding 2023 period, primarily due to our Lackawanna refinery which started operations in December 2022. Adjusted gross profit margins per metric ton on these volumes increased by 54.8% from $117.67 per MT in the three months ended December 31, 2022, to $182.12 per MT in the corresponding

2023 period, primarily due to scaling of our Lackawanna facility in 2023, the first full year of operations, and favorable pricing conditions for refined sugar in some North American geographies, where we have been able to allocate significant volumes in 2023.

Year Ended December 31, 2023, and December 31, 2022

Year Ended December 31		2023		2022
Sugar Deliveries (Metric Tons)		476,778		518,557
Revenue	$	496,834	$	439,254
Cost of sales		426,549		366,838
Gross Profit		70,285		72,416
Adjusted gross profit		49,126		38,291
Adjusted gross profit margin		9.9%		8.7%
Income From Operations		46,796		50,022
Income Before Income Taxes		26,331		41,749
Net Income (Loss)		19,974		35,570
Income from continuing operations– per share (basic)*		3.18		5.14
Income from continuing operations– per share (diluted)*		0.86		5.06
EBITDA		54,113		54,521
Adjusted EBITDA		33,065		22,412
Adjusted EBITDA Margin		6.7%		5.1%
Return on equity		18.3%		49.7%
Adjusted gross profit per metric ton delivered (net of cash settlements)		94.37		73.84
Free cash flow		4,823		6,730
Refineries Results				
Refineries Volume (Metric Tons)		160,323		83,615
Adjusted Gross Profit	$	23,004	$	9,480
Adjusted Gross Profit per MT		143.49		113.38

* Per share figures are as reported and do not make any adjustments for the Reorganization. Basic calculation does counts each PVS as one share.

For the year ended December 31, 2023, customer deliveries decreased by 8.1%, from 518,557 MTs in 2022 to 476.778 MTs in 2023, primarily due to our exit from low margin local deliveries in Mexico that are unrelated to origination for our U.S. and Canadian businesses and, to a lesser extent, decreased deliveries of organic sugar, as we decreased large volume free on board ("FOB") sales to focus on more profitable delivered contracts in the U.S. The decrease was offset by an increase in volume from our refineries, in particular our Lackawanna facility that started operations in December 2022.

Adjusted EBITDA was $33.1 million for the year ended December 31, 2023, compared with $22.4 million for the corresponding 2022 period, a 47.5% increase, mainly as a result of higher Adjusted Gross Profit ($49.1 million for the year ended December 31, 2023, compared with $38.3 million for the corresponding 2022 period). This improvement was driven by higher Adjusted Gross Profit Margin (9.9% compared with 8.7% for the year ended December 31, 2022) realized from our strategic focus on higher margin business at our U.S. and Canada refining and wholesale operations. As our refining operations in Lackawanna grow relative to the size of our overall sales book until we achieve full operating capacity, we expect margins to continue improving. Likewise, EBITDA was $54.1 million for the year ended December 31, 2023, compared with $54.5 million for the corresponding period in fiscal

2022, a 0.7% decrease driven mainly by lower unrealized mark-to-market gains on physical sugar contracts, inventory, sugar futures contracts, and foreign exchange positions.

Net income for the year ended December 31, 2023, amounted to $20.0 million, a decrease of $15.6 million when compared to net income of $35.6 million for the year ended December 2022. This decrease was driven primarily by lower unrealized mark-to-market gains on physical sugar contracts, inventory, sugar futures contracts, and foreign exchange positions, and increases in selling, general and administrative expenses, interest expense, and tax expense, as the Company continued to grow in size and scale.

Revenue for the year ended December 31, 2023, increased by 13.1% to $496.8 million from $439.3 million for the year ended December 31, 2022. Higher average sugar prices during the year ended December 31, 2023 (due to market conditions), partially offset a decrease in volumes sold. During the year ended December 31, 2023, the Company's volume of sugar sold decreased by 41,779 MTs, or 8.1%, which was driven by lower sales volumes in Mexico, a market where we expect to focus on strategic opportunities, as opposed to low-margin volume sales, and, to a lesser extent, decreased deliveries of organic sugar, as we decreased large volume FOB sales to focus on more profitable delivered contracts in the U.S.

Revenues are anticipated to increase in the 2024 fiscal year as commissioning of the Lackawanna refinery is completed and production and optimization rates move to anticipated operating levels. Sales from our Lackawanna refinery are estimated at a range between 120,000 MT and 135,000 MT in Fiscal 2024. See "Outlook" below for additional details of the events and circumstances that caused the Company to revise this estimate.

The composition of the Company's revenue for the years ended December 31, 2023, and 2022 was as follows:

Year Ended December 31		**2023**		**2022**
Tolling	$	1,306	$	5,200
Warehousing		1,015		1,464
Commodity		495,316		432,347
Futures and options results		(803)		243
Total revenue	**$**	**496,834**	**$**	**439,254**

During the year ended December 31, 2023, the Company's futures and options losses were $0.8 million, compared with a $0.2 million gain for the corresponding 2022 period, a $1.0 million decrease relating to market losses on our Sugar 11 Contract[1] futures contracts positions, which are used as hedging instruments for our physical positions. For the same periods, tolling revenues declined by $3.9 million (74.9%), primarily as a result of the shutdown of our Atlanta facility in February 2023, which was mostly used to provide services to a third party, while warehousing revenues remained relatively flat.

The composition of cost of sales for the Company and Sucro Holdings for the years ended December 31, 2023, and 2022, respectively, was as follows:

Year Ended December 31		**2023**		**2022**
Purchases	$	327,494	$	310,632
Production and processing		53,441		33,734
Logistics/ freight		44,121		42,717
Labour		7,024		5,665
Overheads		10,660		5,183
Foreign exchange loss		1,206		747
Depreciation on plant and equipment		3,093		1,692
Depreciation on right-of-use plant and equipment		345		354
Mark to market unrealized positions		(20,835)		(33,886)
Total cost of sales	**$**	**426,549**	**$**	**366,838**

[1] Sugar 11 Contract is the world benchmark contract for raw sugar trading.

Cost of sales increased by $59.7 million (16.3%) from $366.8 million for the year ended December 31, 2022, to $426.5 million for the year ended December 31, 2023. The drivers for the increase in cost of sales during the year ended December 31, 2023, compared to the 2022 period included production and processing (a $19.7 million or 58.4% increase), logistics and freight (a $1.4 million or 3.3% increase), labor (a $1.4 million or 24.0% increase), overheads (a $5.5 million or 105.7% increase), and depreciation on plant and equipment (a $1.4 million or 82.8% increase), all of which saw increases relating to our Lackawanna refinery's first full year of operations.

Mark-to-market gains on forward contracts and, to a lesser extent, inventory, drove the $20.8 million gains on unrealized mark-to-market positions for the year ended December 31, 2023 (compared with $33.9 million for the same period in fiscal 2022). Unrealized mark-to-market gains on inventory for the year ended December 31, 2023, was $4.7 million ($0.5 million in 2022). This result was driven by favorable market conditions in the U.S. and Mexico. During the year ended December 31, 2023, the Company had net unrealized mark-to-market gains on forward sugar contracts of $26.3 million compared with $32.5 million in 2022. The mark-to-market gains on commodity forward contracts were primarily driven by higher margins on booked forward contracts as of December 31, 2023, while 2022 results were driven by both margins and volume, due to the startup of our Lackawanna facility.

During the year ended December 31, 2023, the Company had unrealized losses of $9.1 million and $1.1 million on sugar futures contracts and foreign currency forwards, respectively (2022 - $0.9 million, and $0.0 million, respectively). These losses relate to hedging of Sugar 11 Contract and Mexican Peso positions on our inventory, forward contracts, and accounts receivable. See "Financial Risk Management" below.

The composition of selling, general and administrative expenses for the Company and Sucro Holdings for the years ended December 31, 2023, and 2022, respectively, was as follows:

Year Ended December 31		**2023**		**2022**
Administrative expenses	$	18,455	$	14,359
Selling and distribution expenses		866		544
Other operating expenses		2,619		4,014
Depreciation		1,460		664
Depreciation of right-of-use assets		550		475
Equity-based compensation		(461)		2,338
Equity-based settlement expense		-		-
Total Selling, General and Administrative Expenses	**$**	**23,489**	**$**	**22,394**
Total Selling, General and Administrative Expenses / Revenue		**4.73%**		**5.10%**

The Company's selling, general and administrative expenses amounted to $23.5 million for the year ended December 31, 2023, an increase of $1.1 million (4.9%) when compared to expenses of $22.4 million for the year ended December 31, 2022. As our operations continue to grow and scale, we expect selling, general and administrative expenses as a percentage of revenue to continue to decrease over time.

Administrative expenses, which include staff payroll, benefits and pension costs, professional fees, insurance, bank service charges and other office expenses were $18.5 million for the year ended December 31, 2023, an increase of $4.1 million (28.5%) from $14.4 million for the year ended December 31, 2022. The most significant driver of the increase in these expenses is additional personnel expenses at our newly commissioned refinery in Lackawanna, additional sales staff to support our growing sales volumes, and professional fees for legal and accounting as the Company increases the overall size of its operations and completed its initial public offering in October 2023.

During the year ended December 31, 2023, the Company saw an increase in its selling and distribution expenses of $0.3 million, or 59.2%, from $0.5 million incurred during the year ended December 31, 2022, to $0.9 million in the year ended December 31, 2023. The marketing campaigns were consistent year over year and the main reason for this increase was related to commissions paid to third parties for sugar origination.

During the year ended December 31, 2023, other operating expenses, including travel, business taxes and licenses, bad debts, outside labor and IT expenses, amounted to $2.6 million, a decrease of $1.4 million (34.8%) when compared to expenses of $4.0 million for the year ended December 31, 2022. This decrease was mainly driven by the reversal of accrued expenses relating to the disposition of our Atlanta facility, as well as lower write-offs of accounts receivable and bad debt provision.

During the year ended December 31, 2022, Sucro Holdings granted 513,432 membership units to an employee, of which 218,642 units vested during the nine months ended September 30, 2022, that resulted in an equity-based compensation expense of $2.4 million during the year ended December 31, 2022. Of the units granted, an additional 31,543 units vested during the year ended December 31, 2023. However, as of May 12, 2023, this employee had separated from Sucro Holdings and forfeited all the unvested units under the award. As a result, previously accrued equity-based compensation on unvested and cancelled restricted units was recognized, leading to a net equity-based compensation recovery of $0.5 million for the year ended December 31, 2023.

For the year ended December 31, 2023, the Company recognized $1.6 million of equity-based settlement expense pursuant to a settlement agreement with a former employee. Pursuant to the agreement, the former employee had a put option exercisable through December 31, 2023, which would have allowed him, after adjusting for the Reorganization, to sell 399,669 Subordinate Voting Shares ("SVS") of the Company (but not less than such number of SVS) to the Company at the price of $3.97 per SVS. The put option was not exercised by the deadline and the $1.6 million expense was reversed as of December 31, 2023.

During the year ended December 31, 2023, the Company incurred interest expense of $22.9 million, an increase of $12.8 million, or 128.4%, over the year ended December 31, 2022. The increase is a combination of increases to the Company's overall borrowings, primarily to fund inventory and accounts receivable, but also an overall increase in the SOFR rate by 108 basis points in the U.S. from December 31, 2022, to December 31, 2023, which affects interest incurred on Sucro's short-term financial liabilities.

The Company's current and deferred income tax expense increased by $0.2 million from $6.2 million for the year ended December 31, 2022, to $6.4 million for the year ended December 31, 2023. The Company recognized $1.1 million and $5.3 million in current and deferred income tax expense, respectively, during the year ended December 31, 2023, owing to deductions associated with unrealized gains on inventory and forward, futures and foreign exchange contracts, as well as with the difference between accounting and tax depreciation rates of property, plant, and equipment.

Summary of Quarterly Results

The table below contains a summary of selected financial information for the previous eight quarters of Sucro Limited or Sucro Holdings, as applicable.

Unaudited	**Q4 2023**	**Q3 2023**	**Q2 2023**	**Q1 2023**	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**
Sugar Deliveries (Metric Tons)	95,883	122,243	115,606	143,046	81,947	103,436	175,694	157,480
Total Revenue	$ 114,560	$ 139,041	$ 118,147	$ 125,086	$ 94,455	$ 84,003	$ 132,878	$ 127,918
Adjusted Gross Profit	9,467	13,143	16,071	10,445	15,401	3,213	9,906	9,771
Adjusted Gross Profit Margin	8.3%	9.5%	13.6%	8.4%	16.3%	3.8%	7.5%	7.6%
Adjusted EBITDA	8,308	8,227	11,806	4,723	10,452	(293)	6,053	6,200
Free Cash flow	(1,932)	3,491	4,787	(1,522)	4,633	1,218	(1,345)	2,224
Net Income from continuing opera	(10,381)	1,983	16,874	11,498	15,685	8,895	11,576	(586)
Total								
Per share*	(1.65)	0.27	2.31	1.59	2.27	1.28	1.67	(0.09)
Diluted per share*	(0.45)	0.27	2.30	1.58	2.23	1.25	1.64	(0.09)
Net Income	(10,381)	1,983	16,874	11,498	15,685	8,895	11,576	(436)
Total								
Per Share*	(1.65)	0.27	2.31	1.59	2.27	1.28	1.67	(0.07)
Diluted per share*	(0.45)	0.27	2.30	1.58	2.23	1.25	1.64	(0.07)
Refineries Results								
Refineries Volume (Metric Tons)	34,287	37,074	48,488	40,474	19,345	21,241	22,623	20,405
Adjusted Gross Profit	$ 6,244	$ 5,804	$ 6,736	$ 4,221	$ 2,276	$ 2,417	$ 2,575	$ 2,212
Adjusted Gross Profit per MT	182.12	156.54	138.91	104.29	117.67	113.78	113.83	108.41

* Per share figures are as reported and do not make any adjustments for the Reorganization. Basic calculation does counts each PVS as one share.

Capital Resources

As of December 31, 2023, the Company had working capital of $109.4 million compared to working capital of Sucro Holdings of $89.5 million as of December 31, 2022.

	December 31, 2023		December 31, 2022	
Current Assets	$	443,941	$	299,820
Less: Current Liabilities		334,523		210,369
Working Capital	**$**	**109,418**	**$**	**89,451**

As of December 31, 2023, the Company had $129.7 million of unused credit facilities, including $19.4 million available under an uncommitted physical repurchase facility, and $50.0 million of unused committed credit facilities. The Company considers that it has sufficient funds available to meet its current and long-term financial obligations as they come due.

The Company's $300.0 million revolving credit facility, which had $110.2 million of unused capacity as of December 31, 2023 (based on the total value of the facility), is a borrowing base facility secured by substantially all the current assets of the Company, including inventory, accounts receivable, cash, futures accounts, prepayments to providers, and forward commodity contracts. The facility consists of a $250.0 million uncommitted tranche that is due on demand and a $50.0 million committed tranche due at maturity (August 2024). The Company may draw on this facility based on the value of the pledged current assets, adjusted to reflect different limits and deductions imposed by the lenders. As of December 31, 2023, the Company had $18.2 million available to draw under this line, based on the value of the pledged collateral, with the entire $50.0 committed tranche being unused at that time. In addition, the facility is subject to certain financial and other covenants, which include, among others, minimum tangible net worth and working capital requirements and a maximum debt to tangible net worth ratio. Compliance with these covenants is a condition to draw under this facility. As of December 31, 2023, the Company was in compliance with these covenants.

In addition, the Company has a physical inventory repurchase line with a financial institution. This is a $55.0 million line for the sale of inventory with an agreement to repurchase the same at a future date. The Company had $19.4 million of unused capacity under this line as of December 31, 2023. This is an uncommitted, discretionary line, with each transaction being subject to its own terms.

The main driver of the increase in current assets includes increases in inventory of $99.2 million to fulfill delivery commitments and to maintain larger volumes for the Lackawanna refinery that started operations in late 2022. In addition, there were increases in the unrealized gains on forward commitments of $58.4 million as a result of favorably priced positions as of December 31, 2023, compared with December 31, 2022.

The increase in current liabilities since December 31, 2022, is mainly due to increases in loans and borrowings (current portion) and accounts payable and accrued liabilities, of $69.9 million and $22.5 million, respectively, when compared to December 31, 2022, which principally funded inventory purchases relating to the larger volumes expected for our growing operations, in particular at our Lackawanna and Hamilton refineries. Unrealized losses on forward commitments also increased by $24.7 million since December 31, 2022. These are primarily losses on individual sales contracts in the U.S. and Mexico that are offset by gains on the allocated forward purchase and sales contracts, inventory, or futures position, as may be the case, to cover these positions.

The Company's objectives when managing capital resources are to:

1. Explore profitable growth opportunities;
2. Deploy capital to provide an appropriate return on investment for shareholders;
3. Maintain financial flexibility to preserve the ability to meet its short-term and long-term financial obligations; and
4. Maintain a capital structure that provides financial flexibility to execute strategic opportunities, while

adhering to the financial covenants imposed by its lenders.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives stated above as well as to respond to changes in economic conditions and to the risks inherent in its underlying assets. The Company has not established quantitative return on capital criteria, but rather promotes year-over-year sustainable profitable growth. The Company is subject to various capital requirements imposed by its lenders, both on a consolidated and standalone basis (for one or more of its subsidiaries).

The Company's capital structure consists primarily of working capital and long-term debt. Our working capital needs are funded with cash from operating activities and short-term debt. To maintain or alter the capital structure, the Company may adjust capital spending, take on new debt or issue equity. The Company anticipates that it will have adequate liquidity to fund future working capital, commitments, and forecasted capital expenditures through a combination of cash flow, cash-on-hand, and debt financing as required.

The Company's strategic growth plan is to expand its North American refining footprint, through both the gradual increase of the utilization of its existing assets until reaching their full capacity and the development of new facilities to further leverage economies of scale and logistic synergies of its current footprint.

In February 2023, Sucro announced a proposed major new sugar refinery project in Southern Ontario at a forecasted project cost of approximately $100 million. A lease for the new refinery project has been signed with the Hamilton-Oshawa Port Authority in Hamilton, Ontario, for a term of 40 years, with an option for the Company to renew the term for a further 20 years. This refinery is expected to have a nominal capacity of one million metric tons, an output that the Company expects to achieve gradually, as the U.S. and Canadian markets grow over time. As of March 31, 2024, a total of $45.0 million has been approved by our Board for phase I of this project (which includes a refinery and raw sugar warehouse), and $7.3 million of capital expenses have been incurred on construction, equipment, and other development costs. This project is expected to commence commercial operation in the early 2026 timeframe.

In February 2024, Sucro announced a proposed new sugar refinery project in University Park, Illinois (part of the greater Chicago area). Phase I of this project, which includes the refinery only, is expected to commence commercial operation in the early 2026 timeframe. The project has an estimated cost of approximately $20.0 million, which has been approved by the Board. This refinery would be located at the Company's University Park facility and is expected to ramp toward an annual production of 200,000 metric tons within the first three years of operation. As of March 31, 2024, the Company has incurred $1.1 million on the development of this project.

For the 12-month period ending December 31, 2024, the Company anticipates incurring total capital expenditures of approximately $46.3 million, which relate primarily to the Hamilton and University Park refineries described above and, to a lesser extent, ongoing commissioning of its Lackawanna refinery, and maintenance capital expenditures at its facilities and refineries. These expenditures will be funded predominantly with long-term debt and, to a lesser extent, cash on hand and from operating activities. Debt funding for these projects is expected to include the following:

Project	Purpose/Source	Principal Amount ('000s)	Amortization	Interest Rate	Status
Hamilton refinery	Landlord loan for refinery building improvements	C $14,000	Interest-only during construction; 15 years thereafter	Canada Prime Rate plus 1.5% during construction; fixed rate thereafter (to be fixed at completion)	Committed; pending documentation
Hamilton refinery	Bank loan for equipment and related soft costs	$20,000	10 years from closing; interest only during construction	Daily Simple SOFR plus 2.35% during construction; fixed rate thereafter (to be fixed at completion)	Term sheet signed (uncommitted); pending documentation
University Park refinery	Bank mortgage loan	$6,500	5-year term; interest-only during construction	5-year US Treasury Yield + 2.5% (floating during construction	Term sheet being negotiated

			(maximum 12 months); 20-year amortization	and fixed at completion)	
University Park refinery	Bank loan for equipment and related soft costs	$10,000	Interest-only during 18-month initial draw period; 6-year term thereafter	1-month SOFR + 2.5% (floating during construction and fixed at completion)	Term sheet signed (uncommitted); pending documentation

Liquidity

Years Ended December 31, 2023, and 2022

A summary of cash flows for continuing operations for the Company and Sucro Holdings for the years ended December 31, 2023, and 2022, respectively, are as follows:

Year Ended December 31		**2023**		**2022**
Net cash flow provided by (used in) operating activities:				
Operating cash flows before changes in working capital	$	9,560	$	10,126
Changes in non-cash operating assets and liabilities		(69,415)		(53,954)
Net cash flow provided by (used in) operating activities		(59,855)		(43,828)
Cash flow provided by (used in) financing activities		72,176		71,801
Cash flow provided by (used in) investing activities		(13,399)		(22,904)
Net increase (decrease) in cash	**$**	**(1,078)**	**$**	**5,069**

Operating cash flows before changes in working capital were $9.5 million for the year ended December 31, 2023, compared to $10.1 million for the corresponding 2022 period. Cash flow used in operating activities for the year ended December 31, 2023, increased by $16.0 million compared to the year ended December 31, 2022, due to several factors. Positive factors for year ended December 31, 2023, included increases in accounts payable (which provide lower cost funding for purchases of inventory) and decreases in accounts receivable. Accounts receivable saw some positive trends in 2023, as we reduced credit terms and improved our collections practices, leading to a decrease of overdue accounts with more than 30 days as a percentage of the total accounts receivable from 33.0% as of December 31, 2022, to 4.5% as of December 31, 2023. Other positive operating cash flow factors included sales tax payable, and taxes payable. These positive factors were offset by negative factors including greater investments in inventory and prepaid expenses, as a result of increased purchase volumes related to North American plants and increases in sales tax receivable in connection with greater turnover volumes in Canada.

Cash flow provided by financing activities increased by $0.4 million for the year ended December 31, 2023, compared to the year ended December 31, 2022, mainly due to a net increase of short-term financial liabilities relating to our revolving line of credit, primarily to fund inventory purchases.

Cash flow used in investing activities decreased by $9.5 million compared to 2022 mainly due to a reduction in the purchase of property, plant and equipment relating to our Lackawanna refinery, which began operating in late 2022. An additional factor contributing to the decrease in cash flow used in investing activities was the sale of assets in the amount of $1.1 million relating to our Atlanta facility, which was shut down in 2023.

Credit Facilities and Debt Management Strategy

Year Ended December 31	2023	2022
Loans and borrowings	$ 266,756	$ 194,840
Less:		
Net collateral value	(204,856)	(135,186)
Other cash	(5,919)	(6,997)
Adjusted net debt	55,981	52,657
Lease liabilities	12,495	7,032
Due to related parties	5,054	-
Shareholders' equity	141,825	109,127
Capitalization	215,355	168,816
Adjusted net debt to capitalization	26.0%	31.2%
Adjusted EBITDA (previous 12 months)	33,065	22,412
Adjusted leverage ratio	1.7	2.3

We consider our capital to be our shareholders' equity plus lease liabilities, amounts due to related parties, and debt, adjusted for the net collateral value of working capital assets (excluding cash) securing our borrowing base and inventory financing obligations, on a mark-to-market basis, and cash balances. As of December 31, 2023, our ratio of Adjusted net debt to capitalization was 26.0%, compared to 31.2% for Sucro Holdings as of December 31, 2022. As of December 31, 2023, our ratio of Adjusted net debt to Adjusted EBITDA, or Adjusted leverage ratio, was 1.7 times, compared with 2.3 for Sucro Holdings as of December 31, 2022.

We fund our working capital requirements primarily through our borrowing base facility and inventory repurchase transactions (discussed in "Capital Resources" above). These facilities generally bear interest at variable SOFR-based rates, plus an applicable margin. The interest rate of our borrowing base facility was 8.6% as of December 31, 2023. As of December 31, 2023, we maintained $50.0 million notional amount of buy fixed-sell variable interest rate swaps that effectively fixes the rate of the same notional amount of short-term debt for a period of 2-3 years (for further information, see "Financial and Other Instruments," "Financial Risk Management," and "Events Subsequent to December 31, 2023" below.) As of December 31, 2023, our long-term loans and borrowings have all been fully disbursed. These loans were used to finance capital expenses, including property, plant and equipment and have the maturities set forth below. The average interest rate for our long-term debt as of the year ended December 31, 2023, was 7.4%. While our credit facilities include financial and other covenants applicable to our subsidiaries, our borrowing base facility includes a financial covenant applicable to Sucro Limited on a consolidated basis, as set forth in the table below.

Maturity in years	Up to 1	1-2	2-3	3-5	Over 5
Loans and borrowings, current portion					
Borrowing base revolving credit facility	189,777				
Inventory repurchase transactions	35,551				
Other revolving facilities	200				
Current portion of long-term loans and borrowings	3,524				
Loans and borrowings, net of current portion		5,477	9,940	21,913	374
Loans and Borrowings	**229,052**	**5,477**	**9,940**	**21,913**	**374**
Unused credit facilities (total)	79,672				
Unused commited facilities	50,000				
Financial covenants include:					
Maximum Total liabilities-to-Tangible net worth[2]	4.00:1				
Reported as of December 31, 2023	1.58				

Outlook

In November 2023, the Company updated its full-year 2023 earnings estimates, which were originally provided in the Company's final prospectus dated October 19, 2023. Adjusted EBITDA was revised to between $30.0 million and $32.0 million, while EBITDA was re-affirmed at between $63.0 million and $70.0 million. As noted above, the reported Adjusted EBITDA for 2023 was $33.1 million, above the revised estimate, and the reported 2023 EBITDA was $54.1 million, which is below our estimate.

The Company's final prospectus also contained full-year 2024 EBITDA and Adjusted EBITDA estimates of between $73.0 million and $81.0 million and $49.0 million and $51.0 million, respectively. Production estimates for the Company's refinery operations in Hamilton, Ontario and Lackawanna, New York were also provided in the Company's final prospectus, with full-year 2024 production from Hamilton estimated at 130,000 MT, and Lackawanna production projected at 132,000 MT. We are revising our 2024 production estimate for our Hamilton facilities to between 105,000 MT and 115,000 MT, and for Lackawanna to a range of 120,000 to 135,000 MT. However, management is not revising 2024 EBITDA and Adjusted EBITDA estimates at this time.

As estimates for 2024 EBITDA and Adjusted EBITDA had been originally provided in the Company's prospectus, we intend to update such guidance through the end of the 2024 reporting period. Due to the variable nature of Sucro's trading operations and the developmental stage of the Company's refining operations, Management intends to discontinue providing earnings guidance going forward. Given the growing importance of the Company's refinery operations and its expected expansion as a proportion of its overall business activities, we intend to focus our forward guidance on delivery volumes from our refineries, along with information on Adjusted Gross Margin per metric ton of sugar delivered from our refineries, capital expenditures, and the debt and equity composition of the financing of any capital projects. We believe that these measures better align our targets and guidance with Management's vision and long-term goals for Sucro.

Notwithstanding the above, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

Management has recently reviewed the Company's commitments and opportunities for the application of its capital and has determined not to pay a dividend on the Company's shares at this time in order to invest in more accretive opportunities, including funding planned capital expenditures. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

Longer-term Outlook for our Refinery Operations

Sucro's strategic plan is to grow its sugar sourcing, refining and distribution infrastructure, with an emphasis on low-capital-cost refining assets, and actively and efficiently manage the entire supply-chain cost of sugar, from the point of origin to the delivery to end-use customers in North America. Based on the Company's announced plans for expansion of its refinery capabilities in the United States and Canada, and subject to several company and market factors that may impact its announced plans for expansion, Sucro currently forecasts material growth in its refinery production volumes over the next several years of operation. As the volume of sugar refined within facilities owned and operated by Sucro increases, refined volumes are expected to comprise a majority of the sugar deliveries made to Sucro's sugar customers located throughout North America. Included below is a summary of the refinery production

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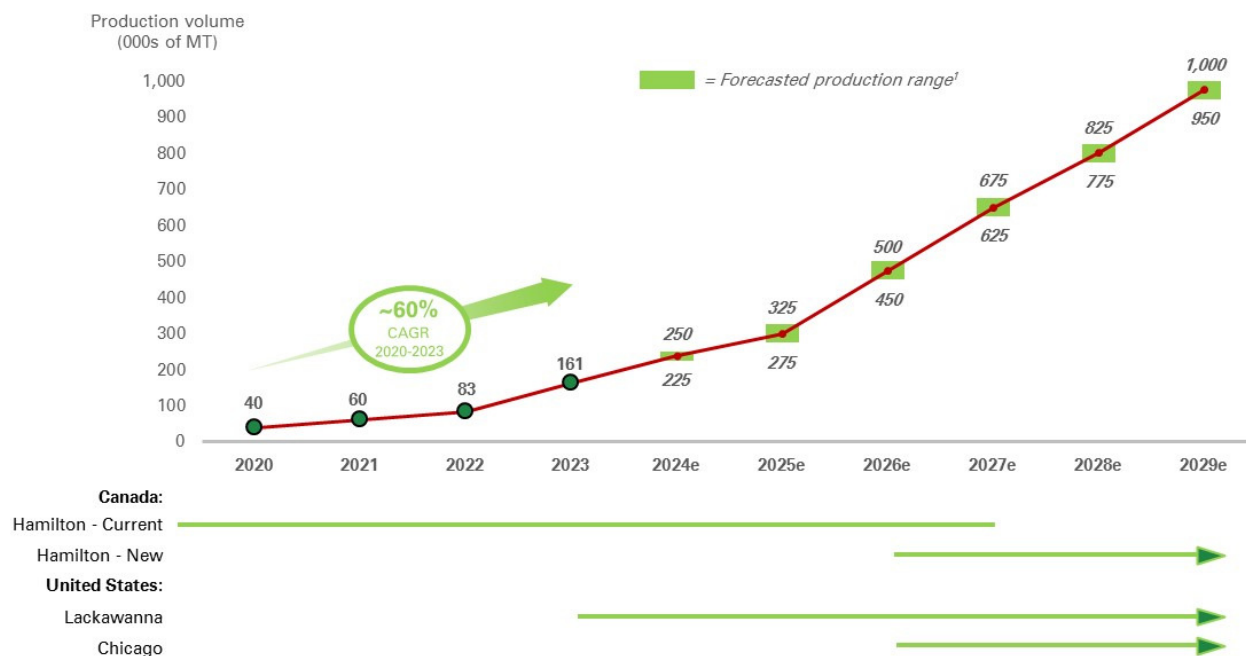
[2] Tangible Net Worth – Total of assets of the consolidated group minus total liabilities of the consolidated group plus subordinated indebtness minus any intangible assets as defined by IFRS minus receivables and other obligations due from affiliates that are not Loan Parties unless and to the extent such amounts are covered by credit insurance provided by a credit insurance provider with an investment grade credit rating.

volumes to date, and estimated ranges of aggregate production based on the timing of expected production from each of our announced facilities.



Note: Readers are cautioned that forward-looking statements are not guarantees of future performance. Actual results could differ materially from those currently anticipated due to a number of factors and risks. See "Forward-Looking Information".

1. Forecasted production based on announced refinery investments – Lackawanna, NY; Hamilton (New), ON; and expansion of Chicago, IL.

Future Commitments

The Company records purchases and sales when goods are delivered, and control passes to the Company or customer. As a result, to the extent it has fixed price forward commitments that are not appropriately hedged by inventory or an offsetting forward or futures contract, the Company's financial results may be affected significantly by the price of the commodities bought and sold in the normal course of business. Historically, the markets for sugar 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 the 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 million and $21 million, respectively. As of December 31, 2022, fixed price sales and purchase commitments on physical contracts for the Company were approximately $88 million and $34 million, respectively. These figures do not include inventory or futures positions. For more information, see "*Financial Risk Management*" below.

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 hereof, there is no material pending litigation or threat of such action.

Off-Balance Sheet Arrangements

Off balance sheet obligations as of December 31, 2023, include a guarantee to a financial institution for obligations of Amerikoa Ingredients, LLC (“Amerikoa”) in the amount of $3.2 million, and customs bonds in the aggregate amount of $4.2 million.

In addition, the Company maintains an equity participation rights plan (the “EAR plan”). Each equity appreciation right (“EAR”) granted to a participant under the EAR Plan entitles the participant to receive an amount in cash equal to a portion of the net sale proceeds obtained by the Company or Sucro Holdings, as applicable, in connection with a sale of a threshold percentage of the Company’s or Sucro Holding’s equity interests or assets. Participants are not entitled to dividends or other distributions or any share of profits on their EARs. As of December 31, 2023, the Company had outstanding 118,692 EARs, out of which 81,192 EARs 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. 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’s does not record equity-based compensation expense and a corresponding liability until it becomes probable the event will occur. In conjunction with, and as a result of, the Reorganization, the EAR Plan was amended to provide that entitlements under the plan will, going forward, be triggered on a sale of Sucro Limited (rather than a sale of Sucro Holdings) and the calculation of the cash entitlement will be based on the percentage equity interest represented by the EARs if each represented three Subordinate Voting Share of Sucro Limited (instead of one membership unit of the Company). A number of the EARs were cancelled subsequent to the year end, see “Events Subsequent to December 31, 2023” for additional information.

Transactions with Related Parties

The Company had no related-party transactions during the year ended December 31, 2023, and the year ended December 31, 2022, other than those noted in the audited consolidated financial statements except, as follows:

1. The Company leases an apartment in Buffalo, NY, from an entity beneficially owned by its CEO for the use of its CEO and other senior management while visiting the Lackawanna refinery. The annual lease amount is $36.0 thousand.
2. As discussed in “*Off Balance Sheet Arrangements*,” the Company has guaranteed up to $3.2 million of Amerikoa’s bank debt obligations. The Company holds 19% of Amerikoa’s equity securities. Matt Dyer, Vice President of US Sales of the Company, owns the majority of the equity securities of Amerikoa.
3. Commencing August 1, 2023, the Company has leased a building in University Park, Illinois, for ingredient processing and transloading services. The lease is on a month-to-month basis and the lessor is an affiliate of Amerikoa. Matt Dyer, Vice President of US Sales of the Company, owns the majority of the equity securities of Amerikoa. The monthly lease amount is $20.0 thousand.

Outstanding Security Data

	December 31, 2023	**April 18, 2024**
Subordinate Voting Shares	6,683,306.00	6,683,306.00
Proportionate Voting Shares	167,189.29	167,189.29
Total	**6,850,495.29**	**6,850,495.29**
Subordinate Voting Shares	6,683,306	6,683,306
Proportionate Voting Shares (as-converted to SVS)	16,718,929	16,718,929
Warrants	180,635	180,635
Restricted Share Units	177,973	256,968
Total – fully diluted	**23,760,843**	**23.839,838**

Financial and Other Instruments

The Company treats its commodity forward contracts, for both purchases (from suppliers) and sales (to customers), as financial instruments (derivatives). The Company uses offsetting commodity forward contracts, as well as exchange traded futures, to mitigate the fixed-price exposure inherent in inventory and forward commodity commitments. The Company marks to market all open forward and futures contracts, as well as its inventory. The fair values of open contracts are based on regulated exchange prices, industry pricing publications, internal pricing models and broker or dealer quotes. The Company has elected to not designate any of its trading activities as hedging activities.

The Company measures and reports the fair value of forward and futures contracts within a hierarchal 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 financial 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 attempts to utilize the best available information. Accordingly, the Company also utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

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 commitment 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.

The fair value of the contracts and derivatives can be significantly impacted by factors such as volatility of futures and spot prices of the underlying commodities and volatility of freight markets. Any change in the fair value of these financial derivatives is recognized currently in profit or loss. As a result, earnings are subject to volatility, even when the underlying expected profit margin over the duration of the contracts is unchanged. Volatility can be significant from period to period.

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

The Company has entered into interest rate swaps to manage interest rate risk exposure associated with the Company's floating-rate borrowings. These swaps involve the receipt of floating rate amounts in exchange for fixed rate interest payments over their life without an exchange of the underlying principal amount. The Company designated these interest rate swaps as cash flow hedges of a floating rate borrowing.

The Company has also entered into energy swaps to manage price risk exposure associated with its consumption of energy in its processing and refining facilities. These swaps effectively modify its exposure to price risk on part of its natural gas consumption at its refining facilities by converting the Company's variable rate to a fixed-rate basis during the life of the agreement, thus reducing the impact of price changes on future energy payments. The Company designated these energy swaps as cash flow hedges. See "Financial Risk Management" below.

Significant inputs used to estimate the fair value of interest rate and energy swaps include spot and forward rates on the swap yield curve and spot and forward natural gas prices and estimated borrowing costs.

The following table provides a summary of the Company's and Sucro Holdings' derivative assets as of the dates indicated:

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

The following table provides a summary of the Company's and Sucro Holdings' derivative liabilities as of the dates indicated:

	December 31, 2023	December 31, 2022
Forward commitments	$ 32,902	$ 9,358
Interest rate swap	803	-
Foreign currency forwards	1,123	-
Options	177	-
Energy rate swap	60	-
Total Losses	**$ 35,065**	**$ 9,358**

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

Year Ended December 31	**2023**	**2022**
Mark-to-market gains (losses) on commodity forward contracts	$ 26,300	$ 32,496
Mark-to-market gains (losses) on inventory	4,704	470
Mark-to-market gains (losses) on futures contracts	(9,085)	879
Mark-to-market gains (losses) on foreign currency forwards	(1,084)	41
Total	**$ 20,835**	**$ 33,886**

The amount of gain or loss on derivative transactions is presented in cost of sales, except for the gain (loss) on the interest rate and energy swaps, which are presented under accumulated other comprehensive income in the consolidated statement of comprehensive income and on the consolidated statement of financial position.

The following tables shows the Company's and Sucro Holdings' 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 (effective 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 (expense)	$(158)	-	Other income (expense)	-	-

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 commodity price risk. The Company regularly evaluates and manages the risks assumed with its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations.

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 unrealized losses on forward commitments, accounts payable and accrued liabilities, current financial liabilities, 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 had current assets of $443.9 million and current liabilities of $334.5 million. As of December 31, 2022, Sucro Holdings had current assets of $299.8 million (December 31, 2021 - $208.7 million) and current liabilities of $210.4 million (December 31, 2021 - $167.6 million). In addition, as of December 31, 2023, the Company had $50.0 of undrawn committed credit facilities and $83.5 million of undrawn uncommitted credit facilities. For more information, see "Capital Resources," "Liquidity," and "Credit Facilities and Debt Management Strategy."

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 cash and cash equivalents. 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 from non-performance. All customers go through a credit approval process. The Company routinely assesses the financial strength of its customers and ensures that counterparty balances are maintained within the approved credit limits. As a result, the Company believes the concentrations of credit risk are limited.

In addition, to mitigate credit risk on its accounts receivable, the Company utilizes credit insurance. Our credit insurance policy is subject to coverage limits on a counterparty basis, as well as to a maximum aggregate insured

amount. The maximum risk of loss related to credit risk on the Company's and Sucro Holdings' accounts receivables (net of credit insurance) as of December 31, 2023, and December 31, 2022, respectively, were $52.9 million and $68.4 million.

Balances for trade accounts receivable are managed on an ongoing basis to ensure allowances for doubtful accounts that correspond to the specific credit risk of our customers, which are established and maintained at an appropriate amount. The provision for expected credit loss 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 the provision for expected credit losses after the Company exhausts all reasonable collection efforts.

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

The Company also maintains certain cash balances in another financial institution for the primary purpose of clearing and holding custody of futures contracts. Concentration of credit risk is not insured by the FDIC or guaranteed by the financial institution.

As of December 31, 2023, and December 31, 2022, the Company and Sucro Holdings had, respectively, deposits of $3.5 million and $4.4 million that were not insured by the FDIC or in excess of the FDIC insurance limit.

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.

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 bank loans of the Company have a variable interest rate. The interest rate swaps utilized by the Company effectively modify the Company's exposure to interest rate risk on certain debt by converting the Company's floating-rate debt to a fixed-rate basis during the tenor of the swaps, as indicated below, thus reducing the impact of interest-rate changes on future interest expense. As of December 31, 2023, $44.4 million notional amount of the Company's long-term debt and $50.0 million notional amount of short-term debt bears interest at a fixed rate or has been hedged with an interest rate swap. The total notional amount of the Company's receive-variable/pay-fixed interest rate swaps is set forth below, in each case for 30-day SOFR.

	Notional amount (USD '000)		**Average swap rate**	
Swap tenor (in years)	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
More than 2, less than 3	$ 50,000	-	4.33%	-
Total notional amount	**$ 50,000**			

Changes in a variable rate 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 for fiscal 2023 would have been $0.9 million lower/ higher (2022 - $1,7 million 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 U.S. Dollar as described below. The Company operates in the U.S., Canada and Mexico and regularly transacts in currencies other than U.S. Dollars. The Company seeks to manage this risk by constructing natural hedges when it matches sales and purchases in any single currency or with financial instruments, such as foreign currency forward exchange contracts. The Company also has foreign currency translation risk from its investment in Canada. This investment is not hedged as the currency position is considered long term in nature. The tables below summarize the Company's exposures to different currencies.

	Canadian Dollars	
	Balance in USD December 31, 2023	Balance in USD December 31, 2022
Cash	$ 702	$ 581
Accounts receivable	9,748	2,150
Accounts payable and accrued liabilities	(3,305)	(3,534)
Lease liability	(11,683)	(2,861)
Inventory	-	-
Sales Tax Payable	(4,744)	(2,217)
Commodity forward contracts	11,946	4,370
FX Forward Contracts	(5,584)	-
	$ (2,920)	**$ (1,511)**

As of 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 thousand lower (higher) (2022 - $294 thousand lower (higher)).

	Mexican Pesos	
	Balance in USD December 31, 2023	Balance in USD December 31, 2022
Cash	$ 29	$ 488
Accounts receivable	23,512	4,277
Accounts payable and accrued liabilities	(15,555)	(340)
Lease liability	-	-
Inventory	13,879	952
Sales Tax Payable	1,649	807
Commodity forward contracts	(956)	2,008
FX Forward Contracts	(20,365)	-
	$ 2,193	**$ 8,192**

As of December 31, 2023, if the Mexican Peso had strengthened (weakened) 5% against the United States Dollar, net income before income taxes would have been $109 thousand higher (lower) (2022 - $309 thousand higher (lower)).

iii) Commodity Price Risk

The Company is exposed to commodity price risk on its inventory and fixed price commodities forward and future contracts through its exposure to the market price of the commodity of sugar. The Company uses derivative instruments, including swaps, commodity futures and forward contracts, to manage its exposure to fluctuating prices of sugar commodities. The Company manages open positions with strict policies, which limit its exposure to market risk and require routine reporting to management of potential financial exposure. 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. As of December 31, 2023, if the market price of sugar had increased (decreased) by 10%, the Company's net income before taxes would have been $14,003 thousand greater (lower) (2022 - $2,359 thousand greater (lower)).

The table below summarizes the commodity derivative instrument positions of the Company for sugar as of December 31, 2023:

	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value (Approximate)
Sugar commodities	28,757 MT	Jan 2024 – Nov 2025	Jan 2024 – Nov 2025	$116,438
Total fair market value				$116,438

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

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

The Company is also exposed to other price risk associated with its consumption of natural gas for its refining facilities. The Company manages this risk by entering into energy swap agreements that effectively modify the Company's exposure to price risk by converting the Company's variable rate to a fixed-rate basis, thus reducing the impact of price changes on future payments. These agreements involve the receipt of variable rate on the first 51,600 MMBTU per month in exchange for fixed rate energy payments from April 2023 through March 2025 without an exchange of the underlying notional units. This energy swap agreement effectively modifies the Company's exposure to price risk on a portion of its consumption of natural gas of its refineries by converting variable rate to a fixed-rate basis, thus reducing the impact of price changes on future energy payments with respect to this volume. The Company designated this energy swap as a cash flow hedge.

Changes in Accounting Policy

During 2023, the Company modified the classification of depreciation expense on its property, plant and equipment and right-of-use assets used in the production of sugar to reflect more appropriately the way in which economic benefits are derived from their use. Comparative amounts in the statement of income and other comprehensive income were reclassified for consistency. As a result, $3,093 thousand (2022- $1,692 thousand) was reclassified from depreciation to cost of sales.

Newly Adopted Accounting Pronouncements

The following amended accounting standards issued by IASB were adopted on January 1, 2023, by the Company.

a. 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.

b. 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.

c. 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 respective pronouncements did not have a material impact on the Company's consolidated financial statements.

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)

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's annual information form dated April 18, 2024, available on SEDAR+ at www.sedarplus.ca, which is specifically incorporated by reference herein, and elsewhere in this MD&A, for a description of these risk factors.

Events Subsequent to December 31, 2023

On January 30, 2024, the Company entered into an additional physical inventory line of credit with a financial institution. This is a $30.0 million 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 Equity Incentive Plan (the "Omnibus Plan") of 78,159 restricted share units ("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 EAR Plan of Sucro Holdings. See "Off-Balance Sheet Arrangements." 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.

During the first quarter of 2024, the Company entered into additional receive-variable/pay-fixed interest rate swaps with two-year tenors for a total notional amount of $15.0 million to hedge its exposure to short term fluctuations in interest rates with respect to current financial liabilities. The fixed SOFR rate for these swaps is 4.26% for $10.0 million notional value and 4.07% for the remaining $5.0 million notional value.

In February 2024, Sucro announced a proposed new sugar refinery project in University Park, Illinois (part of the greater Chicago area). Phase I of this project, which includes the refinery only, is expected to commence commercial operations in the early 2026 timeframe. The project has an estimated cost of approximately $20.0 million, which has been approved by the Board. This refinery would be located at the Company's University Park facility and is expected to ramp toward an annual production of 200,000 metric tons. As of March 31, 2024, the Company has incurred $1.1

million on the development of this project.

Forward-Looking Information

This MD&A contains “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking information**”) within the meaning of applicable Canadian securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “annualized”, “plans”, “targets”, “expects”, “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “pro forma”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

This forward-looking information includes, among other things, statements relating to: our revised 2024 EBITDA and Adjusted EBITDA guidance; our expectations regarding our profit and operating margins; our expectation for decreased volume of business in Mexico; our expectations for selling, general and administrative expenses as a percentage of revenue to decrease over time; our expectation for revenues for the 2024 fiscal year; projected sales from our Lackawanna refinery; the sufficiency of our working capital and capital resources to meet its current and long-term financial obligations; our expectations of future production from Sucro’s announced refineries; and expectations regarding capital expenditures in the next 12 month period.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions include: revenue; our ability to build our market share; our ability to complete our proposed new refineries on time and on budget and with the anticipated processing capacity; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; our ability to respond to any changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management’s expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered to be appropriate and reasonable as of the date of this MD&A, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, our ability to maintain and renew licenses and permits; fluctuations in the price of sugar that we purchase, process and sell; development of new or expansion of our existing refineries may experience cost-overruns and/or delays and actual costs, operational efficiencies, production volumes or economic returns may differ materially from the Company’s estimates and variances from expectations; disruptions to our supply chains as a result of outbreaks of illness, geopolitical events or other factors; inflation and rising interest rates; the risk of unhedged trading positions and counterparty defaults; a significant portion of our current credit facility is uncommitted and requests for additional advances may be refused; elimination or significantly reduction of protective duties relating to

foreign sugar imports; our limited operating history and our recent growth may not be indicative of our future growth; dependence on management's ability to implement its strategy; risks of early stage companies; competitive risks; our dependence on a small number of key persons; demands of growth on our management and our operational and financial resources; and the other risk factors discussed in greater detail under "Risk Factors" in the Company's annual information form dated April 18, 2024 and filed on SEDAR+ at www.sedarplus.ca, which is specifically incorporated by reference herein.

The above-mentioned factors should not be construed as exhaustive. If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information.

Prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.