Sucro Announces Third Quarter 2023 Results, Initial Dividend and Revised Guidance

CORAL GABLES, Fla. (Nov. 29, 2023) - Sucro Limited ("Sucro" or the "Company") (TSXV:SUG), an integrated sugar company focused primarily on serving the North American market, today announced financial results for the three and nine months ended September 30, 2023 of its wholly-owned subsidiary Sucro Holdings, LLC ("Sucro Holdings"). Sucro acquired Sucro Holdings pursuant to a corporate reorganization effective October 2, 2023 and did not conduct any operations prior to that time. All amounts are shown in United States dollars ("U.S. $" or "$") unless otherwise noted.

Third Quarter Financial Highlights

- Revenues of $139.0 million and sugar deliveries of 122,243 metric tons
- Net income of $1.98 million
- Adjusted gross profit[1] of $15.7 million and adjusted gross margin[1] percentage of 11.3%
- EBITDA[1] of $11.3 million and Adjusted EBITDA[1] of $9.9 million
- Adjusted gross profit per metric ton delivered[2] of $109.95
- Strengthened capital access through successful IPO and amended credit facility
- Declaration of an initial dividend of C$0.10 per share, payable on December 29, 2023 to shareholders of record as of December 15, 2023

Q3 2023 Highlights (unaudited)	**Three Months Ended September 30**			**Nine months Ended September 30**		
Amounts in U.S. $ except per share information	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Revenue	$ 139,041,328	$ 84,002,720	66%	$ 382,274,474	$ 344,799,019	11%
Gross profit	17,116,056	18,349,508	-6.7%	77,825,341	50,805,531	53%
Adjusted gross profit[1]	15,741,515	4,329,441	264%	42,341,814	24,465,129	73%
Adjusted gross profit margin[1]	11.3%	5.2%	117%	11.1%	7.1%	56%
EBITDA[1]	11,316,055	14,430,451	-22%	59,583,529	36,435,108	64%
Adjusted EBITDA[1]	9,897,090	257,933	3737%	24,756,403	11,959,226	107%
Net Income (Loss)	1,982,711	9,128,462	-78%	30,355,003	19,885,496	53%
Adjusted EBITDA Margin[1]	7.1%	0.3%	2267%	6.5%	3.5%	86%
Sugar Deliveries (MTs)	122,243	103,436	18%	380,895	436,610	-13%
Adjusted gross profit per metric ton delivered[2]	$ 109.95	$ 36.60	200%	$ 105.12	$ 56.03	88%

1. This is not a standardized financial measure and may not be comparable to similar financial measures of other issuers. See "Non-IFRS and other Financial Measures" below for the composition and calculation of this financial measure.
2. Net of cash settlements.

"We are pleased to have delivered solid operational and financial performance in the third quarter, supported by our increased sugar refining capabilities in Canada and the US," said Jonathan Taylor, Founder and Chief Executive Officer of Surco. "Positive market dynamics and growth of our internal refining capacity allowed us to increase our sugar deliveries and capture strong margins on each tonne we delivered, and this led to Adjusted Gross Profit and Adjusted EBITDA levels well above our Q3 2022 performance. Also, despite the growth of our platform and ongoing inflationary pressures, we showed our ability to tightly manage costs, with our SG&A expenses declining as a percentage of sales. Looking forward, our Canada and the US sugar refinery expansion initiatives remain on track, and our team remains highly motivated to execute our growth plans."

Q3 2023 Investor Call

The Company will host a conference call on Thursday, November 30, 2023, at 10:00 am Eastern time during which Jonathan Taylor, Founder and Chief Executive Officer, and Stefano D'Aniello, Chief Financial Officer, will discuss Sucro's financial performance for the third quarter ended September 30, 2023.

Date:	Thursday, November 30, 2023	
Time:	10:00 a.m. ET	
Conference Call:	Toll-Free	(888) 664-6392
	Local (GTA)	(416) 764-8659
	Please dial in at least five minutes before the call begins.	
Replay:	Available through December 14, 2023	
Replay Access:	Toll-Free	(888) 390-0541
	Local (GTA)	(416) 764-8677
	Passcode	209169 #

Summary of Results

	Three Months Ended September 30		Nine months Ended September 30	
Amounts in U.S. $ except per share information	2023	2022	2023	2022
Sugar Deliveries (MTs)	122,243	103,436	380,895	436,610
Revenue	$ 139,041,328	$ 84,002,720	$ 382,274,474	$ 344,799,019
Cost of sales	121,925,272	65,653,212	304,449,133	293,993,488
Gross profit	17,116,056	18,349,508	77,825,341	50,805,531
Adjusted gross profit[1]	15,741,515	4,329,441	42,341,814	24,465,129
Adjusted gross profit margin[1]	11.3%	5.2%	11.1%	7.1%
Income From Operations	9,626,256	13,295,158	54,853,802	33,020,030
Income Before Income Taxes	4,236,906	11,334,337	40,733,668	27,867,984
Net Income (Loss)	1,982,711	9,128,462	30,355,003	19,885,496
EBITDA[1]	11,316,055	14,430,451	59,583,529	36,435,108
Adjusted EBITDA[1]	9,897,090	257,933	24,756,403	11,959,226
EBITDA Margin[1]	8.1%	17.2%	15.6%	10.6%
Adjusted EBITDA Margin[1]	7.1%	0.3%	6.5%	3.5%
Return on equity[1] (annualized)	52%	30%	37.1%	37.1%
Adjusted gross profit per metric ton delivered[2]	$ 109.95	$ 36.60	$ 105.12	$ 56.03

1. This is not a standardized financial measure and may not be comparable to similar financial measures of other issuers. See "Non-IFRS and other Financial Measures" below for the composition and calculation of this financial measure.
2. Net of cash settlements.

Results from Operations - Three Months Ended September 30, 2023

For the three months ended September 30, 2023, customer deliveries increased by 18.2% to 122,243 MTs, from 103,436 MTs in 2022 during the same period, primarily due to higher sugar deliveries from our Hamilton and Lackawanna refineries, as the former reaches its full capacity and the latter ramps up during its first year of operations.

Adjusted EBITDA was $9.9 million for the three months ended September 30, 2023, compared with $0.3 million for the corresponding 2022 period, a $9.6 million increase, mainly as a result of higher Adjusted Gross Profit ($15.7 million for the three months ended September 30, 2023, compared with $4.3 million for the corresponding 2022 period). This improvement was in turn driven by higher Adjusted Gross Profit Margins (11.3% compared with 5.2% for the three months ended September 30, 2023, and 2022, respectively) obtained from our strategic focus on higher margin business at our U.S. and Canada refining and wholesale operations.

EBITDA was $11.3 million for the three months ended September 30, 2023, compared with $14.4 million for the corresponding quarter in fiscal 2022, a 21.6% decrease explained by the $14.0 million unrealized mark-to-market gains on commodity forward contracts in the three months ended September 30, 2022, relating to the Lackawanna refinery forward contract bookings for fiscal 2023, which were recognized in 2022. This growth in our forward contracts in the third quarter of 2022 was not replicated in the same 2023 period since the Lackawanna refinery was already operational (i.e., incremental growth as opposed to growth from zero) and bookings for 2024 have been more gradual during fiscal 2023.

Net income for the three months ended September 30, 2023, amounted to $2.0 million, a decrease of $7.1 million when compared to net income of $9.1 million for the three months ended September 30, 2022. This decrease was driven primarily by lower net unrealized results (a $12.6 million decrease) and higher selling, general and administrative expenses (a $2.4 million increase), and interest expense (a $3.5 million increase).

Revenue for the three months ended September 30, 2023, increased by 65.5% to $139.0 million from $84.0 million for the three months ended September 30, 2022. This was driven primarily by higher average sugar prices during the three months ended September 30, 2023 (due to market conditions) and, to a lesser extent, by increased sugar deliveries, which saw an 18.2% increase year-over-year, mostly as a result of increased sugar deliveries from our Hamilton and Lackawanna refineries, as the former reaches its full capacity and the latter ramps up during its first year of operations.

The composition of Sucro Holdings' revenue for the three-month period ended September 30, 2023, and 2022 was as follows:

Three Months Ended September 30	**2023**	**2022**
Tolling	$ 182,962	$ 1,303,487
Warehousing	275,229	314,768
Commodity	132,290,722	83,432,040
Futures and options results	6,292,415	(1,047,574)
Total revenue	**$ 139,041,328**	**$ 84,002,720**

During the three months ended September 30, 2023, Sucro Holdings' futures and options gains were $6.3 million, compared with a $1.0 million loss for the corresponding 2022 period, a $7.3 million increase relating to gains on our Sugar number 11 futures contract positions. For the same periods, tolling revenues declined by $1.1 million (86.0%), 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 Sucro Holdings' cost of sales for the three-month periods ended September 30, 2023, and 2022 was as follows:

Three Months Ended September 30	**2023**	**2022**
Purchases	$ 99,190,894	$ 58,299,759
Production and processing	11,755,374	9,533,079
Logistics/ freight	7,525,851	9,061,637
Labor	1,987,842	1,770,815
Overheads	2,654,565	1,262,000
FX Results	185,287	(254,011)
Mark to market unrealized positions	(1,374,541)	(14,020,067)
Total cost of sales	**$ 121,925,272**	**$ 65,653,212**

Cost of sales for the three months ended September 30, 2023 were $121.9 million, an increase of $56.2 million (85.7%) from $65.7 million for the three months ended September 30, 2022.This increase was primarily due to higher sugar prices (44.0%), higher sales volumes (18.2%), and a decrease in unrealized mark-to-market gains.

Mark-to-market on unrealized positions was $1.4 million for the three months ended September 2023, compared with $14.0 million for the corresponding fiscal 2022 period. The largest driver in this reduction was unrealized mark-to-market losses on commodities forward contracts of $17.4 million in the third quarter of 2023, compared with a $12.9 million gain in 2022. While the 2022 gain was explained by a high volume of forward contract bookings for the Lackawanna refinery, the loss in 2023 is due to the effect of market changes relative to our U.S. positions. These losses were offset by unrealized mark-to-market gains on inventory of $23.9 million (compared with $1.0 gain in 2022), driven by favorable market conditions in the U.S. and Mexico. Unrealized mark-to-market losses on futures positions were $5.1 million in the three months ended September 30, 2023, compared with a gain of $0.1 million in 2022, as we cash settled favorable futures positions during the period in 2023. As at September 30, 2023, Sucro Holdings' had forward positions on 995,516 MT of sugar compared to 913,949 MT as at September 30, 2022, a 8.9% increase primarily driven by the expected higher production levels at our Lackawanna refinery in 2024.

Other factors that increased cost of sales during the three months ended September 30, 2023, compared to the corresponding 2022 period, included production and processing (a $2.2 million or 23.3% increase year over year), labor (a $0.2 million or 12.3% increase year over year), and overheads (a $1.4 million or 110.3% increase year over year), all of which are due to increased production volumes in our new refinery in Lackawanna, which was not in operation during most of fiscal 2022. Offsetting these increases, logistics and freight expense saw a $1.5 million or 16.9% reduction primarily as a result of lower average inbound freight rates in 2023.

Adjusted Gross Profit rose by 263.6%, from $4.3 million for the three months ended September 30, 2022, to $15.7 million for the three months ended September 30, 2023, and Adjusted Gross Profit Margin increased to 11.3% for the three months ended September 30, 2023 (from 5.2% for the three months ended September 30, 2022). This is the result of relatively higher margins on our physical operations across the USA and Canada and the cash settlement of favorably priced supply agreements. As our North American refining operations grow and scale, we expect Adjusted Gross Profit Margin to continue increasing.

The composition of Sucro Holdings' selling, general and administrative expenses for the three-month periods ended September 30, 2023, and 2022 was as follows:

Three Months Ended September 30	**2023**	**2022**
Administrative expenses	$ 4,649,853	$ 3,014,866
Selling and distribution expenses	478,669	(131,718)
Other operating expenses	1,013,140	898,936
Depreciation	1,139,843	751,729
Depreciation of right-of-use assets	208,295	224,129
Equity-based compensation	-	296,408
Total Selling, General and Administrative Expenses	**$ 7,489,800**	**$ 5,054,350**

Sucro Holdings' selling, general and administrative expenses amounted to $7.5 million for the three months ended September 30, 2023, an increase of $2.4 million (48.2%) when compared to expenses of $5.1 million for the three months ended September 30, 2022. As our operations continue to grow and scale, we expect selling, general and administrative expenses as a percentage of revenue to decrease over time.

Administrative expenses, which include staff payroll, benefits and pension costs, professional fees, insurance, bank service charges and other office expenses increased by $1.6 million (54.2%) from $3.0 million for the three months ended September 30, 2022, to $4.6 million for the three months ended September 30, 2023. The most significant driver of the increase in these expenses is additional personnel expenses at our newly commissioned refinery in Lackawanna, sales staff to support our growing sales volumes, and professional fees for legal and accounting as Sucro Holdings increases the overall size of its operations and prepared for an initial public offering via the reorganization with Sucro Limited.

During the three months ended September 30, 2023, Sucro Holdings saw an increase in its selling and distribution expenses of $0.6 million, or 463.4%. The marketing campaigns were consistent year over year and the main reason of this increase was related to commissions paid to third parties for sugar origination.

During the three months ended September 30, 2023, other operating expenses, including travel, business taxes and licenses, bad debts, outside labour and IT expenses, amounted to $1.0 million, an increase of $0.1 million (12.7%) when compared to expenses of $0.9 million for the three months ended September 30, 2022.

Depreciation expense for Sucro Holdings' property, plant, and equipment amounted to $1.1 million for the three months ended September 30, 2023, an increase of $0.4 million, or 51.6% compared to $0.8 million for the three months ended September 30, 2022. This increase was due to significant investments in capital assets in 2022 and into 2023, especially in our Lackawanna refinery.

For the three months ended September 30, 2023, Sucro Holdings incurred no equity-based compensation expense, compared to $0.3 million in fiscal 2022.

During the three months ended September 30, 2023, Sucro Holdings incurred interest expense of $5.9 million, an increase of $3.5 million, or 151.4%, when compared to interest expense of $2.3 million during the three months ended September 30, 2022. The increase is a combination of increases to Sucro Holdings' overall borrowings, primarily to fund inventory and accounts receivable, but also an overall increase in the SOFR rate by 233 basis points in the U.S. from September 30, 2022, to September 30, 2023, which affects Sucro's short-term financial liabilities.

Sucro Holdings' current and deferred income tax expense increased by $0.1 million from $2.2 million for the three months ended September 30, 2022, to $2.3 million for the three months ended September 30, 2023. The Company recognized $1.5 million in current income tax during the three months ended September 30, 2023, owing to deductions that reduced current taxable income. Deferred tax expense of $0.8 million resulted from temporary differences arising from unrealized gains on inventory and forward, futures and foreign exchange contracts, as well as from the difference between accounting and tax depreciation rates and methods of property, plant, and equipment.

Results from Operations - Nine Months Ended September 30, 2023

For the nine months ended September 30, 2023, customer deliveries decreased by 12.8%, from 436,610 MTs in 2022 to 380,895 MTs in 2023 over the same period in 2022, primarily due to our exit from low margin local deliveries in Mexico that are unrelated to origination for our U.S. business and, to a lesser extent, decreased deliveries of organic sugar, as we stayed away from large volume FOB sales to focus on more profitable delivered contracts in the U.S.

Adjusted EBITDA was $24.8 million for the nine months ended September 30, 2023, compared with $12.0 million for the corresponding 2022 period, a 107.0% increase, mainly as a result of higher Adjusted Gross Profit ($42.3 million for the nine months ended September 30, 2023, compared with $24.5 million for the corresponding 2022 period). This improvement was in turn driven by higher Adjusted Gross Profit Margins (11.1% compared with 7.1% for the nine months ended September 30, 2023, and 2022, respectively) 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 $59.6 million for the nine months ended September 30, 2023, compared with $36.4 million for the corresponding period in fiscal 2022, a 63.5% increase also driven both by higher Adjusted Gross Profit and Adjusted Gross Profit Margins, as well as by unrealized mark-to-market results, which were in turn driven by unrealized mark-to-market gains on inventory relating to favorable market conditions in the U.S. and Mexico.

Net income for the nine months ended September 30, 2023, amounted to $30.3 million, an increase of $10.4 million when compared to net income of $19.9 million for the nine months ended September 30, 2022. This increase was driven primarily by increases in Adjusted Gross Profit and mark-to-market gains on unrealized positions (primarily inventory positions in the U.S. and Mexico) that outpaced increases in Sucro Holdings' selling, general and administrative expenses, interest expense, and tax expense, as Sucro Holdings continued to grow in size and scale.

Revenue for the nine months ended September 30, 2023, increased by 10.9% to $382.3 million from $344.8 million for the nine months ended September 30, 2022. Higher average sugar prices during the nine months ended September 30, 2023 (due to market conditions), partially offset a decrease in volumes sold. During the nine months ended September 30, 2023, Sucro Holdings' volume of sugar sold decreased by 55,715 MTs of sugar, or 12.8%, which was driven by lower sales volumes in Mexico, a market where we expect to lower our volumes of local deliveries in fiscal 2023 and thereafter, and, to a lesser extent, decreased deliveries of organic sugar, as we stayed away from large volume FOB sales to focus on more profitable delivered contracts in the U.S.

Revenues are anticipated to increase in the last quarter of 2023 and the full 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 61,000 MT of sugar in Fiscal 2023 and 132,000 MT in Fiscal 2024.

The composition of Sucro Holdings' revenue for the nine-month periods ended September 30, 2023, and 2022 was as follows:

Nine months Ended September 30	**2023**	**2022**
Tolling	$ 1,103,992	$ 4,087,063
Warehousing	864,729	885,667
Commodity	377,518,358	340,768,873
Futures and options results	2,787,395	(942,584)
Total revenue	**$ 382,274,474**	**$ 344,799,019**

During the nine months ended September 30, 2023, Sucro Holdings' futures and options gains were $2.8 million, compared with a $0.9 million loss for the corresponding 2022 period, a $3.7 million increase relating to market gains on our Sugar 11 futures contracts positions. For the same periods, tolling revenues declined by $3.0 million (73.0%), 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 Sucro Holdings' cost of sales for the nine-month periods ended September 30, 2023, and 2022 was as follows:

Nine months Ended September 30	**2023**	**2022**
Purchases	$ 253,298,163	$ 256,709,623
Production and processing	38,225,338	23,107,185
Logistics/ freight	35,083,257	31,748,308
Labor	5,057,134	4,327,390
Overheads	7,508,536	3,734,440
FX Results	760,232	706,944
Mark to market unrealized positions	(35,483,527)	(26,340,402)
Total cost of sales	**$ 304,449,133**	**$ 293,993,488**

Cost of sales increased by $10.5 million (3.6%) from $294.0 million for the nine months ended September 30, 2022, to $304.4 million for the nine months ended September 30, 2023. Adjusted Gross Profit rose by 73.1%, from $24.5 million for the nine months ended September 30, 2022, to $42.3 million for the nine months ended September 30, 2023, and Adjusted Gross Profit Margin increased to 11.1% for the nine months ended September 30, 2023 (from 7.1% for the nine months ended September 30, 2022). This is the result of relatively higher margins on our physical operations across the USA and Canada and the cash settlement of favorably priced supply agreements. As our North American refining operations grow and scale, we expect Adjusted Gross Profit Margin to continue increasing.

The drivers for the increase in cost of sales during the nine months ended September 30, 2023, compared to the 2022 period included production and processing (a $15.1 million or 65.4% increase), logistics and freight (a $3.3 million or 10.5% increase), labor (a $0.7 million or 16.9% increase), and overheads (a $3.8 million or 101.1% increase), all of which saw increases relating to our Lackawanna refinery's first full year of operations.

Mark-to-market gains on inventory and, to a lesser extent, commodity forward contracts, drove the $35.5 million gains on unrealized mark-to-market positions for the nine months ended September 30, 2023 (compared with $26.3 million for the same period in fiscal 2022). Unrealized mark-to-market gains on inventory for the nine months ended September 30, 2023, was $26.0 million ($0.8 million in 2022). This result was driven by favorable market conditions in the U.S. and Mexico.

During the nine months ended September 30, 2023, Sucro Holdings had net unrealized mark-to-market gains on forward sugar contracts of $10.9 million compared with $26.7 million in 2022. The mark-to-market gains on commodity forward contracts were primarily driven by higher expected margins in forward contracts booked at September 30, 2023.

The composition of Sucro Holdings' selling, general and administrative expenses for the nine-month periods ended September 30, 2023, and 2022 was as follows:

Nine months Ended September 30		**2023**		**2022**
Administrative expenses	$	13,770,970	$	10,229,876
Selling and distribution expenses		1,829,760		414,167
Other operating expenses		2,393,380		2,541,049
Depreciation		3,311,350		1,892,692
Depreciation of right-of-use assets		648,914		610,764
Equity-based compensation		(570,853)		2,096,953
Equity-based settlement expense		1,588,018		-
Total Selling, General and Administrative Expenses	**$**	**22,971,539**	**$**	**17,785,501**

Sucro Holdings' selling, general and administrative expenses amounted to $23.0 million for the nine months ended September 30, 2023, an increase of $5.2 million (29.2%) when compared to expenses of $17.8 million for the nine months ended September 30, 2022. As our operations continue to grow and scale, we expect selling, general and administrative expenses as a percentage of revenue 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 $13.8 million for the nine months ended September 30, 2023, an increase of $3.5 million (34.6%) from $10.2 million for the nine months ended September 30, 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 Sucro Holdings increases the overall size of its operations and prepared for an initial public offering via the Reorganization with Sucro Limited.

During the nine months ended September 30, 2023, Sucro Holdings saw an increase in its selling and distribution expenses of $1.4 million, or 341.8%, from $0.4 million incurred during the nine months ended September 30, 2022, to $1.8 million in the nine months ended September 30, 2023. The marketing campaigns were consistent year over year and the main reason of this increase was related to commissions paid to third parties for sugar origination.

During the nine months ended September 30, 2023, other operating expenses, including travel, business taxes and licenses, bad debts, outside labour and IT expenses, amounted to $2.4 million, a decrease of $0.1 million (5.8%) when compared to expenses of $2.5 million for the nine months ended September 30, 2022.

Depreciation expense for Sucro Holdings' property, plant, and equipment amounted to $3.3 million for the nine months ended September 30, 2023, an increase of $1.4 million, or 75.0% compared to expense of $1.9 million for the nine months ended September 30, 2022. This increase was due to significant investments in capital assets in 2022 and into 2023, especially in our Lackawanna refinery.

As a result of a settlement with a former employee, previously accrued equity-based compensation on unvested and cancelled restricted units was recognized, leading to a net equity-based compensation recovery of $0.6 million for the nine months ended September 30, 2023.

During the nine months ended September 30, 2023, Sucro Holdings incurred interest expense of $15.3 million, an increase of $8.9 million, or 140.2%, over the nine months ended September 30, 2022. The increase is a combination of increases to Sucro Holdings' overall borrowings, primarily to fund inventory and accounts receivable, but also an overall increase in the SOFR rate by 233 basis points in the U.S. from September 30, 2022, to September 30, 2023, which affects interest incurred on Sucro's short-term financial liabilities.

Sucro Holdings' current and deferred income tax expense increased by $2.3 million from $8.1 million for the nine months ended September 30, 2022, to $10.4 million for the nine months ended September 30, 2023. The Company recognized $0.4 million in current income tax during the nine months ended September 30, 2023, owing to deductions that reduced current taxable income. On the other hand, deferred tax expense of $10.0 million resulted from temporary differences arising from unrealized gains on inventory and forward, futures and foreign exchange contracts, as well as from the difference between accounting and tax depreciation rates of property, plant, and equipment.

Declaration of Initial Dividend

The Board of Directors of Sucro has today declared an initial dividend of C$0.10 per Subordinate Voting Share payable on December 29, 2023 to shareholders of record on December 15, 2023. The Board has also declared an equivalent dividend of C$10.00 per share on the unlisted Proportionate Voting Shares of Sucro, each of which is convertible into 100 Subordinate Voting Shares.

The Board intends to make further distributions to shareholders on a semi-annual basis, subject to available capital resources, current and anticipated cash requirements, contractual restrictions and financing agreement covenants and solvency tests imposed by applicable corporate law, among other factors.

Revision to Guidance

Sucro's final prospectus dated October 19, 2023, contained EBITDA and Adjusted EBITDA estimates for the year ended December 31, 2023, of between $63.0 million and $70.0 million and $37 million and $41 million, respectively. While management believes the actual 2023 results will be in line with the EBITDA estimate provided, actual Adjusted EBITDA results are now expected to be between $30 million and $32 million due to lower-than-expected Adjusted Gross Profit contributions from our non-refining wholesale operations in the U.S. and Caribbean markets.

The Company disclaims any intention, expectation, obligation or undertaking to update or revise this revised guidance whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

Award of Restricted Share Units

The Board of Directors of Sucro have awarded 296,704 restricted share units ("RSUs") to officers of the Company under the Company's Omnibus Equity Incentive Plan who have agreed to the cancellation of an aggregate 436,739 equity appreciation rights ("EARs") previously awarded under the Equity Participation Plan of the Sucro Holdings (the "EAR Plan"). Under the EAR Plan, as amended, holders of EARs are entitled to a cash payment from Sucro Holdings on a sale of Sucro calculated as the difference between the sale price (net of transaction costs) and the specified base valuation indicated in the applicable EAR award, if any, and on the basis of each EAR representing one Subordinate Voting Share of Sucro. The purpose of the RSU awards is to transition equity-based compensation away from the former privately held Sucro Holdings to the new Omnibus Equity Incentive Plan of Sucro following the completion of its initial public offering on October 30, 2023. No further awards of EARs will be made under the EAR Plan and 356,075 EARs remain outstanding following these cancellations. The RSUs awarded will vest over a period of a minimum of one year and a maximum of two years.

About Sucro

Sucro is a growth-oriented sugar company that operates throughout the Americas, with a primary focus on serving the North American sugar market. The Company operates a highly integrated and interconnected sugar supply business, utilizing the entire sugar supply chain to service its customers. Sucro's integrated supply chain includes sourcing raw and refined sugar from countries throughout Latin America, and refined sugar from its own refineries, and delivering to customers in North America and the Caribbean. Since its inception in 2014, Sucro has achieved significant growth by creating value for customers through continuous process innovation and supply chain re-engineering. Sucro has established a broad production, sales and sourcing network throughout North America with two cane sugar refineries and an additional value-added processing facility. The Company has offices in Miami, Mexico City, Sao Paulo, Guayaquil and Port of Spain. For more information, visit *sucro.us* and follow us on *LinkedIn.*

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Non-IFRS and other Financial Measures

In this news release, reference is made to the following non-IFRS measures:

- 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.
- 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. Adjusted EBITDA is EBITDA further adjusted to remove transaction costs, stock-based compensation expense, income (loss) from discontinued operations, gain (loss) on derecognition of derivative liabilities, 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. The most directly comparable IFRS measure for both EBITDA and adjusted EBITDA is net income.
- 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 members' equity at the beginning of the period, expressed as a percentage.

Such non-IFRS financial measures are not standardized financial measures under International Financial Reporting Standards ("IFRS") and might not be comparable to similar financial measures disclosed by other issuers. For a reconciliation between non-IFRS measures and the most directly comparable financial measure in our financial statements, please refer to the "Other Selected Financial Information (Key Performance Indicators) –Non-IFRS Measures" section in our Q3 MD&A.

Forward-Looking Statements

This Press Release 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 2023 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 in the last quarter of 2023 and the full 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; 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 Canadian refinery 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 Press Release, 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 final prospectus (the "Final

Prospectus") of Sucro dated October 19, 2023 and filed on SEDAR+ at www.sedarplus.ca.

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 Press Release represents our expectations as of the date of this Press Release (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. For additional information, readers should also refer to our Final Prospectus and other information filed on www.sedarplus.ca.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.