
Unaudited Condensed Interim Consolidated Financial Statements

Sucro Limited

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

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Sucro Limited

Condensed Interim Consolidated Statements of Financial Position

As of

(Expressed in Thousands of US Dollars)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets		
Current Assets		
Cash	\$ 3,074	\$ 5,919
Trading and derivative assets (note 5)	3,529	2,179
Accounts and other receivable	102,116	69,865
Inventory (note 6)	161,989	215,851
Due from related parties (note 11)	3,211	3,023
Unrealized gains on forward commitments (note 16)	136,640	140,544
Prepaid expenses	7,069	6,560
Total Current Assets	417,628	443,941
Non-Current Assets		
Property, plant and equipment (note 7)	90,991	82,922
Right-of-use assets	13,358	13,178
Sales taxes recoverable	2,214	2,014
Equity investment	932	841
Other non-current assets	72	72
Goodwill	961	961
Total Non-Current Assets	108,528	99,988
Total Assets	\$ 526,156	\$ 543,929

Sucro Limited

Condensed Interim Consolidated Statements of Financial Position

As of

(Expressed in Thousands of US Dollars)

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 62,313	\$ 60,032
Unrealized losses on forward commitments (note 16)	8,967	34,025
Loans and borrowings, current portion (note 8)	216,500	229,052
Due to related parties (note 11)	334	5,054
Taxes payable	436	329
Lease liabilities, current portion	758	686
Sales taxes payable	2,676	5,345
Total Current Liabilities	291,984	334,523
Non-Current Liabilities		
Loans and borrowings, net of current portion (note 8)	36,290	37,704
Deferred tax liability	22,870	18,068
Lease liabilities	11,897	11,809
Total Liabilities	363,041	402,104
Shareholders' Equity		
Share capital (note 9)	53,782	53,782
Retained earnings	106,138	86,667
Equity-based compensation reserve (note 17)	1,546	902
Cash flow hedging reserve (note 4)	148	(759)
Equity Attributable to Shareholders of the Company	161,614	140,592
Non-controlling interest	1,501	1,233
Total Shareholders' Equity	163,115	141,825
Total Liabilities and Shareholders' Equity	\$ 526,156	\$ 543,929

Nature of Operations (note 1)

Commitments and Contingencies (note 18)

Subsequent Events (note 23)

Approved on behalf of the Board of Directors.

Signed " Don Hill " Director

Signed " Andrew Ferrier " Director

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

Sucro Limited

Condensed Interim Consolidated Statements of Income and Comprehensive Income

For the three months ended March 31,

(Expressed in Thousands of US Dollars)

	2024 (Unaudited)	2023 (Unaudited)
Revenue (notes 13 and 19)	\$ 184,325	\$ 125,086
Cost of sales (note 14)	147,218	99,627
Gross Profit	37,107	25,459
Selling, General and Administrative Expenses		
Administrative expenses (note 11)	5,475	5,154
Selling and distribution expenses	407	743
Other operating expenses	465	797
Depreciation (note 7)	381	290
Depreciation of right-of-use assets	156	134
Equity-based compensation (note 9)	644	201
Total Selling, General and Administrative Expenses	7,528	7,319
Income From Operations	29,579	18,140
Other Income (Expenses)		
Interest expense	(5,174)	(3,867)
Interest income	292	94
Earnings from equity investment	91	221
Other income (expense)	(137)	130
Total Other Income (Expenses)	(4,928)	(3,422)
Income Before Income Taxes	24,651	14,718
Income Tax Expense		
Current income tax expense	(110)	(1,563)
Deferred income tax expense	(4,802)	(1,657)
Total Tax Expense	(4,912)	(3,220)
Net Income	19,739	11,498
Other Comprehensive Income		
Items that may be reclassified to profit or loss		
Gain (loss) on Interest Rate Swap	949	(125)
Loss on Energy Rate Swap	(42)	(95)
Comprehensive Income	\$ 20,646	\$ 11,278
Net Income per Share - basic	\$ 2.88	\$ 2.21
Net Income per Share - diluted	\$ 0.83	\$ 0.53
Weighted Average Number of Shares Outstanding - basic	6,850,495	5,195,913
Weighted Average Number of Shares Outstanding - diluted	23,839,838	21,888,474
Net Income Attributable to:		
Non-controlling interest	\$ 268	\$ 2,291
Shareholders of the Company	19,471	9,207
	\$ 19,739	\$ 11,498
Comprehensive Income Attributable to:		
Non-controlling interest	\$ 268	\$ 2,291
Shareholders of the Company	20,378	8,987
	\$ 20,646	\$ 11,278

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

Sucro Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Thousands of US Dollars)

	Share Capital	Retained Earnings	Equity-based Compensation Reserve	Put Option Reserve	Cash Flow Hedging Reserve	Non- controlling Interest	Total Shareholders' Equity
Balance, January 1, 2023	\$ 43,715	\$ 71,624	\$ 2,444	\$ (7,058)	\$ 347	\$ (1,945)	\$ 109,127
Unrealized loss on interest rate swaps	-	-	-	-	(125)	-	(125)
Unrealized loss on energy rate swaps	-	-	-	-	(95)	-	(95)
Equity based compensation	-	-	201	-	-	-	201
Put option reserve	-	-	-	(671)	-	-	(671)
Net income (loss) attributable to share holders of the Company	-	9,207	-	-	-	-	9,207
Total equity attributable to share holders of the Company	43,715	80,831	2,645	(7,729)	127	(1,945)	117,644
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	2,291	2,291
Balance, March 31, 2023 (Unaudited)	\$ 43,715	\$ 80,831	\$ 2,645	\$ (7,729)	\$ 127	\$ 346	\$ 119,935
Balance, January 1, 2024	\$ 53,782	\$ 86,667	\$ 902	\$ -	\$ (759)	\$ 1,233	\$ 141,825
Unrealized profit on interest rate swaps	-	-	-	-	949	-	949
Unrealised loss on energy rate swaps	-	-	-	-	(42)	-	(42)
Equity-based compensation	-	-	644	-	-	-	644
Net income (loss) attributable to share holders of the Company	-	19,471	-	-	-	-	19,471
Total equity attributable to share holders of the Company	53,782	106,138	1,546	-	148	1,233	162,847
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	268	268
Balance, March 31, 2024 (Unaudited)	\$ 53,782	\$ 106,138	\$ 1,546	\$ -	\$ 148	\$ 1,501	\$ 163,115

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

Sucro Limited

Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31,
(Expressed in Thousands of US Dollars)

	2024 (Unaudited)	2023 (Unaudited)
Cash provided by (used in)		
Cash Flows From Operating Activities		
Net income for the period	\$ 19,739	\$ 11,498
Adjustments to reconcile net income to net cash used in operating activities:		
Earnings from equity investment	(91)	(221)
Lease interest expense	262	103
Gain on lease modification	-	(86)
Net change in mark to market on forward contracts (note 4)	(21,151)	(15,014)
Depreciation expense (note 7)	1,275	1,035
Unrealised foreign exchange loss on lease liability	(250)	-
Depreciation of right-of-use assets	236	230
Equity-based compensation	644	201
Deferred tax expense	4,802	1,657
Operating cash flows before changes in non-cash working capital	5,466	(597)
Changes in non-cash operating assets and liabilities(note 20)	15,455	5,605
Net cash provided by operating activities	20,921	5,008
Net cash used in investing activities (note 21)	(9,344)	(2,373)
Net cash used in financing activities (note 22)	(14,422)	(2,830)
Net increase (decrease) in cash	(2,845)	(195)
Cash, beginning of period	5,919	6,997
Cash, end of period	\$ 3,074	\$ 6,802
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 4,924	\$ 3,221

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

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

1. Nature of Operations

Sucro Limited (the “Company”) was incorporated as an exempt company under the Companies Act (2023 Revision) (Cayman Islands) on July 31, 2023. The Company is incorporated and domiciled in the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and the principal place of business is 2020 Ponce De Leon, Suite 1204, Coral Gables, Miami, Florida 33145. The Company is a vertically integrated wholesale sugar merchant, operating primarily in North America. The Company's business consists primarily of purchasing raw, refined, and specialty sugars from mills in net-exporting countries and supplying raw, refined, specialty and liquid sugars to wholesalers and food and beverage manufacturers in net-importing countries. The Company's shares trade under the ticker symbol “SUG.V” on the TSX Venture Exchange in Canada.

The Company's operations are classified into two reportable business segments: Trade and Services (see note 19). Each of these segments is organized based upon the nature of products and services offered and aligns with the management structure. The Trade segment is a business focusing on capturing profits through sourcing, merchandising, and managing logistics of sugar. The Company's asset-based Services segment provides tolling (refining, processing, handling, packaging, and quality assurance), storage, and other services primarily to the Trade segment.

The following companies have been consolidated within the Company's consolidated financial statements. The Company's percentage of ownership as of March 31, 2024 and 2023 was:

Name of the Corporation	Jurisdiction of Incorporation	Principal Activity	Percentage of Ownership	
			March 31, 2024	March 31, 2023
Sucro Holdings, LLC	Florida	Administrative	100%	100%
Sucro Can Sourcing, LLC	Florida	Wholesale Sugar Merchant	100%	100%
Sucro Can International	Delaware	Sugar Processor	100%	100%
Sucro Trading SRL	Panama	Wholesale Sugar Merchant	100%	100%
Sucro Can Canada Inc.	Ontario, Canada	Sugar Processor	100%	100%
Sweet Life, LLC	Delaware	Sugar Processor	100%	100%
Sucro Atlanta, LLC	Delaware	Equipment	100%	100%
Sucro Chicago, LLC	Delaware	Real Estate	100%	100%
Sweet Life Services, LLC	Delaware	Sugar Processor, storage and broker	51%	51%
Sucro 2020, LLC	Florida	Real Estate	100%	100%
Sucro Real Estate NY, LLC	New York	Real Estate	100%	100%
WS Services, LLC	Delaware	Sugar storage	100%	50%
Sucro Processing LLC	Delaware	Sugar Processor	100%	100%
Sweet Life Transportation LLC	Delaware	Inactive	100%	100%
SCM Sugar Servicios S.A.	Mexico	Administrative	100%	0%

As of March 31, 2024, SC Americas Corp (the "Ultimate Parent") owned 67.92% (December 31, 2023 - 67.92%) of the Company. In addition to the companies listed above, the Company also has a 100% interest in Sucro Brazil LTDA and Sugar Latam del Ecuador S.A. Each of these entities are inactive subsidiaries.

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of US Dollars)

1. Nature of Operations (continued)

Reorganization

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

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

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

Initial Public Offering

On October 20, 2023, the Company filed a final prospectus in all provinces of Canada other than Quebec for the distribution of 1,364,000 SVS in an initial public offering from treasury at a price of CAD\$11.00 per share for gross proceeds of CAD\$15,004,000 (the "Offering"). On October 30, 2023, the Company completed its initial public offering.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards and related Interpretations which are issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) (collectively IFRSs). These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2023 except as noted below. These consolidated financial statements were authorized for issuance by the Board of Directors on May 29, 2024.

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

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

2. Basis of Preparation (continued)

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

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

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

3. Material Accounting Policy Information

(a) Recent accounting pronouncements

The following amended accounting standards issued by the IASB have an effective date on or after January 1, 2024 and were adopted effective January 1, 2024.

(i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The Company has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1, as issued in 2020 and 2022, which are applied for annual reporting periods beginning on or after January 1, 2024. These amendments clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities subject to covenants within 12 months after the reporting date. Application of these amendments did not have a material impact on the Company’s condensed interim consolidated financial statements.

4. Trading, Derivative and Hedging Activities

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

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

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

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Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of US Dollars)

4. Trading, Derivative and Hedging Activities (continued)

As of March 31, 2024, the total notional amount of the Company's receive-variable/pay-fixed interest rate swaps was \$79,000 (December 31, 2023- \$64,000).

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

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

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Forward commitments	\$ 136,502	\$ 140,495
Futures contracts (note 5)	3,381	2,938
Interest rate swaps (note 5)	456	281
Foreign currency forwards	138	49
Total derivatives	\$ 140,477	\$ 143,763

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Forward commitments (note 5)	\$ 8,738	\$ 32,902
Interest rate swaps (note 5)	29	803
Foreign currency forwards	229	1,123
Energy swap (note 5)	279	237
Total derivatives	\$ 9,275	\$ 35,065

During the period ended March 31, 2024 and March 31, 2023, net unrealized gains (losses) on derivative transactions recognized in cost of sales are as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Mark-to-market gains on commodity forward commitments	\$ 20,930	\$ 8,261
Mark-to-market gains on inventory	(4,851)	5,379
Mark-to-market gains (losses) on futures contracts	4,090	1,379
Mark-to-market gains (losses) on foreign currency forwards	982	(5)
Total gains	\$ 21,151	\$ 15,014

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements
 For the three months ended March 31, 2024 and 2023
 (Expressed in Thousands of US Dollars)

4. Trading, Derivative and Hedging Activities (continued)

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

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in OCI on Derivative (effective portion) for the three months ended March 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 three months ended March 31		Location of gain (loss) reclassified in income on derivative (ineffective portion)	Amount of gain (loss) recognized in income on derivative (ineffective portions) for the three months ended March 31	
	2024	2023		2024	2023		2024	2023
	Interest rate swap	\$ 949		\$ (125)	Interest income (expense)		\$ 232	\$ -
Energy rate swap	\$ (42)	\$ (95)	Cost of sales	\$ (137)	\$ -	Other income (expense)	\$ -	\$ -

5. Trading and Derivative Assets and Liabilities

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

As of March 31, 2024 and December 31, 2023, trading account assets and liabilities consist of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash position	\$ 7,441	\$ 11,089
Net unrealized gains (losses) on open futures contracts	(4,060)	(8,151)
Interest rate swaps	427	(522)
Energy swap	(279)	(237)
Net trading and derivative assets	\$ 3,529	\$ 2,179

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

6. Inventory

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

The Company's inventories consist of the following:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Sugar commodities	\$ 161,342	\$ 215,441
Processing additives	647	410
Total	\$ 161,989	\$ 215,851

The cost of inventories included as an expense through cost of sales for the three months ended March 31, 2024 was \$109,779 (March 31, 2023 - \$63,685). As of March 31, 2024, inventory of \$141,418 (December 31, 2023 - \$215,441) was pledged as security against the Company's borrowing base revolving line of credit facility.

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

7. Property, Plant and Equipment

	Office and computer equipment	Machinery and plant equipment	Buildings and leasehold improvements	Furniture and fixtures	Vehicles	Land	Construction in progress	Total
Cost								
Balance - December 31, 2023 (Audited)	\$ 843	\$ 59,062	\$ 27,812	\$ 547	\$ 247	\$ 258	\$ 8,735	\$ 97,504
Additions	-	107	50	-	-	-	9,491	9,648
Disposals	-	(190)	(114)	-	-	-	-	(304)
Reclassification from Construction in progress	-	1,100	-	-	-	-	(1,100)	-
Balance - March 31, 2024 (Unaudited)	\$ 843	\$ 60,079	\$ 27,748	\$ 547	\$ 247	\$ 258	\$ 17,126	\$ 106,848
Accumulated Depreciation								
Balance - December 31, 2023 (Audited)	\$ 324	\$ 13,012	\$ 1,074	\$ 104	\$ 68	\$ -	\$ -	\$ 14,582
Depreciation	42	985	219	19	10	-	-	1,275
Balance - March 31, 2024 (Unaudited)	\$ 366	\$ 13,997	\$ 1,293	\$ 123	\$ 78	\$ -	\$ -	\$ 15,857
Carrying Amount								
As of December 31, 2023 (Audited)	\$ 519	\$ 46,050	\$ 26,738	\$ 443	\$ 179	\$ 258	\$ 8,735	\$ 82,922
As of March 31, 2024 (Unaudited)	\$ 477	\$ 46,082	\$ 26,455	\$ 424	\$ 169	\$ 258	\$ 17,126	\$ 90,991

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

8. Loans and Borrowings

Changes to the Company's loans and borrowings for the period ended March 31, 2024 and the year ended December 31, 2023 are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Opening balance	\$ 266,756	\$ 194,840
Lines of Credit (a)	38,700	116,077
Senior Secured Equipment Loan (b)	320	7,457
Repurchase obligations (c)	27,212	19,103
Vehicle Loan	-	112
Other Promissory Note	-	200
Repayments	(79,841)	(70,554)
Debt issuance costs	(357)	(1,391)
Reclassified from (to) liabilities held for sale	-	912
Ending balance	\$ 252,790	\$ 266,756
Current portion	\$ 216,500	\$ 229,052
Long term portion	\$ 36,290	\$ 37,704

(a) Lines of Credit

Type	Effective rate	Maturity	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Line of credit (i)	Wall Street Journal + 0.75% or never less than 4% [At March 31, 2024 - 9.25% (December 31, 2023- 9.25%)]	April, 2025	\$ 400	\$ 200
Line of credit (ii)	Secured overnight financing rate plus 3.5% [At March 31, 2024- 8.60% (December 31, 2023 -8.59%)]	August, 2024	191,177	189,777
			\$ 191,577	\$ 189,977

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

ii) As security for the facility, Sucro Can Sourcing, LLC and Sucro Trading SRL have pledged all assets, including all inventory, equipment and existing and future contracts for the purchase and sale of sugar products along with any receivables arising from the performance of those contracts. In addition, this facility is guaranteed by Sucro Holdings, LLC and Sucro Limited on a stand-alone basis.

The Company incurred \$3,970 of interest expense on the above credit facilities for the period ended March 31, 2024 (2023 - \$2,385). As of March 31, 2024, the Company was in compliance with its covenants.

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Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of US Dollars)

8. Loans and Borrowings (continued)

(b) Senior Secured Equipment and Real Estate Loans

Type of loan	Effective rate	Maturity	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Equipment (i)	7.75%	April, 2029	\$ 13,569	\$ 13,938
Equipment (ii)	6.85%	November, 2030	1,500	1,544
Equipment (iii)	Variable	on demand	604	604
Equipment (iv)	4.0120	December, 2028	773	836
Equipment (v)	3.84%	December, 2026	5,404	5,456
Equipment (vi)	five year treasury rate plus 2.3%	November, 2027	218	232
Equipment (vii)	five year treasury rate plus 2.3%	October, 2027	442	470
Equipment (viii)	6.65%	March, 2027	351	386
Equipment (ix)	7.36%	December, 2028	3,258	3,400
Equipment (x)	4.6%	March 2027	427	460
Real Estate (xi)	WSJ +1.25%	April, 2027	13,537	13,596
Real Estate (xii)	3.582%	February, 2025	777	806
Equipment (xiii)	6.38%	January, 2031	314	-
			\$ 41,174	\$ 41,728

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

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

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

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

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

8. Loans and Borrowings (continued)

(c) Repurchase Obligations

The Company periodically enters into sale agreements with a related repurchase agreement whereby the Company receives cash from a financial institution in exchange for the sale of inventory, which the Company agrees to repurchase from the financial institution at a fixed rate at a future date. These sale transactions are recorded as financial liabilities. As of March 31, 2024, the Company had open purchase agreements for 28,475 MT (December 31, 2023 - 53,320 MT) of raw sugar for which it has recognized liabilities of \$19,846 (December 31, 2023 - \$35,551) and accrued interest of \$561 (December 31, 2023 - \$961). The purchase agreements all have maturity dates of less than six months and carry an average interest rate of 12.75% (December 31, 2023 - 9.59%). The Company's repurchase obligations are secured by the underlying inventory of \$19,924 sold pursuant to the sale agreement as legal title of the inventory passes to the financial institution upon delivery of the inventory. During the three months ended March 31, 2024, the Company incurred interest expense of \$565 (March 31, 2023 - \$103) related to these agreements.

Sucro Limited

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9. Share Capital

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

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

The changes in member units and share capital for Sucro Holdings and the Company for the period ended March 31, 2024 and year ended December 31, 2023, respectively, were as follows:

	Member Units	SVS	PVS
Balance, December 31, 2022	7,195,252	-	-
Issued upon exercise of liquidity warrants	67,655	-	-
Equity-based compensation	31,543	-	-
Balance, October 2, 2023	7,294,450	-	-
Reorganization transaction	(7,294,450)	5,164,421	167,189
Issued for cash in initial public offering	-	1,364,000	-
Equity-based compensation	-	154,885	-
Balance, December 31, 2023 and March 31, 2024	-	6,683,306	167,189

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

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Notes to the Condensed Interim Consolidated Financial Statements

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10. Warrants

The changes in warrants for Sucro Holdings and Sucro Limited for the period ended March 31, 2024 and year ended December 31, 2023 were as follows:

	Number of Warrants	Amount
Balance, December 31, 2022	-	\$ -
Liquidity warrants Issued for cash	676,605	-
Issue costs paid cash	-	(8)
Broker warrants	42,682	114
Balance, December 31, 2023	719,287	106
Exercised	(676,605)	-
Balance, October 2, 2023	42,682	\$ 106
Reorganization transaction	(42,682)	-
Exchanged in reorganization	128,046	-
Broker warrants issued in initial public offering	39,785	79
Balance, December 31, 2023 and March 31, 2024	167,831	\$ 185

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements

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11. Related Party Transactions

In August 2022, the Company's controlling shareholder entered into a subordinated unsecured note payable to the Company for \$1,679. This note bears interest at a rate of 8% per annum and matures in August 2024. The balance of this loan as of March 31, 2024 is \$769 (December 31, 2022- \$755). The Company recorded interest income of \$14 during the period ended March 31, 2024 (March 31, 2023- \$Nil).

In August 2023, the Company's controlling shareholder entered into a subordinated unsecured note payable to the Company for \$1,903. This note bears interest at a rate of 8% per annum and matures in August 2024. In December, 2023 the original note was amended where the principal amount was restated to \$2,214 which also includes the unpaid accrued interest on the original note. The interest rate and maturity terms were not amended. The balance of this loan as of March 31, 2024 is \$2,252 (December 31, 2023- \$2,214). The Company recorded interest income of \$38 during the period ended March 31, 2024 (March 31, 2023- \$Nil).

The Company purchases or obtains services from and sells to entities in which it has significant influence but does not control. The amount payable to those companies as of March 31, 2024 was \$334 (December 31, 2023- \$5,054)

A family member of the CEO of the Company earned \$128 in salaries & bonuses during the period ended March 31, 2024 (March 31, 2023- \$35).

The Company defines Key Management Personnel as its CEO, CFO, Vice-Presidents and members of the Company's Board of Directors. Consideration paid to Key Management Personnel during the period ended March 31, 2024 and March 31, 2023 is as follows

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Salaries and other cash compensation	\$ 825	\$ 862
Short-term employment benefits	30	38
Equity-based compensation	644	201
Total	\$ 1,499	\$ 1,101

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

12. Commodity Risk Management

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

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

The table below summarizes the commodity derivative instrument positions for sugar as of March 31, 2024:

March 31, 2024 (Unaudited)				
	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value
Sugar commodities	14,854 MTS	April 2024 - November 2025	April 2024 - November 2025	\$ 138,060
Total fair market value				\$ 138,060

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

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

Sucro Limited

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For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

13. Revenue

Three months ended	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Tolling	185	505
Warehousing	82	317
Commodity contracts	184,538	124,203
F&O Trading	(480)	61
Gross Revenue	184,325	125,086

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

14. Cost of Sales

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Cost of sales on realized positions	\$ 167,396	\$ 113,800
Net unrealized mark-to-market-gains	(21,151)	(15,014)
Depreciation on plant and equipment	894	745
Depreciation on right-of-use plant and equipment	79	96
Total Cost of Sales	\$ 147,218	\$ 99,627

The Company had a gross profit on its realized positions of \$15,956 for the three months ended March 31, 2024 (March 31, 2023 - \$10,445).

15. Financial Risk Management

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

Management of risks during the period ended March 31, 2024 did not change materially from the year ended December 31, 2023.

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16. Fair Value Measurements

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

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

At March 31, 2024, assets measured at fair value on a recurring basis are as follows:

(Unaudited)	Level 1	Level 2	Level 3	Total
Unrealized gains on forward commitments	\$ 15,757	\$ 94,274	\$ 26,471	\$ 136,502
Mark-to-market gains (losses) on inventory	984	6,411	12,736	20,131
Futures contracts	10	-	-	10
Interest rate swaps	456	-	-	456
Foreign currency forwards	138	-	-	138
Total	\$ 17,345	\$ 100,685	\$ 39,207	\$ 157,237

At March 31, 2024, liabilities measured at fair value on a recurring basis are as follows:

(Unaudited)	Level 1	Level 2	Level 3	Total
Unrealized losses on forward commitments	\$ 3,445	\$ (12,041)	\$ (142)	\$ (8,738)
Mark-to-market gains (losses) on inventory	(904)	(3,858)	(922)	(5,684)
Futures contracts	(4,070)	-	-	(4,070)
Interest rate swaps	(29)	-	-	(29)
Energy swap	(279)	-	-	(279)
Foreign currency forwards	(229)	-	-	(229)
Total	\$ (2,066)	\$ (15,899)	\$ (1,064)	\$ (19,029)

Sucro Limited

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16. Fair Value Measurements (continued)

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

(Audited)	Level 1	Level 2	Level 3	Total
Unrealized gains on forward commitments	\$ 5,855	\$ 106,772	\$ 27,869	\$ 140,496
Mark-to-market gains (losses) on inventory	705	13,061	11,932	25,698
Interest rate swaps	281	-	-	281
Foreign currency forwards	-	-	49	49
Total	\$ 6,841	\$ 119,833	\$ 39,850	\$ 166,524

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

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

There were no transfers of financial instruments between the three levels of the fair value hierarchy during the period ended March 31, 2024.

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

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

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

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16. Fair Value Measurements (continued)

Changes in Level 3 instruments for the period ended March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Financial assets		
Balance - beginning of period	\$ 39,850	\$ 29,606
Acquisitions	8,695	19,260
Disposals and settlements	2,326	(32,649)
Mark-to-market amount recognized in cost of sales	(11,664)	23,633
Balance - end of period	\$ 39,207	\$ 39,850

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Financial liabilities		
Balance - beginning of period	\$ 2,605	\$ 819
Acquisitions	487	386
Disposals and settlements	(7,828)	(4,298)
Mark-to-market amount recognized in cost of sales	5,800	5,698
Balance - end of period	\$ 1,064	\$ 2,605

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17. Share-based payment arrangements

Equity participation units (cash-settled)

At March 31, 2024, there were 75,895 EARs outstanding (December 31, 2023 -118,692), out of which 45,895 EARs (December 31, 2023 - 81,192) had vested. The remaining EARs have monthly vesting schedules through March 2025. Acceleration of vesting and treatment of the awards upon a participant's termination of service with the Company varies on an award-by-award basis.

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

Equity Incentive Plan (equity-settled)

During the period ended March 31, 2024, an aggregate of 78,995 RSUs (convertible to SVS) were granted under the Plan (compared with 177,973 as of December 31, 2023), including RSUs issued to an officers of the Company who agreed to the cancellation of EARs previously awarded under the EAR Plan. The RSUs awarded vest over a period of a minimum of one year and a maximum of two years and will be settled in shares only.

The weighted average grant date fair value of RSUs issued in the three months ended March 31, 2024 was C\$9.35 (December 31, 2023- C\$10.17).

No PSUs or Stock Options were issued under the Plan during the period ended March 31, 2024 (December 31, 2023- Nil).

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

	Outstanding
Balance as of December 31, 2022	-
Granted	177,973
Balance as of December 31, 2023	177,973
Granted	78,995
Balance as of March 31, 2024	256,968

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17. Share-based payment arrangements (continued)

Restricted Stock Awards (equity-settled)

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

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

Share-based compensation expense

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

	March 31, 2024	March 31, 2023
RSUs	\$ 418	\$ -
Restricted units	-	201
Restricted shares vesting	226	-
Total	\$ 644	\$ 201

Equity-based compensation Reserve

	March 31, 2024	December 31, 2023
Opening Balance	\$ 902	\$ 2,444
Warrants issued	-	80
Restricted units issued	-	210
RSUs	418	100
Restricted units forfeited	-	(781)
Restricted shares vesting	226	(1,151)
Closing Balance	\$ 1,546	\$ 902

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18. Commitments and Contingencies

(a) Future Commitments

The Company records purchases and sales when goods are delivered and control passes to the Company or customer. As a result, the Company's financial results are affected significantly by the price of the commodities bought and sold through the normal course of business. Historically, the markets for certain types of commodities have been volatile and are expected to be volatile in the future. Losses and liabilities arising from changes in prices and other adverse conditions that can affect the commodity trading industry could have materially adverse effects on financial condition and operations of the Company upon execution of fixed price commitments on physical contracts. As of March 31, 2024, fixed price sales and purchase commitments on physical contracts for the Company were approximately \$82,000 and \$7,000, respectively. As of December 31, 2023, fixed price sales and purchase commitments on physical contracts for the Company were approximately \$17,000 and \$21,000, respectively.

(b) Contingencies

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

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

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19. Segment Reporting

The Company's operations are classified into two reportable business segments: Trade and Services. Each of these segments is organized based upon the nature of products and services offered and aligns with the management structure. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Company's financing and income taxes are managed on a Company basis and are not allocated to operating segments. Inter-segment revenues are eliminated on consolidation.

Trade

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

Services

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

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19. Segment Reporting (continued)

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

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

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

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19. Segment Reporting (continued)

The income and expenses of the Company's segments for the three months ended March 31, 2024 are as follows:

	Three months ended March 31, 2024 (Unaudited)				
	Services	Trading	Corporate	Eliminations	Consolidated
Revenue					
External customers	\$ 270	\$ 184,055	\$ -	\$ -	\$ 184,325
Inter-segment	11,891	9,556	-	(21,447)	-
	<u>12,161</u>	<u>193,611</u>	<u>-</u>	<u>(21,447)</u>	<u>184,325</u>
Cost of sales					
Net (gains) losses on future contracts	-	-	-	-	-
	<u>7,316</u>	<u>182,173</u>	<u>-</u>	<u>(21,120)</u>	<u>168,369</u>
Gross Profit on Realized Positions	4,845	11,438	-	(327)	15,956
Net unrealized mark-to-market gains (note 4)	-	21,144	-	7	21,151
Gross Profit on Realized and Unrealized Positions	<u>4,845</u>	<u>32,582</u>	<u>-</u>	<u>(320)</u>	<u>37,107</u>
Selling, General and Administrative Expenses					
Selling, General and Administrative Expenses	2,064	4,881	1,348	(765)	7,528
Income (Loss) From Operations	<u>2,781</u>	<u>27,701</u>	<u>(1,348)</u>	<u>445</u>	<u>29,579</u>
Other Income (Expenses)	<u>(486)</u>	<u>(3,985)</u>	<u>(12)</u>	<u>(445)</u>	<u>(4,928)</u>
Income (Loss) Before Income Taxes	2,295	23,716	(1,360)	-	24,651
Income tax expense	-	-	(4,912)	-	(4,912)
Net Income (Loss)	<u>\$ 2,295</u>	<u>\$ 23,716</u>	<u>\$ (6,272)</u>	<u>\$ -</u>	<u>\$ 19,739</u>

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19. Segment Reporting (continued)

The income and expenses of the Company's segments for the three months ended March 31, 2023 are as follows:

	Three months ended March 31, 2023 (Unaudited)				
	Services	Trading	Corporate	Eliminations	Consolidated
Revenue					
External customers	\$ 961	\$ 146,115	\$ -	\$ (21,990)	\$ 125,086
Inter-segment	8,189	-	-	(8,189)	-
	<u>9,150</u>	<u>146,115</u>	<u>-</u>	<u>(30,179)</u>	<u>125,086</u>
Cost of sales	<u>6,861</u>	<u>138,176</u>	<u>-</u>	<u>(30,396)</u>	<u>114,641</u>
Gross Profit on Realized Positions	2,289	7,939	-	217	10,445
Net unrealized mark-to-market gains (note 4)		15,014			15,014
Gross Profit on Realized and Unrealized Positions	<u>2,289</u>	<u>22,953</u>		<u>217</u>	<u>25,459</u>
Selling, General and Administrative Expenses	<u>2,870</u>	<u>4,950</u>	<u>192</u>	<u>(693)</u>	<u>7,319</u>
Income From Operations	<u>(581)</u>	<u>18,003</u>	<u>(192)</u>	<u>910</u>	<u>18,140</u>
Other Income (Expenses)	<u>(104)</u>	<u>(2,941)</u>	<u>200</u>	<u>(577)</u>	<u>(3,422)</u>
Income (Loss) Before Income Taxes	<u>(685)</u>	<u>15,062</u>	<u>8</u>	<u>333</u>	<u>14,718</u>
Income tax expense	-	-	-	-	(3,220)
Net Income (Loss)	<u>\$ (685)</u>	<u>\$ 15,062</u>	<u>\$ 8</u>	<u>\$ 333</u>	<u>\$ 11,498</u>

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20. Cash Flows From Operating Activities

Changes in operating assets and liabilities	March 31, 2024	March 31, 2023
(Increase) decrease in operating assets:		
Net trading and derivative account assets (note 5)	\$ (5,296)	\$ 1,794
Accounts and other receivables	(32,251)	(1,356)
Due from related parties	-	(107)
Due to related parties	(4,720)	-
Sales taxes receivable	(200)	(2,553)
Inventory (note 6)	58,712	(34,719)
Prepaid expenses	(509)	130
Other non-current assets	-	174
Increase (decrease) in operating liabilities:		
Accounts payable	2,281	40,824
Sales tax payable	(2,669)	358
Taxes payable	107	1,060
Changes in operating assets and liabilities	\$ 15,455	\$ 5,605

21. Cash Flows From Investing Activities

	March 31, 2024	March 31, 2023
Purchase of property plant and equipment (note 7)	\$ (9,344)	\$ (3,487)
Sale of assets held for sale	-	1,104
Cash surrender value of life insurance	-	10
Net cash used in investing activities	(9,344)	(2,373)

22. Cash Flows From Financing Activities

	March 31, 2024	March 31, 2023
Due to related parties	\$ -	\$ 77
Due from related parties	(188)	-
Financial liabilities, advances	66,231	17,198
Financial liabilities, repayments	(80,197)	(18,971)
Lease payments	(268)	(644)
Liabilities held for sale	-	(490)
Net cash used in financing activities	\$ (14,422)	\$ (2,830)

Sucro Limited

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of US Dollars)

23. Subsequent Events

On April 2, 2024, the Company entered into a Financing Agreement with its landlord at the Hamilton, ON, site for the new refinery being built. The agreement provides for loans in the aggregate amount of up to CAD \$14.0 million for the purpose of making leasehold improvements to the site, particularly the refinery building. Loans will be funded in minimum amounts of \$1.0 million during the initial 18 months disbursement period, during which time outstanding amounts will bear interest at the Canada Prime Rate, plus 1.5%. Subject to the Company's right to prepay the loans at any time, at the end of the disbursement period, loans will amortize over 15 years at either a fixed or floating rate, as selected by the Company. This loan is secured by the leasehold improvements being financed with the loan proceeds (the refinery building).

On April 18, 2024, the Board of Directors of the Company approved the award under the Omnibus Equity Incentive Plan (the "Omnibus Plan") of 29,344 restricted share units ("RSUs") to management, directors and a consultant of the Company and its subsidiaries. The RSUs awarded will vest no earlier than one year from the date of the award.

On April 18, 2024, the Board of Directors of the Company approved the award under the Omnibus Plan of 342,846 stock options to officers, senior employees, and a consultant of the Company and its subsidiaries. The options mature on December 31, 2028, have a strike price of CAD \$11.00, and vest over a period of 2.5 years from the date of the award, with no vesting to occur prior to the first anniversary of the award.

On April 25, 2024, the Company issued 140,850 subordinate voting shares pursuant to the exercise of outstanding broker warrants issued in April 2022 in connection with the private placement of member units of Sucro Holdings. The consideration received for these shares was CAD \$651. As of May 30, 2024, the Company has 39,785 outstanding broker warrants each entitling the holder to acquire one subordinate voting share at an exercise price of CAD\$11.00 until October 30, 2025.

On May 10, 2024, the Company entered into a Master Credit Agreement with a financial institution for the financing of equipment and related soft costs for the new refinery in Hamilton, ON. The agreement provides for loans in the aggregate amount of up to \$20.0 million and a term of 10 years. Loans will be funded during an initial 18-month interest-only disbursement period, during which time outstanding amounts will bear interest at Daily Simple SOFR plus 2.35%. At the end of the disbursement period, loans will amortize over 102 months at either a fixed or floating rate, as selected by the Company. This loan is secured by the equipment being financed with the loan proceeds.