SUCRO LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

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

This management's discussion and analysis of operations and financial condition for the three and six months ended June 30, 2024 (the "MD&A"), is dated August 28, 2024, and should be read in conjunction with the audited annual consolidated financial statements of Sucro Limited (the "Company") for the fiscal year ended December 31, 2023, and accompanying notes, and unaudited condensed interim consolidated financial statements for the six months ended June 30, 2024, and the accompanying notes. The information presented herein includes the historical financial performance of Sucro Holdings, LLC ("Sucro Holdings"), as predecessor to the business of the Company prior to its acquisition by the Company on October 2, 2023, in a reverse acquisition transaction.

Certain information included herein is forward-looking and based upon current assumptions and anticipated results that are subject to significant risks and uncertainties and speak only as of the date of this MD&A. Should one or more of these uncertainties materialize or should any of the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Information" and "Risk Factors". All references in this MD&A to "we", "us", "our" and "our Company" refer to Sucro Limited and its subsidiaries. The financial information presented is derived from the Company's unaudited condensed interim consolidated financial statements for the six months ended June 30, 2024, and Sucro Holdings' unaudited condensed interim consolidated financial statements for the six months ended June 30, 2023, all of which have been prepared in accordance with IFRS Accounting Standards and related Interpretations ("IFRS") issued by the International Accounting Standards Board ("IASB"). Unless otherwise noted, amounts contained herein are in thousands of U.S. Dollars ($). Certain totals, subtotals and percentages may not reconcile due to rounding. For additional information, readers should also refer to our annual information form dated April 18, 2024, and other Company information filed on www.sedarplus.ca.

Overview

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

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

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

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

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

The business of the Company consists of capturing profits through sourcing, merchandising, and managing logistics of sugar, including by changing its quality through the refining process. Income is earned on sugar bought and sold, where a margin is made by capturing a price differential in time, geographical location, or quality. Fixed price purchase and sale commitments, as well as sugar held in inventory, expose the Company to risks related to adverse changes in market prices. The Company seeks to hedge these risks through strict controls of its positions and limits. Sugar prices are typically comprised of two components, futures prices on regulated commodity exchanges and local basis adjustments. The Company manages the futures price risk by entering into exchange-traded futures contracts with regulated commodity exchanges or by entering into an offsetting fixed price contract with a counterparty. Regulated commodity exchanges maintain futures markets for the sugar merchandised by the Company other than organic or other specialty sugar.

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

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

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

In October 2023, the Company filed a final prospectus in all provinces of Canada other than Quebec for the distribution of 1,364,000 SVS in an initial public offering from treasury at a price of CAD $11.00 per share for gross proceeds of approximately CAD $15.0 million (the "Offering"). The Offering was completed on October 30, 2023, at which time the SVS were posted for trading on the TSX Venture Exchange in Canada under the ticker symbol "SUGR". On May 14, 2024, the SVS additionally began trading on the OTCQB Venture Market in the United States under the ticker symbol "SUGRF".

Factors Affecting Our Performance

Availability of Sugar on Favorable Terms

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

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

Our revenue, cash flow and profitability are highly dependent on the volumes of refined sugar available for sale from our refining facilities. Available volumes of sugar are in turn dependent upon the capacity of sugar we are able to process and produce at our facilities. In Lackawanna, New York, we have recently completed our first year of commissioning, following the opening of our new cane sugar refinery, and we continue to make progress in adding

capacity at the Hamilton, Ontario refinery, that began sugar refining in 2019. However, it can take several years following the commencement of commissioning of these facilities to reach peak capacity, subject to a variety of design, engineering, and operational challenges. Any delays in increasing our capacity at these facilities to targeted levels can significantly affect our performance and KPIs.

Effectiveness of Our Hedging and Pricing Strategies

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

Effective Management of Supply Chain Costs

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

Effective Management of Processing Costs at Our Plants

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

Effective Management of Inventories

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

Seasonality

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

Key Components of Results of Operations

Revenue

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

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

The Company treats its commodity forward contracts, for both purchases and sales, as financial instruments. Forward sales meet the definition of a derivative as their value changes in response to the change in a specified commodity price (sugar), there is no initial net investment, and can be net settled at a future date. The positive (and negative) values of the Company's commodity forward contracts are recorded on the statement of financial position as unrealized gains (losses) on forward commitments and any increase (decrease) in the aggregate value of these contracts, which is primarily driven by the increase in the underlying volume committed by Sucro during the period in question (i.e., a growing forward book), are deducted from (added to) cost of sales. Revenue also includes sugar futures and options (F&O) trading results, which corresponds to hedging of our physical positions.

Cost of Sales

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

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

Selling, General and Administrative Expenses

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

Interest Income and Expense

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

Non-IFRS and Other Financial Measures (Key Performance Indicators)

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

Adjusted Gross Profit and Adjusted Gross Profit Margin

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

Adjusted Gross Profit per metric ton delivered, we adjust for any cash settlement of forward contracts during the relevant period to ensure that only the margin derived from physical deliveries during such period is reported and can be consistently compared across periods.

Three Months Ended June 30		**2024**		**2023**
Revenue	$	137,710	$	118,147
Deduct Cost of sales		(117,429)		(84,619)
Gross Profit	**$**	**20,281**	**$**	**33,528**
Deduct mark to market unrealized positions		(4,650)		(19,095)
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(1,415)		1,670
Adjusted Gross Profit	**$**	**14,216**	**$**	**16,104**
Adjusted Gross Profit Margin		**10.3%**		**13.6%**
Deduct cash settlement of forward contracts during the period		-		-
Adjusted Gross Profit on delivered inventory	**$**	**14,216**	**$**	**16,104**
Sugar deliveries (metric tons)		131,086		115,606
Adjusted Gross Profit per metric ton delivered	**$**	**108.45**	**$**	**139.30**

Six Months Ended June 30		**2024**		**2023**
Revenue	$	322,035	$	243,233
Deduct Cost of sales		(264,647)		(184,246)
Gross Profit	**$**	**57,388**	**$**	**58,987**
Deduct mark to market unrealized positions		(25,801)		(34,109)
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(1,392)		1,670
Adjusted Gross Profit	**$**	**30,195**	**$**	**26,548**
Adjusted Gross Profit Margin		**9.4%**		**10.9%**
Deduct cash settlement of forward contracts during the period		-		-
Adjusted Gross Profit on delivered inventory	**$**	**30,195**	**$**	**26,548**
Sugar deliveries (metric tons)		313,951		258,652
Adjusted Gross Profit per metric ton delivered	**$**	**96.18**	**$**	**102.64**

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

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

Three Months Ended June 30		2024		2023
Net Income	$	3,959	$	16,874
Add back interest expense		7,148		5,491
Add back depreciation expense		1,297		1,136
Add back depreciation of right-of-use assets		242		210
Deduct interest income		(315)		(105)
Add back tax expense		1,326		4,905
EBITDA		13,656		28,511
Add back stock-based compensation expense		760		(772)
Deduct earnings from equity investment		(40)		(95)
Deduct mark to market unrealized positions		(4,650)		(19,095)
Add back equity-based settlement expense		-		1,588
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(1,438)		1,670
Adjusted EBITDA		8,287		11,807
Divide by Revenue		137,710		118,147
EBITDA Margin		9.9%		24.1%
Adjusted EBITDA Margin		6.0%		10.0%

Six Months Ended June 30		2024		2023
Net Income	$	23,698	$	28,372
Add back interest expense		12,322		9,358
Add back depreciation expense		2,572		2,171
Add back depreciation of right-of-use assets		477		440
Deduct interest income		(607)		(199)
Add back tax expense		6,238		8,125
EBITDA		44,700		48,267
Add back stock-based compensation expense		1,404		(571)
Deduct earnings from equity investment		(131)		(316)
Deduct mark to market unrealized positions		(25,801)		(34,109)
Add back equity-based settlement expense		-		1,588
Add back (deduct) unrealized gains (losses) on future contracts for delivered inventory		(1,415)		1,670
Adjusted EBITDA		18,757		16,529
Divide by Revenue		322,035		243,233
EBITDA Margin		13.9%		19.8%
Adjusted EBITDA Margin		5.8%		6.8%

Return on Equity

Return on equity measures the total return to our equity holders from our physical, trading, and services operations. We define return on equity as net income for the prior 12-month period divided by total shareholders' equity at the beginning of the period, expressed as a percentage.

		June 30, 2024		June 30, 2023
Net Income, as reported (previous 12 months)	$	15,300	$	52,952
Divide by Total Shareholders' Equity at the beginning of period		141,825		109,127
Return on Equity		10.8%		48.5%

Free Cash Flow

Free Cash Flow is defined as cash flow from operations excluding changes in non-cash working capital and including capital expenditures, net of value-added capital expenditures (capital expenditures to increase production and net income), and lease payments. The most directly comparable IFRS measure for Free Cash Flow is Cash flow from

operating activities.

Three Months Ended June 30		2024		2023
Net cash flow provided by (used in) operating activities	$	16,357	$	(71,977)
Changes in non-cash operating assets and liabilities		(13,629)		77,907
Lease Payments		(209)		(860)
Purchase of property plant and equipment (capital expenditures)		(13,266)		(3,806)
Value-added capital expenditures		12,920		3,523
Free cash flow	**$**	**2,173**	**$**	**4,787**

Six Months Ended June 30		2024		2023
Net cash flow provided by (used in) operating activities	$	37,278	$	(66,969)
Changes in non-cash operating assets and liabilities		(29,084)		72,302
Lease Payments		(477)		(1,504)
Purchase of property plant and equipment (capital expenditures)		(22,610)		(7,293)
Value-added capital expenditures		22,070		6,728
Free cash flow	**$**	**7,177**	**$**	**3,264**

Adjusted Net Debt and Capitalization

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

Maturity in years	Up to 1	1-2	2-3	3-5	Over 5
Loans and borrowings, current portion					
Borrowing base revolving credit facility	194,315				
Inventory repurchase transactions	4,708				
Other revolving facilities	400				
Current portion of long-term loans and borrowings	4,867				
Loans and borrowings, net of current portion		6,102	23,957	5,981	11,035
Loans and Borrowings	**204,290**	**6,102**	**23,957**	**5,981**	**11,035**
Unused credit facilities (total)	135,977				
Unused commited facilities	50,000				
Financial covenants include:					
Maximum Total liabilities-to-Tangible net worth[2]	4.00:1				
Reported as of June 30, 2024	1.10				

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

Results for Three-Month Periods Ended June 30, 2024, and June 30, 2023

Three Months Ended June 30		**2024**		**2023**
Sugar Deliveries (Metric Tons)		131,086		115,606
Revenue	$	137,710	$	118,147
Gross Profit		20,281		33,528
Adjusted gross profit		14,216		16,104
Adjusted gross profit margin		10.3%		13.6%
Income From Operations		11,189		27,089
Income Before Income Taxes		5,285		21,779
Net Income (Loss)		3,959		16,874
Net Income per share - basic*		0.57		2.31
Net Income per share - diluted*		0.17		0.77
EBITDA		13,656		28,511
Adjusted EBITDA		8,287		11,807
EBITDA Margin		9.9%		24.1%
Adjusted EBITDA Margin		6.0%		10.0%
Adjusted gross profit per metric ton delivered (net of cash settlements)		108.45		139.30
Free cash flow		2,173		4,787
Refineries Results				
Refineries Volume (Metric Tons)		58,613		48,488
Adjusted Gross Profit	$	9,320	$	6,736
Adjusted Gross Profit per MT		159.00		138.91

* Per share figures for periods prior to December 31, 2023, are adjusted for the Reorganization. Basic calculation counts each PVS as one share.

For the three months ended June 30, 2024, customer deliveries increased by 13.4% compared with the three months ended June 30, 2023, from 115,606 MTs in 2023 to 131,086 MTs in 2024, primarily due to additional volumes shipped from our Lackawanna and Hamilton refineries.

Adjusted EBITDA was $8.3 million for the three months ended June 30, 2024, compared with $11.8 million for the corresponding 2023 period, a 16.6% decrease, mainly as a result of lower Adjusted Gross Profit ($14.2 million for the three months ended June 30, 2024, compared with $16.1 million for the corresponding 2023 period) and higher selling, general and administrative expenses, which increased in line with management's expectations to support our growing operations. The decrease in Adjusted Gross Profit was driven by lower margins in our operations in the Caribbean, Mexico and World Market Operations, which were partially offset by increases in volume (a 20.9% increase) and margin ($20.09 per MT increase in Adjusted Gross Profit per MT) in our U.S. and Canada refining operations. As our refining operations grow relative to the size of our overall sales book, we expect margins to continue improving. Likewise, EBITDA was $13.7 million for the three months ended June 30, 2024, compared with $28.5 million for the corresponding 2023 period, a 52.1% decrease driven primarily by lower unrealized mark-to-market gains on physical sugar contracts and, to a lesser extent, by lower Adjusted Gross Profit and higher selling, general and administrative expenses.

Net income for the three months ended June 30, 2024, amounted to $4.0 million, a decrease of $12.9 million when compared to net income of $16.9 million for the three months ended June 30, 2023. This decrease was driven primarily by lower unrealized mark-to-market gains on physical sugar contracts and, to a lesser extent, lower Adjusted Gross Profit, higher selling, general and administrative expenses, and higher interest expense relating primarily to increased average balance of our revolving working capital credit facility to support our growing operations.

Revenue for the three months ended June 30, 2024, increased by 16.5%, to $137.7 million, from $118.2 million for the three months ended June 30, 2023. This increase was mainly driven by higher refined sugar volumes shipping from our refineries in Hamilton and Lackawanna, as well as higher average sugar prices during the three months ended June 30, 2024, compared with the corresponding period in 2023, due to market conditions.

The composition of the Company's revenue for the three months ended June 30, 2024, and 2023, was as follows:

Three Months Ended June 30		2024		2023
Tolling	$	116	$	416
Warehousing		71		292
Commodity		138,304		121,005
Futures and options results		(781)		(3,566)
Total revenue	**$**	**137,710**	**$**	**118,147**

During the three months ended June 30, 2024, the Company's futures and options losses were $0.8 million, compared with a $3.6 million loss for the corresponding 2023 period. These losses are driven by market conditions and relate to our physical hedging transactions for the Sugar 11 Contract.[1] For the same periods, tolling and warehousing revenues declined by $0.3 million (72.1%) and $0.2 million (75.7%), respectively, as we continue to decrease third party operations at our Chicago facility to focus on internal volumes and operations.

The composition of cost of sales for the Company for the three months ended June 30, 2024, and 2023, was as follows:

Three Months Ended June 30		2024		2023
Purchases	$	92,323	$	74,218
Production and processing		10,113		8,009
Logistics/ freight		12,967		15,585
Labour		2,370		2,125
Overheads		3,225		2,264
Foreign exchange loss		87		632
Depreciation on plant and equipment		909		805
Depreciation on right-of-use plant and equipment		85		76
Mark to market unrealized positions		(4,650)		(19,095)
Total cost of sales	**$**	**117,429**	**$**	**84,619**

Cost of sales increased by $32.8 million (38.8%) from $84.6 million for the three months ended June 30, 2023, to $117.4 million for the three months ended June 30, 2024. The main drivers for this increase were an $18.1 million, or 24.4%, increase in cost of purchases and a $14.4 million, or 75.6%, decrease in mark-to-market unrealized gains. The increase in cost of purchases was driven by higher average market prices of sugar sold during the period, as well as by higher volume sold.

Three Months Ended June 30		2024		2023
Mark-to-market gains (losses) on commodity forward contracts	$	(11,513)	$	20,122
Mark-to-market gains (losses) on inventory		16,263		(3,315)
Mark-to-market gains (losses) on futures contracts		(495)		2,308
Mark-to-market gains (losses) on foreign currency forwards		395		(20)
Total	**$**	**4,650**	**$**	**19,095**

Mark-to-market gains on inventory and, to a lesser extent, foreign currency forward contracts, drove the $4.6 million gains on unrealized mark-to-market positions for the three months ended June 30, 2024 (compared with $19.1 million for the same period in 2023). Unrealized mark-to-market (non-cash) losses on forward sugar contracts for the three months ended June 30, 2024, was $11.5 million ($20.1 million gain in 2023). This result was primarily driven by a decrease in booked forward contracts as of June 30, 2024, compared to a year earlier (in particular, for our Caribbean and Mexican wholesale operations). During the three months ended June 30, 2024, the Company had net unrealized

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

mark-to-market gains on inventory of $16.3 million compared with a $3.3 million loss in 2023, a $19.6 million or 590.6% increase driven primarily by an increase in market prices, especially in organic sugar.

During the three months ended June 30, 2024, the Company had unrealized losses of $0.5 million and a gain of $0.4 million on sugar futures contracts and foreign currency forwards, respectively (2023 - $2.3 million gain, and $0.0 million loss, respectively). These losses relate to hedging of Sugar 11 and Sugar 16 Contracts and the gains relate to Mexican Peso positions on our inventory, forward contracts, and accounts receivable. See "Financial Risk Management" below.

The composition of selling, general and administrative expenses for the three months ended June 30, 2024, and 2023, was as follows:

Three Months Ended June 30		**2024**		**2023**
Administrative expenses	$	5,994	$	3,967
Selling and distribution expenses		(62)		608
Other operating expenses		1,855		583
Depreciation		388		331
Depreciation of right-of-use assets		157		134
Equity-based compensation		760		(772)
Equity-based settlement expense		-		1,588
Total Selling, General and Administrative Expenses	**$**	**9,092**	**$**	**6,439**
Total Selling, General and Administrative Expenses / Revenue		**6.60%**		**5.45%**

The Company's selling, general and administrative expenses amounted to $9.1 million for the three months ended June 30, 2024, an increase of $2.7 million (41.2%) when compared to expenses of $6.4 million for the three months ended June 30, 2023.

Administrative expenses, which include staff payroll, benefits and pension costs, professional fees, insurance, bank service charges and other office expenses were $6.0 million for the three months ended June 30, 2024, an increase of $2.0 million (51.1%) from $4.0 million for the three months ended June 30, 2023. The most significant driver for this increase was professional fees associated with our ongoing reporting, legal and compliance obligations as a public company.

During the three months ended June 30, 2024, the Company saw a decrease in its selling and distribution expenses of $0.7 million, or 110.2%, from $0.6 million incurred during the three months ended June 30, 2023, to $0.0 million in the three months ended June 30, 2024, as a result of period-end adjustments of accrued commissions based on actual contract performance.

During the three months ended June 30, 2024, the Company saw an increase in equity-based compensation expense of $1.5 million, or 198.4%, as it recognized vesting of restricted stock, restricted stock units ("RSUs") and stock options that were not outstanding as of June 30, 2023.

During the three months ended June 30, 2024, other operating expenses, including travel, business taxes and licenses, bad debts, outside labor and IT expenses, amounted to $1.9 million, an increase of $1.2 million (218.2%) when compared to expenses of $0.6 million for the three months ended June 30, 2023. This increase was mainly driven by outside labor related to the facilities required to support our operations.

During the three months ended June 30, 2024, the Company incurred interest expense of $7.1 million, an increase of $1.7 million, or 30.2%, over the three months ended June 30, 2023. The increase was primarily due to higher average borrowings, primarily to fund inventory and accounts receivable, and, to a lesser extent, higher SOFR, which increased by 25 basis points in the U.S. from June 30, 2023, to June 30, 2024. SOFR affects interest incurred on Sucro's short-term financial liabilities.

The Company's current and deferred income tax expense decreased by $3.6 million from $4.9 million for the three months ended June 30, 2023, to $1.3 million for the three months ended June 30, 2024. The Company recognized $0.3 million and $1.0 million in current and deferred income tax expense, respectively, during the three months ended

June 30, 2024, on account of state taxes, other permanent differences, and the impact of foreign taxes in higher tax rate jurisdictions.

Results for Six-Month Periods Ended June 30, 2024, and June 30, 2023

Six Months Ended June 30		2024		2023
Sugar Deliveries (Metric Tons)		313,951		258,652
Revenue	$	322,035	$	243,233
Gross Profit		57,388		58,987
Adjusted gross profit		30,195		26,548
Adjusted gross profit margin		9.4%		10.9%
Income From Operations		40,768		45,229
Income Before Income Taxes		29,936		36,497
Net Income (Loss)		23,698		28,372
Net Income per share - basic*		3.43		3.90
Net Income per share - diluted*		1.01		1.29
EBITDA		44,700		48,267
Adjusted EBITDA		18,757		16,529
Adjusted EBITDA Margin		5.8%		6.8%
Return on equity		10.8%		48.5%
Adjusted gross profit per metric ton delivered (net of cash settlements)		96.18		102.64
Free cash flow		7,177		3,264
Refineries Results				
Refineries Volume (Metric Tons)		105,367		88,963
Adjusted Gross Profit	$	16,060	$	10,956
Adjusted Gross Profit per MT		152.42		123.16

* Per share figures for periods prior to December 31, 2023, are adjusted for the Reorganization. Basic calculation counts each PVS as one share.

For the six months ended June 30, 2024, customer deliveries increased by 21.4% compared with the six months ended June 30, 2023, from 258,652 MTs in 2023 to 313,951 MTs in 2024, primarily due to an increase in CIF (cost, insurance, and freight) world market white sugar volumes sold to Latin American destinations and additional volumes shipped from our Lackawanna and Hamilton refineries.

Adjusted EBITDA was $18.8 million for the six months ended June 30, 2024, compared with $16.5 million for the corresponding 2023 period, a 13.5% increase, mainly as a result of higher Adjusted Gross Profit ($30.2 million for the six months ended June 30, 2024, compared with $26.5 million for the corresponding 2023 period). The increase in Adjusted Gross Profit was in turn driven by higher volumes (18.4% increase) and margins ($29.26 per MT increase) in our U.S. and Canada refining operations. As our refining operations in Lackawanna grow relative to the size of our overall sales book, we expect margins to continue improving. Likewise, EBITDA was $44.7 million for the six months ended June 30, 2024, compared with $48.3 million for the corresponding 2023 period, a 7.4% decrease driven mainly by lower unrealized mark-to-market gains on physical sugar contracts.

Net income for the six months ended June 30, 2024, amounted to $23.7 million, a decrease of $4.6 million when compared to net income of $28.4 million for the six months ended June 30, 2023. This decrease was driven primarily by lower unrealized mark-to-market gains on physical sugar contracts and higher interest expense relating primarily to increased average usage of our revolving working capital credit facility to support our growing operations.

Revenue for the six months ended June 30, 2024, increased by 32.4%, to $322.0 million, from $243.2 million for the six months ended June 30, 2023. This increase was mainly driven by higher sales volume (discussed above) and

higher average sugar prices during the six months ended June 30, 2024, compared with the corresponding period in 2023, due to market conditions.

The composition of the Company's revenue for the six months ended June 30, 2024, and 2023, was as follows:

Six Months Ended June 30		2024		2023
Tolling	$	301	$	921
Warehousing		153		609
Commodity		322,842		245,208
Futures and options results		(1,261)		(3,505)
Total revenue	**$**	**322,035**	**$**	**243,233**

During the six months ended June 30, 2024, the Company's futures and options losses were $1.3 million, compared with a $3.5 million loss for the corresponding 2023 period. These losses are driven by market conditions and relate to our physical hedging transactions for the Sugar 11 Contract. For the same periods, tolling and warehousing revenues declined by $0.6 million (67.3%) and $0.4 million (74.9%), respectively, as we continue to decrease third party operations at our Chicago facility to focus on internal volumes and operations.

The composition of cost of sales for the Company for the six months ended June 30, 2024, and 2023, was as follows:

Six Months Ended June 30		2024		2023
Purchases	$	225,929	$	153,926
Production and processing		27,068		26,138
Logistics/ freight		24,771		27,486
Labor		4,655		3,472
Overheads		5,414		4,854
Foreign exchange loss		644		757
Depreciation on plant and equipment		1,803		1,550
Depreciation on right-of-use plant and equipment		164		172
Mark to market unrealized positions		(25,801)		(34,109)
Total cost of sales	**$**	**264,647**	**$**	**184,246**

Cost of sales increased by $80.4 million (43.6%) from $184.2 million for the six months ended June 30, 2023, to $264.6 million for the six months ended June 30, 2024. The main drivers for this increase were a $72.0 million, or 46.8%, increase in cost of purchases and an $8.3 million, or 24.4%, decrease in mark-to-market unrealized gains. The increase in cost of purchases was driven by higher average market prices of sugar sold during the period, as well as by higher volume sold.

Six Months Ended June 30		2024		2023
Mark-to-market gains (losses) on commodity forward contracts	$	9,417	$	28,383
Mark-to-market gains (losses) on inventory		11,412		2,064
Mark-to-market gains (losses) on futures contracts		3,595		3,687
Mark-to-market gains (losses) on foreign currency forwards		1,377		(25)
Total	**$**	**25,801**	**$**	**34,109**

Mark-to-market gains on sugar forward contracts and, to a lesser extent, sugar inventory, drove the $25.8 million gains on unrealized mark-to-market positions for the six months ended June 30, 2024 (compared with $34.1 million for the same period in 2023). Unrealized mark-to-market (non-cash) gains on forward sugar contracts for the six months ended June 30, 2024, was $9.4 million ($28.4 million gain in 2023). This result was primarily driven by decrease in booked forward contracts (in particular Caribbean and Mexican wholesale operations) as of June 30, 2024, compared to a year earlier. During the six months ended June 30, 2024, the Company had net unrealized mark-to-market gains on inventory of $11.4 million, compared with $2.1 million in 2023, a $9.3 million or 452.9% increase driven primarily by an increase in market prices, especially in organic sugar.

During the six months ended June 30, 2024, the Company had unrealized gains of $3.6 million and $1.4 million on sugar futures contracts and foreign currency forwards, respectively (2023 - $3.7 million gain, and $0.0 million loss, respectively). These gains relate to hedging of Sugar 11 and Sugar 16 Contracts and to Mexican Peso positions on our inventory, forward contracts, and accounts receivable. See "Financial Risk Management" below.

The composition of selling, general and administrative expenses for the six months ended June 30, 2024, and 2023, was as follows:

Six Months Ended June 30	2024	2023
Administrative expenses	$ 11,469	$ 9,121
Selling and distribution expenses	345	1,351
Other operating expenses	2,320	1,380
Depreciation	769	621
Depreciation of right-of-use assets	313	268
Equity-based compensation	1,404	(571)
Equity-based settlement expense	-	1,588
Total Selling, General and Administrative Expenses	**$ 16,620**	**$ 13,758**
Total Selling, General and Administrative Expenses / Revenue	**5.16%**	**5.66%**

The Company's selling, general and administrative expenses amounted to $16.6 million for the six months ended June 30, 2024, an increase of $2.9 million (20.8%) when compared to expenses of $13.8 million for the six months ended June 30, 2023.

Administrative expenses, which include staff payroll, benefits and pension costs, professional fees, insurance, bank service charges and other office expenses were $11.5 million for the six months ended June 30, 2024, an increase of $2.3 million (25.7%) from $9.1 million for the six months ended June 30, 2023. The most significant driver for this increase was professional fees associated with our ongoing reporting, legal and compliance obligations as a public company.

During the six months ended June 30, 2024, the Company saw a decrease in its selling and distribution expenses of $1.0 million, or 74.5%, from $1.4 million incurred during the six months ended June 30, 2023, to $0.3 million in the six months ended June 30, 2024, as a result of period-end adjustments of accrued commissions based on actual contract performance.

During the six months ended June 30, 2024, other operating expenses, including travel, business taxes and licenses, bad debts, outside labor and IT expenses, amounted to $2.3 million, an increase of $0.9 million (68.1%) when compared to expenses of $1.4 million for the six months ended June 30, 2023. This increase was mainly driven by outside labor related to the facilities required to support the operations.

During the six months ended June 30, 2024, the Company saw an increase in equity-based compensation expense of $2.0 million, or 345.9%, as it recognized vesting of restricted stock, RSUs, and stock options were not outstanding as of June 30, 2023.

During the six months ended June 30, 2024, the Company incurred interest expense of $12.3 million, an increase of $3.0 million, or 31.7%, over the six months ended June 30, 2023. The increase was primarily due to higher average borrowings, primarily to fund inventory and accounts receivable, and, to a lesser extent, higher SOFR, which increased by 25 basis points in the U.S. from June 30, 2023, to June 30, 2024. SOFR affects interest incurred on Sucro's short-term financial liabilities.

The Company's current and deferred income tax expense decreased by $1.9 million from $8.1 million for the six months ended June 30, 2023, to $6.2 million for the six months ended June 30, 2024. The Company recognized $0.4 million and $5.8 million in current and deferred income tax expense, respectively, during the six months ended June 30, 2024, on account of state taxes, permanent differences related to development tax credits, and the impact of foreign taxes in higher tax rate jurisdictions.

Summary of Quarterly Results

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

Unaudited		Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Sugar Deliveries (Metric Tons)		131,086	182,865	95,883	122,243	115,606	143,046	81,947	103,436
Total Revenue	$	137,710	$ 184,325	$ 114,560	$ 139,041	$ 118,147	$ 125,086	$ 94,455	$ 84,003
Adjusted Gross Profit		14,216	15,979	9,467	13,143	16,104	10,445	15,401	3,213
Adjusted Gross Profit Margin		10.3%	8.7%	8.3%	9.5%	13.6%	8.4%	16.3%	3.8%
Adjusted EBITDA		8,287	10,468	8,308	8,227	11,807	4,723	10,452	(293)
Free Cash flow		2,173	5,004	(1,932)	3,491	4,787	(1,523)	4,633	1,218
Net Income from continuing operations		3,959	19,739	(10,381)	1,983	16,874	11,498	15,685	8,895
Total									
Per share*		0.57	2.88	(1.65)	0.38	2.31	2.21	3.73	2.26
Diluted per share*		0.17	0.83	(0.45)	0.09	0.77	0.53	0.74	0.43
Net Income		3,959	19,739	(10,381)	1,983	16,874	11,498	15,685	8,895
Total									
Per Share*		0.57	2.88	(1.65)	0.38	2.31	2.21	3.73	2.26
Diluted per share*		0.17	0.83	(0.45)	0.09	0.77	0.53	0.74	0.43
Refineries Results									
Refineries Volume (Metric Tons)		58,613	46,754	34,287	37,074	48,488	40,474	19,345	21,241
Adjusted Gross Profit	$	9,320	$ 6,741	$ 6,244	$ 5,804	$ 6,736	$ 4,221	$ 2,276	$ 2,417
Adjusted Gross Profit per MT		159.00	144.18	182.12	156.54	138.91	104.29	117.67	113.78

* Per share figures for periods prior to December 31, 2023, are adjusted for the Reorganization. Basic calculation counts each PVS as one share.

Capital Resources

As of June 30, 2024, the Company had working capital of $131.1 million compared to working capital of $109.4 million as of December 31, 2023.

		June 30, 2024		December 31, 2023
Current Assets	$	406,051	$	443,941
Less: Current Liabilities		274,942		334,523
Working Capital	**$**	**131,109**	**$**	**109,418**

As of June 30, 2024, the Company had $186.0 million in unused credit facilities, including $80.3 million available under uncommitted physical repurchase facilities, and $50.0 million of unused committed credit facilities. The Company considers that it has sufficient funds available to meet its current and long-term financial obligations as they come due.

As of June 30, 2024, the Company had a $300.0 million revolving credit facility, which had $105.7 million of unused capacity as of that date ($110.2 million as of December 31, 2023), based on the total value of the facility. This is a borrowing base facility secured by substantially all the current assets of the Company, including inventory, accounts receivable, cash, futures accounts, prepayments to providers, and forward commodity contracts. In August 2024, the Company renewed this credit facility (see "Events Subsequent to June 30, 2024"). As amended, maximum borrowings under the facility, subject to borrowing base limitations per the credit agreement, will be up to $325.0 million, of which $50.0 million are on a committed basis, with the remainder being uncommitted. Loans under this facility, as amended, bear interest at SOFR, plus 315 basis points (from 350 basis points as of June 30, 2024). This facility, as amended, is scheduled to mature in August 2026. Collateral supporting this facility, as amended, will now exclude certain working capital assets located in Mexico.

The Company may draw on its revolving credit facilities based on the value of the pledged current assets, adjusted to reflect different limits and deductions imposed by the lenders. As of June 30, 2024, and December 31, 2023, the

Company had $28.4 million and $18.2 million, respectively, available to draw under its revolving facilities, based on the value of the pledged collateral, with $50.0 million of committed availability available for drawing. These credit facilities are subject to certain financial and other covenants, which include, among others, minimum tangible net worth and working capital requirements and a maximum debt to tangible net worth ratio. Compliance with these covenants is a condition to draw under this facility. As of June 30, 2024, the Company was in compliance with these covenants.

In addition, the Company has physical inventory repurchase lines with financial institutions in the aggregate amount of $85.0 million ($55.0 million as of December 31, 2023). These lines provide for the sale of inventory with an agreement to repurchase the same at a future date. The Company had $80.3 million and $19.4 million of total unused capacity under these lines as of June 30, 2024, and December 31, 2023. These are uncommitted, discretionary lines, with each transaction being subject to its own terms.

The main driver of the decrease in current assets includes decreases in inventory of $55.1 million in accordance with the Company's plan to optimize inventory and working capital levels in 2024. In addition, there were decreases in the unrealized gains on forward commitments of $6.9 million due to a decrease in volumes booked as of June 30, 2024, compared with December 31, 2023 (870.2 thousand MT booked as of June 30, 2024, compared to 1,066.3 thousand MT as of December 31, 2023). These decreases have been partially offset by an increase in accounts receivable of $17.1 million, which is primarily driven by an increase in sales volume. For the six months ended June 30, 2024, balances that are current and under 30 days overdue represent 63% of total accounts receivable, compared to 50% as of December 31, 2023. The Company has low historical credit losses and expects to collect substantially all its accounts receivable.

The decrease in current liabilities since December 31, 2023, was mainly due to decreases in loans and borrowings (current portion) of $24.8 million, when compared to December 31, 2023, corresponding mainly to repayments of the borrowing base credit facility and decrease of the balance of physical inventory repurchase lines, both driven by our ongoing efforts to optimize inventory and working capital levels. Unrealized losses on forward commitments also decreased by $16.3 million since December 31, 2023, mainly due to evolving market conditions during the period.

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

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

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives stated above as well as to respond to changes in economic conditions and to the risks inherent in its underlying assets. The Company has not established quantitative return on capital criteria, but rather promotes year-over-year sustainable profitable growth. The Company is subject to various capital requirements imposed by its lenders, both on a consolidated and standalone basis (for one or more of its subsidiaries). As of June 30, 2024, the Company was in compliance with these requirements.

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

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

In February 2023, Sucro announced a proposed major new sugar refinery project in Southern Ontario at a forecasted

project cost of approximately $100 million. A lease for the new refinery project has been signed with the Hamilton-Oshawa Port Authority in Hamilton, Ontario, for a term of 40 years, with an option for the Company to renew the term for a further 20 years. This refinery is expected to have a nominal capacity of one million metric tons, an output that the Company expects to achieve gradually, as the U.S. and Canadian markets grow over time. We estimate $50.0 million in capital expenditures (a $5.0 million increase from our prior estimate) for phase I of this project (which includes a refinery and raw sugar warehouse), of which $16.7 million had been incurred as of June 30, 2024, on construction, equipment, and other development costs. This project is expected to commence commercial operation in the early 2026 timeframe.

In February 2024, Sucro announced a proposed new sugar refinery project in University Park, Illinois (part of the greater Chicago area). Phase I of this project, which includes the refinery only, is expected to commence commercial operation in the early 2026 timeframe. The project has an estimated cost of approximately $20.0 million, which has been approved by the Board. This refinery will be located at the Company's University Park facility and is expected to ramp toward an annual production of 200,000 metric tons within the first three years of operation. As of June 30, 2024, the Company had incurred $2.0 million on the development of this project.

For the 12-month period ending December 31, 2024, the Company anticipates incurring total capital expenditures of approximately $65.0 million (up from our prior estimate of $46.3 million), which relate primarily to the Hamilton and University Park refineries described above and, to a lesser extent, ongoing commissioning of its Lackawanna refinery, and maintenance capital expenditures at its facilities and refineries. Our revised capital expense estimate reflects the construction progress of our Chicago and Hamilton refineries, as well as the timing of certain expenses (with 2024 including most equipment and materials, which are ordered and delivered ahead of time, as well as groundwork and engineering). To a lesser extent, the revised estimate also reflects the $5.0 million of additional capital expenses for the Hamilton refinery project, as well as incremental capital expense at our Lackawanna refinery, where we continue to improve our production levels to meet our target 250,000 MT for fiscal 2027.

Expenditures related to the construction of our Chicago and Hamilton refineries will be funded predominantly with long-term debt and, to a lesser extent, cash derived from operating activities. Debt funding for these projects is expected to include the following:

Project	Purpose/Source	Principal Amount ('000s)	Amortization	Interest Rate	Status
Hamilton refinery	Landlord loan for refinery building improvements, silo foundations, and raw sugar storage warehouse construction	CAD $15,400	Interest-only during construction; 15 years thereafter	Canada Prime Rate plus 1.5% during construction; fixed rate thereafter (to be fixed at completion)	Completed
Hamilton refinery	Landlord bridge loan for construction of raw sugar storage warehouse	CAD $5,000	Interest-only during initial 18 months; 18 months thereafter based on a 15-year amortization schedule	Canada Prime Rate plus 1.5% during initial 18 months; fixed rate thereafter (to be fixed at completion)	Pending
Hamilton refinery	Bank loan for equipment and related soft costs	$20,000	10 years from closing; interest only during construction	Daily Simple SOFR plus 2.35%; rate may be fixed after 18-month construction period, at Company's option	Completed
University Park refinery	Bank mortgage loan	$6,500	5-year term; interest-only during construction (maximum 12 months); 20-year	5-year US Treasury Yield + 2.5% (floating during construction and fixed at completion)	Completed

			amortization		
University Park refinery	Bank loan for equipment and related soft costs	$7,500	Interest-only during initial 18-month construction period; 10 years thereafter	Daily Simple SOFR plus 2.35%; rate may be fixed after 18-month construction period, at Company's option	Completed

Maintenance capital expenditures and expenditures for the ongoing improvements of our Lackawanna refinery will be funded with cash from operating activities. As of June 30, 2024, the Company had committed undisbursed long-term loans and borrowings for its Hamilton, ON, and University Park, IL, projects totaling $24.9 million. See "Events Subsequent to June 30, 2024" for a description of additional credit facilities obtained after June 30, 2024, for the development of the Hamilton, ON, and University Park, IL, projects.

Liquidity

Six Months Ended June 30, 2024, and 2023

A summary of cash flows from continuing operations for the Company and Sucro Holdings for the six months ended June 30, 2024, and 2023, respectively, are as follows:

Six Months Ended June 30		**2024**		**2023**
Net cash flow provided by (used in) operating activities:				
Operating cash flows before changes in working capital	$	8,194	$	6,921
Changes in non-cash operating assets and liabilities		29,084		(73,890)
Net cash flow provided by (used in) operating activities	$	37,278	$	(66,969)
Cash flow provided by (used in) financing activities	$	(15,393)	$	68,033
Cash flow provided by (used in) investing activities	$	(22,610)	$	(6,179)
Net increase (decrease) in cash	**$**	**(725)**	**$**	**(5,115)**

Cash flow provided by operating activities for the six months ended June 30, 2024, increased by $104.2 million compared to the six months ended June 30, 2023, due to both higher operating cash flows before changes in working capital and higher reported changes in non-cash operating assets and liabilities. Operating cash flows before changes in working capital were $8.2 million for the six months ended June 30, 2024, compared to $6.9 million for the corresponding 2023 period, primarily as a result of lower mark-to-market unrealized results relating to sugar physical forward contracts. Changes in non-cash operating assets and liabilities were driven by several factors. Positive factors for the six months ended June 30, 2024, included decreases in inventory and our trading and derivatives accounts assets. These positive factors were partially offset by higher accounts receivable and prepaid expenses, and lower accounts payable and sales taxes payable.

Cash flow used in financing activities was $15.4 million for the six months ended June 30, 2024, compared to cash provided by financing activities of $68.0 million the same period of 2023, mainly due to increased repayments of short-term financial liabilities relating to our efforts to optimize our levels of inventory and working capital assets.

Cash flow used in investing activities was $22.6 million for the six months ended June 30, 2024, compared to $6.2 million for the same period of 2023, as a result of ongoing capital expenditure projects to increase production volumes of our Lackawanna refinery and the ongoing development of our new Hamilton refinery.

Credit Facilities and Debt Management Strategy

	June 30, 2024	December 31, 2023
Loans and borrowings	$ 251,365	$ 266,756
Less:		
Net collateral value	(219,608)	(204,856)
Other cash	(5,194)	(5,919)
Adjusted net debt	26,563	55,981
Lease liabilities	12,686	12,495
Due to related parties	1,112	5,054
Shareholders' equity	168,598	141,825
Capitalization	208,959	215,355
Adjusted net debt to capitalization	12.7%	26.0%
Adjusted EBITDA (previous 12 months)	35,290	33,065
Adjusted leverage ratio (Adjusted net debt / Adjusted EBITDA)	0.8	1.7

We consider our capital to be our shareholders' equity plus lease liabilities, amounts due to related parties, and debt, adjusted for the net collateral value of working capital assets (excluding cash) securing our borrowing base and inventory financing obligations, on a mark-to-market basis, and cash balances. As of June 30, 2024, our ratio of Adjusted net debt to capitalization was 12.7%, compared to 26.0% as of December 31, 2023. As of June 30, 2024, our Adjusted leverage ratio was 0.8, compared with 1.7 as of December 31, 2023.

We fund our working capital requirements primarily through our borrowing base facility and inventory repurchase transactions (discussed in "Capital Resources" above). These facilities generally bear interest at variable SOFR-based rates, plus an applicable margin. The interest rate of our borrowing base facility was 8.6% and 8.4% as of June 30, 2024, and 2023, respectively. As of June 30, 2024, we maintained $65.0 million notional amount of buy fixed-sell variable interest rate swaps that effectively fixes the rate of the same notional amount of short-term debt for a period of 2-3 years (for further information, see "Financial and Other Instruments," and "Financial Risk Management" below).

All outstanding long-term loans and borrowings were used to finance capital expenses, including property, plant and equipment and have the maturities set forth below. The average interest rate for our long-term debt for the six months ended June 30, 2024, was 7.4%. While our credit facilities include financial and other covenants applicable to our subsidiaries, our borrowing base facility includes a financial covenant applicable to Sucro Limited on a consolidated basis, as set forth in the table below.

Maturity in years	Up to 1	1-2	2-3	3-5	Over 5
Loans and borrowings, current portion					
Borrowing base revolving credit facility	194,315				
Inventory repurchase transactions	4,708				
Other revolving facilities	400				
Current portion of long-term loans and borrowings	4,867				
Loans and borrowings, net of current portion		6,102	23,957	5,981	11,035
Loans and Borrowings	**204,290**	**6,102**	**23,957**	**5,981**	**11,035**
Unused credit facilities (total)	135,977				
Unused commited facilities	50,000				
Financial covenants include:					
Maximum Total liabilities-to-Tangible net worth[2]	4.00:1				
Reported as of June 30, 2024	1.10				

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

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 current claims and believes that, as of the date hereof, there is no material current or pending litigation.

Off-Balance Sheet Arrangements

Off balance sheet obligations as of June 30, 2024, include a guarantee to a financial institution for obligations of Amerikoa Ingredients, LLC ("Amerikoa") in the amount of $3.2 million, and customs bonds in the aggregate amount of $4.2 million.

In addition, the Company maintains an equity participation rights plan (the "EAR plan"). Each equity appreciation right ("EAR") granted to a participant under the EAR Plan entitles the participant to receive an amount in cash equal to a portion of the net sale proceeds obtained by the Company or Sucro Holdings, as applicable, in connection with a sale of a threshold percentage of the Company's or Sucro Holding's equity interests or assets. Participants are not entitled to dividends or other distributions or any share of profits on their EARs. As of June 30, 2024, the Company had outstanding 75,895 EARs, out of which 53,395 EARs had vested. The remaining EARs have monthly vesting schedules through March 2025. Acceleration of vesting and treatment of the awards upon a participant's termination of service with the Company varies on an award-by-award basis. Because the cash settlement feature of the EAR Plan can be exercised only upon the occurrence of a contingent event that is outside the participants' control, the Company's does not record equity-based compensation expense and a corresponding liability until it becomes probable the event will occur. In conjunction with, and as a result of, the Reorganization, the EAR Plan was amended to provide that entitlements under the plan will, going forward, be triggered on a sale of Sucro Limited (rather than a sale of Sucro Holdings) and the calculation of the cash entitlement will be based on the percentage equity interest represented by the EARs if each represented three Subordinate Voting Share of Sucro Limited (instead of one membership unit of Sucro Holdings).

Transactions with Related Parties

The Company had no significant related-party transactions during the six months ended June 30, 2024 other than those noted in the interim condensed unaudited consolidated financial statements for such period except, as follows:

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

Outstanding Security Data

	December 31, 2023	**August 28, 2024**
Subordinate Voting Shares	6,683,306.00	6,824,156.00
Proportionate Voting Shares	167,189.29	167,189.29
Total – basic outstanding	**6,850,495.29**	**6,991,345.29**
Subordinate Voting Shares	6,683,306	6,824,156

Proportionate Voting Shares (as-converted to SVS)	16,718,929	16,718,929
Total – basic as converted	**23,402,235**	**23,543,085**
Warrants	180,635	39,785
Restricted Share Units	177,973	286,312
Options	-	304,752
Total – fully diluted	**23,760,843**	**24,173,934**

Financial and Other Instruments

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

The Company measures and reports the fair value of forward and futures contracts within a hierarchal disclosure framework that prioritizes and ranks the level of observable inputs used in measuring fair value. Inputs based on market data from independent sources are considered observable inputs and inputs generated from 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 Company's estimates of the assumptions that market participants would use, having the least priority (Level 3). At each statement of financial position date, the Company performs an analysis of all financial instruments subject to fair value measurements.

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

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

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

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

the underlying expected profit margin over the duration of the contracts is unchanged. Volatility can be significant from period to period.

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

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

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

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

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

		June 30, 2024		December 31, 2023
Forward commitments	$	133,270	$	140,495
Futures contracts		2,337		2,938
Interest rate swap		637		281
Foreign currency forwards		355		49
Total Gains	**$**	**136,599**	**$**	**143,763**

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

		June 30, 2024		December 31, 2023
Forward commitments	$	17,676	$	32,902
Interest rate swap		-		803
Foreign currency forwards		52		1,123
Options		142		177
Energy rate swap		58		60
Total Losses	**$**	**17,928**	**$**	**35,065**

During the six months ended June 30, 2024, and 2023, net unrealized gains (losses) on derivative transactions recognized in cost of sales are as follows:

Six Months Ended June 30		**2024**		**2023**
Mark-to-market gains (losses) on commodity forward contracts	$	9,417	$	28,383
Mark-to-market gains (losses) on inventory		11,412		2,064
Mark-to-market gains (losses) on futures contracts		3,595		3,687
Mark-to-market gains (losses) on foreign currency forwards		1,377		(25)
Total	**$**	**25,801**	**$**	**34,109**

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

The following tables shows the Company's and Sucro Holdings', as applicable, 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 June 30		Location of Gain (loss) reclassified from OCI into income (effective portion)	Amount of gain (loss) reclassified from OCI into income (effective portion) for the three months ended June 30		Location of gain(loss) reclassified in income on derivative (effective portion)	Amount of gain(loss) recognized in income on derivative (ineffective portions) for the three months ended June 30	
	2024	2023		2024	2023		2024	2023
Interest rate swap	$1,159	$176	Interest income (expense)	$482	$48	Other income (expense)	-	-
Energy rate swap	$37	$(125)	Cost of sales (expense)	$(205)	$(25)	Other income (expense)	-	-

Financial Risk Management

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

a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to this risk mainly in respect of its unrealized losses on forward commitments, accounts payable and accrued liabilities, current financial liabilities, current lease liabilities and other current liabilities. The Company considers that it has sufficient funds available to meet its current and long-term financial obligations as they come due. As of June 30, 2024, the Company had current assets of $406.1 million and current liabilities of $274.9 million. As of December 31, 2023, the Company had current assets of $443.9 million and current liabilities of $334.5 million. In addition, as of June 30, 2024, the Company had $50.0 million of undrawn committed credit facilities and $136.0 million of undrawn uncommitted credit facilities. Management of liquidity risk during the six months ended June 30, 2024, did not change materially from the year ended December 31, 2023. For more information, see "Capital Resources," "Liquidity," and "Credit Facilities and Debt Management Strategy."

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable, forward contracts, and cash and cash equivalents. The Company does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant losses from non-performance. All customers go through a credit approval process. The Company routinely assesses the financial strength of its customers and ensures that counterparty balances are maintained within the approved credit limits. As a result, the Company believes the concentration of credit risk is limited.

In addition, to mitigate credit risk on its accounts receivable, the Company utilizes credit insurance. Our credit insurance policy is subject to coverage limits on a counterparty basis, as well as to a maximum aggregate insured amount. The maximum risk of loss related to credit risk on the Company's accounts receivable (net of credit insurance) was $68.11 million and $52.9 million as of June 30, 2024, and December 31, 2023, respectively.

Balances for trade accounts receivable are managed on an ongoing basis to ensure estimated credit losses correspond to the specific credit risk of our customers, which are established and maintained at an appropriate amount. The provision for expected credit loss also includes a reserve for amounts that may become uncollectable based on unforeseen future events. This reserve is established based on historical collection results. Accounts receivable outstanding are written off through the provision for expected credit losses after the Company exhausts all reasonable collection efforts.

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

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

As of June 30, 2024, and December 31, 2023, the Company had, respectively, deposits of $3.3 million and $3.5 million that were not insured by the FDIC or in excess of the FDIC insurance limit.

Management of credit risk during the six months ended June 30, 2024, did not change materially from the year ended December 31, 2023.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is exposed to other price risk on its fixed price commodities forwards and future contracts.

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain bank loans of the Company have a variable interest rate. The interest rate swaps utilized by the Company effectively modify the Company's exposure to interest rate risk on certain debt by converting the Company's floating-rate debt to a fixed-rate basis during the tenor of the swaps, as indicated below, thus reducing the impact of interest-rate changes on future interest expense. As of June 30, 2024, $40.3 million notional amount of the Company's long-term debt and $65.0 million notional amount of short-term debt bears interest at a fixed rate or has been hedged with an interest rate swap. The total notional amount of the Company's receive-variable/pay-fixed interest rate swaps relating to its short-term debt is set forth below, in each case for 30-day SOFR.

	Notional amount (USD '000)		**Average swap rate**	
Swap tenor (in years)	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
More than 1, less than 3	$ 65,000	$ 50,000	4.30%	4.33%
Total notional amount	$ 65,000	$ 50,000		

Changes in a variable rate loan's base rate can cause fluctuations in interest payment and cash flows. If the base rate of the Company's variable rate debt increased/decreased by 50 basis points, the Company's net income before income taxes for fiscal 2023 would have been $0.9 million lower/ higher.

ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the Company's assets of liabilities or future cash flows from the Company's operations will fluctuate due to changes in foreign exchange rates. The Company has several accounts denominated in currencies other than its functional currency of the U.S. Dollar as described below. The Company operates in the U.S., Canada and Mexico and regularly transacts in currencies other than U.S. Dollars. The Company seeks to manage this risk by constructing natural hedges when it matches sales and purchases in any single currency or with financial instruments, such as foreign currency forward exchange contracts. The Company also has foreign currency translation risk from its investment in Canada. This investment is not hedged as the currency position is considered long term in nature. The tables below summarize the Company's exposures to different currencies.

	Balance in USD June 30, 2024	Balance in USD December 31, 2023
Canadian Dollars Net Exposure	$ (4,718)	$ (2,920)
Mexican Pesos Net Exposure	$ 6,449	$ 2,194

As of December 31, 2023, if the Canadian Dollar had strengthened (weakened) 5 percent against the United States Dollar, net income before income taxes would have been $146 thousand lower (higher). As of December 31, 2023, if the Mexican Peso had strengthened (weakened) 5% against the United States Dollar, net income before income taxes would have been $109 thousand higher (lower).

iii) Commodity Price Risk

The Company is exposed to commodity price risk on its inventory and fixed price commodities forward and future contracts through its exposure to the market price of the commodity of sugar. The Company uses derivative instruments, including swaps, commodity futures and forward contracts, to manage its exposure to fluctuating prices of sugar commodities. The Company manages open positions with strict policies, which limit its exposure to market risk and require routine reporting to management of potential financial exposure. The Company has elected not to designate the derivative instruments as hedges. As a result, gains and losses representing changes in these derivative instruments' fair values are recognized in profit or loss. As of December 31, 2023, if the market price of sugar had increased (decreased) by 10%, the Company's net income before taxes would have been $14.0 million greater (lower).

The table below summarizes the commodity derivative instrument positions of the Company for sugar as of June 30, 2024:

	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value (Approximate)
Sugar commodities	4,931 MT	Jul 2024 - Oct 2026	Jul 2024 – Oct 2026	$140,324
Total fair market value				$140,324

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

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

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

Changes in Accounting Policy

During 2023, the Company modified the classification of depreciation expense on its property, plant and equipment and right-of-use assets used in the production of sugar to reflect more appropriately the way in which economic benefits are derived from their use. Comparative amounts in the statement of income and other comprehensive income were reclassified for consistency.

Newly Adopted Accounting Pronouncements

The following amended accounting standard issued by the IASB has an effective date on or after January 1, 2024, and was adopted effective January 1, 2024:

1. *Classification of Liabilities as Current or Non-current (Amendment to IAS 1)*. The Company has adopted Classification of Liabilities as Current or Non-current and Noncurrent 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 consolidated financial statements.

Risk Factors

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

Events Subsequent to June 30, 2024

On July 11, 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 Chicago, IL. The agreement provides for loans in the aggregate amount of up to $7.5 million and a term of 11.5 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 10 years 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 and guaranteed by Sucro Can International, LLC.

During the third quarter of 2024, the Company entered into additional receive-variable/pay-fixed interest rate swaps with tenors of two-to-three years for a total notional amount of $20.0 million to hedge its exposure to short-term fluctuations in interest rates with respect to current financial liabilities. The fixed SOFR rate for these swaps is 4.05% for $10.0 million notional value and 3.8% for the remaining $10.0 million notional value.

In August 2024, the Company renewed its syndicated borrowing base credit facility. As amended, maximum borrowings under the facility, subject to borrowing base limitations per the credit agreement, will be up to $325.0

million, of which $50.0 million are on a committed basis, with the remainder being uncommitted. Loans under this facility, as amended, bear interest at SOFR, plus 315 basis points (from 350 basis points as of June 30, 2024). This facility, as amended, is scheduled to mature in August 2026. As amended, this facility is secured by substantially all the working capital assets of the Company, except for certain Mexican assets. In addition, this facility is guaranteed by Sucro Holdings, LLC and Sucro Limited.

In August 2024, the Company entered into an amendment to the Financing Agreement with its landlord at the Hamilton, ON, site for the new refinery being built. The amendment increases the loan amount from CAD $14.0 million to CAD $15.4 million and allows the Company to use the incremental loan amount to construct a raw sugar warehouse, silo foundation, and silo structure at the site. Other terms relating to this facility remain unchanged (see "Capital Resources").

In August 2024, the Company entered into a Bridge 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 $5.0 million for the purpose of making leasehold improvements to the site, particularly the construction of a raw sugar storage warehouse. Loans will be funded in minimum amounts of CAD $1.0 million during the initial 18-month disbursement period, during which time outstanding amounts will bear interest at the Canada Prime Rate, plus 1.5%. At the end of the disbursement period, interest will accrue at a fixed rate and principal will amortize over 18 months based on a 15-year amortization schedule. The Company may prepay this loan at any time during the initial 18-month disbursement period, without penalty. Prepayments during the amortization period are subject to early payment and administrative fees. This loan is secured by the leasehold improvements being financed with the loan proceeds (the raw sugar storage warehouse).

Forward-Looking Information

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

This forward-looking information includes, among other things, statements relating to: our expectations regarding our profit and operating margins; the sufficiency of our working capital and capital resources to meet its current and long-term financial obligations; targeted 2027 production level for our Lackawanna refinery; expected capital costs, production capacity, anticipated capacity ramp up and commencement dates for operations for our new Hamilton, Ontario and University Park refineries; and expectations regarding capital expenditures in the next 12 month period and the expected funding of those expenditures.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions include: revenue; our

ability to build our market share; our ability to complete our proposed new refineries on time and on budget and with the anticipated processing capacity; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; our ability to respond to any changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered to be appropriate and reasonable as of the date of this MD&A, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, our ability to maintain and renew licenses and permits; fluctuations in the price of sugar that we purchase, process and sell; development of new or expansion of our existing refineries may experience cost-overruns and/or delays and actual costs, operational efficiencies, production volumes or economic returns may differ materially from the Company's estimates and variances from expectations; disruptions to our supply chains as a result of outbreaks of illness, geopolitical events or other factors; inflation and rising interest rates; the risk of unhedged trading positions and counterparty defaults; a significant portion of our current credit facility is uncommitted and requests for additional advances may be refused; elimination or significant reduction of protective duties relating to foreign sugar imports; our limited operating history and our recent growth may not be indicative of our future growth; dependence on management's ability to implement its strategy; risks of early stage companies; competitive risks; our dependence on a small number of key persons; demands of growth on our management and our operational and financial resources; and the other risk factors discussed in greater detail under "Risk Factors" in the Company's annual information form dated April 18, 2024 and filed on SEDAR+ at www.sedarplus.ca, which is specifically incorporated by reference herein.

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

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