
Consolidated Financial Statements

Sucro Limited

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

INDEX

Independent Auditor's Report	2-5
Consolidated Statements of Financial Position	6-7
Consolidated Statements of Income and Comprehensive Income	8
Consolidated Statements of Changes in Shareholders' Equity	9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-67

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sucro Limited:

Opinion

We have audited the consolidated financial statements of Sucro Limited and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Key audit matter	How our audit addressed the key audit matter
Valuation of sugar commodities inventory (“sugar inventory”)	
Note 3(c)(ii) and 7	Our approach to addressing the matter included the following procedures, among others:
As at December 31, 2025, the Company held inventory of \$184,976 thousand consisting of sugar commodities and processing additives. Sugar inventory is measured at fair value less costs to sell. Fair value is calculated based on quoted spot prices from published indices for similar sugar commodities, adjusted for differences in the quality of the sugar and delivery location. Due to the unobservable inputs used to calculate fair value, sugar inventory is classified in Level 3 of the fair value hierarchy. To calculate fair value, management was required to refer to unobservable inputs, which included determining the adjustments required from the quoted spot prices for the differences in quality of the sugar and the delivery location. In addition, the determination of the quantity of sugar, which is an input into the fair value measurement, required mathematical recalculations to determine the volumes of sugar piles, factoring in the sugar inventory’s density and relative humidity to calculate total tonnage. We considered this a key audit matter due to the magnitude of the sugar inventory balance and the auditor attention required with respect to the significant judgment and estimation uncertainty applied by management in determining the fair value of the Company’s sugar inventory.	• Obtained an understanding of the design and implementation of the relevant controls associated with the calculation of the fair value of sugar inventory. • Conducted inventory count observations at select locations to test the quantity of sugar inventory at the count dates and performed procedures on inbound and outbound movements between count dates and the year-end date. • Read the inventory verification reports prepared by an external third-party. The third party inspected each of the locations, conducted sample counts, performed mathematical recalculations of the quantity and volume of sugar piles. We evaluated the competence, capabilities and objectivity of the external third-party. In addition, we conducted our inventory count alongside the external third-party and compared our count results to theirs. • Tested the sugar prices by comparing the price to the quoted spot prices from published indices for similar sugar commodities. • Tested the adjustment to quoted spot prices by assessing whether the adjustment for the quality of sugar and delivery location was appropriate based on historical adjustments. • Recalculated the expected gain or loss on remeasurement of sugar inventory to fair value at the year-end date. • Assessed the completeness and adequacy of the Company’s Level 3 fair value disclosures in the consolidated financial statements.
Valuation of derivative instruments	
Note 3(c)(ii) and 24	Our approach to addressing the matter included the following procedures, among others:
As at December 31, 2025, the Company reported unrealized gains on forward commitments of \$161,633 thousand and unrealized losses of \$7,863 thousand. The Company’s derivatives, consisting of forwards and futures contracts, are classified as fair value through profit or loss. The fair value of futures contracts based on unadjusted quoted prices in active markets are classified within Level 1 of the fair value hierarchy.	• Obtained an understanding of the design and implementation of the relevant controls associated with the calculation of fair value of the Company’s forwards and futures contracts. • Agreed the price in the fair value calculation for Level 1 inputs to the quoted market price on the relevant forward commodity market indices. • Tested the adjustments to quoted market price for Level 2 inputs by comparing the adjustments for future freight and commission costs to historical amounts incurred by examining external invoices and agreements.

The fair value of certain forward commitments based on the prevailing futures rates, adjusted for management inputs that include transportation costs and the delivery location are classified within Level 2 of the fair value hierarchy. The fair value of certain forward commitments based primarily on unobservable inputs, which include historical transacted prices, forward prices, volatilities, and adjustments to accommodate sugar grades and delivery locations, are classified within Level 3 of the fair value hierarchy. We considered this a key audit matter due to the magnitude of the unrealized gains and losses on forward commitments and the auditor attention required with respect to the significant judgment and estimation uncertainty applied by management in determining the fair value of the Company's derivative instruments.	- Assessed the appropriateness of the valuation methodology for forward commitments measured based on Level 3 inputs. Tested the inputs into the valuation methodology, which included recalculating the weighted average sales price for each organic speciality based upon open sales contracts for forward commitments as at December 31, 2025, less the weighted average price adjustments for these sales contracts. - Recalculated the expected gain or loss on remeasurement of derivatives to fair value at the year-end date. Where open quantities changed from the initial contract position, we agreed purchase and sale movement during the year to external invoices and shipping documents. - Assessed the completeness and adequacy of the Company's fair value disclosures in the consolidated financial statements.
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Other Information

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 15, 2026

Sucro Limited

Consolidated Statements of Financial Position

As of December 31,

(Expressed in Thousands of US Dollars)

	2025	2024
Assets		
Current Assets		
Cash	\$ 8,953	\$ 2,919
Restricted cash (note 13) (c)	320	500
Trading and derivative assets (note 5)	682	1,029
Accounts receivable (note 6) (note 23 (b))	55,246	87,944
Inventory (note 7)	184,976	208,350
Due from related parties (note 17)	6,844	4,230
Unrealized gains on forward commitments (note 24)	149,136	139,713
Prepaid expenses	19,954	9,098
Other receivables (note 12)	11,889	6,446
Total Current Assets	438,000	460,229
Non-Current Assets		
Property, plant and equipment (note 8)	203,482	146,160
Right-of-use assets (note 9)	17,240	19,429
Unrealized gains on forward commitments (note 24)	12,497	-
Sales taxes recoverable	3,098	2,606
Equity investment (note 11)	-	992
Other non-current assets	-	72
Goodwill and other intangible assets	987	961
Total Non-Current Assets	237,304	170,220
Total Assets	\$ 675,304	\$ 630,449

Sucro Limited

Consolidated Statements of Financial Position

As of December 31,

(Expressed in Thousands of US Dollars)

	2025	2024
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 33)	\$ 84,408	\$ 74,237
Unrealized losses on forward commitments (note 24)	7,863	13,896
Loans and borrowings, current portion (note 13)	246,706	249,207
Due to related parties (note 17)	166	-
Taxes payable (note 18)	140	308
Lease liabilities, current portion (note 14)	2,354	1,826
Sales taxes payable	105	803
Total Current Liabilities	341,742	340,277
Non-Current Liabilities		
Loans and borrowings, net of current portion (note 13)	90,098	79,034
Deferred tax liability (note 18)	15,344	24,943
Lease liabilities (note 14)	17,118	16,830
Total Liabilities	464,302	461,084
Shareholders' Equity		
Share capital (note 15)	60,128	55,806
Retained earnings	150,116	110,021
Equity-based compensation reserve (note 25)	1,312	1,958
Cash flow hedging reserve (note 4)	(554)	(49)
Equity Attributable to Shareholders of the Company	211,002	167,736
Non-controlling interest (note 3(p))	-	1,629
Total Shareholders' Equity	211,002	169,365
Total Liabilities and Shareholders' Equity	\$ 675,304	\$ 630,449

Nature of Operations (note 1)

Commitments and Contingencies (note 26)

Subsequent Events (note 34)

Approved on behalf of the Board of Directors.

Signed " Don Hill " Director

Signed " William Billings " Director

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

Sucro Limited

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31,

(Expressed in Thousands of US Dollars)

	2025	2024
Revenue (notes 17, 20 and 27)	\$ 668,935	\$ 655,348
Cost of sales (notes 4, 7, 9, 17 and 21)	582,069	570,148
Gross Profit	86,866	85,200
Selling, General and Administrative Expenses		
Administrative expenses (note 9, 17 and 22)	20,835	23,622
Selling and distribution expenses	1,329	290
Other operating expenses	2,774	3,176
Depreciation (note 8)	1,631	1,555
Depreciation of right-of-use assets (note 9)	1,639	759
Equity-based compensation (note 17 and 25)	1,898	2,605
Total Selling, General and Administrative Expenses	30,106	32,007
Income From Operations	56,760	53,193
Other Income (Expenses)		
Interest expense (note 13 and 14)	(23,347)	(24,719)
Interest income	517	1,321
Earnings from equity investment (note 11)	8	151
Unrealized foreign exchange gain (loss) on leases and loans	(1,503)	1,556
Other income (note 20)	255	252
Total Other Income (Expenses)	(24,070)	(21,439)
Income Before Income Taxes	32,690	31,754
Income Tax Expense		
Current income tax expense (note 18)	(1,323)	(688)
Deferred tax (expense) recovery (note 18)	9,599	(6,875)
Total Tax (Expense) Recovery	8,276	(7,563)
Net Income	40,966	24,191
Other Comprehensive Income		
Items that may be subsequently reclassified to profit or loss		
Gain (loss) on Interest Rate Swap	(539)	548
Gain on Energy Rate Swap	34	162
Comprehensive Income	\$ 40,461	\$ 24,901
Net income per Share - basic	\$ 3.71	\$ 3.21
Net income per Share - diluted	\$ 1.70	\$ 1.02
Weighted Average Number of Shares Outstanding - basic	11,029,010	7,534,838
Weighted Average Number of Shares Outstanding - diluted	24,099,152	23,709,586
Net Income Attributable to:		
Non-controlling interest	\$ 493	\$ 837
Shareholders of the Company	40,473	23,354
	\$ 40,966	\$ 24,191
Comprehensive Income Attributable to:		
Non-controlling interest	\$ 493	\$ 837
Shareholders of the Company	39,968	24,064
	\$ 40,461	\$ 24,901

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

Sucro Limited

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

		Share Capital	Retained Earnings	Equity-based Compensation Reserve	Cash Flow Hedging Reserve	Non- controlling Interest	Total Shareholders' Equity
Balance, January 1, 2024	\$	53,782	\$ 86,667	\$ 902	\$ (759)	\$ 1,233	\$ 141,825
Gain on interest rate swaps		-	-	-	548	-	548
Gain on energy rate swaps		-	-	-	162	-	162
Equity-based compensation		1,443	-	1,162	-	-	2,605
Shares issued on exercise of broker warrants		475	-	-	-	-	475
Distribution		-	-	-	-	(441)	(441)
Warrants exercised		106	-	(106)	-	-	-
Net income attributable to share holders of the Company		-	23,354	-	-	-	23,354
Total equity attributable to share holders of the Company		55,806	110,021	1,958	(49)	792	168,528
Net income attributable to non-controlling interests		-	-	-	-	837	837
Balance, December 31, 2024	\$	55,806	\$ 110,021	\$ 1,958	\$ (49)	\$ 1,629	\$ 169,365
Loss on interest rate swaps		-	-	-	(539)	-	(539)
Gain on energy rate swaps		-	-	-	34	-	34
Equity-based compensation		2,496	-	(598)	-	-	1,898
Shares issued on exercise of ESPP		34	-	31	-	-	65
Shares issued on exercise of broker warrants		145	-	(79)	-	-	66
Acquisition of additional 49% in subsidiary and disposal of equity investment (note 11)		1,500	(378)	-	-	(2,122)	(1,000)
Shares issued against promissory note settlement (note 31)		147	-	-	-	-	147
Net income attributable to share holders of the Company		-	40,473	-	-	-	40,473
Total equity attributable to share holders of the Company		60,128	150,116	1,312	(554)	(493)	210,509
Net income attributable to non-controlling interests		-	-	-	-	493	493
Balance, December 31, 2025	\$	60,128	\$ 150,116	\$ 1,312	\$ (554)	\$ -	\$ 211,002

Sucro Limited

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

	2025	2024
Cash provided by (used in)		
Cash Flows From Operating Activities		
Net income for the year	\$ 40,966	\$ 24,191
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Earnings from equity investment (note 11)	(8)	(151)
Lease interest expense (note 14)	929	403
Gain on lease modification	(9)	(60)
Amortization of debt issuance cost	1,303	1,338
Net change in mark to market on forward contracts (note 4)	(36,835)	(28,461)
Depreciation expense (note 8)	6,813	5,243
Depreciation of right-of-use assets (note 9)	2,527	1,299
Unrealized foreign exchange (gain) loss on leases and loans	1,503	(1,556)
Equity-based compensation	1,898	2,605
Deferred tax expense (recovery) (note 18)	(9,599)	6,875
Accrued interest on related party receivable (note 17)	-	(114)
Accrued interest on lease liability (note 14)	667	684
Operating cash flows before changes in non-cash working capital	10,155	12,296
Changes in non-cash working capital (note 28)	38,582	(11,718)
Net cash provided by operating activities	48,737	578
Net cash used in investing activities (note 29)	(46,641)	(62,399)
Net cash provided by financing activities (note 30)	3,758	59,321
Net increase (decrease) in cash	5,854	(2,500)
Cash and restricted cash, beginning of year	3,419	5,919
Cash and restricted cash, end of year	\$ 9,273	\$ 3,419
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 25,674	\$ 22,649
Cash received for interest	441	1,030
Income taxes paid	1,944	710

Supplemental Disclosure of Non-Cash Investing and Financing Activities (note 31).

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

1. Nature of Operations

Sucro Limited (the “Company”) was incorporated as an exempt company under the Companies Act (2023 Revision) (Cayman Islands) on July 31, 2023. The Company is incorporated and domiciled in the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and the principal place of business is 2020 Ponce De Leon, Suite 1204, Coral Gables, Miami, Florida 33134. The Company is a vertically integrated wholesale sugar merchant, operating primarily in North America. The Company's business consists primarily of purchasing raw, refined, and specialty sugars from mills in net-exporting countries and supplying raw, refined, specialty and liquid sugars to wholesalers and food and beverage manufacturers in net-importing countries. The Company's shares trade under the ticker symbol “SUGR” on the TSX Venture Exchange in Canada and under the ticker symbol "SUGRF" on the OTCQB Venture Market (“OTCQB”).

The Company's operations are classified into two reportable business segments: Trade and Services (see note 27). Each of these segments is organized based upon the nature of products and services offered and aligns with the management structure. The Trade segment is a business focusing on capturing profits through sourcing, merchandising, and managing logistics of sugar. The Company's asset-based Services segment provides tolling (refining, processing, handling, packaging, and quality assurance), storage, and other services primarily to the Trade segment.

The following companies have been consolidated within the Company's consolidated financial statements. The Company's percentage of ownership as of December 31, 2025 and 2024 was:

Name of the Corporation	Jurisdiction of Incorporation	Principal Activity	Percentage of Ownership	
			December 31, 2025	December 31, 2024
Sucro Holdings, LLC	Florida	Administrative	100%	100%
Sucro Can Sourcing, LLC	Florida	Wholesale Sugar Merchant	100%	100%
Sucro Can International	Delaware	Sugar Processor	100%	100%
Sucro Trading SRL	Panama	Wholesale Sugar Merchant	100%	100%
Sucro Can Canada Inc.	Ontario, Canada	Sugar Processor	100%	100%
Sweet Life, LLC	Delaware	Sugar Processor	100%	100%
Sucro Atlanta, LLC	Delaware	Equipment	100%	100%
Sucro Chicago, LLC	Delaware	Real Estate	100%	100%
Sweet Life Services, LLC	Delaware	Sugar Processor, storage and broker	100%*	51%
Sucro 2020, LLC	Florida	Real Estate	100%	100%
Sucro Real Estate NY, LLC	New York	Real Estate	100%	100%
WS Services, LLC	Delaware	Sugar storage	100%	100%
Sucro Processing LLC	Delaware	Sugar Processor	100%	100%
SCM Sugar Servicios S.A.	Mexico	Administrative	100%	100%
Caribbean Sugar Refiners LLC	Delaware	Sugar Processor	50%*	0%

* During the year, the Company acquired the additional 49% ownership interest in Sweet Life Services. Refer to note 11 for more details.

* Refer to note 10 for further details regarding the newly established joint operation.

As of December 31, 2025, SC Americas Corp (the "Ultimate Parent") owned 50.57% (December 31, 2024 - 51.20%) of the Company. In addition to the companies listed above, the Company also has a 100% interest in Sweet Life Transportation LLC, Sucro Brazil LTDA and Sugar Latam del Ecuador S.A. Each of these entities are inactive subsidiaries.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The policies applied in the Company's consolidated financial statements are based on IFRS effective for the year ended December 31, 2025. These consolidated financial statements were authorized for issuance by the Board of Directors on April 15, 2026.

The consolidated financial statements are presented in United States Dollars ("U.S. Dollars") and all values are rounded to the nearest (\$000), unless otherwise noted. Certain comparative figures have been reclassified to conform to the current year presentation (note 20).

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

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

3. Material Accounting Policy Information

(a) Basis of consolidation

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

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

The Company's interests in joint operations, over which it has joint control but does not have exclusive control, are recognized in the financial statements based on its rights to the assets and obligations for the liabilities relating to the arrangement (note 10).

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(b) Foreign currencies

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

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

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

(c) Critical accounting estimates and judgments

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

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

(i) Critical judgments:

Fair value of financial instruments

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(c) Critical accounting estimates and judgments (continued)

(i) Critical judgments: (continued)

Supplier finance arrangements

The Company applies significant judgment in assessing the accounting for supplier finance arrangements, including whether amounts subject to the arrangements continue to be presented as trade payables or should instead be presented as borrowings or other financial liabilities. This assessment is based on the specific facts and terms of the arrangement, including whether the original liability has been legally released or substantially modified, whether payment terms have been significantly extended beyond customary trade terms, and whether the Company incurs additional financing costs.

The Company also applies judgment in determining the presentation of related cash flows in the consolidated statement of cash flows. Where the nature and function of the liability remain consistent with trade payables and the related payments continue to form part of the Company's normal operating cycle, cash outflows are presented within operating activities. Where the substance of the arrangement is determined to be financing in nature, the related cash flows are presented within financing activities.

Deferred tax assets and liabilities

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

Joint operation

The Company has applied judgement in determining whether its interest in the Joint arrangement represents an interest in a joint operation or a joint venture. Because the arrangement is structured through a separate vehicle, management assessed the legal form of the separate vehicle, the terms of the contractual arrangement and, where relevant, other facts and circumstances. Management concluded that the Company, together with the other joint operator, has rights to the assets and obligations for the liabilities relating to the arrangement, rather than rights only to the net assets of the arrangement. Accordingly, the arrangement is classified as a joint operation.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(c) Critical accounting estimates and judgments (continued)

(i) Critical judgments: (continued)

Uncertain tax positions

The Company exercises significant judgement in evaluating uncertain tax positions. In particular, management assesses whether it is probable that a payment will be made to the relevant tax authority. These judgements affect the measurement of current and deferred tax balances recognized in the consolidated financial statements. Management's assessment is based on the facts and circumstances known at the reporting date, the relevant tax legislation, and, where appropriate, external professional advice. When the uncertain tax position gives rise to a contingent tax liability for which no provision is recognized, the Company discloses tax-related contingent liabilities and contingent assets in accordance with IFRIC 23 and IAS 12. These assessments are reviewed as matters progress and as new information becomes available.

(ii) Critical estimates and assumptions:

Expected credit losses

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

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

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

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

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

Fair value of equity-based payments and warrants

The estimate of fair value for equity-based payments and warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the expected life of options or warrants and expected extinguishments. The Company uses the Hull-White option pricing model to estimate the grant-date fair value of equity-based payments and warrants. This model requires management to make significant estimates with respect to expected volatility, expected life, risk-free interest rate and expected dividends, as applicable. Changes in these assumptions may materially affect the estimated fair value of the related instruments. Expected

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(c) Critical accounting estimates and judgments (continued)

(ii) Critical estimates and assumptions (continued):

Fair value of equity-based payments and warrants (continued)

forfeitures are not incorporated into the grant-date fair value of the awards, but are reflected in the estimate of the number of awards expected to vest and the related expense recognized over the vesting period.

Inventory

The estimate of fair value of the Company's inventory measured using level 3 inputs includes various estimates with respect to the type, grade and location, as well as the market price for the underlying inventory. In addition, the measurement of bulk raw sugar inventory is complex as a number of estimates are required, including the dimensions of the piles, relative humidity, and density at year-end. Changes in these input assumptions can materially affect the estimated fair value.

Forwards and futures contracts

The estimate of fair value of the Company's forward and futures contracts includes estimates of the market price of the underlying product to be purchased or sold at a future date. Changes in these input assumptions can materially affect the estimated fair value. The assumptions are disclosed in note 24.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets or financial liabilities are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. Financial assets are classified as either fair value through profit or loss (“FVTPL”), amortized cost or fair value through other comprehensive income (“FVTOCI”). Financial assets are reclassified only when the business model for managing the assets changes. Financial liabilities are classified as either FVTPL, amortized cost or FVTOCI. Financial liabilities are not reclassified. The Company determines the classification of its financial instruments at initial recognition.

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

Financial Instrument	Classification and measurements
Cash	FVTPL
Restricted cash	FVTPL
Trading and derivative assets	FVTPL
Accounts receivable	Amortized cost
Due from related parties	Amortized cost
Other receivables	Amortized cost
Unrealized gains on forward commitments	FVTPL
Due to related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Unrealized losses on forward commitments	FVTPL
Loans and borrowings	Amortized cost

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(d) Financial instruments (continued)

(1) Financial Assets

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

(i) Financial assets recorded at FVTPL

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

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

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

(iii) Amortized cost

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

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

(2) Financial liabilities

Financial liabilities are classified as either FVTPL or amortized cost.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(d) Financial instruments (continued)

(2) Financial liabilities (continued)

(i) Amortized cost

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

(ii) Financial liabilities recorded at FVTPL

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

(3) Transaction costs

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

(4) Derecognition

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

(5) Expected credit loss impairment model

Allowances for expected credit loss are reviewed by the Company at each financial position date and the estimate of the allowance for expected credit loss is updated based on the evaluation of the recoverability of trade receivables with each customer base, taking into account historical collection trends of past due accounts and current economic conditions. The Company considers a financial asset in default when contractual payments are considered past due and at risk depending on the various economic and asset-specific factors, or if it becomes probable that a customer will enter bankruptcy or other insolvency proceedings.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(e) Fair value considerations

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are categorized into Levels 1, 2 and 3 based on the lowest level input that is significant to the fair value measurement. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are observable inputs, other than quoted prices included within Level 1. Level 3 inputs are unobservable inputs.

(f) Derivative and hedging contracts

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

When the derivative is designated as a hedging instrument, classifies commodity forward contracts as current assets or liabilities based on the Company's normal operating cycle. The Company's trading operations are fundamentally linked to global crop cycles; the duration from the initial booking of a contract for a specific crop year to its final physical settlement typically ranges between 15 and 24 months. Consequently, all forward contracts expected to be settled within this identified operating cycle are classified as current, consistent with the Company's recurring procurement-to-delivery lifecycle.

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

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(g) Inventory

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

Inventories held for trading are measured at fair value less costs to sell and are presented as inventory in the consolidated statement of financial position. Changes in fair value less costs to sell, including unrealized gains and losses arising from year-end remeasurement, are recognized in profit or loss within cost of sales in the period of change.

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

(h) Property, plant, and equipment

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

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

As of December 31, 2025, the Company has capitalized borrowing costs of \$3,938 (December 31, 2024 - \$1,150) in the cost of property, plant, and equipment. The qualifying assets were financed through specific borrowings; accordingly, the amount capitalized was based on the actual borrowing costs incurred on those facilities and no separate capitalization rate was applied.

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

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

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

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

(i) Leases and right-of-use assets

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

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

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

(j) Equity method investments

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

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(k) Impairment of non-financial assets

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

(l) Goodwill

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

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

(m) Repurchase obligations

The Company periodically enters into sale agreements with a related repurchase agreement whereby the Company receives cash from a financial institution in exchange for the sale of inventory, which the Company agrees to repurchase from the financial institution at a fixed rate at a future date. The Company has accounted for these transactions as product financing arrangements and, accordingly, these transactions are treated as financial liabilities and commodity inventory in the Company's consolidated statement of financial position (see note 7 and 13), and no revenues or cost of sales for these transactions are reported in profit or loss.

(n) Income taxes

(i) Current income tax

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(n) Income taxes (continued)

(ii) Deferred tax

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

(o) Earnings per share

The Company presents basic and diluted earnings per share for its shares. Basic earnings (losses) per share is determined by dividing the Company's net income for the period attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of shares outstanding for the impact of all dilutive potential shares, which are comprised of in the money stock options, restricted stock units, warrants and the conversion of proportionate voting shares into subordinate voting shares.

(p) Non-controlling interests

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

(q) Joint operations

The Company accounts for its investments in joint arrangements in which the Company and one or more other parties have joint control as either a joint operation or a joint venture. The determination of an investment as a joint venture or a joint operation depends on whether the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, any other facts and circumstances which give the Company:

(i) Rights to the assets, and obligations for the liabilities, relating to the arrangement (i.e. the arrangement is a joint operation); or

(ii) Rights to the net assets of the arrangement (i.e. the arrangement is a joint venture).

When an investment is determined to be a joint operation, the Company recognizes its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses, including its share of any expenses incurred jointly.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(r) Revenue

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

Revenue from commodity contracts (IFRS 9)

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

Revenue from contracts with customers (IFRS 15)

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

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

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

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

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(s) Cost of sales

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

(t) Equity-based payments arrangements

Restricted share units and awards

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

Equity participation rights

The Company granted equity participation rights ("EARs"), to a select group of directors, management, and senior employees (note 25). The EARs are cash-settled share-based payment transactions. Since the cash settlement of the EARs can be exercised only upon the occurrence of a contingent event that is outside the participants' control, the Company does not record equity-based compensation expense and a corresponding liability until it becomes probable that the event will occur.

Stock Options

The Company measures the fair value of stock options granted to employees, directors and consultants at the grant date using the Hull-White option pricing model. The fair value is recognized as equity-based compensation expense over the vesting period, with a corresponding increase in equity, based on the number of awards expected to vest. The valuation of stock options requires management to make significant estimates and assumptions, including expected volatility, expected life, risk-free interest rate, expected dividends and other award-specific features.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(s) Equity-based payments arrangements (continued)

Employee share purchase plan ("ESPP")

The Company operates an Employee Share Purchase Plan ("ESPP") under which eligible employees may acquire subordinate voting shares at a 15% discount to the market price. Employees contribute through payroll deductions over a six-month offering period, at the end of which shares are issued to participants. The ESPP is classified as an equity-settled share-based payment arrangement under IFRS 2 – Share-based Payment. The fair value of the benefit to employees is measured as the difference between the Volume-Weighted Average Price (VWAP) of the Company's shares over a specified trading period preceding the issue date and the discounted purchase price offered to employees.

The share-based compensation expense, representing the 15% discount to the VWAP, is recognized as general and administrative expense over the offering period, with a corresponding credit to equity-based payment reserve (equity). When employees purchase shares under the plan, the proceeds received are credited to share capital, and the amount previously recognized in the equity-based payment reserve relating to those shares is transferred to share capital.

If an employee withdraws or forfeits participation before the purchase date, any unvested expense is reversed in the period of forfeiture. Each six-month offering period represents a separate grant for accounting purposes under IFRS 2, and the fair value of the ESPP benefit is measured independently for each period based on the VWAP applicable to that grant date.

(u) Recent accounting pronouncements

The following amended accounting standard issued by the IASB was adopted effective January 1, 2025.

(i) Lack of Exchangeability (Amendments to IAS 21)

The Company adopted the Amendments to IAS 21, which are applied for annual reporting periods beginning on or after January 1, 2025. These amendments specify (i) when a currency is exchangeable into another currency, (ii) how an entity estimates the spot exchange rate when exchangeability is lacking, and (iii) related disclosure requirements. Application of these amendments did not have a material impact on the Company's consolidated financial statements.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

3. Material Accounting Policy Information (continued)

(t) Recent accounting pronouncements (continued)

Standards, amendments and interpretations issued but not yet adopted:

(i) IFRS 18 Presentation and disclosure in financial statements (“IFRS 18”)

In April 2024, the IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements to improve the reporting of financial performance and give investors a better basis for analyzing and comparing companies.

Specifically, it introduces:

- three defined categories for income and expenses (operating, investing and financing) and requires companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures requiring companies to disclose explanations of those company-specific measures related to the statement of income; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the financial statements or is included in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the potential impact of this new standard.

- (ii) In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 clarifying certain requirements relating to the classification of financial assets, derecognition in connection with electronic payment systems, and related disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact of these amendments on its consolidated financial statements and does not expect their adoption to have a material impact.

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

4. Trading, Derivative and Hedging Activities

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

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

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

As of December 31, 2025, the total notional amount of the Company's receive-variable/pay-fixed interest rate swaps was \$119,000 (December 31, 2024- \$99,000).

The Company has also entered into energy swap agreements to manage price risk exposure associated with the Company's consumption of energy in its processing and refining facilities. An energy swap agreement utilized by the Company effectively modifies the Company's exposure to price risk by converting the Company's variable rate to a fixed-rate basis from November 2025 through December 2026, thus reducing the impact of price changes on future energy payments. This agreement involves the receipt of variable rate on the MMBTU per month in exchange for fixed rate energy payments over the life of the agreement without an exchange of the underlying notional units. The Company designated this energy swap as a cash flow hedge.

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

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

	December 31, 2025	December 31, 2024
Commodity forward commitments	\$ 161,633	\$ 139,328
Futures and option contracts (note 5)	1,236	1,078
Interest rate swap (note 5)	58	297
Foreign currency forwards	-	385
Total derivatives	\$ 162,927	\$ 141,088

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

	December 31, 2025	December 31, 2024
Commodity forward commitments (note 5)	\$ 7,863	\$ 13,762
Interest rate swap (note 5)	571	271
Foreign currency forwards	-	134
Energy swap (note 5)	41	75
Total derivatives	\$ 8,475	\$ 14,242

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

4. Trading, Derivative and Hedging Activities (continued)

During the years ended December 31, 2025 and December 31, 2024, net unrealized gains (losses) on derivative transactions recognized in cost of sales are as follows:

	December 31, 2025	December 31, 2024
Mark-to-market gains on commodity forward commitments	\$ 28,669	\$ 21,042
Mark-to-market gains on inventory	6,172	832
Mark-to-market gains on futures and option contracts	2,246	5,261
Mark-to-market (losses) gains on foreign currency forwards	(252)	1,326
Total gains	\$ 36,835	\$ 28,461

5. Trading and Derivative Assets and Liabilities

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

As of December 31, 2025 and December 31, 2024, trading account assets and liabilities consist of the following:

	December 31, 2025	December 31, 2024
Cash position	\$ 1,839	\$ 3,968
Net unrealized gains (losses) on open futures and option contracts	(603)	(2,890)
Net future and option contracts	\$ 1,236	\$ 1,078
Interest rate swap	(513)	26
Energy swap	(41)	(75)
Net trading and derivative assets	\$ 682	\$ 1,029

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

6. Accounts Receivable

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

A provision for expected credit loss is established based on management's judgment of the likelihood of collection for each specified account. The provision for expected credit loss (see note 23) also includes a reserve for amounts that may become uncollectible based on unforeseen future events. This reserve is established based on the 180 days past due balances. Accounts receivable outstanding are written off through a provision for expected credit losses after the Company exhausts all reasonable collection efforts.

The Company has entered into agreements with third parties that allows the Company to sell receivables due from designated customers at a financial discount (fees) without recourse factoring. During the year ended December 31, 2025, fees associated with sold receivables totaled \$1,068 (December 31, 2024 - \$831).

7. Inventory

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

The Company's inventories consist of the following:

	December 31, 2025		December 31, 2024	
Sugar commodities	\$	183,853	\$	207,554
Processing additives		1,123		796
Total	\$	184,976	\$	208,350

The cost of inventories included as an expense through cost of sales for the year ended December 31, 2025 was \$575,921 (December 31, 2024 - \$547,421). As of December 31, 2025, inventory of \$183,853 (December 31, 2024 - \$207,554) was pledged as security against the Company's borrowing base revolving line of credit facility (note 13).

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

8. Property, Plant and Equipment

	Office and computer equipment	Machinery and plant equipment	Buildings and leasehold improvements	Furniture and fixtures	Vehicles	Land	Construction in progress	Total
Cost								
Balance - December 31, 2023	\$ 843	\$ 59,062	\$ 26,257	\$ 547	\$ 247	\$ 1,813	\$ 8,735	\$ 97,504
Additions	87	2,016	577	9	7	510	66,608	69,814
Reclassification from								
Construction in progress	-	1,155	-	-	-	-	(1,155)	-
Redevelopment tax credits	-	-	-	-	-	-	(1,333)	(1,333)
Balance - December 31, 2024	\$ 930	\$ 62,233	\$ 26,834	\$ 556	\$ 254	\$ 2,323	\$ 72,855	\$ 165,985
Additions	35	1,687	1,217	174	27	58	60,195	63,393
Disposals	-	-	-	-	-	-	-	-
Reclassification from								
Construction in progress	4	19,774	607	-	-	-	(20,385)	-
Redevelopment tax credits	-	(600)	-	-	-	-	-	(600)
Reclassification from right of use assets (note 9)	-	1,961	-	-	-	-	-	1,961
Balance - December 31, 2025	\$ 969	\$ 85,055	\$ 28,658	\$ 730	\$ 281	\$ 2,381	\$ 112,665	\$ 230,739
Accumulated Depreciation								
Balance - December 31, 2023	\$ 324	\$ 13,012	\$ 1,074	\$ 104	\$ 68	\$ -	\$ -	\$ 14,582
Depreciation for the year	174	4,057	881	89	42	-	-	5,243
Balance - December 31, 2024	\$ 498	\$ 17,069	\$ 1,955	\$ 193	\$ 110	\$ -	\$ -	\$ 19,825
Depreciation	211	5,512	959	92	39	-	-	6,813
Reclassification from right of use assets (note 9)	-	619	-	-	-	-	-	619
Balance - December 31, 2025	\$ 709	\$ 23,200	\$ 2,914	\$ 285	\$ 149	\$ -	\$ -	\$ 27,257
Carrying Amount								
As of December 31, 2024	\$ 432	\$ 45,164	\$ 24,879	\$ 363	\$ 144	\$ 2,323	\$ 72,855	\$ 146,160
As of December 31, 2025	\$ 260	\$ 61,855	\$ 25,744	\$ 445	\$ 132	\$ 2,381	\$ 112,665	\$ 203,482

During the year ended December 31, 2025, the Company recorded redevelopment tax credits of \$600 (December 31, 2024 - \$1,333) to be received pursuant to the New York Brownfield Cleanup Program with respect to a property owned by the Company in Lackawanna, NY. The Company has received the completion certificate from the New York Department of Environmental Conservation which is a required step to receive the credits.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

9. Right-of-Use Assets

	Plant and machinery	Motor vehicles	Warehouse and others	Office space	Land	Hamilton Port	Leasehold Improvements	Transformer	Total
Cost									
Balance as of December 31, 2023	\$ 2,773	\$ 67	\$ 2,662	\$ 1,556	\$ 7,715	\$ 733	\$ 403	\$ 130	\$ 16,039
Additions	571	2,821	4,049	-	421	-	-	-	7,862
Changes due to lease modifications	-	-	(312)	-	-	-	-	-	(312)
Balance as of December 31, 2024	\$ 3,344	\$ 2,888	\$ 6,399	\$ 1,556	\$ 8,136	\$ 733	\$ 403	\$ 130	\$ 23,589
Additions	623	548	575	-	-	-	-	-	1,746
Changes due to lease modifications	-	-	(1,639)	(72)	(34)	-	-	-	(1,745)
Reclassification to property, plant and equipment (note 8)	(1,961)	-	-	-	-	-	-	-	(1,961)
Balance as of December 31, 2025	\$ 2,006	\$ 3,436	\$ 5,335	\$ 1,484	\$ 8,102	\$ 733	\$ 403	\$ 130	\$ 21,629
Accumulated Depreciation									
Balance as of December 31, 2023	\$ 731	\$ 26	\$ 1,290	\$ 88	\$ 36	\$ 390	\$ 278	\$ 22	\$ 2,861
Depreciation for the year	333	227	505	92	22	73	40	7	1,299
Disposal	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2024	\$ 1,064	\$ 253	\$ 1,795	\$ 180	\$ 58	\$ 463	\$ 318	\$ 29	\$ 4,160
Depreciation	321	614	1,309	92	72	73	6	40	2,527
Changes due to lease modifications	-	-	(1,573)	(72)	(34)	-	-	-	(1,679)
Reclassification to property, plant and equipment (note 8)	(619)	-	-	-	-	-	-	-	(619)
Balance as of December 31, 2025	\$ 766	\$ 867	\$ 1,531	\$ 200	\$ 96	\$ 536	\$ 324	\$ 69	\$ 4,389
Carrying Amount									
As of December 31, 2024	\$ 2,280	\$ 2,635	\$ 4,604	\$ 1,376	\$ 8,078	\$ 270	\$ 85	\$ 101	\$ 19,429
As of December 31, 2025	\$ 1,240	\$ 2,569	\$ 3,804	\$ 1,284	\$ 8,006	\$ 197	\$ 79	\$ 61	\$ 17,240

Reclassification of right-of-use assets to property, plant and equipment upon exercise of the purchase option and recognition of the underlying asset as owned property, plant and equipment (note 8).

During the year ended December 31, 2025, the Company incurred expense of \$1,234 (December 31, 2024 - \$1,397) related to leases for which the practical expedient has been applied. These expenses have been included as cost of sales and administrative expenses in profit or loss.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

10. Joint Operation

On September 5, 2025, the Company entered into an agreement with Santander Sugar Ltd. to form Caribbean Sugar Refiners LLC (“CSR”), a Delaware-based entity established to develop and operate a sugar refinery located adjacent to Santander’s existing mill in Belize. Each party holds a 50% interest in the arrangement. Although CSR is structured as a separate legal entity, the contractual terms provide both parties with joint control over key decisions and direct rights to the assets and obligations for the liabilities of the refinery operations. Accordingly, the arrangement has been classified as a joint operation. The Company recognizes in its consolidated financial statements its proportionate share (50%) relating to CSR.

Summarized financial information of CSR as of December 31, 2025 is as follows:

	December 31, 2025	December 31, 2024
Current assets	\$ 1,407	\$ -
Non-current assets	1,234	-
Current liabilities	(894)	-

As of December 31, 2025, the Company’s share of capital commitments relating to the refinery’s construction was approximately \$3,086.

11. Equity Method Investment Disposal and Non- Controlling Interest Buyout

During the year ended December 31, 2025, the Company entered into a broader commercial arrangement with Sweet Life Services (“SLS”) and its related parties, which resulted in both (i) the disposal of its entire equity interest in Amerikoa Ingredients LLC (“Amerikoa”) and (ii) the acquisition of an additional 49% ownership interest in SLS.

Disposal of Amerikoa Ingredients LLC

The Company previously held a 19% ownership interest in Amerikoa, which was accounted for as an associate under the equity method in accordance with IAS 28 – *Investments in Associates and Joint Ventures*. The Company exercised significant influence over Amerikoa through board representation and voting rights. Amerikoa was also disclosed as a related party due to the involvement of key management personnel (KMP) of the Company who held a controlling interest in Amerikoa.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

11. Equity Method Investment Disposal and Non- Controlling Interest Buyout (continued)

Disposal of Amerikoa Ingredients LLC (continued)

As part of the aforementioned arrangement, the Company disposed of its entire interest in Amerikoa. The carrying amount of the investment at the date of disposal was \$1,053, and proceeds received were \$1,000, resulting in a loss of \$53, recognized in profit or loss. Following the disposal, the Company ceased to have significant influence over Amerikoa, derecognized the investment in full, and discontinued the equity method.

Acquisition of Additional Interest in Sweet Life Services

Simultaneously, under the same agreement, the Company acquired an additional 49% ownership interest in Sweet Life Services, increasing its ownership from 51% to 100%. The consideration paid for the additional interest was \$2,500. The carrying amount of the non-controlling interest at the acquisition date was \$2,122. The difference of \$378 between the consideration paid and the carrying amount of the non-controlling interest was recognized directly in equity and attributed to the owners of the parent.

This transaction did not result in a change of control and was accounted for as an equity transaction in accordance with IFRS 10 – Consolidated Financial Statements. Accordingly, no adjustments were made to the carrying amounts of SLS's identifiable assets and liabilities, and no goodwill was recognized or adjusted as a result of this transaction.

The Amerikoa and SLS transactions were executed under a single agreement that outlined both (i) the sale of the Company's interest in Amerikoa and (ii) the purchase of the additional 49% interest in SLS. The consideration for both transactions was determined on a net settlement basis, and no contingent consideration was involved. As part of the settlement, the Company issued 155,550 SVS shares (note 15) to the counterparties of SLS and Amerikoa as consideration under the arrangement. The structure of the arrangement ensured that the economic effects of both transactions were considered together for purposes of measurement and presentation under IFRS 10 and IAS 28.

The following table summarizes the financial information relating to the non-controlling interest up to the date of acquisition of the additional 49% interest:

		September 30, 2025
Current assets	\$	5,750
Non-current assets		1,558
Current liabilities		4,783
Non-current liabilities		691
Revenue		9,822
Net income for the period	\$	1,007

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

12. Other receivables

Other receivables represent amounts due to the Company that are not trade receivables from the sale of goods and services. The balances are measured at amortized cost less expected credit losses and are classified as current unless collection is expected beyond 12 months.

	December 31, 2025	December 31, 2024
Disputed customer balances	\$ 6,552	\$ 150
Taxes / credits receivable	5,267	6,296
Other	70	-
Total	\$ 11,889	\$ 6,446

Disputed customer balances are assessed individually for recoverability and expected credit losses. Taxes and credits receivable consist of sales tax receivable, income tax receivable, and brownfield tax credits.

13. Loans and Borrowings

Changes to the Company's loans and borrowings for the years ended December 31, 2025 and December 31, 2024 are as follows:

	December 31, 2025	December 31, 2024
Opening balance	\$ 328,241	\$ 266,756
Lines of Credit, net (a)	(28,200)	39,940
Senior Secured Equipment Loan (b)	10,168	26,638
Real Estate Term Loan (b)	14,838	19,377
Repurchase obligations (c)	99,892	39,510
Other Promissory Note	142	-
Repayments	(89,381)	(62,519)
Debt issuance cost paid during the year	(199)	(2,799)
Amortization of debt issuance costs	1,303	1,338
Ending balance	\$ 336,804	\$ 328,241
Current portion	\$ 246,706	\$ 249,207
Long term portion	\$ 90,098	\$ 79,034

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

13. Loans and Borrowings (continued)

(a) Lines of Credit

Type	Effective rate	Maturity	Balance as of December 31, 2025	Balance as of December 31, 2024
Line of credit (i)	Wall Street Journal + 0.75% or never less than 4% (At December 31, 2025 - 7.75% (At December 31, 2024 -8.25%))	April 2026	\$ 450	\$ 400
Line of credit (ii)	Secured overnight financing rate plus 3.15% (At December 31, 2025- 6.62% (At December 31, 2024 -7.25%))	August 2026	191,415	214,015
Line of credit (iii)	Secured overnight financing rate plus 2.75% (for US Dollar loans) and Interbank Equilibrium Interest Rate (TIIE) plus 2.50% (for Mexican Peso loans) (At December 31, 2025- 6.51% for US Dollar loans and N/A for Mexican peso loans (December 31, 2024 - 7.08%))	September 2026	9,500	15,500
			\$ 201,365	\$ 229,915

i) The line of credit is guaranteed by Sucro Chicago LLC.

ii) As security for the facility, Sucro Can Sourcing, LLC and Sucro Trading SRL have pledged all assets, including all inventory, equipment and existing and future contracts for the purchase and sale of sugar products along with any receivables arising from the performance of those contracts. In addition, this facility is guaranteed by Sucro Holdings, LLC and Sucro Limited on a stand-alone basis. This facility was renewed in August 2024 and matures in August 2026.

iii) In September 2024, the Company entered into a bilateral uncommitted revolving credit facility with a financial institution with maximum borrowings, subject to borrowing base limitations per the credit agreement, of up to \$25,000. As security for the facility, Sucro Can Sourcing, LLC has pledged all accounts receivable from sales to customers domiciled in Mexico, cash in bank accounts located in Mexico, and inventory located in Mexico (other than inventory to be exported outside of Mexico that is evidenced by a bill of lading). This facility is guaranteed by Sucro Holdings, LLC.

The Company incurred \$15,784 of interest expense on the above credit facilities for the year ended December 31, 2025 (2024 - \$17,497). As of December 31, 2025, the Company was in compliance with its covenants.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

13. Loans and Borrowings (continued)

(b) Senior Secured Equipment and Real Estate Loans

Type of loan	Effective rate	Maturity	Balance as of December 31, 2025	Balance as of December 31, 2024
Equipment (i)	7.75%	April 2029	\$ 10,776	\$ 12,421
Equipment (ii)	6.85%	November 2030	1,702	1,970
Equipment (iii)	Variable	on demand	604	604
Equipment (iv)	7.69%	December 2028	311	579
Real Estate (v)	3.84%	December 2026	5,024	5,245
Equipment (vi)	five year treasury rate plus 2.3%	November 2027	120	178
Equipment (vii)	five year treasury rate plus 2.3%	October 2027	239	358
Equipment (viii)	6.65%	March 2027	155	270
Equipment (ix)	7.36%	December 2028	2,188	2,816
Equipment (x)	4.6%	March 2027	185	326
Real Estate (xi)	WSJ +1.25%	April 2027	13,082	13,347
Real Estate (xii)	6.04%	May 2030	673	688
Equipment (xiii)	6.38%	January 2031	246	286
Real Estate (xiv)	6.94%	December 2030	10,476	5,270
Real Estate (xv)	BOC prime rate plus 1.5%	15 years from Closing date*	22,180	14,107
Equipment (xvi)	SOFR plus 2.35%	May 2034	24,752	19,241
Equipment (xvii)	SOFR plus 2.35%	January 2036	10,738	6,387
Equipment (xviii)	6.60%	March 2030	163	-
Real Estate (xix)	6.85%	April 2030	822	-
			\$ 104,436	\$ 84,093

* Closing date is the date when the loan transaction is officially finalized which means the loan agreement is fully executed, funds are disbursed to the borrower, and the repayment begins according to the schedule outlined in the loan agreement.

All of the term loans described are secured by the real property or equipment, as the case may be, acquired or refinanced by the relevant loan.

The senior secured real estate loan (v), (xi) and (xix) is guaranteed by the majority shareholder of the Company and Sucro Holdings, LLC on a stand-alone basis.

The senior secured real estate loan (xiv) is guaranteed by Sucro Holdings, LLC. The Company is also required to hold a value of \$320 in a chequing account as a collateral to this loan. The senior secured equipment loan (xvii) is guaranteed by Sucro Can International LLC.

During the year ended December 31, 2025, the Company incurred \$6,469 (2024 - \$3,987) of interest expense on the above credit facilities. Of these amounts, \$2,531 (2024 - \$2,837) has been expensed in profit or loss and \$3,938 (2024 - \$1,150) has been capitalized in property, plant and equipment. As of December 31, 2025, the Company was in compliance with all its covenants.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

13. Loans and Borrowings (continued)

(c) Repurchase Obligations

As of December 31, 2025, the Company had open purchase agreements for 42,786 metric ton (MT) (2024 - 23,038 MT) of raw sugar for which it has recognized liabilities of \$32,017 (2024 - \$16,499) and accrued interest of \$139 (2024 - \$41). The purchase agreements all have maturity dates of less than six months and carry an average interest rate of 5.86% (2024 - 8%). The Company's repurchase obligations are secured by the underlying inventory sold pursuant to the sale agreement as legal title of the inventory passes to the financial institution upon delivery of the inventory. During the period ended December 31, 2025, the Company incurred interest expense of \$793 (2024 - \$1,635) related to these agreements.

14. Lease Liabilities

The Company has lease contracts for various items of office, warehouse, plant and machinery, vehicles and other equipment used in its operations. Leases of plant and machinery, motor vehicles and other equipment generally have terms between 3 and 6 years, while office and warehouse leases generally have terms between 3 and 40 years.

	December 31, 2025	December 31, 2024
Opening balance	\$ 18,656	\$ 12,495
New leases	1,746	7,862
Interest expense	1,596	1,087
Lease payments	(3,021)	(1,457)
Lease modification	(75)	(372)
Foreign exchange	570	(959)
Ending balance	\$ 19,472	\$ 18,656
Current portion	\$ 2,354	\$ 1,826
Long term portion	\$ 17,118	\$ 16,830

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

2026	\$ 3,845
2027	3,179
2028	2,802
2029	2,143
2030	1,293
Thereafter	42,605
	\$ 55,867

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

15. Share Capital

The Company is authorized to issue 490,000,000 Subordinated Voting Shares ("SVS") with a par value of \$0.0001 per SVS and 1,000,000 Proportionate Voting Shares ("PVS") with a par value of \$0.001 per PVS.

Holders of the SVS are entitled to one vote (1) per share and holders of PVS are entitled to one hundred (100) votes per share as shareholders of the Company. Each PVS is convertible, at the option of the holder and subject to certain limitations on conversion prior to January 1, 2027, into 100 SVS. Holders of the SVS and PVS are entitled to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of the Company upon its dissolution or winding-up in the same proportions as their voting rights.

The changes in share capital for the Company were as follows:

	SVS	PVS
Balance, December 31, 2023	6,683,306	167,189
Issued upon exercise of broker warrants	140,850	-
Equity-based compensation (note 25)	174,925	-
Conversion of shares	3,750,000	(37,500)
Balance, December 31, 2024	10,749,081	129,689
Issued upon exercise of warrants (note 16)	8,860	-
Equity-based compensation (note 25)	113,280	-
Issued under ESPP	3,041	-
Issued upon acquisition of additional 49% in subsidiary (note 11)	155,550	-
Issued on settlement of promissory note (note 31)	15,215	-
Balance, December 31, 2025	11,045,027	129,689

On December 19, 2024, the Company entered into an EAR cancellation agreement with an employee such that the existing EAR's totaling 65,895 were cancelled in exchange for the issuance of 134,478 restricted SVSs. The SVS's issued may not be sold, assigned, or pledged until December 31, 2025 as to one-half of the shares, until December 31, 2026 as to one-quarter of the shares, and until December 31, 2027 as to the final one-quarter of the shares.

During 2025, a total of 132,509 (2024 - 78,900) Restricted Stock Units (RSUs) vested. Of these, 113,280 (2024 - 40,447) RSUs were converted into SVS and issued, while 19,229 (2024 - 32,118) RSUs were withheld to cover applicable taxes and subsequently cancelled.

Cash flow hedging reserve

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

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

16. Warrants

The changes in warrants for the years ended December 31, 2025 and December 31, 2024 were as follows:

	Number of Warrants	Amount
Balance, December 31, 2023	167,831	\$ 185
Exercised	(128,046)	(106)
Balance, December 31, 2024	39,785	79
Exercised	(8,860)	(18)
Expired unexercised	(30,925)	(61)
Balance, December 31, 2025	-	\$ -

In 2024, the Company issued 140,850 subordinate voting shares pursuant to the exercise of outstanding broker warrants issued in April 2022 in connection with the private placement of member units of Sucro Holdings. The consideration received for these shares was CAD \$651.

During the year ended December 31, 2025, the Company issued 8,860 subordinate voting shares pursuant to the exercise of outstanding broker warrants issued in its initial public offering. The consideration received for these shares was CAD \$97. In October 2025, 30,925 broker warrants expired unexercised. As of December 31, 2025, no warrants are outstanding.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

17. Related Party Balances and Transactions

In August 2023, the Company's controlling shareholder entered into a subordinated unsecured note payable to the Company for \$1,903, bearing interest at 8% per annum and maturing in August 2024. The note was amended in December 2023 to restate the principal to \$2,214 (including accrued interest) with no change to the interest rate and maturity date. In December 2024, the maturity date was subsequently extended to December 2025 and most recently to December 2026 with the interest rate remaining unchanged. As at December 31, 2025, the outstanding balance was \$88 (2024: \$939). Interest income recognized for the year ended December 31, 2025 was \$75 (2024: \$56).

The Company purchases or obtains services from and sells to entities that are related to the Company through common key management personnel. The amount receivable from the company as of December 31, 2025 is \$6,123 (December 31, 2024 - \$1,081). These balances are unsecured, non-interest bearing, and receivable under normal commercial terms. During the year ended December 31, 2025, the Company recorded purchases of \$7,379 (December 31, 2024 - \$(260)) and sales of \$11,935 (December 31, 2024 - \$2,579) with this related party.

The Company purchases and sells to an entity which has a significant influence over the Company but does not control. The amount receivable from the company as of December 31, 2025 is \$571 (December 31, 2024 - \$2,178) and is receivable under normal commercial terms. These balances are unsecured, non-interest bearing, and receivable under normal commercial terms. During the year ended December 31, 2025, the Company recorded purchases of \$77,388 (December 31, 2024 - \$Nil) and sales of \$580 (December 31, 2024 - \$2,178) with this related party.

As at December 31, 2025, the Company recorded a related party capital contribution payable to the Joint operation of \$166 (December 31, 2024 - \$Nil), representing the unfunded portion of the Company's equity contribution required to maintain the agreed 50/50 ownership. The Company expects to settle this balance through an additional equity contribution to the Joint operation. The capital contribution payable is non-interest bearing, unsecured, and is expected to be settled within 12 months.

A family member of the CEO of the Company earned \$134 recorded under administrative expenses during the year ended December 31, 2025 (December 31, 2024 - \$286).

The Company defines Key Management Personnel as its CEO, CFO, Vice-Presidents and members of the Company's Board of Directors. Consideration paid to Key Management Personnel during the year ended December 31, 2025 and December 31, 2024 is as follows:

	December 31, 2025	December 31, 2024
Salaries and other cash compensation	\$ 2,541	\$ 4,167
Short-term employment benefits	177	214
Equity-based compensation	1,403	2,462
Total	\$ 4,121	\$ 6,843

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

18. Income Taxes

a) Income Taxes

Year ended December 31,	2025	2024
Income before income taxes	\$ 32,690	\$ 31,754
Statutory rate (combined federal, state and provincial rates)	21%	21%
Expected income tax recovery at statutory rate	6,865	6,668
Non-deductible items	464	528
State income taxes, net of federal benefit income tax	(2,247)	785
Panama income exempt from tax	(14,109)	(2,104)
Global Intangible Low-Taxed Income Inclusion	-	1,029
Foreign rate differential	(114)	119
Deferred rate change	728	458
Non controlling interest	(108)	(176)
Return to provision adjustments	(249)	199
Other	-	57
Payable Adjustments	410	-
Deferred Adjustments	84	-
Net current income and deferred tax expense (recovery)	\$ (8,276)	\$ 7,563
Allocated as follows:		
Current	\$ (1,323)	\$ (688)
Deferred	9,599	(6,875)
Total	\$ 8,276	\$ (7,563)

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

18. Income Taxes

b) Deferred Tax Assets and Liabilities

The tax effects of temporary differences that give rise to the deferred tax asset (liability) at December 31, 2025 and 2024 are as follows:

		December 31, 2025	December 31, 2024
Deferred Tax Assets			
Non-capital and net operating losses carried forward and other tax pools	\$	4,313	\$ 4,943
Cost of sales capitalized in inventory		1,611	1,774
Lease liabilities		4,728	4,467
Interest expense carried forward		3,387	2,019
Estimated credit losses		97	43
Accrued expenses		5,435	1,101
Equity-based compensation		301	229
Investment in partnership		-	303
	\$	19,872	\$ 14,879
Deferred Tax Liabilities			
Property, plant and equipment	\$	(15,600)	\$ (12,456)
Mark-to-market gains		(14,769)	(22,365)
Right-of-use assets		(4,871)	(4,675)
Unrealized Gain/Loss on foreign currency		24	(326)
	\$	(35,216)	\$ (39,822)
Net deferred tax asset (liability)	\$	(15,344)	\$ (24,943)

c) Non-Capital Losses

The Company has non-capital losses carried forward of \$15,280 (2024 - \$18,233) available to reduce future years' taxable income. These losses will expire as follows:

	United States		Canada	Total
2039	\$	-	\$ 2,746	2,746
2040		-	584	584
2041		-	5,472	5,472
2042		-	1,996	1,996
2043		-	3,227	3,227
2044		-	-	-
2045		-	1,255	1,255
	\$	-	\$ 15,280	15,280

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

18. Income Taxes

d) Uncertain tax positions

The Company has received an administrative assessment from a foreign tax authority concerning the deductibility of certain costs in prior fiscal periods. No amount has been recognized as at December 31, 2025 because in the Company's judgment, it is less than probable there will be cash outflow. The Company is currently unable to measure the contingent liability with sufficient reliability to disclose the information otherwise contemplated by IAS 37 *Provision, Contingent Liabilities and Contingent Assets* regarding the potential financial effect, and possible timing of any cash outflow.

19. Commodity Risk Management

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

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

The table below summarizes the commodity derivative instrument positions for sugar as of December 31, 2025:

December 31, 2025				
	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value
Sugar commodities	(4,382) MTS	January 2026 - July 2028	January 2026 - July 2028	\$ 178,329
Total fair market value				\$ 178,329

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

December 31, 2024				
	Volumes/ Notional Amounts (Net)	Effective Dates	Expiration Dates	Fair Value
Sugar commodities	8,343 MTS	January 2025 - November 2026	January 2025 - November 2026	\$ 142,698
Total fair market value				\$ 142,698

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

20. Revenue

Year ended	December 31, 2025		December 31, 2024	
Tolling	\$	1,670	\$	1,005
Warehousing		50		195
Commodity and other contracts		672,663		658,614
Futures and Options Trading		(5,448)		(4,466)
Gross Revenue	\$	668,935	\$	655,348

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

Comparative amounts have been reclassified such that \$926 has been reclassified from Other income to Revenue. This reclassification resulted in a change in gross profit, but did not change net income for the year ended December 31, 2024.

21. Cost of Sales

Year ended	December 31, 2025		December 31, 2024	
Cost of sales on realized positions	\$	612,836	\$	594,381
Net unrealized mark-to-market-gains		(36,836)		(28,461)
Depreciation on plant and equipment (note 8)		5,182		3,688
Depreciation on right-of-use plant and equipment (note 9)		887		540
Total Cost of Sales	\$	582,069	\$	570,148

The Company had a gross profit on its realized positions of \$50,031 for the year ended December 31, 2025 (December 31, 2024 - \$56,739).

Comparative amounts have been reclassified such that \$928 has been reclassified from Other income to Cost of sales. This reclassification resulted in a change in gross profit, but did not change net income for the year ended December 31, 2024.

Included in Cost of sales for the year ended December 31, 2025 are employee compensation and other benefits of \$12,732 (December 31, 2024 - \$12,445).

22. Administrative Expenses

Included in administrative expenses for the year ended December 31, 2025 are employee compensation and other benefits of \$11,406 (December 31, 2024 - \$13,578).

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

23. Financial Risk Management

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

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to this risk mainly in respect of its accounts payable, unrealized losses on forward commitments, accrued liabilities, current financial liabilities, due to related parties, current lease liabilities and other current liabilities. The Company considers that it has sufficient funds available to meet its current and long-term financial obligations as they come due. As of December 31, 2025, the Company has current assets of \$438,000 (December 31, 2024 - \$460,229) and current liabilities of \$341,742 (December 31, 2024 - \$340,277). The Companies exposure to and management of liquidity risk during the year ended December 31, 2025 did not change materially from the year ended December 31, 2024.

As of December 31, 2025 and December 31, 2024, the undiscounted contractual maturities of the Company's liabilities are as follows:

December 31, 2025					
	Due within 6 months	Due within 6 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Accounts payable and					
accrued liabilities	\$ 84,408	\$ -	\$ -	\$ -	\$ 84,408
Unrealized losses on commodity					
forward commitments	3,096	4,767	-	-	7,863
Loans and borrowings	240,385	12,307	71,467	42,544	366,703
Sales tax payable	105	-	-	-	105
Lease liabilities	1,954	1,891	9,417	42,605	55,867
Taxes payable	140	-	-	-	140
Due to related parties	166	-	-	-	166
Total	\$ 330,254	\$ 18,965	\$ 80,884	\$ 85,149	\$ 515,252

December 31, 2024					
	Due within 6 months	Due within 6 to 12 months	Due within 1 to 5 years	Due after 5 years	Total
Accounts payable and accrued	\$ 74,237	\$ -	\$ -	\$ -	\$ 74,237
liabilities					
Unrealized losses on commodity					
forward commitments	6,540	3,709	3,647	-	13,896
Loans and borrowings	250,373	3,612	64,431	38,902	357,318
Sales tax payable	803	-	-	-	803
Lease liabilities	1,301	1,355	11,165	40,922	54,743
Taxes payable	308	-	-	-	308
Total	\$ 333,562	\$ 8,676	\$ 79,243	\$ 79,824	\$ 501,305

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

23. Financial Risk Management (continued)

(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, other receivables, forward contracts and loans from related parties. The Company does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant losses for non-performance.

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash, accounts receivables and due from related parties. All customers go through a credit approval process, and counterparty limits are verified against the Company's credit insurance prior to any commercial transactions with the counterparty. The Company routinely assesses the financial strength of its customers and ensures that counterparty balances are maintained within the approved insured credit limits. As a result, the Company believes concentrations of credit risk are limited. The Companies exposure to and management of credit risk during the year ended December 31, 2025 did not change materially from the year ended December 31, 2024. To mitigate credit risk on its accounts receivable, the Company utilizes credit insurance. The maximum risk of loss related to credit risk on the Company's accounts receivable, net of credit insurance coverage as of December 31, 2025 is \$47,245 (December 31, 2024 - \$79,944). The maximum risk of loss related to credit risk on the Company's other receivables as of December 31, 2025 is \$11,889 (December 31, 2024 - \$6,446).

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

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

As of December 31, 2025, the Company had deposits of \$7,923 (December 31, 2024 - \$2,034) that were in excess of the Federal Deposit Insurance Limit.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

23. Financial Risk Management (continued)

(b) Credit risk (continued)

As of December 31, 2025 and December 31, 2024, the Company's accounts receivable were aged as follows:

	December 31, 2025	December 31, 2024
Current	\$ 48,945	\$ 84,359
31-60 days	1,817	2,223
61 days - 90 days	1,349	834
90 days - 120 days	2,232	314
120 days - 180 days	157	5
180 days - older	1,137	388
Expected credit losses	(391)	(179)
Total	\$ 55,246	\$ 87,944

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

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ (179)	\$ (32)
Amounts written- off during the year	195	-
Allowance for the year	(407)	(147)
Balance, end of year	\$ (391)	\$ (179)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is exposed to market risk on its fixed price commodities forwards and future contracts (note 19). The Company's exposure to and management of market risk during the year ended December 31, 2025 did not change materially from the year ended December 31, 2024.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain of the Company's bank loans have a variable interest rate (note 13). Changes in the loan's base rate can cause fluctuations in interest payment and cash flows. If the base rate of the Company's variable rate debt increased/ decreased by 50 basis points, the Company's profit or loss would have been \$930 lower/ higher (2024 - \$1,041 lower/ higher). The Company does use interest rate swaps to alter the effects of this risk.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

23. Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value 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 United States Dollar as described below.

Canadian Dollars:

	Balance in USD	Balance in USD
	December 31, 2025	December 31, 2024
Cash	\$ 142	\$ 76
Accounts receivable	3,177	1,205
Accounts payable and accrued liabilities	(12,840)	(2,602)
Lease liabilities	(12,557)	(11,471)
Loans and borrowings	(22,180)	(14,107)
Sales tax receivable (payable)	1,674	2,653
Forward contracts	10,349	3,434
Total	\$ (32,235)	\$ (20,812)

At December 31, 2025, if the Canadian Dollar had strengthened (weakened) 5 percent against the United States Dollar, profit or loss would have been \$1,612 lower (higher) (December 31, 2024 - \$1,041 lower (higher)).

Mexican Pesos:

	Balance in USD	Balance in USD
	December 31, 2025	December 31, 2024
Cash	\$ 1,101	\$ 63
Accounts receivable	1,575	547
Accounts payable and accrued liabilities	(875)	(151)
Inventory	10,055	26,774
Taxes receivable (payable)	5,156	2,577
Forward contracts	(4,334)	(9,702)
Total	\$ 12,678	\$ 20,108

At December 31, 2025, if the Mexican Peso had strengthened (weakened) 5 percent against the United States Dollar, profit or loss would have been \$634 higher (lower) (December 31, 2024 - \$1,005 higher (lower)).

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

23. Financial Risk Management (continued)

(c) Market risk (continued)

(iii) Other price risk

The Company is exposed to other price risk on its fixed price commodities contracts (note 19) through its exposure to the market price of the commodity of sugar. The Company manages this risk by entering into future and forward contracts for the purchase and sale of sugar. At December 31, 2025, if the market price of sugar had increased (decreased) by 10%, the Company's profit or loss would have been \$1,614 greater (lower) (December 31, 2024 - \$18,676 greater (lower)).

24. Fair Value Measurements

At December 31, 2025, assets measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Unrealized gains on commodity forward commitments	\$ 23,658	\$ 57,135	\$ 80,840	\$ 161,633
Mark-to-market gains on inventory	219	6,670	37,900	44,789
Mark-to-market gains on futures and options	15	-	-	15
Interest rate swap	58	-	-	58
Total	\$ 23,950	\$ 63,805	\$ 118,740	\$ 206,495

At December 31, 2025, liabilities measured at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Unrealized losses on commodity forward commitments	\$ (146)	\$ (3,546)	\$ (4,171)	\$ (7,863)
Mark-to-market losses on inventory	(108)	(19,513)	(8)	(19,629)
Mark-to-market losses on futures and options	(617)	-	-	(617)
Interest rate swap	(571)	-	-	(571)
Energy swap	-	(41)	-	(41)
Total	\$ (1,442)	\$ (23,100)	\$ (4,179)	\$ (28,721)

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

	Level 1	Level 2	Level 3	Total
Unrealized gains on commodity forward commitments	\$ 2,292	\$ 117,378	\$ 19,658	\$ 139,328
Mark-to-market gains on inventory	2,021	7,237	21,668	30,926
Interest rate swap	297	-	-	297
Foreign currency forwards	385	-	-	385
Total	\$ 4,995	\$ 124,615	\$ 41,326	\$ 170,936

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

24. Fair Value Measurements (continued)

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

	Level 1	Level 2	Level 3	Total
Unrealized losses on commodity forward commitments	\$ (1,679)	\$ (6,694)	\$ (5,389)	(13,762)
Mark-to-market losses on inventory	(72)	(10,807)	(25)	(10,904)
Mark-to-market losses on futures and options	(2,890)	-	-	(2,890)
Interest rate swaps	(272)	-	-	(272)
Energy swaps	-	(75)	-	(75)
Foreign currency forwards	(134)	-	-	(134)
Total	\$ (5,047)	\$ (17,576)	\$ (5,414)	(28,037)

There were no transfers of financial instruments between the three levels of the fair value hierarchy during the year ended December 31, 2025.

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

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

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

Sucro Limited

Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of US Dollars)

24. Fair Value Measurements (continued)

Changes in Level 3 instruments for the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Financial assets		
Balance - beginning of year	\$ 41,326	\$ 39,850
Acquisitions	74,055	21,247
Disposals and settlements	(74,940)	(39,526)
Mark-to-market amount recognized in cost of sales	78,299	19,755
Balance - end of year	\$ 118,740	\$ 41,326

	December 31, 2025	December 31, 2024
Financial liabilities		
Balance - beginning of year	\$ 5,414	\$ 2,605
Acquisitions	160	3,013
Disposals and settlements	(6,173)	(10,046)
Mark-to-market amount recognized in cost of sales	4,778	9,842
Balance - end of year	\$ 4,179	\$ 5,414

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

For the year ended December 31, 2025	Favorable changes Profit or Loss	Unfavorable changes Profit or Loss
Financial assets at fair value through profit or loss	\$ 25,306	\$ (25,306)
Financial liabilities at fair value through profit or loss	\$ 5,026	\$ (5,026)
For the year ended December 31, 2024	Favorable changes Profit or Loss	Unfavorable changes Profit or Loss
Financial assets at fair value through profit or loss	\$ 9,506	\$ (9,506)
Financial liabilities at fair value through profit or loss	\$ 6,205	\$ (6,205)

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

25. Share-based payment arrangements

Equity participation units (cash-settled)

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

At December 31, 2025, there are no EARs outstanding (December 31, 2024 -10,000).

No further awards of EARs will be made under the EAR Plan. During the year ended December 31, 2025 an aggregate of 10,000 (2024 - 65,895) EARs previously awarded under the EAR plan were cancelled in connection with 20,407 RSUs issued.

Equity Incentive Plan (equity-settled)

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

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

As of December 31, 2025, an aggregate of 162,657 RSUs (convertible to SVS) are outstanding under the plan (December 31, 2024 - 231,582), including RSUs issued to officers of the Company who agreed to the cancellation of EARs previously awarded under the EAR Plan. The RSUs awarded vest over a period of a minimum of one year and a maximum of two years and will be settled in shares only. The vesting date continues through November 19, 2026.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

25. Share-based payment arrangements (continued)

Equity Incentive Plan (equity-settled) (Continued)

The fair value of the RSUs issued was determined to be the stock price of the Company at the time of grant. The weighted average grant date fair value of RSUs issued in 2025 was C\$12.19 (December 31, 2024 - C\$8.75).

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

	Outstanding
Balance as of December 31, 2023	177,973
Granted	126,174
Withheld for tax obligation	(32,118)
Exercised	(40,447)
Balance as of December 31, 2024	231,582
Granted	63,584
Withheld for tax obligation	(19,229)
Exercised	(113,280)
Balance as of December 31, 2025	162,657
Exercisable as of December 31, 2025	-

As of December 31, 2025, 661,893 (December 31, 2024- 361,893) stock options were granted and outstanding under the Plan. The options expire on December 31, 2028, have a strike price range between CAD \$11.00-13.33, and vest over a period of 2.5 years from the date of the award, with no vesting to occur prior to the first anniversary of the award. During the year ended December 31, 2025, 5,000 (December 31, 2024 - 38,094) stock options were forfeited.

The fair value of options granted during the year ended December 31, 2025 was estimated on the date of grant using the following assumptions:

Dividend yield	0%
Expected volatility	48%
Risk-free interest rate	3.91%
Employee exit rate	7%
Expected life of share options	3.73 years
Share price on the date of grant	12.00 CAD
Exercise price	11.47 CAD
Weighted average fair value of options	3.73 CAD

For the period ended December 31, 2025, the Company recognised \$522 of equity-based compensation expense in the profit or loss (December 31, 2024 - \$72).

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

25. Share-based payment arrangements (continued)

Restricted Stock Awards (equity-settled)

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

The fair value of the 154,885 member units was calculated to be \$1,161 (CAD \$9.90 per share), which was the closing price of the SVS on the TSX Venture Exchange on the day prior to issuance. The Company recognized the related expense over each Restriction Period. For the year ended December 31, 2025, \$239 (December 31, 2024 – \$911) was recognized as equity-based compensation expense in the profit or loss.

On December 19, 2024, the Company entered into an EAR cancellation agreement with an employee such that existing EAR's totaling 65,894 were cancelled in exchange for the issuance of 134,478 restricted SVSs. The SVS's issued may not be sold, assigned, or pledged until December 31, 2025 as to one-half of the shares, until December 31, 2026 as to one-quarter of the shares, and until December 31, 2027 as to the final one-quarter of the shares.

The fair value of the 134,478 member units was calculated to be \$1,123 (CAD \$12.00 per share), which was the closing price of the SVS on the TSX Venture Exchange on the day prior to issuance. The Company will recognize the related expense over each Restriction Period. For the year ended December 31, 2025, \$669 (December 31, 2024 – \$24) was recognized as equity-based compensation expense in the profit or loss.

Employee share purchase plan

The Company maintains an Employee Share Purchase Plan ("ESPP") under which eligible employees may purchase subordinate voting shares of the Company through payroll deductions at a 15% discount to the market price at the end of each six-month offering period. Participation in the ESPP is voluntary, and employees may contribute up to 15% of their compensation each period, subject to other limits. Shares may be purchased twice a year, at the end of June and December.

For the year ended December 31, 2025, \$11 (December 31, 2024 – \$Nil) was recognized as equity-based compensation expense related to the ESPP in the profit or loss.

The fair value of shares issued under the ESPP during the period was estimated at CAD \$11.30 per share (December 31, 2024 – CAD \$Nil per share), calculated as the 15% employee purchase discount on the volume-weighted average price (VWAP) of the Company's subordinate voting shares over the five trading days preceding the end of the purchase period.

There were no modifications or cancellations to the plan during the year.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

25. Share-based payment arrangements (continued)

Share-based compensation expense

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

	December 31, 2025	December 31, 2024
RSUs issued (vested) under the plan	\$ 457	\$ 1,598
Restricted shares	908	935
Employee share purchase plan	11	-
Stock options vested	522	72
Total	\$ 1,898	\$ 2,605

Equity-based compensation Reserve

	December 31, 2025	December 31, 2024
Opening Balance	\$ 1,958	\$ 902
Restricted shares vested	908	935
Restricted shares issued	-	(1,123)
RSUs issued (vested) under the plan	457	1,598
RSUs exercised	(728)	(320)
Vesting of Restricted units	(1,771)	-
Warrants expired unexercised	(61)	-
Warrants exercised	(18)	(106)
Stock options vested	522	72
ESPP contributions	11	-
ESPP converted to SVS	(4)	-
ESPP deductions made but not converted to shares	38	-
Closing Balance	\$ 1,312	\$ 1,958

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

26. Commitments and Contingencies

(a) Future Commitments

The Company records purchases and sales when goods are delivered and control passes to the Company or customer. As a result, the Company's financial results are affected significantly by the price of the commodities bought and sold through the normal course of business. Historically, the markets for certain types of commodities have been volatile and are expected to be volatile in the future. Losses and liabilities arising from changes in prices and other adverse conditions that can affect the commodity trading industry could have materially adverse effects on financial condition and operations of the Company upon execution of fixed price commitments on physical contracts. As of December 31, 2025, fixed price sales and purchase commitments on physical contracts for the Company were approximately \$59,000 and \$91,000, respectively. As of December 31, 2024, fixed price sales and purchase commitments on physical contracts for the Company were approximately \$84,000 and \$40,000, respectively.

(b) Contingencies

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

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

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

27. Segment Reporting

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

Trade

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

Services

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

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

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

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

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

27. Segment Reporting (continued)

The assets and liabilities of the Company's segments as of December 31, 2025 are as follows:

	Year Ended December 31, 2025			
	Services	Trading	Corporate	Consolidated
Assets				
Current Assets				
Cash	\$ 2,980	\$ 5,686	\$ 287	\$ 8,953
Restricted cash	320	-	-	320
Accounts receivable	514	54,732	-	55,246
Inventory	1,123	183,853	-	184,976
Trading and derivative assets	17	665	-	682
Due from related parties	49	6,708	87	6,844
Unrealized gains on forward commitments	-	149,136	-	149,136
Prepaid expenses	2,964	16,975	15	19,954
Other receivables	3,162	8,727	-	11,889
Total Current Assets	11,129	426,482	389	438,000
Non-Current Assets				
Right-of-use assets	14,738	2,502	-	17,240
Unrealized gains on forward commitments	-	12,497	-	12,497
Sales taxes recoverable	-	3,098	-	3,098
Property, plant and equipment	202,930	552	-	203,482
Goodwill and other intangible assets	987	-	-	987
Total Assets	\$ 229,784	\$ 445,131	\$ 389	\$ 675,304
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 22,678	\$ 61,024	\$ 706	\$ 84,408
Unrealized losses on forward commitments	-	7,863	-	7,863
Loans and borrowings, current portion	14,834	231,872	-	246,706
Due to related parties	166	-	-	166
Taxes payable	(5)	75	70	140
Lease liabilities, current portion	1,810	544	-	2,354
Sales taxes payable	58	47	-	105
Total Current Liabilities	39,541	301,425	776	341,742
Non-Current Liabilities				
Loans and borrowings, net of current portion	90,098	-	-	90,098
Deferred tax liability	3,599	(12,573)	24,318	15,344
Lease liabilities	15,063	2,055	-	17,118
Total Liabilities	\$ 148,301	\$ 290,907	\$ 25,094	\$ 464,302

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

27. Segment Reporting (continued)

The assets and liabilities of the Company's segments as of December 31, 2024 are as follows:

	Year Ended December 31, 2024			
	Services	Trading	Corporate	Consolidated
Assets				
Current Assets				
Cash	\$ 893	\$ 1,996	\$ 30	\$ 2,919
Restricted cash	500	-	-	500
Accounts receivable	580	87,355	9	87,944
Inventory	796	207,554	-	208,350
Trading and derivative assets	222	807	-	1,029
Due from related parties	203	3,255	772	4,230
Unrealized gains on forward commitments	-	139,713	-	139,713
Prepaid expenses	1,689	7,362	47	9,098
Other receivables	4,547	1,981	(82)	6,446
Total Current Assets	9,430	450,023	776	460,229
Non-Current Assets				
Right-of-use assets	16,899	2,530	-	19,429
Sales taxes recoverable	-	2,606	-	2,606
Property, plant and equipment	145,131	1,029	-	146,160
Equity investment	-	-	992	992
Other non-current assets	7	-	65	72
Goodwill and other intangible assets	961	-	-	961
Total Assets	\$ 172,428	\$ 456,188	\$ 1,833	\$ 630,449
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 12,337	\$ 61,210	\$ 690	\$ 74,237
Unrealized losses on forward commitments	-	13,896	-	13,896
Loans and borrowings, current portion	5,547	243,660	-	249,207
Taxes payable	(5)	-	313	308
Lease liabilities, current portion	1,420	406	-	1,826
Sales taxes payable	26	777	-	803
Total Current Liabilities	19,325	319,949	1,003	340,277
Non-Current Liabilities				
Loans and borrowings, net of current portion	79,034	-	-	79,034
Deferred tax liability	-	-	24,943	24,943
Lease liabilities	14,692	2,138	-	16,830
Total Liabilities	\$ 113,051	\$ 322,087	\$ 25,946	\$ 461,084

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

27. Segment Reporting (continued)

The income and expenses of the Company's segments for the year ended December 31, 2025 are as follows:

	Year ended December 31, 2025				
	Services	Trading	Corporate	Eliminations	Consolidated
Revenue					
External customers	\$ 1,721	\$ 667,214	\$ -	\$ -	\$ 668,935
Inter-segment	58,352	54,557	-	(112,909)	-
	60,073	721,771	-	(112,909)	668,935
Cost of sales	46,645	684,693	(595)	(111,839)	618,904
Gross Profit on Realized Positions	13,428	37,078	595	(1,070)	50,031
Net unrealized mark-to-market gains (note 4)	-	36,835	-	-	36,835
Gross Profit on Realized and Unrealized Positions	13,428	73,913	595	(1,070)	86,866
Selling, General and Administrative Expenses					
Administrative expenses	10,105	11,959	1,730	(2,959)	20,835
Selling and distribution expenses	(1,877)	3,206	-	-	1,329
Other operating expenses	1,446	1,302	18	8	2,774
Depreciation	1,118	513	-	-	1,631
Depreciation of right-of-use assets	1,639	-	-	-	1,639
Equity-based compensation	-	-	1,898	-	1,898
Total Selling, General and Administrative Expenses	12,431	16,980	3,646	(2,951)	30,106
Income From Operations	997	56,933	(3,051)	1,881	56,760
Other Income (Expenses)					
Interest expense	(4,143)	(19,936)	-	732	(23,347)
Interest income	444	273	532	(732)	517
Earnings from equity investment (note 11)	-	-	8	-	8
Unrealized foreign exchange gain (loss) on leases and loans	(1,503)	-	-	-	(1,503)
Other income	2,068	68	-	(1,881)	255
Total Other Income (Expenses)	(3,134)	(19,595)	540	(1,881)	(24,070)
Income (Loss) Before Income Taxes	(2,137)	37,338	(2,511)	-	32,690
Income tax expense	2,652	(4,976)	10,600	-	8,276
Net Income	\$ 515	\$ 32,362	\$ 8,089	\$ -	\$ 40,966

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

27. Segment Reporting (continued)

The income and expenses of the Company's segments for the year ended December 31, 2024 are as follows:

	Year ended December 31, 2024				
	Services	Trading	Corporate	Eliminations	Consolidated
Revenue					
External customers	\$ 1,203	\$ 654,145	\$ -	\$ -	\$ 655,348
Inter-segment	51,385	57,051	-	(108,436)	-
	52,588	711,196	-	(108,436)	655,348
Cost of sales	39,560	665,736	1,066	(107,753)	598,609
Gross Profit on Realized Positions	13,028	45,460	(1,066)	(683)	56,739
Net unrealized mark-to-market gains (note 4)		28,461			28,461
Gross Profit on Realized and Unrealized Positions	13,028	73,921	(1,066)	(683)	85,200
Selling, General and Administrative Expenses					
Administrative expenses	8,176	15,312	2,912	(2,778)	23,622
Selling and distribution expenses	(2,401)	2,691	-	-	290
Other operating expenses	1,243	1,915	12	6	3,176
Depreciation	1,029	526	-	-	1,555
Depreciation of right-of-use assets	759	-	-	-	759
Equity-based compensation	-	-	2,605	-	2,605
Total Selling, General and Administrative Expenses	8,806	20,444	5,529	(2,772)	32,007
Income From Operations	4,222	53,477	(6,595)	2,089	53,193
Other Income (Expenses)					
Interest expense	(4,572)	(20,653)	17	489	(24,719)
Interest income	676	844	290	(489)	1,321
Earnings from equity investment (note 11)	-	-	151	-	151
Unrealized foreign exchange gain (loss) on leases and loans	1,556	-	-	-	1,556
Other income	2,249	92	-	(2,089)	252
Total Other Income (Expenses)	(91)	(19,717)	458	(2,089)	(21,439)
Income (Loss) Before Income Taxes	4,131	33,760	(6,137)	-	31,754
Income tax expense	-	(95)	(7,468)	-	(7,563)
Net Income (Loss)	\$ 4,131	\$ 33,665	\$ (13,605)	\$ -	\$ 24,191

Information about major customers

For the year ended December 31, 2025, no single external customer accounted for greater than 10% of revenues (December 31, 2024 – \$Nil was derived from a single external customer greater than 10%).

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

27. Segment Reporting (continued)

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

	As at December 31, 2025				As at December 31, 2024			
	USA	Canada	Others	Total	USA	Canada	Others	Total
Right-of-use assets	\$ 6,603	\$ 10,637	\$ -	\$ 17,240	\$ 7,134	\$ 12,295	\$ -	\$ 19,429
Property, plant and equipment	101,212	101,029	1,241	203,482	84,287	61,870	3	146,160
Unrealized gains on forward commitments	-	-	12,497	12,497	-	-	-	-
Equity method investment	-	-	-	-	992	-	-	992
Sales tax recoverable	-	-	3,098	3,098	-	-	2,606	2,606
Other non-current assets	-	-	-	-	72	-	-	72
Goodwill and other intangible assets	40	947	-	987	14	947	-	961
Total	107,855	112,613	16,836	237,304	\$ 92,499	\$ 75,112	\$ 2,609	\$ 170,220

28. Cash Flows From Operating Activities

Changes in non-cash working capital	December 31, 2025	December 31, 2024
(Increase) decrease in assets:		
Net trading and derivative account assets, unrealized gain/ (losses) on forward commitments (note 5)	\$ 2,552	\$ 11,854
Accounts receivable (note 6)	32,698	(20,289)
Due from related parties	(2,614)	(6,147)
Sales taxes receivable	(492)	(592)
Inventory (note 7)	29,546	6,670
Prepaid expenses	(10,856)	(2,538)
Other receivables	(5,443)	(4,236)
Other non-current assets	72	-
Increase (decrease) in liabilities:		
Accounts payable	(6,015)	8,123
Sales tax payable	(698)	(4,542)
Taxes payable (note 18)	(168)	(21)
Changes in non-cash working capital	\$ 38,582	\$ (11,718)

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

29. Cash Flows by (used in) Investing Activities

	December 31, 2025	December 31, 2024
Purchase of property plant and equipment (note 8)	\$ (46,615)	\$ (62,399)
Purchase of intangible assets	(26)	-
Net cash used in investing activities	(46,641)	(62,399)

30. Cash Flows provided by (used in) Financing Activities

	December 31, 2025	December 31, 2024
Advance from related parties	\$ 166	\$ -
Financial liabilities, advances	125,040	125,465
Financial liabilities, repayments	(118,367)	(61,922)
Debt issuance cost paid	(199)	(2,799)
Proceeds from issuance of common shares under ESPP	30	475
Lease payments	(3,021)	(1,457)
Proceeds from broker warrants	71	-
Proceeds from ESPP vested but not converted to shares	38	-
Distribution	-	(441)
Net cash provided by financing activities	\$ 3,758	\$ 59,321

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

	December 31, 2025	December 31, 2024
Accrued interest on borrowings	684	553
Property and equipment financed with long-term debt	25,007	46,015
Initial recognition or modification of lease liabilities and right-of-use assets:		
Right-of-Use Assets	1,746	7,550
Lease Liabilities	(1,746)	(7,490)
Acquisition of additional 49% in Subsidiary	(2,500)	-
Disposal of equity investment	1,000	-
Issued shares against a promissory note settlement	147	-

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

32. Capital Disclosures

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

- (i) to safeguard the Company's assets and ensure the Company's ability to continue as a going concern;
- (ii) to maintain or raise sufficient capital to finance its operations and protect its ability to meet its ongoing liabilities; and
- (iii) to maximize returns for unitholders over the long-term.

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

	December 31, 2025	December 31, 2024
Loans and borrowings	\$ 336,804	\$ 328,241
Lease liabilities	19,472	18,656
Due to related parties	166	-
Shareholders' equity	211,002	169,365
	\$ 567,444	\$ 516,262

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

There were no changes to the Company's approach to capital management during the year ended December 31, 2025 and year ended December 31, 2024.

33. Supplier Finance Arrangements

During 2025, the Company entered into a supplier finance arrangement with a third-party financial institution, under which the finance provider offers early payment to selected suppliers on invoices confirmed by the Company. The Company settles the related obligations directly with the finance provider on extended payment terms. This arrangement is designed to optimize working capital while providing suppliers the option of early payment. It is not secured by Company assets, and the Company does not provide guarantees under the program.

As of December 31, 2025, the carrying amount of liabilities included in the arrangement was \$24,961 (December 31, 2024 - \$Nil), presented within accounts payable and accrued liabilities in the consolidated statement of financial position. Of this amount, suppliers had received early payment from the finance provider on \$24,961 (2024 - \$Nil) of invoices. The range of payment due dates for invoices under the arrangement was 90 days, compared with 0-180 credit days for other trade payables not subject to the arrangement. There were no non-cash changes in the carrying amount of the liabilities included in the program during the reporting period. The arrangement did not affect the classification of cash flows, and payments made under the program continue to be presented as operating cash flows in the statement of cash flows.

Sucro Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of US Dollars)

33. Supplier Finance Arrangements (continued)

The movement in liabilities subject to the supplier finance arrangement during the year was as follows:

	December 31, 2025
Opening balance	\$ -
Additions	66,048
Cash payments	(41,087)
Ending balance	\$ 24,961

34. Subsequent Events

In January 2026, 4,961 additional SVS were issued under the Company's employee share purchase plan at a price of CAD \$10.42 per share.

Subsequent to year end, a subsidiary of the Company entered into a five-year secured term loan facility with Farm Credit Canada in the amount of CAD \$37,500. Proceeds of the loan were used to repay the loan received from the subsidiary's landlord for the development of the Company's new Hamilton, Ontario refinery, as well as to pay loan closing costs and additional construction costs. Advances under the loan bear interest at the rate of 6.327% per annum.

On March 31, 2026, a subsidiary of the Company received an unsecured one-year leasehold improvement loan from its Hamilton, Ontario, refinery landlord in the amount of CAD \$4,000. The loan bears interest at the rate of 9% per annum until January 1, 2027, and 12% per annum thereafter until maturity on March 31, 2027. Proceeds of the loan will be used to pay additional construction costs relating to the new Hamilton, Ontario, refinery.

On April 15, 2026, the Board of Directors of the Company approved an award under the Omnibus Plan of 13,647 restricted share units (RSUs) to directors as part of their annual retainer. These RSU awards occur semi-annually in April and November of each year. The RSUs awarded will vest one year from the date of the award.

On April 15, 2026, the Board of Directors of the Company approved an award under the Omnibus Plan of 20,084 RSUs to executive officers of the Company as part of their annual incentive compensation. The RSUs awarded will vest one year from the date of the award.