Unaudited Interim Condensed Consolidated Financial Statements of

CERES GLOBAL

For the quarters ended December 31, 2022 and 2021
(Expressed in US Dollars)

CERES GLOBAL AG CORP.

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CERES GLOBAL AG CORP.

Interim Condensed Consolidated Balance Sheets

(In thousands of USD)		December 31, 2022		June 30, 2022
Assets				
Current assets:				
Cash	$	6,679	$	17,218
Due from brokers (note 4)		5,239		8,280
Unrealized gains on open cash contracts (note 5)		30,626		47,645
Accounts receivable		20,969		43,422
Accounts receivable - related parties (note 17)		1,167		639
Inventories, grains		117,512		66,541
Assets held for sale		2,735		2,735
Prepaid expenses and sundry assets		4,876		2,159
Portfolio investments (note 5)		740		779
Total current assets		190,543		189,418
Investments in associates		26,300		26,131
Property, plant, and equipment (note 6)		103,561		105,597
Intangible assets (note 7)		6,487		6,611
Deferred tax asset		2,366		3,079
Right of use assets (note 8)		2,785		3,083
Other assets		29		29
Total assets	$	332,071	$	333,948
Liabilities and Shareholders' Equity				
Current liabilities:				
Bank indebtedness (note 9)	$	48,949	$	54,676
Accounts payable and accrued liabilities		78,797		51,600
Accounts payable - related parties (note 17)		117		1,597
Unrealized losses on open cash contracts (note 5)		8,392		24,668
Current portion of term loan (note 11)		2,340		2,338
Current portion of lease liability (note 8)		500		482
Total current liabilities		139,095		135,361
Term loan (note 11)		43,998		45,168
Long-term lease liability (note 8)		2,298		2,659
Deferred tax liability		1,255		1,255
Total liabilities		186,646		184,443
Shareholders' equity:				
Common shares (note 14)		173,349		172,470
Deferred share units (note 16)		1,218		1,762
Contributed surplus		7,002		6,989
Accumulated other comprehensive income (loss)		2,802		2,375
Deficit		(38,946)		(34,091)
Total shareholders' equity		145,425		149,505
Legal (note 20)		-		-
Total liabilities and shareholders' equity	$	332,071	$	333,948

ON BEHALF OF THE BOARD OF DIRECTORS

Signed "Harold Wolkin" Director   Signed "Jim Vanasek" Director

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

Three and six months ended December 31, 2022 and 2021

	3 months ended December 31,		6 months ended December 31,	
(In thousands of USD except shares and loss per share)	2022	2021	2022	2021
Revenues	$ 283,026	$ 304,795	$ 543,139	$ 513,166
Cost of sales	(276,279)	(288,737)	(530,827)	(473,249)
Gross profit	6,747	16,058	12,312	39,917
General and administrative expenses	(5,771)	(9,012)	(13,515)	(19,212)
Income (loss) from operations	976	7,046	(1,203)	20,705
Finance income (loss) (note 11)	(202)	(208)	(7)	(239)
Interest expense (note 12)	(1,990)	(1,341)	(3,358)	(2,465)
Amortization of intangible assets (note 7)	(62)	(65)	(124)	(131)
Revaluation of stock appreciation right liability	134	(438)	241	(431)
Gain (loss) on equity method investments	-	249	-	249
Gain (loss) on sale of intangible assets (note 7)	-	110	-	110
Gain (loss) on property, plant, and equipment	17	(11)	17	6
Income (loss) before income taxes and undernoted items	(1,127)	5,342	(4,434)	17,804
Income tax (expense) recovered	(412)	(1,297)	(590)	(4,889)
Share of net income (loss) of associates	272	(12)	169	(113)
Net income (loss)	(1,267)	4,033	(4,855)	12,802
Components of comprehensive income (loss):				
Gain (loss) on financial instrument hedge	(110)	336	427	362
Total comprehensive income (loss)	$ (1,377)	$ 4,369	$ (4,428)	$ 13,164
Basic weighted-average number of shares for the period	31,069,687	30,800,597	31,033,334	30,786,721
Diluted weighted-average number of shares for the period	31,069,687	32,439,286	31,033,334	32,266,412
Earnings (loss) per share:				
Basic	$ (0.04)	$ 0.13	$ (0.16)	$ 0.42
Diluted	(0.04)	0.12	(0.16)	0.40
Supplemental disclosure of selected information:				
Depreciation included in Cost of sales	$ (1,354)	$ (1,494)	$ (2,809)	$ (2,986)
Amortization of right of use assets included in Cost of sales	(78)	(119)	(166)	(236)
Depreciation included in General and administrative expenses	(45)	(85)	(96)	(174)
Amortization of right of use assets included in General and administrative expenses	(62)	(67)	(131)	(135)
Amortization of financing costs included in Interest expense	(177)	(183)	(355)	(327)
Personnel costs included in Cost of sales	(1,710)	(2,280)	(3,477)	(4,547)
Personnel costs included in General and administrative expenses	(2,589)	(6,942)	(6,859)	(14,763)
Personnel costs included in Revaluation of stock appreciation right liability	134	(438)	241	(431)

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Cash Flows

Six months ended December 31, 2022 and 2021

(In thousands of USD)	2022	2021
Operating activities:		
Net income (loss)	$ (4,855)	$ 12,802
Adjustments for:		
Depreciation and amortization	2,905	3,160
Amortization of intangible assets	124	131
Amortization of right of use assets	297	371
Interest expense	3,358	2,465
Bad debt (recovery) expense	60	-
Gain on sale of property, plant, and equipment	-	6
Income tax expense	590	4,889
Share-based compensation	439	640
Share of net (income) loss of associates	(169)	113
Unrealized (gain) loss on foreign exchange	3	2
Revaluation of stock appreciation right liability	(241)	431
Changes in non-cash working capital accounts:		
Due from brokers	3,596	1,559
Net open cash contracts	743	9,660
Accounts receivable	22,391	(1,983)
Accounts receivable - related parties	(528)	(176)
Inventories, grains	(50,971)	(68,411)
Prepaid expenses and sundry assets	(2,688)	(3,611)
Accounts payable and accrued liabilities	27,281	39,427
Accounts payable - related parties	(1,480)	(85)
Current portion of lease liability	(342)	(414)
Interest paid	(2,834)	(2,080)
Net cash provided by (used in) operating activities	(2,321)	(1,104)
Investing activities:		
Cash from disposition of property, plant, and equipment	17	31
Investment in other non-current assets	(29)	(10,815)
Acquisition of property, plant, and equipment	(956)	(1,747)
Net cash provided by (used in) investing activities	(968)	(12,531)
Financing activities:		
Net proceeds (repayment) of bank indebtedness	(6,000)	(1,000)
Proceeds from repurchase obligation	-	5,187
Proceeds from delayed draw term loan		10,000
Repayment of term loan	(1,250)	(750)
Financing costs paid	-	(115)
Net cash provided by (used in) financing activities	(7,250)	13,322
Effect of exchange rate changes on cash	-	-
Increase (decrease) in cash	(10,539)	(313)
Cash, beginning of period	17,218	4,214
Cash, end of period	$ 6,679	$ 3,901

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

Six months ended December 31, 2022 and 2021

(In thousands of USD)	Common shares	Deferred share units	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balances, June 30, 2022	$ 172,470	$ 1,762	$ 6,989	$ 2,375	$ (34,091)	$ 149,505
Deferred share units exercised	520	(544)	-	-	-	(24)
Share-based compensation net of vesting	359	-	13	-	-	372
Gain (loss) on financial instrument hedge	-	-	-	427	-	427
Net income (loss)	-	-	-	-	(4,855)	(4,855)
Balances, December 31, 2022	$ 173,349	$ 1,218	$ 7,002	$ 2,802	$ (38,946)	$ 145,425
Balances, June 30, 2021	$ 172,374	$ 1,762	$ 7,033	$ 1,017	$ (25,268)	$ 156,918
Share-based compensation net of vesting	96	-	(44)	-	-	52
Gain (loss) on financial instrument hedge	-	-	-	362	-	362
Net income (loss)	-	-	-	-	12,802	12,802
Balances, December 31, 2021	$ 172,470	$ 1,762	$ 6,989	$ 1,379	$ (12,466)	$ 170,134

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

(1) CORPORATE STATUS, REPORTING AND NATURE OF OPERATIONS

Ceres Global Ag Corp. (hereinafter referred to as "**Ceres**" or the "**Corporation**") was incorporated on November 1, 2007, as amended on December 6, 2007, under the provisions of the *Business Corporations Act* (Ontario) (the "**OBCA**"). On April 1, 2013, Ceres Global Ag Corp. amalgamated with Corus Land Holding Corp. and on April 1, 2015, Ceres Global Ag Corp. amalgamated with Riverland Agriculture Ltd. and Ceres Canada Holding Corp. Thereafter, the amalgamated corporations continued operating as Ceres Global Ag Corp. Ceres is a corporation domiciled in Canada, with its head office located in Golden Valley, Minnesota, United States. The Corporation's parent is VN Capital Management, LLC.

These interim condensed consolidated financial statements of Ceres as at and for the three- and six-month periods ended December 31, 2022 and 2021 include the accounts of Ceres and its wholly owned subsidiaries Ceres U.S. Holding Corp. (Delaware), Riverland Ag Corp. (Delaware) ("**Riverland Ag**"), Nature's Organic Grist LLC (North Dakota) ("**NOG**"), Delmar Commodities Ltd. (Manitoba) ("**Delmar**"), and Ceres Global Ag Corp. Mexico S.A. DE C.V. ("**Ceres Mexico**"). All intercompany transactions and balances have been eliminated. The Corporation is an agricultural cereal grain storage, customer-specific procurement and supply ingredient company that operates twelve grain storage, handling, and merchandising facilities in the state of Minnesota and the provinces of Ontario, Manitoba, and Saskatchewan, with a combined grain and oilseed storage capacity of 31 million bushels. NOG is a supplier of organic grains. Through Delmar, the Corporation owns and operates a soybean crush facility and a seed distribution network in western Canada.

(2) BASIS OF PREPARATION

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and with International Accounting Standards ("**IAS**") 34 – Interim Financial Reporting ("**IAS 34**"). Certain information and disclosures required to be included in notes to the annual consolidated financial statements have been condensed or omitted. Accounting, estimation and valuation policies, have been consistently applied to all periods presented herein, in accordance with IFRS.

These interim condensed consolidated financial statements should be read in conjunction with Ceres' annual consolidated financial statements for the year ended June 30, 2022. The Corporation's significant accounting policies are presented in note 3 of those consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the board of directors of the Corporation (the "**Board of Directors**") on February 13, 2023.

Interest rate benchmark reform – phase 2 amendments

The Corporation adopted Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (the "**Phase 2 Amendments**") which is effective for all fiscal years beginning on or after January 1, 2021. Interest rate benchmark reform ("**Reform**") refers to a global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates with alternative benchmark rates. The Phase 2 Amendments provide a practical expedient requiring the effective interest rate be adjusted when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities that relate directly to the Reform rather than applying modification accounting which might have resulted in a gain or loss. In addition, the Phase 2 Amendments require disclosures to assist users in understanding the effect of the Reform on the Corporation's financial instruments and risk management strategy. The Corporation has the following financial instruments indexed to the London Interbank Offered Rate ("LIBOR") that have not yet transitioned to alternative benchmark rates as at December 31, 2022:

(in thousands of USD)		Carrying amount
BMO Term Loan	$	27,375
BMO Delayed Draw		19,500
Interest rate swap contract		2,321

On March 5, 2021, the Financial Conduct Authority, the regulatory supervisor of the LIBOR's administrator, announced that panel bank submissions for the 1-week and 2-month USD LIBOR settings will cease immediately after December 31, 2021, and, in the case of the remaining USD LIBOR settings, immediately after June 30, 2023, after which representative LIBOR rates will no longer be available. The Corporation maintains a term loan which bears interest at the one-month USD LIBOR plus a fixed interest rate margin of 3.5%. The Corporation is currently working with the syndicate of lenders to assess the potential alternatives to the use of LIBOR. The Corporation also maintains a LIBOR interest rate swap contract with underlying notional amounts for the total outstanding balance of its term loan. The balance as at December 31, 2022 was $27.4 million. Considering the maturity dates of the contracts and the expected timing of changes to alternative benchmark rates, at the date LIBOR ceases or early adoption is implemented, the Corporation will replace LIBOR with the current secured overnight financing rate ("SOFR"). At which time, the Corporation will re-enter a swap agreement.

On December 30, 2022 (effective January 30, 2023), the Corporation amended its Term loan to transition from one-month LIBOR to Term SOFR. To align the interest rate swap with the amended Term Loan, the Corporation executed an interest rate swap amendment, effective January 31, 2023, locking in the variable SOFR portion of the interest rate at 0.665%.

Functional and presentation currency

The Corporation and all of its subsidiaries have a functional currency of United States Dollars ("USD").

These interim condensed consolidated financial statements are presented in USD.

Basis of measurement

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the following material items in the balance sheet:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss or other comprehensive income are measured at fair value; and
- Inventories of grains are measured at fair value less costs to sell.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The timely preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The following summarizes the accounting judgments, estimates and assumptions management considers significant:

Summary of Significant Accounting Judgments

Measurement of Deferred Tax

Management is required to apply judgment in determining, on an entity-by-entity basis, whether it is probable that deferred tax assets will be realized. In addition, the measurement of income taxes payable and deferred tax assets and liabilities require management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Interest Rate Swap Contract

Judgment is used when determining if hedge accounting is allowable for certain hedging instruments. In accordance with IFRS 9, hedge accounting allows an entity to reflect risk management activities in the consolidated financial statements by matching gains or losses on financial hedging instruments with losses or gains on the risk they hedge. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income and any remaining gain or loss is hedge ineffectiveness that is recognized in profit or loss.

Joint Arrangements

Judgment is used in determining whether a joint arrangement qualifies as a joint operation or a joint venture. In accordance with IFRS 11, in a joint operation, members have rights to the assets and obligations of the liabilities of a joint arrangement. Each party must recognize its share of the assets, liabilities, revenues, and expenses. All arrangements that are not structured through a separate vehicle are considered a joint operation. Joint ventures are joint arrangements which are structured through a separate vehicle that confers legal separation between the joint venturer and the assets and liabilities in the vehicle.

Summary of Significant Accounting Estimates

Inventories and Commodity Derivatives

To reduce price risk caused by market fluctuations, the Corporation generally follows a policy of using exchange traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. The Corporation will also use exchange traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly impacted by factors such as the volatility of the relationship between the value of exchange traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets.

Derivative instruments, including futures contracts, forward commitments, options and other similar types of contracts and commitments based on commodity derivatives, are carried at their fair value. Management determines the fair value based on exchange quoted prices and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets. While the Corporation considers its commodity contracts to be effective economic hedges, the Corporation does not designate or account for its commodity contracts as hedges. Realized and unrealized gains and losses in the value of commodity contracts and grain inventories are recognized in Cost of Sales. Unrealized gains and losses on these derivative contracts are included in due from broker, and Unrealized gains (losses) on open cash contracts on the Consolidated Balance Sheet.

The fair values of commodity inventories are determined from exchange or quoted market prices and judgment is applied in estimating expected freight costs to normal delivery points and the price premium or discount to reflect the effect of local supply and demand factors.

Current Events

War in Ukraine

In late February 2022, Russia invaded Ukraine. The Black Sea region is a key international grain, oilseed, and fertilizer export market and the conflict between Russia and Ukraine could continue to disrupt supply and logistics, cause volatility in prices, and impact global margins due to increased commodity, energy, and input costs. While the Corporation does not actively trade in the region, the war has put a strain on the global commodities market as a whole. Management will continue to monitor the situation and address the possible risks accordingly.

(4) DUE FROM BROKERS

"Due from brokers" represents unrealized gains and losses due from custodian brokers on commodity futures and options contracts in addition to margin deposits in the form of cash that are held by custodian brokers in connection with such contracts. Amounts due from brokers are offset by amounts due to the same brokers, under the terms and conditions of enforceable master netting arrangements in effect with all brokers, through which the Corporation executes its transactions and for which the Corporation intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Amounts due from brokers consist of the following:

(in thousands of USD)	December 31, 2022	June 30, 2022
Margin deposits	$ 3,471	$ 6,429
Unrealized gains on futures contracts and options, at fair value	348	642
Unrealized gain on financial instrument hedge	2,320	1,766
	6,139	8,837
Unrealized losses on futures contracts and options, at fair value	(900)	(557)
	$ 5,239	$ 8,280

(5) FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Corporation's financial assets and liabilities that are measured at fair value in the Consolidated Balance Sheets are categorized by level according to the reliability of the inputs used in making the measurements. The Corporation recognizes transfers between fair value measurements hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the quarter ended December 31, 2022, or 2021.

The following table presents information about the financial assets and liabilities measured at fair value on a recurring basis and indicates the level of the fair value hierarchy used to determine such fair values.

	December 31, 2022			
(in thousands of USD)	Level 1	Level 2	Level 3	Total
Cash	$ 6,679	$ -	$ -	$ 6,679
Portfolio investments	-	-	740	740
Due from broker, margin deposits (note 4)	3,471	-	-	3,471
Due from broker, unrealized gains on futures and options (note 4)	348	-	-	348
Unrealized gains on open cash contracts (derivatives)	-	30,626	-	30,626
Due from broker, unrealized losses on futures and options (note 4)	(900)	-	-	(900)
Unrealized gain on financial instrument hedge (note 4)	-	2,320	-	2,320
Unrealized losses on open cash contracts (derivatives)	-	(8,392)	-	(8,392)
Stock appreciation right liability included in accounts payable	-	-	(398)	(398)
Deferred share unit liability included in accounts payable	-	-	(264)	(264)
Balance December 31, 2022	$ 9,598	$ 24,554	$ 78	$ 34,230

	June 30, 2022			
(in thousands of USD)	Level 1	Level 2	Level 3	Total
Cash	$ 17,218	$ -	$ -	$ 17,218
Portfolio investments	-	-	779	779
Due from broker, margin deposits (note 5)	6,429	-	-	6,429
Due from broker, unrealized gains on futures and options (note 5)	642	-	-	642
Unrealized gains on open cash contracts	-	47,645	-	47,645
Due from broker, unrealized losses on futures and options (note 5)	(557)	-	-	(557)
Unrealized gain on financial instrument hedge (note 5)	-	1,766	-	1,766
Unrealized losses on open cash contracts	-	(24,668)	-	(24,668)
Stock appreciation right liability included in accounts payable	-	-	(664)	(664)
Deferred share unit liability included in accounts payable	-	-	(361)	(361)
Balance June 30, 2022	$ 23,732	$ 24,743	$ (246)	$ 48,229

Reconciliation of Level 3 fair values:

(in thousands of USD)	Portfolio Investments
Balance at June 30, 2021	$ 809
Unrealized foreign exchange loss	(30)
Balance at June 30, 2022	779
Unrealized foreign exchange loss	(39)
Balance at December 31, 2022	$ 740

(in thousands of USD)		Stock Appreciation Right Liability
Balance at June 30, 2021	$	(1,334)
Revaluation of stock appreciation right liability		941
Expense		(410)
Exercises		86
Unrealized foreign exchange gain		53
Balance at June 30, 2022		(664)
Revaluation of stock appreciation right liability		241
Expense		(11)
Exercises		-
Unrealized foreign exchange gain		36
Balance at December 31, 2022	$	(398)

(in thousands of USD)		Deferred Share Unit Liability
Balance at June 30, 2021	$	(254)
Expense		(246)
Exercises		-
DSU liability revaluation		138
Unrealized foreign exchange gain		1
Balance at June 30, 2022		(361)
Expense		(81)
Exercises		84
DSU liability revaluation		94
Unrealized foreign exchange gain		-
Balance at December 31, 2022	$	(264)

Management of Financial Instruments Risks

In the normal course of business, the Corporation is exposed to various financial instruments risks, including market risk (consisting of price risk, commodity risk, interest rate risk and currency risk), credit risk, custodian and prime brokerage risks, and liquidity risk. The Corporation's overall risk management program seeks to minimize potentially adverse effects of those risks on the Corporation's financial performance. The Corporation may use derivative financial instruments to mitigate certain risk exposures. The Corporation may invest in non-public and public issuers and assets.

Commodity Risk

To reduce price risk caused by market fluctuations, the Corporation generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. The Corporation will also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies may be significantly influenced by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets. Derivative contracts have not been designated, and are not accounted for, as fair value hedges. Management determines fair value based on exchange-quoted prices, and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets. Realized and unrealized gains and losses in the value of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in profit or loss as a component of Cost of revenues. Unrealized gains and losses on these derivative contracts are recognized in earnings and classified on the Consolidated Balance Sheet as Due from Broker, Unrealized gains (losses) on open cash contracts, as applicable.

Management has determined the effect on the results of operations of the Corporation for the period ended September 30, 2022 if the fair value of each of the open cash contracts as at September 30, 2022 had increased or decreased by 5%, using the open cash contracts as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

The potential effects on the result of operations for the period ending December 31, 2022 would be as follows:

(in thousands of USD except income per share)	Increase (decrease) in net income	Increase (decrease) in income per share
5% increase in bid/ask prices of commodities	$ 2,333	$ 0.08
5% decrease in bid/ask prices of commodities	$ (2,333)	$ (0.08)

Interest Rate Risk

As at December 31, 2022, Ceres had no long or short portfolio positions in any interest-bearing investment securities.

As at December 31, 2022, except for cash on deposit, the amounts of which vary from time-to-time and on which the Corporation earns interest at nominal variable interest rates, the Corporation had no other variable rate interest-bearing financial assets. As at those dates, a notional increase or decrease in interest rates applicable to cash on deposit would not have materially affected interest revenue and the results of operations. Therefore, as at December 31, 2022, the Corporation's assets are not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

As disclosed in note 9 (Bank Indebtedness), as at December 31, 2022, the Corporation's 2022 Credit Facility (as defined herein) bears a tiered annual interest rate based on utilization ranging from 2.25% to 2.50% plus SOFR plus 10 basis points. As at December 31, 2022, management has determined the effect on the future results of operations of the Corporation if the variable interest rate component applicable on that date was to increase by 25 basis points ("25 bps"), using the balance of the revolving credit facility payable as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

Furthermore, as at December 31, 2022, the Corporation's term debt with the Bank of Montreal ("BMO Loan") (note 10) bears interest at an annual rate of 3.50% plus one-month LIBOR. On September 14, 2021, the Corporation entered into a floating-to-fixed interest rate swap, fixing the variable interest portion of the BMO Loan. As at December 31, 2022, the interest rate swap fair value was $2.3 million and the change in fair value is recorded in Other Comprehensive Income. In October 2021 and March 2022, the Corporation increased the outstanding term debt via delayed draw by $10.0 million each. The delayed draws were used to fund the Northgate crush project and the related interest was capitalized. In June 2022, the Corporation suspended the Northgate crush project and wrote off the previously capitalized costs. Subsequent to the suspension, any interest expense related to the delayed draws is recorded within interest expense. The $19.5 million attributable to the delayed draw is not hedged by the previously mentioned interest rate swap and as such is the only portion of the term loan that is subject to interest rate fluctuations. As at December 31, 2022, management has determined the effect on the future results of operations of the Corporation if the variable interest rate component applicable on that date was to increase by 25 basis points ("25 bps"), using the balance of the delayed draw portion of the BMO Loan payable as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

On that basis, the potential effects on the results of operations for the six months ended December 31, 2022 would be as follows:

(in thousands of USD except income per share)	Increase (decrease) on net income	Increase (decrease) on income per share
2022 Credit Facility (as defined in note 9)		
25 bps increase in annual interest rate	$ (63)	$ -
BMO Loan (delayed draw)		
25 bps increase in annual interest rate	$ (25)	$ -

Credit Risk

Credit risk is the risk a counterparty would be unable to pay for amounts due to the Corporation in accordance with the terms and conditions of the debt instruments. As at December 31, 2022, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, and to the extent that open cash contracts for grain commodities have given rise to unrealized gains. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets. The Corporation uses various grain contracts as part of its overall grain merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counter-party risk associated with non-performance, which may have the potential of creating losses.

The Corporation regularly evaluates its credit risk concerning its trade accounts receivable to the extent that such receivables may be concentrated with significant customers. The Corporation minimizes this risk by having a diverse customer base and established credit policies. The aging of the Corporation's trade accounts receivable is substantially current. As at December 31, 2022 and June 30, 2022, the allowance for doubtful accounts was $171 thousand and $111 thousand, respectively.

The Corporation did not have any customers that individually represented more than 10% of total revenue for the periods ended December 31, 2022 and December 31, 2021.

Custody and Prime Brokerage Risk

There are risks involved with dealing with a custodian or broker who settles trades. In certain circumstances, the securities or other assets deposited with the custodian or broker may be exposed to credit risk with respect to those parties. In addition, there may be practical, or timing implications associated with enforcing the Corporation's rights to its assets in the case of the insolvency of any such party. Notwithstanding the foregoing, management has evaluated the risk of loss related to the custodian or brokers and has determined this risk to be insignificant.

Liquidity Risk

As at December 31, 2022 and June 30, 2022, the following are the contractual maturities of financial liabilities, excluding interest payments:

December 31, 2022

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	$ 48,949	$ 49,000	$ 49,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	78,797	78,797	78,797	-	-	-
Accounts payable - related parties	117	117	117	-	-	-
Unrealized losses on open cash contracts	8,392	8,392	8,392	-	-	-
Term loan	46,338	46,875	2,500	2,500	41,875	-
	$ 182,593	$ 183,181	$ 138,806	$ 2,500	$ 41,875	$ -

June 30, 2022

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	$ 54,676	$ 55,000	$ 55,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	51,600	51,600	51,600	-	-	-
Accounts payable - related parties	1,597	1,597	1,597	-	-	-
Unrealized losses on open cash contracts	24,668	24,668	24,668	-	-	-
Term loan (note 10)	47,506	48,125	2,500	2,500	43,125	-
	$ 180,047	$ 180,990	$ 135,365	$ 2,500	$ 43,125	$ -

Future expected operational cash flows and sufficient assets are available to fund the settlement of these obligations in the normal course of business. In addition, the following factors allow for the substantial mitigation of liquidity risk: the prompt settlement of amounts due from brokers, and the active management of trade accounts payables and receivables. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

Currency Risk

In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than USD. Therefore, Ceres is exposed to currency risk, as the value of any monetary assets or liabilities denominated in currencies other than USD will vary due to changes in foreign exchange rates.

As at December 31, 2022, the following is a summary, at fair value, of Ceres' exposure to currency risks on monetary assets and liabilities:

(in thousands of USD)	Net asset (liability) exposure
Canadian dollars	$ (7,297)

The following is a summary of the effect on Ceres' profit or loss for the period ended December 31, 2022 if the USD had become 5% stronger or weaker against the CAD as at December 31, 2022, with all other variables remaining constant, related to monetary assets and liabilities denominated in CAD:

(in thousands of USD except income per share)	Increase (decrease) in net income	Increase (decrease) in income per share
CAD 5% Stronger	$ (365)	$ (0.01)
CAD 5% Weaker	$ 347	$ 0.01

Currency risk for Ceres relates to transactions denominated in a currency other than USD and the translation of its accounts from CAD to the functional currency of USD. Transactional gains and losses on foreign exchange are recorded in "Finance income (loss)" in the Interim Condensed Consolidated Statements of Comprehensive Income (Loss).

Other Financial Instruments

The carrying values of accounts receivable, bank indebtedness, and account payable and accrued liabilities approximate their fair values as at December 31, 2022 due to the short-term nature of these instruments. The carrying value of the term loan approximates fair value as at December 31, 2022 based on current market rates for similar instruments.

(6) PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment is comprised the following at December 31, 2022 and June 30, 2022:

(in thousands of USD)	Land	Buildings, Silos & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
Cost						
June 30, 2022	$ 21,232	$ 81,121	$ 34,775	$ 4,230	$ 355	$ 141,713
Additions	-	-	-	-	886	886
Placed in service	-	-	87	-	(87)	-
Disposals	(9)	(11)	-	-	-	(20)
December 31, 2022	$ 21,223	$ 81,110	$ 34,862	$ 4,230	$ 1,154	$ 142,579
Accumulated depreciation						
June 30, 2022	$ -	$ (20,944)	$ (12,071)	$ (3,101)	$ -	$ (36,116)
Depreciation	-	(1,479)	(1,329)	(97)	-	(2,905)
Reclassification of assets held for sale	-	3	-	-	-	3
Disposals	-	-	-	-	-	-
December 31, 2022	$ -	$ (22,420)	$ (13,400)	$ (3,198)	$ -	$ (39,018)
Carrying amount						
June 30, 2022	$ 21,232	$ 60,177	$ 22,704	$ 1,129	$ 355	$ 105,597
December 31, 2022	$ 21,223	$ 58,690	$ 21,462	$ 1,032	$ 1,154	$ 103,561

Property, plant, and equipment additions of $20 thousand have been accrued but not yet paid as at December 31, 2022 compared to $91 thousand as at June 30, 2022.

(7) INTANGIBLE ASSETS

Intangible assets are comprised the following at December 31, 2022 and June 30, 2022:

(in thousands of USD)	Trademarks, tradename, customer/ producer relationships	Goodwill	Other intangible assets	Total
Intangible assets				
June 30, 2022	$ 6,448	$ 4,704	$ 150	$ 11,302
Additions	-	-	-	-
Disposals	(3,967)	-	-	(3,967)
December 31, 2022	$ 2,481	$ 4,704	$ 150	$ 7,335
Accumulated amortization				
June 30, 2022	$ (4,691)	$ -	$ -	$ (4,691)
Amortization	(124)	-	-	(124)
Disposals	3,967	-	-	3,967
December 31, 2022	$ (848)	$ -	$ -	$ (848)
Carrying amount				
June 30, 2022	$ 1,757	$ 4,704	$ 150	$ 6,611
December 31, 2022	$ 1,633	$ 4,704	$ 150	$ 6,487

Other intangible assets consist of customer and producer relationships, as well as tradenames and trademarks acquired as part of the purchase of Delmar. Other intangible assets are amortized on a straight-line basis over 10 years.

(8) LEASE LIABILITIES AND RIGHT OF USE ASSETS

Right of use assets are comprised of the following as at December 31, 2022 and June 30, 2022:

(in thousands of USD)		Land and Buildings		Machinery and Equipment		Office Equipment		Total Right of Use Assets
June 30, 2022	$	3,900	$	845	$	83	$	4,828
Additions and modifications		-		-		-		-
Disposals		-		(284)		-		(284)
December 31, 2022	$	3,900	$	561	$	83	$	4,544
Accumulated amortization								
June 30, 2022	$	(1,278)	$	(440)	$	(27)	$	(1,745)
Amortization		(254)		(35)		(8)		(297)
Disposals		-		283		-		283
December 31, 2022	$	(1,532)	$	(192)	$	(35)	$	(1,759)
Carrying amount								
June 30, 2022	$	2,622	$	405	$	56	$	3,083
December 31, 2022	$	2,368	$	369	$	48	$	2,785

(in thousands of USD)		Lease Liabilities
Lease payments due within:		
1 year	$	648
2 years		578
3-5 years		1,140
6 or more years		1,548
Contractual lease cash flow		3,914
Interest attributed to lease payments		(1,116)
Balance at December 31, 2022	$	2,798

(9) BANK INDEBTEDNESS

On February 10, 2021, the Corporation amended the 2020 credit facility agreement led by Macquarie Bank Ltd., as administrative agent on behalf of a syndicate group of lenders which included Bank of Montreal and Cooperative Rabo Bank U.A. Under the credit facility (the "**2021 Credit Facility**") the amount of the revolving facility available to Ceres remained at $100.0 million, with the potential to access an accordion feature that would provide an additional $20.0 million. The revolving facility matured on February 9, 2022.

On September 17, 2021, the Corporation executed a Commitment to Increase Agreement to access the accordion feature of the 2021 Credit Facility, providing an additional $20.0 million in availability. To do so, the Corporation incurred fees of $79 thousand which were amortized over the remaining life of the 2021 Credit Facility.

On February 8, 2022, the Corporation amended the 2021 Credit Facility. Under the new credit facility (the "**2022 Credit Facility**") the maximum amount increased from $100 million to $150 million, with the potential to access an accordion feature that would provide an additional $20 million. The 2022 Credit Facility matures on February 8, 2023.

The interest rate under the 2022 Credit Facility is a tiered annual interest rate based on the utilization as follows:

Revolver Credit Facility	Applicable Margin
≤ 30%	2.50%
> 30%	2.25%

The total interest rate is calculated and paid on a monthly basis by adding the applicable margins above plus SOFR plus 10 basis points. The 2022 Credit Facility is subject to borrowing base limitations. Amounts under the agreement that remain undrawn are not subject to a commitment fee.

The 2022 Credit Facility has certain covenants pertaining to the accounts of the Corporation, as at December 31, 2022, the Corporation was in compliance with all covenants.

As at December 31, 2022 and June 30, 2022, the Corporation had $35.9 million and $28.6 million in availability, respectively, on its revolving credit facility.

As at December 31, 2022 and June 30, 2022, the carrying amount of bank indebtedness is summarized as follows:

(in thousands of USD)	December 31, 2022	June 30, 2022
Revolving credit facility	$ 49,000	$ 55,000
Unamortized financing costs	(51)	(324)
Bank indebtedness	$ 48,949	$ 54,676

(10) TERM LOAN

On June 11, 2021, the Corporation entered into the BMO Loan, a five-year senior secured $50 million term debt credit facility that includes a $30 million term loan draw along with an additional $20 million delayed draw committed term loan that will be used to fund future growth projects and initiatives. Repayment of the BMO Loan will be in the form of quarterly payments of $375 thousand over the 5-year term, with the remaining balance of $22.5 million due on the maturity date of June 11, 2026. Undrawn amounts on the delayed draw term loan are subject to a 0.25% commitment fee. Interest is paid monthly and at the Corporation's option, the BMO Loan will bear interest equal to:

- 3.5% plus one-month LIBOR; or
- 2.5% plus the greater of (i) Lender's prime commercial rate as in effect on such day, (ii) the sum of the Fed Funds plus 0.5%, and (iii) the one-month LIBOR plus 1.0%

On September 14, 2021, the Corporation entered into a floating-to-fixed interest rate swap to lock in the interest rate on the BMO Loan. The amount of the floating-to-fixed interest rate swap will reduce in tandem with the quarterly principal repayments on the loan. The swap locks in the variable LIBOR portion of the interest rate at 0.721%.

The notional balance outstanding on the swap as at December 31, 2022, is $27.4 million. The interest rate on the BMO Loan is expected to be approximately 4.2% per annum through the swap maturity date of September 29, 2025. Settlement of both the fixed and variable portions of the interest rate swap occurs on a monthly basis. The Corporation has applied hedge accounting to this relationship whereby the change in fair value of the effective portion of the hedging derivative is recognized in accumulated other comprehensive income. The full amount of the hedge was determined to be effective as at December 31, 2022. The Corporation has classified this financial instrument as a cash flow hedge and the fair value of the hedging instrument is recorded as an asset of $2.3 million on the consolidated balance sheet.

On October 15, 2021 the Corporation borrowed $10.0 million on the BMO Delayed Draw. Repayment of the BMO Delayed Draw will be in the form of quarterly payments of $125 thousand over the 5-year term, with the remaining balance of $7.9 million due on the maturity date of June 11, 2026. Interest on the BMO Delayed Draw follows the rates set forth for the BMO Term Loan.

On March 29, 2022 the Corporation borrowed the remaining $10.0 million on the BMO Delayed Draw. Repayment of the BMO Delayed Draw will be in the form of quarterly payments of $125 thousand over the 5-year term, with the remaining balance of $8.0 million due on the maturity date of June 11, 2026. Interest on the BMO Delayed Draw follows the rates set forth for the BMO Term Loan.

In connection with the origination of term loans, the Corporation paid transaction costs relating to the loan closure in the amount of $748 thousand during fiscal year 2021 and $349 thousand during fiscal year 2020, which included legal fees and other related borrowing costs. Transaction costs directly attributable to the issuance of the loan are recognized as a reduction in the balance of the loan and are amortized over the term of the loan using the effective interest method.

(in thousands of USD)	December 31, 2022	June 30, 2022
Current portion of term loan	$ 2,500	$ 2,500
Less current portion of unamortized financing costs	(160)	(162)
Current portion of term loan	2,340	2,338
Long-term portion of term loan	44,375	45,625
Less long-term portion of unamortized financing costs	(377)	(457)
Long-term loan	43,998	45,168
Total	$ 46,338	$ 47,506

The BMO Loan is secured by the following: (i) a security interest in substantially all of the personal property of Ceres; (ii) a charge and mortgage over substantially all of the real property and elevator assets held by the Corporation (iii) a pledge of substantially all of the equity interests and investment property held by the Corporation.

(11) FINANCE INCOME (LOSS)

The following table presents realized and unrealized gains (losses) on foreign exchange, currency-hedging transactions and the revaluation of portfolio investments for the three and six-month periods ended December 31, 2022 and 2021:

	3 Months		6 Months	
(in thousands of USD)	2022	2021	2022	2021
Realized and unrealized gain (loss) on foreign exchange	$ (204)	$ (208)	$ (9)	$ (239)
Finance income (loss)	$ (204)	$ (208)	$ (9)	$ (239)

(12) INTEREST EXPENSE

The following table presents interest expense for the three and six-month periods ended December 31, 2022 and 2021:

	3 Months		6 Months	
(in thousands of USD)	2022	2021	2022	2021
Interest on bank indebtedness	$ (996)	$ (702)	$ (1,538)	$ (1,307)
Interest on term loan	(866)	(329)	(1,566)	(622)
Interest on term loan swap	208	-	312	-
Interest on repurchase obligations	(127)	(78)	(139)	(109)
Interest attributable to leases	(41)	(50)	(84)	(102)
Amortization of financing costs paid	(177)	(183)	(355)	(327)
Interest on other financing obligations	9	1	12	2
Interest expense	$ (1,990)	$ (1,341)	$ (3,358)	$ (2,465)

(13) EQUITY

The following is a summary of the changes in the Common shares for the six months ended December 31, 2022:

	Common shares		
	Number of shares		Amount (*in thousands of USD*)
Balances, June 30, 2021	30,772,845	$	172,374
Restricted stock options exercised	27,752		96
Balances, June 30, 2022	30,800,597		172,470
Restricted stock options exercised	128,759		359
Deferred share units exercised	164,788		520
Balances, December 31, 2022	31,094,144	$	173,349

As at December 31, 2022 and June 30, 2022, directors and officers of the Corporation, through a controlled entity, beneficially own, directly or indirectly, or exercise control or direction over 54.8% and 55.8%, respectively, of the outstanding Common shares of the Corporation.

December 31, 2022 and December 31, 2021 (Expressed in USD)

(14) EQUITY INCENTIVE PLAN

Stock Option Awards

During the six-months ended December 31, 2022, Ceres had outstanding stock option awards ("**Options**"), which include Tandem SARs, under the Corporation's Equity Incentive Plan ("**Equity Plan**") to certain officers and employees of the Corporation. As at December 31, 2022, the outstanding Tandem SARs are as follows:

	Number of Options		Weighted average exercise price (CAD)	Weighted average remaining contractual term (years)
Outstanding as at June 30, 2021	1,303,375	$	4.61	1.66
Granted	375,000		4.71	4.30
Exercised	(63,750)		3.36	-
Forfeited	(60,250)		3.84	-
Expired	(34,500)		5.67	-
Outstanding as at June 30, 2022	1,519,875		4.15	2.37
Granted	-		-	-
Exercised	(1,500)		3.12	-
Forfeited	(123,250)		4.29	-
Expired	(403,875)		4.83	-
Outstanding as at December 31, 2022	991,250	$	3.86	2.11
Exercisable as at December 31, 2022	827,750	$	3.78	1.84

At the grant date, the fair value of the Options are estimated using the Black-Scholes option pricing model. During the three and six months ended December 31, 2022, there were no options granted. The weighted average grant date fair value of the Options granted during the quarter ended December 31, 2021, is CAD $1.39. As at December 31, 2022, Options had exercise prices ranging from CAD $3.12 to CAD $5.84 and CAD $2.98 to CAD $5.84 as at December 31, 2022.

The total Option compensation cost included in general and administrative expenses for the three months ended December 31, 2022, amounted to $7 thousand and $84 thousand for the three months ended December 31, 2021. For the six months ended December 31, 2022, the total Option compensation cost included in general and administrative expenses totaled $11 thousand and $253 thousand for the six months ended December 31, 2021 with the non-cash expense being accrued and classified within Stock appreciation right liability in the Interim Condensed Consolidated Balance Sheet.

Restricted Stock Units

In the first quarter of fiscal year 2023, the Corporation granted 250,000 Restricted Stock Units ("RSUs") under the Equity Plan, with a grant date fair value of $915 thousand. The RSUs vest in five equal installments based on the attainment of certain performance measures and the employee's continued service through the vest date. As at December 31, 2022, the outstanding RSUs are as follows:

(in thousands of USD)	Number of Units
Balance at June 30, 2021	206,718
Restricted stock units exercised	(51,680)
Restricted stock units granted	42,827
Balance at June 30, 2022	197,865
Restricted stock units exercised	(205,038)
Restricted stock units cancelled	(42,827)
Restricted stock units granted	250,000
Balance at December 31, 2022	200,000

The total RSU compensation cost included in general and administrative expenses for the three months ended December 31, 2022, amounted to $66 thousand and $84 thousand for the three months ended December 31, 2021. For the six months ended December 31, 2022, RSU compensation cost included in general and administrative expenses totaled $441 thousand and $173 thousand for the six months ended December 31, 2021, with the non-cash expense being accrued and classified within accounts payable in the Interim Condensed Consolidated Balance Sheet.

(15) DIRECTORS' SHARE AND DEFERRED SHARE UNIT PLAN

Effective December 1, 2020, the Board of Directors amended the Directors' Share and Deferred Share Unit Plan ("DSU Plan") to provide that any Deferred Share Unit ("DSU") granted on or after December 1, 2020, will be redeemed in cash in an amount equal to the Fair Market Value of a Common Share, determined by the Committee in its sole discretion as of the Entitlement Date; provided that the Corporation may, at its option and subject to the availability of shares under the DSU Plan, deliver to the Eligible Director in satisfaction of all or a portion of such Deferred Share Units, one Common Share for each Deferred Share Unit.

Effective September 29, 2016, the Board of Directors amended the DSU Plan to (i) authorize the Board of Directors, in its sole discretion, to issue Common Shares to directors in lieu of all or a portion of the annual cash remuneration payable to eligible directors in respect of services provided by such eligible directors to the Corporation, (ii) increase the aggregate number of Common Shares issuable under the plan from 450,000 to 600,000 Common Shares and (iii) rename the plan the Directors' Share and Deferred Share Unit Plan.

Effective March 10, 2014, Ceres has a Directors' Deferred Share Unit Plan, whereby DSUs are issued to Eligible Directors, in lieu of cash, for a portion of Directors' fees otherwise payable to Directors. The Fair

Market Value of the DSUs on the date such units are calculated and issued represents the volume-weighted average trading price of Ceres' common shares for the five trading days immediately preceding the date of issuance of the DSUs. Each DSU entitles the director to receive payment after the end of the director's term in the form of common shares of the Corporation. Under the plan, the aggregate number of common shares issuable by Ceres under this Plan was limited to 450,000 and subsequently amended to 600,000 common shares. Certain insider restrictions and annual dollar limits per Eligible Director exist. Dividends, if any, otherwise payable on the common shares represented by the DSUs are converted into additional DSUs based on the Fair Market Value as of the date on which any such dividends would be paid. The DSU Plan also provides for the Board of Directors to award additional DSUs (referred to in the DSU Plan agreement as "Matching DSUs") to an Eligible Director who has elected to receive DSUs pertaining to his/her Annual Cash Remuneration amount (as defined by the DSU Plan).

The Corporation intends to settle all equity settled DSUs with shares through the issuance of treasury shares, and settle all cash settled DSUs with the payout being calculated based on the five-day weighted share average price. Compensation expense is included as part of Directors' fees classified with general and administrative expenses and is recognized in the accounts as and when services are rendered to the Corporation.

The following table summarizes the information related to equity settled DSUs outstanding:

	Number of DSUs		Amount (*in thousands of USD*)
DSUs as at June 30, 2021 and June 30, 2022	515,642	$	1,762
Exercised	(171,993)		(544)
Balance at December 31, 2022	343,649	$	1,218

(16) RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, whether executive or otherwise, of that entity). Below is the remuneration of key management personnel of the Corporation for the three and six-month periods ended December 31, 2022 and December 31, 2021:

	3 Months		6 Months	
(in thousands of USD)	2022	2021	2022	2021
Salary and short-term employee and director benefits	$ 474	$ 760	$ 1,076	$ 1,354
Share-based compensation	56	390	236	632
Executive severance	211	-	1,850	-
	$ 741	$ 1,150	$ 3,162	$ 1,986

Savage Riverport, LLC

As at December 31, 2022 and June 30, 2022, Ceres owns a 50% interest in Savage. Ceres routinely transacts business directly with Savage. Such transactions are in the ordinary course of business and include storage and elevation fees for grain storage, as well as management fees.

Farmers Grain, LLC

As at December 31, 2022 and June 30, 2022, Ceres owns a 50% interest in Farmers Grain. Ceres routinely transacts business directly with Farmers Grain. Such transactions are in the ordinary course of business and include the purchase of grain as well as management fees.

Berthold Farmers Elevator, LLC.

As at December 31, 2022 and June 30, 2022, Ceres owns a 50% interest in BFE. Ceres routinely transacts business directly with BFE. Such transactions are in the ordinary course of business and include the purchase of grain.

Gateway Energy Terminal

As at December 31, 2022 and June 30, 2022, Ceres owned a 50% interest in Gateway Energy Terminal (“Gateway”).

Stewart Southern Railway Inc.

As at December 31, 2022 and June 30, 2022, Ceres owns 25% in SSR. The Corporation does not routinely transact with SSR.

The following table summarizes the information for related parties.

(in thousands of USD)	December 31, 2022	June 30, 2022
Accounts receivable due from associates		
(Recorded in Accounts receivable – related parties)		
Savage	$ 124	$ 173
Farmers Grain	836	370
BFE	123	2
Gateway	84	94
Total accounts receivable due from associates	$ 1,167	$ 639
Accounts payable due to associates		
(Recorded in Accounts payable – related parties)		
Savage	$ 10	$ -
Farmers Grain	1	13
BFE	106	1,584
Gateway	-	-
Total accounts payable due to associates	$ 117	$ 1,597

Gain on open cash contracts – Related Party				
(Recorded in Unrealized gains on open cash contracts)				
Farmers Grain	$	172	$	444
BFE		294		989
Total gain on related party open cash contracts	$	466	$	1,433
Loss on open cash contracts – Related Party				
(Recorded in unrealized losses on open cash contracts)				
Farmers Grain	$	715	$	13
BFE		35		2,850
Total loss on related party open cash contracts	$	750	$	2,863

(in thousands of USD)	3 Months December 31, 2022	3 Months December 31, 2021	6 Months December 31, 2022	6 Months December 31, 2021
Related party revenues				
Savage	$ 23	$ 20	$ 46	$ 40
Farmers Grain	36	27	67	1,331
BFE	208	-	203	-
Gateway	212	225	432	542
Total related party revenues	479	272	748	1,913
Related party expense				
Savage	379	339	747	750
Farmers Grain	11,951	1,109	20,745	3,126
BFE	14,517	-	39,753	-
Gateway	-	-	-	-
Total related party expenses	$ 26,847	$ 1,448	$ 61,245	$ 3,876

(17) SEGMENT REPORTING

As at December 31, 2022, the Corporation has four reportable segments: Grain, Supply Chain Services, Seed and Processing, and Corporate. As at December 31, 2022, the Corporation has three operating segments: Grain, Supply Chain Services, and Seed and Processing. The Corporation's Grain segment is engaged in grain procurement and merchandising of specialty grains and oilseeds such as oats, barley, rye, hard red spring wheat, durum wheat, canola, and pulses. The Supply Chain Services segment utilizes the Corporation's facilities to provide logistics services, storage, and transloading for commodities and industrial products. The Seed and Processing segment is engaged in soybean crush, specialty crops blending, birdfeed production, and seed distribution in western Canada.

Management reporting comprises analysis of revenue and gross profit within three distinct operating segments. Corporate oversees and administers the operating segments. The chief operating decision maker focuses on revenues and costs by operating segment, but manages assets and liabilities on a global basis.

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the three months ended December 31, 2022:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	$ 268,670	$ 853	$ 13,503	$ -	$ 283,026
Cost of sales	(262,268)	(838)	(13,082)	(90)	(276,279)
Gross profit	6,402	15	421	(90)	6,747
General and administrative expenses	(3,097)	(2)	(305)	(2,367)	(5,771)
Income (loss) from operations	3,305	13	116	(2,457)	976
Finance income (loss)	-	-	-	(202)	(202)
Interest expense	(1,254)	-	-	(736)	(1,990)
Amortization of intangible assets	-	-	-	(62)	(62)
Revaluation of stock appreciation right liability	-	-	-	134	134
Gain (loss) on property, plant, and equipment	-	-	17	-	17
Income (loss) before taxes	2,051	13	133	(3,323)	(1,127)
Income tax (expense) recovered	-	-	-	(412)	(412)
Share in net income (loss) from associates	234	-	-	38	272
Net income (loss)	$ 2,285	$ 13	$ 133	$ (3,697)	$ (1,267)

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the three months ended December 31, 2021:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	$ 285,753	$ 854	$ 18,188	$ -	$ 304,795
Cost of sales	(271,625)	(889)	(16,150)	(73)	(288,737)
Gross profit	14,128	(35)	2,038	(73)	16,058
General and administrative expenses	(2,139)	-	(541)	(6,332)	(9,012)
Income (loss) from operations	11,989	(35)	1,497	(6,405)	7,046
Finance income (loss)	-	-	-	(208)	(208)
Interest expense	(927)	-	1	(415)	(1,341)
Amortization of intangible assets	-	-	-	(65)	(65)
Revaluation of stock appreciation right liability	-	-	-	(438)	(438)
Gain (loss) on equity method investments	-	-	-	249	249
Gain (loss) on sale of intangible assets	-	-	-	110	110
Gain (loss) on property, plant, and equipment	-	1	-	(12)	11
Income (loss) before taxes	11,062	(34)	1,498	(7,184)	5,342
Income tax (expense) recovered	-	-	-	(1,297)	(1,297)
Share in net income (loss) from associates	(15)	-	-	3	(12)
Net income (loss)	$ 11,047	$ (34)	$ 1,498	$ (8,478)	$ 4,033

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the six months ended December 31, 2022:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	$ 512,966	$ 1,695	$ 28,478	$ -	$ 543,139
Cost of sales	(499,983)	(1,744)	(28,919)	(181)	(530,827)
Gross profit	12,983	(49)	(441)	(181)	12,312
General and administrative expenses	(6,763)	(3)	(615)	(6,134)	(13,515)
Income (loss) from operations	6,220	(52)	(1,056)	(6,315)	(1,203)
Finance income (loss)	-	-	-	(7)	(7)
Interest expense	(1,948)	-	-	(1,410)	(3,358)
Amortization of intangible assets	-	-	-	(124)	(124)
Revaluation of stock appreciation right liability	-	-	-	241	241
Gain (loss) on property, plant, and equipment	-	-	17	-	17
Income (loss) before taxes	4,272	(52)	(1,039)	(7,615)	(4,434)
Income tax (expense) recovered	-	-	-	(590)	(590)
Share in net income (loss) from associates	142	-	-	27	169
Net income (loss)	$ 4,414	$ (52)	$ (1,039)	$ (8,178)	$ (4,855)

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the six months ended December 31, 2021:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	$ 480,210	$ 1,803	$ 31,153	$ -	$ 513,166
Cost of sales	(441,858)	(1,747)	(29,498)	(146)	(473,249)
Gross profit	38,352	56	1,655	(146)	39,917
General and administrative expenses	(4,710)	-	(970)	(13,532)	(19,212)
Income (loss) from operations	33,642	56	685	(13,678)	20,705
Finance income (loss)	-	-	-	(239)	(239)
Interest expense	(1,669)	-	2	(798)	(2,465)
Amortization of intangible assets	-	-	-	(131)	(131)
Revaluation of stock appreciation right liability	-	-	-	(431)	(431)
Gain (loss) on equity method investments	-	-	-	249	249
Gain (loss) on sale of intangible assets	-	-	-	110	110
Gain (loss) on property, plant, and equipment	-	18	-	(12)	6
Income (loss) before taxes	31,973	74	687	(14,930)	17,804
Income tax (expense) recovered	-	-	-	(4,889)	(4,889)
Share in net income (loss) from associates	(86)	-	-	(27)	(113)
Net income (loss)	$ 31,887	$ 74	$ 687	$ (19,846)	$ 12,802

(18) TAXES

The following table presents income tax (expense) recovery for the three and six months ended December 31, 2022 and 2021:

	3 Months		6 Months	
(in thousands of USD)	2022	2021	2022	2021
Current income tax (expense) recovery	$ (242)	$ (41)	$ (242)	$ (107)
Deferred income tax	(170)	(1,256)	(348)	(4,782)
Income tax (expense) recovery	$ (412)	$ (1,297)	$ (590)	$ (4,889)

During the six-month period ended December 31, 2022, the Corporation recorded income tax expense of $590 thousand compared to income tax expense of $4.9 million for the three months ended December 31, 2021. During the six-month period end December 31, 2022, Ceres recognized deferred income tax expense of $348 thousand with the expected utilization of net operating losses in a subsidiary based in the United States.

December 31, 2022 and December 31, 2021 (Expressed in USD)

(19) LEGAL

The Corporation is involved in various legal claims and legal notices arising in the ordinary course of business. The Corporation believes it has adequately assessed each claim, and the necessity of a provision for such claims. As at December 31, 2022 and June 30, 2022, the Corporation has no provision for any legal claims.

Regulatory Investigations

The Corporation and certain of its current and former personnel have received subpoenas from the U.S. Department of Justice ("DOJ") to produce documents and other records regarding the Corporation's trading and other related activities, with a particular focus on the Corporation's oat market trades from 2016 to 2019. The Corporation also received a voluntary document request from the U.S. Commodities Futures Trading Commission ("CFTC") seeking similar information. The Corporation is cooperating with both investigations. The Board has established a special committee to oversee the Corporation's response to these investigations.

The outcome of the investigations is difficult to assess or quantify. The existence, timing, and amount of any future financial obligations (such as fines, penalties, or damages) or other consequences arising from the DOJ and CFTC investigations and any potential related litigation are unable to be determined at this time and no liability has been recognized in relation to these matters in the Interim Condensed Consolidated Balance Sheet at the end of the reporting period. Certain costs to cooperate with the investigations have been and may continue to be significant, (including but not limited to legal related fees of $3.5 million for the six-months ended December 31, 2022, and $8.5 million investigation to date). In addition, if the DOJ and/or the CFTC decide to pursue an enforcement action against the Corporation as a result of the investigations, that may result in liability material to the Corporation's Interim Condensed Consolidated Financial Statements as a whole or may materially and adversely affect the Corporation's business, financial position, cash flow, and/or results of operations, and the magnitude of the potential loss may remain unknown for substantial periods of time.

(20) SUBSEQUENT EVENTS

On February 7, 2023, the Corporation amended the 2022 Credit Facility. Under the new credit facility (the "**2023 Credit Facility**") the maximum amount remained at $150 million, with the potential to access an accordion feature that would provide an additional $20 million. The 2023 Credit Facility matures on February 6, 2024.

The interest rate under the 2023 Credit Facility is a tiered annal interest rate based on utilization and is as follows:

Revolver Facility Utilization	Applicable Margin
≤ 30%	2.50%
> 30%	2.25%

The total interest rate is calculated by adding the applicable margins above plus SOFR plus 10 basis points. The 2023 Credit Facility is subject to borrowing base limitations. Amounts under the agreement that remain undrawn are not subject to a commitment fee.