MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("**MD&A**") dated February 13, 2023 should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements (the "**Interim Consolidated Financial Statements**"), for the three and six months ended December 31, 2022 of Ceres Global Ag Corp. ("**Ceres**", the "**Corporation**", "**we**", "**our**", and "**us**"), the MD&A for the year ended June 30, 2022 dated September 8, 2022 (the "**Annual MD&A**"), and the Corporation's audited Consolidated Financial Statements for the year ended June 30, 2022 (the "**Annual Consolidated Financial Statements**"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the Interim Condensed Consolidated Financial Statements, Annual MD&A, Annual Consolidated Financial Statements and Annual Information Form dated September 9, 2022 (the "**AIF**"), is available online at www.sedar.com.

Basis of Presentation

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Unless otherwise indicated, dollar amounts are expressed in United States dollars ("**$**" and "**USD**") and references to "CAD" and "C$" are to Canadian dollars.

Non-IFRS Financial Measures

This MD&A contains references to certain financial measures that are non-IFRS measures, also known as non-GAAP financial measures, non-GAAP ratios, or supplementary financial measures pursuant to

National Instrument 52-112 – *Non-GAAP and other Financial Measures Disclosure*. Adjusted earnings before interest, income tax, depreciation and amortization ("Adjusted EBITDA"), adjusted net income, and working capital are non-GAAP financial measures, adjusted EBITDA per share is a non-GAAP ratio, and return on shareholders' equity is a supplementary financial measure. None of such measures or ratios has a standardized meaning under IFRS. See "Non-IFRS and Other Financial Measures and Reconciliations."

Beginning in the second quarter of fiscal year 2023, the Corporation changed the label of EBITDA to adjusted EBITDA to better describe the measure and better reflect the purpose of such measure. The composition of adjusted EBITDA remained unchanged and therefore no prior periods were restated.

Risks and Forward-Looking Information

The Corporation's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in "Key Assumptions & Advisories."

This MD&A contains forward-looking information based on the Corporation's current expectations, estimates, projections, and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this MD&A, the Annual MD&A, and the Corporation's other disclosure documents, many of which are beyond the Corporation's control. Users of this information are cautioned that actual results may differ materially. See "Key Assumptions & Advisories" for information on material risk factors and assumptions underlying the Corporation's forward-looking information.

Who We Are

Through its network of commodity logistics centers and team of industry experts, Ceres merchandises high-quality North American agricultural commodities and value-added products and provides reliable supply chain logistics services to agricultural, energy, and industrial customers worldwide.

Ceres is headquartered in Golden Valley, MN and together with its wholly owned affiliates operates 12 facilities across Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 31 million bushels.

Ceres also has a 50% interest in Savage Riverport, LLC ("Savage"), a joint venture with Consolidated Grain and Barge Co., a 50% interest in Farmers Grain, LLC ("Farmers Grain"), a joint venture with Farmer's Cooperative Grain and Seed Association ("Farmer's Co-op"), a 50% interest in Berthold Farmers Elevator, LLC ("BFE"), a joint venture with The Berthold Farmers Elevator Company ("BFEC"), a 50% interest in Gateway (as defined below), an unincorporated joint operation with Steel Reef Infrastructure Corp., a 25% interest in Stewart Southern Railway Inc. ("SSR"), a short-line railway located in southeast Saskatchewan with a range of 130 kilometers, and a 17% interest in Canterra Seed Holdings Ltd., a Canadian-based seed development company.

Grain Segment

The Corporation's Grain segment is engaged in the procurement, storage, handling, trading, and merchandising of commodity and specialty grains and oilseeds such as hard red spring wheat, durum wheat, oats, barley, rye, canola, and pulses through its grain storage and handling facilities in Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities are strategically located, either close to where Ceres' core products are grown and sourced, or, at key supply chain locations to effectively serve customers and markets. Eight of Ceres' grain storage facilities are located on major rail lines across

North America, two are located at deep-water ports on the Great Lakes allowing access to vessels, and another facility is located on the Minnesota River with capacity to load barges for shipment down the Mississippi River to export terminals in New Orleans. These facilities combine to provide Ceres with efficient access to export and import flows of our core grains and oilseeds to North American and global markets. Approximately 25 million bushels of the Corporation's facilities’ capacity are “regular” for delivery for both spring wheat against the Minneapolis Grain Exchange futures contract and oats against the Chicago Board of Trade futures contract. In addition, spring wheat and oats sourced by the Corporation out of Canada are eligible for delivery against respective futures contracts.

Supply Chain Services Segment

The Corporation’s Supply Chain Services segment provides logistics services, storage, and transloading for non-agricultural commodities and industrial products. Ceres efficiently manages its supply chains and assets to ensure the optimization of storage and handling capacity and transportation costs and that high quality and value adding products are delivered to key customers and markets served.

One of Ceres’ key Supply Chain Services assets is its terminal at Northgate, Saskatchewan (“Northgate”). Northgate sits on approximately 1,300 acres of land, and is designed to utilize two rail loops, each capable of handling unit trains of up to 120 railcars and two ladder tracks capable of handling up to 65 railcars. Northgate is an approximately $75 million state-of-the-art grain, oil, natural gas liquids and fertilizer terminal and is connected to the Burlington Northern Santa Fe Railway (the “BNSF”). The Corporation intends to further build out its infrastructure to support handling of other industrial products and equipment.

Ceres commenced its initial grain operations at Northgate in October 2014 and its grain elevator was fully operational in May 2016. As part of its grain operations, Ceres contracts grain and oilseed purchases from Western Canadian producers that are delivered by truck and unloaded at Northgate. Ceres has the option of storing the grain on-site, loading it into outbound railcars to end-users, or shipping to the Corporations’ other facilities to take advantage of the value and strategic location of its current asset base.

In June 2019, Ceres established Gateway Energy Terminal (“Gateway”), a 50/50 unincorporated joint operation with Steel Reef Infrastructure Corp. located at Northgate. Gateway began operations on July 1, 2019 and handles the transloading of hydrocarbons at Northgate on an exclusive basis. Ceres’ existing hydrocarbon transload contracts were transferred to Gateway as of July 1, 2019. Gateway’s operations at Northgate provide a direct link for hydrocarbons to enter the U.S. market.

In November 2015, Ceres entered into an agreement with Koch Fertilizer Canada, ULC for the storage and handling of dry fertilizer products at Northgate’s state-of-the-art, 26,000-ton fertilizer storage terminal (the “Koch Agreement”). The fertilizer is loaded out by Ceres into trucks and distributed to Canadian retailers. The fertilizer operation commenced on April 30, 2017. On April 1, 2022, the Koch Agreement was renewed for an additional five-year term.

The Corporation continues to expand products transloaded at the Northgate facility including but not limited to barite, bentonite, solvents, drilling pipe, lumber, oriented strand board, and magnesium chloride.

Seed and Processing Segment

The Corporation's Seed and Processing segment was created through the acquisition of Delmar Commodities Ltd. ("Delmar") in August 2019 and consists of a soybean crush facility, located in a strong soybean producing region with low-cost origination driven by export economics, and a seed production and distribution business focused on western Canada under the trade name "Ceres Global Seeds." This segment's operations are primarily located in Manitoba, Canada.

Delmar has entered into long-term agreements with Sevita International Corporation ("Sevita") for the production and distribution of soybean seed in Western Canada, and with Horizon Seeds Canada Inc. ("Horizon") for the distribution of corn seed in Western Canada. Partnering with these highly specialized seed companies enables Ceres to diversify its agriculture-related businesses in regions that it knows and understands well, and to continue delivering high-quality products and superior value to its seed dealer and grower network.

1. FINANCIAL AND OPERATING SUMMARY

For the quarters ended December 31, 2022 and December 31, 2021

(in thousands of USD except per share)	Quarters Ended December 31, 2022	2021
Revenues	$ 283,026	$ 304,795
Gross profit (loss)	$ 6,747	$ 16,058
Income (loss) from operations	$ 976	$ 7,046
Net income (loss)	$ (1,267)	$ 4,033
Weighted average common shares outstanding	31,069,687	30,800,597
Diluted weighted average common shares outstanding	31,069,687	32,439,286
Income (loss) per share – Basic	$ (0.04)	$ 0.13
Income (loss) per share – Diluted	$ (0.04)	$ 0.12
Adjusted EBITDA (1)(3)	$ 2,452	$ 8,524
Return on shareholders' equity (1)	(0.9)%	2.4%
	As at December 31, 2022	As at June 30, 2022
Total assets	$ 332,071	$ 333,948
Total bank indebtedness, current	$ 48,949	$ 54,676
Term loan (2)	$ 46,338	$ 47,506
Shareholders' equity	$ 145,425	$ 149,505

(1) Non-IFRS measures. See Non-IFRS Financial Measures and Reconciliations section.

(2) Includes current portion of term loan.

(3) Beginning in the second quarter of fiscal year 2023, the Corporation changed the label of EBITDA to Adjusted EBITDA to better describe the measure and better reflect the purpose of such measure. The composition of Adjusted EBITDA remained unchanged and therefore no prior periods were restated.

HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2022

- Gross profit for the quarter was $6.7 million. Down from the previous year, which was one of the most profitable quarters in the history of the Corporation;
- Income from operations was $976 thousand compared to $7.0 million in the previous year;
- Net loss for the quarter was $1.3 million and adjusted net income[1] for the quarter was $620 thousand;
- The Corporation handled and traded 29.6 million bushels, up 14% from 25.9 million bushels in the prior year.

1 Adjusted net income is a non-GAAP financial measure. Please refer to 'Non-IFRS and Other Financial Measures and Reconciliations" for more details.

Overall Performance

For the quarter ended December 31, 2022, the Corporation's net loss was $1.3 million, compared to net income of $4.0 million for the quarter ended December 31, 2021. In the current quarter, the Corporation was negatively impacted by rising interest rates and a volatile grain market (driven by the 2021 unprecedented drought in the Northern Plains and Canadian Prairies, resulting in low volumes, and the unpredictability of the Ukraine-Russia war), which decreased grain gross margins. Increased legal fees ($1.6 million for the quarter ended December 31, 2022) also negatively impacted the Corporation in the second quarter of fiscal year 2023. Refer to the "Contingencies" section below for more information. Gross profit was $6.7 million for the quarter ended December 31, 2022, compared to a gross profit of $16.1 million for the quarter ending December 31, 2021, a result of decreased margin opportunities due to the volatile market. Furthermore, income from operations was $976 thousand for the quarter ended December 31, 2022 compared to $7.0 million for the quarter ended December 31, 2021.

Revenues and Gross Profit

Total revenue decreased by $21.8 million, primarily due to a decrease in prices of specific core commodities compared to the same quarter in the prior year, which more than offset the increase in volume of bushels handled. The Corporation handled and traded 29.6 million bushels of grain and oilseed in during the quarter ended December 31, 2022, compared to 25.9 million bushels for the quarter ended December 31, 2021. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues as purchase prices move with changes in selling prices. The performance of Cere's business depends on the margin between the cost to acquire commodities and the price at which commodities are sold. Therefore, Ceres' management believes it is more important to focus on changes in gross profits, and its components, and the volume of product handled and traded rather than changes in revenue. Volatility in commodity markets may cause margins to widen, narrow, or become negative. Please refer to "Outlook", below, for a discussion of volatility in markets for products handled by Ceres and management's outlook.

The tables below represent a summary of the components of gross profit for the quarters ended December 31, 2022 and 2021:

	2022				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 8,433	$ -	$ -	$ -	$ 8,433
Supply Chain Services revenue	1,345	853	-	-	2,198
Net Seed and Processing margin	-	-	1,870	-	1,870
Operating expenses included in cost of sales	(2,377)	(599)	(1,346)	-	(4,322)
Depreciation expense included in cost of sales	(998)	(240)	(104)	(90)	(1,432)
Gross profit (loss)	$ 6,403	$ 14	$ 420	$(90)	$ 6,747

(in thousands of USD)	2021 Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 16,353	$ -	$ -	$ -	$ 16,353
Supply Chain Services revenue	1,289	855	-	-	2,144
Net Seed and Processing margin	-	-	3,489	-	3,489
Operating expenses included in cost of sales	(2,408)	(615)	(1,292)	-	(4,315)
Depreciation expense included in cost of sales	(1,106)	(275)	(159)	(73)	(1,613)
Gross profit (loss)	$ 14,128	$ (35)	$ 2,038	$(73)	$ 16,058

Gross profit decreased by $9.3 million for the three months ended December 31, 2022 compared to the three months ended December 31, 2021. The year-over-year decrease in gross profit was driven by decreased trading opportunities across core commodities as well as the previous year quarter being one of the most profitable in the history of the Corporation.

Net Trading Margin

Net trading margin decreased by $7.9 million for the quarter ended December 31, 2022 compared to the quarter ended December 31, 2021. The decrease is due to lower trading margins as there were fewer trading opportunities across multiple commodities for the second quarter of fiscal year 2023.

Supply Chain Services Revenue

Supply Chain Services revenue increased by $54 thousand for the quarter ended December 31, 2022 compared to the quarter ended December 31, 2021. The Corporation's grain-related Supply Chain Services revenue increased due to higher third-party storage and elevations. For the quarter ended December 31, 2022, the non-grain supply chain service revenue decreased $2 thousand due to decreased revenue related to Gateway.

Net Seed and Processing Margin

Net Seed and Processing margin was $1.9 million for the quarter ended December 31, 2022 compared to $3.5 million for the quarter ended December 31, 2021. The decrease is driven by the sale of the Ste. Agathe bird food processing plant which occurred in June 2022.

Operating Expenses and Depreciation

For the quarter ended December 31, 2022, operating and depreciation expense included in cost of sales totaled $5.8 million compared to $5.9 million for the quarter ended December 31, 2021. Depreciation for the three-month period ended December 31, 2022 decreased by $181 thousand quarter over quarter, driven by the sale of the Ste. Agathe bird food facility in June, 2022.

General and Administrative Expenses

For the quarter ended December 31, 2022, general and administrative expenses totaled $5.8 million compared to $9.0 million in the quarter ended December 31, 2021. General and administrative expenses decreased due to higher incentive accruals in the prior year related to the record performance in the second quarter of fiscal year 2022.

Finance Income (Loss)

For the quarter ended December 31, 2022, finance income totaled $202 thousand compared to a finance loss of $208 thousand during the quarter ended December 31, 2021. Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments.

Interest Expense

	Quarter ended December 31,	
(in thousands of USD)	2022	2021
Interest on bank indebtedness	$ (996)	$ (702)
Interest on term loan	(866)	(329)
Interest on term loan swap	208	-
Interest attributable to repurchase obligations	(127)	(78)
Interest attributable to leases	(41)	(50)
Amortization of financing costs paid	(177)	(183)
Interest on other financing obligations	9	1
Total interest expense	$ (1,990)	$ (1,341)

For the quarter ended December 31, 2022, interest expense totaled $2.0 million compared to $1.3 million for the quarter ended December 31, 2021. The increase in total interest expense was driven by increased borrowings on the term debt as well as higher LIBOR rates year over year. 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.

Amortization of Intangible Assets

Amortization of intangible assets totaled $62 thousand for the three months ended December 31, 2022 and $65 thousand for the three months ended December 31, 2021. Amortization for the quarter was comprised solely of the amortization of intangible assets related to the Delmar acquisition including customer relationships, producer relationships, and trademarks/tradenames.

Income Tax (Expense) Recovery

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

(in thousands of USD)		December 31, 2022		December 31, 2021
Current income tax (expense) recovery	$	(242)	$	(41)
Deferred income tax expense		(170)		(1,256)
Income tax (expense) recovery	$	(412)	$	(1,297)

During the quarter ended December 31, 2022, the Corporation recorded income tax expense of $412 thousand compared to an expense of $1.3 million for quarter ended December 31, 2021. During the quarter end December 31, 2022, Ceres recognized deferred income tax expense of $170 thousand with the expected utilization of net operating losses in a subsidiary based in the United States.

Share of Net Income (Loss) in Investments in Associates

For the quarter ended December 31, 2022, the Corporation's share in investments in associates was a gain of $272 thousand compared to a loss of $12 thousand for the quarter ended December 31, 2021. The increase in share of net income in investments in associates is driven by increased income at BFE, as well as improved results at SSR.

On April 30, 2018, the Corporation formed Savage and transferred the grain elevator and related assets at its Savage, Minnesota facility, which had net book value of $9.3 million as at April 30, 2018, to the newly formed entity. Subsequent to the transaction, Ceres received cash of $8.5 million from Consolidated Grain and Barge Co. in exchange for 50% of the equity in Savage, of which, $2.0 million was utilized to pay down the term debt. The sale of the equity in Savage net of transaction fees resulted in a gain of $3.7 million. The Corporation has been and will continue to recognize the remaining gain of $3.8 million over the useful life of the contributed assets. For both quarters ended, December 31, 2022 and December 31, 2021, the Corporation recognized a deferred gain of $87 thousand, under share of net income (loss) of associates.

For the six-month periods ended December 31, 2022 and December 31, 2021

The following financial data has been prepared in accordance with IFRS.

(in thousands of USD except per share)	Six months ended December 31, 2022	Six months ended December 31, 2021
Revenues	$ 543,139	$ 513,166
Gross profit (loss)	$ 12,312	$ 39,917
Income (loss) from operations	$ (1,203)	$ 20,705
Net income (loss)	$ (4,855)	$ 12,802
Weighted average common shares outstanding	31,033,334	30,786,721
Diluted weighted average common shares outstanding	31,033,334	32,266,412
Income (loss) per share – Basic	$ (0.16)	$ 0.42
Income (loss) per share – Diluted	$ (0.16)	$ 0.40
Adjusted EBITDA [(1)(3)]	$ 2,234	$ 23,925
As at December 31, 2022 and 2021:		
Total assets	$ 332,071	$ 403,474
Total bank indebtedness, current	$ 48,949	$ 79,925
Term loan [(2)]	$ 46,388	$ 38,175
Shareholders' equity	$ 145,425	$ 170,134
Return on shareholders' equity [(1)]	(3.3)%	7.5%

(1) Non-IFRS measures. See Non-IFRS Financial Measures and Reconciliations section.

(2) Includes current portion of term loan.

(3) Beginning in the second quarter of fiscal year 2023, the Corporation changed the label of EBITDA to Adjusted EBITDA to better describe the measure and better reflect the purpose of such measure. The composition of Adjusted EBITDA remained unchanged and therefore no prior periods were restated.

Overall Performance

For the six months ended December 31, 2022, the Corporation’s net loss was $4.9 million, compared to net income of $12.8 million for the six months ended December 31, 2021. In the current fiscal year, the Corporation was negatively impacted by rising interest rates and a volatile grain market (driven by the 2021 unprecedented drought in the Northern Plains and Canadian Prairies, resulting in low volumes, and the unpredictability of the Ukraine-Russia war), which decreased grain gross margins. The Corporation was also negatively impacted by increased legal fees ($3.5 million for the six months ended December 31, 2022) and employee severance related to cost reduction measures ($2.3 million for the six months ended December 31, 2022). Gross profit was $12.3 million for the six months ended December 31, 2022, compared to a gross profit of $39.9 million for the six months ending December 31, 2021, a result of decreased margin opportunities due to the volatile market. Furthermore, income from operations was a loss of $1.2 million for the quarter ended December 31, 2022, compared to $20.7 million for the six months ended December 31, 2021.

Revenues and Gross Profit

Total revenue increased by $30.0 million, primarily due to higher prices of specific core commodities early in the current year compared to the same period in the prior year. The Corporation handled and traded 57.0 million bushels of grain and oilseed during the six months ended December 31, 2022, compared to 57.5 million bushels for the quarter ended December 31, 2021. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. Ceres' Management believes it is more important to focus on changes in gross profits and volume handled rather than changes in revenue dollars.

The tables below represent a summary of the components of gross profit for the six months ended December 31, 2022 and 2021:

	2022				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 17,657	$ -	$ -	$ -	$ 17,657
Supply Chain Services revenue	2,318	1,695	-	-	4,013
Net Seed and Processing margin	-	-	2,383	-	2,383
Operating expenses included in cost of sales	(4,892)	(1,259)	(2,616)	-	(8,767)
Depreciation expense included in cost of sales	(2,099)	(486)	(209)	(180)	(2,974)
Gross profit (loss)	$ 12,984	$ (50)	$ (442)	$ (180)	$ 12,312

	2021				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 42,919	$ -	$ -	$ -	$ 42,919
Supply Chain Services revenue	2,171	1,803	-	-	3,974
Net Seed and Processing margin	-	-	4,357	-	4,357
Operating expenses included in cost of sales	(4,528)	(1,194)	(2,389)	-	(8,111)
Depreciation expense included in cost of sales	(2,210)	(553)	(313)	(146)	(3,222)
Gross profit (loss)	$ 38,352	$ 56	$ 1,655	$(146)	$ 39,917

Gross profit decreased by $27.6 million for the six months ended December 31, 2022 compared to the six months ended December 31, 2021. The year-over-year decrease in gross profit was driven by decreased trading opportunities across core commodities as well as the previous year being the most profitable in the history of the Corporation.

Net Trading Margin

Net trading margin decreased by $25.3 million for the quarter ended December 31, 2022 compared to the quarter ended December 31, 2021. The decrease is due to lower trading margins as there were fewer trading opportunities across multiple commodities for the six months ended December 31, 2022.

Supply Chain Services Revenue

Supply Chain Services revenue increased by $39 thousand for the six months ended December 31, 2022 compared to the six months ended December 31, 2021. The Corporation's grain-related Supply Chain Services revenue increased due to higher third-party storage and cleaning. For the six months ended December 31, 2022, the non-grain supply chain service revenue decreased $108 thousand due to decreased revenue related to Gateway.

Net Seed and Processing Margin

Net Seed and Processing margin was $2.4 million for the six months ended December 31, 2022 compared to $4.4 million for the six months end December 31, 2021. The decrease is driven by the sale of the Ste. Agathe Bird food processing plant which occurred in June 2022.

Operating Expenses and Depreciation

For the six months ended December 31, 2022, operating and depreciation expense included in cost of sales totaled $11.7 million compared to $11.3 million for the six months ended December 31, 2021. The increase in operating expenses was driven by higher repairs and maintenance expense in the first six months of fiscal year 2023 compared to the same period in the previous year. Depreciation for the six-month period ended December 31, 2022 decreased by $248 thousand year over year, driven by the sale of the Ste. Agathe bird food facility in June, 2022.

General and Administrative Expenses

For the six months ended December 31, 2022, general and administrative expenses totaled $13.5 million compared to $19.2 million in the six months ended December 31, 2021. General and administrative expenses decreased due to higher incentive accruals in the prior year related to the record performance in the first six months of fiscal year 2022.

Finance Income (Loss)

For the six months ended December 31, 2022, finance loss totaled $7 thousand compared to a finance loss of $239 thousand during the six months ended December 31, 2021. Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments.

Interest Expense

(in thousands of USD)	Six months ended December 31, 2022	2021
Interest on bank indebtedness	$ (1,538)	$ (1,307)
Interest on term loan	(1,566)	(622)
Interest term loan swap	312	-
Interest attributable to repurchase obligations	(139)	(109)
Interest attributable to leases	(84)	(102)
Amortization of financing costs paid	(355)	(327)
Interest on other financing obligations	12	2
Total interest expense	$ (3,358)	$ (2,465)

For the six months ended December 31, 2022, interest expense totaled $3.4 million compared to $2.5 million for the six months ended December 31, 2021. The increase in total interest expense was driven by increased borrowings on the term debt as well as higher LIBOR rates year over year. 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.

Amortization of Intangible Assets

Amortization of intangible assets totaled $124 thousand for the six months ended December 31, 2022 and $131 thousand for the six months ended December 31, 2021. Amortization for the six months was comprised solely of the amortization of intangible assets related to the Delmar acquisition including customer relationships, producer relationships, and trademarks/tradenames.

Income Tax (Expense) Recovery

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

(in thousands of USD)	December 31, 2022	December 31, 2021
Current income tax (expense) recovery	$ (242)	$ (107)
Deferred income tax expense	(347)	(4,782)
Income tax (expense) recovery	$ (590)	$ (4,889)

During the six months ended December 31, 2022, the Corporation recorded income tax expense of $590 thousand compared to an expense of $4.9 million for the six months ended December 31, 2021. During the six-month period end December 31, 2022, Ceres recognized deferred income tax expense of $347 thousand with the expected utilization of net operating losses in a subsidiary based in the United States.

Share of Net Income (Loss) in Investments in Associates

For the six months ended December 31, 2022, the Corporation's share in investments in associates was $169 thousand compared to a loss of $113 thousand for the quarter ended December 31, 2021. The increase in investments in associates is driven by increased income at BFE, as well as improved results at SSR.

On April 30, 2018, the Corporation formed Savage and transferred the grain elevator and related assets at its Savage, Minnesota facility, which had net book value of $9.3 million as at April 30, 2018, to the newly formed entity. Subsequent to the transaction, Ceres received cash of $8.5 million from Consolidated Grain and Barge Co. in exchange for 50% of the equity in Savage, of which, $2.0 million was utilized to pay down the term debt. The sale of the equity in Savage net of transaction fees resulted in a gain of $3.7 million. The Corporation has been and will continue to recognize the remaining gain of $3.8 million over the useful life of the contributed assets. For both quarters ended, December 31, 2022 and December 31, 2021, the Corporation recognized a deferred gain of $87 thousand, under share of net income (loss) of associates.

2. QUARTERLY FINANCIAL DATA

Trends in Ceres' quarterly revenue, gross profit, and net income are driven primarily by net trading and crush margins and volumes of product handled and traded and crushed, which can be impacted by volatility in the markets for products Ceres handles, crop decisions and yields in Saskatchewan, Manitoba, Ontario, and Minnesota, and other events impacting operations. The Corporation can take advantage of merchandising opportunities throughout the year. As a commercial grain storage company, seasonality does not materially affect the Corporation's operations in the same way as a traditional grain handler that is focused on inventory turns and the annual harvest of crops; however, in certain years the Corporation may have lower inventory positions in the summer months in order to take advantage of harvests in the subsequent months.

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
(in thousands of USD except per share figures)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Revenue	$ 283,026	$ 260,113	$ 278,150	$ 269,625	$ 304,795	$ 208,371	$ 196,929	$ 203,911
Gross profit (loss)	$ 6,747	$ 5,565	$ 3,693	$ 12,265	$ 16,058	$ 23,859	$ 8,756	$ 5,858
Income (loss) from operations	$ 976	$ (2,179)	$ (329)	$ 3,597	$ 7,046	$ 13,659	$ 3,875	$ 2,215
Net income (loss)	$ (1,267)	$ (3,588)	$(22,537)	$ 912	$ 4,033	$ 8,769	$ 11,733	$ (78)
Adjusted net income (loss)(1)	$ 620	$ 337	$ 5,028	$ 2,457	$ 4,579	$ 9,760	$ 12,067	$ (78)
Return on shareholders' equity(1)	(0.9%)	(2.4%)	(15.1%)	0.5%	2.4%	5.3%	7.5%	(0.1%)
Basic weighted-average number of common shares for the quarter	31,070	30,997	30,801	30,801	30,801	30,773	30,773	30,773
Dilutive weighted-average number of common shares for the quarter	31,070	30,997	30,801	32,400	32,439	32,093	32,765	30,773
Basic earnings (loss) per share	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03	$ 0.13	$ 0.28	$ 0.38	$ -
Fully diluted earnings (loss) per share	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03	$ 0.12	$ 0.27	$ 0.36	$ -
Adjusted EBITDA(1)	$ 2,452	$ (218)	$ 2,724	$ 5,389	$ 8,524	$ 15,401	$ 5,477	$ 3,469
Adjusted EBITDA per share(2)	$ 0.08	$ (0.01)	$ 0.09	$ 0.18	$ 0.28	$ 0.50	$ 0.18	$ 0.12
Shareholders' equity, as at reporting date	$145,425	$146,661	$149,505	$172,160	$170,134	$165,713	$156,918	$ 145,344
Shareholders' equity per share, as at reporting date	$ 4.68	$ 4.72	$ 4.85	$ 5.59	$ 5.52	$ 5.39	$ 5.10	$ 4.72
Volumes (in thousands of tonnes)								
Total Product Handled and Traded	789	780	503	563	709	875	629	781

(1) Non-IFRS financial measure. See "Non-IFRS and Other Financial Measures and Reconciliations."

(2) Non-IFRS ratio. See "Non-IFRS and Other Financial Measures and Reconciliations."

3. CASH FLOWS & LIQUIDITY

(in thousands of USD)	Six months ended December 31, 2022	2021
Net cash provided by (used in)		
Operating activities	$ (2,321)	$ (1,104)
Investing activities	(968)	(12,531)
Net cash provided (used) before financing activities	(3,289)	(13,635)
Financing activities	(7,250)	13,322
Increase (decrease) in cash	$ (10,539)	$ (313)

Operating Activities

Cash used in operating activities was $2.3 million for the six months ended December 31, 2022 compared to cash used in operating activities of $1.1 million in the same period of the prior year. Cash used in operating activities is attributable to the change in working capital, primarily due to Ceres' increase in inventory period over period. During the six months ended December 31, 2022, the Corporation utilized its revolving credit facility to fund inventory purchases and operations.

Investing Activities

During the six months ended December 31, 2022, the Corporation used $968 thousand in investing activities which is a $11.5 million decrease compared to the $12.5 million in cash used in investing activities in the prior year. The decrease in cash used in investing activities was primarily driven by lower capitalizable projects in the current year. On October 15, 2021, the Corporation borrowed $10.0 million on the BMO Delayed Draw (as defined below) in order to fund the Northgate crush project, which the Corporation has since suspended. Refer to the "Capital Resources – Term Loan" section below for more information on the BMO Delayed Draw.

Financing Activities

During the six months ended December 31, 2022, the Corporation used $7.3 million in financing activities compared to cash provided from financing activities of $13.3 million for the same period in the prior year. The Corporation decreased its cash from its revolving line of credit by $6.0 million, as well as repaid $1.3 million of its term loan in the six months ended December 31, 2022. In the previous year, the Corporation increased its outstanding term loan by $10.0 million and had repurchase obligations of $5.2 million.

Available Sources of Liquidity

Bank Indebtedness

The Corporation's sources of liquidity as at June 30, 2022 include available funds under its 2022 Credit Facility (as defined below). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Capital expenditures in the next fiscal year are expected to be funded by working capital on hand and borrowing against the 2022 Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant and borrowing base limits.

The 2022 Credit Facility, as at December 31, 2022 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $30.0 million. As at December 31, 2022 the Corporation's working capital[2] – defined as current assets less current liabilities – totaled $52.3 million. The covenants also include the maintenance of "consolidated debt" to "consolidated EBITDA" (as defined in the agreement) and consolidated tangible net worth of not less than $120.0 million, as well as a fixed charge coverage ratio. As at and for the three months ended December 31, 2022, the Corporation was in compliance with all of the above-mentioned financial covenants.

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2 Working capital is a non-GAAP financial measure. Please refer to "Non-IFRS and Other Financial Measures and Reconciliations" for more details.

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.

Inventory

The Corporation periodically enters into sale/repurchase agreements whereby the Corporation receives cash in exchange for selling inventory to a commodity trading financial institution and the Corporation agrees to repurchase the inventory from the financial institution at a fixed rate on a future date. The Corporation accounts for these as product financing arrangements and, accordingly, these transactions are treated as borrowings and commodity inventory in the Corporation's consolidated financial statements and no sales and purchases are reported in the consolidated financial statements.

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	-
Lease commitments	2,798	3,914	648	578	1,140	1,548
	$ 185,391	$ 187,095	$ 139,454	$ 3,078	$ 43,015	$ 1,548

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	47,506	48,125	2,500	2,500	43,125	-
Lease commitments	3,141	4,383	645	635	1,336	1,767
	$ 183,188	$ 185,373	$ 136,010	$ 3,135	$ 44,461	$ 1,767

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, the active management of trade accounts receivable and the lack of concentration risk related thereto. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

The Corporation has incurred significant expense in connection with the ongoing regulatory investigations. Certain costs to cooperate with the investigations have been 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. While the duration of the investigation is difficult to assess, these legal expenses are material to the Corporation's financial performance.

4. CAPITAL RESOURCES

The Corporation utilizes the 2022 Credit Facility to finance its grain trading operations, which primarily consist of purchases of grain inventories, financing of accounts receivable, and hedging activities, less accounts payable. Levels of short-term debt fluctuate based on changes in underlying commodity prices, inventories on hand and the timing of grain purchases.

Credit Facility

As disclosed in the Interim Condensed Consolidated Financial Statements, 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 is increasing 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 matured 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 Utilization	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.

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 Credit 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.

Term Loan

On June 11, 2021, the Corporation entered a five-year senior secured $50 million term debt credit facility with the Bank of Montreal (the "BMO Loan"). The BMO Loan includes a $30 million term loan draw along with an additional $20 million delayed draw committed term (the "BMO Delayed Draw") that was used to fund the Northgate crush project. 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 bears 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 U.S. federal funds rate 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 term loan draw portion of the BMO Loan, the delayed draw portion of the BMO Loan remains unhedged. 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%.

On December 30, 2022 (effective January 30, 2023), the Corporation amended its Term loan to transition from one-month LIBOR to Term SOFR (refer to note 2 of the Interim Condensed Consolidated Financial Statements). 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%.

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 $2.5 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 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 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.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued but Not Yet Effective

For the quarter ended December 31, 2022, there were no changes in accounting policies, and no standards issued but not yet effective which are expected to have a material impact to the Corporation's Financial Statements. Refer to note 3 of the Annual Consolidated Financial Statements for information pertaining to the significant accounting policies for the quarter ended December 31, 2022.

Critical Accounting Judgments, Estimates, and Assumptions

The discussion and analysis of Ceres' financial condition and results of operations are based upon the Interim Condensed Consolidated Financial Statements, which have been prepared in accordance with IFRS. Ceres' significant accounting policies and accounting judgments, estimates, and assumptions are contained in the Interim Condensed Consolidated Financial Statements. The critical accounting estimates are valuation of investments, valuation of inventories and commodity derivatives, and measurement of deferred tax. Valuation of investments and valuation of deferred tax impact the corporate segment. Valuation of inventories and commodity derivatives impact the grain segment. The chief operating decision maker focuses on revenues and costs by operating segment but manages assets and liabilities on a global basis. The critical accounting judgments are measurement of deferred tax and determination of joint arrangements; because they require Ceres to make assumptions about matters that are potentially uncertain at the time the accounting judgment is made and due to the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

6. OUTLOOK

Grain Segment

The degree of volatility in the markets for products handled by Ceres decreased this past quarter (October – December 2022). However, the potential escalation of the Ukraine-Russia war remains a major threat to the market, which has kept prices elevated and resulted in choppy, erratic grain markets. South American crops are in the middle of their growing season and Argentina is experiencing an unprecedented drought, which has contributed to volatility and kept prices elevated in the Ag Complex.

North American grain stocks at the beginning of this crop year were extremely low resulting in lower volumes handled for the corporation during Q1 2023 (July-September).

During this past quarter, grain pipelines were replenished, and new crop volumes made it through commercial channels. During the quarter, Ceres handled 14% higher volumes compared to Q2 2022. Volumes handled by the Corporation could have been higher; however, major delays in rail freight during the quarter reduced the ability of our elevators and terminals to run at full capacity. At the end of Q2 2023, volumes handled were on par with last year, and are 11% higher than Q1 2023. The Ceres team navigated well through these choppy markets, which mitigated the rail delays and contributed to higher volumes put through our asset network. Consistent merchandising results across our product lines resulted in another positive quarter for adjusted net income.

Looking forward, the Corporation expects uncertainty and volatility to remain in the grain market as the conflict in Ukraine continues without a clear resolution. Soon, attention will turn to spring planting weather and farmers' decisions on which crops to plant. Our team will be monitoring weather and crop decisions being made by farmers to anticipate how to best position the business to handle summer and fall volumes to best supply our end customers. There will be market opportunities as this new crop evolves and the Corporation has the talent to capitalize on them.

Regarding growth and development, on February 10, 2021, Ceres formed a joint venture with Farmer's Co-op of Thief River Falls, MN, which allows Ceres to continue working directly with growers to deliver value-added solutions for customers. A major investment and initiative from this joint venture, which was recently completed early and on budget, was to add storage and unit train loading capabilities to the grain operation in Thief River Falls. Since completion in September 2022, the joint venture has loaded several Canadian Pacific unit trains. Despite experiencing significant rail freight delays during the quarter, the joint venture was able to showcase its new capabilities and doubled the volume handled versus the previous year during the first 7 months of the year. The optimization of this venture is testament of the collective teamwork with Ceres and Farmer's Co-op to bring value to local farmers and end user customers.

In early June 2022, through its subsidiary, Riverland Ag Corp., Ceres acquired Columbia Grain International's 50% membership interest in BFE, a grain originator and merchandiser with locations in Berthold, N.D. and Carpio, N.D. The other 50% membership interest in BFE is owned by BFEC, a farmer cooperative also based in Berthold, N.D. Partnering in BFE with BFEC advances the Corporation's strategy to partner with growers and increase origination of its core products. These investments provide origination directly from growers in critical areas of Minnesota and North Dakota, and further enable the Corporation to leverage the value of its terminal assets to deliver unique value to customers. Since the deal closed on June 3, 2022, BFE has been working very well, and the synergies created by being part of the Ceres network of assets and merchandising activities have exceeded management's expectations. Volumes handled at BFE since Ceres' acquisition have increased by 16%, compared to last year, is the result of the collective effort of this new venture.

Going forward, the Corporation will continue to focus on maximizing the full value of the assets in Farmers Grain, BFE, and other acquisitions made, and will focus on leveraging the trade flows developed over the past several years. Organically developing regenerative agriculture and supply chain solutions for strategic customers will be the main priority the remainder of this fiscal year and beyond.

Supply Chain Services Segment

Industrial products, including oriented strand board, volumes were weaker in Q2 2023 vs the same quarter a year ago as rail performance and inclement weather delayed shipments to meet customer demand. Meanwhile, fertilizer volumes were steady, but are expected to trend higher as grain commodity prices remain elevated and fertilizer prices trend lower. Natural gas liquid ("NGL") volumes through Gateway trended higher than the same quarter a year ago due to the increased collaboration with Steel Reef Infrastructure Corp. and their origination and marketing efforts. Overall, gross margins for the segment were steady with last quarter and similar to Q2 2022.

Looking forward, industrial products and fertilizer volumes are expected to trend higher compared to the last fiscal year while NGL volumes have the potential to improve as the Gateway business expects to capitalize on a pipeline connection to Steel Reef Infrastructure Corp.'s fractionation facility in North Portal, Saskatchewan.

Seed and Processing Segment

Soybean crush volumes were similar to the same quarter a year ago but fell slightly short of targeted capacity due to operational issues and bad weather, which prevented the plant from running at full capacity. Ceres' operations team is working diligently to maintain the trajectory of higher volumes and more importantly, higher product yields, going forward. Local margins significantly improved this quarter as new crop soy volumes were harvested and precise timing on product sales were made to maximize crush margins.

Going forward, we expect acceptable crush margins as soybean stocks should remain adequate in Manitoba. This should enable our plant to crush at a high-capacity utilization and realize adequate margins during the latter part of the winter season (January – March 2023). Given the continued demand for soybean oil, the Corporation will continue to grow and capitalize on the U.S. Renewable and Biodiesel markets opened in Q1 of fiscal year 2023.

On June 20, 2022, the Corporation closed on the sale of its specialty crop blending and bird food facility in St. Agathe, MB. The Corporation successfully finished the transition of this business to its new owner during Q1 2023.

The Seed business is seasonal and typically generates gross margins during the fourth quarter of the fiscal year (April – June). Costs were well managed during the quarter while the team focused on marketing seed supplied by Sevita International and Horizon Seeds Canada for the sale and distribution of soybean and corn seed products in Western Canada, respectively. Soybeans marketed by Ceres Global Seeds have produced attractive yields this past harvest, which should support increased sales next year as soybean acres are expected to increase in Manitoba.

On June 24, 2022, the Corporation announced that it had suspended its previously announced Northgate crush project. The Corporation's decision to pause the project is due to a variety of factors, including but not limited to, inflationary pressures resulting in higher costs than initially projected and shifting macroeconomic conditions. The Corporation continues to explore avenues to pursue a canola crush project of some form at Northgate and will provide updates if and when material progress is made to that end.

7. OTHER

CONTROLS ENVIRONMENT

Disclosure Controls and Procedures

Ceres maintains appropriate information systems, procedures, and controls to ensure that new information disclosed externally is complete, reliable, and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and that they have, as at December 31, 2022, designed the DC&P (or have caused such DC&P to be designed under their supervision) to provide reasonable assurance that material information relating to Ceres is made known to them by others, particularly during the period in which Ceres' annual filings are being prepared, and that information required to be disclosed by Ceres in its annual filings, interim filings or other reports filed or submitted by Ceres under applicable securities legislation is recorded, processed, summarized, and reported within the time periods specified in applicable securities legislation.

Internal Controls over Financial Reporting

NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") and that they have, as at December 31, 2022, designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by CPA Canada. There have been no material changes in the Corporation's internal control over financial reporting during the quarter ended December 31, 2022 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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.

The Corporation's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in note 5 of the Interim Condensed Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not currently have any off-balance sheet arrangements.

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

The increase in key management compensation for the quarter ended December 31, 2022, is driven by executive severance costs.

Savage Riverport, LLC

As at December 31, 2022 and June 30, 2022, Ceres owned 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 owned 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 owned 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.

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

Stewart Southern Railway Inc.

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

Executive Departure

Effective August 23, 2022, Robert Day stepped down as President and Chief Executive Officer of the Corporation. Carlos Paz, VP and Commercial Director, has been appointed as Mr. Day's replacement. Mr. Day continued to support Ceres on a consulting basis through the second quarter of fiscal year 2023.

In addition to Mr. Day's departure, Glen Goldman stepped down as Ceres' Vice President, General Counsel and Corporate Secretary effective December 31, 2022.

SHARES OUTSTANDING

As at February 13, 2023, the issued and outstanding equity securities of the Corporation consisted of 31,094,144 common shares. In addition, the Corporation has 766,250 stock options outstanding with a weighted-average exercise price of C$3.88 per common share, 200,000 restricted stock units outstanding, and 343,649 equity-settled deferred share units outstanding and 113,025 cash-settled deferred share units outstanding.

CONTINGENCIES

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 Financial Statements at the end of the reporting period. The cost to cooperate with the investigations has been significant, ($1.6 million for the quarter 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 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.

8. NON-IFRS AND OTHER FINANCIAL MEASURES AND RECONCILIATIONS

Certain financial measures in this interim MD&A and discussed below are not prescribed by and do not have a standardized meaning under IFRS. As such, they are unlikely to be comparable to similar measures presented by other issuers. These non-IFRS financial measures and ratios and supplementary financial measure are included because management uses the information to analyze leverage, liquidity, and operating performance and believes that investors may find such information useful.

Beginning in the second quarter of 2023, the Corporation changed the label of EBITDA to adjusted EBITDA to better describe the measure and better reflect the purpose of such measure. The composition of adjusted EBITDA remained unchanged and therefore no prior periods were restated.

Adjusted Earnings Before Interest, Income Taxes, Depreciation and Amortization

The Corporation believes the presentation of adjusted EBITDA and adjusted EBITDA per share can provide useful information to investors and shareholders as it provides increased transparency. Adjusted EBITDA is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. The measure is most directly comparable to net income (loss), a GAAP measure reported in the Interim Condensed Consolidated Financial Statements. Adjusted EBITDA excludes gains and losses on property, plant and equipment, assets held for sale, and gains and losses on equity investments.

The following table is a reconciliation of Adjusted EBITDA for Ceres on a consolidated basis for the three and six-month periods ended December 31, 2022 and 2021:

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	2022	2021	2022	2021
Net income (loss)	$ (1,267)	$ 4,033	$ (4,855)	$ 12,802
Interest expense	1,990	1,341	3,358	2,465
Amortization of intangible assets	62	65	124	131
Income tax (recovered)	412	1,297	590	4,889
Share of net (income) loss in investment in associates	(272)	12	(169)	113
Depreciation and amortization	1,544	1,765	3,203	3,531
(Gain) loss on property, plant, and equipment	(17)	11	(17)	(6)
	$ 2,452	$ 8,524	$ 2,234	$ 23,925

Adjusted EBITDA per share is the quotient obtained by dividing EBITDA for the period by the weighted average number of shares outstanding for the period.

Adjusted Net Income

The Corporation believes the presentation of adjusted net income can provide useful information to investors and shareholders as it can be used to evaluate the performance of the business. The measure is most directly comparable to net income (loss), a GAAP measure reported in the Interim Condensed Consolidated Financial Statements. Adjusted net income excludes major one-time write offs, such as severance and employee cost reduction measures, as well as legal fees that relate to special matters.

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	2022	2021	2022	2021
Net income (loss)	$ (1,267)	$ 4,033	$ (4,855)	$ 12,802
Executive severance and employee cost reduction measures	264	-	2,340	-
Expense related to regulatory investigations	1,623	546	3,472	1,537
	$ 620	$ 4,579	$ 957	$ 14,339

Return on Shareholders' Equity

The Corporation believes that the return on shareholders' equity can be an effective measure used to evaluate the performance of the business over time. Management uses this metric to analyze performance and set targets. Return on shareholders' equity is the quotient of the net income (loss) for the period and the total shareholders' equity as at the reporting date.

The following table is a calculation of return on shareholders' equity for the three and six months ended December 31, 2022 and 2021:

	Three months ended December, 31		Six months ended December, 31	
(in thousands of USD)	2022	2021	2022	2021
Net income (loss) for the period	$ (1,267)	$ 4,033	$ (4,855)	$ 12,802
Total shareholders' equity as at reporting date	145,425	170,134	145,425	170,134
	(0.9%)	2.4%	(3.3%)	7.5%

Working Capital

Ceres believes working capital can be an effective measurement to evaluate the financial health of the Corporation. Management uses this metric to evaluate the Corporation's ability to meet short-term obligations. Working capital is current assets less current liabilities.

The following table is a calculation of working capital as at December 31, 2022 and June 30, 2022:

(in thousands of USD)	December 31, 2022	June 30, 2022
Current assets	$ 190,543	$ 189,418
Current liabilities	(139,095)	(135,361)
	$ 51,448	$ 54,057

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD-LOOKING STATEMENTS

This interim MD&A contains information that is "forward-looking information", "forward-looking statements" and "future oriented financial information" (collectively herein referred to as "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, additional anticipated capital projects, construction and completion dates, including plans to further develop Northgate and continue to explore avenues to pursue a crush project of some form at Northgate, operating and financial results, critical accounting estimates, the expected financial and operational consequences of future commitments and 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.

Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "outlook", "likely", "probably", "going forward", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "may have implications" or similar words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might”, or “will be taken”, “occur”, or “be achieved”. Forward-looking statements in this document are intended to provide Ceres’ shareholders and potential investors with information regarding Ceres and its subsidiaries, including Management’s assessment of future financial and operational plans and outlook for Ceres and its subsidiaries.

Forward-looking statements are based on the opinions and estimates of management at the date the information is made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties and other factors include but are not limited to the impact on the business of the COVID-19 pandemic and the pace of recovery from the pandemic, economic and political conditions, globally and in the markets served including the ongoing economic impacts from the conflict in Ukraine, fluctuations in cost and availability of commodities, weather and agricultural conditions, governmental regulations, and the unpredictability of existing and possible future litigation. Actual results or events may differ from those predicted in these forward-looking statements. All of the Corporation’s forward-looking statements are qualified by the assumptions that are stated or inherent therein, including the assumptions listed below. Although Ceres believes these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements.

KEY ASSUMPTIONS

Key assumptions have been made in connection with the forward-looking statements in this interim MD&A. These assumptions include, but are not limited to, the following:

- No material change in the regulatory environment in Canada and the United States;
- Supply and demand factors as well as the pricing environment for grains and other agricultural commodities;
- Fluctuation of currency and interest rates;
- General financial conditions for Western Canadian and American agricultural producers;
- Market share that will be achieved by the Corporation;
- Adequate and timely service from the railroads, and in particular from the BNSF at Northgate;
- The Corporation’s ability to maintain existing customer contracts and relationships coupled with its ability to increase its customer portfolio;
- The Corporation’s ability to adapt with climate change-related risks and comply with future regulations;
- COVID-19 does not significantly impact the Corporation’s operations and the markets it serves;
- No significant findings or penalties as a result of the DOJ and CFTC investigations.

The preceding list is not an exhaustive list of all possible factors. All factors should be considered carefully when making decisions with respect to Ceres. Many such factors and events are not within the control of Ceres. Factors that could cause actual results or events to differ materially from current expectations include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in the agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Ceres to successfully implement strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Corporation's assets, the availability and price of commodities, and the regulatory environment, processes and decisions. Ceres has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements. However, there may be other factors that might cause actions, events or results that are not anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information.

By their nature, forward-looking statements are subject to various risks and uncertainties, including those risks discussed in other sections of this MD&A, the Annual MD&A, the AIF, and in other filings and communications, any of which could cause Ceres' actual results and experience to differ materially from the anticipated results or published expectations. Additional information on these and other factors is available in the Annual MD&A, the AIF, and other reports filed by Ceres with Canadian securities regulators. Readers are cautioned not to place undue reliance on the forward-looking statements herein, which are given as of the date of this MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Ceres undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, change in management's estimates or opinions, future events or otherwise, except as required by law.