CERES GLOBAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("**MD&A**") dated May 11, 2023 should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements (the "**Interim Consolidated Financial Statements**"), for the three and nine months ended March 31, 2023 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 11 facilities across Saskatchewan, Manitoba, and Minnesota. These facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 29 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, canola, barley, and rye through its grain storage and handling facilities in Saskatchewan, Manitoba, 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. Seven of Ceres' grain storage facilities are located on major rail lines across North America, one is located at a deep-water port 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." Included in this segment in fiscal year 2022 was the specialty crops blending/bird food production facility which was sold on June 20, 2022. This segment's operations are primarily located in Manitoba, Canada.

Delmar has entered into 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 March 31, 2023 and March 31, 2022

(in thousands of USD except per share)	Quarters Ended March 31, 2023	Quarters Ended March 31, 2022
Revenues	$ 287,912	$ 269,625
Gross profit (loss)	$ 5,513	$ 12,265
Income (loss) from operations	$ 339	$ 3,597
Net income (loss)	$ (553)	$ 912
Weighted average common shares outstanding	31,094,144	30,800,597
Diluted weighted average common shares outstanding	31,094,144	32,400,032
Income (loss) per share – Basic	$ (0.02)	$ 0.03
Income (loss) per share – Diluted	$ (0.02)	$ 0.03
Adjusted EBITDA (1)(3)	$ 2,208	$ 5,389
Return on shareholders' equity (1)	(0.4)%	0.6%
	As at March 31, 2023	As at June 30, 2022
Total assets	$ 273,709	$ 333,948
Total bank indebtedness, current	$ 21,549	$ 54,676
Term loan (2)	$ 42,753	$ 47,506
Shareholders' equity	$ 144,581	$ 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 MARCH 31, 2023

- Gross profit for the quarter was $5.5 million. Down from the previous year, which was one of the most profitable years in the history of the Corporation;
- Income from operations was $339 thousand compared to $3.6 million in the previous year;
- Net loss for the quarter was $553 thousand and adjusted net income[1] for the quarter was $410 thousand;
- On February 17, 2023 the Corporation completed the sale of its Port Colborne facility for $4.0 million and recognized a gain on the sale of $1.2 million.
- The Corporation handled and traded 24.1 million bushels, up 20% from 20.1 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 March 31, 2023, the Corporation's net loss was $553 thousand, compared to net income of $912 thousand for the quarter ended March 31, 2022. In the current quarter, the Corporation was negatively impacted by rising interest rates and an unpredictable 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 ($948 thousand for the quarter ended March 31, 2023) also negatively impacted the Corporation in the third quarter of fiscal year 2023. Refer to the "Contingencies" section below for more information. Gross profit was $5.5 million for the quarter ended March 31, 2023, compared to a gross profit of $12.3 million for the quarter ending March 31, 2022, a result of decreased margin opportunities due to the volatile market. Furthermore, income from operations was $339 thousand for the quarter ended March 31, 2023 compared to $3.6 million for the quarter ended March 31, 2022.

Revenues and Gross Profit

Total revenue increased by $18.3 million, primarily due to increased bushel volumes handled compared to the same quarter in the prior year. The Corporation handled and traded 24.1 million bushels of grain and oilseed during the quarter ended March 31, 2023, compared to 20.1 million bushels for the quarter ended March 31, 2022. 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 March 31, 2023 and 2022:

	2023				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 7,638	$ -	$ -	$ -	$ 7,638
Supply Chain Services revenue	1,228	822	-	-	2,050
Net Seed and Processing margin	-	-	1,598	-	1,598
Operating expenses included in cost of sales	(2,379)	(757)	(1,153)	-	(4,289)
Depreciation expense included in cost of sales	(1,051)	(239)	(104)	(90)	(1,484)
Gross profit (loss)	$ 5,436	$ (174)	$ 341	$(90)	$ 5,513

	2022				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 13,717	$ -	$ -	$ -	$ 13,717
Supply Chain Services revenue	1,006	910	-	-	1,916
Net Seed and Processing margin	-	-	2,493	-	2,493
Operating expenses included in cost of sales	(2,202)	(647)	(1,390)	-	(4,239)
Depreciation expense included in cost of sales	(1,103)	(271)	(175)	(73)	(1,622)
Gross profit (loss)	$ 11,418	$ (8)	$ 928	$(73)	$ 12,265

Gross profit decreased by $6.8 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022. The quarter-over-quarter decrease in gross profit was driven by decreased trading opportunities across core commodities.

Net Trading Margin

Net trading margin decreased by $6.1 million for the quarter ended March 31, 2023, compared to the quarter ended March 31, 2022. The decrease is due to lower trading margins as there were fewer trading opportunities across multiple commodities for the third quarter of fiscal year 2023.

Supply Chain Services Revenue

Supply Chain Services revenue increased by $134 thousand for the quarter ended March 31, 2023, compared to the quarter ended March 31, 2022. The Corporation's grain-related Supply Chain Services revenue increased due to higher third-party storage, cleaning, and elevations. For the quarter ended March 31, 2023, the non-grain supply chain service revenue decreased $88 thousand due to decreased shuttle incentive revenue in the current year.

Net Seed and Processing Margin

Net Seed and Processing margin was $1.6 million for the quarter ended March 31, 2023, compared to $2.5 million for the quarter ended March 31, 2022. 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 March 31, 2023, operating and depreciation expense included in cost of sales totaled $5.8 million compared to $5.9 million for the quarter ended March 31, 2022. Depreciation for the three-month period ended March 31, 2023, decreased by $138 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 March 31, 2023, general and administrative expenses totaled $5.2 million compared to $8.7 million in the quarter ended March 31, 2022. General and administrative expenses decreased due to higher incentive accruals in the prior year related to the record performance in fiscal year 2022 as well as increased consulting costs in the prior year related to the subsequently suspended Northgate crush plant.

Finance Income (Loss)

For the quarter ended March 31, 2023, finance income totaled $70 thousand compared to a finance loss of $49 thousand during the quarter ended March 31, 2022. 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 March 31,	
(in thousands of USD)	2023	2022
Interest on bank indebtedness	$ (724)	$ (618)
Interest on term loan	(896)	(308)
Interest on term loan swap	265	-
Interest attributable to repurchase obligations	-	(12)
Interest attributable to leases	(38)	(47)
Amortization of financing costs paid	(181)	(194)
Interest on other financing obligations	(40)	-
Total interest expense	$ (1,614)	$ (1,179)

For the quarter ended March 31, 2023, interest expense totaled $1.6 million compared to $1.2 million for the quarter ended March 31, 2022. The increase in total interest expense was driven by higher variable interest rates quarter over quarter on the revolving line of credit as well as the delayed draw portion of the term loan, which is unhedged. 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 March 31, 2023 and $66 thousand for the three months ended March 31, 2022. 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 March 31, 2023 and 2022:

(in thousands of USD)	March 31, 2023	March 31, 2022
Current income tax (expense) recovery	$ 120	$ (36)
Deferred income tax expense	(2)	(1,326)
Income tax (expense) recovery	$ 118	$ (1,362)

During the quarter ended March 31, 2023, the Corporation recorded income tax recovery of $117 thousand compared to an expense of $1.4 million for quarter ended March 31, 2022. During the quarter end March 31, 2023, Ceres recognized deferred income tax expense of $3 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 March 31, 2023, the Corporation's share in investments in associates was a loss of $821 thousand compared to a loss of $112 thousand for the quarter ended March 31, 2022. The increased loss in share of net income in investments in associates is driven by an increased loss at Farmers Grain, offset by the addition of BFE and the income it generated.

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, March 31, 2023 and March 31, 2022, the Corporation recognized a deferred gain of $87 thousand, under share of net income (loss) of associates.

For the nine-month periods ended March 31, 2023 and March 31, 2022

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

(in thousands of USD except per share)	Nine months ended March 31, 2023	Nine months ended March 31, 2022
Revenues	$ 831,051	$ 782,791
Gross profit (loss)	$ 17,825	$ 52,182
Income (loss) from operations	$ (864)	$ 24,302
Net income (loss)	$ (5,408)	$ 13,714
Weighted average common shares outstanding	31,053,308	30,791,279
Diluted weighted average common shares outstanding	31,053,308	32,310,302
Income (loss) per share – Basic	$ (0.17)	$ 0.45
Income (loss) per share – Diluted	$ (0.17)	$ 0.42
Adjusted EBITDA (1)(3)	$ 4,442	$ 29,313
As at March 31, 2023 and 2022:		
Total assets	$ 273,709	$ 395,899
Total bank indebtedness, current	$ 21,549	$ 86,573
Term loan (2)	$ 42,753	$ 47,840
Shareholders' equity	$ 144,581	$ 172,160
Return on shareholders' equity (1)	(3.7)%	8.0%

(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 nine months ended March 31, 2023, the Corporation's net loss was $5.4 million, compared to net income of $13.7 million for the nine months ended March 31, 2022. In the current fiscal year, the Corporation was negatively impacted by rising interest rates and an unpredictable 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 ($4.4 million for the nine months ended March 31, 2023 compared to $3.1 million in the previous year) and employee severance related to cost reduction measures ($2.4 million for the nine months ended March 31, 2023 and nil in the previous year). Gross profit was $17.8 million for the nine months ended March 31, 2023, compared to a gross profit of $52.2 million for the nine months ending March 31, 2022, a result of decreased margin opportunities due to the volatile markets. Furthermore, income from operations was a loss of $864 thousand for the nine months ended March 31, 2023, compared to $24.3 million for the nine months ended March 31, 2022.

Revenues and Gross Profit

Total revenue increased by $48.3 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 81.1 million bushels of grain and oilseed during the nine months ended March 31, 2023, compared to 77.6 million bushels for the nine months ended March 31, 2022. 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 nine months ended March 31, 2023 and 2022:

	2023				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 25,294	$ -	$ -	$ -	$ 25,294
Supply Chain Services revenue	3,547	2,517	-	-	6,064
Net Seed and Processing margin	-	-	3,981	-	3,981
Operating expenses included in cost of sales	(7,271)	(2,016)	(3,769)	-	(13,056)
Depreciation expense included in cost of sales	(3,151)	(724)	(312)	(271)	(4,458)
Gross profit (loss)	$ 18,419	$ (223)	$ (100)	$ (271)	$ 17,825

	2022				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 55,636	$ -	$ -	$ -	$ 56,636
Supply Chain Services revenue	3,177	2,713	-	-	5,890
Net Seed and Processing margin	-	-	6,850	-	6,850
Operating expenses included in cost of sales	(6,730)	(1,841)	(3,779)	-	(12,350)
Depreciation expense included in cost of sales	(3,313)	(824)	(488)	(219)	(4,844)
Gross profit (loss)	$ 49,770	$ 48	$ 2,583	$(219)	$ 52,182

Gross profit decreased by $34.4 million for the nine months ended March 31, 2023, compared to the nine months ended March 31, 2022. 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 $31.3 million for the nine months ended March 31, 2023, compared to the nine months ended March 31, 2022. The decrease is due to lower trading margins as there were fewer trading opportunities across multiple commodities for the nine months ended March 31, 2023.

Supply Chain Services Revenue

Supply Chain Services revenue increased by $174 thousand for the nine months ended March 31, 2023, compared to the nine months ended March 31, 2022. The Corporation's grain-related Supply Chain Services revenue increased due to higher third-party storage and cleaning. For the nine months ended March 31, 2023, the non-grain supply chain service revenue decreased $196 thousand due to decreased revenue related to Gateway.

Net Seed and Processing Margin

Net Seed and Processing margin was $2.9 million for the nine months ended March 31, 2023, compared to $6.9 million for the nine months ended March 31, 2022. 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 nine months ended March 31, 2023, operating and depreciation expense included in cost of sales totaled $17.5 million compared to $17.2 million for the nine months ended March 31, 2022. The increase in operating expenses was driven by higher repairs and maintenance expense in the first nine months of fiscal year 2023 compared to the same period in the previous year. Depreciation for the nine-month period ended March 31, 2023, decreased by $386 thousand year over year, driven by the sale of the Ste. Agathe bird food facility in June 2022.

General and Administrative Expenses

For the nine months ended March 31, 2023, general and administrative expenses totaled $18.7 million compared to $27.9 million in the nine months ended March 31, 2022. General and administrative expenses decreased due to higher incentive accruals in the prior year related to the record performance in the first nine months of fiscal year 2022 as well as increased administrative costs related to the formation of the subsequently suspended Northgate crush plant.

Finance Income (Loss)

For the nine months ended March 31, 2023, finance income totaled $63 thousand compared to a finance loss of $288 thousand during the nine months ended March 31, 2022. 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

	Nine months ended March 31,	
(in thousands of USD)	2023	2022
Interest on bank indebtedness	$ (2,262)	$ (1,925)
Interest on term loan	(2,462)	(930)
Interest term loan swap	577	-
Interest attributable to repurchase obligations	(139)	(121)
Interest attributable to leases	(122)	(149)
Amortization of financing costs paid	(536)	(521)
Interest on other financing obligations	(28)	2
Total interest expense	$ (4,972)	$ (3,644)

For the nine months ended March 31, 2023, interest expense totaled $5.0 million compared to $3.6 million for the nine months ended March 31, 2022. The increase in total interest expense was driven by higher average borrowings on the term debt as well as higher variable rates year over year on the revolving line of credit as well as the delayed draw portion of the term loan, which is unhedged. 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 $186 thousand for the nine months ended March 31, 2023, and $197 thousand for the nine months ended March 31, 2022. Amortization for the nine 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 nine months ended March 31, 2023, and 2022:

(in thousands of USD)	March 31, 2023	March 31, 2022
Current income tax (expense) recovery	$ (122)	$ (143)
Deferred income tax expense	(350)	(6,108)
Income tax (expense) recovery	$ (472)	$ (6,251)

During the nine months ended March 31, 2023, the Corporation recorded income tax expense of $472 thousand compared to an expense of $6.3 million for the nine months ended March 31, 2022. During the nine-month period end March 31, 2023, Ceres recognized deferred income tax expense of $350 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 nine months ended March 31, 2023, the Corporation’s share in investments in associates was a loss of $652 thousand compared to a loss of $225 thousand for the nine months ended March 31, 2022. The increased loss in investments in associates is driven by poor results at Farmers Grain, partially offset by the addition of BFE and the income it generated.

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, March 31, 2023 and March 31, 2022, 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, 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	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021	6/30/2021
(in thousands of USD except per share figures)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	$ 287,912	$ 283,026	$ 260,113	$ 278,150	$ 269,625	$ 304,795	$ 208,371	$ 196,929
Gross profit (loss)	$ 5,513	$ 6,747	$ 5,565	$ 3,693	$ 12,265	$ 16,058	$ 23,859	$ 8,756
Income (loss) from operations	$ 339	$ 976	$ (2,179)	$ (329)	$ 3,597	$ 7,046	$ 13,659	$ 3,875
Net income (loss)	$ (553)	$ (1,267)	$ (3,588)	$ (22,537)	$ 912	$ 4,033	$ 8,769	$ 11,733
Adjusted net income (loss)(1)	$ 410	$ 620	$ 337	$ 5,028	$ 2,457	$ 4,579	$ 9,760	$ 12,067
Return on shareholders' equity(1)	(0.4%)	(0.9%)	(2.4%)	(15.1%)	0.5%	2.4%	5.3%	7.5%
Basic weighted-average number of common shares for the quarter	31,094	31,070	30,997	30,801	30,801	30,801	30,773	30,773
Dilutive weighted-average number of common shares for the quarter	31,094	31,070	30,997	30,801	32,400	32,439	32,093	32,765
Basic earnings (loss) per share	$ (0.02)	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03	$ 0.13	$ 0.28	$ 0.38
Fully diluted earnings (loss) per share	$ (0.02)	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03	$ 0.12	$ 0.27	$ 0.36
Adjusted EBITDA(1)	$ 2,208	$ 2,452	$ (218)	$ 2,724	$ 5,389	$ 8,524	$ 15,401	$ 5,477
Adjusted EBITDA per share(2)	$ 0.07	$ 0.08	$ (0.01)	$ 0.09	$ 0.18	$ 0.28	$ 0.50	$ 0.18
Shareholders' equity, as at reporting date	$144,581	$145,425	$146,661	$149,505	$172,160	$170,134	$165,713	$156,918
Shareholders' equity per share, as at reporting date	$ 4.65	$ 4.68	$ 4.72	$ 4.85	$ 5.59	$ 5.52	$ 5.39	$ 5.10
Volumes (in thousands of tonnes)								
Total Product Handled and Traded	664	789	780	503	563	709	875	629

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

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

3. CASH FLOWS & LIQUIDITY

(in thousands of USD)	Nine months ended March 31, 2023	2022
Net cash provided by (used in)		
Operating activities	$ 25,707	$ (801)
Investing activities	1,870	(23,750)
Net cash provided (used) before financing activities	27,577	(24,551)
Financing activities	(38,416)	24,255
Increase (decrease) in cash	$ (10,839)	$ (296)

Operating Activities

Cash provided from operating activities was $25.7 million for the nine months ended March 31, 2023, compared to cash used in operating activities of $801 thousand in the same nine-month period of the prior year. Cash used in operating activities is attributable to the change in working capital, primarily due to Ceres' decrease in accounts receivable period over period.

Investing Activities

During the nine months ended March 31, 2023, the Corporation provided $1.9 million from investing activities compared to cash used in investing activities of $23.8 in the same nine-month period of the prior year. The decrease in cash used in investing activities was primarily driven by lower capitalizable projects in the current year in addition to the sale of the Port Colborne facility in February 2023. In the prior year, the Corporation utilized the BMO Delayed Draw (as defined below) 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 nine months ended March 31, 2023, the Corporation used $38.4 million in financing activities compared to cash provided from financing activities of $24.3 million in the same nine-month period of the prior year. The Corporation decreased its cash from its revolving line of credit by $33.0 million, as well as repaid $4.3 million of its term loan in the nine months ended March 31, 2023. In the previous year, the Corporation increased its outstanding term loan by $20.0 million.

Available Sources of Liquidity

Bank Indebtedness

The Corporation's sources of liquidity as at March 31, 2023 include available funds under its 2023 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 2023 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. As circumstances require, management will address the capital needs of the Corporation.

The 2023 Credit Facility, as at March 31, 2023 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $30.0 million. As at March 31, 2023 the Corporation's working capital[2] – defined as current assets less current liabilities – totaled $48.1 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 nine months ended March 31, 2023, the Corporation was in compliance with all of the above-mentioned financial covenants.

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 March 31, 2023 and June 30, 2022, the Corporation had $40.7 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 March 31, 2023 and June 30, 2022, the following are the contractual maturities of financial liabilities, excluding interest payments:

March 31, 2023 (in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	$ 21,549	$ 22,000	$ 22,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	55,787	55,787	55,787	-	-	-
Accounts payable - related parties	1,216	1,216	1,216	-	-	-
Unrealized losses on open cash contracts	3,963	3,963	3,963	-	-	-
Term loan	42,753	43,250	2,500	2,500	38,250	-
Lease commitments	2,606	3,664	642	583	893	1,546
	$ 127,874	$ 129,880	$ 86,108	$ 3,083	$ 39,143	$ 1,546

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 $4.4 million for the nine months ended March 31, 2023, and $9.5 million for the 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 2023 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 8, 2022, the Corporation amended the 2021 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 "**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 matured on February 7, 2023.

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 annual 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 and paid on a monthly basis 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 SOFR; 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 SOFR 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 10 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 March 31, 2023, is $27.0 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 March 31, 2023. 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 $1.9 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 nine-months ended March 31, 2023, 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 nine-months ended March 31, 2023.

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 Annual 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 uncertainty surrounding the potential escalation or de-escalation of the Ukraine-Russia war remains a key factor contributing to volatility in the markets for products handled by Ceres. As long as the conflict continues without a clear resolution, grain markets will likely remain erratic. Russia's recent stance that it will not support the Black Sea grain deal beyond May 18, 2023, could add an additional layer of uncertainty in already volatile market conditions. The continued dryness in the Western U.S. plains and its effects on the already small hard red winter wheat and Kansas wheat crop has also added uncertainty to Ceres' core products.

The results of the South American crop season have been mixed, with Brazil reporting a record soybean crop while unprecedented droughts have devastated the bean, corn, and wheat crops in Argentina. The drought in Argentina has led to an extended U.S. export season that kept rail freight values elevated and contributed to volatility in the markets. The Northern Plains and Canadian Prairies have experienced a quiet quarter, with harsh winter conditions and record Plains snowfall in many areas. Lake and upper Mississippi river closures, which is typical for this time of the year, further contributed to the quiet export period. Despite these conditions, there was limited impact on the Corporation's operations and facilities.

During the quarter, Ceres handled 20% higher volumes compared to the same quarter last year as volumes handled in the third quarter of fiscal year 2022 were particularly low following a record drought in the Northern U.S. plains and the Canadian prairies. The Corporation was well-positioned during the quarter and was able to handle the larger crop volumes as they moved to market. After falling behind in the first quarter, year to date handled volumes surpassed volumes handled for fiscal year 2022 by 6%. Overall, the Ceres team navigated erratic markets by effectively utilizing the Corporation's asset network, resulting in another quarter with positive adjusted net income.

Volumes handled at BFE since Ceres' acquisition have increased by 15% compared to the previous year and is the result of the collective effort of this new venture. The Corporation's interest in BFE continues to provide Ceres and its subsidiary, Riverland Ag Corp., increased origination of its core products directly from growers in critical areas of Minnesota and North Dakota, enabling the Corporation to leverage the value of its terminal assets and partner with growers 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.

Ceres' joint venture with Farmer's Co-op of Thief River Falls, MN continues to allow the Corporation to work directly with growers to deliver value-added solutions for its customers. Despite experiencing significant rail freight delays during the last harvest at Thief River Falls, the joint venture originated and handled higher volumes this quarter than initially expected.

As part of Ceres' strategy to optimize its asset footprint around core products, the Corporation sold its Port Colborne facility on February 17, 2023, to London Agricultural Commodities ("LAC"). Ceres utilized proceeds from the sale to optimize capital structure and pay down debt. The Corporation remains a close partner of LAC and currently utilizes part of the capacity at the Port Colborne facility as a tenant.

Looking forward, it will soon be the spring planting period for North American crops. Planting is expected to be delayed given the cool wet spring in the Northern Plains and Canadian Prairies experienced as of late. However, given elevated prices, farmers will likely try to maximize their potential returns and increase the acres planted for the majority of products handled by Ceres. The team will be assessing crops closely to identify opportunities to best position Ceres and maximize the capacity handled during the fall season. With our network of partners and talented team, Ceres is well positioned to capitalize on market opportunities as this new crop evolves to best service its end customers.

The Corporation will continue to focus on maximizing the full value of its assets, leveraging its expertise in the grain market to build trusted partnerships with its network, and will focus on leveraging the trade flows developed over the past several years. Ceres continues to look for creative solutions when partnering with independent co-ops to increase Ceres' farmer-direct origination and thus enabling our customers to achieve their supply chain and regenerative goals.

Ceres has been successful in providing regenerative agriculture solutions to its network of partners over the past year. As the importance of regenerative agriculture practices continue to grow, 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 product volumes, including oriented strand board, were weaker in Q3 2023 vs the same quarter a year ago due to poor rail performance and farmer deliveries. Meanwhile, fertilizer volumes were also lower. As fertilizer prices trend lower, shipments are expected to increase to fill crop input demand. Natural gas liquid ("NGL") volumes through Gateway trended higher compared to last quarter and Q3 2022 due to the increased collaboration with Steel Reef Infrastructure Corp.'s origination and marketing efforts. Overall, gross margins for the segment were the highest thus far this fiscal year.

Looking forward, industrial products and fertilizer volumes are expected to trend higher compared to the last fiscal year, replenishing supply chains and incremental businesses. NGL volumes are also expected to increase as the Gateway business completes commissioning on a pipeline connection to Steel Reef Infrastructure Corp.'s fractionation facility in North Portal, Saskatchewan, early next quarter.

Seed and Processing Segment

Soybean crush volumes were slightly higher compared to the third quarter of the previous year, primarily due to higher operational efficiency and effective merchandising. Ceres' operations team has worked diligently to maintain the trajectory of higher volumes and more importantly, higher product yields. Soy oil demand disappointed this past quarter as many U.S. Renewable Diesel Plants experienced operational issues. However, demand for soybean meal more than compensated for the shortfall in oil, resulting in respectable margins. The crush team performed well originating soybeans during and post harvest and precise timing on product sales helped to maximize crush margins.

Going forward, the Corporation expects acceptable crush margins as soybean stocks should remain steady relative to last year in Manitoba. This should enable Ceres' plant to crush at a high-capacity utilization and realize adequate margins as we finish the fiscal year.

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 March 31, 2023, 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 March 31, 2023, 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 March 31, 2023 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 nine-month periods ended March 31, 2023 and March 31, 2022:

	3 Months		9 Months	
(in thousands of USD)	2023	2022	2023	2022
Salary and short-term employee and director benefits	$ 419	$ 630	$ 1,495	$ 1,984
Share-based compensation	167	35	403	667
Executive severance	-	-	1,850	-
	$ 586	$ 665	$ 3,748	$ 2,651

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

Savage Riverport, LLC

As at March 31, 2023 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 March 31, 2023 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 March 31, 2023 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 March 31, 2023 and June 30, 2022, Ceres owned a 50% interest in Gateway.

The following table summarizes the information for related parties.

(in thousands of USD)		March 31, 2023		June 30, 2022
Accounts receivable due from associates				
(Recorded in Accounts receivable – related parties)				
Savage	$	125	$	173
Farmers Grain		146		370
BFE		49		2
Gateway		121		94
Total accounts receivable due from associates	$	441	$	639
Accounts payable due to associates				
(Recorded in Accounts payable – related parties)				
Savage	$	14	$	-
Farmers Grain		1		13
BFE		1,201		1,584
Gateway		-		-
Total accounts payable due to associates	$	1,216	$	1,597
Gain on open cash contracts – Related Party				
(Recorded in Unrealized gains on open cash contracts)				
Farmers Grain	$	1	$	444
BFE		206		989
Total gain on related party open cash contracts	$	207	$	1,433

<u>Loss on open cash contracts – Related Party</u>		
(Recorded in unrealized losses on open cash contracts)		
Farmers Grain	$ 10	$ 13
BFE	-	2,850
Total loss on related party open cash contracts	$ 750	$ 2,863

(in thousands of USD)	3 Months		9 Months	
<u>Related party revenues</u>	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Savage	$ 23	$ 20	$ 69	$ 60
Farmers Grain	(28)	27	39	1,358
BFE	1	-	204	-
Gateway	226	246	657	788
Total related party revenues	$ 222	$ 293	$ 969	$ 2,206
<u>Related party expense</u>				
Savage	$ (330)	$ (323)	$ (1,077)	$ (1,073)
Farmers Grain	(7,348)	(1,176)	(28,093)	(4,302)
BFE	(26,925)	-	(66,678)	-
Gateway	-	-	-	-
Total related party expenses	$ (34,603)	$ (1,499)	$ (95,848)	$ (5,375)

Stewart Southern Railway Inc.

As at March 31, 2023 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 May 11, 2023, the issued and outstanding equity securities of the Corporation consisted of 31,094,144 common shares. In addition, the Corporation has 750,500 stock options outstanding with a weighted-average exercise price of C$3.74 per common share, 200,000 restricted stock units outstanding, and 343,649 equity-settled deferred share units outstanding and 129,098 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. Commodity 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 $4.4 million for the nine-months ended March 31, 2023, and $9.5 million for the investigation to date). In addition, if the DOJ and/or the CFTC decide to pursue an 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.

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 nine-month periods ended March 31, 2023 and 2022:

	Three months ended March 31		Nine months ended March 31	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss)	$ (553)	$ 912	$ (5,408)	$ 13,714
Interest expense	1,614	1,179	4,972	3,644
Amortization of intangible assets	62	66	186	197
Income tax (recovered)	(118)	1,362	472	6,251
Share of net (income) loss in investment in associates	821	112	652	225
Depreciation and amortization	1,595	1,770	4,798	5,301
(Gain) loss on property, plant, and equipment	(1,213)	(12)	(1,230)	(19)
	$ 2,208	$ 5,389	$ 4,442	$ 29,313

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 March 31		Nine months ended March 31	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss)	$ (553)	$ 912	$ (5,408)	$ 13,714
Executive severance and employee cost reduction measures	15	-	2,354	-
Expense related to regulatory investigations	948	1,545	4,420	3,082
	$ 410	$ 2,457	$ 1,366	$ 16,796

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 nine months ended March 31, 2023 and 2022:

	Three months ended March, 31		Nine months ended March, 31	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss) for the period	$ (553)	$ 912	$ (5,408)	$ 13,714
Total shareholders' equity as at reporting date	144,581	172,160	144,581	172,160
	(0.4%)	0.5%	(3.7%)	8.0%

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 March 31, 2023 and June 30, 2022:

(in thousands of USD)	March 31, 2023	June 30, 2022
Current assets	$ 133,411	$ 189,418
Current liabilities	(85,357)	(135,361)
	$ 48,054	$ 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.