

Consolidated Financial Statements of



For the years ended June 30, 2023 and 2022
(Expressed in US Dollars)

CERES GLOBAL AG CORP.

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Management's Responsibility for Financial Reporting

These consolidated financial statements of the Corporation are the responsibility of management. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards ("IFRS") using information available to September 14, 2023 and management's best estimates and judgments, where appropriate.

Management has established a system of internal accounting and administrative controls to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly authorized and recorded, and financial records are properly maintained for the preparation of reliable financial statements.

The Board of Directors discharges its responsibility for the consolidated financial statements primarily through its Audit Committee, which comprises members of the Board of Directors. The Audit Committee meets with management and with the external auditors to discuss the results of the audit examination and review the consolidated financial statements of the Corporation. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors. The financial statements have been approved by the Board of Directors and have been audited by Baker Tilly WM LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards. Their Independent Auditor's Report outlines their responsibilities, the scope of their audit, and their opinion on the accompanying consolidated financial statements. Baker Tilly WM LLP has full and unrestricted access to the Audit Committee.

Carlos Paz
President and
Chief Executive Officer

Blake Amundson
Vice President and
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ceres Global Ag Corp.:

Opinion

We have audited the consolidated financial statements of Ceres Global Ag Corp. and its subsidiaries (together the “Corporation”), which comprise the consolidated balance sheets as at June 30, 2023 and 2022, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter**How our audit addressed the key audit matter****Valuation and measurement of grain inventory
note 6**

As at June 30, 2023 the Corporation held grain inventory of \$57.693 million. The Corporation measures the grain inventory at fair value, primarily determined from quoted market prices, adjusted for expected freight costs and a price premium or discount to cover local supply and demand factors.

The audit of the valuation of the grain inventory is complex as a high degree of judgment is used when estimating the effect of adjustments to quoted market prices on the fair value of grain inventory, such as differences in local markets and quality.

The audit of the measurement of the grain inventory is complex as a number of estimates are required including the dimensions of the holding “bin” and the unused space at year end.

Our approach to addressing the matter included the following procedures, among others:

- Obtaining an understanding over the estimation process;
- Agreeing the inputs, where available to external sources;
- Testing the factors that impact basis to external sources and historical results;
- Observing the inventory counting process for a sample of locations and performing independent test counts; and
- Recalculating the volume of the “bin” and unused space.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
September 14, 2023

CERES GLOBAL AG CORP.
Consolidated Balance Sheets

<i>(In thousands of USD)</i>	June 30, 2023	June 30, 2022
Assets		
Current assets:		
Cash	\$ 6,038	\$ 17,218
Due from brokers (note 5)	10,242	8,280
Unrealized gains on open cash contracts (note 7)	16,246	47,645
Accounts receivable	26,402	43,422
Accounts receivable - related parties (note 18)	458	639
Inventories, grains (note 6)	57,693	66,541
Assets held for sale (note 9)	-	2,735
Prepaid expenses and sundry assets	4,702	2,159
Portfolio investments	784	779
Total current assets	122,565	189,418
Investments in associates (note 8)	26,555	26,131
Property, plant, and equipment (note 9)	101,123	105,597
Intangible assets (note 10)	6,363	6,611
Deferred tax asset (note 20)	4,550	3,079
Right of use assets (note 11)	2,414	3,083
Other assets	60	29
Total assets	\$ 263,630	\$ 333,948
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 12)	\$ 18,684	\$ 54,676
Accounts payable and accrued liabilities (note 7)	44,491	51,600
Accounts payable - related parties (note 18)	252	1,597
Unrealized losses on open cash contracts (note 7)	11,365	24,668
Current portion of term loan (note 13)	2,341	2,338
Current portion of lease liability (note 11)	501	482
Total current liabilities	77,634	135,361
Term loan (note 13)	39,826	45,168
Long-term lease liability (note 11)	2,012	2,659
Deferred tax liability (note 20)	1,500	1,255
Total liabilities	120,972	184,443
Shareholders' equity:		
Common shares (note 16)	173,356	172,470
Deferred share units (note 17)	1,218	1,762
Reserve	7,002	6,989
Accumulated other comprehensive income (loss)	3,085	2,375
Deficit	(42,003)	(34,091)
Total shareholders' equity	142,658	149,505
Total liabilities and shareholders' equity	\$ 263,630	\$ 333,948

Legal (note 21)

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

ON BEHALF OF THE BOARD OF DIRECTORS

Signed “Harold Wolkin” Director

Signed “Jim Vanasek” Director

CERES GLOBAL AG CORP.
Consolidated Statements of Comprehensive Income (Loss)
Years ended June 30, 2023 and 2022

<i>(In thousands of USD except shares and earnings per share)</i>	2023	2022
Revenues (note 18)	\$ 1,036,703	\$ 1,060,941
Cost of sales (note 6 and 18)	(1,013,938)	(1,005,066)
Gross profit	22,765	55,875
General and administrative expenses	(25,477)	(31,902)
Income (loss) from operations	(2,712)	23,973
Finance income (loss) (note 14)	56	(195)
Interest expense (note 15)	(6,236)	(4,770)
Amortization of intangible assets (note 10)	(248)	(263)
Revaluation of stock appreciation right liability (note 7)	484	941
Gain (loss) on equity investments	-	249
Loss on impairment of crush project (note 9)	-	(25,904)
Gain (loss) on sales of intangible assets	-	110
Gain (loss) on property, plant and equipment (note 9)	1,218	3,744
Income (loss) before income taxes and undernoted items	(7,438)	(2,115)
Income tax (expense) recovery (note 20)	865	(5,906)
Share of net income (loss) of associates (note 8)	(1,339)	(802)
Net income (loss)	(7,912)	(8,823)
Components of comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Gain (loss) on financial instrument hedge (note 5)	710	1,358
Total comprehensive income (loss)	\$ (7,202)	\$ (7,465)
Basic weighted-average number of shares for the year	31,063,489	30,793,602
Diluted weighted-average number of shares for the year (note 16)	31,063,489	30,793,602
Earnings (loss) per share:		
Basic	\$ (0.25)	\$ (0.29)
Diluted	\$ (0.25)	\$ (0.29)
Supplemental disclosure of selected information:		
Depreciation included in Cost of sales	(5,635)	(5,918)
Amortization of right of use assets included in Cost of sales	(326)	(456)
Depreciation included in General and administrative expenses	(191)	(317)
Amortization of right of use assets included in General and administrative expenses	(261)	(269)
Amortization of financing costs included in Interest expense	(712)	(705)
Personnel costs included in Cost of sales	(6,684)	(7,805)
Personnel costs included in General and administrative expenses (note 18)	(10,764)	(19,570)
Personnel costs included in Revaluation of stock appreciation right liability	484	941

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

CERES GLOBAL AG CORP.
Consolidated Statements of Cash Flows
Years ended June 30, 2023 and 2022

<i>(In thousands of USD)</i>	2023	2022
Operating activities:		
Net income (loss)	\$ (7,912)	\$ (8,823)
Adjustments for:		
Depreciation and amortization	5,826	6,235
Amortization of intangible assets	248	263
Amortization of right of use assets	587	725
Interest expense	6,236	4,770
(Gain) loss on sale of intangible assets	-	(110)
Bad debt expense (recovery)	60	-
Income tax expense (recovery)	(865)	5,906
Gain on property, plant, and equipment	(1,216)	(3,744)
Share-based compensation	503	682
Share of net income (loss) of associates	1,339	802
Revaluation of foreign denominated accounts	(35)	(24)
Revaluation of stock appreciation right liability	(484)	(941)
Loss on impairment of crush project	-	25,904
Changes in non-cash working capital accounts:		
Due from brokers	(1,586)	(872)
Net open cash contracts	18,096	(22,183)
Accounts receivable	16,843	(5,436)
Accounts receivable - related parties	181	(195)
Inventories, grains	8,848	45,478
Prepaid expenses and sundry assets	(2,514)	(361)
Accounts payable and accrued liabilities	(6,710)	9,722
Accounts payable - related parties	(1,345)	1,461
Tax refund received (net of taxes paid)	116	-
Interest paid	(5,599)	(4,068)
Net cash provided by (used in) operating activities	30,617	55,191
Investing activities:		
Cash from disposition of property, plant, and equipment	50	6,179
Cash from disposition of intangible assets	-	110
Disposal of asset held for sale	3,951	-
Loss on impairment of crush project	-	(24,379)
Distribution from Berthold Farmers Elevator, LLC	237	-
Investment in Farmers Grain, LLC	(2,000)	-
Investment in Berthold Farmers Elevator, LLC	-	(12,000)
Acquisition of property, plant and equipment	(1,386)	(3,208)
Investment in other non-current assets	(60)	-
Net cash provided by (used in) investing activities	792	(33,298)
Financing activities:		
Net proceeds (repayment) of bank indebtedness	(36,000)	(26,000)
Proceeds from term loan	-	20,000
Repayment of term loan	(5,500)	(1,500)
Payments of finance leases	(546)	(729)
Financing costs paid	(543)	(660)
Net cash provided by (used in) financing activities	(42,589)	(8,889)
Increase (decrease) in cash	(11,180)	13,004
Cash, beginning of year	17,218	4,214
Cash, end of year	\$ 6,038	\$ 17,218

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

CERES GLOBAL AG CORP.
Consolidated Statements of Changes in Shareholders' Equity
Years ended June 30, 2023 and 2022

<i>(In thousands of USD)</i>	<u>Common shares</u>	<u>Deferred share units</u>	<u>Reserves</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Deficit</u>	<u>Total shareholders' equity</u>
Balances, June 30, 2022	\$ 172,470	\$ 1,762	\$ 6,989	\$ 2,375	\$ (34,091)	\$ 149,505
Issuance of deferred share units	527	(544)	-	-	-	(17)
Share-based compensation net of vesting	359	-	13	-	-	372
Total comprehensive income (loss)	-	-	-	710	(7,912)	(7,202)
Balances, June 30, 2023	<u>\$ 173,356</u>	<u>\$ 1,218</u>	<u>\$ 7,002</u>	<u>\$ 3,085</u>	<u>\$ (42,003)</u>	<u>\$ 142,658</u>
Balances, June 30, 2021	\$ 172,374	\$ 1,762	\$ 7,033	\$ 1,017	\$ (25,268)	\$ 156,918
Share-based compensation net of vesting	96	-	(44)	-	-	52
Total comprehensive income (loss)	-	-	-	1,358	(8,823)	(7,465)
Balances, June 30, 2022	<u>\$ 172,470</u>	<u>\$ 1,762</u>	<u>\$ 6,989</u>	<u>\$ 2,375</u>	<u>\$ (34,091)</u>	<u>\$ 149,505</u>

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

Ceres Global Ag Corp.
Notes to the Consolidated Financial Statements
June 30, 2023 and 2022 (Expressed in USD)

(1) **CORPORATE STATUS, REPORTING AND NATURE OF OPERATIONS**

Ceres Global Ag Corp. (hereinafter referred to as “**Ceres**” or the “**Corporation**”) was incorporated on November 1, 2007, as amended on December 6, 2007, under the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”). On April 1, 2013, Ceres Global Ag Corp. amalgamated with Corus Land Holding Corp. and on April 1, 2014, Ceres Global Ag Corp. amalgamated with Riverland Agriculture Ltd. and Ceres Canada Holding Corp. Thereafter, the amalgamated corporations continued operating as Ceres Global Ag Corp. Ceres is a corporation domiciled in Canada, with its head office located in Golden Valley, Minnesota, United States. The Corporation’s parent is VN Capital Management, LLC.

These consolidated financial statements of Ceres as at and for the years ended June 30, 2023 and 2022 include the accounts of Ceres and its wholly owned subsidiaries Ceres U.S. Holding Corp. (Delaware), Riverland Ag Corp. (Delaware) (“**Riverland Ag**”), Nature’s Organic Grist LLC (North Dakota) (“**NOG**”), Delmar Commodities Ltd. (Manitoba) (“**Delmar**”), and Ceres Global Ag Corp. Mexico S.A. DE C.V. (“**Ceres Mexico**”). All intercompany transactions and balances have been eliminated. The Corporation is an agricultural cereal grain storage, customer-specific procurement and supply ingredient company that operates eleven grain storage, handling, and merchandising facilities in the state of Minnesota and the provinces of Manitoba and Saskatchewan, with a combined grain and oilseed storage capacity of 29 million bushels. NOG is a supplier of organic grains. Through Delmar, the Corporation owns and operates a soybean crush facility and a seed distribution network in western Canada.

(2) **BASIS OF PREPARATION**

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). Accounting, estimation, and valuation policies, as described below, have been consistently applied to all periods presented herein, in accordance with IFRS.

These consolidated financial statements were authorized for issue by the board of directors of the Corporation (the “**Board of Directors**”) on September 14, 2023.

Functional and presentation currency

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

These consolidated financial statements are presented in USD.

Basis of measurement

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

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

Ceres Global Ag Corp.
Notes to the Consolidated Financial Statements
June 30, 2023 and June 30, 2022 (Expressed in USD)

(3) SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition, net sales, and cost of sales

The Corporation's grain revenue transactions consist of a single performance obligation to transfer promised goods. The Corporation recognizes revenue when it has fulfilled a performance obligation, which is typically when the grain is shipped from the Ceres facility. In accordance with IFRS 15, the Corporation follows a policy of recognizing sales revenue at the time of delivery of the product and when all the following have occurred: a contract is in place, a performance obligation has been met, payment terms are identified, and collection is probable. Grain storage, rental, seed and processing and other operating income are recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented gross in Revenues and Cost of sales.

Other direct and indirect costs associated with inventory and storage, including payroll and benefits of elevator employees, depreciation of buildings, silos and elevators, utilities and other similar costs are classified within Cost of sales. Income and expenses are recorded on an accrual basis.

Investment transactions are recognized on the trade date. Dividend revenues are recognized on the ex-dividend date. Interest is recognized as earned using the effective interest method. The effective interest method calculates the amortized cost of a financial instrument asset or liability and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or liability, or where appropriate, a shorter period. Realized gains and losses from the sale of investments are calculated using the average cost method. The change over a reporting period of the difference between the fair value and the cost of portfolio investments is recognized as a revaluation of portfolio investments in Finance income (loss) in profit or loss.

Investments in associates and joint arrangements

A joint arrangement is a contractual arrangement pursuant to which the Corporation and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified as joint ventures or joint operations, reflecting the Corporation's underlying contractual rights and obligations pursuant to the joint arrangement. For joint arrangements that are classified as joint operations, the Corporation recognizes its share of the assets, liabilities, revenues and expenses of the joint operations. The Corporation has determined that its investment in Gateway Energy Terminal is a joint operation.

Joint arrangements classified as joint ventures are accounted for using the equity method, whereby the Corporation recognizes its share of income or loss and other comprehensive income or loss of the joint arrangement in its own operations or comprehensive income or loss, as applicable. The Corporation has determined that its investments in Savage Riverport, LLC, Farmers Grain, LLC, and Berthold Farmers Elevator, LLC meets the definition of a joint venture and consequently, it is accounting for its interest in each of Savage Riverport, LLC, Farmers Grain, LLC, and Berthold Farmers Elevator, LLC using the equity method.

Ceres Global Ag Corp.
Notes to the Consolidated Financial Statements
June 30, 2023 and June 30, 2022 (Expressed in USD)

Investments in associates where the Corporation has significant influence, including Stewart Southern Railway Inc. (“SSR”) are accounted for using the equity method.

The Corporation assesses, at each reporting date, whether there is objective evidence that its interest in associates and joint arrangement is impaired. If impaired, the carrying value of the Corporation’s share of the underlying assets of the associate or joint arrangement is written down to its estimated recoverable amount, with any difference charged to profit or loss.

Transaction costs

Portfolio transaction costs include brokerage commissions incurred in the purchase and sale of portfolio securities in which Ceres invests. Corporate transaction costs include costs directly attributable to the acquisition of subsidiaries and the investments in associates. All such costs are expensed in the period incurred and classified as General and administrative expenses in profit or loss.

Transaction costs related to the issuance of equity instruments of the Corporation or its subsidiaries are accounted for as a reduction of the stated capital of the equity securities issued. Transaction costs related to the issuance of debt instruments of the Corporation or its subsidiaries are considered in the determination of amortized cost. Transaction costs related to bank indebtedness are amortized using the straight-line method over the term of the financing arrangement, while transaction costs for long-term debt are amortized using the effective interest method.

Valuation of investments

As at a reporting date, the fair value of financial instruments traded in active markets (primarily equity securities of public companies and related derivative instruments, if any) is based on the bid price for investments held by the Corporation, and on the asking price for investments sold short, if any. The fair value of financial instruments not traded in an active market (including but not limited to: securities in private companies, warrants and restricted securities) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm’s length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Recognition of investments

Purchases and sales of investments are recognized on the trade date, being the date on which the Corporation commits to purchase or sell an investment. Investments cease to be recognized when the rights to receive cash flows from the investments have expired or the Corporation has transferred substantially all risks and rewards of ownership.

Derivative contracts

Ceres may purchase forward contracts to act as an economic hedge. As at a reporting date, exchange traded futures and options contracts, not including the interest rate swap, are valued based on the difference between the forward contract rate and the forward bid rate. Unrealized gains and losses, if any, on these forward contracts used to hedge assets and liabilities are presented separately on the Consolidated Balance Sheets and included in profit or loss as a component of Cost of sales.

Ceres Global Ag Corp.
Notes to the Consolidated Financial Statements
June 30, 2023 and June 30, 2022 (Expressed in USD)

Ceres may also enter into interest rate swap contracts to act as an economic hedge. Settlement of both fixed and variable portions of an 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.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Corporation’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Corporation’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial asset, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date.

Impairment

The Corporation assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Corporation compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information. For trade accounts receivable, the Corporation applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Corporation to track the changes in credit risk; rather, the Corporation recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade accounts receivable.

The carrying amount of the trade accounts receivable is reduced through the use of the provision for impairment account, and the amount of any increase in the provision for impairment is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Ceres Global Ag Corp.
Notes to the Consolidated Financial Statements
June 30, 2023 and June 30, 2022 (Expressed in USD)

Financial Liabilities

Financial liabilities are classified, at initial recognition, as subsequently measured at amortized cost, FVTPL, or FVOCI. All financial liabilities are recognized initially at fair value and, in the case of instruments subsequently measured at amortized cost, net of directly attributable transaction costs. The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Due from brokers	FVTPL
Unrealized gains/losses on open cash contracts	FVTPL
Accounts receivable	Amortized cost
Accounts receivable - related parties	Amortized cost
Portfolio investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Accounts payable - related parties	Amortized cost
Share-based payment liabilities, included in accounts payable	FVTPL
Bank indebtedness	Amortized cost
Term loan	Amortized cost
Interest rate swap	FVOCI

Fair value measurements

The Corporation uses a valuation hierarchy as a framework for disclosing fair values, based on the inputs to measure the fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities including exchange-traded derivative contracts that can be assessed at measurement date;

Level 2 – inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs are unobservable inputs based on the Corporation’s own assumptions used to measure assets and liabilities at fair value.

Foreign currency transactions

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into USD, as follows:

- Foreign currency monetary items are translated using the spot exchange rate in effect at the reporting date; and
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate(s) in effect as at the date(s) on which fair value was determined.

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Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation as at a reporting date of assets and liabilities denominated in foreign currencies are reflected in profit or loss. Translation gains or losses on securities included in the investment portfolio of the Corporation are recognized as Finance income (loss) in profit or loss.

Finance income (loss)

Finance income (loss) pertains to revenues, gains and losses related to the investing activities of the Corporation, and includes:

- Dividend revenues, if any, from portfolio investments;
- Realized gains (losses) on portfolio investments;
- Realized and unrealized gains (losses) on foreign exchange; and
- Unrealized increase (decrease) in fair value of portfolio investments.

Interest expense

Interest expense represents the aggregate of interest expense on borrowings and the amortization of financing transaction costs. On September 14, 2021, the Corporation entered into a floating-to-fixed interest rate swap, fixing the variable interest portion of the BMO Loan. The unrealized gain (loss) on the swap is recorded net of tax within other comprehensive income on the consolidated statements of comprehensive income (loss).

Inventories

Inventories of agricultural grain, and oilseed commodities are stated at fair value less costs to sell. Fair value is primarily determined from exchange or quoted market prices, adjusted for expected freight costs to normal delivery points and a price premium or discount to cover local supply and demand factors as estimated by management. Changes in the fair value less costs to sell of inventories of agricultural grain commodities are recognized in profit or loss as and when they occur, and such changes are included as a component of Cost of sales.

Raw material and finished goods inventories for the soybean crush, specialty crops, and seed distribution are stated at the lower of average cost, determined on a specific identification basis, and net realizable value, being the estimated selling price less estimated cost of completion of the finished goods.

Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate. Costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment and depreciated accordingly. The carrying amount of a replaced component is derecognized.

Repairs and maintenance costs are expensed as incurred.

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Property, plant and equipment are reviewed for impairment at the end of each reporting period to assess whether there is any indication of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated as the higher of fair value less costs of disposal and value in use.

For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Land is not depreciated. Depreciation on the other assets is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, office equipment, and other assets	3 – 7 years

Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amount of the asset and are included in profit or loss as gain (loss) on disposal of property, plant, and equipment.

Goodwill and intangible assets

Goodwill represents the excess of the consideration transferred in a given acquisition over the fair value of the identifiable net assets acquired and is initially recorded at that value. Goodwill is subsequently carried at cost less any impairment.

Intangible assets include trademarks and tradename, customer relationships, producer relationships, and Minneapolis Grain Exchange memberships. Intangible assets are initially recorded at their transaction fair values. Definite life intangible assets are subsequently carried at cost less accumulated amortization and less impairment losses, if any. Indefinite life intangible assets, including goodwill, are not amortized. However, they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired.

When testing goodwill for impairment, the carrying values of the Cash Generating Unit's (CGU) or group of CGU's, including goodwill and the Minneapolis Grain Exchange memberships, are compared with their respective recoverable amounts (higher of fair value less costs of disposal and value in use) and an impairment loss, if any, is recognized for the excess. Trademarks and tradenames, customer relationships, and producer relationships are considered to be definite life intangible assets and are amortized using the straight-line method over their useful lives of 10 years and are reviewed for indicators of impairment at each reporting period. Refer to "Impairment Testing of Cash-Generating Units" in Note 10 for a discussion of the CGU levels at which goodwill and intangible assets are tested.

Impairment of other long-lived assets

Other long-lived assets are subject to an "indicators of impairment" test at each reporting period. In the event of an indication of impairment, the asset or group of assets (referred to as CGU's), for which identifiable cash flows that are largely independent of the cash inflows from other assets or group of assets exist, are tested for impairment. An impairment loss is recorded in profit or loss when the carrying value exceeds the recoverable amount. The recoverable amount is defined as the greater of fair value less costs of disposal and value in use.

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Repurchase obligations

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.

Income taxes

Income tax expense (recovery) comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to a business combination, or to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as at the reporting date. Deferred tax assets and liabilities are offset to the extent that they relate to income taxes levied on the same taxable entity by the same taxation authority.

A deferred tax asset is recognized for unused tax losses and tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Earnings (loss) per Share

Earnings (loss) per Share ("EPS") is reported for basic and diluted net income (loss). Basic EPS is calculated by dividing net income (loss) for the reporting period by the weighted-average number of common shares outstanding during the reporting period. Diluted EPS is calculated by adjusting net income (loss) and the weighted-average number of common shares outstanding for the effects, if any, of all potentially dilutive common shares, resulting from the exercise of options or the redemption of Deferred Share Units outstanding as at the end of a reporting period. The dilutive effect is reflected in diluted EPS by applying the treasury stock method. The treasury stock method calculates the dilutive effect of share options and Deferred Share Units assuming that the proceeds to be received on the exercise are applied to repurchase common shares at the average market price of the period. Diluted

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loss per share is equivalent to basic loss per share, as the effect of potentially dilutive instruments on net loss is anti-dilutive.

Equity

Common shares

Common shares and equity settled deferred share units are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of the effects of income taxes, if any.

Reserve

The value of warrants issued that have expired is recognized in Reserves on the consolidated balance sheets, net of the effects of income taxes, if any.

Accumulated other comprehensive income

The accumulated fair value of forward contracts which are a designated hedge and are classified as FVOCI.

Repurchase of common shares

When common shares recognized as equity are repurchased, the amount of the consideration paid (which may include directly attributable transaction costs) is recognized as a deduction from equity, net of the effects of income taxes, if any. The portion of the consideration paid that represents the value of the stated capital of the shares repurchased is deducted from the carrying amount of common shares. Any difference between the total consideration paid and the stated capital amount of the shares repurchased is added to (or deducted from) retained earnings (deficit), as applicable.

Share-based payments

Deferred Share Unit – Equity Settled

The Corporation has established a Directors' Deferred Share Unit Plan (the "DSU Plan"), which became effective on March 10, 2014 and is an equity-settled share-based payment plan. Under the DSU Plan, a director who is not an employee of the Corporation or any affiliate (including any non-executive Chair of the Board) is an Eligible Director. Any Eligible Director may elect to receive some or all of the Annual Cash Remuneration amount (as defined in the DSU Plan) for that Director in the form of Deferred Share Units ("DSUs"). DSUs are settled by the issuance of common shares or cash for the fair value of common shares on the Entitlement Date (as defined under the DSU Plan), which is a date after the end of a director's term of service with the Board.

As at the dates on which DSUs are issued under the Plan, the Corporation recognizes as an expense the portion of the Directors' fees issued in the form of DSUs to the Director, which are issued at fair value, and increases deferred share units within shareholder's equity.

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Deferred Share Unit – Cash Settled

Effective December 1, 2020, the Board of Directors amended the DSU Plan to provide that any DSU granted on or after December 1, 2020, will be redeemed in cash in an amount equal to the fair market value of a Common Share. Cash-settled DSU transactions are measured at the fair value of the liability as at the date the cash settled DSUs are issued. At the end of each reporting period, the Corporation re-measures the fair value of the liability for such cash settled DSUs, and any changes in fair value of that liability is recognized in profit or loss for the period.

Stock Options

Stock options are equity-settled share-based payment transactions. The Corporation follows the fair value method to measure stock option awards it grants to certain officers, key employees and consultants of the Corporation and its subsidiaries. The fair value of stock options on the date the options are granted is determined by the Black Scholes option pricing model with assumptions for risk-free interest rate, dividend yield, and volatility of the expected market price of the Corporation's common shares. Expected annual volatility is estimated using historical volatility. Compensation is amortized to earnings over the vesting period of the related options with a corresponding entry to reserves. The Corporation uses graded or accelerated amortization, which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date. Once exercised, stock options are recorded in Common Shares on the consolidated balance sheets.

Stock Appreciation Rights

Stock Appreciation Rights (“SARs”) may be granted to officers, certain employees and consultants of the Corporation on such terms and conditions determined by the Board of Directors. Stand Alone SARs are cash-settled share-based payment transactions and are measured at the fair value of the liability as at the date the Stand-Alone SARs are vested. At the end of each reporting period, the Corporation re-measures the fair value of the liability for such Stand-Alone SARs, and any changes in fair value of that liability is recognized in profit or loss for the period. Tandem SARs are granted with stock options. Tandem SARs may be settled by the payment or the delivery of cash or common shares, as may be determined by the Board. Any portion of Tandem SARs to be settled for cash is measured using the measurement standards described for Stand-Alone SARs. The portion, if any, of the Tandem SARs to be settled by the issuance of common shares is measured using the measurement standards that apply to stock options awards, as described in the preceding paragraph. Tandem SAR liability is recorded in accounts payable and accrued liabilities on the consolidated balance sheets.

Option-pricing models require the use of highly subjective estimates and assumptions; including the expected share price volatility. Changes in the underlying assumptions can materially affect fair value estimates. Therefore, existing models do not necessarily provide reliable measurement of the fair value of the Corporation's share-based payments.

Restricted Stock Units

Restricted Stock Units (“RSUs”) may be granted to officers, certain employees, and consultants of the Corporation on such terms and conditions determined by the Board of Directors. RSUs are equity-settled share-based payment transactions. In accordance with IFRS 2, stock-based compensation expense for RSUs is measured based on the fair value (determined by the five-day VWAP) of the Corporation's

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common stock on the grant date. Each reporting period, the Corporation assesses the probability that vesting will be achieved and records the expense ratably throughout the vesting period. Once exercised, RSUs are recorded in Common Shares on the consolidated balance sheets.

Standards issued but not yet effective

Amendments to IAS 1 - Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* titled *non-current liabilities with covenants*. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, *Classification of liabilities as current or noncurrent*, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if an entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. We do not expect these amendments to have a material effect on the consolidated financial statements.

Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* and the IFRS Practice Statement 2 *Making Materiality Judgements* to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concepts when making judgments about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. Prospective application is required on adoption. We do not expect these amendments to have a material effect on the annual consolidated financial statements.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7, *Statement of Cash Flows* and IFRS 7, *Financial Instruments Disclosures* to provide guidance on disclosures related to supplier finance arrangements that enable users of financial statements to assess the effects of these arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. We do not expect these amendments to have a material effect on the annual consolidated financial statements .

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

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

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estimates are recognized prospectively. The following summarizes the accounting judgments, estimates and assumptions management considers significant:

Summary of Significant Accounting Judgments

Measurement of Deferred Tax

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

Interest Rate Swap Contract

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

Joint Arrangements

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

Summary of Significant Accounting Estimates

Inventories and Commodity Derivatives

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

Derivative instruments, including futures contracts, forward commitments, options and other similar types of contracts and commitments based on commodity derivatives, are carried at their fair value. Management determines the fair value based on exchange quoted prices and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets. While the

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Corporation considers its commodity contracts to be effective economic hedges, the Corporation does not designate or account for its commodity contracts as hedges. Realized and unrealized gains and losses in the value of commodity contracts and grain inventories are recognized in Cost of Sales. Unrealized gains and losses on these derivative contracts are included in due from broker, and Unrealized gains (losses) on open cash contracts on the Consolidated Balance Sheets.

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

Current Events

War in Ukraine

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

Acquisitions

Berthold Farmers Elevator, LLC (“BFE”)

On June 3, 2022, Ceres Global Ag Corp., through its wholly owned subsidiary, Riverland Ag, completed the purchase of Columbia Grain International, LLC’s 50% membership interest in BFE, a grain originator and merchandiser with locations in Berthold, ND and Carpio, ND for \$12.0 million. The other 50% membership interest in BFE is owned by The Berthold Farmers Elevator Company (“BFEC”), a farmer cooperative also based in Berthold, ND.

Ceres holds a 50% equity interest in BFE. Major strategic and operating decisions of BFE are made by its Board of Members and Ceres does not have a majority of the board seats. Due to these factors, Ceres has joint control and accounts for its investment in BFE using the equity method.

(5) DUE FROM (TO) BROKERS

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

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Amounts due from brokers consist of the following:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Margin deposits	\$ 5,403	\$ 6,429
Unrealized gains on futures contracts and options, at fair value	2,697	642
Unrealized gain on financial instrument hedge	2,142	1,766
	10,242	8,837
Unrealized losses on futures contracts and options, at fair value	-	(557)
	\$ 10,242	\$ 8,280

(6) INVENTORIES

Per IAS 2 paragraph 3(b) the Corporation is a commodity broker-trader who measures inventories at fair value less cost to sell at each reporting date. When such inventories are measured at fair value less costs to sell, the changes in fair value less costs to sell are recognized in profit or loss in the period of the change.

As at June 30, 2023 and June 30, 2022, the Corporation held inventories of \$57.7 million and \$66.5 million, respectively. As at June 30, 2023, inventories held at fair value less cost to sell totaled \$53.7 million compared to \$62.5 million as at June 30, 2022. As at June 30, 2023, inventories held at average cost totaled \$4.0 million compared to \$4.0 million at June 30, 2022. For the year ended June 30, 2023, inventories recognized as an expense through cost of sales totaled \$880.7 million. For the year ended June 30, 2022, inventories recognized as an expense through cost of sales totaled \$933.4 million.

(7) FINANCIAL INSTRUMENTS

Classification and measurement of financial instruments

Fair value of financial instruments

The Corporation's financial assets and liabilities measured at fair value in the consolidated balance sheets are categorized by level according to the reliability of the inputs used in making the measurements. The Corporation recognizes transfers between fair value measurements hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the year ended June 30, 2023.

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

<i>(in thousands of USD)</i>	June 30, 2023			Total
	Level 1	Level 2	Level 3	
Cash	\$ 6,038	\$ -	\$ -	\$ 6,038
Portfolio investments	-	-	784	784
Due from broker, margin deposits (note 5)	5,403	-	-	5,403
Due from broker, unrealized gains on futures and options (note 5)	2,697	-	-	2,697
Unrealized gains on open cash contracts	-	16,246	-	16,246
Unrealized gain on financial instrument hedge (note 5)	-	2,142	-	2,142
Unrealized losses on open cash contracts	-	(11,365)	-	(11,365)
Stock appreciation right liability included in accounts payable	-	-	(222)	(222)
Deferred share unit liability included in accounts payable	-	-	(271)	(271)
Balance June 30, 2023	<u>\$ 14,138</u>	<u>\$ 7,023</u>	<u>\$ 291</u>	<u>\$ 21,452</u>

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<i>(in thousands of USD)</i>	June 30, 2022			Total
	Level 1	Level 2	Level 3	
Cash	\$ 17,218	\$ -	\$ -	\$ 17,218
Portfolio investments	-	-	779	779
Due from broker, margin deposits (note 6)	6,429	-	-	6,429
Due from broker, unrealized gains on futures and options (note 6)	642	-	-	642
Unrealized gains on open cash contracts	-	47,645	-	47,645
Due from broker, unrealized losses on futures and options (note 6)	(557)	1,766	-	(557)
Unrealized losses on open cash contracts	-	(24,668)	-	1,766
Stock appreciation right liability included in accounts payable	-	-	(664)	(664)
Deferred share unit liability included in accounts payable	-	-	(361)	(361)
Balance June 30, 2022	<u>\$ 23,733</u>	<u>\$ 24,742</u>	<u>\$ (246)</u>	<u>\$ 48,229</u>

Reconciliation of Level 3 fair values:

<i>(in thousands of USD)</i>	Portfolio Investments
Balance at June 30, 2021	\$ 809
Unrealized foreign exchange loss	<u>(30)</u>
Balance at June 30, 2022	779
Unrealized foreign exchange gain (loss)	<u>5</u>
Balance at June 30, 2023	<u>\$ 784</u>

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<i>(in thousands of USD)</i>	Stock Appreciation Right Liability
Balance at June 30, 2021	\$ (1,334)
Revaluation of stock appreciation right liability	941
Expense	(410)
Exercises	86
Unrealized foreign exchange gain (loss)	53
Balance at June 30, 2022	(664)
Revaluation of stock appreciation right liability	484
Expense	(72)
Exercises	-
Unrealized foreign exchange gain (loss)	30
Balance at June 30, 2023	\$ (222)

<i>(in thousands of USD)</i>	Deferred Share Unit Liability
Balance at June 30, 2021	\$ (254)
Expense	(246)
Exercises	-
DSU liability revaluation	138
Unrealized foreign exchange gain (loss)	1
Balance at June 30, 2022	(361)
Expense	(69)
Exercises	84
DSU liability revaluation	75
Unrealized foreign exchange gain (loss)	-
Balance at June 30, 2023	\$ (271)

Management of financial instruments risks

In the normal course of business, the Corporation is exposed to various financial instruments risks, including market risk (consisting of price risk, commodity risk, interest rate risk and currency risk), credit risk, custodian and prime brokerage risks, and liquidity risk. The Corporation's overall risk management program seeks to minimize potentially adverse effects of those risks on the Corporation's financial performance. The Corporation may use derivative financial instruments to mitigate certain risk exposures. The Corporation may invest in non-public and public issuers and assets. There were no changes to the Corporation's management of these risk exposures during the year ended June 30, 2023.

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Commodity Risk

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

Management has determined the effect on the results of operations of the Corporation for the year ended June 30, 2023 if the fair value of each of the open cash contracts as at June 30, 2023 had increased or decreased by 5%, using the open cash contracts as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

The potential effects on the result of operations for the year ending June 30, 2023 would be as follows:

<i>(in thousands of USD except income per share)</i>	Increase (decrease) in net income	Increase (decrease) in income per share
5% increase in bid/ask prices of commodities	\$ 1,933	\$ 0.06
5% decrease in bid/ask prices of commodities	\$ (1,933)	\$ (0.06)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at June 30, 2023, Ceres had no long or short portfolio positions in any interest-bearing investment securities.

As at June 30, 2023, except for cash on deposit, the amounts of which vary from time-to-time and on which the Corporation earns interest at nominal variable interest rates, the Corporation had no other variable rate interest-bearing financial assets. As at those dates, a notional increase or decrease in interest rates applicable to cash on deposit would not have materially affected interest revenue and the results of operations. Therefore, as at June 30, 2023, the Corporation's assets are not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

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Custody and Prime Brokerage Risk

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

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at June 30, 2023 and June 30, 2022, the following are the contractual maturities of financial liabilities, excluding interest payments:

June 30, 2023

<i>(in thousands of USD)</i>	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	\$ 18,684	\$ 19,000	\$ 19,000	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	44,491	44,491	44,491	-	-	-
Accounts payable - related parties	252	252	252	-	-	-
Unrealized losses on open cash contracts	11,365	11,365	11,365	-	-	-
Term loan (note 13)	42,167	42,625	2,500	2,500	37,625	-
	\$ 116,959	\$ 117,733	\$ 77,608	\$ 2,500	\$ 37,625	\$ -

June 30, 2022

<i>(in thousands of USD)</i>	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	\$ 54,676	\$ 55,000	\$ 55,000	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	51,600	51,600	51,600	-	-	-
Accounts payable - related parties	1,597	1,597	1,597	-	-	-
Unrealized losses on open cash contracts	24,668	24,668	24,668	-	-	-
Term loan (note 13)	47,506	48,125	2,500	2,500	43,125	-
	\$ 180,047	\$ 180,990	\$ 135,365	\$ 2,500	\$ 43,125	\$ -

Commodity Purchase Obligations

The Corporation enters into forward purchase contracts of commodities with producers through the normal course of business. These forward purchase contracts are largely offset by forward sales contracts of commodities and the net of these forward contracts are offset by exchange-traded futures

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and options contracts or over-the-counter contracts. As at June 30, 2023, the Corporation had forward purchase contracts of \$150.1 million, with \$149.6 million payable within 12 months.

The Corporation considers its share capital and, equity reserves as capital, which at June 30, 2023 was \$142.9 million (2022: \$149.5 million). The Corporation manages its capital structure to ensure sufficient resources are available to meet day-to-day operating requirements and other obligations, and to allow it to enhance existing product offerings as well as develop new ones and to have the financial ability to expand the size of its operations by taking on new customers.

Methods used by the Corporation to manage its capital include the issuance of new shares or new debt (secured, unsecured, convertible and/or other types of available debt instruments).

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Corporation's approach to capital management during the year ended June 30, 2023.

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

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than USD. Therefore, Ceres is exposed to currency risk, as the value of any monetary assets or liabilities denominated in currencies other than USD will vary due to changes in foreign exchange rates.

As at June 30, 2023, the following is a summary, at fair value, of Ceres' exposure to currency risks on monetary assets and liabilities:

<i>(in thousands of USD)</i>	Net asset (liability) exposure
Canadian dollars	\$ 295

The following is a summary of the effect on Ceres' profit or loss for the year ended June 30, 2023 if the USD had become 5% stronger or weaker against the CAD as at June 30, 2023, with all other variables remaining constant, related to monetary assets and liabilities denominated in CAD:

<i>(in thousands of USD except income per share)</i>	Increase (decrease) in net income	Increase (decrease) in income per share
CAD 5% Stronger	\$ 309	\$ -
CAD 5% Weaker	\$ (281)	\$ -

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Currency risk for Ceres relates to transactions denominated in a currency other than USD and the translation of its accounts from CAD to the functional currency of USD. Transactional gains and losses on foreign exchange are recorded in “Finance income (loss)” in profit or loss.

Other financial instruments

The carrying values of accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate their fair values as at June 30, 2023 due to the short-term nature of these instruments. The carrying value of long-term debt approximates fair value as at June 30, 2023 based on current market rates for similar instruments.

(8) INVESTMENTS IN ASSOCIATES

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Savage Riverport, LLC, membership units	\$ 3,801	\$ 4,179
Stewart Southern Railway Inc., common shares	1,832	1,783
Farmers Grain, LLC, membership units	8,511	8,272
Berthold Farmers Elevator, LLC, membership units	12,411	11,897
Investments in associates	\$ 26,555	\$ 26,131

(a) Savage Riverport, LLC (“Savage”)

Savage is a joint venture in which the Corporation has joint control and a 50% ownership interest. Savage was founded by the Corporation and Consolidated Grain and Barge (“CGB”) on April 30, 2018. On that date, the Corporation transferred the grain elevator and related assets at its Savage, Minnesota facility, which had a net book value of \$9.4 million as at April 30, 2018, to the newly formed entity. Savage is principally engaged in grain storage and handling services and is based in Savage, MN. Subsequent to the transaction in fiscal year 2018, Ceres received cash of \$8.5 million in exchange for 50% of the equity in Savage, of which, \$2.0 million was utilized to pay down term debt at that time. The sale of the equity in Savage net of transaction fees resulted in a gain of \$3.7 million. The Corporation is recognizing the remaining gain of \$3.8 million over the useful life of the contributed assets.

Major strategic and operating decisions of Savage are made by its board of members and Ceres does not have a majority of the board seats.

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Due to these factors, Ceres has joint control of Savage, and accounts for its investment in Savage using the equity method.

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Beginning investment in Savage	\$ 4,179	\$ 4,612
Corporation's 50% share of joint venture net income (loss)	(725)	(780)
Amortization of deferred gain	347	347
Ending investment in Savage	\$ 3,801	\$ 4,179

Included below is summary balance sheet and profit and loss information of Savage as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Current assets	\$ 920	\$ 915
Non-current assets	12,609	13,382
Total assets	13,529	14,297
Current liabilities	1,775	1,039
Non-current liabilities	97	150
Net assets	11,657	13,108
The following amounts have been included in the amounts above: Cash and cash equivalents	\$ 464	\$ 491

	For the years ended	
	June 30, 2023	June 30, 2022
Revenues	\$ 2,931	\$ 2,925
Loss from operations	(1,506)	(1,614)
Net and comprehensive loss	(1,451)	(1,560)
The following amounts have been included in the amounts above: Depreciation and amortization	\$ 1,286	\$ 1,271

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Included below is a reconciliation of Savage's equity to the carrying value reported on the consolidated balance sheets as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Opening net assets of Savage	\$ 13,108	\$ 14,668
Joint venture net loss	(1,451)	(1,560)
Closing net assets of Savage	11,657	13,108
Corporation's share of net assets at 50%	5,829	6,554
Deferred gain on disposal of assets	(2,375)	(2,722)
Plus: Amortization of deferred gain	347	347
Investment in Savage	\$ 3,801	\$ 4,179

For the year ended June 30, 2023, the Corporation's consolidated profit or loss included the Corporation's share in the net loss of Savage's equity, after recognition of the amortization of deferred gain, is a net loss of \$379 thousand compared to a 2022 net loss of \$433 thousand. During the years ended June 30, 2023 and 2022, the Corporation did not receive a dividend from Savage.

(b) *SSR*

Ceres holds a 25% equity interest in SSR, a Canadian private company. Ceres also holds rights to a 25% voting position on SSR's board of directors. SSR operates a 132-kilometre (82-mile) short-line railway in southeastern Saskatchewan. Major operating decisions of SSR are made by its board of directors and Ceres does not have a majority of the board seats. Due to these factors, Ceres does not control SSR, and accounts for its investment in SSR using the equity method.

Included below is a reconciliation of the Corporation's 25% portion in SSR's equity to the carrying value reported on the consolidated balance sheets as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Investee's equity as at reporting date	\$ 6,876	\$ 6,685
Corporation's 25% portion of SSR equity	1,719	1,670
Goodwill	113	113
Carrying value	\$ 1,832	\$ 1,783

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<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Revenues	\$ 2,516	\$ 1,804
Income (loss)	87	(467)
Net and comprehensive income (loss)	196	(389)
Current assets	661	355
Non-current assets	6,668	6,975
Total Assets	7,329	7,330
Current liabilities	165	248
Non-current liabilities	288	397
Net assets	\$ 6,876	\$ 6,685

For the year ended June 30, 2023, the Corporation's consolidated profit or loss included the Corporation's share in the net income of SSR's equity of \$49 thousand (2022: net loss of \$98 thousand). During the year ended June 30, 2023 and 2022, the Corporation did not receive a dividend from SSR.

Reconciliation of the Corporation's share in net income of SSR to carrying value:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Investee's equity at beginning of year	\$ 1,783	\$ 1,881
Ceres' share in SSR net income	49	(98)
Carrying value	\$ 1,832	\$ 1,783

(c) *Farmers Grain*

Farmers Grain is a joint venture in which the Corporation, through its wholly owned U.S. subsidiary, Riverland Ag, has joint control and a 50% ownership interest along with FCGS. Farmers Grain was established on February 10, 2021, with Riverland contributing \$6.7 million cash and is based in Thief River Falls, MN.

Ceres holds a 50% equity interest in Farmers Grain. Major operating decisions of Farmers Grain are made by its board of members and Ceres does not have a majority of the board seats.

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Due to these factors, Ceres has joint control of Farmers Grain, and accounts for its investment in Farmers Grain using the equity method.

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Beginning investment in Farmers Grain	\$ 8,272	\$ 8,440
Capital contribution	2,000	-
Corporation's 50% share of joint venture net income (loss)	(1,761)	(168)
Ending investment in Farmers Grain	\$ 8,511	\$ 8,272

Included below is summary balance sheet and profit and loss information of Farmers Grain as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Current assets	\$ 9,636	\$ 12,213
Non-current assets	23,198	22,851
Total assets	32,834	35,064
Current liabilities	6,669	10,430
Non-current liabilities	9,143	8,774
Net assets	\$ 17,022	\$ 15,860

	For the years ended	
	June 30, 2023	June 30, 2022
Revenues	\$ 97,711	\$ 41,036
Income (loss) from operations	(2,828)	(325)
Net and comprehensive income (loss)	(2,838)	(336)
The following amounts have been included in the amounts above: Depreciation and amortization	\$ (1,286)	\$ (587)

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Included below is a reconciliation of Farmers Grain's equity to the carrying value reported on the consolidated balance sheets as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Opening net assets of Farmers Grain	\$ 15,860	\$ 16,196
Capital contributions	4,000	-
Joint venture net loss	(2,838)	(336)
Closing net assets of Farmers Grain	17,022	15,860
Corporation's share of net assets at 50%	8,511	8,272
Investment in Farmers Grain	\$ 8,511	\$ 8,272

For the year ended June 30, 2023, the Corporation's consolidated profit or loss included the Corporation's share in the net loss of Farmers Grain's equity is a net loss of \$1.8 million compared to \$168 thousand in 2022. During the years ended June 30, 2023 and 2022, the Corporation did not receive a dividend from Farmers Grain.

(d) *BFE*

On June 3, 2022, Ceres Global Ag Corp., through its wholly owned subsidiary, Riverland Ag, completed the purchase of Columbia Grain International, LLC's 50% membership interest in BFE for \$12.0 million. BFE is a grain originator and merchandiser with locations in Berthold, ND and Carpio, ND. The other 50% membership interest in BFE is owned by BFEC, a farmer cooperative also based in Berthold, ND.

Ceres holds a 50% equity interest in BFE. Major strategic and operating decisions of BFE are made by its board of members and Ceres does not have a majority of the board seats.

Due to these factors, Ceres has joint control of BFE, and accounts for its investment in BFE using the equity method.

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Beginning investment in BFE	\$ 11,897	\$ 12,000
Distribution	(238)	-
Corporation's 50% share of joint venture net income (loss)	765	(102)
Other	(13)	(1)
Ending investment in BFE	\$ 12,411	\$ 11,897

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Included below is summary balance sheet and profit and loss information of BFE as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Current assets	\$ 37,938	\$ 33,107
Non-current assets	13,978	5,839
Total assets	51,916	38,946
Current liabilities	27,189	23,098
Non-current liabilities	-	-
Net assets	\$ 24,727	\$ 15,848

The following amounts have been included in the amounts above: Cash and cash equivalents

\$ 22,560	\$ 13,099
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	For the years ended	
	June 30, 2023	June 30, 2022
Revenues	\$ 132,295	\$ 11,751
Loss from operations	3,158	(734)
Net and comprehensive income (loss)	1,529	(204)

The following amounts have been included in the amounts above: Depreciation and amortization

\$ 1,463	\$ 123
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Included below is a reconciliation of BFE's equity to the carrying value reported on the consolidated balance sheets as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Opening net assets of BFE	\$ 23,674	\$ 23,878
Joint venture net income (loss)	1,529	(204)
Distributions	(474)	-
Closing net assets of BFE	24,729	23,674
Corporation's share of net assets at 50%	12,364	11,837
Other	48	60
Investment in BFE	\$ 12,412	\$ 11,897

For the year ended June 30, 2023, the Corporation's consolidated profit or loss included the Corporation's share in the net income of BFE, after recognition of the amortization of deferred loss, is net income of \$752 thousand compared to a \$103 thousand loss in 2022. During the year ended June 30, 2023, the Corporation received a \$237 thousand distribution from BFE. The Corporation did not receive a dividend in 2022.

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(9) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised the following at June 30, 2023 and June 30, 2022:

(in thousands of USD)	Land	Buildings, Silos & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
Cost						
June 30, 2022	\$ 21,232	\$ 81,121	\$ 34,775	\$ 4,230	\$ 355	\$ 141,713
Additions	-	-	-	-	1,402	1,402
Placed in service	-	720	697	-	(1,417)	-
Disposals	(8)	(10)	(37)	-	(13)	(68)
June 30, 2023	\$ 21,224	\$ 81,831	\$ 35,435	\$ 4,230	\$ 327	\$ 143,047
Accumulated depreciation						
June 30, 2022	\$ -	\$ (20,944)	\$ (12,071)	\$ (3,101)	\$ -	\$ (36,116)
Depreciation	-	(2,961)	(2,683)	(182)	-	(5,826)
Disposals	-	4	14	-	-	18
June 30, 2023	\$ -	\$ (23,901)	\$ (14,740)	\$ (3,101)	\$ -	\$ (41,924)
Carrying amount						
June 30, 2023	\$ 21,224	\$ 57,930	\$ 20,695	\$ 947	\$ 327	\$ 101,123

(in thousands of USD)	Land	Buildings, Silos & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
Cost						
June 30, 2021	\$ 21,534	\$ 83,547	\$ 33,401	\$ 4,438	\$ 3,357	\$ 146,277
Additions	-	-	-	-	2,805	2,805
Placed in service	-	2,489	3,197	-	(5,686)	-
Disposals	(302)	(1,734)	(993)	(74)	(125)	(3,228)
Reclassification for asset held for sale	-	(3,181)	(830)	(134)	-	(4,145)
Assets reclassifications	-	-	-	-	4	4
June 30, 2022	\$ 21,232	\$ 81,121	\$ 34,775	\$ 4,230	\$ 355	\$ 141,713
Accumulated depreciation						
June 30, 2021	\$ -	\$ (18,806)	\$ (9,956)	\$ (2,934)	\$ -	\$ (31,696)
Depreciation	-	(3,156)	(2,726)	(353)	-	(6,235)
Reclassification for asset held for sale	-	868	408	134	-	1,410
Disposals	-	150	203	52	-	405
June 30, 2022	\$ -	\$ (20,944)	\$ (12,071)	\$ (3,101)	\$ -	\$ (36,116)
Carrying amount						
June 30, 2022	\$ 21,232	\$ 60,177	\$ 22,704	\$ 1,129	\$ 355	\$ 105,597

There were \$107 thousand of property, plant and equipment additions that have been accrued but not yet paid as at June 30, 2023 compared to \$91 thousand as at June 30, 2022.

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Sale of Port Colborne Facility

On February 17, 2023, the Corporation completed the sale of its Port Colborne facility in Ontario to London Agricultural Commodities for gross proceeds of \$4.0 million. As at June 30, 2022, the asset was classified as an asset held for sale on the balance sheet and a gain of \$1.2 million was recorded within gain on sale of property, plant, and equipment during the year ended June 30, 2023.

Loss on Cancellation of Northgate Crush Project

On October 14, 2021, the Corporation entered into a purchase agreement with a vendor to supply equipment for the planned canola crush plant to be located at the Corporation's Northgate, Saskatchewan location. During the year ended June 30, 2022, the committed and paid amount under agreement (\$20.0 million), along with other consulting and engineering fees (\$5.9 million), totaled \$25.9 million and were previously recorded as "Other assets" in the second quarter interim condensed financial statements as at December 31, 2021. During the year ended June 30, 2022, the Corporation wrote off its assets attributed to the crush project of \$25.9 million, concurrent with the suspension of the project and termination of the related vendor purchase agreement.

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(10) INTANGIBLE ASSETS

Intangible assets are comprised the following as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	Trademarks, tradenname, customer/ producer relationships	Goodwill	Other intangible assets	Total
Intangible assets				
June 30, 2022	\$ 6,448	\$ 4,704	\$ 150	\$ 11,302
Additions	-	-	-	-
Disposals	(3,967)	-	-	(3,967)
June 30, 2023	<u>\$ 2,481</u>	<u>\$ 4,704</u>	<u>\$ 150</u>	<u>\$ 7,335</u>
Accumulated amortization				
June 30, 2022	\$ (4,691)	\$ -	\$ -	\$ (4,691)
Amortization	(248)	-	-	(248)
Disposals	3,967	-	-	3,967
June 30, 2023	<u>\$ (972)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (972)</u>
Carrying amount				
June 30, 2023	<u>\$ 1,509</u>	<u>\$ 4,704</u>	<u>\$ 150</u>	<u>\$ 6,363</u>

<i>(in thousands of USD)</i>	Trademarks, tradenname, customer/ producer relationships	Goodwill	Other intangible assets	Total
Intangible assets				
June 30, 2021	\$ 6,595	\$ 4,704	\$ 150	\$ 11,449
Additions	-	-	-	-
Disposals	(147)	-	-	(147)
June 30, 2022	<u>\$ 6,448</u>	<u>\$ 4,704</u>	<u>\$ 150</u>	<u>\$ 11,302</u>
Accumulated amortization				
June 30, 2021	\$ (4,471)	\$ -	\$ -	\$ (4,471)
Amortization	(263)	-	-	(263)
Disposals	43	-	-	43
June 30, 2022	<u>\$ (4,691)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,691)</u>
Carrying amount				
June 30, 2022	<u>\$ 1,757</u>	<u>\$ 4,704</u>	<u>\$ 150</u>	<u>\$ 6,611</u>

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Tradenames and trademarks and customer and producer relationships were acquired as part of the purchase of Delmar. These intangible assets are amortized on a straight-line basis over 10 years. As at June 30, 2023 the remaining useful life of the intangible assets related to the Delmar acquisition was 6.1 years.

Impairment testing of cash-generating units

In determining whether goodwill is impaired, the Corporation is required to estimate the respective recoverable amounts of CGUs or groups of CGUs to which goodwill is allocated. Management considers the segments below to be CGUs as they represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

As at June 30, 2023, the Corporation has three operating segments: Grain, Supply Chain Services, and Seed and Processing. Goodwill is allocated to each CGU or group of CGUs as follows:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Seed and Processing ¹	4,704	4,704
Goodwill	\$ 4,704	\$ 4,704

(1) Within Seed and Processing, the goodwill is attributable to the existing soybean crush plant that was acquired as part of the Delmar acquisition.

Recoverable amounts for the Seed and Processing division have been estimated using a value in use discounted cash flow model based on the following key assumptions:

- Cash flows: Cash flow forecasts for a given CGU are based on earnings before interest, income taxes, depreciation and amortization, and are adjusted for a growth rate. The cash flow forecast does not exceed a period of 10 years with a terminal value calculated as a perpetuity in the final year.
- Growth rate: Management uses a growth rate of 2.0% to adjust its forecasted cash flows based on expected increases in inflation and revenues for the CGU.
- Discount rate: Cash flows are discounted using pre-tax discount rates. The pre-tax discount rate applied to the Seed and Processing division was 10.0%.

The Corporation performed its annual impairment testing of goodwill based on the June 30, 2023 balances, and the recoverable amounts exceeded the respective carrying values including goodwill; therefore, goodwill was not considered to be impaired as at June 30, 2023.

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(11) LEASE LIABILITIES AND RIGHT OF USE ASSETS

Right of use assets are comprised of the following as at June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	Land and Buildings	Machinery and Equipment	Office Equipment	Total Right of Use Assets
June 30, 2022	\$ 3,900	\$ 845	\$ 83	\$ 4,828
Additions and modifications	-	149	-	149
Disposals	(378)	(402)	(12)	(792)
Unrealized foreign exchange gain (loss)	-	-	-	-
June 30, 2023	\$ 3,522	\$ 592	\$ 71	\$ 4,185
Accumulated amortization				
June 30, 2022	\$ (1,278)	\$ (440)	\$ (27)	\$ (1,745)
Amortization	(489)	(182)	(15)	(586)
Disposals	155	393	12	560
June 30, 2023	\$ (1,612)	\$ (129)	\$ (30)	\$ (1,771)
Carrying amount				
June 30, 2023	\$ <u>1,910</u>	\$ <u>463</u>	\$ <u>41</u>	\$ <u>2,414</u>

<i>(in thousands of USD)</i>	Land and Buildings	Machinery and Equipment	Office Equipment	Total Right of Use Assets
June 30, 2021	\$ 3,889	\$ 1,060	\$ 120	\$ 5,069
Additions and modifications	15	-	-	15
Disposals	-	(219)	(37)	(256)
Unrealized foreign exchange gain (loss)	(4)	4	-	-
June 30, 2022	\$ <u>3,900</u>	\$ <u>845</u>	\$ <u>83</u>	\$ <u>4,828</u>
Accumulated amortization				
June 30, 2021	\$ (765)	\$ (372)	\$ (46)	\$ (1,183)
Amortization	(513)	(194)	(18)	(725)
Disposals	-	126	37	163
June 30, 2022	\$ (1,278)	\$ (440)	\$ (27)	\$ (1,745)
Carrying amount				
June 30, 2022	\$ <u>2,622</u>	\$ <u>405</u>	\$ <u>56</u>	\$ <u>3,083</u>

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<i>(in thousands of USD)</i>	<u>Lease Liabilities</u>
Lease payments due within:	
1 year	\$ 634
2 years	584
3-5 years	760
6 or more years	<u>1,570</u>
Contractual lease cash flow	3,548
Interest attributed to lease payments	<u>(1,035)</u>
Balance at June 30, 2023	<u>\$ 2,513</u>

(12) BANK INDEBTEDNESS

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 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. The 2023 Credit Facility has certain covenants pertaining to the accounts of the Corporation, as at June 30, 2023, the Corporation was in compliance with all covenants.

As at June 30, 2023 and June 30, 2022, the Corporation had \$35.8 million and \$28.6 million in availability, respectively, on its revolving credit facility.

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As at June 30, 2023 and June 30, 2022, the carrying amount of bank indebtedness is summarized as follows:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Revolving credit facility	\$ 19,000	\$ 55,000
Unamortized financing costs	(316)	(324)
Bank indebtedness	\$ 18,684	\$ 54,676

The 2023 Credit Facility is secured by substantially all assets (excluding (a) real property and (b) real property, improvements, Fixtures, Equipment, related books and records and proceeds of the foregoing held as collateral pursuant to the terms of the BMO Term Loan Agreement) of all Loan Parties including but not limited to, cash and cash equivalents, hedging accounts, accounts receivables, inventory, contractual rights and intangibles, including (without limitation) a pledge of the equity interests held by any Loan Party in its Subsidiaries, but excluding equity interests (i) held by any Loan Party in Canterra Seeds Holdings Ltd., Stewart Southern Railway Inc., Savage Riverport, LLC, Ocean Harvest Technology (Canada) Inc., Performance Plants Inc., and WindTronics, LLC and (ii) held by Riverland in Farmers Grain, LLC and Berthold Farmers Elevator, LLC.

(13) TERM LOAN

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

- 3.5% plus one-month LIBOR; or
- 2.5% plus the greater of (i) Lender's prime commercial rate as in effect on such day, (ii) the sum of the 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 BMO Loan. The amount of the floating-to-fixed interest rate swap will reduce in tandem with the quarterly principal repayments on the loan. The swap locks in the variable LIBOR portion of the interest rate at 0.721%.

<i>(in thousands of USD)</i>	Carrying amount
BMO Term Loan	\$ 26,625
BMO Delayed Draw	16,000
Interest rate swap contract	2,142

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

The notional balance outstanding on the swap as at June 30, 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 June 30, 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 \$2.1 million on the consolidated balance sheet.

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

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

During the fiscal year ended June 30, 2023, the Corporation utilized \$3.0 million from the proceeds of the sale of its Port Colborne Facility to pay down the BMO Delayed Draw.

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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.

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Current portion of term loan	\$ 2,500	\$ 2,500
Less current portion of unamortized financing costs	(159)	(162)
Current portion of term loan	2,341	2,338
Long-term portion of term loan	40,125	45,625
Less long-term portion of unamortized financing costs	(299)	(457)
Long-term loan	39,826	45,168
Total	\$ 42,167	\$ 47,506

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

(14) FINANCE INCOME (LOSS)

The following table presents realized and unrealized gains (losses) on foreign exchange, currency-hedging transactions and the revaluation of portfolio investments for the years ended June 30, 2023 and 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Realized and unrealized gain (loss) on foreign exchange	\$ 56	\$ (195)
Finance lease interest income	-	-
Finance income (loss)	\$ 56	\$ (195)

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(15) INTEREST EXPENSE

The following table presents interest expense for the years ended June 30, 2023 and 2022:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Interest on bank indebtedness	\$ (2,652)	\$ (2,490)
Interest on term loan	(3,446)	(1,272)
Interest on term loan swap	872	-
Interest on repurchase obligations	(139)	(121)
Interest attributable to leases	(157)	(197)
Amortization of financing costs paid	(712)	(705)
Other interest income	(2)	15
Interest expense	\$ (6,236)	\$ (4,770)

(16) EQUITY

(a) *Authorized*

Unlimited number of voting, participating Common shares, without par value.

(b) *Stock Option and Appreciation Rights*

On March 10, 2014, the Board of Directors approved the Ceres Global Ag Corp. Stock Option Plan, as later amended and renamed the “Equity Incentive Plan.” Participation in the Equity Incentive Plan is available to certain officers, key employees and consultants of the Corporation and its subsidiaries. The purpose of the Equity Incentive Plan is to attract, retain and motivate these parties by providing them with the opportunity, through options, to acquire a proprietary interest in the Corporation and to benefit from its growth.

The Equity Incentive Plan is administered by the Board of Directors, which determines (among other things) those officers, key employees and consultants who may be granted awards as Participants and the terms and conditions of any award to any such Participant. The exercise price of the options is fixed by the Board of Directors and may be no less than 100% of the Market Price on the effective date of the award of the options, which may be granted for a term not exceeding ten (10) years. The maximum number of common shares reserved for issuance upon the exercise of options cannot exceed 10% of the total number of common shares issued and outstanding less the number of common shares reserved for issuance under the Corporation’s Directors Deferred Share Unit Plan (note 17). Restrictions exist as to the number of options that may be granted to Insiders (as defined) within any one-year period, and as to the number of, and the aggregate fair market value of, the common shares underlying the options that may be granted to any one Participant.

The Equity Incentive Plan also provides for the Board of Directors to grant SARs to certain officers, key employees and consultants of the Corporation. Stand-Alone SARs granted under the Plan become vested at such times, in such installments and subject to the terms and conditions of the Equity Incentive Plan (including satisfaction of performance criteria and/or continued employment) as may be determined by the Board of Directors. The Base Price for each common share subject to a Stand-Alone SAR may not be

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less than 100% of the Market Price of a common share on the effective date of the award of such Stand-Alone SAR. Tandem SARs may be granted at or after the effective date of the related award of options, and each Tandem SAR is subject to the same terms and conditions and denominated in the same currency as the option to which it relates and the additional terms and conditions under the Equity Incentive Plan. Tandem SARs may be exercised only if and to the extent the options related thereto are then vested and exercisable. On exercise of a Tandem SAR, the related option will be cancelled, and the Participant will be entitled to an amount in settlement of such Tandem SAR calculated and, in such form, as provided by the Equity Incentive Plan.

On May 10, 2018, the Board of Directors, authorized an amendment to all issued and outstanding options awards to add a Tandem SAR grant and revised vesting schedule.

During the year ended June 30, 2023, Ceres granted stock option awards (“Options”), which include Tandem SARs, under the Corporation’s stock option plan to certain officers and employees of the Corporation. As at June 30, 2023, the outstanding Tandem SARs are as follows:

	Number of Options	Weighted average exercise price (CAD)	Weighted average remaining contractual term (years)
Outstanding as at June 30, 2021	1,303,375	\$ 4.61	1.66
Granted	375,000	4.71	4.30
Exercised	(63,750)	3.36	-
Forfeited	(60,250)	3.84	-
Expired	(34,500)	5.75	-
Outstanding as at June 30, 2022	1,519,875	4.15	2.37
Granted	220,000	2.47	3.61
Exercised	(1,500)	3.12	-
Forfeited	(141,500)	4.30	-
Expired	(736,875)	4.38	-
Outstanding as at June 30, 2023	860,000	\$ 3.51	2.88

At the grant date, the fair value of the Options was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions: an average risk-free interest rate of 3.06%; expected volatility of 54.83%; dividend yield of nil; an average expected option life of 3.61 years; and average exercise price of CAD \$2.47. The weighted average grant date fair value of the Options granted during the year ended June 30, 2023, is CAD \$0.97 and CAD \$0.75 for the year ended June 30, 2022. As at June 30, 2023, Options had exercise prices ranging from CAD \$2.35 to CAD \$5.15 and CAD 3.12 to CAD \$5.84 as at June 30, 2022.

On the exercise date, the weighted average share price of common shares on the market was CAD \$3.12 for the year ended June 30, 2023, and CAD \$5.13 for the year ended June 30, 2022.

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The total Option compensation cost included in general and administrative expenses for the year ended June 30, 2023, amounted to \$72 thousand and \$410 thousand for the year ended June 30, 2022, with the non-cash expense being accrued and classified within Stock appreciation right liability in the consolidated balance sheets.

In the first quarter of fiscal year 2023, the Corporation granted 250,000 Restricted Stock Units (“RSUs”) under the Equity Plan, with a grant date fair value of \$915 thousand. The RSUs vest in five equal installments based on the attainment of certain performance measures and the employee’s continued service through the vest date. As at June 30, 2023, the outstanding RSUs are as follows:

	Number of Units
Balances, June 30, 2021	206,718
Restricted stock units exercised	(51,680)
Restricted stock units granted	42,827
Balance at June 30, 2022	197,865
Restricted stock units exercised	(205,038)
Restricted stock units cancelled	(42,827)
Restricted stock units granted	250,000
Balances, June 30, 2023	200,000

(c) *Issued and outstanding as at June 30, 2023 and June 30, 2022*

The following is a summary of the changes in the Common shares for the year ended June 30, 2023:

	Common shares	
	Number of shares	Amount (<i>in thousands of USD</i>)
Balances, June 30, 2022	30,800,597	\$ 172,470
Restricted stock options exercised (net of shares withheld for taxes)	128,759	359
Deferred share units exercised	164,788	527
Balances, June 30, 2023	31,094,144	\$ 173,356

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(d) *Earnings per share*

The following is a summary of Earnings per share for the years ended June 30, 2023, and June 30, 2022:

<i>(Net income in thousand of USD)</i>	June 30,	
	2023	2022
Net income (loss)	\$ (7,912)	\$ (8,823)
Weighted average number of commons shares (basic)	31,063,489	30,793,602
Dilutive effect of Options	-	-
Dilutive effect of Deferred share units	-	-
Weighted average number of common shares (diluted)	\$ 31,063,489	\$ 30,793,602
Basic income (loss) per common share	\$ (0.25)	\$ (0.29)
Diluted income (loss) per common share	\$ (0.25)	\$ (0.29)

As at June 30, 2023 and June 30, 2022, directors and officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over 54.4% and 55.8%, respectively, of the outstanding Common shares of the Corporation.

(17) DEFERRED SHARE UNIT PLAN

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

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

Effective March 10, 2014, Ceres has a Directors' DSU Plan, whereby DSUs are issued to Eligible Directors, in lieu of cash, for a portion of Directors' fees otherwise payable to Directors. The Fair Market Value of the DSUs on the date such units are calculated and issued represents the volume-weighted average trading price of Ceres' common shares for the five trading days immediately preceding the date of issuance of the DSUs. Each DSU entitles the director to receive payment after the end of the director's term in the form of common shares of the Corporation. Under the plan, the aggregate number of common shares issuable by Ceres under this Plan was limited to 450,000 and subsequently amended to 600,000 common shares. Certain insider restrictions and annual dollar limits per Eligible Director exist. Dividends, if any, otherwise payable on the common shares represented by the DSUs are converted into additional DSUs based on the Fair Market Value as of the date on which any such dividends would be paid. The DSU Plan also provides for the Board of Directors to award additional DSUs (referred to in the

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Plan agreement as “Matching DSUs”) to an Eligible Director who has elected to receive DSUs pertaining to his/her Annual Cash Remuneration amount (as defined by the Plan).

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

The following table summarizes the information related to DSUs outstanding:

	Number of DSUs	Amount (in thousands of USD)
Balances, June 30, 2021 and June 30, 2022	515,642	\$ 1,762
Exercised	(171,993)	(544)
Balances, June 30, 2023	<u>343,649</u>	<u>\$ 1,218</u>

(18) 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 fiscal years ended:

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
Salary and short-term employee and director benefits	\$ 1,936	\$ 6,251
Share-based compensation	516	606
Executive severance	2,039	-
	<u>\$ 4,491</u>	<u>\$ 6,857</u>

Savage Riverport, LLC

As at June 30, 2023 and June 30, 2022, Ceres owns a 50% interest in Savage. Ceres routinely transacts business directly with Savage. Such transactions are in the ordinary course of business and include storage and elevation fees for grain storage, as well as management fees.

Farmers Grain, LLC

As at June 30, 2023 and June 30, 2022, Ceres owns a 50% interest in Farmers Grain. Ceres routinely transacts business directly with Farmers Grain. Such transactions are in the ordinary course of business and include the purchase of grain as well as management fees.

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Berthold Farmers Elevator, LLC.

As at June 30, 2023 and June 30, 2022, Ceres owns a 50% interest in BFE. Ceres routinely transacts business directly with BFE. Such transactions are in the ordinary course of business and include the purchase of grain.

Gateway Energy Terminal

As at June 30, 2023 and June 30, 2022, Ceres owned a 50% interest in Gateway Energy Terminal (“Gateway”).

Stewart Southern Railway Inc.

As at June 30, 2023 and June 30, 2022, Ceres owns 25% in SSR.

The following table summarizes the information for related parties.

<i>(in thousands of USD)</i>	June 30, 2023	June 30, 2022
<u>Accounts receivable due from associates</u>	<u> </u>	<u> </u>
<i>(Recorded in Accounts receivable – related parties)</i>		
Savage	\$ 113	\$ 173
Farmers Grain	116	370
BFE	70	2
Gateway	159	94
Total accounts receivable due from associates	<u>458</u>	<u>639</u>
 <u>Accounts payable due to associates</u>		
<i>(Recorded in Accounts payable – related parties)</i>		
Savage	26	-
Farmers Grain	51	13
BFE	174	1,584
Gateway	-	-
Total accounts payable due to associates	<u>252</u>	<u>1,597</u>
 <u>Gain on open cash contracts – Related Party</u>		
<i>(Recorded in Unrealized gains on open cash contracts)</i>		
Farmers Grain	206	444
BFE	216	989
Total gain on related party open cash contracts	<u>422</u>	<u>1,433</u>

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Loss on open cash contracts – Related Party

(Recorded in unrealized losses on open cash contracts)

Farmers Grain	7	13
BFE	35	2,850
Total loss on related party open cash contracts	42	2,863

<u>Related party revenues</u>	June 30, 2023	June 30, 2022
<i>(Recorded in Revenues)</i>		
Savage	\$ 92	\$ 92
Farmers Grain	70	1,363
BFE	200	-
Gateway	873	1,021
Total related party revenues	1,235	2,476

Related party expense

(Recorded in Cost of sales)

Savage	(1,409)	(1,393)
Farmers Grain	(31,474)	(5,842)
BFE	(75,255)	(11,544)
Gateway	-	-
Total related party expense	(108,138)	(18,779)

(19) SEGMENT REPORTING

(a) *Reportable Segments*

As at June 30, 2023, the Corporation has four reportable segments: Grain, Supply Chain Services, Seed and Processing, and Corporate. As at June 30, 2022, the Corporation has three operating segments: Grain, Supply Chain Services, and Seed and Processing. The Corporation's Grain segment is engaged in grain procurement and merchandising of specialty grains and oilseeds such as oats, barley, rye, hard red spring wheat, durum wheat, canola, and pulses. The Supply Chain Services segment utilizes the Corporation's facilities to provide logistics services, storage, and transloading for commodities and industrial products. The Seed and Processing segment is engaged in soybean crush, and seed distribution in western Canada.

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

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The following table presents information about reported segment profit or loss from the Consolidated Statement of Comprehensive Income (Loss) for the year ended June 30, 2023:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Revenues	\$ 966,103	\$ 3,435	\$ 67,165	\$ -	\$ 1,036,703
Cost of sales	(943,834)	(3,641)	(66,102)	(361)	(1,013,938)
Gross profit	22,269	(206)	1,063	(361)	22,765
General and administrative expenses	(11,935)	(202)	(1,681)	(11,659)	(25,477)
Income (loss) from operations	10,334	(408)	(618)	(12,020)	(2,712)
Finance income (loss)	-	-	-	56	56
Interest expense	(3,348)	-	1	(2,889)	(6,236)
Amortization of intangible assets	-	-	-	(248)	(248)
Revaluation of stock appreciation right liability	-	-	-	484	484
Gain/loss on sale of intangible assets	-	-	-	-	-
Gain/loss on equity investment	-	-	-	-	-
Gain/loss on property, plant and equipment	-	-	17	1,201	1,218
Income (loss) before taxes	6,986	(408)	(600)	(13,416)	(7,438)
Income tax (expense) recovery	-	-	-	865	865
Share in net income (loss) from associates	(1,387)	-	-	48	(1,339)
Net income (loss)	\$ 5,599	\$ (408)	\$ (600)	\$ (12,503)	\$ (7,912)

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The following table presents information about reported segment profit or loss from the Consolidated Statement of Comprehensive Income (Loss) for the year ended June 30, 2022:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Revenues	\$ 981,702	\$ 3,584	\$ 75,655	\$ -	\$ 1,060,941
Cost of sales	(927,894)	(3,644)	(73,236)	(292)	(1,005,066)
Gross profit	53,808	(60)	2,419	(292)	55,875
General and administrative expenses	(11,508)	-	(1,408)	(18,986)	(31,902)
Income (loss) from operations	42,300	(60)	1,011	(19,778)	23,473
Finance income (loss)	-	-	-	(195)	(195)
Interest expense	(3,167)	-	11	(1,614)	(4,770)
Amortization of intangible assets	-	-	-	(263)	(263)
Revaluation of stock appreciation right liability	-	-	-	941	941
Gain/loss on sale of intangible assets	-	-	-	110	110
Gain/loss on equity investment	-	-	-	249	249
Gain/loss on property, plant and equipment	-	-	-	3,744	3,744
Loss on crush project impairment	-	-	-	(25,904)	(25,904)
Income (loss) before taxes	39,133	(60)	1,022	(42,710)	(2,115)
Income tax (expense) recovery	-	-	-	(5,906)	(5,906)
Share in net income (loss) from associates	(705)	-	-	(97)	(802)
Net income (loss)	\$ 38,428	\$ (60)	\$ 1,022	\$ (48,713)	\$ (8,823)

(b) *Revenues by Geographic Region*

The following table presents geographical information about reported revenues from external customers for the years ended June 30, 2023 and June 30, 2022. The sales below are in relation to the physical delivery location of the customers which may not represent the jurisdiction where revenue was recognized.

	June 30, 2023	June 30, 2022
United States	54%	66%
Mexico	20%	15%
Canada	8%	9%
Italy	6%	4%
Other	12%	6%
Total	100%	100%

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(c) *Non-current Assets by Geographic Region*

The following table presents geographical information about non-current assets for the years ended June 30, 2023 and June 30, 2022:

<i>(in thousands of USD)</i>	<u>2023</u>		<u>2022</u>	
	United States	Canada	United States	Canada
Investments in associates	\$ 24,723	\$ 1,832	\$ 24,347	\$ 1,784
Property, plant, and equipment	27,505	73,618	28,787	76,810
Intangible assets	150	6,213	150	6,461
Deferred tax asset	3,984	-	3,079	-
Right of use assets	1,657	756	1,966	1,117
Other assets	60	-	29	-
Total	<u>\$ 58,079</u>	<u>\$ 82,419</u>	<u>\$ 58,358</u>	<u>\$ 86,172</u>

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(20) INCOME TAXES

(a) Reconciliation of statutory tax provision to the effective tax provision

As the Corporation operates in several tax jurisdictions, its income is subject to taxation at various rates.

The provision for income taxes differs from the amount that would have resulted from applying the Canadian statutory income tax rates to income before income taxes for the following reasons:

<i>(in thousands of USD)</i>	For the years ended June 30,	
	2023	2022
Income (loss) before income taxes and share of net income (loss) of associates:		
Canada	\$ (8,028)	\$ (29,793)
Mexico	-	-
United States of America	(797)	27,678
	<u>(8,825)</u>	<u>(2,115)</u>
Combined statutory Canadian federal and Ontario corporate income tax rate	<u>26.5%</u>	<u>26.5%</u>
Provisions for income taxes (payable) recoverable using statutory rate	2,339	560
Adjusted for the income tax effect of:		
Difference in tax rates applicable to subsidiaries	(65)	956
U.S. state taxes, net of U.S. federal tax benefit	(480)	518
Effects of deferred tax adjustments for purchase price allocation	-	(277)
Non-deductible portion of unrealized losses (non-portion of unrealized gains) on investments	-	-
Changes in unrecognized temporary difference on income tax assets, net of deferred tax	(1,139)	(7,483)
Foreign exchange and other differences	211	(181)
	<u>(1,473)</u>	<u>(6,467)</u>
Income tax (expense) recovery	<u>\$ 865</u>	<u>\$ (5,906)</u>

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The components of the provision for income taxes for the years ended June 30, 2023 and 2022 are as follows:

<i>(in thousands of USD)</i>	For the years ended June 30,	
	2023	2022
Canada		
Current	\$ 542	\$ -
Deferred	174	111
	<u>716</u>	<u>111</u>
Mexico		
Current	-	-
Deferred	-	-
	<u>-</u>	<u>-</u>
United States of America - Federal		
Current	-	-
Deferred	(331)	(5,489)
	<u>(331)</u>	<u>(5,489)</u>
United States of America - State		
Current	1	(51)
Deferred	479	(477)
	<u>480</u>	<u>(528)</u>
Income tax (expense) recovery	<u>\$ 865</u>	<u>\$ (5,906)</u>

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(b) Deferred income tax asset

The tax effects of temporary differences that give rise to significant elements of the net deferred income tax asset (liability) recognized as at June 30, 2023 and 2022, are as follows:

(in thousands of USD)

	As at June 30,	
	2023	2022
Deferred tax assets:		
Non-capital and net operating losses carried-forward	\$ 34,069	\$ 32,775
Adjustment of cost base of selected capital property for tax purposes	917	917
Amortization of grain and supply contracts	473	548
Interest expense limitation	688	89
Share issuance costs	4	8
Other temporary deductible differences, net of temporary taxable differences	2,058	3,501
	38,208	37,839
Deferred tax liabilities		
Property, plant, and equipment	(12,152)	(12,322)
Taxable portion of unrealized appreciation of associates	(1,362)	(1,681)
Intangible assets, excluding goodwill	(438)	(483)
AOCI – Hedge account, Bank of Montreal	-	(408)
Leases	26	76
	(13,927)	(14,818)
Unrecognized deferred tax assets	(21,232)	(21,198)
Non-current deferred tax asset (liability) - net	\$ 3,050	\$ 1,824
Represented by:		
Deferred tax asset	\$ 4,550	\$ 3,079
Deferred tax liability	(1,500)	(1,255)
	\$ 3,050	\$ 1,824

In assessing the ability to realize the benefit of the deferred tax assets, management considers, on an entity-by-entity basis, whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the likelihood of future profitability, the character of the deferred tax assets and available tax planning strategies in making this assessment. To the extent that management believes it is probable the deferred tax assets will be realized, that portion of the deferred tax assets is recognized in the financial statements

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(c) Tax losses carried forward

(i) Operations in Canada

For Canadian income tax purposes, effective July 1, 2021, the Corporation and Delmar, filed an election to report for income tax purposes using its USD functional currency, rather than CAD. As required by the Income Tax Act (Canada), tax losses carried forward on June 30, 2020 were translated to USD using that date's Bank of Canada spot rate.

On December 9, 2020, a shareholder acquired control of the Corporation. For Canadian income tax purposes, the Corporation and Delmar were deemed to have had a tax year-end on December 8, 2020. Because of loss limitation rules primarily affecting capital losses on the acquisition of control, accrued capital losses on capital property in the amount of \$5.39 million were triggered on that date. As at December 8, 2020, the Corporation had also accumulated capital losses totaling \$5.69 million. On December 8, 2021, the Corporation designated the deemed disposition of selected capital property, for a deemed capital gain of \$13.35 million. The accumulated capital loss plus the triggered accrued capital losses, aggregating to the amount of \$11.08 million, were used to partially offset the deemed capital gains. The remaining taxable capital gain in the amount of \$1.13 million was offset by using a portion of non-capital losses that were being carried forward from June 30, 2020, in that amount. On December 9, 2020, the Corporation was deemed to have reacquired the capital property it was deemed to have disposed of on December 8, 2020, at an adjusted cost base equal to the fair market value of those assets on December 8, 2020.

On the acquisition of control, the Corporation and Delmar were able to carry-forward the non-capital losses from accumulated from prior years, on the basis they were continuing the same business carried on prior to the acquisition of control.

As at June 30, 2023, the Corporation and Delmar have accumulated non-capital losses in the aggregate amount of USD \$98.7 million relating to its operations in Canada.

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The non-capital losses are being carried forward and, unless utilized, will expire in the following taxation years:

(in thousands of USD)

2032	\$	2,511
2033		4,805
2034		9,970
2035		6,016
2036		7,908
2037		5,143
2038		8,857
2039		8,397
2040		4,740
2041		3,490
2042		30,490
2043		6,361
		<hr/>
	\$	98,688
		<hr/> <hr/>

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(ii) Operations in the United States of America

As at June 30, 2023, the Corporation has accumulated net operating losses in the amounts noted below in USD, for federal and state income tax purposes. These net operating losses are being carried forward and, unless utilized, will expire in the following taxation years:

<i>(in thousands of USD)</i>	Federal	Minnesota	North Dakota	Wisconsin
2025	\$ -	\$ 2,604	\$ -	\$ -
2026	-	1,724	-	-
2027	-	6,335	-	1,231
2028	-	9,210	-	1,764
2029	-	-	-	-
2030	-	9,847	309	422
2031	-	2,188	201	41
2032	-	2,072	124	-
2033	-	-	68	163
2034	-	326	-	-
2035	16,299	(799)	121	-
2036	5,309	-	91	-
2037	3,618	116	40	-
2038	-	-	-	-
2039	1,098	-	3	-
	<u>\$ 26,324</u>	<u>\$ 33,623</u>	<u>\$ 957</u>	<u>\$ 3,621</u>

(21) LEGAL

The Corporation is involved in various legal claims and legal notices arising in the ordinary course of business. The Corporation believes it has adequately assessed each claim, and the necessity of a provision for such claims.

Regulatory Investigations

In June 2021 the Corporation and certain of its former personnel 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 has been cooperating with both investigations and the Board established a special committee to oversee the Corporation’s response to these investigations. Certain costs to cooperate with the investigations have been significant (including but not limited to legal related fees of \$5.2 million for the year ended June 30, 2023, and \$10.2 million for the investigation to date).

The Corporation does not currently anticipate any charges or fines arising from the DOJ investigation. The Corporation reasonably expects that the outcome of the CFTC investigation will result in a legal

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settlement or fine amount of at least \$3.0 million. Accordingly, the Corporation recorded a legal settlement reserve in the three months ended June 30, 2023, in the amount of \$3.0 million in general and administrative expenses. There can be no assurance that the final amount of the costs of any settlement or fine will not exceed the amount the Corporation has reserved for legal settlement. In addition, the amount recorded as a reserve does not include any further legal fees or other costs the Corporation may incur in responding to the DOJ and CFTC investigations.

(22) SUBSEQUENT EVENT

Effective July 1, 2023, the Corporation will transfer the distribution of Sevita branded soybeans in the western Canadian market to Sevita International (“Sevita”) and will transfer the distribution of Horizon branded corn products to Horizon Seeds Canada Inc. (“Horizon”). Ceres will maintain its retail soybean and corn seed business in Beausejour, Jordan, and Gladstone. The Beausejour facility will continue to retail crop protection products.