MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("**MD&A**") dated September 14, 2023 should be read in conjunction with the audited Consolidated Financial Statements for the year ended June 30, 2023 of Ceres Global Ag Corp. ("**Ceres**", the "**Corporation**", "**we**", "**our**", and "**us**"), and the Corporation's audited Consolidated Financial Statements for the year ended June 30, 2022 (the "**Annual Consolidated Financial Statements**"). Additional information about Ceres filed with Canadian securities regulatory authorities, including its interim financial statements and MD&A, and Annual Information Form, is available online at www.sedarplus.ca.

Basis of Presentation

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

Non-IFRS Financial Measures

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

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

Risks and Forward-Looking Information

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

This MD&A contains forward-looking information based on the Corporation's current expectations, estimates, projections, and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this MD&A and the Corporation's other disclosure documents, including the Corporation's Annual Information Form ("AIF") for the year ended June 30, 2023, which is available under the Corporation's SEDAR+ profile at www.sedarplus.ca, many of which are beyond the Corporation's control. Users of this information are cautioned that actual results may differ materially. See "Key Assumptions & Advisories" for information on material risk factors and assumptions underlying the Corporation's forward-looking information.

Who We Are

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

Ceres is headquartered in Golden Valley, MN and together with its wholly owned affiliates operates 11 facilities across Saskatchewan, Manitoba, and Minnesota. These facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 29 million bushels.

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

Grain Segment

The Corporation's Grain segment is engaged in the procurement, storage, handling, trading, and merchandising of commodity and specialty grains and oilseeds such as hard red spring wheat, durum wheat, oats, canola, barley, and rye through its grain storage and handling facilities in Saskatchewan, Manitoba, and Minnesota. These facilities are strategically located, either close to where Ceres' core products are grown and sourced, or, at key supply chain locations to effectively serve customers and markets. Seven of Ceres' grain storage facilities are located on major rail lines across North America, one is located at a deep-water port on the Great Lakes allowing access to vessels, and another facility is located on the Minnesota River with capacity to load barges for shipment down the Mississippi River to export terminals in New Orleans. These facilities combine to provide Ceres with efficient access to export and import flows of our core grains and oilseeds to North American and global markets. Approximately 25 million bushels of the Corporation's facilities' capacity are "regular" for delivery for both spring wheat against the Minneapolis Grain Exchange futures contract and oats against the Chicago Board of Trade futures contract. In addition, spring wheat and oats sourced by the Corporation out of Canada are eligible for delivery against respective futures contracts.

Supply Chain Services Segment

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

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

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

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

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

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

Seed and Processing Segment

The Corporation's Seed and Processing segment was created through the acquisition of Delmar Commodities Ltd. ("Delmar") in August 2019 and consists of a soybean crush facility, located in a strong soybean producing region with low-cost origination driven by export economics, and a seed production and distribution business focused on western Canada under the trade name "Ceres Global Seeds." Included in this segment in fiscal year 2022 was the specialty crops blending/bird food production facility which was sold on June 20, 2022. This segment's operations are primarily located in Manitoba, Canada.

1. FINANCIAL AND OPERATING SUMMARY

For the year ended June 30, 2023, 2022, and 2021

(in thousands of USD except per share)	Year ended June 30, 2023	2022	2021
Revenues	$ 1,036,703	$ 1,060,941	$ 748,204
Gross profit (loss)	$ 22,765	$ 55,875	$ 24,918
Income (loss) from operations	$ (2,712)	$ 23,973	$ 8,865
Net income (loss)	$ (7,912)	$ (8,823)	$ 12,044
Weighted average common shares outstanding	31,063,489	30,793,602	30,772,845
Diluted weighted average common shares outstanding	31,063,489	32,793,602	32,719,775
Income (loss) per share – Basic	$ (0.25)	$ (0.29)	$ 0.39
Income (loss) per share – Diluted	$ (0.25)	$ (0.29)	$ 0.37
Adjusted EBITDA (1)(3)	$ 7,241	$ 32,038	$ 14,808
Return on shareholders' equity (1)	(5.5%)	(5.9%)	7.7%

	As at June 30, 2023	As at June 30, 2022	As at June 30, 2021
Total assets	$ 263,630	$ 333,948	$ 338,590
Total bank indebtedness, current	$ 18,684	$ 54,676	$ 80,760
Term loan (2)	$ 42,167	$ 47,506	$ 28,877
Shareholders' equity	$ 142,658	$ 149,505	$ 156,918

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

(2) Includes current portion of term loan.

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

HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2023

- Gross profit for the year was $22.8 million.
- Net loss for the year was $7.9 million and adjusted net income[1] for the year was $3.1 million;
- In line with Ceres' long-term strategy of optimizing its footprint around core products and locations, the Corporation completed the sale of its Port Colborne facility on February 17, 2023. Total proceeds of the sale were $4.0 million, and the Corporation recognized a gain on the sale of $1.2 million;
- The Corporation handled and traded 98.5 million bushels, an increase of 2% over the prior year.
- On June 28, 2023, Ceres announced its exit from the wholesale distribution of its seed business to

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

consolidate the Corporation's focus on the core business.

Overall Performance

The Corporation's net loss was $7.9 million for the year ended June 30, 2023, compared to net loss of $8.8 million for the year ended June 30, 2022. The net loss for the year ended June 30, 2023 was driven by severance costs, legal fees related to the regulatory investigations, as well as the legal settlement reserve recognized for the investigation. The net loss for the year ended June 30, 2022, was driven by the $25.9 million loss on the write-off of the crush plant project at Northgate ("**Crush Project**"). Gross profit was $22.8 million for the year ended June 30, 2023, compared to a gross profit of $55.9 million for the year ended June 30, 2022, a result of limited merchandising margin opportunities compared to the previous year. Furthermore, loss from operations was $2.7 million for the year ended June 30, 2023, compared to income $23.5 million for the year ended June 30, 2022.

Revenues and Gross Profit

Total revenue decreased by $24.2 million, driven by higher commodity prices in the previous year. The Corporation handled and traded 98.5 million bushels of grain and oilseeds during the year ended June 30, 2023, compared to 96.6 million bushels for the year ended June 30, 2022. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. Ceres' management believes it is more important to focus on changes in gross profits and volume handled rather than changes in revenue dollars.

The table below represents a summary of the components of gross profit for the year ended June 30, 2023 and 2022:

	2023				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate*	Total
Net trading margin	$ 31,603	$ -	$ -	$ -	$ 31,603
Supply Chain Services revenue	4,288	3,435	-	-	7,723
Net Seed and Processing margin	-	-	6,580	-	6,580
Operating expenses included in cost of sales	(9,429)	(2,682)	(5,069)	-	(17,180)
Depreciation expense included in cost of sales	(4,193)	(959)	(448)	(361)	(5,961)
Gross profit (loss)	$ 22,269	$ (206)	$ 1,063	$ (361)	$ 22,765

	2022				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate*	Total
Net trading margin	$ 62,858	$ -	$ -	$ -	$ 62,858
Supply Chain Services revenue	4,409	3,584	-	-	7,993
Net Seed and Processing margin	-	-	8,330	-	8,330
Operating expenses included in cost of sales	(9,044)	(2,563)	(5,326)	-	(16,933)
Depreciation expense included in cost of sales	(4,415)	(1,081)	(585)	(292)	(6,373)
Gross profit (loss)	$ 53,808	$ (60)	$ 2,419	$ (292)	$ 55,875

* The $361 thousand depreciation expense included in cost of sales for fiscal year 2023 is due to depreciation taken at the corporate level related to a step-up in asset values acquired from Delmar. For fiscal year 2022, Corporate depreciation was $292 thousand.

Gross profit decreased by $33.1 million for the year ended June 30, 2023, compared to the year ended June 30, 2022. The year-over-year decrease in gross profit was driven by decreased trading opportunities across core commodities.

Net Trading Margin

Net trading margin decreased by $31.3 million for the year ended June 30, 2023, compared to the year ended June 30, 2022. The decrease is due to lower trading margins as there were fewer trading opportunities across multiple commodities.

Supply Chain Services Revenue

Supply Chain Services revenue decreased by $270 thousand for the year ended June 30, 2023, compared to the year ended June 30, 2022. The Corporation's grain-related Supply Chain Services revenue decreased due to the sale of the Port Colborne facility which occurred in February 2023. For the year ended June 30, 2023, the non-grain supply chain service revenue decreased by $149 thousand due to lower volumes and decreased revenue related to Gateway.

Net Seed and Processing Margin

Net Seed and Processing margin was $6.6 million for the year ended June 30, 2023, compared to $8.3 million for the year ended June 30, 2022. The decrease in Seed and Processing margin is driven by the sale of the Ste. Agathe Bird food processing plant which occurred in June 2022 as well as decreased seed distribution margins in Fiscal year 2023.

Operating Expenses and Depreciation

For the year ended June 30, 2023, operating and depreciation expense included in cost of sales totaled $23.1 million compared to $23.3 million for the year ended June 30, 2022. While the Corporation sold the Ste. Agathe bird food facility in June 2022 and the Port Colborne facility in February 2023, reducing its operating costs, higher repairs and maintenance expense resulted in an increase in total operating expense for the year ended June 30, 2023 compared to the previous year. Depreciation for the year ended June 30, 2023, decreased by $413 thousand year over year, driven by the sale of the aforementioned facilities.

General and Administrative Expenses

For the year ended June 30, 2023, general and administrative expenses totaled $25.5 million compared to $31.9 million in the year ended June 30, 2022. General and administrative expenses decreased due to higher incentive accruals related to the Corporation's core operations in the previous year, partially offset by increased severance costs and the legal settlement accrual in fiscal year 2023.

Finance Loss

For the year ended June 30, 2023, finance income totaled $56 thousand compared to a finance loss of $195 thousand during the year ended June 30, 2022. Finance income/loss is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains and losses of portfolio investments.

Interest Expense

	Year ended June 30,	
(in thousands of USD except per share)	2023	2022
Interest on bank indebtedness	$ (2,652)	$ (2,490)
Interest on term loan	(3,446)	(1,272)
Term loan swap interest	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
Total interest expense	$ (6,236)	$ (4,770)

For the year ended June 30, 2023, interest expense totaled $6.2 million compared to $4.8 million for the year ended June 30, 2022. The increase in interest expense was due to higher term loan interest expense period over period. For most of fiscal year 2022, interest related to the delayed draw portion of the term loan was capitalized as a part of the Crush Project and began to be expensed beginning June 2022. While the daily average borrowings on the bank indebtedness were lower compared to the previous fiscal year, interest expense increased slightly due to higher average SOFR rates.

Amortization of Intangible Assets

Amortization of intangible assets totaled $248 thousand for the year ended June 30, 2023, and $263 thousand for the year ended June 30, 2022. Amortization for fiscal years 2023 and 2022 was comprised solely of the amortization of intangible assets related to the Delmar acquisition including customer relationships, producer relationships, and trademarks/tradenames.

Share of Net Income (Loss) in Investments in Associates

For the year ended June 30, 2023, the Corporation's share in investments in associates was a loss of $1.3 million compared to a $802 thousand loss for the year ended June 30, 2022. The increased loss in investments in associates is driven by an increased loss at Farmers Grain, for the year ended June 30, 2023.

For the year ended June 30, 2023, the Corporation's share in Savage was a loss of $725 thousand compared to a loss of $780 thousand for the year ended June 30, 2022. On April 30, 2018, the Corporation formed Savage and transferred the grain elevator and related assets at its Savage, Minnesota facility, which had net book value of $9.3 million as at April 30, 2018, to the newly formed entity. Subsequent to the transaction, Ceres received cash of $8.5 million from Consolidated Grain and Barge Co. in exchange for 50% of the equity in Savage Riverport, LLC, of which, $2.0 million was utilized to pay down the term debt. The sale of the equity in Savage Riverport, LLC net of transaction fees resulted in a gain of $3.7 million. The Corporation has been and will continue to recognize the remaining gain of $3.8 million over the useful life of the contributed assets. For both years ended, June 30, 2023 and June 30, 2022, the Corporation recognized a deferred gain of $347 thousand, under share of net income (loss) of associates.

For the year ended June 30, 2023, the Corporation's share in SSR was a gain of $49 thousand compared to a $98 thousand loss for the year ended June 30, 2022.

For the year ended June 30, 2023, the Corporation's share in Farmers Grain was a loss of $1.8 million compared to a $168 thousand loss for the year ended June 30, 2022.

For the year ended June 30, 2023, the Corporation's share in BFE was a gain of $765 thousand compared to a loss of $102 thousand for the year ended June 30, 2022. As the Corporation purchased the ownership interest in June 2022, only one month is included for the year ended June 30, 2022.

Income Tax (Expense) Recovery

The following table presents income tax (expense) recovery for the year ended June 30, 2023, and 2022:

(in thousands of USD)	June 30, 2023	June 30, 2022
Current income tax (expense) recovery	$ 543	$ (51)
Deferred income tax expense	322	(5,855)
Income tax (expense) recovery	$ 865	$ (5,906)

During the year ended June 30, 2023, the Corporation recorded income tax recovery of $865 thousand compared to an expense of $5.9 million for the year ended June 30, 2022. During the year ended June 30, 2023, Ceres recognized deferred income tax expense of $322 thousand with the expected utilization of net operating losses in a subsidiary based in the United States.

2. QUARTERLY FINANCIAL DATA

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

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021
(in thousands of USD except per share figures)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	$ 205,652	$ 287,912	$ 283,026	$260,113	$ 278,150	$ 269,625	$ 304,795	$ 208,371
Gross profit (loss)	$ 4,940	$ 5,513	$ 6,747	$ 5,565	$ 3,693	$ 12,265	$ 16,058	$ 23,859
Income (loss) from operations	$ (1,848)	$ 339	$ 976	$ (2,179)	$ (329)	$ 3,597	$ 7,046	$ 13,659
Net income (loss)	$ (2,504)	$ (553)	$ (1,267)	$ (3,588)	$ (22,537)	$ 912	$ 4,033	$ 8,769
Adjusted net income (loss)(1)	$ 1,461	$ 410	$ 620	$ 337	$ 5,028	$ 2,457	$ 4,579	$ 9,760
Return on shareholders' equity(1)	(1.8%)	(0.4%)	(0.9%)	(2.4%)	(15.1%)	0.5%	2.4%	5.3%
Basic weighted-average number of common shares for the quarter	31,094	31,094	31,070	30,997	30,801	30,801	30,801	30,773
Dilutive weighted-average number of common shares for the quarter	31,094	31,094	31,070	30,997	30,801	32,400	32,439	32,093
Basic earnings (loss) per share	$ (0.08)	$ (0.02)	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03	$ 0.13	$ 0.28
Fully diluted earnings (loss) per share	$ (0.08)	$ (0.02)	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03	$ 0.12	$ 0.27
Adjusted EBITDA(1)	$ 2,798	$ 2,208	$ 2,452	$ (218)	$ 2,724	$ 5,389	$ 8,524	$ 15,401
Adjusted EBITDA per share(2)	$ 0.09	$ 0.07	$ 0.08	$ (0.01)	$ 0.09	$ 0.18	$ 0.28	$ 0.50
Shareholders' equity, as at reporting date	$142,659	$144,581	$145,425	$146,661	$149,505	$172,160	$170,134	$165,713
Shareholders' equity per share, as at reporting date	$ 4.59	$ 4.65	$ 4.68	$ 4.72	$ 4.85	$ 5.59	$ 5.52	$ 5.39
Volumes (in thousands of tonnes)								
Total Product Handled and Traded	501	664	789	780	503	563	709	875

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

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

Fourth Quarter

The Corporation recognized a net loss for the quarter ended June 30, 2023 of $2.5 million compared to net loss of $22.5 million in the same quarter of the prior year. For the quarter ended June 30, 2023, the Corporation was negatively impacted by the recognition of a reserve of $3.0 million for the regulatory investigations (see note 22 in the Annual Consolidated Financial Statements). For the quarter ended June 30, 2022, the Corporation's net loss was driven by the $25.9 million loss on the write-off of the Crush Project. Gross profit for the quarter ended June 30, 2023 increased by $1.2 million compared to the quarter ended June 30, 2022. The increase in gross profit was driven by improved positioning in core commodities.

3. LIQUIDITY & CASH FLOW

(in thousands of USD)	Year ended June 30, 2023	2022
Net cash provided by (used in)		
Operating activities	$ 30,617	$ 55,191
Investing activities	792	(33,298)
Net cash provided (used) before financing activities	31,409	21,893
Financing activities	(42,589)	(8,889)
Increase (decrease) in cash	$ (11,180)	$ 13,004

Operating Activities

Cash provided by operating activities was $30.6 million for the year ended June 30, 2023, compared to cash provided by operating activities of $55.2 million in the prior year. The decrease in cash provided is attributable to the change in non-cash working capital, primarily due to Ceres' decrease in accounts payable period over period.

Investing Activities

During the year ended June 30, 2023, the Corporation had $792 thousand in cash provided by investing activities, a $34.1 million increase compared to the $33.3 million in cash used in investing activities in the prior year. During the year ended June 30, 2023, the Corporation received $4.0 million for the sale of the Port Colborne Facility. In the prior year, the Corporation used cash of $12.0 million to purchase a 50% share in BFE. In addition, the Corporation also used $24.4 million cash to fund the crush plant project at Northgate, that was officially suspended in June 2022.

Financing Activities

During the year ended June 30, 2023, the Corporation had $42.6 million in cash used in financing activities compared to cash used by financing activities of $8.9 million in the prior year. The Corporation utilized $3.0 million of its cash received from the sale of the Port Colborne Facility to pay down its delayed draw term loan balance. The Corporation decreased its cash from its revolving line of credit by $10.0 million. In addition, during fiscal year 2022, the Corporation increased its term loan by $20.0 million.

Available Sources of Liquidity

Bank Indebtedness

The Corporation's sources of liquidity as at June 30, 2023, include available funds under its 2023 Credit Facility (as defined below). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Capital expenditures in the next fiscal year are expected to be funded by working capital on hand and borrowing against the 2023 Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant and borrowing base limits. As circumstances require, management will address the capital needs of the Corporation.

The 2023 Credit Facility, as at June 30, 2023 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $30.0 million. As at June 30, 2023 the Corporation's working capital[2] – defined as current assets less current liabilities – totaled $44.9 million. The covenants also include the maintenance of "consolidated debt" to "consolidated EBITDA" (as defined in the agreement) and consolidated tangible net worth of not less than $120.0 million, as well as a fixed charge coverage ratio. As at and for the year ended June 30, 2023, the Corporation was in compliance with all of the above-mentioned financial 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.

Inventory

The Corporation periodically enters into sale/repurchase agreements whereby the Corporation receives cash in exchange for selling inventory to a commodity trading financial institution and the Corporation agrees to repurchase the inventory from the financial institution at a fixed rate on a future date. The Corporation accounts for these as product financing arrangements and, accordingly, these transactions are treated as borrowings and commodity inventory in the Corporation's consolidated financial statements and no sales and purchases are reported in the consolidated financial statements. As at June 30, 2023 there were no outstanding repurchase obligations.

Term Loan

On June 11, 2021, the Corporation entered into a five-year senior secured $50 million term debt credit facility with the Bank of Montreal (the "BMO Loan") that includes a $30 million term loan draw that was used to retire the loan from Bixby Bridge Fund IV, LLC, along with an additional $20 million delayed draw committed term loan that was used to fund the development of the Crush Project. Undrawn amounts on the delayed draw term loan are subject to a 0.25% commitment Interest.

<u>Contractual Obligations and Liquidity Risk</u>

The following table shows Ceres' contractual obligations to be paid over the next five years and beyond. As at June 30, 2023, the Corporation believes it has the ability to meet these contractual obligations.

June 30, 2023 (in thousands of USD)	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	42,167	42,625	2,500	2,500	37,625	-
Lease commitments	2,513	3,548	634	584	760	1,570
	$ 119,757	$ 121,647	$ 78,256	$ 3,084	$ 38,385	$ 1,570

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

June 30, 2022

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	$ 54,676	$ 55,000	$ 55,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	51,600	51,600	51,600	-	-	-
Accounts payable - related parties	1,597	1,597	1,597	-	-	-
Unrealized losses on open cash contracts	24,668	24,668	24,668	-	-	-
Term loan	47,506	48,125	2,500	2,500	43,125	-
Lease commitments	3,141	4,383	645	635	1,336	1,767
	$ 183,188	$ 185,373	$ 136,010	$ 3,151	$ 44,461	$ 1,767

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

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 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.

Legal Fees

The Corporation has incurred significant expense in connection with the ongoing regulatory investigations. Certain costs to cooperate with the investigations have been significant, including, but not limited, to legal related fees of $5.2 million for the year ended June 30, 2023, and $10.2 million for the investigation to date. Additionally, for the fiscal year ended June 30, 2023, the Corporation has recognized $3.0 million as a legal settlement reserve. These legal expenses are material to the Corporation's financial performance.

4. CAPITAL RESOURCES

The Corporation utilizes the 2023 Credit Facility to finance its grain trading operations, which primarily consist of purchases of grain inventories, financing of accounts receivable, and hedging activities, less accounts payable. Levels of short-term debt fluctuate based on changes in underlying commodity prices, inventories on hand and the timing of grain purchases.

Revolving Credit Facility

As disclosed in the Annual Consolidated Financial Statements, on February 8, 2022, the Corporation amended the 2021 credit facility agreement led by Macquarie Bank Ltd., as administrative agent on behalf of a syndicate group of lenders which included Bank of Montreal and Cooperative Rabo Bank U.A. Under the credit facility (the "2022 Credit Facility") the maximum amount increased from $100 million to $150 million, with the potential to access an accordion feature that would provide an additional $20 million. The 2022 Credit Facility matured on February 7, 2023.

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

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

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

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

Term Loan

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

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

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

On December 30, 2022, the Corporation amended its Term Loan to transition from one-month LIBOR to Term SOFR (refer to note 13 of the Annual Consolidated Financial Statements) effective January 30, 2023. 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 bears interest equal to:

- 3.5% plus one-month SOFR; or
- 2.5% plus the greater of (i) Bank of Montreal'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 Loan.

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

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

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued but not yet Effective

For the year ended June 30, 2023, there were no changes in accounting policies, and no standards issued but not yet effective which are expected to have a material impact to the Corporation's Financial Statements. Refer to note 3 of the Annual Consolidated Financial Statements for information pertaining to the significant accounting policies for the year ended June 30, 2023.

Critical Accounting Judgments, Estimates, and Assumptions

The discussion and analysis of Ceres' financial condition and results of operations are based upon the Corporation's Annual Consolidated Financial Statements, which have been prepared in accordance with IFRS. Ceres' significant accounting policies and accounting judgments, estimates, and assumptions are contained in the Annual Consolidated Financial Statements (see note 3 for the description of policies or references to notes where such policies are contained). The critical accounting estimates are valuation of investments, valuation of inventories and commodity derivatives, and measurement of deferred tax.

Valuation of investments and valuation of deferred tax impact the corporate segment. Valuation of inventories and commodity derivatives impact the grain segment. The chief operating decision maker focuses on revenues and costs by operating segment but manages assets and liabilities on a global basis. The critical accounting judgments are measurement of deferred tax and determination of joint arrangements; because they require Ceres to make assumptions about matters that are potentially uncertain at the time the accounting estimate is made and due to the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

6. OUTLOOK

Grain Segment

Over the past year, as the Russia-Ukraine conflict continued, markets gradually grew accustomed to the geopolitical risks associated with the conflict. While Russia pulled out of the Black Sea grain deal on July 17, 2023, exports from Ukraine continue to flow through other channels, such as the Danube River, despite Russia's efforts to contain alternative export routes. Although market volatility has dampened compared to the start of the conflict, the underlying risk remains, because sudden changes in the conflict may lead to heightened levels of volatility returning to markets.

During the fourth quarter of fiscal year 2023, Ceres handled 11% lower volumes compared to the same quarter last year. The quarter started with dry and hot weather across the U.S., Northern Plains, and the Canadian Prairies. North American weather conditions and farmer retention were the dominant drivers for volumes handled and the level and volatility of prices during the fourth quarter.

According to reports, parts of the Canadian Prairies have experienced the second-driest year in 45 years. As a result, Statistics Canada projects that nationally, wheat production will decrease by 14.2% year over year in 2023, and lower yields caused by dry conditions are anticipated to more than offset higher harvested areas.

Notwithstanding the lower volumes and a slow start to the quarter, the team at Ceres handled 2% higher volumes this fiscal year, compared to the prior year, in part due to the growth of our farmer-direct origination strategy. The Ceres team successfully recognized early crop developments and navigated erratic markets caused by the continued Russian/Ukraine conflict, and volatile weather conditions. Leveraging this knowledge, the Ceres team effectively positioned the business and utilized the Corporation's asset footprint and network of partners, resulting in positive adjusted net income for 2023.

Volumes handled at Berthold Farmers Elevator joint venture (BFE) increased by 90% in the fourth quarter, and by 17% in fiscal year 2023, compared to the same periods in the prior year. The improved volumes highlight the collective effort of this new venture, and the ability of Ceres to maximize the value of its network. The Corporation's interest in BFE continues to provide Ceres and its subsidiary, Riverland Ag Corp., increased origination of its core products directly from growers in critical areas of North Dakota, enabling the Corporation to leverage the value of its terminal assets and partner with growers to deliver unique value to customers. With experienced staff and productive facilities, BFE serves as a key bridgehead for Ceres to reach producers and offer solutions to end customers. Since the deal closed on June 3, 2022, BFE has been working very well and the synergies created by being part of the Ceres network of assets and merchandising activities have exceeded management's expectations.

Volumes handled at Thief River Falls increased by 35% in the fourth quarter, and by 177% in fiscal year 2023, compared to the same periods in the prior year. These increased volumes come as the Corporation realizes the first full fiscal year of operating with expanded unit train capacity at the facility. Ceres' joint venture with Farmer's Co-op of Thief River Falls, MN continues to allow the Corporation to work directly with growers to deliver value-added solutions for its customers. As part of the Corporation's efforts to improve operational efficiency and prevent rail freight delays, Ceres has been in discussions with railroads to secure freight capacity and timely rail execution for future harvests. During the fourth quarter, Ceres recruited a new general manager and a new grain merchandiser to the joint venture, thereby setting a solid foundation for long-term success.

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

Looking forward, Ceres will continue to monitor and evaluate the quantity and quality of crops in the Northern plains and Canadian Prairies. Because drought has negatively affected crops in the Southwestern Prairies, volumes handled in fiscal year 2024 may be lower year over year. Nevertheless, the Ceres team is adept at interpreting the regional impact of dry weather on crops and identifying opportunities to best position Ceres and maximize margins of the capacity handled. With our network of partners and talented team, Ceres is well positioned to capitalize on market opportunities as crops evolve to best serve its end customers.

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

As part of its growth strategy, Ceres has been successful in providing regenerative agriculture solutions to its network of partners over the past fiscal year. As the importance of regenerative agriculture practices continues to grow, developing regenerative agriculture and supply chain solutions for strategic customers will continue to be a core long-term priority for Ceres.

Supply Chain Services Segment

Industrial product volumes, including oriented strand board, were stronger in Q4 2023 compared to the same quarter a year ago due to greater demand for chemicals and adequate rail performance. Meanwhile, fertilizer volumes were lower. Farmer demand for crop inputs is expected to increase, resulting in higher volumes for the fall. Natural gas liquid ("NGL") volumes through the Gateway facility trended higher compared to last quarter and compared to Q4 2022. These higher NGL volumes were facilitated by the commissioning of the Gateway pipeline connection to Northgate and continued strong performance with Gateway joint venture partner Steel Reef Infrastructure Corp., in particular as it relates to origination and marketing efforts. Overall, gross margins were the highest in Q4 of the fiscal year compared to prior quarters and were similar to the same quarter in the 2022 fiscal year.

Looking forward, industrial products and fertilizer volumes are expected to trend higher, replenishing supply chains and incremental businesses. NGL volumes are also expected to increase because of the completed commissioning of the Gateway pipeline connection to Steel Reef Infrastructure Corp.'s fractionation facility in North Portal, Saskatchewan.

Seed and Processing Segment

Soybean crush volumes in the fourth quarter of 2023 were similar compared to the fourth quarter of the previous year, and yearly volumes were 5% higher than fiscal year 2022. Yearly volumes were higher primarily due to stronger operational efficiency and effective merchandising. Ceres' operations team has worked diligently to maintain the trajectory of higher volumes and more importantly, higher product yields by effectively trading and servicing the business.

Moving forward, higher acres planted in Manitoba should produce an average soybean crop, and Ceres' ability to source local beans should result in acceptable volumes in the next quarter. This should enable Ceres' plant to crush at an elevated capacity utilization and realize adequate margins to start the next fiscal year. The corporation expects that product demand will continue to increase, especially for soy oil as renewable diesel capacity in the US continues to ramp up.

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

On June 24, 2022, the Corporation announced that it had suspended its previously announced the Crush Project. The Corporation continues to discuss with interested parties to explore avenues of partnership and will provide updates if and when material progress is made.

On July 1, 2023, the Corporation entered into agreements with Sevita International ("**Sevita**") and Horizon Seeds Canada, Inc. ("**Horizon**"), respectively, to mutually terminate distribution agreements - with Sevita (for soybeans) and with Horizon (for corn). The decision to exit seed production and distribution was made to enable Ceres to focus more strategically on its core strengths. Through Delmar's retail network, the Corporation has continued to collaborate with Sevita and Horizon to deliver seed genetics for Manitoba soybean and corn growers. The Corporation maintained its retail soybean and corn seed locations in Beausejour, Jordan, and Gladstone, with the Beausejour facility continuing to retail crop protection products.

7. OTHER

CONTROLS ENVIRONMENT

Disclosure Controls and Procedures

Ceres maintains appropriate information systems, procedures, and controls to ensure that new information disclosed externally is complete, reliable, and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and that they have, as at June 30, 2023, designed the DC&P (or have caused such DC&P to be designed under their supervision) to provide reasonable assurance that material information relating to Ceres is made known to them by others, particularly during the period in which Ceres' annual filings are being prepared, and that information required to be disclosed by Ceres in its annual filings, interim filings or other reports filed or submitted by Ceres under applicable securities legislation is recorded, processed, summarized, and reported within the time periods specified in applicable securities legislation.

Internal Controls over Financial Reporting

NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") and that they have, as at June 30, 2023, designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by CPA Canada. There have been no material changes in the Corporation's internal control over financial reporting during the year ended June 30, 2023, that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

The Corporation's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in note 7 of the Annual Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, whether executive or otherwise, of that entity).

Below is the remuneration of key management personnel of the Corporation for the years ended June 30, 2023 and June 30, 2022:

	For the Year Ended June 30,	
(in thousands of USD)	2023	2022
Salary and short-term employee and director benefits	$ 1,936	$ 6,251
Share-based compensation	516	606
Executive severance	2,039	-
	$ 4,491	$ 6,857

Savage Riverport, LLC

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

Farmers Grain, LLC

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

Berthold Farmers Elevator, LLC.

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

Gateway Energy Terminal

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

The following table summarizes the information for related parties.

(in thousands of USD)	June 30,	June 30,
Accounts receivable due from associates	2023	2022
(Recorded in Accounts receivable – related parties)		
Savage	$ 113	$ 173
Farmers Grain	116	370
BFE	70	2
Gateway	159	94
Total accounts receivable due from associates	$ 458	$ 639
Accounts payable due to associates		
(Recorded in Accounts payable – related parties)		
Savage	$ 26	$ -
Farmers Grain	51	13
BFE	174	1,584
Gateway	-	-
Total accounts payable due to associates	$ 252	$ 1,597

<u>Gain on open cash contracts – Related Party</u>		
(Recorded in Unrealized gains on open cash contracts)		
Farmers Grain	$ 206	$ 444
BFE	216	989
Total gain on related party open cash contracts	$ 422	$ 1,433
<u>Loss on open cash contracts – Related Party</u>		
(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

(in thousands of USD) <u>Related party revenues</u>	June 30, 2023	June 30, 2022
Savage	$ 92	$ 92
Farmers Grain	70	1,363
BFE	200	-
Gateway	873	1,021
Total related party revenues	$ 1,235	$ 2,476
<u>Related party expense</u>		
Savage	$ (1,409)	$ (1,393)
Farmers Grain	(31,474)	(5,842)
BFE	(75,255)	(11,544)
Gateway	-	-
Total related party expenses	$ (108,138)	$ (18,779)

Stewart Southern Railway Inc.

As at June 30, 2023 and June 30, 2022, Ceres owned 25% in SSR. The Corporation does not routinely transact with SSR.

Executive Departure

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

In addition to Mr. Day's departure, Glen Goldman stepped down as Ceres' Vice President, General Counsel and Corporate Secretary effective December 31, 2022, and Pat Gathman stepped down as Ceres' Vice President, Operations effective June 30, 2023.

SHARES OUTSTANDING

As at September 14, 2023, the issued and outstanding equity securities of the Corporation consisted of 31,094,144 common shares. In addition, the Corporation has 840,000 stock options outstanding with a weighted-average exercise price of C$3.50 per common share, 200,000 restricted stock units outstanding, and 343,649 equity-settled deferred share units outstanding and 130,928 cash-settled deferred share units outstanding.

CONTINGENCIES

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 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.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

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

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

Adjusted Earnings Before Interest, Income Taxes, Depreciation, and Amortization

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

The following table is a reconciliation of Adjusted EBITDA for Ceres on a consolidated basis for the three months and year ended June 30, 2023 and 2022:

	Three months ended June 30		Year ended June 30	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss)	$ (2,504)	$ (22,537)	$ (7,912)	$ (8,823)
Interest expense	1,264	1,126	6,236	4,770
Amortization of intangible assets	62	66	248	263
Income tax (recovered)	(1,337)	(345)	(865)	5,906
Share of net (income) loss in investment in associates	687	577	1,339	802
Depreciation and amortization	1,614	1,658	6,413	6,960
Gain (loss) on property, plant, and equipment	12	(3,725)	(1,218)	(3,744)
Crush plant impairment	-	25,904	-	25,904
Legal Settlement reserve	3,000	-	3,000	-
	$ 2,798	$ 2,724	$ 7,241	$ 32,038

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

Adjusted Net Income

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

	Three months ended June 30		Year ended June 30	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss)	$ (2,504)	$ (22,537)	$ (7,912)	$ (8,823)
Executive severance and employee cost reduction measures	220	-	2,574	-
Expense related to regulatory investigations	745	1,661	5,165	4,743
Crush plant impairment	-	25,904	-	25,904
Legal settlement reserve	3,000	-	3,000	-
	$ 1,461	$ 5,028	$ 2,827	$ 21,824

Return on Shareholders' Equity

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

The following table is a calculation of return on shareholders' equity for the three months and year ended June 30, 2023 and 2022:

	Three months ended June 30,		Year ended June 30,	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss) for the period	$ (2,504)	$ (22,537)	$ (7,912)	$ (8,823)
Total shareholder's equity as at reporting date	142,659	149,505	142,659	149,505
	(1.8%)	(15.1%)	(5.5%)	(5.9%)

Working Capital

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

The following table is a calculation of working capital as at June 30, 2023 and June 30, 2022:

(in thousands of USD)	June 30, 2023	June 30, 2022
Current assets	$ 122,565	$ 189,418
Current liabilities	(77,634)	(135,361)
	$ 44,931	$ 54,057

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD-LOOKING STATEMENTS

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

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

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

KEY ASSUMPTIONS

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

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

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

By their nature, forward-looking statements are subject to various risks and uncertainties, including those risks discussed in other sections of this MD&A, the AIF, and in other filings and communications, any of which could cause Ceres' actual results and experience to differ materially from the anticipated results or published expectations. Additional information on these and other factors is available in the AIF and other reports filed by Ceres with Canadian securities regulators. Readers are cautioned not to place undue reliance on the forward-looking statements herein, which are given as of the date of this

MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Ceres undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, change in management's estimates or opinions, future events or otherwise, except as required by law.