Unaudited Interim Condensed Consolidated Financial Statements of

CERES
GLOBAL

For the quarters ended December 31, 2023, and 2022
(Expressed in US Dollars)

CERES GLOBAL AG CORP.

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CERES GLOBAL AG CORP.

Interim Condensed Consolidated Balance Sheets

(In thousands of USD)	December 31, 2023	June 30, 2023
Assets		
Current assets:		
Cash	$ 3,942	$ 6,038
Due from brokers (note 4)	6,293	10,242
Unrealized gains on open cash contracts (note 5)	21,892	16,246
Accounts receivable	26,975	26,402
Accounts receivable - related parties (note 17)	1,047	458
Inventories, grains	115,523	57,693
Prepaid expenses and sundry assets	1,343	4,702
Portfolio investments (note 5)	774	784
Total current assets	177,789	122,565
Investments in associates	27,580	26,555
Property, plant, and equipment (note 6)	98,592	101,123
Intangible assets (note 7)	6,239	6,363
Deferred tax asset	3,512	4,550
Right of use assets (note 8)	2,143	2,414
Other assets	60	60
Total assets	$ 315,915	$ 263,630
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 9)	$ 38,955	$ 18,684
Accounts payable and accrued liabilities	67,654	44,491
Accounts payable - related parties (note 17)	457	252
Repurchase obligations	5,282	-
Unrealized losses on open cash contracts (note 5)	8,178	11,365
Current portion of term loan (note 11)	2,343	2,341
Current portion of lease liability (note 8)	503	501
Total current liabilities	123,372	77,634
Term loan (note 11)	38,655	39,826
Long-term lease liability (note 8)	1,762	2,012
Deferred tax liability	1,500	1,500
Total liabilities	165,289	120,972
Shareholders' equity:		
Common shares (note 14)	173,356	173,356
Deferred share units (note 16)	1,218	1,218
Contributed surplus	7,002	7,002
Accumulated other comprehensive income (loss)	2,177	3,085
Deficit	(33,127)	(42,003)
Total shareholders' equity	150,626	142,658
Total liabilities and shareholders' equity	$ 315,915	$ 263,630

Legal (note 20)

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

ON BEHALF OF THE BOARD OF DIRECTORS

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

Three and six months ended December 31, 2023, and 2022

(In thousands of USD except shares and loss per share)	3 months ended December 31, 2023	3 months ended December 31, 2022	6 months ended December 31, 2023	6 months ended December 31, 2022
Revenues	$ 282,200	$ 283,026	$ 498,200	$ 543,139
Cost of sales	(274,341)	(276,279)	(476,162)	(530,827)
Gross profit	7,859	6,747	22,038	12,312
General and administrative expenses	(4,146)	(5,771)	(9,286)	(13,515)
Income (loss) from operations	3,713	976	12,752	(1,203)
Finance income (loss) (note 12)	(330)	(202)	(406)	(7)
Interest expense (note 13)	(2,199)	(1,990)	(3,504)	(3,358)
Amortization of intangible assets (note 7)	(62)	(62)	(124)	(124)
Revaluation of stock appreciation right liability	(61)	134	(37)	241
Gain (loss) on property, plant, and equipment	(18)	17	(18)	17
Income (loss) before income taxes and undernoted items	1,043	(1,127)	8,663	(4,434)
Income tax (expense) recovered	1,131	(412)	(812)	(590)
Share of net income (loss) of associates	496	272	1,025	169
Net income (loss)	2,670	(1,267)	8,876	(4,855)
Components of comprehensive income (loss):				
Gain (loss) on financial instrument hedge	(424)	(110)	(908)	427
Total comprehensive income (loss)	$ 2,246	$ (1,377)	$ 7,968	$ (4,428)
Basic weighted-average number of shares for the period	31,094,144	31,069,687	31,094,144	31,033,334
Diluted weighted-average number of shares for the period	32,001,775	31,069,687	32,001,495	31,033,334
Earnings (loss) per share:				
Basic	$ 0.09	$ (0.04)	$ 0.29	$ (0.16)
Diluted	0.08	(0.04)	0.28	(0.16)
Supplemental disclosure of selected information:				
Depreciation included in Cost of sales	$ (1,409)	$ (1,354)	$ (2,816)	$ (2,809)
Amortization of right of use assets included in Cost of sales	(68)	(78)	(143)	(166)
Depreciation included in General and administrative expenses	(42)	(45)	(84)	(96)
Amortization of right of use assets included in General and administrative expenses	(64)	(62)	(128)	(131)
Amortization of financing costs included in Interest expense	(175)	(177)	(352)	(355)
Personnel costs included in Cost of sales	(1,721)	(1,710)	(3,298)	(3,477)
Personnel costs included in General and administrative expenses	(2,300)	(2,589)	(4,545)	(6,859)
Personnel costs included in Revaluation of stock appreciation right liability	(61)	134	(37)	241

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Cash Flows

Six months ended December 31, 2023, and 2022

(In thousands of USD)	2023	2022
Operating activities:		
Net income (loss)	$ 8,876	$ (4,855)
Adjustments for:		
Depreciation and amortization	2,900	2,905
Amortization of intangible assets	124	124
Amortization of right of use assets	271	297
Interest expense	3,504	3,358
Bad debt (recovery) expense	-	60
(Gain) loss on property, plant, and equipment	18	(17)
Income tax expense	812	590
Share-based compensation	157	439
Share of net (income) loss of associates	(1,025)	(169)
Unrealized (gain) loss on foreign exchange	(10)	3
Revaluation of stock appreciation right liability	37	(241)
Changes in non-cash working capital accounts:		
Due from brokers	3,291	3,596
Net open cash contracts	(8,833)	743
Accounts receivable	(594)	22,391
Accounts receivable - related parties	(589)	(528)
Inventories, grains	(57,830)	(50,971)
Prepaid expenses and sundry assets	3,359	(2,688)
Accounts payable and accrued liabilities	22,740	27,281
Accounts payable - related parties	205	(1,480)
Current portion of lease liability	(248)	(342)
Interest paid	(2,868)	(2,834)
Net cash provided by (used in) operating activities	(25,703)	(2,338)
Investing activities:		
Cash from disposition of property, plant, and equipment	39	34
Investment in other non-current assets		(29)
Acquisition of property, plant, and equipment	(464)	(956)
Net cash provided by (used in) investing activities	(425)	(951)
Financing activities:		
Net proceeds (repayment) of bank indebtedness	20,000	(6,000)
Proceeds from repurchase obligation	5,282	-
Repayment of term loan	(1,250)	(1,250)
Net cash provided by (used in) financing activities	24,032	(7,250)
Effect of exchange rate changes on cash	-	-
Increase (decrease) in cash	(2,096)	(10,539)
Cash, beginning of period	6,038	17,218
Cash, end of period	$ 3,942	$ 6,679

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

Six months ended December 31, 2023, and 2022

(In thousands of USD)	Common shares	Deferred share units	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balances, June 30, 2023	$ 173,356	$ 1,218	$ 7,002	$ 3,085	$ (42,003)	$ 142,658
Gain (loss) on financial instrument hedge	-	-	-	(908)	-	(908)
Net income (loss)	-	-	-	-	8,876	8,876
Balances, December 31, 2023	$ 173,356	$ 1,218	$ 7,002	$ 2,177	$ (33,127)	$ 150,626
Balances, June 30, 2022	$ 172,470	$ 1,762	$ 6,989	$ 2,375	$ (34,091)	$ 149,505
Deferred share units exercised	520	(544)	-	-	-	(24)
Share based compensation net of vesting	359	-	13	-	-	372
Gain (loss) on financial instrument hedge	-	-	-	427	-	427
Net income (loss)	-	-	-	-	(4,855)	(4,855)
Balances, December 31, 2022	$ 173,349	$ 1,218	$ 7,002	$ 2,802	$ (38,946)	$ 145,425

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

(1) CORPORATE STATUS, REPORTING AND NATURE OF OPERATIONS

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

These interim condensed consolidated financial statements of Ceres as at and for the three and six-month periods ended December 31, 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 interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with International Accounting Standards ("IAS") 34 – Interim Financial Reporting ("IAS 34"). Certain information and disclosures required to be included in notes to the annual consolidated financial statements have been condensed or omitted. Accounting, estimation, and valuation policies have been consistently applied to all periods presented herein, in accordance with IFRS.

These interim condensed consolidated financial statements should be read in conjunction with Ceres' annual consolidated financial statements for the year ended June 30, 2023. The Corporation's significant accounting policies are presented in note 3 of those consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the board of directors of the Corporation (the "Board of Directors") on February 13, 2024.

Functional and presentation currency

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

These interim condensed consolidated financial statements are presented in USD.

Basis of measurement

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

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

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

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

Summary of Significant Accounting Judgments

Measurement of Deferred Tax

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

Interest Rate Swap Contract

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

Joint Arrangements

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

Summary of Significant Accounting Estimates

Inventories and Commodity Derivatives

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

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

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

Current Events

War in Ukraine

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

(4) DUE FROM BROKERS

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

Amounts due from brokers consist of the following:

(in thousands of USD)	December 31, 2023	June 30, 2023
Margin deposits	$ 4,024	$ 5,403
Unrealized gains on futures contracts and options, at fair value	1,208	2,697
Unrealized gain on financial instrument hedge	1,485	2,142
	6,717	10,242
Unrealized losses on futures contracts and options, at fair value	(424)	-
	$ 6,293	$ 10,242

(5) FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Corporation's financial assets and liabilities that are measured at fair value in the Consolidated Balance Sheets are categorized by level according to the reliability of the inputs used in making the measurements. The Corporation recognizes transfers between fair value measurements hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the quarter ended December 31, 2023.

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

	December 31, 2023			
(in thousands of USD)	Level 1	Level 2	Level 3	Total
Cash	$ 3,942	$ -	$ -	$ 3,942
Portfolio investments	-	-	774	774
Due from broker, margin deposits (note 4)	4,024	-	-	4,024
Due from broker, unrealized gains on futures and options (note 4)	1,208	-	-	1,208
Unrealized gains on open cash contracts (derivatives)	-	21,892	-	21,892
Due from broker, unrealized losses on futures and options (note 4)	(424)	-	-	(424)
Unrealized gain on financial instrument hedge (note 4)	-	1,485	-	1,485
Unrealized losses on open cash contracts (derivatives)	-	(8,178)	-	(8,178)
Stock appreciation right liability included in accounts payable	-	-	(360)	(360)
Deferred share unit liability included in accounts payable	-	-	(295)	(295)
Balance December 31, 2023	$ 8,750	$ 15,199	$ 119	$ 24,068

(in thousands of USD)	June 30, 2023 Level 1	Level 2	Level 3	Total
Cash	$ 6,038	$ -	$ -	$ 6,038
Portfolio investments	-	-	784	784
Due from broker, margin deposits (note 4)	5,403	-	-	5,403
Due from broker, unrealized gains on futures and options (note 4)	2,697	-	-	2,697
Unrealized gains on open cash contracts	-	16,246	-	16,246
Unrealized gain on financial instrument hedge (note 4)	-	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	$ 14,138	$ 7,023	$ 291	$ 21,452

Reconciliation of Level 3 fair values:

(in thousands of USD)	Portfolio Investments
Balance at June 30, 2022	$ 779
Unrealized foreign exchange loss	5
Balance at June 30, 2023	784
Unrealized foreign exchange loss	(10)
Balance at December 31, 2023	$ 774

(in thousands of USD)		Stock Appreciation Right Liability
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)
Revaluation of stock appreciation right liability		(37)
Expense		(99)
Exercises		-
Unrealized foreign exchange gain		(2)
Balance at December 31, 2023	$	(360)

(in thousands of USD)		Deferred Share Unit Liability
Balance at June 30, 2022	$	(361)
Expense		(69)
Exercises		84
DSU liability revaluation		75
Unrealized foreign exchange gain		-
Balance at June 30, 2023		(271)
Expense		(61)
Exercises		18
DSU liability revaluation		19
Unrealized foreign exchange gain		-
Balance at December 31, 2023	$	(295)

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 three and six months ended December 31, 2023.

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 period ended December 31, 2023, if the fair value of each of the open cash contracts as at December 31, 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 period ending December 31, 2023, would be as follows:

(in thousands of USD except income per share)	Increase (decrease) in net income	Increase (decrease) in income per share
5% increase in bid/ask prices of commodities	$ 1,029	$ 0.03
5% decrease in bid/ask prices of commodities	$ (1,029)	$ (0.03)

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 December 31, 2023, Ceres had no long or short portfolio positions in any interest-bearing investment securities.

As at December 31, 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 December 31, 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.

As disclosed in note 9 (Bank Indebtedness), as at December 31, 2023, the Corporation's 2023 Credit Facility (as defined herein) bears a tiered annual interest rate based on utilization ranging from 2.25% to 2.50% plus SOFR plus 10 basis points. As at December 31, 2023, management has determined the effect on the future results of operations of the Corporation if the variable interest rate component applicable on that date was to increase by 25 basis points ("25 bps"), using the balance of the revolving credit facility payable as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

Furthermore, as at December 31, 2023, the Corporation's term debt with the Bank of Montreal ("BMO Loan") (note 10) bears interest at an annual rate of 3.50% plus one-month LIBOR. On September 14, 2021, the Corporation entered into a floating-to-fixed interest rate swap, fixing the variable interest portion of the BMO Loan. As at December 31, 2023, the interest rate swap fair value was $1.5 million. Refer to note 10 for more information.

On that basis, the potential effects on the results of operations for the year ended December 31, 2023 would be as follows:

(in thousands of USD except income per share)	Increase (decrease) on net income	Increase (decrease) on income per share
2023 Credit Facility (as defined in note 9)		
25 bps increase in annual interest rate	$ (50)	$ -
BMO Loan		
25 bps increase in annual interest rate	$ (20)	$ -

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2023, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, and to the extent that open cash contracts for grain commodities have given rise to unrealized gains. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets. The Corporation uses various grain contracts as part of its overall grain merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counter-party risk associated with non-performance, which may have the potential of creating losses. Management has assessed the counter-party risk and believes that immaterial losses, if any, would result from non-performance.

The Corporation regularly evaluates its credit risk concerning its trade accounts receivable to the extent that such receivables may be concentrated with significant customers. The Corporation minimizes this risk by having a diverse customer base and established credit policies. The aging of the Corporation's trade accounts receivable is substantially current. As at December 31, 2023, and June 30, 2023, the allowance for doubtful accounts was $71 thousand and $175 thousand, respectively.

The Corporation had two customers that individually exceeded 10% of total revenue representing 16.3% and 13.9% of total revenue for the period ended December 31, 2023, and none for the period ended December 31, 2022.

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 December 31, 2023, and June 30, 2023, the following are the contractual maturities of financial liabilities, excluding interest payments:

December 31, 2023

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	$ 38,955	$ 39,000	$ 39,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	67,654	67,654	67,654	-	-	-
Accounts payable - related parties	457	457	457	-	-	-
Repurchase obligations	5,282	5,282	5,282	-	-	-
Unrealized losses on open cash contracts	8,178	8,178	8,178	-	-	-
Term loan (note 10)	40,998	41,375	2,500	2,500	36,375	-
	$ 161,524	$ 161,946	$ 123,071	$ 2,500	$ 36,375	$ -

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 (note 10)	42,167	42,625	2,500	2,500	37,625	-
	$ 116,959	$ 117,733	$ 77,608	$ 2,500	$ 37,625	$ -

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 December 31, 2023, the Corporation had forward purchase contracts of $74.3 million, all of which are payable within 12 months.

The Corporation considers its share capital and, equity reserves as capital, which at December 31, 2023, was $149.4 million (June 30, 2023: $142.7 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 three and six months ended December 31, 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 payables and receivables. 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 December 31, 2023, the following is a summary, at fair value, of Ceres' exposure to currency risks on monetary assets and liabilities:

(in thousands of USD)	Net asset (liability) exposure
Canadian dollars	$ 7,756

The following is a summary of the effect on Ceres' profit or loss for the period ended December 31, 2023, if the USD had become 5% stronger or weaker against the CAD as at December 31, 2023, with all other variables remaining constant, related to monetary assets and liabilities denominated in CAD:

(in thousands of USD except income per share)	Increase (decrease) in net income	Increase (decrease) in income per share
CAD 5% Stronger	$ 388	$ 0.01
CAD 5% Weaker	$ (369)	$ (0.01)

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

Other Financial Instruments

The carrying values of accounts receivable, bank indebtedness, and account payable and accrued liabilities approximate their fair values as at December 31, 2023, due to the short-term nature of these instruments. The carrying value of the term loan approximates fair value as at December 31, 2023, based on current market rates of interest for similar instruments.

(6) PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment is comprised the following at December 31, 2023, and June 30, 2023:

(in thousands of USD)	Land	Buildings, Silos & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
Cost						
June 30, 2023	$ 21,224	$ 81,831	$ 35,435	$ 4,230	$ 327	$ 143,047
Additions	-	-	-	-	427	427
Placed in service	-	-	97	-	(97)	-
Disposals	-	-	(100)	-	-	(100)
December 31, 2023	$ 21,224	$ 81,831	$ 35,432	$ 4,230	$ 657	$ 143,374
Accumulated depreciation						
June 30, 2023	$ -	$ (23,901)	$ (14,740)	$ (3,283)	$ -	$ (41,924)
Depreciation	-	(1,481)	(1,353)	(66)	-	(2,900)
Disposals	-	-	42	-	-	42
December 31, 2023	$ -	$ (25,382)	$ (16,051)	$ (3,349)	$ -	$ (44,782)
Carrying amount						
June 30, 2023	$ 21,224	$ 57,930	$ 20,695	$ 947	$ 327	$ 101,123
December 31, 2023	$ 21,224	$ 56,449	$ 19,381	$ 881	$ 657	$ 98,592

Property, plant, and equipment additions of $70 thousand have been accrued but not yet paid as at December 31, 2023, compared to $107 thousand as at June 30, 2023.

(7) INTANGIBLE ASSETS

Intangible assets are comprised the following at December 31, 2023, and June 30, 2023:

(in thousands of USD)	Trademarks, tradename, customer/ producer relationships	Goodwill	Other intangible assets	Total
Intangible assets				
June 30, 2023	$ 2,481	$ 4,704	$ 150	$ 7,335
December 31, 2023	$ 2,481	$ 4,704	$ 150	$ 7,335
Accumulated amortization				
June 30, 2023	$ (972)	$ -	$ -	$ (972)
Amortization	(124)	-	-	(124)
December 31, 2023	$ (1,096)	$ -	$ -	$ (1,096)
Carrying amount				
June 30, 2023	$ 1,509	$ 4,704	$ 150	$ 6,363
December 31, 2023	$ 1,385	$ 4,704	$ 150	$ 6,239

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 December 31, 2023, the remaining useful life of the intangible assets related to the Delmar acquisition was 5.5 years.

(8) LEASE LIABILITIES AND RIGHT OF USE ASSETS

Right of use assets are comprised of the following as at December 31, 2023, and June 30, 2023:

(in thousands of USD)	Land and Buildings	Machinery and Equipment	Office Equipment	Total Right of Use Assets
June 30, 2023	$ 3,522	$ 592	$ 71	$ 4,185
December 31, 2023	$ 3,522	$ 592	$ 71	$ 4,185
Accumulated amortization				
June 30, 2023	$ (1,612)	$ (129)	$ (30)	$ (1,771)
Amortization	(225)	(39)	(7)	(271)
Disposals	-	-	-	-
December 31, 2023	$ (1,837)	$ (168)	$ (37)	$ (2,042)
Carrying amount				
June 30, 2023	$ 1,910	$ 463	$ 41	$ 2,414
December 31, 2023	$ 1,685	$ 424	$ 34	$ 2,143

(in thousands of USD)	Lease Liabilities
Lease payments due within:	
1 year	$ 584
2 years	577
3-5 years	559
6 or more years	1,471
Contractual lease cash flow	3,191
Interest attributed to lease payments	(926)
Balance at December 31, 2023	$ 2,265

(9) BANK INDEBTEDNESS

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 base 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 December 31, 2023, the Corporation was in compliance with all covenants.

As at December 31, 2023, and June 30, 2023, the Corporation had $53.7 million and $35.8 million in availability, respectively, on its revolving credit facility.

As at December 31, 2023, and June 30, 2023, the carrying amount of bank indebtedness is summarized as follows:

(in thousands of USD)	December 31, 2023	June 30, 2023
Revolving credit facility	$ 39,000	$ 19,000
Unamortized financing costs	(45)	(316)
Bank indebtedness	$ 38,955	$ 18,684

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.

(10) REPURCHASE OBLIGATIONS

As at December 31, 2023, the Corporation had three open grain repurchase commitments under its product financing arrangement to repurchase a total of 700,000 bushels of certain grains. Under the product financing arrangements, the Corporation sold grain under contract and simultaneously entered into contracts to repurchase a total of 700,000 bushels of grain by January 11, 2024. Since the Corporation was obligated to repurchase these commodities, it did not recognize these transactions as sales. As at December 31, 2023, the Corporation recognized the inventory owned by the Corporation in this regard on its consolidated balance sheet and recorded a liability of $5.3 million plus accrued interest payable. As at December 31, 2023, the fixed interest rates on the open repurchase commitments were 8.04%.

(11) 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. The Corporation may prepay, in whole or in part, without penalty or premium. Undrawn amounts on the delayed draw term loan are subject to a 0.25% commitment fee. As at December 31, 2023, there were no undrawn amounts on the BMO Loan. Interest is paid monthly and at the Corporation's option, the BMO Loan will bear interest equal to:

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

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

(in thousands of USD)		Carrying amount
BMO Term Loan	$	25,875
BMO Delayed Draw		15,500
Interest rate swap contract		1,485

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 December 31, 2023, is $25.9 million. The interest rate on the BMO Loan is expected to be approximately 4.2% per annum through the swap maturity date of September 29, 2025. Settlement of both the fixed and variable portions of the interest rate swap occurs on a monthly basis. The Corporation has applied hedge accounting to this relationship whereby the change in fair value of the effective portion of the hedging derivative is recognized in accumulated other comprehensive income. The full amount of the hedge was determined to be effective as at December 31, 2023. The Corporation has classified this financial instrument as a cash flow hedge and the fair value of the hedging instrument is recorded as an asset of $1.5 million on the consolidated balance sheet.

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

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

(in thousands of USD)		December 31, 2023		June 30, 2023
Current portion of term loan	$	2,500	$	2,500
Less current portion of unamortized financing costs		(157)		(159)
Current portion of term loan		2,343		2,341
Long-term portion of term loan		38,875		40,125
Less long-term portion of unamortized financing costs		(220)		(299)
Long-term loan		38,655		39,826
Total	$	40,998	$	42,167

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.

(12) FINANCE INCOME (LOSS)

The following table presents realized and unrealized gains (losses) on foreign exchange, currency-hedging transactions and the revaluation of portfolio investments for the three and six-month periods ended December 31, 2023, and 2022:

	3 Months				6 Months			
(in thousands of USD)		2023		2022		2023		2022
Realized and unrealized gain (loss) on foreign exchange	$	(330)	$	(202)	$	(406)	$	(7)
Finance income (loss)	$	(330)	$	(202)	$	(406)	$	(7)

(13) INTEREST EXPENSE

The following table presents interest expense for the three and six-month periods ended December 31, 2023, and 2022:

	3 Months		6 Months	
(in thousands of USD)	2023	2022	2023	2022
Interest on bank indebtedness	$ (1,285)	$ (996)	$ (1,722)	$ (1,538)
Interest on term loan	(1,262)	(866)	(1,911)	(1,566)
Interest on term loan swap	618	208	618	312
Interest on repurchase obligations	(52)	(127)	(52)	(139)
Interest attributable to leases	(33)	(41)	(69)	(84)
Amortization of financing costs paid	(176)	(177)	(352)	(355)
Interest on other financing obligations	(9)	9	(16)	12
Interest expense	$ (2,199)	$ (1,990)	$ (3,504)	$ (3,358)

(14) EQUITY

The following is a summary of the changes in the Common shares for the six months ended December 31, 2023:

	Common shares	
	Number of shares	Amount (*in thousands of USD*)
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, and December 31, 2023	31,094,144	$ 173,356

As at December 31, 2023, and June 30, 2023, directors and officers of the Corporation, through a controlled entity, beneficially own, directly or indirectly, or exercise control or direction over 54.4% and 54.4%, respectively, of the outstanding Common shares of the Corporation.

December 31, 2023, and December 31, 2022 (Expressed in USD)

(15) EQUITY INCENTIVE PLAN

Stock Option Awards

During the six months ended December 31, 2023, Ceres had outstanding stock option awards ("**Options**"), which include Tandem SARs, under the Corporation's Equity Incentive Plan ("**Equity Plan**") to certain officers and employees of the Corporation. As at December 31, 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, 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
Granted	334,000		2.12	4.75
Forfeited	(18,750)		4.05	-
Expired	(178,750)		3.71	-
Outstanding as at December 31, 2023	996,500	$	3.00	3.54
Exercisable as at December 31, 2023	535,000	$	3.41	2.55

At the grant date, the fair value of the Options is estimated using the Black-Scholes option pricing model with the following weighted-average assumptions: an average risk-free interest rate of 4.5%; expected volatility of 47.9%; dividend yield of nil; an average expected option life of 3.25 years; and an average exercise price of CAD $2.12. During the six months ended December 31, 2023, there were 334 thousand options granted. The weighted average grant date fair value of the Options granted during the quarter ended December 31, 2023, is CAD $2.12. As at December 31, 2023, Options had exercise prices ranging from CAD $2.11 to CAD $5.15 and CAD $3.12 to CAD $5.84 as at December 31, 2022.

The total Option compensation cost included in general and administrative expenses for the three months ended December 31, 2023, amounted to $38 thousand and $7 thousand for the three months ended December 31, 2022. For the six months ended December 31, 2023, the total Option compensation cost included in general and administrative expenses totaled $99 thousand and $11 thousand for the six months ended December 31, 2022 with the non-cash expense being accrued and classified within Stock appreciation right liability in the Interim Condensed Consolidated Balance Sheet.

Restricted Stock Units

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

(in thousands of USD)	Number of Units
Balance at June 30, 2022	197,865
Restricted stock units exercised	(205,038)
Restricted stock units cancelled	(42,827)
Restricted stock units granted	250,000
Balance at June 30, 2023	200,000
Balance at December 31, 2023	200,000

The total RSU compensation cost included in general and administrative expenses for the six months ended December 31, 2023, amounted to $3 thousand and $441 thousand for the six months ended December 31, 2022, with the non-cash expense being accrued and classified within accounts payable in the Interim Condensed Consolidated Balance Sheet.

(16) DIRECTORS' SHARE AND DEFERRED SHARE UNIT PLAN

Effective December 1, 2020, the Board of Directors amended the Directors' Share and Deferred Share Unit Plan ("DSU Plan") to provide that any Deferred Share Unit ("DSU") granted on or after December 1, 2020, will be redeemed in cash in an amount equal to the Fair Market Value of a Common Share, determined by the Committee in its sole discretion as of the Entitlement Date; provided that the Corporation may, at its option and subject to the availability of shares under the DSU Plan, deliver to the Eligible Director in satisfaction of all or a portion of such 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 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 DSU Plan agreement as "Matching DSUs") to an Eligible Director who has elected to receive DSUs pertaining to his/her Annual Cash Remuneration amount (as defined by the DSU Plan).

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

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

	Number of DSUs	Amount (*in thousands of USD*)
Balance, June 30, 2022	515,642	$ 1,762
Exercised	(171,993)	(544)
Balance, June 30, 2023	343,649	1,218
Balance at December 31, 2023	343,649	$ 1,218

(17) RELATED PARTY TRANSACTIONS

Key management personnel

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

	3 Months		6 Months	
(in thousands of USD)	2023	2022	2023	2022
Salary and short-term employee and director benefits	$ 461	$ 474	$ 912	$ 1,076
Share-based compensation	110	56	94	236
Executive severance	-	211	-	1,850
	$ 571	$ 741	$ 1,006	$ 3,162

Savage Riverport, LLC

As at December 31, 2023, and June 30, 2023, Ceres owns a 50% interest in Savage. Ceres routinely transacts business directly with Savage. Such transactions are in the ordinary course of business and include storage and elevation fees for grain storage, as well as management fees.

Farmers Grain, LLC

As at December 31, 2023, and June 30, 2023, Ceres owns a 50% interest in Farmers Grain. Ceres routinely transacts business directly with Farmers Grain. Such transactions are in the ordinary course of business and include the purchase of grain as well as management fees.

Berthold Farmers Elevator, LLC.

As at December 31, 2023, and June 30, 2023, Ceres owns a 50% interest in BFE. Ceres routinely transacts business directly with BFE. Such transactions are in the ordinary course of business and include the purchase of grain.

Gateway Energy Terminal

As at December 31, 2023, and June 30, 2023, Ceres owned a 50% interest in Gateway Energy Terminal ("Gateway").

Stewart Southern Railway Inc.

As at December 31, 2023, and June 30, 2023, Ceres owns 25% in SSR.

The following table summarizes the information for related parties.

(in thousands of USD)	December 31, 2023	June 30, 2023
Accounts receivable due from associates		
(Recorded in Accounts receivable – related parties)		
Savage	$ 122	$ 113
Farmers Grain	724	116
BFE	12	70
Gateway	189	159
Total accounts receivable due from associates	$ 1,047	$ 458
Accounts payable due to associates		
(Recorded in Accounts payable – related parties)		
Savage	$ 22	$ 26
Farmers Grain	5	51
BFE	430	174
Gateway	-	-
Total accounts payable due to associates	$ 457	$ 251
Gain on open cash contracts – Related Party		
(Recorded in Unrealized gains on open cash contracts)		
Farmers Grain	$ -	$ 206
BFE	-	216
Total gain on related party open cash contracts	$ -	$ 422

Loss on open cash contracts – Related Party				
(Recorded in unrealized losses on open cash contracts)				
Farmers Grain	$	-	$	7
BFE		21		35
Total loss on related party open cash contracts	$	21	$	42

(in thousands of USD)		3 Months December 31, 2023		December 31, 2022		6 Months December 31, 2023		December 31, 2022
Related party revenues								
Savage	$	23	$	23	$	46	$	46
Farmers Grain		45		36		69		67
BFE		114		203		114		203
Gateway		161		212		331		432
Total related party revenues	$	343	$	474	$	560	$	748
Related party expense								
Savage	$	578	$	379	$	1,194	$	747
Farmers Grain		9,103		11,951		16,460		20,745
BFE		10,454		14,517		38,027		39,753
Gateway		-		-		-		-
Total related party expenses	$	20,135	$	26,847	$	55,681	$	61,245

(18) SEGMENT REPORTING

As at December 31, 2023, the Corporation has four reportable segments: Grain, Supply Chain Services, Seed Retail and Processing, and Corporate. As at December 31, 2023, the Corporation has three operating segments: Grain, Supply Chain Services, and Seed Retail 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 Retail 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. During the quarter ended September 30, 2023, the Corporation made minor adjustments to the classification of certain accounts and the segment they relate to in order to more appropriately reflect how management views the business segments. The prior year quarter was also reclassified in order to maintain consistency when comparing quarters.

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the three months ended December 31, 2023:

(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate and Eliminations	Total
Revenues	$ 262,776	$ 957	$ 18,467	$ -	$ 282,200
Cost of sales	(257,316)	(610)	(16,330)	(85)	(274,341)
Gross profit	5,460	347	2,137	(85)	7,859
General and administrative expenses	(1,070)	(1)	(91)	(2,984)	(4,146)
Income (loss) from operations	4,390	346	2,046	(3,069)	3,713
Finance income (loss)	-	-	-	(330)	(330)
Interest expense	(1,478)	-	-	(721)	(2,199)
Amortization of intangible assets	-	-	-	(62)	(62)
Revaluation of stock appreciation right liability	-	-	-	(61)	(61)
Gain (loss) on property, plant, and equipment	3	12	8	(41)	(18)
Income (loss) before taxes	2,915	358	2,054	(4,284)	1,043
Income tax (expense) recovered	-	-	-	1,131	1,131
Share in net income (loss) from associates	546	-	-	(50)	496
Net income (loss)	$ 3,461	$ 358	$ 2,054	$ (3,203)	$ 2,670

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

(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate and Eliminations	Total
Revenues	$ 268,670	$ 853	$ 13,503	$ -	$ 283,026
Cost of sales	(262,678)	(849)	(12,662)	(90)	(276,279)
Gross profit	5,992	4	841	(90)	6,747
General and administrative expenses	(951)	(2)	(305)	(4,513)	(5,771)
Income (loss) from operations	5,041	2	536	(4,603)	976
Finance income (loss)	-	-	-	(202)	(202)
Interest expense	(1,255)	-	1	(736)	(1,990)
Amortization of intangible assets	-	-	-	(62)	(62)
Revaluation of stock appreciation right liability	-	-	-	134	134
Gain (loss) on property, plant, and equipment	-	-	17	-	17
Income (loss) before taxes	3,786	2	554	(5,469)	(1,127)
Income tax (expense) recovered	-	-	-	(412)	(412)
Share in net income (loss) from associates	234	-	-	38	272
Net income (loss)	$ 4,020	$ 2	$ 554	$ (5,843)	$ (1,267)

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the six months ended December 31, 2023:

(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate and Eliminations	Total
Revenues	$ 461,556	$ 1,806	$ 34,838	$ -	$ 498,200
Cost of sales	(443,261)	(1,218)	(31,510)	(173)	(476,162)
Gross profit	18,295	588	3,328	(173)	22,038
General and administrative expenses	(2,203)	(4)	(199)	(6,880)	(9,286)
Income (loss) from operations	16,092	584	3,129	(7,053)	12,752
Finance income (loss)	-	-	-	(406)	(406)
Interest expense	(2,049)	-	-	(1,455)	(3,504)
Amortization of intangible assets	-	-	-	(124)	(124)
Revaluation of stock appreciation right liability	-	-	-	(37)	(37)
Gain (loss) on property, plant, and equipment	3	12	8	(41)	(18)
Income (loss) before taxes	14,046	596	3,137	(9,116)	8,663
Income tax (expense) recovered	-	-	-	(812)	(812)
Share in net income (loss) from associates	1,027	-	-	(2)	1,025
Net income (loss)	$ 15,073	$ 596	$ 3,137	$ (9,930)	$ 8,876

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

(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate and Eliminations	Total
Revenues	$ 512,966	$ 1,695	$ 28,478	$ -	$ 543,139
Cost of sales	(500,846)	(1,744)	(28,057)	(180)	(530,827)
Gross profit	12,120	(49)	421	(180)	12,312
General and administrative expenses	(2,065)	(3)	(615)	(10,832)	(13,515)
Income (loss) from operations	10,055	(52)	(194)	(11,012)	(1,203)
Finance income (loss)	-	-	-	(7)	(7)
Interest expense	(1,949)	-	1	(1,410)	(3,358)
Amortization of intangible assets	-	-	-	(124)	(124)
Revaluation of stock appreciation right liability	-	-	-	241	241
Gain (loss) on property, plant, and equipment	-	-	17	-	17
Income (loss) before taxes	8,106	(52)	(176)	(12,312)	(4,434)
Income tax (expense) recovered	-	-	-	(590)	(590)
Share in net income (loss) from associates	142	-	-	27	169
Net income (loss)	$ 8,248	$ (52)	$ (176)	$ (12,875)	$ (4,855)

(19) TAXES

The following table presents income tax (expense) recovery for the three and six months ended December 31, 2023, and 2022:

	3 Months		6 Months	
(in thousands of USD)	2023	2022	2023	2022
Current income tax (expense) recovery	$ (49)	$ (242)	$ (49)	$ (242)
Deferred income tax expense	1,180	(170)	(763)	(347)
	$ 1,131	$ (412)	$ (812)	$ (590)

During the six-month period ended December 31, 2023, the Corporation recorded income tax expense of $812 thousand compared to income tax expense of $412 thousand for the six months ended December 31, 2022. During the six-month period end December 31, 2023, Ceres recognized deferred income tax expense of $763 thousand with the expected utilization of net operating losses in a subsidiary based in the United States.

(20) LEGAL

On October 23, 2023, Ceres resolved an investigation by the Commodity Futures Trading Commission (the "CFTC") that was primarily focused on its oat market activities from over 6 years ago by consenting to an "Order Instituting Proceedings Pursuant to Section 6 (c) and (d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions" (the "Settlement Order"). Under the Settlement Order, Ceres will pay a civil monetary penalty in the amount of $3.0 million, to be paid in three equal installments on November 2, 2023, April 23, 2024, and October 23, 2024, respectively. As at December 31, 2023, $2.0 million is recorded in accounts payable and accrued liabilities on the Interim Condensed Consolidated Balance Sheet. The monetary penalty was consistent with the amount that was accrued as a legal settlement reserve in the Corporation's financial statements for the year ended June 30, 2023. The Corporation neither admitted nor denied the findings or conclusions contained in the Settlement Order. The Settlement Order can be found on the CFTC's website. The Corporation does not currently anticipate any other charges or fines arising from the U.S. Department of Justice or CFTC investigations.

(21) SUBSEQUENT EVENTS

On February 5, 2024, the Corporation amended the 2023 Credit Facility. Under the new credit facility (the "2024 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 2024 Credit Facility matures on February 3, 2025. The base interest rate under the 2024 Credit Facility is 2.125%.

The total interest rate is calculated by adding the applicable margin above plus SOFR plus 10 basis points. The 2024 Credit Facility is subject to borrowing base limitations. Amounts under the agreement that remain undrawn are not subject to a commitment fee.