MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("**MD&A**") dated February 14, 2024 should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements for the quarter ended December 31, 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, 2023 (the "**Annual Consolidated Financial Statements**"). Additional information about Ceres filed with Canadian securities regulatory authorities, including its Interim Condensed Consolidated Financial Statements, Annual MD&A, and Annual Information Form dated September 15, 2023 (the "**AIF**"), 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 financial 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 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 Riverport**”), 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. Six of Ceres’ grain storage facilities and four joint venture 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 Retail and Processing Segment

The Corporation's Seed Retail 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 retail business located in Manitoba, Canada.

1. FINANCIAL AND OPERATING SUMMARY

(in thousands of USD except per share)	Quarters Ended December 31, 2023	Quarters Ended December 31, 2022
Revenues	$ 282,200	$ 283,026
Gross profit (loss)	$ 7,859	$ 6,747
Income (loss) from operations	$ 3,713	$ 976
Net income (loss)	$ 2,670	$ (1,267)
Weighted average common shares outstanding	31,094,144	31,069,687
Diluted weighted average common shares outstanding	32,001,775	31,069,687
Income (loss) per share – Basic	$ 0.09	$ (0.04)
Income (loss) per share – Diluted	$ 0.08	$ (0.04)
Adjusted EBITDA (1)(3)	$ 4,906	$ 2,452
Return on shareholders' equity (1)	1.0%	(0.9)%

	As at December 31, 2023	As at June 30, 2023
Total assets	$ 315,915	$ 263,630
Total bank indebtedness, current	$ 38,955	$ 18,684
Term loan (2)	$ 40,998	$ 42,167
Shareholders' equity	$ 150,626	$ 142,658

(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 QUARTER ENDED DECEMBER 31, 2023

- Net income for the quarter was $2.7 million compared to a loss of $1.3 million for the same quarter in the previous year.
- Gross profit for the quarter was $7.9 million compared to $6.7 million in the previous year.
- Income from operations was $3.7 million, increasing 280.4% from 976 thousand in the prior year.
- On February 12, 2024, the Corporation announced an exclusive agreement with Groupo Trimex, Mexico's largest flour miller, to collaboratively develop and execute regenerative agriculture initiatives for hard red spring wheat grown in Canada and the United States that is destined for Mexico.

Overall Performance

The Corporation's net income was $2.7 million for the quarter ended December 31, 2023, compared to a net loss of $1.3 million for the quarter ended December 31, 2022. The net income in the second quarter of fiscal year 2024 was driven by higher grain gross margins as well as the prior year being negatively impacted by employee severance related to cost reduction measures ($264 thousand for the quarter ended December 31, 2022) and legal expense related to the regulatory investigations ($1.6 million for the quarter ended December 31, 2022). Gross profit was $7.9 million for the quarter ended December 31, 2023, compared to a gross profit of $6.7 million for the quarter ending December 31, 2022, a result of higher volumes and gross margins in the Seed Retail and Processing segment. Furthermore, income from operations was $3.7 million for the quarter ended December 31, 2023, compared to $976 thousand income from operations for the quarter ended December 31, 2022.

Revenues and Gross Profit

Total revenue decreased by $826 thousand, primarily due to lower core commodities prices compared to the same quarter in the prior year. The Corporation handled and traded 26.5 million bushels of grain and oilseed during the quarter ended December 31, 2023, compared to 30.8 million bushels for the quarter ended December 31, 2022. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. Ceres' Management believes it is more important to focus on changes in gross profits and volume handled rather than changes in revenue dollars.

The table below represents a summary of the components of gross profit for the three months ended December 31, 2023, and 2022:

	2023				
(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate	Total
Net trading margin	$ 8,419	$ -	$ -	$ -	$ 8,419
Supply Chain Services revenue	937	957	-	-	1,894
Net Seed Retail and Processing margin	-	-	3,186	-	3,186
Operating expenses included in cost of sales	(2,788)	(425)	(952)	-	(4,165)
Depreciation expense included in cost of sales	(1,109)	(185)	(97)	(85)	(1,476)
Gross profit (loss)	$ 5,459	$ 347	$ 2,137	$ (85)	$ 7,858

	2022				
(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate	Total
Net trading margin	$ 8,439	$ -	$ -	$ -	$ 8,439
Supply Chain Services revenue	1,341	853	-	-	2,194
Net Seed Retail and Processing margin	-	-	1,868	-	1,868
Operating expenses included in cost of sales	(2,775)	(601)	(945)	-	(4,320)
Depreciation expense included in cost of sales	(1,013)	(248)	(82)	(90)	(1,433)
Gross profit (loss)	$ 5,992	$ 4	$ 841	$(90)	$ 6,747

Gross profit increased by $1.1 million for the three months ended December 31, 2023, compared to the three months ended December 31, 2022. The increase in gross profit was driven by record crush volumes and gross margins in the Seed Retail and Processing segment.

Net Trading Margin

Net trading margin decreased by $20 thousand for the quarter ended December 31, 2023, compared to the quarter ended December 31, 2022, which is consistent period over period.

Supply Chain Services Revenue

Supply Chain Services revenue decreased by $300 thousand for the quarter ended December 31, 2023, compared to the quarter ended December 31, 2022. The Corporation's grain-related Supply Chain Services revenue decreased $404 thousand due to lower third-party storage and elevations. The three months ended December 31, 2022, includes third party storage revenue from the Corporation's Port Colborne facility which was sold in February 2023. For the quarter ended December 31, 2023, the non-grain supply chain service revenue increased $104 thousand compared to the same quarter in the previous year.

Net Seed Retail and Processing Margin

Net Seed Retail and Processing margin was $3.2 million for the quarter ended December 31, 2023, compared to $1.9 thousand for the quarter ended December 31, 2022. The increase is driven by record volumes and gross margins for the quarter ended December 31, 2023.

Operating Expenses and Depreciation

For the quarter ended December 31, 2023, operating and depreciation expense included in cost of sales totaled $5.6 million compared to $5.8 million for the quarter ended December 31, 2022. The decrease in operating expenses was driven by the sale of the Port Colborne Facility in February 2023. Depreciation for the three-month period ended December 31, 2023, increased by $43 thousand quarter over quarter.

General and Administrative Expenses

For the quarter ended December 31, 2023, general and administrative expenses totaled $4.1 million compared to $5.8 million in the quarter ended December 31, 2022. General and administrative expenses decreased due to employee severance related to cost reduction measures (2024: nil; 2023: $264 thousand) and legal fees related to the regulatory investigations (2024: 64; 2023: $1.6 million) partially offset by a higher incentive accrual in the second quarter of fiscal year 2024.

Finance Income (Loss)

For the quarter ended December 31, 2023, finance loss totaled $330 thousand compared to finance loss of $202 thousand during the quarter ended December 31, 2022. Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments.

Interest Expense

	Quarter ended December 31,	
(in thousands of USD except per share)	2023	2022
Interest on bank indebtedness	$ (1,285)	$ (996)
Interest on term loan	(1,262)	(866)
Interest on term loan swap	618	208
Interest attributable to repurchase obligations	(52)	(127)
Interest attributable to leases	(33)	(41)
Amortization of financing costs paid	(176)	(177)
Interest on other financing obligations	(9)	9
Total interest expense	$ (2,199)	$ (1,990)

For the quarter ended December 31, 2023, interest expense totaled $2.2 million compared to $2.0 million for the quarter ended December 31, 2022. The increase in total interest expense was driven by increased average daily borrowings on the Corporation’s revolving credit facility and higher interest rates on the term loan. The increased interest expense on the term loan is offset by the increased term loan swap interest income.

Amortization of Intangible Assets

Amortization of intangible assets totaled $62 thousand for the three months ended December 31, 2023, and $62 thousand for the three months ended December 31, 2022. Amortization for the quarter was comprised solely of the amortization of intangible assets related to the Delmar acquisition including customer relationships, producer relationships, and trademarks/tradenames.

Income Tax (Expense) Recovery

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

(in thousands of USD)		December 31, 2023		December 31, 2022
Current income tax (expense) recovery	$	(49)	$	(242)
Deferred tax (expense) recovery		1,180		(170)
Income tax (expense) recovery	$	1,131	$	(412)

During the quarter ended December 31, 2023, the Corporation recorded income tax recovery of $1.1 million compared to an expense of $412 thousand for the quarter ended December 31, 2022. During the quarter end December 31, 2023, Ceres recognized deferred income tax recovery of $1.2 million.

Share of Net Income (Loss) in Investments in Associates

The following table presents share of net income (loss) in investment in associates for the three months ended December 31, 2023, and 2022:

(in thousands of USD)		December 31, 2023		December 31, 2022
Savage Riverport	$	166	$	(50)
Farmers Grain		299		176
BFE		82		108
SSR		(51)		38
Share of income (loss) in investment in associates	$	496	$	272

For the quarter ended December 31, 2023, the Corporation's share in investments in associates was income of $496 thousand compared to income of $272 thousand for the quarter ended December 31, 2022. The increase in investments in associates is driven by increased income at Savage Riverport, as well as Farmers Grain partially offset by decreased income from BFE and SSR.

On April 30, 2018, the Corporation formed Savage Riverport 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, of which, $2.0 million was utilized to pay down the term debt. The sale of the equity in Savage Riverport net of transaction fees resulted in a gain of $3.7 million. The Corporation has been and will continue to recognize the remaining gain of $3.8 million over the useful life of the contributed assets. For both quarters ended, December 31, 2023, and December 31, 2022, the Corporation recognized a deferred gain of $87 thousand, under share of net income (loss) of associates.

For the six-month periods ended December 31, 2023, and December 31, 2022

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

(in thousands of USD except per share)	Six months ended December 31, 2023	Six months ended December 31, 2022
Revenues	$ 498,200	$ 543,139
Gross profit (loss)	$ 22,036	$ 12,312
Income (loss) from operations	$ 12,752	$ (1,203)
Net income (loss)	$ 8,876	$ (4,855)
Weighted average common shares outstanding	31,094,144	31,033,334
Diluted weighted average common shares outstanding	32,001,775	31,033,334
Income (loss) per share – Basic	$ 0.29	$ (0.16)
Income (loss) per share – Diluted	$ 0.28	$ (0.16)
Adjusted EBITDA [(1)(3)]	$ 15,481	$ 2,234
Return on shareholders' equity [(1)]	5.2%	(3.3)%

	As at December 31, 2023	As at June 30, 2023
Total assets	$ 315,915	$ 263,630
Total bank indebtedness, current	$ 38,955	$ 18,684
Term loan [(2)]	$ 40,998	$ 42,167
Shareholders' equity	$ 150,626	$ 142,658

(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.

Overall Performance

The Corporation's net income was $8.9 million for the six months ended December 31, 2023, compared to a net loss of $4.9 million for the six months ended December 31, 2022. Net income in fiscal year 2024 was driven by higher grain gross margins as well as the prior year being negatively impacted by employee severance related to cost reduction measures ($2.3 million for the quarter ended December 31, 2022) and legal expenses related to the regulatory investigations ($3.5 million for the period ended December 31, 2022; $253 thousand for the period ended December 31, 2023). Gross profit was $22.0 million for the six-month period ended December 31, 2023, compared to a gross profit of $12.3 million for the six-month period ended December 31, 2022, a result of increased margin opportunities on both Ceres' core grains and soybean crush. Furthermore, income from operations was $12.8 million for the six months ended December 31, 2023, compared to a loss of $1.2 million from operations for the six months ended December 31, 2022.

Revenues and Gross Profit

Total revenue decreased by $44.9 million, primarily due to lower core commodities prices compared to the same period in the prior year. The Corporation handled and traded 55.5 million bushels of grain and oilseed during the six months ended December 31, 2023, compared to 56.9 million bushels for the six months ended December 31, 2022. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. Ceres' Management believes it is more important to focus on changes in gross profits and volume handled rather than changes in revenue dollars.

The table below represents a summary of the components of gross profit for the six months ended December 31, 2023, and 2022:

	2023				
(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate	Total
Net trading margin	$ 24,209	$ -	$ -	$ -	$ 24,209
Supply Chain Services revenue	1,759	1,806	-	-	3,565
Net Seed Retail and Processing margin	-	-	5,264	-	5,264
Operating expenses included in cost of sales	(5,450)	(847)	(1,745)	-	(8,042)
Depreciation expense included in cost of sales	(2,224)	(371)	(191)	(173)	(2,959)
Gross profit (loss)	$ 18,294	$ 588	$ 3,328	$(173)	$ 22,037

	2022				
(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate	Total
Net trading margin	$ 17,662	$ -	$ -	$ -	$ 17,662
Supply Chain Services revenue	2,314	1,695	-	-	4,009
Net Seed Retail and Processing margin	-	-	2,381	-	2,381
Operating expenses included in cost of sales	(5,778)	(1,258)	(1,729)	-	(8,765)
Depreciation expense included in cost of sales	(2,151)	(486)	(158)	(180)	(2,975)
Gross profit (loss)	$ 12,047	$ (49)	$ 494	$(180)	$ 12,312

Gross profit increased by $9.7 million for the six months ended December 31, 2023, compared to the six months ended December 31, 2022. The increase in gross profit was driven by increased trading opportunities across core commodities as well as record volumes and margins in the Seed Retail and Processing segment.

Net Trading Margin

Net trading margin increased by $6.5 million for the six months ended December 31, 2023, compared to the six months ended December 31, 2022. The increase is due to higher trading margins across multiple commodities for the first two quarters of fiscal year 2024.

Supply Chain Services Revenue

Supply Chain Services revenue decreased by $444 thousand for the six months ended December 31, 2023, compared to the six months ended December 31, 2022. The Corporation's grain-related Supply Chain Services revenue decreased $555 thousand due to lower third-party storage and elevations. The six months ended December 31, 2022, includes third party storage revenue from the Corporation's Port Colborne facility which was sold in February 2023. For the six months ended December 31, 2023, the non-grain supply chain service revenue increased $111 thousand compared to the same period in the previous year.

Net Seed Retail and Processing Margin

Net Seed Retail and Processing margin was $5.3 million for the six months ended December 31, 2023, compared to $2.4 million for the six months ended December 31, 2022. The increase is driven by record crush volumes and margins for the six months ended December 31, 2023.

Operating Expenses and Depreciation

For the six-month period ended December 31, 2023, operating and depreciation expense included in cost of sales totaled $11.0 million compared to $11.7 million for the six-month period ended December 31, 2022. The decrease in operating expenses was driven by the sale of the Port Colborne Facility in February 2023. Depreciation for the six-month period ended December 31, 2023, decreased by $16 thousand period over period, driven by the sale of the Port Colborne facility in February 2023.

General and Administrative Expenses

For the six months ended December 31, 2023, general and administrative expenses totaled $9.3 million compared to $13.5 million in the six months ended December 31, 2022. General and administrative expenses decreased due to the prior year being negatively impacted by employee severance related to cost reduction measures (2024: $13 thousand; 2023: $2.3 million) and legal fees related to the regulatory investigations (2024: $253 thousand; 2023: $3.5 million) partially offset by a higher incentive accrual in fiscal year 2024.

Finance Income (Loss)

For the six-month period ended December 31, 2023, finance loss totaled $406 thousand compared to finance loss of $7 thousand during the six-month period ended December 31, 2022. Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments.

Interest Expense

(in thousands of USD except per share)	Six months ended December 31, 2023	2022
Interest on bank indebtedness	$ (1,722)	$ (1,538)
Interest on term loan	(1,911)	(1,566)
Interest on term loan swap	618	312
Interest attributable to repurchase obligations	(52)	(139)
Interest attributable to leases	(69)	(84)
Amortization of financing costs paid	(352)	(355)
Interest on other financing obligations	(16)	12
Total interest expense	$ (3,504)	$ (3,358)

For the six months ended December 31, 2023, interest expense totaled $3.5 million compared to $3.4 million for the six months ended December 31, 2022. The increase in total interest expense was driven by increased average daily borrowings on the Corporation's revolving credit facility and by higher interest rates on the term loan partially offset by an increase in interest rate swap income.

Amortization of Intangible Assets

Amortization of intangible assets totaled $124 thousand for the six months ended December 31, 2023, and $124 thousand for the six months ended December 31, 2022. Amortization for the period was comprised solely of the amortization of intangible assets related to the Delmar acquisition including customer relationships, producer relationships, and trademarks/tradenames.

Income Tax (Expense) Recovery

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

(in thousands of USD)	December 31, 2023	December 31, 2022
Current income tax (expense) recovery	$ (49)	$ (242)
Deferred tax (expense) recovery	(763)	(347)
Income tax (expense) recovery	$ (812)	$ (590)

During the six-month period ended December 31, 2023, the Corporation recorded income tax expense of $812 thousand compared to an expense of $590 thousand for six-month period ended December 31, 2022. During the six months ended 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.

Share of Net Income (Loss) in Investments in Associates

The following table presents share of net income (loss) in investment in associates for the six months ended December 31, 2023, and 2022:

(in thousands of USD)	December 31, 2023	December 31, 2022
Savage Riverport	$ 365	$ (140)
Farmers Grain	452	(339)
BFE	210	622
SSR	(2)	26
Share of income (loss) in investment in associates	$ 1,025	$ 169

For the six months ended December 31, 2023, the Corporation's share in investments in associates was income of $1.0 million compared to income of $169 thousand for the six months ended December 31, 2022. The increase in investments in associates is driven by increased income at Savage Riverport, as well as Farmers Grain, partially offset by decreased income at BFE and SSR.

On April 30, 2018, the Corporation formed Savage Riverport 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, of which, $2.0 million was utilized to pay down the term debt. The sale of the equity in Savage Riverport 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 the six-month periods ended, December 31, 2023, and December 31, 2022, the Corporation recognized a deferred gain of $173 thousand, under share of net income (loss) of associates.

2. QUARTERLY FINANCIAL DATA

Trends in Ceres' quarterly revenue, gross profit, and net income are driven primarily by net trading and crush margins and volumes of product handled and traded and crushed, which can be impacted by volatility in the markets for products Ceres handles, crop decisions and yields in Saskatchewan, Manitoba, and Minnesota, and other events impacting operations. 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	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022
(in thousands of USD except per share)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue	$ 282,200	$ 216,000	$ 205,652	$ 287,912	$ 283,026	$ 260,113	$ 278,150	$ 269,625
Gross profit (loss)	$ 7,857	$ 14,179	$ 4,940	$ 5,513	$ 6,747	$ 5,565	$ 3,693	$ 12,265
Income (loss) from operations	$ 3,713	$ 9,039	$ (1,848)	$ 339	$ 976	$ (2,179)	$ (329)	$ 3,597
Net income (loss)	$ 2,670	$ 6,206	$ (2,504)	$ (553)	$ (1,267)	$ (3,588)	$ (22,537)	$ 912
Adjusted net income (loss)	$ 2,734	$ 6,395	$ 1,461	$ 410	$ 620	$ 337	$ 5,028	$ 2,457
Return on shareholders' equity [1]	1.8%	4.2%	(1.8%)	(0.4%)	(0.9%)	(2.4%)	(15.1%)	0.5%
Basic weighted-average number of common shares for the quarter	31,094	31,094	31,094	31,094	31,070	30,997	30,801	30,801
Dilutive weighted-average number of common shares for the quarter	32,001	32,001	31,094	31,094	31,070	30,997	30,801	32,400
Basic earnings (loss) per share	$ 0.09	$ 0.20	$ (0.08)	$ (0.02)	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03
Fully diluted earnings (loss) per share	$ 0.08	$ 0.19	$ (0.08)	$ (0.02)	$ (0.04)	$ (0.12)	$ (0.73)	$ 0.03
Adjusted EBITDA [1]	$ 4,906	$ 10,575	$ 2,798	$ 2,208	$ 2,452	$ (218)	$ 2,724	$ 5,389
EBITDA per share	$ 0.16	$ 0.34	$ 0.09	$ 0.07	$ 0.08	$ (0.01)	$ 0.09	$ 0.18
Shareholders' equity, as at reporting date	$150,626	$148,380	$142,658	$144,581	$145,425	$146,661	$149,505	$172,160
Shareholders' equity per common share, as at reporting date	$ 4.84	$ 4.77	$ 4.59	$ 4.65	$ 4.68	$ 4.72	$ 4.85	$ 5.59
Volumes (in thousands of tonnes)								
Total Product Handled and Traded	797	547	750	817	794	535	594	736

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

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

3. LIQUIDITY & CASH FLOW

	Six months ended December 31,	
(in thousands of USD)	2023	2022
Net cash provided by (used in)		
Operating activities	$ (25,703)	$ (2,321)
Investing activities	(425)	(968)
Net cash provided (used) before financing activities	(26,128)	(3,289)
Financing activities	24,032	(7,250)
Increase (decrease) in cash	$ (2,096)	$ (10,539)

Operating Activities

Cash used in operating activities was $25.7 million for the six months ended December 31, 2023, compared to cash used in operating activities of $2.3 million in the same period of the prior year. Cash used in operating activities is attributable to the change in working capital, primarily due to Ceres' fluctuation in accounts receivable period over period. During the six months ended December 31, 2023, in relation to the cash used in operating activities of $25.7 million, the Corporation utilized its revolving credit facility to fund inventory purchases and operations.

Investing Activities

During the six months ended December 31, 2023, the Corporation used $425 thousand in investing activities which is a $543 thousand decrease compared to the $968 thousand in cash used in investing activities in the first six months of the prior year. The decrease in cash used in investing activities was primarily driven by lower capital expenditures in the current year.

Financing Activities

During the six months ended December 31, 2023, the Corporation had $24.0 million in cash provided by financing activities compared to cash used for financing activities of $7.3 million in the first six months of the prior year. The Corporation increased its cash from its revolving line of credit by $20.0 million to fund working capital needs, specifically inventory.

Available Sources of Liquidity

Bank Indebtedness

The Corporation's sources of liquidity as at December 31, 2023, include available funds under its 2023 Credit Facility (as defined below). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Capital expenditures in the next fiscal year are expected to be funded by working capital on hand and borrowing against the 2023 Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant and borrowing base limits. As circumstances require, management will address the capital needs of the Corporation.

The 2023 Credit Facility, as at December 31, 2023, contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $30.0 million. As at December 31, 2023, the Corporation's working capital[1] – defined as current assets less current liabilities – totaled $54.5 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 six months ended December 31, 2023, the Corporation was in compliance with all of the above-mentioned financial 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.

Inventory

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

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.

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 included 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. As at December 31, 2023, there were no undrawn amounts on the BMO Loan.

Contractual Obligations and Liquidity Risk

As at December 31, 2023, and June 30, 2023, the following are the contractual maturities of liabilities, excluding interest payments, to be paid over the next five years and beyond:

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	40,998	41,375	2,500	2,500	36,375	-
Lease commitments	2,265	3,191	584	577	559	1,471
	$ 163,789	$ 165,137	$ 123,655	$ 3,077	$ 36,934	$ 1,471

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
	$ 119,472	$ 121,281	$ 78,242	$ 3,084	$ 38,385	$ 1,570

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

Legal Fees

The Corporation incurred significant expense in connection with the settled regulatory investigations. Certain costs to cooperate with the investigations have been significant, including, but not limited, to legal related fees of $64 thousand for the three months ended December 31, 2023, and $13.2 million for the investigation to date. Additionally, in the fiscal year ended June 30, 2023, the Corporation recognized $3.0 million as a legal settlement reserve. These legal expenses are material to the Corporation's financial performance. Refer to the "Commitments and Contingencies" section below for more information on the investigations.

4. CAPITAL RESOURCES

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

Credit Facility

As disclosed in the Interim Condensed Consolidated Financial Statements, on February 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 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.

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 margins 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.

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. 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. 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 locked 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 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 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 six months ended December 31, 2023, there were no changes in accounting policies, and no standards issued but not yet effective which are expected to have a material impact to the Corporation's Financial Statements. Refer to note 3 of the Annual Consolidated Financial Statements for information pertaining to the significant accounting policies for the six-month period ended December 31, 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 Interim Condensed Consolidated Financial Statements, which have been prepared in accordance with IFRS. Ceres' significant accounting policies and accounting judgments, estimates, and assumptions are contained in the Interim Condensed Consolidated Financial Statements (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

Expanding on the momentum from the first quarter, Ceres achieved income from operations of $3.7 million during its second quarter, marking the second-best second quarter in the Corporation's history. Year-to-date, income from operations improved substantially compared to the same period last year and represented the second-best first-half performance in the history of the Corporation. Through strategy execution, effective trading, anticipation of volumes, utilization of Ceres' network of assets and partners, and improved joint venture performance driven by operational improvements, the Ceres team navigated volatile market conditions and positioned the Corporation for another strong quarter.

Ceres strengthened one of its key partnerships on February 12, 2024, when Ceres announced an exclusive agreement with Grupo Trimex ("**Trimex**"), Mexico's largest flour miller, to collaboratively develop and execute regenerative agriculture initiatives for hard red spring wheat grown in Canada and the United States that is destined for Mexico. The partnership represents a pivotal milestone in Ceres' long-term growth strategy to provide regenerative agriculture solutions to its network of partners. As the importance of regenerative agriculture practices continues to grow due to their potential for mitigating climate change and improving soil health for the benefit of communities, Ceres is well-positioned to continue offering tailored regenerative solutions to strategic customers.

Ceres closely monitors the micro and macro environments for both strategic and opportunistic growth opportunities. In the near term, agricultural markets are focused on the size of potentially record South American grain and oilseed crops, and the level of demand from China with its weakening domestic economy. As winter passes, the attention will shift to spring weather and planting forecasts for the corn belt, Northern Plains, and Canadian Prairies. The Ceres team will continue to monitor weather and global crop developments to best position the Corporation for capitalizing on market opportunities as they emerge.

Current market volatility remains partially tied to ongoing geopolitical instability, with the conflicts in Ukraine and Gaza as focal points. Ukraine avoided a crisis by developing a Red Sea shipping strategy to replace the Black Sea grain deal. However, the ongoing Middle East conflict is increasingly forcing grain shipments to divert from the Red Sea route. Although markets have adapted to evolving geopolitical uncertainties after initial spikes in volatility, intensifying geopolitical risks may drive a resurgence of significant market volatility.

Weather conditions were favourable during the tail end of the 2023 growing season, which led to improved production and adequate crops in the Northern Plains and the Canadian Prairies. Notwithstanding the improvement in weather from the beginning of the growing season, according to Statistics Canada, national annual wheat production declined by 6.9% in 2023 (which was an improvement, however, from the 13.1% year-over-year decline that was estimated in September 2023). Nationally, Canadian soybean production rose by 6.7% in 2023 due to higher harvested acres, while oat production fell by 49.6%, the lowest in over a decade, due to a significant decline in harvested acres.

Ceres' handled volumes declined by 12.9% (26.5 million bushels) in the second quarter of fiscal year 2024, compared to the same quarter last year, primarily due to the divestment of the Port Colborne facility in February 2023, and market dynamics favouring higher inventory levels. Ceres' team skillfully positioned the Corporation's assets to maximize grain and oilseed origination and storage volumes, and Ceres will focus on merchandising these accumulated volumes to optimally position the Corporation for the quarter ahead.

Volumes handled at the BFE joint venture increased by 11% in the second quarter of fiscal year 2024, compared to the same period in the prior year. Since the inception of the joint venture 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. The consistently growing volumes highlight the ongoing success of the Corporation's growth strategies and its ability to maximize the value of its network.

Volumes handled at Farmers Grain increased by 33% in the second quarter of fiscal year 2024, compared to the same period last year. The year-over-year growth is a result of the intentional and focused improvement initiatives implemented by Ceres and its JV partners to improve financial performance. Key focus areas of the performance strategy included improved operational efficiency by negotiating with railroads to secure freight capacity and timely rail execution, and a focus on talent and engagement at the site, including the hiring of a new general manager and grain merchandiser in the joint venture and a review of the compensation and benefits programs. 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. The Corporation aims to continue expanding on the solid foundation set over the past year to maximize the potential and financial returns of the joint venture.

The Corporation's interest in BFE and Farmers Grain 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~~,~~ and Minnesota enabling the Corporation to leverage the value of its terminal assets and to partner with growers to deliver unique value to customers. With experienced staff and productive facilities, BFE and Farmers Grain serve as a key bridgehead for Ceres to reach producers and offer solutions to end customers.

Ceres continues to focus on streamlining its asset footprint as part of its core strategy. Ceres' execution of strategic divestments and utilizing proceeds to optimize the Corporation's capital structure have been enablers of success over the past two quarters, and the Corporation remains committed to enhancing operational efficiencies and fully realizing the potential of its assets, drawing on its extensive experience in grain markets to cultivate enduring partnerships with its network. Ceres continues to look for creative, capital-efficient solutions to increase Ceres' farmer-direct origination through strategic partnerships, and thus achieve our vision of enabling our customers to realize their supply chain and sustainability goals.

Supply Chain Services Segment

Supply Chain Services volumes were stronger in Q2 2024 compared to the same quarter last year due to competitive rail logistics, increased organic growth, and the Northgate Team's ability to process increased customer volumes. Industrial products volumes, including oriental strand board, were 8% higher than Q2 2023. Fertilizer volumes were nearly four times greater than Q2 2023 due to the limited supply of fertilizer products. Natural gas liquids ("NGL") volumes through the Gateway facility trended higher compared to the same period last year. The higher NGL volumes were facilitated by the commissioning of the Gateway pipeline connection to Northgate and continued strong performance with our Gateway joint venture partner, Steel Reef Infrastructure Corp. Overall, quarterly gross margins for the segment were the highest recorded in the Corporation's history.

Looking forward, supply chain services volumes will slow due to seasonality until spring, after which Ceres expects the segment will deliver solid returns for the remainder of the fiscal year.

Seed Retail and Processing Segment

Soybean crush volumes in the second quarter of 2024 were 19.2% higher, compared to the second quarter of the previous year. The significant increase was attributed primarily to the team's proactive purchasing of soybean volumes in advance, which allowed for enhanced operational capacity and increased efficiency. Ceres' operations and commercial teams have implemented operational efficiencies at the Jordan crush plant to maintain the trajectory of higher volumes, while maintaining elevated product yields and effective trading and positioning to service our important customers.

Moving forward, the Corporation forecasts adequate local crush margins. Local soybean supply remains elevated due to a better than average soybean crop production in Manitoba and will face less export competition due to a record South American soybean crop, and lower volumes of soybean imports from China. Combined with Ceres' ability to source local beans, these market conditions should enable Ceres' plant to continue to crush at high capacity and realize adequate margins. The Corporation expects that product demand will continue to gradually increase for soybean oil as renewable diesel capacity in the US continues to ramp up, and for soy meal we continue to see solid local feed demand.

On June 24, 2022, the Corporation announced that it had suspended its previously announced Crush Project. The Corporation continues to discuss with interested parties to explore avenues of partnership and will provide updates to the extent that 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 December 31, 2023, designed the DC&P (or have caused such DC&P to be designed under their supervision) to provide reasonable assurance that material information relating to Ceres is made known to them by others, particularly during the period in which Ceres' annual filings are being prepared, and that information required to be disclosed by Ceres in its annual filings, interim filings or other reports filed or submitted by Ceres under applicable securities legislation is recorded, processed, summarized, and reported within the time periods specified in applicable securities legislation.

Internal Controls over Financial Reporting

NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") and that they have, as at December 31, 2023, designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by CPA Canada. There have been no material changes in the Corporation's internal control over financial reporting during the quarter ended December 31, 2023, that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

Key management personnel

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

Below is the remuneration of key management personnel of the Corporation for the three and six months ended December 31, 2023, and December 31, 2022:

	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

The decrease in key management compensation for the three and six months ended December 31, 2023, is driven by executive severance costs.

Savage Riverport, LLC

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

Berthold Farmers Elevator, LLC.

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

Gateway Energy Terminal

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

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 Riverport	$ 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 Riverport	$ 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) Related party revenues	3 Months December 31, 2023	3 Months December 31, 2022	6 Months December 31, 2023	6 Months December 31, 2022
Savage Riverport	$ 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 Riverport	$ 578	$ 379	$ 1,194	$ 747
Farmers Grain	7,357	11,951	16,460	20,745
BFE	10,454	14,517	38,027	39,753
Gateway	-	-	-	-
Total related party expenses	$ 18,389	$ 26,847	$ 55,681	$ 61,245

Stewart Southern Railway Inc.

As at December 31, 2023 and June 30, 2023, Ceres owned 25% in SSR. The Corporation does not routinely transact with SSR.

SHARES OUTSTANDING

As at February 13, 2024, the issued and outstanding equity securities of the Corporation consisted of 31,094,144 common shares. In addition, the Corporation has 995,500 stock options outstanding with a weighted-average exercise price of C$3.00 per common share, 200,000 restricted stock units outstanding, and 343,649 equity-settled deferred share units outstanding and 169,347 cash-settled deferred share units outstanding.

COMMITMENTS AND CONTINGENCIES

Regulatory Investigations

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. $1.0 million was paid on November 2, 2023, and $1.0 million will be paid on April 23, 2024, and October 23, 2024. 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.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

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

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

Adjusted Earnings Before Interest, Income Taxes, Depreciation and Amortization

The Corporation believes the presentation of adjusted EBITDA and adjusted EBITDA per share can provide useful information to investors and shareholders as it provides increased transparency. Adjusted EBITDA is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. The measure is most directly comparable to net income (loss), a GAAP measure reported in the Interim Condensed Consolidated Financial Statements. Adjusted EBITDA excludes gains and losses on property, plant and equipment, assets held for sale, 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 and six months ended December 31, 2023 and 2022:

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss)	$ 2,670	$ (1,267)	$ 8,876	$ (4,855)
Interest expense	2,199	1,990	3,504	3,358
Amortization of intangible assets	62	62	124	124
Income tax (recovered)	(1,131)	412	812	590
Share of net (income) loss in investment in associates	(496)	(272)	(1,025)	(169)
Depreciation and amortization	1,584	1,544	3,172	3,203
(Gain) loss on property, plant, and equipment	18	(17)	18	(17)
	$ 4,906	$ 2,452	$ 15,481	$ 2,234

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 Interim Condensed

Consolidated Financial Statements. Adjusted net income excludes major one-time write offs, such as severance and employee cost reduction measures, as well as legal fees and settlement costs that relate to special matters.

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss)	$ 2,670	$ (1,267)	$ 8,876	$ (4,855)
Executive severance and employee cost reduction measures	-	264	13	2,340
Expense related to regulatory investigations	64	1,623	253	3,472
	$ 2,734	$ 620	$ 9,142	$ 957

Return on Shareholders' Equity

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

The following table is a calculation of return on shareholders' equity for the three and six months ended December 31, 2023 and 2022:

	Three months ended December, 31		Six months ended December, 31	
(in thousands of USD)	2023	2022	2023	2022
Net income (loss) for the period	$ 2,670	$ (1,267)	$ 8,876	$ (4,855)
Total shareholders' equity as at reporting date	150,626	145,425	150,626	145,425
	1.8%	(0.9%)	5.9%	(3.3%)

Working Capital

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

The following table is a calculation of working capital as at December 31, 2023 and June 30, 2023:

(in thousands of USD)	December 31, 2023	June 30, 2023
Current assets	$ 177,789	$ 122,565
Current liabilities	(123,372)	(77,634)
	$ 54,417	$ 44,931

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD-LOOKING STATEMENTS

This interim MD&A contains information that is “forward-looking information”, “forward-looking statements” and “future oriented financial information” (collectively herein referred to as “forward-looking statements”) within the meaning of applicable securities laws. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, additional anticipated capital projects, construction and completion dates, including plans to further develop Northgate and continue to explore avenues to pursue a crush project of some form at Northgate, operating and financial results, critical accounting estimates, the expected financial and operational consequences of future commitments and the existence, timing, and the Corporation’s expectations that no other charges or fines will arise from the resolved investigations by CFTC, or DOJ.

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 that service our facilities;
- 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;
- The results of the U.S. Department of Justice and CFTC investigations will not materially disrupt the Corporation's business activities.

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.