

Unaudited Interim Condensed Consolidated Financial Statements of



For the quarters ended September 30, 2024 and 2023
(Expressed in US Dollars)

CERES GLOBAL AG CORP.

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CERES GLOBAL AG CORP.
Interim Condensed Consolidated Balance Sheets

<i>(In thousands of USD)</i>	September 30, 2024	June 30, 2024
Assets		
Current assets:		
Cash	\$ 1,830	\$ 2,743
Due from brokers (note 4)	4,829	6,272
Unrealized gains on open cash contracts (note 5)	31,235	28,501
Accounts receivable	17,801	40,246
Accounts receivable - related parties (note 16)	550	880
Inventories, Grains	121,770	38,977
Assets held for sale (note 6)	4,880	4,880
Prepaid expenses and sundry assets	3,497	5,471
Portfolio investments (note 5)	23	1,852
Total current assets	186,415	129,822
Investments in associates	28,242	27,702
Property, plant, and equipment (note 6)	89,431	90,483
Intangible assets (note 7)	6,053	6,115
Deferred tax asset (note 18)	2,266	2,800
Right of use assets (note 8)	2,239	2,397
Other assets	60	60
Total assets	\$ 314,706	\$ 259,379
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 9)	\$ 21,859	\$ 15,730
Accounts payable and accrued liabilities (note 5)	72,529	30,544
Accounts payable - related parties (note 16)	5,162	125
Unrealized losses on open cash contracts (note 5)	21,484	18,160
Current portion of term loan (note 10)	2,346	2,345
Current portion of lease liability (note 8)	622	615
Total current liabilities	124,002	67,519
Term loan (note 10)	35,072	37,481
Long-term lease liability (note 8)	1,725	1,925
Deferred tax liability (note 18)	1,500	1,500
Total liabilities	162,299	108,425
Shareholders' equity:		
Common shares (note 13)	173,380	173,380
Deferred share units (note 15)	1,218	1,218
Contributed surplus	7,008	7,008
Accumulated other comprehensive income (loss)	1,609	1,991
Deficit	(30,808)	(32,643)
Total shareholders' equity	152,407	150,954
Total liabilities and shareholders' equity	\$ 314,706	\$ 259,379
Contingencies (note 19)		
Subsequent Events (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 months ended September 30, 2024 and 2023

<i>(In thousands of USD except shares and loss per share)</i>	2024	2023
Revenues	\$ 202,078	\$ 216,000
Cost of sales	(195,105)	(201,821)
Gross profit	6,973	14,179
General and administrative expenses	(4,048)	(5,140)
Income (loss) from operations	2,925	9,039
Finance income (loss) (note 11)	(144)	(76)
Interest expense (note 12)	(737)	(1,305)
Amortization of intangible assets (note 7)	(62)	(62)
Revaluation of stock appreciation right liability	(34)	24
Gain (loss) on property, plant and equipment	(15)	-
Income (loss) before income taxes and undernoted items	1,933	7,620
Income tax (expense) recovery (note 18)	(637)	(1,943)
Share of net income (loss) of associates	539	529
Net income (loss)	1,835	6,206
Components of comprehensive income (loss):		
Gain (loss) on financial instrument hedge	(382)	(484)
Total comprehensive income (loss)	\$ 1,453	\$ 5,722
Basic weighted-average number of shares for the period	31,106,344	31,094,144
Diluted weighted-average number of shares for the period	32,010,604	32,001,215
Earnings per share:		
Basic	\$ 0.06	\$ 0.20
Diluted	0.06	0.19
Supplemental disclosure of selected information:		
Depreciation included in Cost of sales	\$ (1,325)	\$ (1,407)
Amortization of right of use assets included in Cost of sales	(94)	(75)
Depreciation included in General and administrative expenses	(29)	(42)
Amortization of right of use assets included in General and administrative expenses	(64)	(64)
Amortization of financing costs included in Interest expense	(169)	(177)
Personnel costs included in Cost of sales	(1,778)	(1,577)
Personnel costs included in General and administrative expenses	(2,401)	(2,240)

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
Three months ended September 30, 2024 and 2023

<i>(In thousands of USD)</i>	2024	2023
Operating activities:		
Net income (loss)	\$ 1,835	\$ 6,206
Adjustments for:		
Depreciation and amortization	1,354	1,449
Amortization of intangible assets	62	62
Amortization of right of use assets	158	139
Interest expense	737	1,305
Bad debt (recovery) expense	5	-
Income tax expense	637	1,938
Share-based compensation	141	131
Share of net (income) loss of associates	(539)	(529)
Unrealized (gain) loss on foreign exchange	8	(7)
Revaluation of stock appreciation right liability	34	(24)
Changes in non-cash working capital accounts:		
Due from brokers	951	(1,088)
Net open cash contracts	590	(6,479)
Accounts receivable	22,452	(23,056)
Accounts receivable - related parties	330	39
Inventories, grains	(82,793)	(91,174)
Prepaid expenses and sundry assets	1,974	2,574
Accounts payable and accrued liabilities	42,299	27,437
Accounts payable - related parties	5,037	12,228
Current portion of lease liability	(193)	(204)
Interest paid	(603)	(971)
Net cash provided by (used in) operating activities	(5,524)	(70,024)
Investing activities:		
Cash from disposition of portfolio investment	1,824	-
Acquisition of property, plant, and equipment	(764)	(394)
Net cash provided by (used in) investing activities	1,060	(394)
Financing activities:		
Net proceeds (repayment) of bank indebtedness	6,000	69,000
Repayment of term loan	(2,449)	(625)
Net cash provided by (used in) financing activities	3,551	68,375
Effect of exchange rate changes on cash	-	-
Increase (decrease) in cash	(913)	(2,043)
Cash, beginning of period	2,743	6,038
Cash, end of period	\$ 1,830	\$ 3,995

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
Three months ended September 30, 2024 and 2023

<i>(In thousands of USD)</i>	<u>Common shares</u>	<u>Deferred share units</u>	<u>Contributed surplus</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Deficit</u>	<u>Total shareholders' equity</u>
Balances, June 30, 2024	\$ 173,380	\$ 1,218	\$ 7,008	\$ 1,991	\$ (32,643)	\$ 150,954
Gain (loss) on financial instrument hedge	-	-	-	(382)	-	(382)
Net income (loss)	-	-	-	-	1,835	1,835
Balances, September 30, 2024	<u>\$ 173,380</u>	<u>\$ 1,218</u>	<u>\$ 7,008</u>	<u>\$ 1,609</u>	<u>\$ (30,808)</u>	<u>\$ 152,407</u>
Balances, June 30, 2023	\$ 173,356	\$ 1,218	\$ 7,002	\$ 3,085	\$ (42,003)	\$ 142,658
Gain (loss) on financial instrument hedge	-	-	-	(484)	-	(484)
Net income (loss)	-	-	-	-	6,206	6,206
Balances, September 30, 2023	<u>\$ 173,356</u>	<u>\$ 1,218</u>	<u>\$ 7,002</u>	<u>\$ 2,601</u>	<u>\$ (35,797)</u>	<u>\$ 148,380</u>

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

Ceres Global Ag Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2024 and 2023 (Expressed in USD)

(1) CORPORATE STATUS, REPORTING AND NATURE OF OPERATIONS

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

These consolidated financial statements of Ceres as at and for the three-month periods ended September 30, 2024, and 2023 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. In addition to these facilities, the Corporation owns membership interest in three agricultural joint ventures that have an aggregate grain and oilseed storage capacity of approximately 15.9 million bushels. NOG is a supplier of organic grains. Through Delmar, the Corporation owns and operates a soybean crush facility and a seed retail facility in western Canada.

(2) BASIS OF PREPARATION

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“**IFRS**”) and with International Accounting Standards (“**IAS**”) 34 – Interim Financial Reporting (“**IAS 34**”). Certain information and disclosures required to be included in the 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, 2024. The Corporation’s material 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 November 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.

Ceres Global Ag Corp.
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September 30, 2024 and September 30, 2023 (Expressed 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 these interim condensed 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 interim condensed 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 interim condensed 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

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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 Interim Condensed 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.

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Amounts due from brokers consist of the following:

<i>(in thousands of USD)</i>	September 30, 2024	June 30, 2024
Margin deposits	\$ 3,902	\$ 4,048
Unrealized gains on futures contracts and options, at fair value	1,813	1,219
Unrealized gain on financial instrument hedge	758	1,250
	6,473	6,517
Unrealized losses on futures contracts and options, at fair value	(1,644)	(245)
	\$ 4,829	\$ 6,272

(5) FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Corporation's financial assets and liabilities that are measured at fair value in the Interim Condensed 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 September 30, 2024.

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

<i>(in thousands of USD)</i>	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,830	\$ -	\$ -	\$ 1,830
Portfolio investments	-	-	23	23
Due from broker, margin deposits (note 4)	3,902	-	-	3,902
Due from broker, unrealized gains on futures and options (note 4)	1,813	-	-	1,813
Unrealized gains on open cash contracts (derivatives)	-	31,235	-	31,235
Due from broker, unrealized losses on futures and options (note 4)	(1,644)	-	-	(1,644)
Unrealized gain on financial instrument hedge (note 4)	-	758	-	758
Unrealized losses on open cash contracts (derivatives)	-	(21,484)	-	(21,484)
Stock appreciation right liability included in accounts payable	-	-	(581)	(581)
Deferred share unit liability included in accounts payable	-	-	(475)	(475)
Balance September 30, 2024	\$ <u>5,901</u>	\$ <u>10,509</u>	\$ <u>(1,033)</u>	\$ <u>15,377</u>

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<i>(in thousands of USD)</i>	June 30, 2024			Total
	Level 1	Level 2	Level 3	
Cash	\$ 2,743	\$ -	\$ -	\$ 2,743
Portfolio investments	-	-	1,852	1,852
Due from broker, margin deposits (note 4)	4,048	-	-	4,048
Due from broker, unrealized gains on futures and options (note 4)	1,219	-	-	1,219
Unrealized gains on open cash contracts	-	28,501	-	28,501
Due from broker, unrealized losses on futures and options (note 5)	(245)	-	-	(245)
Unrealized gain on financial instrument hedge (note 4)	-	1,250	-	1,250
Unrealized losses on open cash contracts	-	(18,160)	-	(18,160)
Stock appreciation right liability included in accounts payable	-	-	(486)	(486)
Deferred share unit liability included in accounts payable	-	-	(443)	(443)
Balance June 30, 2024	<u>\$ 7,765</u>	<u>\$ 11,591</u>	<u>\$ 923</u>	<u>\$ 20,279</u>

Reconciliation of Level 3 fair values:

<i>(in thousands of USD)</i>	Portfolio Investments
Balance at June 30, 2023	\$ 784
Revaluation gain	1,058
Unrealized foreign exchange gain (loss)	<u>10</u>
Balance at June 30, 2024	1,852
Disposal of equity stake in Canterra Seeds Holdings Ltd.	(1,824)
Unrealized foreign exchange loss	<u>(5)</u>
Balance at September 30, 2024	<u>\$ 23</u>

Ceres Global Ag Corp.
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<i>(in thousands of USD)</i>	Stock Appreciation Right Liability
Balance at June 30, 2023	\$ (222)
Revaluation of stock appreciation right liability	(89)
Expense	(193)
Exercises	5
Unrealized foreign exchange gain (loss)	13
Balance at June 30, 2024	(486)
Revaluation of stock appreciation right liability	(34)
Expense	(55)
Exercises	-
Unrealized foreign exchange gain(loss)	(6)
Balance at September 30, 2024	\$ (581)
<i>(in thousands of USD)</i>	Deferred Share Unit Liability
Balance at June 30, 2023	\$ (271)
Expense	(121)
Exercises	18
DSU liability revaluation	(69)
Balance at June 30, 2024	(443)
Expense	(30)
Exercises	-
DSU liability revaluation	(2)
Balance at September 30, 2024	\$ (475)

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 months ended September 30, 2024.

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

Ceres Global Ag Corp.
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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 Interim Condensed 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 September 30, 2024, if the fair value of each of the open cash contracts as at September 30, 2024 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 September 30, 2024 would be as follows:

<i>(in thousands of USD except income per share)</i>	Increase (decrease) in net income	Increase (decrease) in income per share
5% increase in bid/ask prices of commodities	\$ (495)	\$ (0.02)
5% decrease in bid/ask prices of commodities	\$ 495	\$ 0.02

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 September 30, 2024, Ceres had no long or short portfolio positions in any interest-bearing investment securities.

As at September 30, 2024, 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 September 30, 2024, 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 September 30, 2024, the Corporation's 2024 Credit Facility (as defined herein) bears an annual interest rate of 2.125% plus SOFR plus 10 basis points. As at September 30, 2024, 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

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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 September 30, 2024, 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 SOFR. 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 September 30, 2024, the interest rate swap fair value was \$758 thousand. Refer to note 10 for more information.

On that basis, the potential effects on the results of operations for the year ended September 30, 2024 would be as follows:

<i>(in thousands of USD except income per share)</i>	Increase (decrease) on net income	Increase (decrease) on income per share
<u>2024 Credit Facility (as defined in note 9)</u>		
25 bps increase in annual interest rate	\$ (10)	\$ -
<u>BMO Loan</u>		
25 bps increase in annual interest rate	\$ (8)	\$ -

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 September 30, 2024, 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 September 30, 2024 and June 30, 2024, the allowance for doubtful accounts was \$104 thousand and \$103 thousand, respectively.

The Corporation did not have any customers that individually exceeded 10% of total for the period ended September 30, 2024, and one representing 16.6% of total revenue for the period ended September 30, 2023.

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

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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 September 30, 2024 and June 30, 2024, the following are the contractual maturities of financial liabilities, excluding interest payments:

September 30, 2024

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	\$ 21,859	\$ 22,000	\$ 22,000	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	72,529	72,529	72,529	-	-	-
Accounts payable - Due to Associates	5,162	5,162	5,162	-	-	-
Unrealized losses on open cash contracts	21,484	21,484	21,484	-	-	-
Term loan (note 10)	37,418	37,676	2,500	35,176	-	-
	<u>\$ 158,452</u>	<u>\$ 158,851</u>	<u>\$ 123,675</u>	<u>\$ 35,176</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2024

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	\$ 15,730	\$ 16,000	\$ 16,000	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	30,544	30,544	30,544	-	-	-
Accounts payable - related parties	125	125	125	-	-	-
Unrealized losses on open cash contracts	18,160	18,160	18,160	-	-	-
Term loan (note 10)	39,826	40,125	2,500	37,625	-	-
	<u>\$ 104,385</u>	<u>\$ 104,954</u>	<u>\$ 67,329</u>	<u>\$ 37,625</u>	<u>\$ -</u>	<u>\$ -</u>

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 September 30, 2024, the Corporation had forward purchase contracts of \$117.2 million, with \$117.2 million payable within 12 months.

The Corporation considers its share capital and equity reserves as capital, which at September 30, 2024 was \$152.8 million (June 30, 2024: \$151.0 million). The Corporation manages its capital structure to ensure sufficient resources are available to meet day-to-day operating requirements and other

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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 months ended September 30, 2024.

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 September 30, 2024, the following is a summary, at fair value, of Ceres' exposure to currency risks on monetary assets and liabilities:

	Net asset (liability) exposure
<i>(in thousands of USD)</i>	
Canadian dollars ("CAD")	\$ (104)

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

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

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.

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Other Financial Instruments

The carrying values of accounts receivable, bank indebtedness, and account payable and accrued liabilities approximate their fair values as at September 30, 2024 due to the short-term nature of these instruments. The carrying value of the term loan approximates fair value as at September 30, 2024 based on current market rates of interest for similar instruments.

(6) PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment is comprised the following at September 30, 2024 and June 30, 2024:

(in thousands of USD)	Land	Buildings, Silos & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
Cost						
June 30, 2024	\$ 20,223	\$ 73,736	\$ 35,373	\$ 4,165	\$ 701	\$ 134,198
Additions	-	-	-	-	302	302
September 30, 2024	\$ 20,223	\$ 73,736	\$ 35,373	\$ 4,165	\$ 1,003	\$ 134,500
Accumulated depreciation						
June 30, 2024	\$ -	\$ (23,493)	\$ (16,884)	\$ (3,338)	\$ -	\$ (43,715)
Depreciation	-	(668)	(666)	(20)	-	(1,354)
September 30, 2024	\$ -	\$ (24,161)	\$ (17,550)	\$ (3,358)	\$ -	\$ (45,069)
Carrying amount						
June 30, 2024	\$ 20,223	\$ 50,243	\$ 18,489	\$ 827	\$ 701	\$ 90,483
September 30, 2024	\$ 20,223	\$ 49,575	\$ 17,823	\$ 807	\$ 1,003	\$ 89,431

Property, plant, and equipment additions of nil have been accrued but not yet paid as at September 30, 2024 compared to \$462 thousand as at June 30, 2024.

Disposals

During the year ended June 30, 2024, the Corporation reclassified two of its facilities, which were seen as non-core assets that the Corporation decided to dispose of, as available for sale. As part of the reclassification, the Corporation recognized an impairment loss of \$815 thousand in the grain segment, \$384 thousand in the seed and processing segment and \$107 thousand in the corporate segment. In addition to the aforementioned impairments, the Corporation recognized a \$15 thousand loss on the disposal of other, smaller assets. For the period ended June 30, 2024, the net loss is recorded in the Consolidated Statements of Comprehensive Income under gain (loss) on property plant and equipment.

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(7) INTANGIBLE ASSETS

Intangible assets are comprised the following at September 30, 2024 and June 30, 2024:

<i>(in thousands of USD)</i>	Trademarks, tradename, customer/ producer relationships	Goodwill	Other intangible assets	Total
Intangible assets				
June 30, 2024	\$ 2,481	\$ 4,704	\$ 150	\$ 7,335
September 30, 2024	\$ 2,481	\$ 4,704	\$ 150	\$ 7,335
Accumulated amortization				
June 30, 2024	\$ (1,220)	\$ -	\$ -	\$ (1,220)
Amortization	(62)	-	-	(62)
September 30, 2024	\$ (1,282)	\$ -	\$ -	\$ (1,282)
Carrying amount				
June 30, 2024	\$ 1,261	\$ 4,704	\$ 150	\$ 6,115
September 30, 2024	\$ 1,199	\$ 4,704	\$ 150	\$ 6,053

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 September 30, 2024 the remaining useful life of the intangible assets related to the Delmar acquisition was 4.8 years.

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(8) LEASE LIABILITIES AND RIGHT OF USE ASSETS

Right of use assets are comprised of the following as at September 30, 2024 and June 30, 2024:

<i>(in thousands of USD)</i>	Land and Buildings	Machinery and Equipment	Office Equipment	Total Right of Use Assets
June 30, 2024	\$ 3,457	\$ 1,009	\$ 71	\$ 4,537
Disposals	-	25	-	25
September 30, 2024	\$ 3,457	\$ 1,034	\$ 71	\$ 4,562
Accumulated amortization				
June 30, 2024	\$ (1,881)	\$ (215)	\$ (44)	\$ (2,140)
Amortization	(114)	(40)	(4)	(158)
Disposals	-	(25)	-	(25)
September 30, 2024	\$ (1,995)	\$ (280)	\$ (48)	\$ (2,323)
Carrying amount				
June 30, 2024	\$ 1,576	\$ 794	\$ 27	\$ 2,397
September 30, 2024	\$ 1,462	\$ 754	\$ 23	\$ 2,239

<i>(in thousands of USD)</i>	Lease Liabilities
Lease payments due within:	
1 year	\$ 724
2 years	563
3-5 years	616
6 or more years	1,368
Contractual lease cash flow	3,271
Interest attributed to lease payments	(924)
Balance at September 30, 2024	\$ 2,347

(9) BANK INDEBTEDNESS

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%.

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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. The 2024 Credit Facility has certain covenants pertaining to the accounts of the Corporation, as at June 30, 2024, the Corporation was in compliance with all covenants.

In connection with the amendment of the credit facility, the Corporation paid transaction costs relating to the credit facility renewal in the amount of \$494 thousand during fiscal year 2024, which included legal fees and other related borrowing costs. Transaction costs directly attributable to the renewal of the credit facility are recognized as a reduction in the balance of the loan and are amortized over the term of the facility using the effective interest method.

As at September 30, 2024 and June 30, 2024, the Corporation had \$64.7 million and \$33.5 million in availability, respectively, on its revolving credit facility.

As at September 30, 2024 and June 30, 2024, the carrying amount of bank indebtedness is summarized as follows:

<i>(in thousands of USD)</i>	September 30, 2024	June 30, 2024
Revolving credit facility	\$ 22,000	\$ 16,000
Unamortized financing costs	(141)	(270)
Bank indebtedness	\$ 21,859	\$ 15,730

The 2024 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 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.

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(10) TERM LOAN

On June 11, 2021, the Corporation entered into the BMO Loan, a five-year senior secured \$50 million term debt credit facility with the Bank of Montreal. 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 drawn in fiscal year 2022. 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. 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%.

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 (excluding the BMO Delayed Draw). The amount of the floating-to-fixed interest rate swap will reduce in tandem with the quarterly principal repayments on the loan.

<i>(in thousands of USD)</i>	Carrying amount
BMO Term Loan	\$ 24,750
BMO Delayed Draw	12,926
Interest rate swap contract	758

The notional balance outstanding on the swap as at September 30, 2024, is \$24.8 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 September 30, 2024. 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 \$758 thousand on the interim condensed 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 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 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. Additionally, during the fiscal

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quarter ended September 30, 2024, the Corporation utilized \$1.8 million from the proceeds of the sale of Canterra Seeds Holding Ltd 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.

<i>(in thousands of USD)</i>	September 30, 2024	June 30, 2024
Current portion of term loan	\$ 2,500	\$ 2,500
Less current portion of unamortized financing costs	(154)	(155)
Current portion of term loan	2,346	2,345
Long-term portion of term loan	35,176	37,625
Less long-term portion of unamortized financing costs	(104)	(144)
Long-term loan	35,072	37,481
Total	\$ 37,418	\$ 39,826

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.

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(11) 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-month periods ended September 30, 2024 and 2023:

<i>(in thousands of USD)</i>	September 30, 2024	September 30, 2023
Realized and unrealized gain (loss) on foreign exchange	\$ (144)	\$ (76)
Finance income (loss)	\$ (144)	\$ (76)

(12) INTEREST EXPENSE

The following table presents interest expense for the three-month periods ended September 30, 2024 and 2023:

<i>(in thousands of USD)</i>	September 30, 2024	September 30, 2023
Interest on bank indebtedness	\$ (24)	\$ (437)
Interest on term loan	(893)	(958)
Interest on term loan swap	305	309
Interest attributable to leases	(40)	(36)
Amortization of financing costs paid	(169)	(176)
Interest on other financing obligations	84	(7)
Interest expense	\$ (737)	\$ (1,305)

(13) EQUITY

The following is a summary of the changes in the Common shares for the three months ended September 30, 2024:

	Common shares	
	Number of shares	Amount (<i>in thousands of USD</i>)
Balances, June 30, 2023	31,094,144	\$ 173,356
Restricted stock options exercised (net of shares withheld for taxes)	12,200	24
Balances, June 30, 2024, and September 30, 2024	31,106,344	\$ 173,380

As at September 30, 2024 and June 30, 2024, 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.

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(14) EQUITY INCENTIVE PLAN

Stock Option Awards

During the three-months ended September 30, 2024, 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 September 30, 2024, 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, 2023	860,000	\$ 3.51	2.88
Granted	334,000	2.12	4.26
Exercised	(12,200)	2.70	-
Forfeited	(28,250)	3.58	-
Expired	(204,250)	3.70	-
Outstanding as at June 30, 2024	949,300	2.99	3.03
Granted	250,000	2.86	5.0
Exercised	-	-	-
Forfeited	(27,500)	2.51	-
Expired	(93,000)	3.63	-
Outstanding as at September 30, 2024	1,078,800	\$ 2.90	3.5
Exercisable as at September 30, 2024	634,300	\$ 3.16	2.79

At the grant date, the fair value of the Options are estimated using the Black-Scholes option pricing model with the following weighted-average assumptions: an average risk-free interest rate of 3.58%; expected volatility of 45.0%; dividend yield of nil; an average expected option life of 3.25 years; and an average exercise price of CAD \$2.86. During the quarter ended September 30, 2024, there were 250 thousand options granted. The weighted average grant date fair value of the Options granted during the quarter ended September 30, 2024, is CAD \$2.86. As at September 30, 2024, Options had exercise prices ranging from CAD \$2.11 to CAD \$5.15 and CAD \$2.11 to CAD \$5.15 as at September 30, 2023.

The total Option compensation cost included in general and administrative expenses for the three months ended September 30, 2024, amounted to \$55 thousand and \$61 thousand for the three months ended September 30, 2023, with the non-cash expense being accrued and classified within Stock appreciation right liability in the Interim Condensed Consolidated Balance Sheet.

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Restricted Stock Units

In the fiscal year 2023, the Corporation granted 250,000 Restricted Stock Units (“RSUs”) under the Equity Plan, with a grant date fair value of C\$915 thousand. In fiscal year 2024, the Corporation granted an additional 80,000 RSUs with a grant date fair value of C\$203 thousand. The RSUs vest in equal installments through September 30, 2028, based on the attainment of certain performance measures and the employee’s continued service through the vest date. As at September 30, 2024, the outstanding RSUs are as follows:

<i>(in thousands of USD)</i>	<u>Number of Units</u>
Balance at June 30, 2023	200,000
Restricted stock units exercised	-
Restricted stock units cancelled	-
Restricted stock units granted	<u>80,000</u>
Balance at June 30, 2024	280,000
Restricted stock units exercised	-
Restricted stock units cancelled	-
Restricted stock units granted	<u>-</u>
Balance at September 30, 2024	<u><u>280,000</u></u>

The total RSU compensation cost included in general and administrative expenses for the three months ended September 30, 2024, amounted to \$56 thousand and a negative \$39 thousand for the three months ended September 30, 2023, with the non-cash expense being accrued and classified within accounts payable in the Interim Condensed Consolidated Balance Sheet.

(15) 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 Directors’ DSU Plan, whereby DSUs are issued to Eligible Directors, in lieu of cash, for a portion of Directors’ fees otherwise payable to Directors. The Fair Market Value of

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

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

For the three months ended September 30, 2024, the Corporation had 343,649 equity settled DSUs and 212,826 cash settled DSUs outstanding. For the three months ended September 30, 2023, the Corporation had 343,649 equity settled DSUs and 150,554 cash settled DSUs outstanding.

(16) RELATED PARTY TRANSACTIONS

Key management personnel

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

<i>(in thousands of USD)</i>	September 30, 2024	September 30, 2023
Salary and short-term employee and director benefits	\$ 1,053	\$ 451
Share-based compensation	106	(16)
Executive severance	309	-
	<u>\$ 1,468</u>	<u>\$ 435</u>

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Savage Riverport, LLC

As at September 30, 2024 and June 30, 2024, 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 September 30, 2024 and June 30, 2024, 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 September 30, 2024 and June 30, 2024, 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 September 30, 2024 and June 30, 2024, Ceres owned a 50% interest in Gateway Energy Terminal (“Gateway”).

Stewart Southern Railway Inc.

As at September 30, 2024 and June 30, 2024, Ceres owns 25% in SSR.

The following table summarizes the information for related parties.

(in thousands of USD)

	September 30, 2024	June 30, 2024
<u>Accounts receivable due from associates</u>		
<i>(Recorded in Accounts receivable – related parties)</i>		
Savage	\$ 201	\$ 149
Farmers Grain	23	479
BFE	228	56
Gateway	98	196
Total accounts receivable due from associates	<u>550</u>	<u>880</u>
 <u>Accounts payable due to associates</u>		
<i>(Recorded in Accounts payable – related parties)</i>		
Savage	101	72
Farmers Grain	156	53
BFE	4,905	-
Gateway	-	-
Total accounts payable due to associates	<u>5,162</u>	<u>125</u>

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Gain on open cash contracts – Related Party

(Recorded in Unrealized gains on open cash contracts)

Farmers Grain	374	62
BFE	73	21
Total gain on related party open cash contracts	447	83

Loss on open cash contracts – Related Party

(Recorded in unrealized losses on open cash contracts)

Farmers Grain	2	133
BFE	-	1,251
Total loss on related party open cash contracts	2	1,384

	For the three months ended	
	September 30, 2024	September 30, 2023
<u>Related party revenues</u>		
<i>(Recorded in Revenues)</i>		
Savage	\$ 23	\$ 23
Farmers Grain	30	24
BFE	170	-
Gateway	149	170
Total related party revenues	372	217

Related party expense

(Recorded in Cost of sales)

Savage	502	617
Farmers Grain	4,789	7,357
BFE	24,219	27,573
Gateway	-	-
Total related party expense	29,510	35,547

(17) SEGMENT REPORTING

As at September 30, 2024, the Corporation has four reportable segments: Grain, Supply Chain Services, Seed Retail and Processing, and Corporate. As at September 30, 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.

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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, 2024, 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 Interim Condensed Statement of Comprehensive Income (Loss) for the three months ended September 30, 2024:

(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate and Eliminations	Total
Revenues	\$ 186,362	\$ 888	\$ 14,828	\$ -	\$ 202,078
Cost of sales	(180,911)	(645)	(13,466)	(83)	(195,105)
Gross profit	5,451	243	1,362	(83)	6,973
General and administrative expenses	(1,114)	(2)	(85)	(2,847)	(4,048)
Income (loss) from operations	4,337	241	1,277	(2,930)	2,925
Finance income (loss)	-	-	-	(144)	(144)
Interest expense	(72)	-	-	(665)	(737)
Amortization of intangible assets	-	-	-	(62)	(62)
Revaluation of stock appreciation right liability	-	-	-	(34)	(34)
Gain (loss) on property, plant, and equipment	(1)	-	(13)	(1)	(15)
Income (loss) before taxes	4,264	241	1,264	(3,836)	1,933
Income tax (expense) recovered	-	-	-	(637)	(637)
Share in net income (loss) from associates	499	-	-	40	539
Net income (loss)	\$ 4,763	\$ 241	\$ 1,264	\$ (4,433)	\$ 1,835

Ceres Global Ag Corp.
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The following table presents information about reported segment profit or loss from the Interim Condensed Statement of Comprehensive Income (Loss) for the three months ended September 30, 2023:

(in thousands of USD)	Grain	Supply Chain Services	Seed Retail and Processing	Corporate and Eliminations	Total
Revenues	\$ 198,780	\$ 849	\$ 16,371	\$ -	\$ 216,000
Cost of sales	(185,945)	(608)	(15,180)	(88)	(201,821)
Gross profit	12,835	241	1,191	(88)	14,179
General and administrative expenses	(1,133)	(3)	(108)	(3,896)	(5,140)
Income (loss) from operations	11,702	238	1,083	(3,984)	9,039
Finance income (loss)	-	-	-	(76)	(76)
Interest expense	(571)	-	-	(734)	(1,305)
Amortization of intangible assets	-	-	-	(62)	(62)
Revaluation of stock appreciation right liability	-	-	-	24	24
Gain (loss) on property, plant, and equipment	-	-	-	-	-
Income (loss) before taxes	11,131	238	1,083	(4,832)	7,620
Income tax (expense) recovered	-	-	-	(1,943)	(1,943)
Share in net income (loss) from associates	481	-	-	48	529
Net income (loss)	<u>\$ 11,612</u>	<u>\$ 238</u>	<u>\$ 1,083</u>	<u>\$ (6,727)</u>	<u>\$ 6,206</u>

(18) TAXES

The following table presents income tax (expense) recovery for the three months ended September 30, 2024 and 2023:

(in thousands of USD)	September 30, 2024	September 30, 2023
Current income tax (expense) recovery	\$ (5)	\$ -
Deferred income tax expense	(632)	(1,943)
Income tax (expense) recovery	<u>\$ (637)</u>	<u>\$ (1,943)</u>

During the three-month period ended September 30, 2024, the Corporation recorded income tax expense of \$637 thousand compared to income tax expense of \$1.9 million for the three months ended September 30, 2023. During the three-month period end September 30, 2024, Ceres recognized deferred income tax expense of \$632 thousand with the expected utilization of net operating losses in a subsidiary based in the United States.

Ceres Global Ag Corp.
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(19) LEGAL

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

Regulatory Investigations

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 September 30, 2024, \$2.0 million has been paid, and the remaining \$1.0 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.

(20) SUBSEQUENT EVENTS

Subsequent to quarter end, the Corporation determined that one of its grain assets, previously classified as an asset held for sale of \$4.7 million as at September 30, 2024, no longer meets the criteria for classification under IFRS 5. The circumstances that led to this decision became apparent after the end reporting period. As a result, the asset will be reclassified to Property, plant, and equipment on the interim condensed consolidated balance sheet in the next reporting period.