CERES GLOBAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") dated February 9, 2022 should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended December 31, 2021 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, 2021 (the "Annual Consolidated Financial Statements"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the quarterly financial statements and MD&A, and the Annual Information Form, is available online at www.sedar.com.

Basis of Presentation

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

Non-IFRS Financial Measures

This MD&A contains references to certain financial measures that are non-IFRS measures, also known as non-GAAP financial measures, non-GAAP ratios, or supplementary financial measures pursuant to National Instrument 52-112 – *Non-GAAP and other Financial Measures Disclosure*. Earnings before interest, income tax, depreciation and amortization ("EBITDA") is a non-GAAP financial measure, 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 and Other Financial Measures and Reconciliations."

Risks and Forward-Looking Information

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

This MD&A contains forward-looking information based on the Corporation's current expectations, estimates, projections, and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this MD&A and the Corporation's other disclosure documents, including the Corporation's Annual Information Form for the year ended June 30, 2021, which is available under the Corporation's SEDAR profile at www.sedar.com, 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 Minneapolis, Minnesota and together with its wholly owned affiliates operates 13 facilities across Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 31 million bushels.

Ceres also has a 50% interest in Savage Riverport, LLC, a joint venture with Consolidated Grain and Barge Co., a 50% interest in Farmers Grain, LLC, a joint venture with Farmer's Cooperative Grain and Seed Association, a 50% interest in Gateway Energy Terminal, an unincorporated joint operation with Steel Reef Infrastructure Corp., a 25% interest in Stewart Southern Railway Inc., a short-line railway located in southeast Saskatchewan with a range of 130 kilometers, and a 17% interest in Canterra Seed 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, barley, rye, canola, and pulses through its grain storage and handling facilities in Saskatchewan, Manitoba, Ontario, 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. Eight of Ceres' grain storage facilities are located on major rail lines across North America, two are located at deep-water ports 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 America 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 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 it 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, a 50/50 unincorporated joint operation with Steel Reef Infrastructure Corp. located at Northgate ("**Gateway**"). 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 US 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 fertilizer is loaded out by Ceres into trucks and distributed to Canadian retailers. The fertilizer operation commenced on April 30, 2017.

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

Seed and Processing Segment

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

Delmar has entered into long-term agreements with Sevita International Corporation ("**Sevita**") for the production and distribution of soybean seed in Western Canada, and with Horizon Seeds Canada Inc. ("**Horizon**") for the distribution of corn seed in Western Canada. Partnering with these highly specialized seed companies enables Ceres to diversify its agriculture-related businesses in regions that it knows and understands well, and to continue delivering high-quality products and superior value to its seed dealer and grower network.

1. FINANCIAL AND OPERATING SUMMARY

For the quarters ended December 31, 2021 and December 31, 2020

(in thousands of USD except percentages, share count, and per share figures)	Quarters ended December 31, 2021	Quarters ended December 31, 2020
Revenues	$ 304,795	$ 175,267
Gross profit (loss)	$ 16,058	$ 6,494
Income (loss) from operations	$ 7,046	$ 2,733
Net income (loss)	$ 4,033	$ 1,325
Weighted average common shares outstanding	30,800,597	30,772,845
Diluted weighted average common shares outstanding	32,439,286	32,820,359
Income (loss) per share – Basic	$ 0.13	$ 0.04
Income (loss) per share – Diluted	$ 0.12	$ 0.04
EBITDA (1)	$ 8,513	$ 4,255
As at:		
Total assets	$ 403,474	$ 299,465
Total bank indebtedness, current	$ 79,925	$ 68,940
Term loan (2)	$ 36,338	$ 29,612
Shareholders' equity	$ 170,134	$ 145,478
Return on shareholders' equity (3)	2.4%	0.9%

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

(2) Includes current portion of term loan.

(3) Supplementary financial measure. See "Non-IFRS Financial and Other Measures and Reconciliations".

HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2021

- Ceres added another historically accretive quarter to fiscal year 2022, continuing its strong performance across core operations.

- Revenue grew 73.9%, primarily due to higher commodity prices compared to the same quarter a year ago;

- Gross profit increased by $9.6 million compared to the second quarter of the prior year. The increase was driven by the Corporation's ability to successfully navigate the volatile grain markets and position itself to best serve the needs of its customers;

- Net income for the quarter ended December 31, 2021 was $4.0 million ($0.13 per share), an increase of $2.7 million over the same quarter in the previous year.

- The Corporation continued to advance the Northgate canola crush project by making a $10.1 million in down payments to secure major equipment, furthering design and engineering work, and remaining on schedule for start-up summer 2024;

- On February 8, 2022, the Corporation amended its revolving credit facility, increasing its line by $50.0 million and lowering interest rates by 25 basis points;

Overall Performance

The Corporation's net income was $4.0 million for the quarter ended December 31, 2021, compared to net income of $1.3 million for the quarter ended December 31, 2020. The Corporation continued its record performance in the second quarter of fiscal year 2022, driven by Ceres' ability to successfully navigate the volatile grain markets and position itself to best serve the needs of its customers. Gross profit was $16.1 million for the quarter ended December 31, 2021, compared to a gross profit of $6.5 million for the quarter ending December 31, 2020, a result of higher merchandising margins compared to the previous year. Furthermore, income from operations was $7.0 million for the quarter ended December 31, 2021 compared to $2.7 million income from operations for the quarter ended December 31, 2020.

Revenues and Gross Profit

Total revenue increased by $129.5 million. While overall crop production was lower and crop prices increased significantly year over year, total grain and oilseed handled only slightly decreased by 1.7 million bushels year over year. The Corporation handled and traded 25.9 million bushels of grain and oilseed in during the quarter ended December 31, 2021 compared to 27.6 million bushels for the quarter ended December 31, 2020. 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 quarters ended December 31, 2021 and 2020:

	2021				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 16,353	$ -	$ -	$ -	$ 16,353
Supply Chain Services revenue	1,289	855	-	-	2,144
Net Seed and Processing margin	-	-	3,489	-	3,489
Operating expenses included in cost of sales	(2,408)	(615)	(1,292)	-	(4,315)
Depreciation expense included in cost of sales	(1,106)	(275)	(159)	(73)	(1,613)
Gross profit (loss)	$ 14,128	$ (35)	$ 2,038	$(73)	$ 16,058

(in thousands of USD)	2020 Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 8,259	$ -	$ -	$ -	$ 8,259
Supply Chain Services revenue	932	795	-	-	1,727
Net Seed and Processing margin	-	-	1,705	-	1,705
Operating expenses included in cost of sales	(2,427)	(589)	(719)	-	(3,735)
Depreciation expense included in cost of sales	(1,061)	(275)	(53)	(73)	(1,462)
Gross profit (loss)	$ 5,703	$ (69)	$ 933	$(73)	$ 6,494

Gross profit increased by $9.6 million for the three months ended December 31, 2021 compared to the three months ended December 31, 2020. The year over year increase in gross profit was driven by an increase in net trading margins as a result of the Corporation's thorough understanding of supply and demand and effective risk management in a challenging environment.

Net Trading Margin

Net trading margin increased by $8.1 million for the quarter ended December 31, 2021 compared to the quarter ended December 31, 2020 due to higher trading margins and increased trading opportunities across multiple commodities.

Supply Chain Services Revenue

Supply Chain Services revenue increased by $417 thousand for the quarter ended December 31, 2021 compared to the quarter ended December 31, 2020. The Corporation's grain-related Supply Chain Services revenue increased due to higher third-party storage and elevations. For the quarter ended December 31, 2021, non-grain supply chain service revenue increased $60 thousand due to increased revenue related to the Gateway Energy Terminal as well as increased revenue related to industrial products at Northgate compared to the same period in the prior year.

Net Seed and Processing Margin

Net Seed and Processing margin was $3.5 million for the quarter ended December 31, 2021 compared to $1.7 million for the quarter ended December 31, 2020. The increase in Seed and Processing margin is mainly due to an increase in bird feed and soybean crush volumes and margins.

Operating Expenses and Depreciation

For the quarter ended December 31, 2021, operating and depreciation expense included in cost of sales totaled $5.9 million compared to $5.2 million for the quarter ended December 31, 2020. The increase is driven by increased volumes as a result of the Delmar crush plant expansion.

General and Administrative Expenses

For the quarter ended December 31, 2021, general and administrative expenses totaled $9.0 million compared to $3.8 million in the quarter ended December 31, 2020. General and administrative expenses increased due to higher incentive accruals related to the continued record start to the fiscal year along with increased legal expenses related to the regulatory investigations (refer to note 19 of the Interim Condensed Consolidated Financial Statements for more information).

Finance Loss

For the quarter ended December 31, 2021, finance loss totaled $208 thousand compared to a finance loss of $125 thousand during the quarter ended December 31, 2020. Finance loss is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains and losses on portfolio investments.

Interest Expense

	Quarter ended December 31,	
(in thousands of USD)	2021	2020
Interest on bank indebtedness	$ (702)	$ (595)
Interest on term loan	(329)	(471)
Interest on repurchase obligations	(78)	-
Interest attributable to leases	(50)	(43)
Amortization of financing costs paid	(183)	(181)
Interest on other financing obligations	1	17
Total interest expense	$ (1,341)	$ (1,273)

For the quarter ended December 31, 2021, interest expense totaled $1.3 million compared to $1.3 million for the quarter ended December 31, 2020. Total interest remained consistent period over period. While the interest on bank indebtedness increased quarter over quarter due to higher daily average borrowings on the revolving line of credit, partially offset by reduced interest rates, interest on the term loan were significantly lower. On June 11, 2021, the Corporation entered into a term loan with the Bank of Montreal, which replaced the Corporation's previous term loan, and significantly reduced the interest rate (refer to the "Available Sources of Liquidity" section below for more information).

Amortization of Intangible Assets

Amortization of intangible assets totaled $65 thousand for the three months ended December 31, 2021 and December 31, 2020. Amortization intangible assets was comprised solely of the amortization 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, 2021 and 2020:

(in thousands of USD)		December 31, 2021		December 31, 2020
Current income tax (expense) recovery	$	(41)	$	92
Deferred income tax expense		(1,256)		-
Income tax (expense) recovery	$	(1,297)	$	92

During the three-month period ended December 31, 2021, the Corporation recorded income tax expense of $1.3 million compared to a recovery of $92 thousand for the three months ended December 31, 2020. During the three-month period end December 31, 2021, Ceres recognized deferred income tax expense of $1.3 million 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

For the three months ended December 31, 2021, the Corporation's share in investments in associates was a loss of $12 thousand compared to a $51 thousand loss for the three months ended December 31, 2020. The decreased loss in investments in associates was driven by the addition of Farmers Grain, LLC ("**Farmers Grain**") and a reduced loss at Stewart Southern Railway ("**SSR**") compared to the same quarter in the prior year.

On April 30, 2018, the Corporation formed Savage Riverport, LLC and transferred the grain elevator and related assets at its Savage, Minnesota facility, which had net book value of $9.3 million as at April 30, 2018, to the newly formed entity. Subsequent to the transaction, Ceres received cash of $8.5 million from Consolidated Grain and Barge Co. in exchange for 50% of the equity in Savage Riverport, LLC. The sale of the equity in Savage Riverport, LLC net of transaction fees resulted in a gain of $3.7 million. The Corporation has been and will continue to recognize the remaining gain of $3.8 million over the useful life of the contributed assets. For the quarters ended, December 31, 2021 and December 31, 2020, the Corporation recognized a deferred gain of $87 thousand and $87 thousand, respectively, under share of net income (loss) of associates.

On February 10, 2021, Ceres Global Ag Corp., through its wholly owned subsidiary, Riverland Ag Corp., and Farmer's Cooperative Grain and Seed Association, an agricultural cooperative based in Thief River Falls, Minnesota, formed Farmers Grain, a grain merchandising joint venture, also based in Thief River Falls. The Corporation contributed $6.7 million to Farmers Grain in exchange for a 50% membership interest. The joint venture is accounted for utilizing the equity method and, therefore results are reflected in "Share of income (loss) in associates" in the income statement. The Corporation expects the joint venture to have minimal financial statement impact until the expansion project is complete in the fall of 2022. For the three months ended December 31, 2021, the Corporation's share in Farmers Grain was a gain of $71 thousand compared to nil for the three months ended December 31, 2020.

For the six months ended December 31, 2021 and December 31, 2020

(in thousands of USD except percentages, share counts, and per share figures)	Six months ended December 31, 2021	Six months ended December 31, 2020
Revenues	$ 513,166	$ 347,364
Gross profit (loss)	$ 39,917	$ 10,304
Income (loss) from operations	$ 20,705	$ 2,775
Net income (loss)	$ 12,802	$ 389
Weighted average common shares outstanding	30,800,597	30,772,845
Diluted weighted average common shares outstanding	32,266,412	32,652,388
Income (loss) per share – Basic	$ 0.42	$ 0.01
Income (loss) per share – Diluted	$ 0.40	$ 0.01
EBITDA [(1)]	$ 23,931	$ 5,873
As at:		
Total assets	$ 403,474	$ 299,465
Total bank indebtedness, current	$ 79,925	$ 68,940
Term loan [(2)]	$ 36,338	$ 29,612
Shareholders' equity	$ 170,134	$ 145,478
Return on shareholders' equity [(1)]	7.5%	0.3%

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

(2) Includes current portion of term loan.

(3) Supplementary financial measure. See “Non-IFRS Financial and Other Measures and Reconciliations”.

Overall Performance

The Corporation’s net income was $12.8 million for the six months ended December 31, 2021, compared to net income of $389 thousand for the six months ended December 31, 2020. The Corporation continued its record performance in the second quarter of fiscal year 2022, driven by Ceres’ ability to successfully navigate the volatile grain markets and position itself to best serve the needs of its customers. Gross profit was $39.9 million for the six months ended December 31, 2021, compared to a gross profit of $10.3 million for the six months ending December 31, 2020, a result of higher merchandising margins compared to the previous year. Furthermore, income from operations was $20.7 million for the six months ended December 31, 2021 compared to $2.8 million income from operations for the quarter ended December 31, 2020.

Revenues and Gross Profit

Total revenue increased by $165.8 million, driven by a significant increase in commodity prices as well as a slight increase in grain and oilseed bushels handled of 1.7 million bushels compared to the same period in the previous year. The Corporation handled and traded 57.5 million bushels of grain and oilseed in during the six months ended December 31, 2021 compared to 55.8 million bushels for the six months ended December 31, 2020. 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, 2021 and 2020:

	2021				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 42,919	$ -	$ -	$ -	$ 42,919
Supply Chain Services revenue	2,171	1,803	-	-	3,974
Net Seed and Processing margin	-	-	4,357	-	4,357
Operating expenses included in cost of sales	(4,528)	(1,194)	(2,389)	-	(8,111)
Depreciation expense included in cost of sales	(2,210)	(553)	(313)	(146)	(3,222)
Gross profit (loss)	$ 38,352	$ 56	$ 1,655	$(146)	$ 39,917

	2020				
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate	Total
Net trading margin	$ 14,436	$ -	$ -	$ -	$ 14,436
Supply Chain Services revenue	1,765	1,647	-	-	3,412
Net Seed and Processing margin	-	-	3,089	-	3,089
Operating expenses included in cost of sales	(5,125)	(1,151)	(1,456)	-	(7,732)
Depreciation expense included in cost of sales	(2,075)	(552)	(129)	(145)	(2,901)
Gross profit (loss)	$ 9,001	$ (56)	$ 1,504	$(145)	$ 10,304

Gross profit increased by $29.6 million for the six months ended December 31, 2021 compared to the six months ended December 31, 2020. The year over year increase in gross profit was driven by an increase in net trading margins as a result of the Corporation's strategic positioning for the 2021 crop year.

<u>Net Trading Margin</u>

Net trading margin increased by $28.5 million for the six months ended December 31, 2021 compared to the six months ended December 31, 2020 due to higher trading margins and increased trading opportunities across multiple commodities.

Supply Chain Services Revenue

Supply Chain Services revenue increased by $562 thousand for the six months ended December 31, 2021 compared to the six months ended December 31, 2020. The Corporation's grain-related Supply Chain Services revenue increased due to higher third-party storage and elevations. For the six months ended December 31, 2021, the non-grain supply chain service revenue increased $156 thousand due to higher volumes and increased revenue related to the Gateway Energy Terminal as well as increased revenue related to industrial products at Northgate compared to the same period in the prior year.

Net Seed and Processing Margin

Net Seed and Processing margin was $4.4 million for the six months ended December 31, 2021 compared to $3.1 million for the six months end December 31, 2020. The increase in Seed and Processing margin is mainly due to an increase in bird feed and soybean crush volumes and margins.

Operating Expenses and Depreciation

For the six months ended December 31, 2021, operating and depreciation expense included in cost of sales totaled $11.3 million compared to $11.0 million for the six months ended December 31, 2020. The increase is driven by increased volumes as a result of the crush plant expansion at Delmar.

General and Administrative Expenses

For the six months ended December 31, 2021, general and administrative expenses totaled $19.2 million compared to $7.5 million in the six months ended December 31, 2020. General and administrative expenses increased due to higher incentive accruals related to the record performance to start fiscal year along with increased legal expenses related to the DOJ investigation (refer to note 19 of the Interim Condensed Consolidated Financial Statements for more information).

Finance Loss

For the six months ended December 31, 2021, finance loss totaled $239 thousand compared to a finance loss of $72 thousand during the quarter ended December 31, 2020. Finance loss is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains and losses on portfolio investments.

Interest Expense

	Six months ended December 31,	
(in thousands of USD except per share)	2021	2020
Interest on bank indebtedness	$(1,307)	$ (941)
Interest on term loan	(622)	(943)
Interest on repurchase obligations	(109)	-
Interest attributable to leases	(102)	(88)
Amortization of financing costs paid	(327)	(361)
Interest on other financing obligations	2	20
Total interest expense	$ (2,465)	$ (2,313)

For the six months ended December 31, 2021, interest expense totaled $2.5 million compared to $2.3 million for the six months ended December 31, 2020. The period over period increase was driven interest related to repurchase obligations as well as an increase in total interest expense on bank indebtedness due to higher daily average borrowings on the revolving line of credit. The increased interest was partially offset by decreased interest on the term loan which were significantly lower. On June 11, 2021, the Corporation entered into a term loan with the Bank of Montreal, which replaced the Corporation's previous term loan, and significantly reduced the interest rate (refer to the "Available Sources of Liquidity" section below for more information).

Amortization of Intangible Assets

Amortization of intangible assets totaled $131 thousand for the six months ended December 31, 2021 and December 31, 2020. Amortization intangible assets was comprised solely of the amortization 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, 2021 and 2020:

(in thousands of USD)		December 31, 2021		December 31, 2020
Current income tax (expense) recovery	$	(107)	$	207
Deferred income tax expense		(4,782)		-
Income tax (expense) recovery	$	(4,889)	$	207

During the six-month period ended December 31, 2021, the Corporation recorded income tax expense of $4.9 million compared to a recovery of $207 thousand for the six months ended December 31, 2020. During the six-month period end December 31, 2021, Ceres recognized deferred income tax expense of $4.8 million 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

For the six months ended December 31, 2021, the Corporation's share in investments in associates was a loss of $113 thousand compared to a $22 thousand loss for the six months ended December 31, 2020. The increased loss in investments in associates was driven by reduced income at Savage Riverport, LLC.

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
(in thousands of USD except percentages, share figures, and per share data)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	$304,795	$208,371	$196,929	$ 203,911	$ 175,267	$172,097	$ 176,508	$ 120,947
Gross profit (loss)	$ 16,058	$ 23,859	$ 8,756	$ 5,858	$ 6,494	$ 3,810	$ 6,994	$ 4,306
Income (loss) from operations	$ 7,046	$ 13,659	$ 3,875	$ 2,215	$ 2,733	$ 42	2,038	$ 245
Net income (loss)	$ 4,033	$ 8,769	$ 11,733	$ (78)	$ 1,325	$ (936)	$ 527	$ (281)
Return on shareholders' equity	2.4%	5.3%	7.5%	(0.1%)	1.0%	(0.6%)	0.4%	(0.2%)
Basic weighted-average number of common shares for the quarter	30,801	30,773	30,773	30,773	30,773	30,739	30,739	30,739
Dilutive weighted-average number of common shares for the quarter	32,439	32,093	32,765	30,773	32,820	30,739	32,547	30,739
Basic earnings (loss) per share	$ 0.13	$ 0.28	$ 0.38	$ -	$ 0.04	$ (0.03)	$ 0.02	$ (0.01)
Fully diluted earnings (loss) per share	$ 0.12	$ 0.27	$ 0.36	$ -	$ 0.04	$ (0.03)	$ 0.02	$ (0.01)
EBITDA (1)	$ 8,513	$ 15,418	$ 5,477	$ 3,495	$ 4,255	$ 1,618	$ 3,651	$ 2,830
EBITDA per share (2)	$ 0.28	$ 0.50	$ 0.18	$ 0.11	$ 0.14	$ 0.05	$ 0.12	$ 0.09
Shareholders' equity, as at reporting date	$170,134	$165,713	$156,918	$ 145,344	$ 145,478	$144,124	$ 144,989	$ 144,362
Shareholders' equity per common share, as at reporting date	$ 5.52	$ 5.39	$ 5.10	$ 4.72	$ 4.73	$ 4.69	$ 4.72	$ 4.70
Volumes (in thousands of tonnes)								
Total Product Handled and Traded	709	875	629	781	756	782	686	550

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

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

3. LIQUIDITY & CASH FLOW

	Six months ended December 31,	
(in thousands of USD)	2021	2020
Net cash provided by (used in)		
Operating activities	$ (1,104)	$ (19,675)
Investing activities	(12,531)	(7,881)
Net cash provided (used) before financing activities	(13,635)	(27,556)
Financing activities	13,322	37,000
Increase (decrease) in cash	$ (313)	$ 9,444

Operating Activities

Cash used in operating activities was $1.1 million for the six months ended December 31, 2021 compared to cash used in operating activities of $19.7 million in the same six-month period of the prior year. The decrease in cash used is attributable to an increase in net income and to the change in working capital. During the six months ended December 31, 2021, with the cash used in operating activities of $1.1 million, the Corporation utilized its working capital and repurchase obligations to fund inventory purchases and operations.

Investing Activities

During the six months ended December 31, 2021, the Corporation used $12.5 million in investing activities compared to cash used in investing activities of $7.9 million in the same six-month period in of the prior year. During the six months ended December 31, 2021 the Corporation made a $10.1 million deposit with an vendor to supply equipment for the planned canola crush plant at the Corporation' Northgate, Saskatchewan facility. During the same 6-month period in the prior year, the Corporation acquired the Nicklen Facility for $6.3 million.

Financing Activities

During the six-month period ended December 31, 2021, the Corporation had $13.3 million in cash provided by financing activities compared to cash provided by financing activities of $37 million in the same period of the prior year. During the six-month period ended December 31, 2021, the Corporation repaid $1 million on the revolving line of credit compared to the Corporation borrowing an additional $37 million in the prior year. This is a result of the Corporation's increase in Net Income and the utilization of working capital to fund operations. The decrease from cash provided by the revolving line of credit was partially offset by an increase in cash provided by the delayed draw portion of the term loan used to fund the deposit on equipment for the planned canola crush plant.

Available Sources of Liquidity

The Corporation's sources of liquidity as at December 31, 2021 include available funds under its revolving credit facility (the "2021 Credit Facility"). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Growth capital expenditures in the next fiscal year are expected to be funded by cash on hand and borrowing against the 2021 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 limits.

In addition, the 2021 Credit Facility, as at December 31, 2021 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $25.0 million. As at December 31, 2021 the Corporation's working capital – defined as current assets less current liabilities – totaled $57.4 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 at and for the six months ended December 31, 2021 and June 30, 2021, the Corporation was in compliance with all of the above-mentioned financial covenants.

As at December 31, 2021 and June 30, 2021, the Corporation had $38.6 million and $19.0 million in availability, respectively, on its revolving credit facility.

Liquidity Risk

As at December 31, 2021 and June 30, 2021, the following are the contractual maturities of financial liabilities, excluding interest payments:

December 31, 2021

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	$ 79,925	$ 80,000	$ 80,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	81,318	81,318	81,318	-	-	-
Accounts payable - related parties	51	51	51	-	-	-
Unrealized losses on open cash contracts	23,584	23,584	23,584	-	-	-
Term loan	38,175	38,875	2,000	2,000	34,875	-
Repurchase obligations	5,187	5,187	5,187	-	-	-
Lease obligations	3,457	4,809	763	662	1,587	1,797
	$ 231,697	$ 233,824	$ 192,903	$ 2,662	$ 36,462	$ 1,797

June 30, 2021

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 year	2 years	3 to 5 Years	More than 5 years
Bank indebtedness	$ 80,760	$ 81,000	$ 81,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	41,336	41,336	41,336	-	-	-
Accounts payable - related parties	136	136	136	-	-	-
Unrealized losses on open cash contracts	25,112	25,112	25,112	-	-	-
Term loan (note 10)	28,877	29,625	1,500	1,500	26,625	-
Lease commitments	3,856	5,346	882	653	1,745	2,066
	$ 180,077	$ 182,555	$ 149,966	$ 2,153	$ 28,370	$ 2,066

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.

4. CAPITAL RESOURCES

The Corporation utilizes the 2021 Credit Facility to finance its grain trading operations, which primarily consist of purchases of grain inventories, financing of accounts receivable, and hedging activities, less accounts payable. Levels of short-term debt fluctuate based on changes in underlying commodity prices, inventories on hand and the timing of grain purchases.

Revolving Credit Facility

As disclosed in the Interim Condensed Consolidated Financials Statements, on February 10, 2021, the Corporation amended the 2020 revolving credit facility agreement led by Macquarie Bank Ltd., as administrative agent on behalf of a syndicate group of lenders which includes Bank of Montreal and Cooperative Rabo Bank U.A. resulting in the 2021 Credit Facility. Under the 2021 Credit Facility, the amount available to Ceres remains at $100.0 million, with the potential to access an accordion feature that would provide an additional $20.0 million. The revolving facility matures on February 9, 2022.

On September 17, 2021, the Corporation executed a Commitment to Increase Agreement to access the accordion feature of the 2021 Credit Facility, providing an additional $20.0 million in availability. To do so, the Corporation incurred fees of $79 thousand that will be amortized over the remaining life of the 2021 Credit Facility.

The interest rate under the 2021 Credit Facility is a tiered annual interest rate based on the utilization as follows:

Revolver Facility Utilization	Applicable Margin
≤ 30%	2.75%
> 30%	2.50%

The total interest rate is calculated by adding the applicable margins above plus one-week LIBOR. In the event the one-week LIBOR does not adequately reflect the cost to the lenders, the adjusted base rate shall be a rate equal to the lender's cost of funding the borrowings. The interest rate is calculated and paid on a monthly basis. The 2021 Credit Facility is subject to borrowing base limitations. Amounts under the agreement that remain undrawn are not subject to a commitment fee. The 2021 Credit Facility has certain covenants pertaining to the accounts of the Corporation, as at December 31, 2021, the Corporation was in compliance with all covenants.

As at December 31, 2021 and June 30, 2021, the Corporation had $38.6 million and $19.0 million in availability, respectively, on the 2021 Credit Facility.

On February 8, 2022, the Corporation amended the 2021 Credit Facility. Under the new credit facility (the "2022 Credit Facility") the maximum amount is increasing from $100 million to $150 million, with the potential to access an accordion feature that would provide an additional $20 million. The 2022 Credit Facility matures in February 2023.

The interest rate under the 2022 Credit Facility is a tiered annal interest rate based on utilization and is as follows:

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

The total interest rate is calculated by adding the applicable margins above plus SOFR plus 10 basis points. The 2022 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 November 15, 2018, the Corporation entered into a $20.0 million term loan agreement with Bixby Bridge Fund IV, LLC (the "Bixby Loan"). On August 16, 2019, the Bixby Loan was amended in conjunction with the Corporation's acquisition of Delmar which increased the amount of the loan by $15.0 million to a total of $35.0 million. On February 28, 2020, the Corporation elected to pay the $5.0 million scheduled payment due November 15, 2020 early. Additionally, the annual interest rate increased to 6.00% plus one-month LIBOR.

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

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

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

The notional balance outstanding on the swap as at December 31, 2021 is $28.8 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 December 31, 2021. 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 $362 thousand on the consolidated balance sheet.

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

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. During the first quarter of fiscal year 2022, the Corporation paid $36 thousand in relation to the origination of the BMO Loan. 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 rate 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, 2021, 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 2 of the Interim Condensed Consolidated Financial Statements and note 3 of the Annual Consolidated Financial Statements for information pertaining to the significant accounting policies for the six months ended December 31, 2021.

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 income tax. Valuation of investments and valuation of deferred income 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 determination of functional currency; and business combinations; 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.

Current Events

COVID-19

The outbreak of COVID-19 has resulted in governments worldwide enacting measures to combat the spread of the virus. These measures, which include the implementation of travel bans, non-essential business closures, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Although the Corporation has managed through this crisis without material impacts to its business, COVID-19 and any other future pandemic or public health crisis may have impacts on the Corporation's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations that will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision. Management has considered the impact of COVID-19 on significant accounting judgments, estimates and assumptions, used in the preparation of the interim condensed consolidated financial statements and did not identify any material changes for the current year.

6. OUTLOOK

Grain Segment

The quarter began with elevated market prices for the products Ceres handles and merchandizes and remained high throughout the period. A once in 20-year drought in the Northern U.S. Plains and Canadian Prairies negatively affected yields in the most recent harvest, which led to much smaller crops and higher prices than normal. While this was well documented and understood by the market, the extent to which demand would react was less clear and resulted in price increases for most products as product substitutes and other options were pursued. Due in part to its farm-to-customer supply chain, the Corporation maintained a pulse on what was happening with supply and demand, and it successfully managed risk in an otherwise challenging environment. Meanwhile, Ceres continued to find needed supply for key customers and consistently delivered high quality product on time. Despite smaller crops and lower inventories across the industry, total volume handled and merchandized was similar to the same quarter a year ago and higher on a year-to-date basis. While export volumes were lower from a year ago, sales to domestic customers and origination from 3rd party suppliers increased significantly. Overall, the team continued to effectively navigate through challenging markets, positioning Ceres for its best 6-month financial performance in the Corporation's history.

Looking forward, given limited supplies due to smaller crops, market prices should remain elevated, and potentially volatile. Specifically, the Corporation believes prices are at or near levels at which demand will continue to be rationed in order to balance limited supply for the remainder of the crop year. Exports from Canada and the U.S., which were strong to start the year, are expected to be lower than normal as U.S. and Canadian demand remains strong and keeps inventories within North America. With overall lower volumes remaining in North America for the balance of the 2022 crop year, the Corporation expects to continue realizing opportunities through effective trading and positioning in the third quarter, but for that to become more challenging as inventories diminish and the market offers less total product to supply and merchandize. Navigating through high-priced and inverted markets is challenging and requires disciplined analysis and decision-making. The Corporation has added talent over the past several years to position itself to succeed in this environment. Looking forward, special attention will be given to moisture received across the growing areas during fall and winter months as this will be critical ahead of the planting period next spring.

Regarding growth and development, on February 10th, 2021 Ceres formed Farmers Grain, which allows Ceres to continue to work directly with growers to deliver value-added solutions for its customers. A major investment and initiative from this joint venture, which is currently underway and on schedule, is adding storage and unit train loading capabilities to the grain operation in Thief River Falls, Minnesota. The Corporation expects construction to be completed prior to harvest 2022. Beyond this joint venture, the Corporation's business development team continues to work through a healthy pipeline of projects and expects to have more growth opportunities to announce over the coming quarters.

Supply Chain Services Segment

Industrial product volumes continued their trend higher and were greater than the same quarter a year ago as demand for oriented strand board (OSB) remains strong because of continued strength in new home building in the U.S. Meanwhile, fertilizer volumes were solid as expected and natural gas liquid (NGL) volumes through Gateway Energy Terminal were higher than the same quarter a year ago. Overall, gross margins for the segment were slightly higher than expected.

Looking forward, OSB and fertilizer volumes are expected to remain strong compared to last fiscal year while NGL volumes have the potential to improve as crude oil prices have significantly increased the incentive to drill for new wells. Thus far, drilling has not significantly increased in Western Canada; however, that can change as the market gains confidence higher prices are here to stay.

Seed and Processing Segment

Soybean crush volumes were significantly higher than the same quarter a year ago due to the 50% expansion of the Delmar plant, which was completed in the summer of 2021. While back-to-back margins were modest, the team did an excellent job managing risk around the three legs of crush (soybeans, soybean meal, and soybean oil), which resulted in the best quarterly financial result in the crush plant's history. Oilseed crush margins are moderately attractive in North America for soybeans at this point in time as soybean supply is tight but sufficient, and demand for vegetable oil and soybean meal is very strong.

Specialty crop blending, including birdfeed manufacturing, was slightly lower in volume compared to the same quarter a year ago as demand started to normalize compared to the higher demand environment experienced when people spent more time at home as a result of policies related to the COVID-19 pandemic. Meanwhile, early purchases of sunflower seeds in a tight supply market enabled us to secure supply for our customers and enhance gross margins. The outlook for the balance of the 2022 fiscal year is for demand and margins to remain steady.

The Seed business is seasonal and typically only generates gross margins during the fourth quarter of the fiscal year (April – June). Costs were well managed during the quarter while the team focused on marketing seed supplied by Sevita International and Horizon Seeds Canada for the sale and distribution of soybean and corn seed products in Western Canada, respectively.

Regarding growth and development, on May 25, 2021 Ceres announced its plan to build an integrated canola processing facility in Northgate, Saskatchewan, to help meet the current and growing global demand for canola products. The state-of-the-art facility will have capacity to process approximately 1 million metric tons of canola and refine over 500 thousand metric tons of canola oil, for both food and renewable fuel, annually. The Corporation has engaged project management and engineering design firms to develop construction and design plans for the project, which are expected to be finalized late in the third quarter, or early in the fourth quarter of fiscal year 2022. In addition, during the quarter ended December 31, 2021, the Corporation made $10.8 million in deposits and commitments with major equipment suppliers as well as other consulting and engineering fees, which were critical to maintaining the project's timeline. The facility is expected break ground this year and is targeted to be operational by summer 2024 and will create over 50 full time jobs in Saskatchewan, which is the largest canola producing province in Canada. The Corporation also hired Ascendant Partners, Inc. as an advisor and continues to explore financing options and arrangements with industry partners relating to the project.

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, 2021, 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, 2021, 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 six months ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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 Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

The remuneration of key management personnel of the Corporation, which includes both members of the Board of Directors and leadership team including the President and CEO, CFO, and vice presidents, is set out below in aggregate:

	3 Months		6 Months	
(in thousands of USD)	2021	2020	2021	2020
Salary and short-term employee and director benefits	$ 760	$ 412	$ 1,354	$ 833
Share-based compensation	390	142	632	291
	$ 1,150	$ 554	$ 1,986	$ 1,124

The increase in related party transactions for the six months ended December 31, 2021, is due to the promotion of two additional vice presidents in the first quarter of fiscal year 2022. The increase in the related party transactions for the three months ended December 31, 2021, is driven by an increase in stock price requiring a revaluation of outstanding stock appreciation rights due to key management personnel resulting in an increased expense for the period.

Ownership

The Corporation's majority shareholder, VN Capital Management, LLC, beneficially owns and controls, directly and indirectly, through VN Capital Fund C, L.P., a total of 16,843,457 common shares, representing 54.7% of Ceres' outstanding shares (16,782,557 common shares, 54.5% as at June 30, 2021).

Savage Riverport, LLC

As at December 31, 2021 and June 30, 2021, Ceres owned a 50% interest in Savage Riverport, LLC.

Ceres routinely transacts business directly with Savage Riverport, LLC. Such transactions are in the ordinary course of business and include storage and elevation fees for grain storage, as well as management fees. Related party revenue of $20 thousand is included in total revenue for the three months ended December 31, 2021 compared to related party revenue of $20 thousand in the three months ended December 31, 2020. Related party revenue of $40 thousand is included in total revenue for the six months ended December 31, 2021 compared to related party revenue of $40 thousand in the six months ended December 31, 2020. Related party expenses recorded in cost of sales are $339 thousand for the three months ended December 31, 2021 and $460 thousand for three months ended December 31, 2020. Related party expenses recorded in cost of sales are $750 thousand for the six months ended December 31, 2021 and $954 thousand for six months ended December 31, 2020. As at December 31, 2021, the accounts receivable, due from Savage Riverport, LLC totaled $179 thousand and $212 thousand as at June 30, 2021. Accounts payable, due to Savage Riverport, LLC totaled $51 thousand and $39 thousand as at December 31, 2021 and June 30, 2021, respectively.

Farmers Grain, LLC

As at December 31, 2021 and June 30, 2021, 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. Related party revenue of $27 thousand is included in total revenue for the three months ended December 31, 2021 compared to nil in in the same period of the previous year. For the six months ended December 31, 2021, related party revenue was $1.3 million compared to nil in in the same period of the previous year. Related party expenses recorded in cost of sales are $1.1 million for the quarter ended December 31, 2021 and nil for the quarter ended December 31, 2020. Related party expenses for the six months ended December 31, 2021 was $3.1 million and nil for the same period in the previous year. As at December 31, 2021, the accounts receivable, due from Farmers Grain totaled $351 thousand compared to $147 as at June 30, 2021. As at December 31, 2021, the accounts payable, due to Farmers Grain totaled nil compared to $97 as at June 30, 2021.

Gateway Energy Terminal

As at December 31, 2021 and June 30, 2021, Ceres owned a 50% interest in Gateway Energy Terminal.

Ceres routinely transacts business directly with Gateway Energy Terminal. Such transactions are in the ordinary course of business and include site operation fees. As at December 31, 2021, the accounts receivable, due from Gateway Energy Terminal, totaled $90 thousand and $85 thousand as at June 30, 2021. Related party revenue of $225 thousand is included in total revenue for the three months ended December 31, 2021 compared to related party revenue of $189 thousand in the three months ended December 31, 2020. For the six months ended December 31, 2021, related party revenue included in total revenue was $542 thousand compared to 471 thousand for the same period in the prior year.

Stewart Southern Railway Inc. (“SSR”)

As at December 31, 2021 and June 30, 2021, Ceres owned a 25% interest in SSR.

Bixby Loan

As at June 30, 2020, an affiliate of Bixby Bridge Fund IV, LLC (“the Lender”), separate and distinct from the Lender, held an indirect, minority investment in Ceres. The Bixby Loan was negotiated on arm’s length terms after consideration of other financing alternatives under the supervision of members of the Board who are independent of the Lender. The Bixby loan was paid in full on June 11, 2021, and as at December 31, 2021, the balance of Bixby Loan was nil.

SHARES OUTSTANDING

As at February 9, 2022, the issued and outstanding equity securities of the Corporation consisted of 30,800,597 common shares. In addition, the Corporation has 1,567,625 stock options outstanding with a weighted-average exercise price of C$4.10 per common share, 197,865 restricted stock units outstanding, and 515,642 equity-settled deferred share units outstanding and 105,842 cash-settled deferred share units outstanding.

CONTINGENCIES

As at December 31, 2021 the Corporation is not aware of any outstanding contingencies.

Department of Justice

The Corporation and certain of its current and former personnel have received subpoenas from the U.S. Department of Justice (“DOJ”) to produce documents and other records regarding the Corporation’s trading and other related activities, with a particular focus on the Corporation’s oat market trades from 2016 to 2019. The Corporation also received a voluntary document request from the U.S. Commodities Futures Trading Commission (“CFTC”) seeking similar information. The Corporation is cooperating with both investigations. The Board has established a special committee to oversee the Corporation’s response to these investigations.

The outcome of the investigations is difficult to assess or quantify. The existence, timing and amount of any future financial obligations (such as fines, penalties or damages) or other consequences arising from the DOJ and CFTC investigations and any potential related litigation are unable to be determined at this time and no liability has been recognized in relation to these matters in the interim condensed consolidated balance sheet at the end of the reporting period. The cost to cooperate with the investigations may be significant. In addition, if the DOJ and/or the CFTC decide to pursue an enforcement action against the Corporation as a result of the investigations, that may result in liability material to the Corporation’s financial statements as a whole or may materially and adversely affect the Corporation’s business, financial position, cash flow, and/or results of operations, and the magnitude of the potential loss may remain unknown for substantial periods of time.

8. NON-IFRS FINANCIAL AND OTHER MEASURES AND RECONCILIATIONS

Certain financial measures and ratios 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.

Earnings Before Interest, Income Taxes, Depreciation, and Amortization and EBITDA per share

The Corporation believes the presentation of EBITDA and EBITDA per share can provide useful information to investors and shareholders as it provides increased transparency. EBITDA is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. EBITDA excludes gains and losses on property, plant and equipment, assets held for sale, and gains and losses on equity investments.

The following table is a reconciliation of EBITDA to net income for Ceres on a consolidated basis for the three and six months ended December 31, 2021, and 2020:

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	2021	2020	2021	2020
Net income (loss) for the period	$ 4,033	$ 1,325	$ 12,802	$ 389
Interest expense	1,341	1,273	2,465	2,313
Amortization of intangible assets	65	65	131	131
Income tax (recovered)	1,297	(92)	4,889	(207)
Share of net (Income) loss in investment in associates	12	51	113	22
Depreciation and amortization	1,765	1,633	3,531	3,225
	$ 8,513	$ 4,255	$ 23,931	$ 5,873

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

Return on Shareholders' Equity

Ceres 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, 2021 and 2020:

	Three months ended December, 31		Six months ended December, 31	
(in thousands of USD)	2021	2020	2021	2020
Net income (loss) for the period	$ 4,033	$ 1,325	$ 12,802	$ 389
Total shareholders' equity as at reporting date	170,134	145,478	170,134	145,478

2.4%	0.9%	7.5%	0.3%

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 the NLC, operating and financial results, critical accounting estimates and the expected financial and operational consequences of future commitments.

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. 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 interim MD&A. These assumptions include, but are not limited to, the following:

- No material change in the regulatory environment in Canada and the United States;
- Supply and demand factors as well as the pricing environment for grains and other agricultural commodities;
- Fluctuation of currency and interest rates;
- General financial conditions for Western Canadian and American agricultural producers;
- Market share that will be achieved by the Corporation;
- Adequate and timely service from the railroads, and in particular from the BNSF at Northgate;

- The Corporation's ability to maintain existing customer contracts and relationships coupled with its ability to increase its customer portfolio; and
- COVID-19 does not significantly impact the Corporation's operations and the markets it serves.

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 interim MD&A and in other disclosure documents, including the Corporation's Annual Information Form for the year ended June 30, 2021, which is available at the Corporation's SEDAR profile at www.sedar.com, 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 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 interim 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.