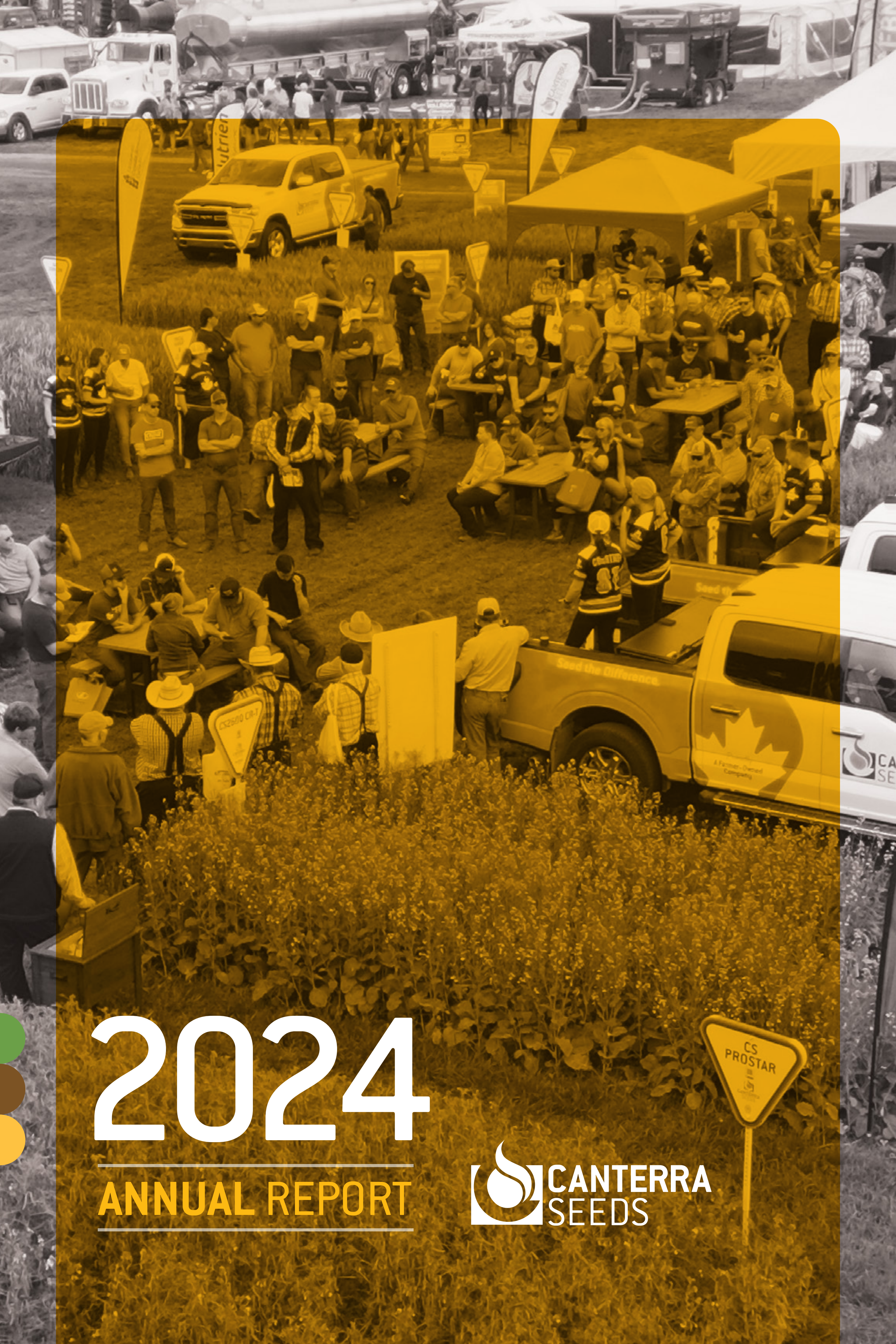
2024 ANNUAL REPORT

CANTERRA SEEDS



Message from The **President & CEO**

Dear CANTERRA SEEDS shareholders, stakeholders, partners and staff,

The 2023/24 fiscal year of CANTERRA SEEDS marked a year of transition of leadership as I assumed the role of President & CEO on October 2, 2023. I had the privilege and honour of taking on this role from my predecessor, David Hansen, who retired in December 2023. The transition has gone smoothly and the CANTERRA SEEDS business remains committed to investment and innovation in seed and related technology for the benefit of farmers in Western Canada.

CANTERRA SEEDS' fiscal year ended on September 30, 2024, with another year of positive financial results. The global agriculture sector has been facing headwinds recently with lower commodity values, increasing environmental variability and inflation resulting in higher costs and lower margins. In these challenging times, it's important that we remain focused on our strategy and long-term commitment to our customers and partners.

Back in spring of 2023, we completed a strategic planning exercise that formulated the structure and details of our five-year strategic plan with three Big Goals and subsequent Step Goals, creating focus and direction for our team. I'm happy to report that we're making great progress on our goals and look forward to continued progress.

As a vertically coordinated business that's focused on seed and related technologies, it's critical that we work up and down the value chain to ensure mutual success. Since 2015, we've made a long-term commitment with Limagrain with the joint venture wheat breeding company, Limagrain Cereals Research Canada (LCRC). As with any plant breeding program, it takes time for market relevant varieties to be registered and available for farmers. I'm happy to report that we're making great progress and, as the commercialization partner, we've grown our portfolio considerably over the last few years. In addition to wheat varieties from LCRC, we've also added many varieties of barley, oats, peas and lentils from various breeding partners. As we remain focused on seed increase and commercial market development, we look forward to the challenges and opportunities that come with a rapidly growing portfolio.

Our canola seed business remains an important piece of our brand presence and economic engine. Although we were not successful in launching a new LibertyLink® hybrid in 2023/24, we were able to maintain our focus and sales support with retail partners and farmers. Our extensive canola demonstration program is an important investment that we make to ensure our pipeline brings value to farmers and retailers.

Our canola breeding partners continue to make excellent progress on new LibertyLink® and TruFlex® canola hybrids, with high yields supported by pod shatter tolerance and disease resistance traits expected by our customers. More recently, we've added CS4100 LL to our canola portfolio for the 2024/25 season with excellent performance. We've also recently transitioned our canola seed packaging to accommodate a 4.25 million seed unit to better align with precision planting equipment most farmers are using today.

Our recent acquisition of the Agro.Club software has now been fully integrated into the CANTERRA SEEDS Hub. Transactional sales information allows us to support sales, marketing and communications initiatives together with our retail partners while creating connections with farmer customers. This investment is only one part of our longer-term plan to ensure we have the right tools in place to effectively manage and nurture our data in a responsible manner.

I'd like to extend my sincere appreciation and thank you to the CANTERRA SEEDS Board of Directors for entrusting me in the role of President & CEO. I'd also like to say thank you to my senior management team and all my CANTERRA SEEDS colleagues for their support and commitment and I look forward to much success in the future.

Best regards,

Brent Derkatch

Message from **The Chairman**

2024 represented the 28th year of operations for CANTERRA SEEDS. In many aspects it represented a year of significant changes. What has not changed is our commitment to produce, market and sell the very best in seed with the goal of bringing those genetics to Prairie farmers.

It was reported in last year's annual report that David Hansen, the Company's President & CEO, was stepping down from his role at the end of December 2023. Since David started with CANTERRA SEEDS in 2009, he was the heart and soul of the Company, driving it to consistent growth and profitability. Also, as part of David's tenure, he mentored his staff to work with him to focus on the critical factors for success in the seed business, ensuring high quality market leading seed, along with making sure that the Company minimized its business risks.

Effective October 2,2023, after a robust executive search, Brent Derkatch was appointed President & CEO, succeeding David Hansen. Brent has been a member of the CANTERRA SEEDS team for over 23 years in various capacities. I am pleased to report that Brent's transition to the new role and acceptance by staff, customers and the industry has been extremely positive. I am very proud of how Brent and his team have incorporated this change in leadership, and I look forward to what awaits the Company in the coming years.

There were significant changes this past year within the Board of Directors of CANTERRA SEEDS. In February 2024 I took over the Chairman's role after having served as Vice Chairman since 2010. Lloyd Affleck, who had previously served as Chairman for the past fourteen years, has remained on the Board. We are deeply indebted to Lloyd for his dedication and leadership and are pleased that he has decided to continue to provide his expertise to CANTERRA SEEDS. I have been a CANTERRA SEEDS seed grower shareholder since the Company's inception, and I am extremely proud that I have been chosen to head the Board of Directors. We have a very diverse and knowledgeable Board of Directors to provide strategic direction to the Company in the fast-changing seed industry environment.

In July 2024, United Farmers of Alberta (UFA) acquired the 17% shareholding of the Company from Ceres Global Ag Corp. Ceres had determined that it needed to focus more on its core business of grain originations and marketing and thus decided to sell its interest in CANTERRA SEEDS. UFA has been a significant partner of CANTERRA SEEDS retailing seed through its extensive retail network. As a significant shareholder of CANTERRA SEEDS, we believe that this partnership will continue to grow and be beneficial for both organizations. Through the Shareholder Agreement that had been in place, UFA has the right to nominate one person to the Board of Directors. We are delighted to welcome to our Board, Scott Bolton, who recently retired as the President & CEO of UFA. Scott has extensive industry experience that will be valuable to CANTERRA SEEDS going forward.

I am happy to report that CANTERRA SEEDS recorded Net Earnings before Tax of $0.92 million. Overall, sales were reduced from 2023. The main reasons for this decrease were a reduction in the availability of market competitive varieties in some market segments in the canola business, along with low commodity prices that reduced the market for all CANTERRA SEEDS branded products. The Company, however, was able to increase its gross profit from the prior year by effectively reducing some costs of production.

Limagrain Cereals Research Canada continues to make significant progress in breeding competitive varieties for the Northern Plains of North America. This past year saw a significant number of highly competitive varieties in different market segments registered through the Canadian variety registration system. While not yet profitable, the Company is on track with its business plan and anticipates an increased flow of market leading varieties coming out of the breeding program. In addition, Limagrain has entered into a relationship with Saskatchewan Pulse Growers to breed pulse varieties in Western Canada which will increase the portfolio of those products that CANTERRA SEEDS and its shareholders will have available to market and grow.

Industry issues continue to be a significant focus due to their potential impact on CANTERRA SEEDS. Seed Regulatory Modernization has dominated the discussion in industry organizations. While it is not clear what the final recommendations will be - there is concern by CANTERRA SEEDS and other industry players that the process will not deliver on promised efficiencies for all sectors of the industry and a platform for continuous improvement for the industry. Funding of variety development, particularly cereals, continues to dominate discussions. While it is clear that the federal government is withdrawing or at least changing the manner that it has funded variety development, there remains a reluctance to support an alternative method of value creation for the industry. Lower cereal sector commodity prices have increased the incidence of the use of "brown bagged" seed by producers, thereby robbing plant breeders of revenue to invest in breeding programs. This also has led to increased cases of violations of Plant Breeders Rights.

The key elements for success for CANTERRA SEEDS have not really changed in its 28 years in business. We need to have the top employees in the industry. I am confident that the CANTERRA SEEDS TEAM is the best in the industry. They are highly focused on what the customer needs and wants are, and can deliver on those in a timely manner. They embrace change in what we see as a fast-paced landscape of technology development in the agricultural industry. The other major element for success in the seed business is to have the top performing varieties. As outlined above, the cereal and pulse variety pipeline are poised to deliver on that need and trial results prove out that CANTERRA SEEDS canola varieties are highly competitive in the market today. As well, CANTERRA SEEDS is investing in our employees and our systems to continue to be a market leader.

I would like to take this opportunity to thank our shareholders for their commitment to CANTERRA SEEDS and to our partners who work with us to create win-win opportunities every day. I would especially like to thank our staff for their work every day in delivering on our promise to our customers. In addition, thank you to the Board of Directors for putting their trust in me to be the Chairman of this very special Canadian seed company.

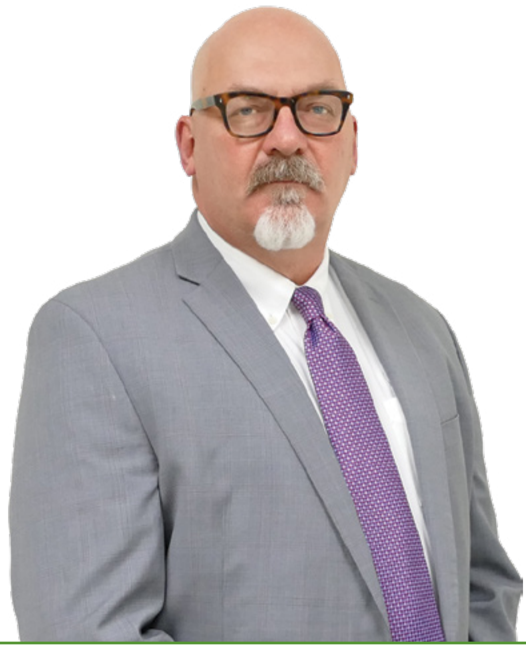
Best regards,

James M. Wilson

Jim Wilson

Our Team

SENIOR MANAGEMENT



Brent Derkatch

President & CEO

Brent Derkatch joined CANTERRA SEEDS in 2001, and has worked in the ag sector for over 25 years. Prior to his appointment as President and CEO, he was Director, Pedigreed Seed Business Unit, responsible for all activities related to CANTERRA SEEDS' broad seed portfolio of cereals, pulses and special crops. His primary focus was on demand creation through various variety-specific market development efforts with grain handlers and end-users across Canada and abroad.

Brent grew up on a family farm near Russell, MB and started his professional career in the forage and turf seed business. Brent has been an active volunteer in the seed industry for many years. He is a past president of both the Canadian Seed Trade Association and Canadian Plant Technology Agency. He currently sits on the Board of Directors for Agriculture in the Classroom – Manitoba and CropLife Canada.

Brent graduated from the Olds College Seed and Grain Technology Program and holds a Certificate in Management from the University of Manitoba.

Brent also sits on the Board of Directors for LCRC.

Gerry Cantin, CPA, CA

Chief Financial Officer

Gerry Cantin is CANTERRA SEEDS' Chief Financial Officer and is responsible for all the financial and administrative affairs of the Company. He has more than 35 years of senior financial management experience in the agriculture industry. Prior to joining CANTERRA SEEDS in 2006, Gerry worked in the Finance and Accounting Departments of both The Landmark Feeds Group, as well as United Grain Growers Limited.

Gerry holds a Bachelor of Arts and a Bachelor of Commerce from the University of Manitoba. He received his Certified Professional Accountant, Chartered Accountant designation from the CPA firm, Ernst & Young. Gerry is also the Chief Administrative Officer of Limagrain Cereals Research Canada (LCRC), a joint venture cereal breeding company owned by LIMAGRAIN and CANTERRA SEEDS and is located in Saskatoon, Saskatchewan.

Gerry also sits on the Board of Directors for LCRC.

Curt Baldwin

Director, Operations & Product Strategy

Curt joined CANTERRA SEEDS in April of 2016 and currently holds the role of Director, Operations & Product Strategy. He is responsible for all activities related to canola and pedigreed seed. Primary responsibilities include product development, seed production and manufacturing as well as managing distribution and key stakeholder relationships.

Curt's work history includes extensive experience in seed and crop protection roles, with jobs at Cargill, Viterra, Syngenta and Agricore United. Most recently, Curt held the position of National Crop Inputs Manager for Cargill, where he supported the growth of the seed, crop protection, and fertilizer product lines.

Curt graduated from the University of Manitoba with an Agriculture Diploma and has also obtained his MBA from the University of Manitoba in 2012.

Curt also sits on the Board of Directors for Seeds Canada.

Renée McMillan

Director of Marketing

Renée has been with CANTERRA SEEDS since 2012, starting as the Sales & Marketing Coordinator, working her way through the ranks to Marketing Manager and currently leads the team as the Director of Marketing. She plays a critical role in increasing CANTERRA SEEDS' brand awareness, demand creation and focus on customer excellence.

With over 16 years of experience in the industry, Renée draws on her farm background and rural roots having grown up in the small farming community of Birtle, Manitoba. Combined with work experience as the business manager for AgChieve Grain Marketing Agency, and a bachelor's degree from the University of Manitoba, Renée has a real roll-up-your-sleeves attitude, passionate about agriculture and the success of the CANTERRA SEEDS business.

SENIOR MANAGEMENT

Lorri Keyowski

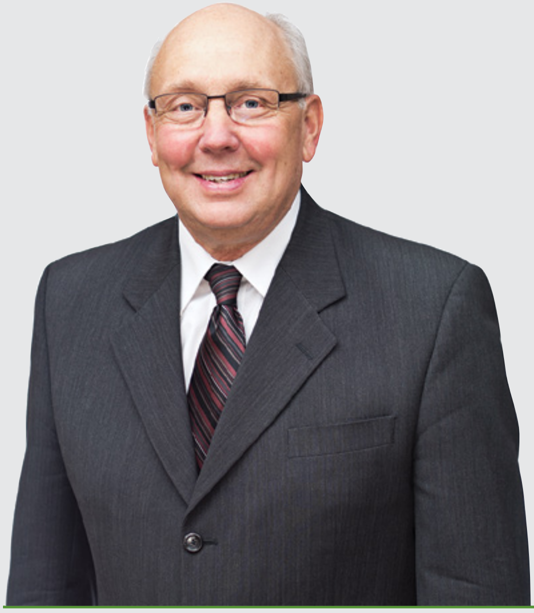
Director of Sales

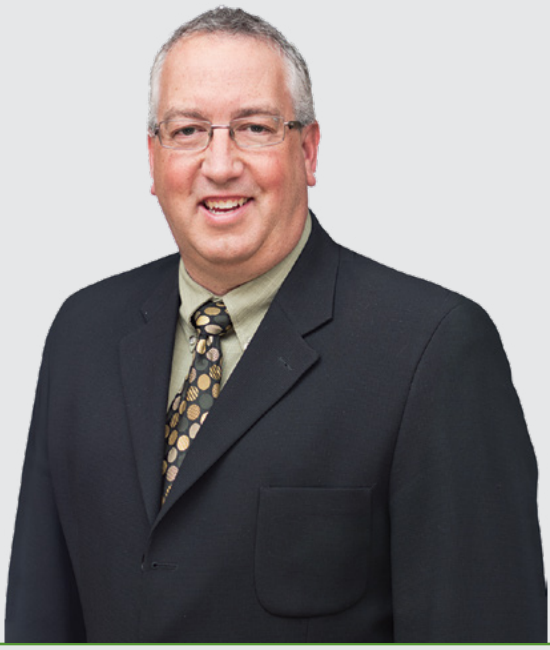
Lorri joined CANTERRA SEEDS as Director of Sales in January 2020. She is responsible for leading CANTERRA SEEDS' team of Territory Managers and facilitating communication between the corporate and sales divisions. Lorri is a driven manager with 15 years of experience in sales and management with the proven ability to lead a high-performing sales team.

Before joining CANTERRA SEEDS, Lorri held numerous roles in the seed industry. She worked as the Western Sales Manager with FMC Agricultural Solutions Canada from 2017-2019, Western Sales Manager with E.I. Dupont Canada from 2014-2017, and previously worked in various sales and management roles with Cargill AgHorizons Ltd. from 2004-2014.

She graduated with a B.Sc. Agriculture from the University of Saskatchewan, College of Agriculture in Saskatoon in 2004.

BOARD OF **DIRECTORS**





Jim Wilson

Chairman

Jim joined the CANTERRA SEEDS Board of Directors in 2010, served as Vice-Chair from October 2010 to February 2024 and was appointed Chairman of the Board in February 2024. Jim and his wife Norleen have operated a grain farm near Darlingford, MB since 1974 and make their home in Morden, MB. They owned and operated a grain processing and retail seed business known as Wilson Seeds from 1993 to 2019.

Jim received his Chartered Accountant designation in 1974 and worked in public practice until 1993. In 2007, Jim received the designation of Chartered Director from the Director's College.

Jim served as Chairman of the Manitoba Agriculture Services Corporation from 2016 to 2024 and on the Board of Directors of Seeds Canada from 2020 to 2024 and also served on the Board of the Canadian International Grains Institute from 2012 to 2017.

Jim is also involved in the community, serving on the local Canadian Foodgrains Bank project committee.

Kris Mayerle

Vice-Chairman

Kris joined the CANTERRA SEEDS Board of Directors in February 2011 and became Vice-Chair in February 2024. He is a third-generation pedigreed seed grower.

Along with his family, Kris owns and operates Greenleaf Seeds Ltd., a pedigreed seed farm and processing plant, at Tisdale, SK. Greenleaf Seeds Ltd. a 25,000 acre farm growing wheat, canola, oats, barley, peas, fababeans, hemp, and flax, with roughly a third in seed production.

Kris and his wife also operated a custom farming business that operated throughout the United States and Western Canada (Saskatchewan). They have been in operation for 25+ years. Currently, custom farming operations are primarily located in North East Saskatchewan.

Kris is currently on the Board of Directors of the Northeast Ag Research Foundation and previously served on the board of the Association of Canadian Custom Harvesters, and of the Saskatchewan Canola Growers.

BOARD OF **DIRECTORS**

Lloyd Affleck

Board Member

Lloyd is a retired pedigreed seed farmer from Beechy, SK, and was one of the first to become a CANTERRA SEEDS shareholder in 1998. He joined the Board of CANTERRA SEEDS in 2005, where he served as Vice-Chairman from 2009 to 2010, and Chairman from 2010-2024.

Lloyd also served as Vice Chairman and as Chairman for Pulse Canada. In addition, he worked as a Director with the Saskatchewan Pulse Crop Development Board and as advisor to both the development of the Special Crop Act Initiative and the SCRIP program. Lloyd also served as the Industry Chair for the Special Crops Value Chain Round Table and was appointed to the Agri Innovator's committee as advisor to Minister of Agriculture and Agri-Food.

David Pearson

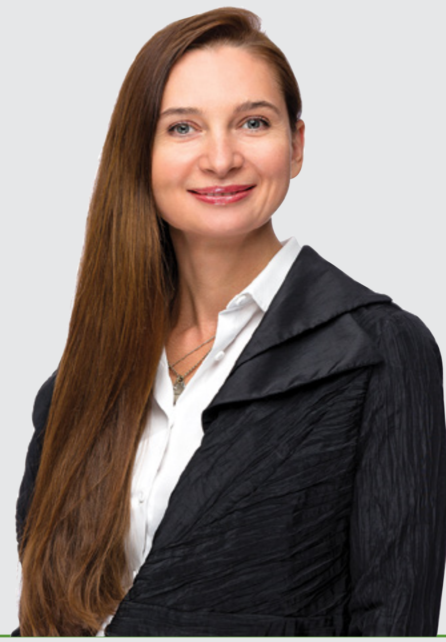
Board Member

David joined the board of CANTERRA SEEDS in February 2023. He has 35 years of experience at Limagrain, in seeds and added value ingredients.

Educated at Durham College of Agriculture with a diploma in agronomy and business management, David began his career working in sales in Northern England and Southern Scotland, before taking up marketing management at Limagrain's UK headquarters. He moved to France in 2004 to be Director of Marketing for the Ingredients division of Limagrain, where he was also Director for Bioplastics and for Strategy, involving partnerships in North and South America, India and China.

David was a member of the Executive management team at Limagrain Ingredients for 12 years, before joining the Global Strategic Marketing team for Limagrain Field Seeds, where he is Head of Branding and has strategic leadership for Cereals and Pulses.

David is also a board member for Limagrain Cereals Research Canada.



Joe Dales

Board Member

Joe joined the CANTERRA SEEDS Board of Directors in 2003 and chairs the Audit Committee. He has over 40+ years of agriculture industry sales, marketing and senior management experience working with companies such as Pfizer, Cyanamid Crop Protection, First Line Seeds, and NK Syngenta Seeds. In 1998, Joe co-founded Farms.com Ltd. and AgCareers.com, where he provided governance and guided the long-term strategic plans for 20 years.

In March 2019, Joe exited from Farms.com and founded RHA Ventures Inc., an agri food venture capital firm that has invested in 40 early stage innovative companies. He is an active entrepreneur and thought-leader on innovation in the agriculture and food industry with a vast global network. Joe has gained extensive corporate governance experience with several companies and is the past Chair of the Board of Governors for the Western Fair Association in London, ON where he lives.

Joe has an Honours Bachelor of Science in Chemistry from Western University and a Masters in Business Administration from Wilfrid Laurier University.

Tatiana Henry

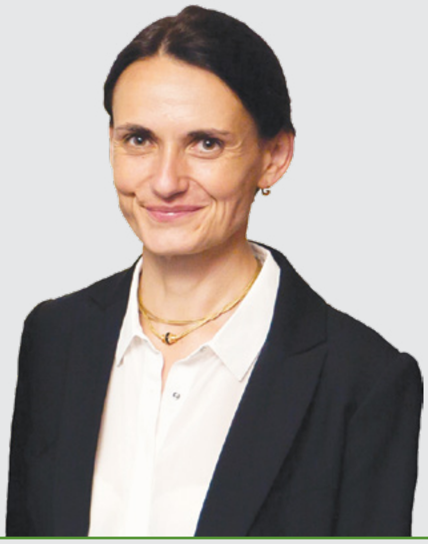
Board Member

Tatiana is currently the Chief Operating Officer of the Limagrain Cereal Seeds business unit and joined the CANTERRA SEEDS Board of Directors in 2017. She graduated with a Master's degree in Life Science from AgroParisTech (France) and has a Business degree from INSEAD and SKEMA.

Tatiana has been working with Limagrain since 2003. After five years as the Eastern Europe Area Manager for HM.CLAUSE (vegetable seeds), she joined Limagrain Field Seeds to establish, develop and manage subsidiaries in the fast-growing Ukraine and Russia markets.

Tatiana is also the Chief Executive Officer of Limagrain Cereals Research Canada (LCRC).

BOARD OF **DIRECTORS**



Cécile Richard

Board Member

Cécile has more than 30 years of experience in various sectors of the seed industry from Amateur Garden Products to Field Seeds, including vegetables.

She is currently the CEO of Limagrain Field Seeds, North and South America. She has been with Limagrain since 1989 taking positions in France, Germany, the U.K., Thailand, and Brazil.

Cécile originally joined the CANTERRA SEEDS board in 2015 when Limagrain acquired its minority stake in the company, and rejoined the board in 2021.

She studied at the Institut D'Etudes Politiques de Lyon and has her Master's in Finance and Business Management from the Ecole supérieure de Commerce de Reims.

Cécile is also the Chairman of the Board of Limagrain Cereals Research Canada (LCRC).

Dan Richards

Board Member

Dan Richards is the owner/operator of Scenic Heights Farms Ltd. in Sexsmith, AB, and is a dedicated farmer with over 35 years of experience in the seed business. Alongside his wife, Kim, and their three daughters, they continue the family farm legacy as fourth-generation farmers.

Dan holds a degree in Agriculture from Olds College and attended Ivey Business School at Western University. He has been involved in his community over the years, including with the LaGlace & District Agricultural Society, contributing to various community initiatives.

Passionate about farming, Dan looks forward to promoting and representing CANTERRA SEEDS even further by being on the Board of Directors and being actively involved in the introduction of advanced technologies and improvement of pedigreed seed varieties.

Scott Bolton, CPA, CA, BCom

Board Member

Scott Bolton, CPA, CA, ICD is the former President and Chief Executive Officer of UFA, one of Canada's largest agricultural cooperatives. Prior to UFA, Scott was a Partner and the National Energy Leader at PwC. A University of Alberta alumnus, Scott's industry knowledge covers the agriculture, energy, and mining sectors. He has experience working in Canada, Europe, and the United States.

Scott is the current Chair of the Board of Directors of the Business Council of Alberta. He is also on the board of Calgary Quest School, a private school focused on children and young adults with developmental disabilities and FSHD Canada Foundation which is dedicated to finding a cure for a form of muscular dystrophy. Scott previously chaired the Agriculture & Forestry Table for the Premier of Alberta's Economic Recovery Council and was the agriculture representative on the Business Council of Alberta's Define the Decade Committee.

2023-2024 **Marketing Update**

Our brand awareness and advertising recall have seen a significant increase in recent years, a testament to our strategic media mix decisions and customer excellence strategy, backed by the commitment of a team that genuinely cares about our customer's success:

2018

40% AB / 30% SK / 30% MB

Brand awareness = 46%
Advertising Recall = <5%

N=151

2018 market research project with Agristudies

2024

30% AB / 30% SK / 40% MB

Brand awareness = 88%
Advertising Recall = 58%

N=201

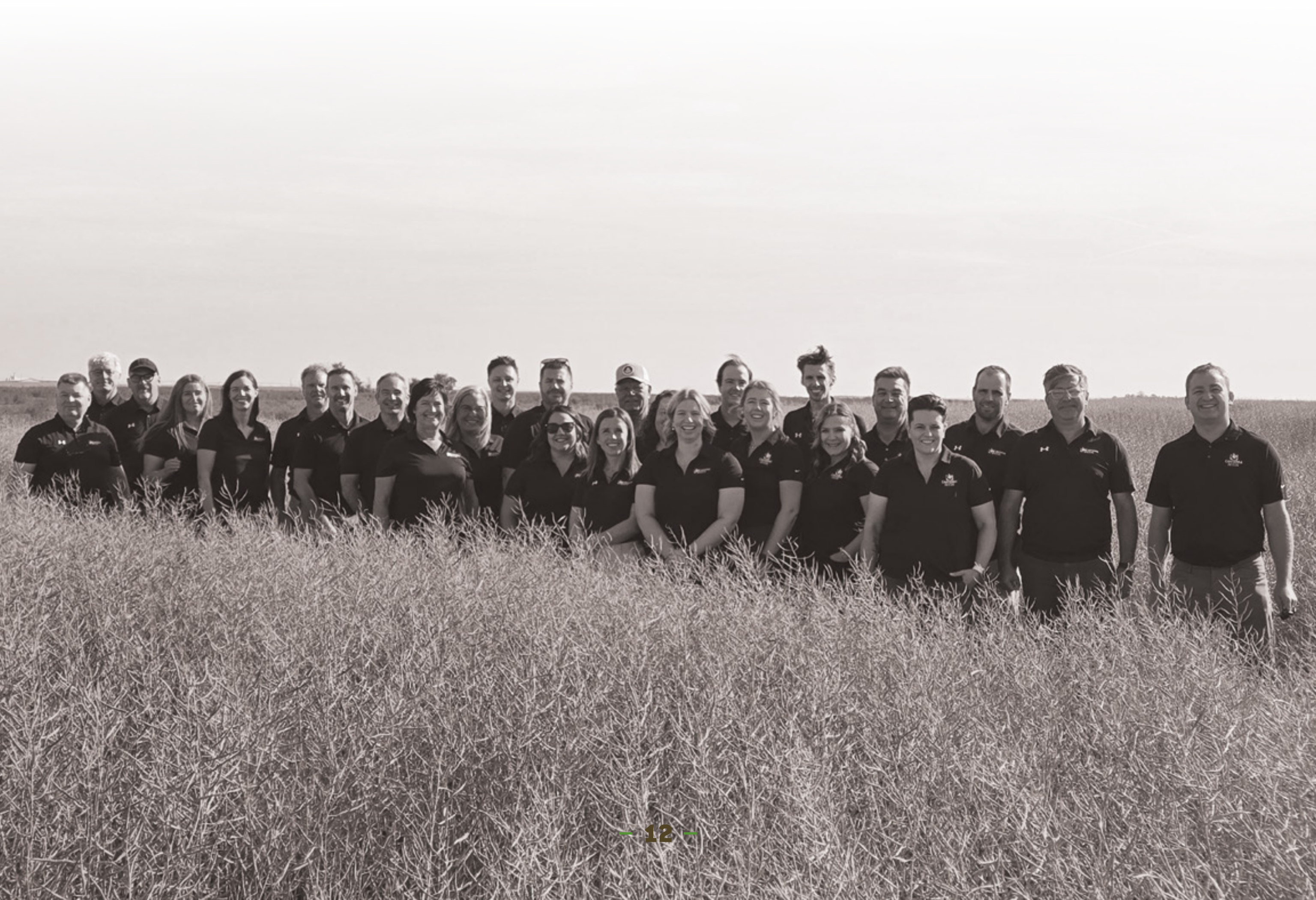
2024 market research project with Insitrix

Our brand awareness has grown by 42% since 2018, reflecting our enhanced visibility in the market. This increase is attributed to our diversified media strategy, which includes an integrated mix of traditional and digital channels, with a personalized flair.

Advertising recall has improved by 53%, indicating that our campaigns are resonating more effectively with our target audience.

The use of data-driven insights has allowed us to tailor our messages and tactics to the preferences and behaviors of our farmer consumers, retail partners and seed grower shareholders.

The significant increase in brand awareness and advertising recall validates our marketing and communication plan and highlights the commitment of our team to delivering a personalized and connected experience. By strategically investing in the right channels, technology and the right people, we continue to effectively deliver our message to the right audience at the right time. Moving forward, we will continue to refine our campaign to sustain and build upon this success.



MANAGEMENT'S DISCUSSION and ANALYSIS REPORT

CANTERRA SEEDS

Management's **Discussion** and **Analysis Report**

REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2024

The following Management's Discussion and Analysis (MD&A) is intended to supplement the financial statements by explaining the Company's operating results and financial position for the year ended September 30, 2024, as compared to the year ended September 30, 2023. In addition, the MD&A is meant to provide the reader with an outlook on future trends and risks or other factors that affect or may affect the business operations, to assist the reader in understanding the past results, as well as understanding the impact on the future. The following MD&A was prepared based upon information available up until December 23, 2024, and should be read in conjunction with the accompanying audited consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial information has been reviewed by the Company's audit committee and approved by the Board of Directors. All amounts reported are in Canadian currency.

THE BUSINESS

CANTERRA SEEDS is a recognized leader in the agriculture seed industry. Headquartered in Winnipeg, Manitoba, CANTERRA SEEDS is committed to developing, acquiring, producing, marketing, and selling market-leading seed varieties to its customers throughout Western Canada.

RESULTS OF OPERATIONS

Highlights of the 2024 fiscal operating results:

- Sales totalled $49.07 million for the year ending September 30, 2024, which is reduction of $7.37 million from the $56.44 million recorded for the year ending September 30, 2023.
- Gross profit is at $9.85 million, compared to $9.65 million in 2022/23, an increase of $0.2 million.
- The gross profit percentage has increased from 17.1% in 2022/23 to 20.1% for 2023/24.
- Total corporate operating expenses, net of other revenue, increased by $0.48 million or 6.1% from $7.83 million in 2022/23 to $8.31 million for the 2023/24 fiscal year.
- In total, the loss from joint ventures increased by $0.13 million from $0.49 million in 2022/23 to $0.62 million in 2023/24.
- Income from operations before income taxes has reduced by $0.42 million from $1.34 million in 2023 to $0.92 million in 2024.
- Due to some significant differences in how expenditures are treated for accounting and tax records the Company is in a situation where it has recorded a tax recovery in 2024 even though there was income from operations recorded in the accounting records. However, in addition due to these same reasons there has been a substantial increase in the Company's Deferred Tax Liability. The offset to this is deferred tax expenses totaling to $0.56 million. Therefore, tax expense/recovery has increased by $0.15 million from an expense of $0.32 million in 2022/23 to $0.47 million in 2023/24.
- Net income and comprehensive income then have reduced by $0.55 million from $1.01 million in 2023 to $0.46 million in 2024.
- Along with the profitability described above, equity for CANTERRA SEEDS also increased by $0.02 million due to some additional shares sold from the treasury during the year.
- The net income per share for the year ended September 30, 2024, is $0.06 per share, which is a reduction of $0.07 per share from the $0.13 net income per share recorded for the prior year.
- Cash and short-term investments increased by $0.81 million from $5.59 million on September 30, 2023 to $6.4 million on September 30, 2024.
- Accounts receivable have reduced by $1.94 million, from $4.48 million on September 30, 2023, to a balance of $2.54 million as of September 30, 2024.
- Inventory has increased by $7.7 million from $8.82 million on September 30, 2023, to $16.52 million on September 30, 2024.
- Prepaid expenses are lower by $7.05 million from $12.25 million on September 30, 2023, to a total of $5.2 million on September 30, 2024.
- Property and equipment have reduced by $0.01 million from $0.27 million on September 30, 2023, to $0.26 million on September 30, 2024.
- Intangible assets have reduced by $0.24 million from $2.86 million on September 30, 2023, to a total of $2.62 million as of September 30, 2024.
- Right-of-use assets have decreased by $0.07 million from a balance of $0.78 million on September 30, 2023, to $0.71 million on September 30, 2024. There is a liability that closely matches these leased assets that is split between current and long-term (more than one year) debt.
- The Company has a deferred income tax liability totaling to $0.5 million on September 30, 2024. This is a change of $0.56 million from the $0.06 million deferred income tax asset balance as of September 30, 2023.
- During the year there was a loss recorded on the investment in Limagrain Cereals Research Canada (LCRC) of $0.62 million. The investment in joint ventures balance therefore reduced by this same amount. Overall, the investment in joint ventures changed from $1.37 million on September 30, 2023, to $0.75 million on September 30, 2024.

- The Long-term receivables account reduced by $0.1 million from a balance of $0.1 million as of September 30, 2023, to $nil on September 30, 2024. All receivables are now due to CANTERRA SEEDS within the next 12 months.
- Accounts payable have reduced by $2.18 million from $19.47 million on September 30, 2023, to $17.29 million as of September 30, 2024.
- Advances from related companies are currently $0.13 million as of September 30, 2024. This is a reduction of $0.01 million from the $0.14 million balance on September 30, 2023.
- Taxes receivable/payable has switched from a payable/liability balance of $0.09 balance on September 30, 2023, to a receivable/asset balance of $0.22 million on September 30, 2024. Overall, a change of $0.31 million. The Company had some significant differences between accounting and tax financials, due to the timing of amortization of assets, that has caused this change year to year.
- The total assets of the Company have reduced year to year and are currently at a total of $35.23 million on September 30, 2024. This is a reduction of $1.36 million from the $36.59 million balance on September 30, 2023.

OUTSTANDING SHARE DATA

Issued securities as of December 23, 2024:

ISSUED	BOOK VALUE
7,551,147 Class A common shares	$12,109,827
2,196,000 Class B series 1 shares	545,281

TRADING HISTORY

CANTERRA SEEDS HOLDINGS LTD. is a reporting issuer. Shares of the Company can be traded privately between two parties, with or without using the assistance of a broker, or can be sold "over the counter" at a licensed security trader. In the 2023/24 fiscal year CANTERRA SEEDS sold an additional 24,000 Class B shares out of treasury and sold 54,000 Class B shares out of treasury during the 2022/23 fiscal year. The Company did not sell any Class A common shares out of treasury in either the 2023/24 or 2022/23 fiscal periods.

Besides the share transactions from treasury, there are share transactions that are trades between outgoing and new shareholders. In the 2022/23 fiscal year there were 1,422,355 Class A shares and 12,000 Class B shares transferred outside of treasury. This includes the sale of 1,286,187 Class A shares sold by Ceres Global Ag. Corp. to United Farmers of Alberta Co-operative Limited. This share transaction constitutes approximately 17% of the current total issued common voting shares of the Corporation. During the 2022/23 fiscal year there were 114,026 Class A shares and 54,000 Class B shares transferred outside of treasury.

SELECTED FINANCIAL INFORMATION

QUARTERLY FINANCIALS

SELECTED QUARTERLY FINANCIAL INFORMATION CONSOLIDATED ($000S EXCEPT PER SHARE AMOUNTS)

	2023/24 Q4	2023/24 Q3	2023/24 Q2	2023/24 Q1	2022/23 Q4	2022/23 Q3	2022/23 Q2	2022/23 Q1
Total Revenue	3,273	3,045	40,408	2,345	1,242	18,922	36,217	62
Income and comprehensive income	(744)	(1,529)	4,083	(1,352)	(342)	611	2,409	(1,663)
Earnings per share (basic and diluted)	$ (0.10)	$ (0.20)	$ 0.54	$ (0.18)	$ (0.05)	$ 0.08	$ 0.32	$ (0.22)

CANTERRA SEEDS sells agriculture seed of several different crop types. Sales orders occur from October until June. Delivery of these sales generally take place from December until June, as most retailers prefer to defer delivery until a date closer to their time of seeding. Most of the deliveries and sales take place in the months of March to May (Q2 & Q3). The October to December quarter consists mainly of the recording of royalties for fall seeded cereal varieties, along with some early delivered canola sales. The financial quarter Q2, from January to March, is made up almost solely of canola deliveries and sales. Q3 sales consist of additional canola sales, sales of pedigreed stock seed and sales of foundation, registered and certified CANTERRA SEEDS licensed pedigreed seed. For canola, the Company records the sales when the product is shipped to the retailer. The way the market works is that product can be shipped out to the retail, but it is either never sold to a farmer or a farmer is not able to seed it. These products are returned to CANTERRA SEEDS, and the Company records them as returns (negative sales) at that time. Most of these returns are accounted for during Q3. The quarter consisting of the months July to September (Q4) includes royalties collected on sales of CANTERRA SEEDS licensed seed, along with any adjustments on sales recorded during the previous three quarters.

YEARLY COMPARATIVES

($000s except per share amounts)	2023/24					2022/23	2021/22
	Q1	Q2	Q3	**Q4**	**Year**	Year	Year
Sales	2,345	40,408	3,045	**3,273**	**49,071**	56,443	47,113
Gross profit	469	7,620	294	**1,465**	**9,848**	9,651	9,243
Gross profit percentage	20.0%	18.9%	9.7%	**44.8%**	**20.1%**	17.1%	19.6%
Other revenue	315	197	212	**522**	**1,246**	1,181	935
Operating, general and administrative	1,180	684	931	**816**	**3,611**	3,419	2,947
Loss from joint ventures	110	97	208	**203**	**618**	487	576
Depreciation and amortization	209	221	221	**227**	**878**	613	587
Salaries, wages and benefits	1,079	1,362	1,177	**1,411**	**5,029**	4,933	4,421
Interest	9	9	8	**9**	**35**	42	47
Income (loss) from continuing operations before taxes	(1,803)	5,444	(2,039)	**(679)**	**923**	1,338	1,600
Income tax recovery (expense)	451	(1,361)	510	**(65)**	**(465)**	(323)	(486)
Net income from continuing operations	(1,352)	4,083	(1,529)	**(744)**	**458**	1,015	1,114
Loss from discontinued operations (net of tax)	-	-	-	**-**	**-**	-	(150)
Income and comprehensive income	(1,352)	4,083	(1,529)	**(744)**	**458**	1,015	964
Total assets	38,504	54,570	40,106	**35,227**	**35,227**	36,587	30,318
Long-term liabilities	323	269	273	**785**	**785**	389	592
Earnings per share-basic and diluted	$ (0.18)	$ 0.54	$ (0.20)	**$ (0.10)**	**$ 0.06**	$ 0.13	$ 0.13

SALES AND GROSS PROFIT

CANTERRA SEEDS sells agriculture seed in Western Canada using several different processes.

For canola sales, the inventory is produced, treated, and bagged by the Company in a CANTERRA SEEDS bag. When this product is delivered to the customer it is considered sold and the entire amount of the sale is recorded on the books of the Company.

For pedigreed seed sales, CANTERRA SEEDS rarely takes direct participation in the purchase and sale of the seed product. Instead, a Class B shareholder of the Company owns this product and sells it to one of their customers. CANTERRA SEEDS holds the license to sell these products, and the shareholder will pay the Company a tech fee royalty for every sale they make. This royalty is recorded in the accounting records at the time that the tech fee royalty is reported to CANTERRA SEEDS.

Overall, sales have reduced by $7.37 million or 13.06%, from $56.44 million in 2022/23 to $49.07 million in 2023/24. The optimal way to describe the detail of this variance is to break down the sales into the various sales categories described above.

Firstly, CANTERRA SEEDS exited the corn seed business beginning with the 2023/24 fiscal year. Prior to this, CANTERRA SEEDS was the exclusive distributor for the Pride Seeds brand of corn in Western Canada. This strategic change reduced sales by $6.5 million.

Canola sales reduced by 2.4% for the year. The most significant reason for this reduction is the fact that beginning in the 2024 crop year, CANTERRA SEEDS was no longer able to sell Roundup Ready varieties into the market. Since these products were a relatively significant portion of CANTERRA SEEDS' canola sales for the 2023 crop year this created a small reduction in sales year to year.

For pedigreed seed, overall sales were higher by $0.24 million or 7.9% year to year which overall is a relatively small increase.

Although sales are lower year to year gross profit has increased by 2.0% or $0.2 million from $9.65 million during the 2022/23 fiscal year to $9.85 million for the 2023/24 fiscal year. The gross profit as a percentage of sales increased by 3.0%, from 17.1% for the year ended September 30, 2023, to 20.1% for the year ended September 30, 2024. The main reason for this sizable reduction is the fact that the corn business, working as a distributor of Pride Seeds product, did not garner very high margins. So, while the removal of the corn business reduced sales by more than 11.5% it reduced the gross profit by only 4%.

In addition, the Company was able to earn a higher margin on its canola sales for the current year. This occurred due to a several factors including the mix of canola varieties sold year to year, and the fact CANTERRA SEEDS was able to reduce the cost of production with some of its largest sales volume canola varieties, including the move of Agro.Club costs from cost of sales to operating expenses.

OTHER REVENUE

Other revenues total to $1.25 million in 2023/24 which is a $0.07 million increase from the $1.18 million recorded in 2022/23. The increase is relatively small and is due to an increase in program payments with the Company's suppliers during the current year. This is offset by a reduction in interest income as the average cash balance in the investment account reduced year to year.

OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

These expenses have increased by $0.19 million or 5.6%, from $3.42 million in 2022/23 to $3.61 million in 2023/24. The main reasons for this increase were an increase in advertising and promotional expenses, an increase in IT costs mainly due to the Company's purchase of the Agro.Club software. These increases were partially offset by lower corporate expenses and lower travel expenses during the year.

LOSS FROM JOINT VENTURES

This amount relates to CANTERRA SEEDS' 30% joint venture in Limagrain Cereals Research Canada (LCRC). Overall, the loss from the joint venture increased by $0.13 million, from $0.49 million for the year ending September 30, 2023, to $0.62 million for the year ending September 30, 2024. This increase occurred due to a change in long-term strategy with the LCRC business during the 2024 fiscal year. In the past, the expenses of this entity were kept to those incurred in Western Canada. During the year, this Company no longer is just the Limagrain arm for Western Canada, it is the spring wheat breeder for all North America. This will mean additional expense as the field-testing territory has increased but in the long run this will mean additional breeder royalties on all acreage seeded in North America.

DEPRECIATION AND AMORTIZATION

These expenses have increased by $0.27 million during the year. These expenses were $0.61 million in 2022/23 and have increased to $0.88 million in 2023/24. This increase is because at the end of the 2023 fiscal year CANTERRA SEEDS purchased the customer identification software from Agro.Club. This purchase is being amortized over the expected life of the asset.

SALARIES, WAGES AND BENEFITS

Has increased by $0.1 million from $4.93 million for the year ended September 30, 2023, to $5.03 million for the year ended September 30, 2024, an increase of 1.9%. This increase is due mainly to the annual salary increases that have occurred year to year.

INTEREST

These expenses relate to outstanding leases and have reduced by $7 thousand from $42 thousand in 2022/23 to $35 thousand in 2023/24, a small decrease as the lease gets closer to the end of its term.

INCOME TAX EXPENSE

Income for accounting and income for tax can often be very different amounts. The main reason for these differences are transactions/expenses such as amounts that are not deductible for tax purposes as well as some transactions that are amortized significantly differently in the accounting and tax records. In 2024, this difference was very large with the biggest difference being the fact that the purchase of the Agro.Club software was amortized in full on the tax records and amortized over 10 years with the accounting records. This, in turn, caused a tax loss which has created a significant income tax recovery and an even more significant increase in CANTERRA SEEDS deferred income tax liability.

With this, the deferred income tax expense has increased by $0.5 million from $0.06 million in 2023 to $0.56 million in 2024. In addition, the current income tax has changed from a $0.26 million expense in 2023 to a $0.09 million recovery in 2024. Overall, a difference of $0.35 million.

In total, the provision for income taxes has increased by $0.15 million, from $0.32 million for the year ended September 30, 2023 to $0.47 million for the year ended September 30, 2024.

QUARTERLY RESULTS

The quarterly results vary based on the normal sales and expenditure patterns for CANTERRA SEEDS. Most seed deliveries, and therefore sales, occur during the period from January until May of each year. More specifically, the most significant quarters for sales are generally the three months from January 1 to March 31, and the three months from April 1 to June 30. While "tech fee" or royalty fee revenue is generated from planting and sales that occur in the period from April 1 to June 30, CANTERRA SEEDS only records these sales when the information is reported to the Company. This generally means most of these sales are recorded during the quarter from July 1 to September 30. The type of sales that take place during each quarter cause a significant difference in the gross profit percentage recorded during that time.

Other revenue is recorded as it is incurred. In 2023/24, the Q4 results were higher than the other quarters. This is when billings for work done by the Company with its partners was ultimately realized and recorded.

Operating, general and administrative expenses have stayed relatively flat through the year. The highest quarter is Q1, as this is when a significant portion of the marketing expenditure are incurred to drive canola sales in Q1 through to Q3.

The loss (income) from the joint venture by quarter shows higher investment losses in Q3 and Q4. This occurs for a couple of reasons, first this is when the field work is completed at LCRC (from April to September) and with this comes substantial expenses to run the program. In addition, the switch with LCRC being the spring wheat breeder for all of North America has also increased the costs in these quarters as the decision to make this switch occurred partway through the year.

Depreciation and amortization have little change and are consistent during all four quarters.

Salaries, wages, and benefits are relatively constant throughout the year, however Q2 and Q4 expenses are elevated as this is the timing for some bonuses to employees to be earned and paid during the year.

Interest expense again is quite consistent during all four quarters.

The tax entries generally altered with the earnings (loss) before tax. There was an additional adjustment in Q4 to account for the deferred tax liability increase discussed earlier.

The assets are highest at the end of Q2 as this is when canola inventory, accounts receivable and cash are quite high. Q3 would generally be the second highest total for total assets as inventory, accounts receivable and cash are still quite high.

The long-term debt relates to the operating leases for the corporate office and many of its vehicles. These balances have stayed relatively constant throughout the year but increased substantially in Q4 due to the fact that the deferred tax liability was included for that quarter.

Overall, the Company recorded a per-share income of $0.06 for 2023/24. This is a reduction of $0.07 per share from the $0.13 income per share earned in 2022/23. For the 2023/24 year, a significant portion of the canola sales occurred in Q2 causing a quarterly income of $0.54 per share. While there were still additional sales of canola in Q3, there were also returns of canola that had been shipped earlier in the year. So, with limited net sales in both Q1 and Q3 both quarters realized losses of $0.18 and $0.20

respectively. Finally, while Q4 had some significant gross profit, mainly from pedigreed seed sales, there are also additional salary costs during the quarter and a loss of $0.10 per share was recorded.

LIQUIDITY AND CAPITAL RESOURCES

CANTERRA SEEDS cash position has reduced by $1.84 million from September 30, 2023 to September 30, 2024. When you also include the short-term investments as this really is cash as well because it can be converted literally instantaneously, the overall cash position has increased by $0.81 million year to year.

More specifically, overall, the Company earned cash from operating activities of the Company in the amount of $1.45 million. CANTERRA SEEDS had a net income for the year of $0.7 million. There were, however, several significant non-cash expenses so after these were added back there was a cash income totaling to $2.43 million.

In addition, due to some changes in the timing of payments related to the canola business from CANTERRA SEEDS partners, the accounts receivable balance was reduced by $2.16 million, also increasing the cash and cash equivalent balances.

These cash additions were partially offset, however, by firstly a reduction in the balance in accounts payable and accrued liabilities. These have reduced by $2.18 million from the prior year, due mainly to the timing of payments year to year along with being tied to the reduction in costs of goods sold from 2023 to 2024.

Also, since these two balances are so closely linked there is a small increase of $0.65 million in the total prepaid expenses and deposits (mainly for canola inventory), and canola inventory which in turn has reduced cash by this amount.

The income tax balances were adjusted and reduced cash by $0.31 million during the year.

During the year, not including the change in short-term investments, CANTERRA SEEDS used an amount totalling $0.64 million for financing and investing activities. In more detail, the Company made net lease obligation payments totaling to $0.45 million during the year. Also, there were purchase of long-term assets of $0.21 million. Finally, there was a reduction in advances from its related company of $0.01 million. These were partially offset by an addition of $0.03 million from the sale of new shares out of the treasury to new shareholders.

RISKS AND UNCERTAINTIES

INVENTORY OBSOLESCENCE RISK

To sell seed in the marketplace, seed inventory must meet stringent quality assurance standards that are determined and set by the Canada Seeds Act. In addition, regardless of this quality point, a product must be one that is demanded by the western Canadian market. CANTERRA SEEDS works diligently to efficiently manage the lifecycle of its products and consistently introduce new improved varieties into the market to limit its inventory provisions to manageable levels.

PRODUCTION RISK

The availability of high-quality pedigreed seed for sale is dependent upon crop yields as well as the impact of weather and other factors on the quality of seed harvested. Reduced yields and quality can negatively impact the availability of seed. Prior to sale, each bag of canola seed passes stringent tests for hybridity, germination, and herbicide tolerance. CANTERRA SEEDS partially mitigates the risk of this exposure through the diversification of crop varieties, careful strategic planning in choosing the producer of the seed, and through geographic variation of production.

COMPETITION

The pedigreed seed business is a very competitive marketplace. Certain competitors may have greater financial resources than CANTERRA SEEDS. In addition, certain competitors may have access to a wider range of pedigreed seed varieties through relationships with external plant breeders. It is also very important for CANTERRA SEEDS to continue to market excellent new and improved varieties to ensure that the Company stays competitive.

The canola seed business is also an extremely competitive marketplace. Many competitors may have greater financial resources than CANTERRA SEEDS and may have the ability to combine seed sales with other crop input purchases for the farm customers. CANTERRA SEEDS partners with other entities to grow, treat and freight its canola product. While this enables the Company to better share the risks relating to canola with these partners, some competitors complete these tasks in-house which may increase their overall canola margins. As with pedigreed seed sales it is critical that CANTERRA SEEDS continues to market top quality new canola varieties to stay competitive in the canola seed market.

INDUSTRY CYCLICALITY

The demand for pedigreed seed is dependent upon many factors. These include the global seed supply, the relative price of the commodity as compared to its alternatives, the climatic conditions, as well as many economic factors. Reductions in farm incomes and the relative commodity price, as well as high global inventory supplies, can all negatively impact the demand for high quality seed.

FOREIGN EXCHANGE RISK

CANTERRA SEEDS contracts a small portion of its hybrid canola seed production to producers in U.S. dollars. To the extent that the Canadian dollar weakens significantly as compared to the U.S. dollar, these purchases will negatively impact returns. To mitigate the effects of foreign exchange risk, when required management has implemented a hedging strategy of purchasing forward contracts against U.S. dollar future contract commitments, to the extent practicable. As the timing of harvest, harvested yield and quality data all impact the amount and timing of U.S. dollar payments, all foreign exchange risk cannot be hedged. To the extent that the Company is not able to hedge its foreign exchange risk, changes in the exchange rate between the Canadian dollar and the U.S. dollar may have a material adverse effect on CANTERRA SEEDS' results of operation, business, prospects, and financial condition.

OUTLOOK

The most effective way to analyze the seed sales at CANTERRA SEEDS is to break the business down into their two methods: (1) canola sales where CANTERRA SEEDS acts as the manufacturer and processor and sells the seed in a CANTERRA SEEDS branded bag, and (2) pedigreed seed sales where the products are owned and distributed by CANTERRA SEEDS seed grower shareholders and the Company collects a tech fee (royalty plus margin) for the grower's right to produce and sell these varieties which are under exclusive license from the breeder to CANTERRA SEEDS.

With canola, the Company will continue to focus on the critical success factors:

- The Company will continue to introduce "leading-edge" spring canola hybrids into the western Canadian and U.S. markets. The Company partners with several of the top canola seed and trait developers in Western Canada. This ensures that only those hybrids that meet or exceed the market standard are introduced. CANTERRA SEEDS is selling hybrids that deliver the agronomic traits farmers expect and require such as clubroot and blackleg tolerance, shatter tolerance, TruFlex™ canola, Clearfield® (Non-GMO) production system for canola and LibertyLink® canola, with various ranges of maturity, that compete with the best in the market. For the 2024 crop year CANTERRA SEEDS introduced CS3200 TF, a TruFlex™ canola hybrid. For the 2025 crop year CANTERRA SEEDS introduced two new canola varieties. First, CS3300 TF, a TruFlex™ canola hybrid, has been released. This product is an early maturity variety with multigenic blackleg resistance, 1st generation clubroot resistance, and excellent straight cut abilities due to its PodProtect™ shatter tolerance rating of 7+. In addition, the Company has introduced its second LibertyLink® canola variety. CS4100 LL is a mid-season hybrid suitable for all growing zones, has multigenic blackleg resistance, both 1st and 2nd generation clubroot resistance, and excellent straight cut abilities due to its PodProtect™ shatter tolerance rating of 7+.

- Secondly, the Company will continue to distribute products that are of impeccable quality. To this end, CANTERRA SEEDS has implemented a quality control policy that is of the highest standard in the industry. It ensures that the canola seed quality not only meets the standards set by the Canada Seeds Act but exceeds these standards and the competition in the market.
- Thirdly, there is always the risk of inventory obsolescence with all seed products. This could be due to germination levels no longer meeting the required specifications or because the variety is no longer competitive in the market. The Company proactively manages the lifecycles of the specific hybrids and varieties as well as following its strict seed quality protocol that keeps these risks to a minimum.
- Finally, it is critical that the Company ensures its canola products are accessible to as many farmers as possible. CANTERRA SEEDS has worked diligently to continually improve the corporate brand and canola distribution footprint, ensuring CANTERRA SEEDS canola hybrids are easily accessible at a local retailer. The Company is now distributing its canola product directly with our partner independent retails across Western Canada.

CANTERRA SEEDS is working to increase its market share in the western Canadian canola market. This improvement started in 2020 and has continued to grow through 2023. As was described earlier there was a small reduction in canola sales at CANTERRA SEEDS in 2024, but the Company has determined the causes of this reduction and has designed sales and marketing tactics that will allow the increase in market share to continue. In addition, CANTERRA SEEDS works diligently with the critical success factors outlined above to ensure that the Company regains its momentum for the 2025 crop year. So far, as of December 23, 2024, orders for canola have increased from the prior year.

CANTERRA SEEDS was a distribution partner for Pride Seeds corn and soybeans varieties for Western Canada from the 2016 crop year and was the exclusive western Canadian distribution partner since 2020. This partnership was dissolved effective June 30, 2023. With this, the Company currently has no plans to participate in the corn and soybean seed business in Western Canada in the future.

While the Company was able expand its portfolio of seed products for the western Canadian farmer with corn and soybean products, the financial effect of this decision was quite negligible as reduced expenses from exiting this partnership balanced off against the relatively small margin that was earned on corn sales in 2023.

For the pedigreed seed business, the Company will focus on the critical success factors of the business as follows:

- CANTERRA SEEDS will continue to access leading edge varieties by focusing on the following.
    - Firstly, CANTERRA SEEDS has been very successful at acquiring high-performing varieties from public breeding entities like Agriculture and Agri-Food Canada, the Crop Development Centre, and the University of Alberta.
    - Secondly, the Company is a 30% partner with Limagrain, one of the world's largest and most innovative field seed companies, in the cereals breeding venture named LCRC. CANTERRA SEEDS has licensed several varieties from this partnership, including CS Daybreak, CS Accelerate, CS Recoil, CS Garde, CS Breadwinner, CS Baker, and CS Palisade. In addition, Limagrain has entered a joint venture with the pulse crop commission, Saskatchewan Pulse Growers (SPG). The objective of this joint venture is to bring the very best germplasm of peas and lentils in the western Canadian market into the future. CANTERRA SEEDS has licensed the following small red lentil varieties from Limagrain, CDC 6928, CDC 6956, CDC 6930, CDC 7208, and CDC 7026-13. Also, CANTERRA SEEDS has licensed one yellow pea from this joint venture, CDC 5791. LCRC is now entering its tenth year of operation and is at the point where it's ramping up production of leading-edge varieties both in cereals and pulses. CANTERRA SEEDS has first right to any cereal varieties that are registered from this entity, which is now registering varieties bred in-house using top western Canadian parent lines, into the market. It also has a priority position on any peas and lentils that are registered by the Limagrain/SPG joint venture and while there aren't any in-house varieties currently being registered the joint venture is well on the way to make this happen. It is expected that this will continue to bring the very best new wheat and pulse varieties to Western Canada and will continue to ramp up the Company's market share in these crop types into the future.
    - Lastly, CANTERRA SEEDS has arrangements with breeders throughout the world to test and register products in Western Canada. This has been very successful for the Company and currently one of its most successful pedigree products, CS Camden oats, came from one of these partnerships.
- On the distribution side for pedigreed seed, CANTERRA SEEDS ensures that it partners with the premier seed growers in Western Canada. Currently, the Company has 185 seed licensees throughout the Prairies that are growing and selling CANTERRA SEEDS licensed varieties. This will ensure that the Company's varieties are readily available in the areas best suited to plant those products. The Company will continue to add growers where needed

and as required, to ensure that farmers throughout the region will have access to the highest quality CANTERRA SEEDS product available.

The market conditions of 2025 with lower commodity prices may reduce the amount of certified seed purchased by farmers as they often prefer to reduce their overall input costs to better manage the economic risks with their crops. With the current and coming portfolio, however, it is expected that CANTERRA SEEDS will increase pedigreed seed sales substantially in future years.

With the affiliated companies results as mentioned earlier, LCRC will continue to improve its earnings as it continues to register new varieties for the western Canadian and US Northern Plains markets. LCRC is using a contract enabled comprehensive royalty collection system called the Variety Use Agreement (VUA) model. This model is facilitated by Seeds Canada and will enable LCRC to receive royalties on the use of farm saved seed of its varieties. These improvements in revenue will occur while operating expenses are kept quite stable. Over the next four to five years, it is anticipated that this loss on investment will reduce and will become income as LCRC continues to expand its market share.

For net operating expenses, CANTERRA SEEDS is being as proactive by limiting expenses in areas where possible. As always, the focus will be to ensure that all expenses will guarantee a successful return on investment.

REPORTING ISSUER

To facilitate new and existing shareholders entering and exiting the Company, CANTERRA SEEDS became a reporting issuer in 2004. Under provincial securities law, the Company is considered a public company and as such is required to make continuous disclosure to the public of its annual and quarterly financial statements and any material changes in the business or operations. Although the Company is not listed on any prescribed stock exchange, the shares of the Company are tradable with few restrictions within and outside the shareholder group.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified using statements that include the phrases such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “likely”, “will” or similar words or phrases. Similarly, statements that describe the Company’s objectives, plans or goals may be forward-looking statements. These forward-looking statements are based on the Company’s current expectations and its projections about future events. However, whether actual results and developments will conform to the Company’s expectations and projections is subject to a few risks and uncertainties. This includes, among other things, the risks and uncertainties associated with seed production, product performance, competition, poor weather, commodity prices, credit, and foreign exchange risk. These are not necessarily all the important factors that could cause actual results to differ materially from those expressed in any of the Company’s forward-looking statements. Other known and unpredictable factors could also harm its results. Consequently, there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company.

ADDITIONAL INFORMATION

Any additional information relating to CANTERRA SEEDS is available on the SEDAR website at www.sedar.com.

ADVANCES FROM RELATED AFFILIATES

Advances to/from affiliates are unsecured, non-interest bearing and have no fixed terms of repayment. The advances are made/owed to Limagrain Cereals Research Canada. Generally, the advances occurred because CANTERRA SEEDS is the administrative arm for LCRC and there are charges that are borne by CANTERRA SEEDS and then charged through to LCRC. However, for both the 2023 and 2024 amounts they are CANTERRA SEEDS owing LCRC and in both cases this is the royalty amounts that CANTERRA SEEDS owes to LCRC for that year’s seed sales. The amounts owing at both September 30, 2023, and September 30, 2024, were repaid in the first three months of the following fiscal year.

CORPORATE GOVERNANCE

CANTERRA SEEDS has developed a corporate infrastructure to support the expanding business to reach its strategic goals. The staffing of the Company, as well as the composition of the Board of Directors, has been designed in a way that will enable full support for anticipated future growth.

The consolidated financial statements and MD&A of CANTERRA SEEDS HOLDINGS LTD., and all other information in this annual report are the responsibility of management and have been reviewed and approved by its Board of Directors.

Management has prepared the consolidated financial statements in accordance with IFRS accounting standards. The MD&A has been prepared in accordance with the requirements of securities regulators. The financial statements and MD&A include items that are based on best estimates and judgments of the expected effects of current events and transactions. Management has determined such items on a reasonable basis to ensure that the financial statements and MD&A are presented fairly in all material respects.

The Board of Directors is responsible to all shareholders for overall strategic direction, the fiduciary responsibilities and corporate policy decisions. The Board of Directors has nine members, all of which are non-management. One of the Directors is not a seed grower shareholder but has significant business experience and influence in the agriculture and seed industry. Three Directors represent the interest of Vilmorin USA Corp. (Limagrain) and another Director represents the interest of United Farmers of Alberta Co-operative Limited. The final four Directors, including the Chairman and Vice Chairman of the Board, are seed growers or past seed growers with significant experience in the seed industry. Including the Chairman of the Board, each seed grower or past seed grower represents different geographical regions of the Prairies.

Commencing in 2004, in conjunction with the change to reporting issuer status, the Board of Directors appointed an Audit Committee. The entire Audit Committee, including the committee Chairman, is currently comprised of five non-management Directors. This committee is responsible for overseeing the overall accounting and financial reporting systems of the Company. The Audit Committee recommends the appointment of the proposed external auditors to the shareholders at the Annual General Meeting (AGM). The Audit Committee meets with the external auditor and/or Chief Financial Officer (CFO) on a regular basis as part of its review of the annual audits as well as the quarterly unaudited financial statements, prior to submission to the Board for approval. The external auditors report to the Audit Committee.

In March of 2010, the Board appointed a Governance Committee that is responsible for making recommendations to the Board of Directors regarding the appropriate corporate governance policy and procedures for the CANTERRA SEEDS Board of Directors. This committee is active and consists of three Directors, including the Past Chairman as Committee Chair. Outside legal counsel is used as a reference as required. This committee is tasked with evaluating the effectiveness of the Board of Directors and its committees while also determining the appropriate makeup of the Board of Directors. Therefore, the Governance Committee is also responsible for overseeing the entire process of nominations to be voted for approval at the Company's AGM.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

To the shareholders of CANTERRA SEEDS HOLDINGS LTD.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including the responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed of Directors who are neither management nor employees of the Company. The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Committee fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent firm of chartered accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

December 23, 2024

Brent Derkatch
President & Chief Executive Officer

Gerry Cantin
Chief Financial Officer

SUPPLY CHAIN ACT – BILL S-211

Following the lead of many countries throughout the world, Canada passed Bill S-211 which, beginning on January 1, 2024, federally legislated companies to fight against forced and child labour throughout the world. The purpose of the bill is to implement Canada's commitment to combat forced labour and child labour through the establishment of reporting obligations on entities producing goods in Canada or elsewhere or in importing goods produced outside of Canada.

To qualify for the Bill S-211 legislation an entity would produce, sell, or distribute goods in Canada or elsewhere, or import goods into Canada from outside the country. CANTERRA SEEDS, of course, does both things. To further qualify, an entity must either be listed on a Canadian stock exchange or meet at least two of the following three criteria:

- Have at least $20 million in assets.
- Generate at least $40 million in revenue.
- Employee an average of at least 250 employees.

While not being listed on a stock exchange, CANTERRA SEEDS qualifies as it meets the first two of these three criteria.

So what does this mean for CANTERRA SEEDS? The Company is obligated to prepare a report that goes to the Minister of Public Safety & Emergency Preparedness that explains the steps that have been taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity. More specifically CANTERRA SEEDS needs to report on:

- Give a complete overview of the entity's structure, activities, and supply chains, including those entities they control.
- Give details of its policies and its due diligence processes in relation to forced labour and child labour.
- Give details of the parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Give details of any measures taken to strengthen activities to fight forced labour or child labour.
- Give details of how the entity assesses its effectiveness in ensuring that forced labour or child labour are not being used in its business and supply chains.
- Give details of any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- Give details of the training that has been provided to employees on forced labour and child labour.

Once the report has been completed it needs to be approved by the Board of Directors as it has the legal authority to bind the entity for this legislation.

The report was prepared, approved, and submitted in May 2024. A copy of this has been sent to all the company's shareholders along with the annual financial statements and has also been published on the CANTERRA SEEDS website.

In more general terms, CANTERRA SEEDS is fully committed to ensuring we do everything in our power to ensure that forced labour or child labour are not used in any parts of the supply chain for the Company. This will continue to be a focus into the future.

CONSOLIDATED FINANCIAL STATEMENTS

CANTERRA SEEDS

To the Shareholders of Canterra Seeds Holdings Ltd.:

Opinion

We have audited the consolidated financial statements of Canterra Seeds Holdings Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2024 and September 30, 2023, and the consolidated statements of net income and other comprehensive income, changes in shareholders equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2024 and September 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. The other information also comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Winnipeg, Manitoba

December 23, 2024

MNP LLP

Chartered Professional Accountants

MNP

Consolidated Statements of **Financial Position**

AS AT SEPTEMBER 30

	2024	2023
Assets		
Current assets		
Cash	**1,018,852**	2,857,287
Investments *(note 4)*	**5,384,045**	2,738,709
Accounts receivable	**2,537,458**	4,475,870
Inventory *(note 5)*	**16,523,523**	8,821,372
Income taxes receivable	**223,940**	-
Prepaid expenses and deposits	**5,200,704**	12,255,193
	30,888,522	31,148,431
Property and equipment *(note 6)*	**259,763**	273,325
Intangible assets *(note 7)*	**2,621,336**	2,862,977
Right-of-use assets *(note 8)*	**708,807**	775,774
Deferred tax asset *(note 20)*	**-**	55,710
Equity investments *(note 14)*	**748,224**	1,366,669
Long-term receivables	**-**	103,897
	35,226,652	36,586,783
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**17,288,121**	19,466,890
Current portion of lease obligations (*note 9*)	**420,465**	386,107
Advances from related company (*note 10*)	**128,122**	136,057
Income taxes payable	**-**	86,175
	17,836,708	20,075,229
Deferred tax liability (note 20)	**499,999**	-
Lease obligations *(note 9)*	**285,453**	388,686
	18,622,160	20,463,915
Shareholders' equity		
Share capital *(note 13)*	**12,655,108**	12,631,108
Retained earnings	**3,930,661**	3,473,037
Contributed surplus	**18,723**	18,723
	16,604,492	16,122,868
	35,226,652	36,586,783

See accompanying notes to the consolidated financial statements.

James M. Wilson

Jim Wilson, Chairman

Kris Mayerle

Kris Mayerle, Vice-Chair

Consolidated Statements of
Net Income and Comprehensive Income

YEARS ENDED SEPTEMBER 30

	2024	*2023*
	$	$
Sales	**49,071,300**	56,442,549
Cost of sales *(note 5)*	**39,222,704**	46,791,152
Gross profit	**9,848,596**	9,651,397
Other revenue *(note 15)*	**1,246,005**	1,180,916
Profit before other expense items	**11,094,601**	10,832,313
Operating, general and administrative	**3,611,005**	3,419,443
Loss from equity investment *(note 14)*	**618,445**	486,700
Depreciation and amortization	**877,578**	612,530
Salaries, wages, and benefits	**5,029,362**	4,933,405
Interest	**34,886**	42,111
	10,171,276	9,494,189
Income from continuing operations before income taxes	**923,325**	1,338,124
Provision for income taxes expense (recovery) *(note 20)*:		
Current	**(90,008)**	265,396
Deferred	**555,709**	58,007
	465,701	323,403
Net income and comprehensive income	**457,624**	1,014,721
Earnings per share		
Basic and fully diluted *(note 16)*	**0.06**	0.13

See accompanying notes to the consolidated financial statements.

Consolidated Statements of
Changes in Shareholders' Equity

AS AT SEPTEMBER 30

	Share capital	Contributed surplus	Retained earnings	Total
Balance, September 30, 2022	$12,577,828	$18,723	$2,458,316	$15,054,867
Net income and comprehensive income	-	-	$1,014,721	$1,014,721
Issuance of Class B Shares	$53,280	-	-	$53,280
Balance, September 30, 2023	$12,631,108	$18,723	$3,473,037	$16,122,868
Net income and comprehensive income	-	-	$457,624	$457,624
Issuance of Class B shares	$24,000	-	-	$24,000
Balance, September 30, 2024	**$12,655,108**	**$18,723**	**$3,930,661**	**$16,604,492**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of **Cash Flows**

YEARS ENDED SEPTEMBER 30

	2024	*2023*
	$	$
Cash provided by (used for) the following activities:		
Operating activities:		
Net income	**457,624**	1,014,721
Depreciation of property and equipment	**86,104**	71,562
Amortization of intangible assets	**382,821**	170,250
Depreciation of right of use assets	**408,653**	370,718
Interest expense	**34,886**	42,111
Loss from long-term equity investments	**618,445**	486,700
Provision for income taxes	**555,709**	323,403
Scientific Research and Experimental Development Investment Tax Credits	**(114,506)**	(120,276)
Gain on disposals of property and equipment	**-**	(18,775)
Loss on disposal of intangible assets	**-**	49,400
	2,429,736	2,389,814
Changes in working capital accounts		
Accounts receivable	**2,156,815**	3,872,406
Inventory	**(7,702,151)**	(1,834,276)
Income tax	**(310,115)**	36,558
Prepaid expenses and deposits	**7,054,489**	(2,432,782)
Accounts payable and accrued liabilities	**(2,178,769)**	5,236,417
	1,450,005	7,268,137
Financing Activities		
Lease obligation repayments	**(445,447)**	(413,840)
Issuance of share capital	**24,000**	53,280
	(421,447)	(360,560)
Investing activities		
Advances to (from) related companies	**(7,935)**	25,115
Contributions to equity investments	**-**	(1,002,000)
Purchases of property and equipment	**(72,542)**	(103,582)
Purchases of intangible assets	**(141,180)**	(2,312,826)
Proceeds on disposal of property and equipment	**-**	20,000
Net purchases of investments	**(2,645,336)**	(1,843,324)
	(2,866,993)	(5,216,617)
Increase (decrease) in cash	**(1,838,435)**	1,690,960
Cash, beginning of year	**2,857,287**	1,166,327
Cash, end of year	**1,018,852**	2,857,287

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

YEAR ENDED SEPTEMBER 30, 2024, AND 2023

1. INCORPORATION AND OPERATIONS

ENTITY INFORMATION

Canterra Seeds Holdings Ltd. (the "Company") was incorporated under the laws of the Province of Saskatchewan on March 14, 1996. The head and registered office for the Company is located at 201 – 1475 Chevrier Blvd., Winnipeg, Manitoba, Canada R3T 1Y7. The Company purchases, produces, and distributes seed varieties and related technologies. Due to the seasonal nature of the agricultural industry most seed sales occur during the months of October to June.

The consolidated financial statements of the Company reflect the operations and financial position of the Company and its wholly owned subsidiaries: CANTERRA SEEDS (2002) Ltd. (a Canadian corporation) and CANTERRA SEEDS (USA) Ltd. (a US company), and its long-term investment; Limagrain Cereals Research Canada (a Canadian partnership), which is accounted for using the equity method.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Company were recommended for approval by the Audit Committee and were approved and authorized by the Board of Directors on December 23, 2024.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent company, Canterra Seeds Holdings Ltd. The functional currencies of the subsidiaries and investments are as follows: Canterra Seeds (2002) Ltd. and Limagrain Cereals Research Canada in Canadian dollars, Canterra Seeds (USA) Ltd., which records its transactions in US dollars.

3. MATERIAL ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Where property or equipment is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, corporate acquisitions are accounted for as business combinations.

JOINT VENTURES

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity through a jointly controlled entity. Joint control exists when strategic, financial, and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint ventures are accounted for using the equity method and are recognized initially at cost. The Company recognizes its share of the post-acquisition income and expenses and equity movement in the venture. If the cumulative losses exceed the carrying amount of the equity investment, they are first applied to any additional advances that are receivable from the joint venture to the extent of the total amount receivable. Additional losses are recognized only to the extent that there exists a legal or constructive obligation.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in direct operations and administration expenses in the consolidated statement of net income and comprehensive income. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is determined to be an asset or liability will be recognized in accordance with IFRS 9 - Financial Instruments, either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

CASH

Cash in the consolidated statement of financial position consists of cash on deposit in financial institutions and on hand.

INVENTORY

Inventory is comprised of finished goods consisting of treated and bagged seed, as well as raw materials consisting of bare untreated seed, and is valued at the lower of cost and net realizable value, with cost being determined on a weighted average cost basis. The Company has no work-in-progress.

PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are comprised of amounts paid in advance for seed production, insurance, memberships, licenses, business taxes, and other various amounts. All amounts are recorded as paid, at the transaction price. Deposits for seed production are recorded to inventory once the seed is received, while all other amounts are amortized over the applicable terms of these transactions.

PROPERTY AND EQUIPMENT

Property and equipment are initially recorded at cost net of any related investment tax credits. Depreciation is provided using the below methods at rates intended to depreciate the cost of assets over their estimated useful lives.

ASSET	METHOD	RATE
Computer hardware	declining balance	30%
Furniture and fixtures	declining balance	20-30%
R&D plot equipment	declining balance	20-30%
Leasehold improvements	straight line	term of lease

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the results in the period in which the asset is derecognized.

Repair and maintenance costs are recognized in the period in which they were incurred.

LONG-LIVED ASSETS

Long-lived assets consist of property and equipment, right-of-use, and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. Long-lived assets are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts an internal review each reporting period of long-lived asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology, and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets, other than goodwill, that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

INTANGIBLE ASSETS

Intangible assets are initially recognized at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment losses. Most intangible assets are amortized on a straight-line basis over the shorter of their estimated periods of benefit or contractual lives. The estimated useful lives and amortization methods are reviewed annually, with any changes in estimate accounted for prospectively. Computer software and website costs are amortized using a declining balance rate of 20% and license fees are amortized over the life of the agreement. Software license is amortized over the expected useful life.

REVENUE RECOGNITION

The Company's sales revenue transactions consist of a single performance obligation to transfer promised goods. The Company recognizes revenue when it has fulfilled a performance obligation, which is when the seed is shipped from the facility to the customer. In accordance with IFRS 15, the Company follows a policy of recognizing sales revenue when all the following have occurred: a sales agreement is in place, title and risk of loss have passed, pricing is fixed or determinable, and collection is reasonably assured.

Volume related royalty revenue is recognized in the period in which the sale is reported by the grower. Contract services and program payments are recognized when earned.

INCOME TAXES

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of net income and comprehensive income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

CURRENT TAX

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

DEFERRED TAX

The Company follows the liability method of accounting for deferred taxes. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

DEFERRED TAX (CONTINUED)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

GOVERNMENT ASSISTANCE

The income tax credits related to Scientific Research and Experimental Development (SR&ED) activities are accounted for in other income or as a reduction of capital expenditures depending on the nature of the expenses that qualify for the credit incurred during the year and reduce taxes payable. The income tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization.

In the normal course of SR&ED expense claims the Company is subject to reviews by federal and provincial government authorities.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange as at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates.

Financial statements of joint ventures for which the functional currency is not the Canadian dollar are translated into Canadian dollars as follows: all asset and liability accounts are translated at the period-end exchange rate and all earnings and expense accounts, and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation adjustments in other comprehensive income.

The assets and liabilities of the subsidiaries, denominated in their respective functional currencies, are translated into Canadian dollars at the rate of exchange in effect at the date of the consolidated statement of financial position. Revenues and expenses of the subsidiaries are translated at the exchange rates at the dates of the transactions.

EQUITY INVESTMENTS

Long-term equity investments comprise the Company's long-term equity investments subject to significant influence and the Company's long-term equity investments in joint ventures and are accounted for using the equity method.

PER SHARE INFORMATION

Basic per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

KEY ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

The allowance for doubtful accounts is estimated using the expected credit loss model as detailed in the financial instruments section of Note 3.

Provisions are made for slow moving and obsolete inventory. Management assesses inventory provisions based on seed germination results, volumes of product on hand, competing products, and market trends in conjunction with sales forecasts.

Management has evaluated and concluded using judgement that the Company has only one operating segment and cash generating unit for purposes of analysis of the business.

Depreciation is based on the estimated useful lives of property and equipment.

Scientific Research and Experimental Development tax credit claims are based on methodologies and assumptions applied by management in previous successful claims. Actual results may differ from these estimates.

Intangible assets consist of licenses, which are amortized over the life of the agreement, computer software and a website, which are amortized at a declining balance rate of 20%, and a software license, which is amortized over the expected useful life. Recovery of intangibles is analyzed on an annual basis.

Management has evaluated using judgement long-term equity investments and determined if there is joint control and joint operations in place.

Management has estimated that, while the terms of advances from related companies are not defined, the fair value approximates the carrying value due to the anticipated repayment dates of the advances.

Management has estimated the Company's incremental borrowing rate for leases where the implicit rate cannot be determined.

These judgements, estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

FINANCIAL INSTRUMENTS

Financial instruments are accounted for, presented, and disclosed in accordance with IFRS 9 - Financial Instruments. Upon initial recognition, all financial assets and liabilities are measured at fair value, except for trade receivables that do not contain a significant financing component, which are measured at the transaction price. As a practical expedient, IFRS 15 - Revenue from Contracts with Customers permits entities to presume that a trade receivable does not have a significant financing component if the expected term is less than one year.

The measurement amount at initial recognition of a financial asset or financial liability that is not classified as fair value through profit or loss ("FVTPL") is adjusted by transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of a financial asset or financial liability that is measured at FVTPL is recognized immediately in profit or loss. Trade receivables that do not have a significant financing component are measured at their transaction price.

FINANCIAL ASSETS

Financial assets are classified and measured based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification of the financial asset is determined at the time of initial recognition and is based on the nature and purpose of the financial asset. After initial recognition, financial assets are measured based on (i) amortized cost, (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) fair value through profit or loss ("FVTPL").

A SUMMARY OF THE THREE CLASSIFICATIONS IS AS FOLLOWS:

CLASSIFICATION	DEFINITION	MEASUREMENT
Amortized cost	A financial asset is classified and measured at amortized cost if it is held by the Company with the objective to collect the contractual cash flows from the asset and if the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	After initial recognition, the financial asset is measured at amortized cost using the effective interest rate method, except for a trade receivable without a significant financing component, which is measured at its transaction price. Interest income is recognized using the effective interest rate method.
Fair value through other comprehensive income ("FVTOCI")	A financial asset is classified and measured at FVTOCI when its objective is achieved by both collecting contractual cash flows and by selling the financial asset, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	After initial recognition, changes in the fair value of the financial assets are recognized in other comprehensive income. Interest income is calculated using the effective interest rate method and impairment gains and losses are recognized immediately in profit and loss
Fair value through profit or loss ("FVTPL")	A financial asset is classified as measured at FVTPL when it does not qualify for classification and measurement at amortized cost or FVTOCI.	After initial recognition, the financial asset is measured at fair value, with changes in value recognized through profit and loss.

The Company's financial assets are as follows:

FINANCIAL ASSETS	CLASSIFICATION AND MEASUREMENT
Cash	Fair value through profit and loss
Accounts receivable and long-term receivables	Amortized cost
Investments	Fair value through profit and loss
Advances to related companies	Amortized cost

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Any gain or loss on derecognition is recognized through profit and loss and any fair value changes previously recognized through other comprehensive income are recycled to profit and loss.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether a financial asset is impaired. Financial assets are impaired when there is objective evidence of impairment because of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

The Company applies the specific identification approach to measuring expected credit losses ("ECL"). As at September 30, 2024 and 2023, ECL were not significant.

FINANCIAL LIABILITIES

Debt and equity instruments are accounted for as financial liabilities or as equity based on the substance of the contractual obligation and the definitions of a financial liability and an equity instrument. Financial liabilities are classified and measured as either amortized cost or FVTPL. A summary of the two classifications is, as follows:

CLASSIFICATION	DEFINITION	MEASUREMENT
Fair value through profit or loss ("FVTPL")	A financial liability is classified and measured as FVTPL when it is designated as FVTPL as discussed below, or when it is held for trading. A financial liability may be designated as FVTPL when (I) such designation eliminates or significantly reduces an accounting mismatch in the treatment of related or associated financial assets and financial liabilities. (H) a contract contains one or more embedded derivatives, or (HI) a group of financial liabilities, or a combination of financial assets and liabilities, is managed with its performance evaluated on a fair value basis. A financial liability is considered to be held for trading if the financial liability has been acquired primarily for the purpose of repurchasing it in the near term; or, if on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or, if it is a derivative that is not designated and effective as a hedging instrument.	After initial recognition, the financial liability is measured at fair value, with changes in value recognized through profit and loss.
Amortized cost	All other liabilities	After initial recognition, the financial liability is measured at amortized cost using the effective interest method. Interest expense is calculated using the effective interest rate method.

The Company's financial liabilities are as follows:

FINANCIAL LIABILITY	CLASSIFICATION AND MEASUREMENT
Accounts payable and accrued liabilities	Amortized cost
Advances from related companies	Amortized cost

The Company derecognizes a financial liability when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

LEASES

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

LEASES (CONTINUED)

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented in note 9: Lease obligations.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in note 8: Right of-use assets.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in impairment of non-financial assets.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included within operating expenses in the statement of net income and comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

PROVISIONS

Provisions are recognized when the Company has a legal or constructive obligation that is the result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the obligations.

4. INVESTMENTS

The Company has investments comprised of a deposit in a money market savings account which has a maturity within one year bearing an interest rate of 5.00% (2023 – 5.50%) per annum as at September 30, 2024.

5. INVENTORY

	2024	2023
	$	$
Finished goods	**6,820,245**	6,554,838
Raw materials	**9,703,278**	2,266,534
	16,523,523	8,821,372

The cost of inventories recognized as an expense and included in cost of sales amounted to $15,846,731 (2023 - $17,508,780). Included in cost of sales in the year is an inventory write-down of $854,937 (2023 – $193,829) reflecting the net realizable value of certain inventory items.

6. PROPERTY AND EQUIPMENT

	Computer hardware	Marketing capital, furniture and fixtures	R&D plot equipment	Leasehold improvements	Total
COST	$	$	$	$	$
Balance, September 30, 2022	199,974	121,178	438,322	229,966	989,440
Additions	26,881	76,701	-	-	103,582
Disposals	-	-	(27,072)	-	(27,072)
Balance, September 30, 2023	226,855	197,879	411,250	229,966	1,065,950
Additions	29,536	7,867	11,600	23,539	72,542
Balance, September 30, 2024	**256,391**	**205,746**	**422,850**	**253,505**	**1,138,492**
DEPRECIATION					
Balance, September 30, 2022	154,329	84,572	356,120	151,889	746,910
Depreciation	16,485	15,463	18,795	20,819	71,562
Disposals	-	-	(25,847)	-	(25,847)
Balance, September 30, 2023	170,814	100,035	349,068	172,708	792,625
Depreciation	19,855	21,143	15,725	29,381	86,104
Balance, September 30, 2024	**190,669**	**121,178**	**364,793**	**202,089**	**878,729**
Net book value					
At September 30, 2023	56,041	97,844	62,182	57,258	273,325
At September 30, 2024	**65,722**	**84,568**	**58,057**	**51,416**	**259,763**

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

- Licence fees that have been paid to secure the production and distribution rights for various types of breeder seed. These fees are initially stated at cost and are being amortized over 10 years.
- Computer software and website costs. These costs are initially stated at cost and are being amortized at a rate of 20%.
- Software license costs that have been paid to obtain the rights to source code of a software platform used by the Company. These costs are initially stated at cost and are being amortized over 10 years. This asset was put into use and amortization was incurred for the 2024 fiscal period.

	License fees	Computer software and website	Software License	Total
COST	$	$	$	$
Balance, September 30, 2022	2,374,999	703,117	-	3,078,116
Additions	10,500	12,208	2,290,118	2,312,826
Disposals and write-off of fully amortized intangible assets	(1,039,295)	-	-	(1,039,295)
Balance, September 30, 2023	1,346,204	715,325	2,290,118	4,351,647
Additions	110,000	31,180	-	141,180
Disposals and write-off of fully amortized intangible assets	(215,635)	-	-	(215,635)
Balance, September 30, 2024	**1,240,569**	**746,505**	**2,290,118**	**4,277,192**
DEPRECIATION				
Balance, September 30, 2022	1,882,240	426,075	-	2,308,315
Depreciation	113,190	57,060	-	170,250
Disposals and write-off of fully amortized intangible assets	(989,895)	-	-	(989,895)
Balance, September 30, 2023	1,005,535	483,135	-	1,488,670
Depreciation	99,746	**54,063**	**229,012**	**382,821**
Disposals and write-off of fully amortized intangible assets	(215,635)	-	-	(215,635)
Balance, September 30, 2024	**889,646**	**537,198**	**229,012**	**1,655,856**
Net book value				
At September 30, 2023	340,669	232,190	2,290,118	2,862,977
At September 30, 2024	**350,923**	**209,307**	**2,061,106**	**2,621,336**

8. RIGHT-OF-USE ASSETS

	Building	Office equipment	Vehicle	Total
COST	$	$	$	$
Balance, September 30, 2022	1,096,547	25,204	741,395	1,863,146
Additions	-	-	224,481	224,481
Disposals	(292,355)	-	(506,847)	(799,202)
Balance, September 30, 2023	804,192	25,204	459,029	1,288,425
Additions	-	-	370,201	370,201
Disposals	-	-	(291,722)	(291,722)
Balance, September 30, 2024	**804,192**	**25,204**	**537,508**	**1,366,904**
DEPRECIATION				
Balance, September 30, 2022	463,301	6,920	470,914	941,135
Depreciation	150,139	4,436	216,143	370,718
Disposals	(292,355)	-	(506,847)	(799,202)
Balance, September 30, 2023	321,085	11,356	180,210	512,651
Depreciation	163,395	4,665	240,593	408,653
Disposals	-	-	(263,207)	(263,207)
Balance, September 30, 2024	**484,480**	**16,021**	**157,596**	**658,097**
Net book value				
At September 30, 2023	483,107	13,848	278,819	775,774
At September 30, 2024	**319,712**	**9,183**	**379,912**	**708,807**

9. LEASE OBLIGATIONS

LEASE LIABILITIES

The following table sets out a maturity analysis of lease liabilities:

	2024	2023
MATURITY ANALYSIS – CONTRACTUAL UNDISCOUNTED CASH FLOWS		
Less than one year	**445,627**	411,572
One to five years	**288,977**	416,056
TOTAL UNDISCOUNTED LEASE LIABILITIES AT SEPTEMBER 30	**734,604**	827,628
LEASE LIABILITIES INCLUDED IN THE STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30	**705,918**	774,793
Current	**420,465**	386,107
Non-current	**285,453**	388,686

No expenditures related to short term, low value and variable lease payments were made during the year.

The following table details the reconciliation of the lease liability balance from October 1, 2023, to September 30, 2024:

Lease liabilities

Balance at October 1, 2023	Cash flows	Change in leases	Imputed interest	Balance at September 30, 2024
774,793	**(445,447)**	**341,686**	**34,886**	**705,918**

Balance at October 1, 2022	Cash flows	Change in leases	Imputed interest	Balance at September 30, 2023
922,041	(413,840)	224,481	42,111	774,793

10. ADVANCES FROM RELATED COMPANY

	2024	2023
LIMAGRAIN CEREALS RESEARCH CANADA	**128,122**	136,057

Advances from related company are unsecured, non-interest bearing and have no fixed terms of repayment. The Company has a 30% investment in Limagrain Cereals Research Canada.

11. GOVERNMENT ASSISTANCE

During the year, the Company filed Canadian federal and provincial income tax returns for the 2023 taxation year, to apply for Scientific Research and Experimental Development (SR&ED) Investment Tax Credits (ITCs). The Company also estimated and accrued the SR&ED ITCs for the 2024 taxation year. ITCs reduce taxes payable and are accounted for as other revenue or a reduction of capital expenditures, depending on the nature of the expenses that qualify for the credit. The benefit recorded resulted in other revenues of $114,506 (2023 - $120,276). In the normal course of SR&ED expense claims the Company is subject to reviews by federal and provincial government authorities.

12. DEMAND FACILITY

The Company has available to it a revolving demand facility available to finance inventory and accounts receivable to a maximum of $4,000,000 (2023 - $4,000,000) from July 1 to January 15 of each calendar year, reducing to $250,000 outside of those dates. Interest is payable on the outstanding balance at the rate of prime plus 1.5% on all amounts outstanding. The revolving demand facility is secured by a general security agreement together with a first charge on all present and after-acquired personal property. The terms of the revolving demand facility require that certain measurable covenants be met. As at September 30, 2024, the Company was in compliance with the covenants specified in the agreement. As at September 30, 2024, the Company had not drawn against the revolving demand facility (2023 – $nil).

13. SHARE CAPITAL

	2024	2023
AUTHORIZED		
Unlimited number of class A voting common shares.		–
Unlimited number of class B shares, non-voting non-participating, redeemable at the option of the Company if the shareholder fails to fully pay for Shares, fails to exercise share purchase options or if the shareholder causes the Company to have its rights under any license terminated.		–
Unlimited number of class C shares without nominal or par value, non-voting, and non-redeemable.		
Unlimited number of class D shares without nominal or par value, non-voting, and non-redeemable.		
ISSUED AND FULLY PAID:		–
7,551,147 class A voting common shares (2023 – 7,551,147)	**12,109,827**	12,109,827
2,196,000 class B shares (2023 – 2,172,000)	**545,281**	521,281
	12,655,108	12,631,108

During the year the company issued 24,000 Class B shares at $1 per share.

14. EQUITY INVESTMENTS

The Company had an investment in a joint venture, Meridian Seeds LLC, in which it shared 50% control. Investments in this company, which were subject to joint control, were accounted for using the equity method. On December 31, 2021, the Company exited the 50% partnership in Meridian Seeds LLC for its book value of $451,433 settled by a promissory note due from the other venturer, repayable over 3 years bearing interest at prime plus 2%. A repayment of $135,430 was received during the 2022 fiscal year, an additional $108,209 was received during the 2023 fiscal year, and $102,614 during the 2024 fiscal year. The remaining balance of $105,181 is included in accounts receivables.

The Company has an investment in a cereal breeding and development partnership, Limagrain Cereals Research Canada, located in Saskatoon, SK. The partnership is intended to bring significant added value to western Canadian agriculture by developing new varieties of cereals, with a specific focus on wheat, using the most advanced technologies currently available. Investments in this company are accounted for using the equity method.

The following amounts represent the results and financial position of Limagrain Cereals Research Canada:

	2024	2023
	$	$
Current assets	**1,771,161**	3,542,367
Long-term assets	**2,228,517**	1,572,191
Current liabilities	**839,408**	392,489
Non-current liabilities	**917,579**	417,894
Revenues	**333,070**	259,228
Expenses	**2,394,555**	1,861,394
Net loss	**(2,061,485)**	(1,602,166)
Cash used in operating activities	**(1,098,196)**	(1,630,944)
Cash provided by investing and financing activities	**(570,066)**	3,173,119

Limagrain Cereals Research Canada is a 30% investment subject to significant influence.

	Investment Balance
	$
INVESTMENT IN PARTNERSHIP, SEPTEMBER 30, 2023	1,366,669
SHARE OF LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2023	(618,445)
CONTRIBUTIONS	-
INVESTMENT IN PARTNERSHIP, SEPTEMBER 30, 2024	748,224

15. OTHER REVENUE

	2024	2023
	$	$
Interest	**373,016**	494,605
Contract services and program payments and other	**734,693**	609,862
Scientific research and development tax credits (note 11)	**114,506**	120,276
Gain (loss) on foreign exchange	**23,790**	(13,202)
Loss on fixed asset disposals and write-offs	**-**	(30,625)
	1,246,005	1,180,916

16. EARNINGS PER SHARE

The basic and diluted earnings per share has been calculated based upon the weighted average number of shares outstanding during the year ended September 30, 2024 of 7,551,147 (2023 – 7,551,147). Diluted earnings per share equals basic earnings per share as there are no dilutive instruments.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

RISK MANAGEMENT

In the normal course of business, the Company is exposed to financial risk that arises from its indebtedness, including fluctuations in interest rates. Management's involvement in operations helps identify risks and variations from expectations.

As a part of the overall operation of the Company, management takes steps to avoid undue concentrations of risk. The Company manages the risks, as follows:

LIQUIDITY RISK
Liquidity risk arises from the possibility of the Company having insufficient financial resources to fund its growth and meet its obligations as they come due.

The economic uncertainty which currently exists throughout the global marketplace has resulted in a more conservative and restrictive lending market. Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial obligations.

INTEREST RATE RISK
The Company may be exposed to interest rate risk as bank indebtedness charges interest at variable rates; however, the Company had not drawn against the credit facility as at September 30, 2024, therefore the risk is minimal.

The Company does invest excess cash in investments and therefore decreases in interest rates impact the amount of interest income earned from those investments. Investments are comprised of investments in pooled funds which are also subject to market price risk (i.e. fair value fluctuates based changes in market prices).

At September 30, 2024, the Company has $5,384,085 in a money market savings account. A 1% increase in the market price of underlying securities would have resulted in an increase in the value of this asset of approximately $53,841.

MARKET RISK
Market risk is the risk that changes in market prices will influence future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, foreign currency risk and other price risk.

CREDIT RISK
Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable. The Company believes that there is minimal risk associated with the collection of these amounts. The maximum credit risk exposure is the carrying value of the financial assets. The Company manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. The Company does not generally require collateral or other security from customers on accounts receivable.

Accounts receivable are past due when a customer fails to make a payment when contractually due. The following is an aging of accounts receivable past due but not impaired:

	2024	2023
	$	$
31-60 days	**433,125**	983,864
61-90 days	**27,452**	45
More than 90 days	**27,432**	147,720
	488,009	1,131,629

Allowance for doubtful accounts at September 30, 2024 is $nil (2023 - $nil).

FOREIGN CURRENCY RISK
The Company enters into transactions denominated in United States currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. The following items are denominated in United States currency:

	2024	2023
	CAD$	CAD$
Cash	**259,970**	372,296
Accounts receivable	**105,181**	207,794
Accounts payable	**8,665**	10,809

Foreign 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.

A 1% increase in United States dollar foreign exchange rates would result in a corresponding increase in net income of approximately $3,656.

OTHER PRICE RISK
Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The Company manages these risks by limiting inventory levels and actively monitoring the market and adjusting its pricing strategies accordingly. The Company also manages its exposure to changes in market prices by diversifying their holdings within investments.

FAIR VALUE OF FINANCIAL INSTRUMENTS
Financial instruments include cash, investments, accounts receivable, long-term receivables, advances to related companies, accounts payable and accrued liabilities and advances from related company. The carrying values of these financial instruments approximate fair value due to the short-term nature of the financial instruments or they are carried at fair value.

Fair value hierarchy
The financial assets and liabilities recorded at fair value on the statement of financial position are measured and classified in a hierarchy consisting of three levels for disclosure purposes; the three levels are based on the priority of inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- Level 1: *Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.* Investments are presented at fair value based on a level 1 classification.
- Level 2: *Quoted prices in markets that are not active or model inputs that are observable either directly as prices or indirectly for substantially the full term of the asset or liability. In determining the inputs for calculating fair values, the company looks to readily observable market inputs.* The Company has no financial instruments classified as level 2.

- Level 3: Values are based on prices or valuation techniques that contain *unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities.* The Company has no financial instruments classified as Level 3.

The following table summarizes the Company's financial liabilities with corresponding maturity:

	TOTAL	LESS THAN 1 YEAR	1 TO 2 YEARS	AFTER 2 YEARS
	$	$	$	$
Accounts payable and accrued liabilities	17,288,121	17,288,121	-	-
Advances from related party	128,122	128,122		
Total	17,416,243	17,416,243	-	-

Current assets exceed current liabilities outstanding, and management expects the Company to meet its obligations as they come due. In addition, management has available to it a revolving line of credit as described in Note 12 to assist with any temporary working capital shortfalls.

18. CAPITAL MANAGEMENT

The Company manages its capital to ensure that financial flexibility is present to increase shareholder value through organic growth and to allow the Company to respond to changes in economic and/or marketplace conditions. The Company also strives to maintain an optimal capital structure to reduce the overall cost of capital. In the management of capital, the Company includes bank indebtedness and shareholders' equity. The Board of Directors has established quantitative return on capital criteria for management as well as long term growth targets. In order to maintain or adjust the capital structure the Company may issue shares, debentures, return capital to shareholders, purchase shares, or reduce debt.

Market requirements for attracting capital may vary in ways that the Company may not be able to accurately predict.

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt less cash and investments. Adjusted capital comprises all components of equity.

There were no changes in the Company's approach to capital management during the year.

The Company has entered into a credit facility agreement with the Canadian Imperial Bank of Commerce that provides additional liquidity of up to $4,000,000 (2023 - $4,000,000) from July 1 to January 15. This is reduced to $250,000 outside of those dates. A wholly owned subsidiary of the Company has externally imposed capital requirements as governed through its credit facilities. As of September 30, 2024, the subsidiary Company must have an effective Tangible Net Worth not less than $9,000,000. As of September 30, 2024, this requirement was met. As at September 30, 2024, there was a $nil balance outstanding on the line of credit. The Company has not drawn upon an available line of credit facilities since October 2017.

19. RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party revenues and expenses with shareholders for the year:

	2024	2023
	$	$
Revenue	**27,561,733**	20,448,401
Cost of sales	**21,147,849**	14,795,033

Certain shareholders have entered into transactions with the Company for the purchase and sale of seed and seed products. These transactions were in the normal course of business and were recorded at their exchange amount.

The amount due from related companies has no specified interest or repayment terms.

At September 30, 2024, accounts receivable includes $284,293 (2023 – $507,151) owed from shareholders.

Accounts payable and accrued liabilities include $2,928,265 (2023– $242,114) payable to shareholders.

During the year, employee future benefits recorded as an expense amounted to $151,790 (2023 - $140,658).

DIRECTORS AND KEY MANAGEMENT PERSONNEL

Key Management Personnel ("KMP") are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any Director.

Aggregate compensation of KMP during the year consisted of:

	2024	2023
	$	$
Salary and short-term benefits	**1,408,891**	1,614,016
Post-employment benefits	**75,355**	83,474
	1,484,246	1,697,490

During the year payments for Board and Shareholder meetings totaled $33,261 (2023 - $98,442).

20. INCOME TAXES

Income tax expense (recovery) differs from the amount computed by applying the combined expected Canadian Federal and Provincial tax rate of 27% (27% in 2023) to income before income taxes. The reasons for the difference are as follows:

	2024	2023
	$	$
Computed income tax expense	**249,297**	361,293
Small business deduction	**-**	(90,000)
Permanent differences	**60,121**	47,000
Other items	**36,407**	5,110
Non-capital loss carry back	**119,876**	-
Actual tax expense	**465,701**	323,403

The company's deferred tax assets (liabilities) are as follows:

	2024	2023
	$	**$**
Property and equipment	**(33,102)**	(54,295)
Intangible assets	**(658,338)**	(75,301)
ITC carryforwards	**199,896**	66,889
Other items	**(8,455)**	118,417
	(499,999)	55,710

The Company's deferred tax expense (recovery) recognized in respect of each type of temporary difference is as follows:

	2024	2023
	$	**$**
Property and equipment	**(9,629)**	(47,040)
Intangible assets	**583,036**	53,355
Unused tax losses	**155**	-
ITC carryforwards	**133,007**	99,753
Other items	**(150,860)**	(48,061)
	555,709	58,007

21. CONTINGENCIES

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

Director and officer indemnification

The Company indemnifies its directors and officers against all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

- The prior year comparative results for the financial position of Limagrain Cereals Research Canada in note 14 were amended to reflect the actual results recorded.

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