2025

CANTERRA SEEDS

ANNUAL REPORT

CANTERRA SEEDS HOLDINGS LTD.

Message from the **President & CEO**

Dear CANTERRA SEEDS shareholders, stakeholders, partners, and staff,

As we reflect on the 2024/25 fiscal year, I am proud to share the progress and achievements that continue to move the business forward. Despite ongoing challenges in the global agriculture sector, our commitment to long-term investments in innovation and partnership remains unwavering.

Seeded acres in Western Canada in 2025 saw slight changes in spring wheat and canola with more significant changes with increased pulses and decreased barley. Overall, the 2025 crop year was a record harvest as favourable weather conditions and improved seed genetics contributed to increased production. There were many market uncertainties due to various tariff-related conflicts and other trade unrest that mostly resulted in lower commodity values. Farmers continue to benefit from advances in seed technology which results in increased environmental resiliency. As we look into the future, accelerated breeding and gene editing will reshape the market, supported by regulatory modernization and evolving royalty systems.

One of the most exciting milestones this year was our acquisition of Alliance Seed. This strategic move expands our portfolio and strengthens our distribution network, bringing proven varieties such as CDC Endure milling oats and AAC Leroy VB CWRS wheat to more farmer customers. Alliance Seed will continue to operate as a standalone brand under our umbrella, preserving its identity and customer relationships while benefitting from our resources and support. We have also significantly expanded our pedigreed seed production and distribution, which now includes about 220 pedigreed seed growers across Western Canada. This expanded footprint strengthens our ability to deliver high-quality varieties more locally.

Our canola seed business delivered record sales in 2024/25, resulting in an increase in market share across Western Canada. This achievement reflects the strength of our portfolio and the outstanding performance of our LibertyLink® and TruFlex® canola hybrids. Looking ahead, we are excited to announce the addition of two new hybrids for the 2025/26 season: CS4200 LL and CS3400 TF. These hybrids offer superior pod shatter tolerance, enhanced disease resistance, and multi-genic clubroot protection, reinforcing our commitment to innovation and farmer success.

We transitioned our canola seed business from a standardized 22.67 kg (50 lb) unit to a 4.25 million seed unit. This transition ensures our customers receive a consistent number of seeds per bag that better align with the modern seeding equipment on farms today. The operations team and our partners have done a wonderful job of managing this transition smoothly and puts our canola seed units on par with the industry standard.

July 2025 was the 10-year anniversary of the announcement and creation of a new cereal breeding company called Limagrain Cereals Research Canada. We value our partnership with Limagrain and are incredibly proud of what has been achieved during this time. Spring 2026 will be a critical time as we officially launch a number of new spring wheat varieties from this breeding program. We continue to advocate and communicate with key stakeholders about the need for a comprehensive farm-saved seed royalty collection system through the Variety Use Agreement model.

Our investments in software systems and the Hub sales campaign platform continues. Our ability to track and measure transactional sales data in our canola business has provided us with increased opportunity to Grow Connection with our retail partners and farmer customers. Data driven marketing is having a positive impact, and we remain committed to continued investment in this important sales and marketing tool.

CANTERRA SEEDS will be celebrating its 30th anniversary on March 14, 2026. Our founding fathers had a clear vision for this business: to provide increased value to seed growers, value chain partners and farmer customers. I believe that vision holds true today, and we look forward to celebrating many more anniversaries long into the future.

These achievements are a testament to the dedication of our team, the trust of our partners, and the resilience of Canadian agriculture. As we look to the future, we remain focused on driving innovation, supporting sustainability, and creating value for farmers.

Thank you to our Board of Directors, management team, and all CANTERRA SEEDS colleagues for your commitment and hard work. Together, we are building a stronger, more resilient business for growth and success for many years to come. On the one hand, we'll be celebrating 30 years on business and on the other hand, we're just getting started.

Best regards,

Brent Derkatch

Chair's Message **to Shareholders**

It is my privilege to report to the shareholders on behalf of the Board of Directors.

The 2024/25 fiscal year recorded strong financial results for the company. The introduction of new canola varieties which are quickly proving to be market leaders improved our market share in a crowded marketplace. Established pedigreed seed products continue to be producer choices and will soon be complemented by new varieties that have been developed by our breeding partners. We are confident that the strong relationships that we enjoy with our breeding and industry partners will allow CANTERRA SEEDS to continue to increase market share and bring added value to the farmer customer and end user.

A step that CANTERRA SEEDS took this year to increase our supply of genetics to the market was the acquisition of Alliance Seeds. The acquisition consisted of the rights to a significant number of cereal and pulse crops, some mature in the marketplace and others just in the stage of introduction. In addition, Alliance Seeds had a network of growers and retailers, some of whom were also part of the CANTERRA SEEDS network. The addition of the Alliance Seeds network will enhance our ability to service an expanded market area. The acquisition gives economies of scale by combining the two organizations and contributed positively to our year-end results.

Of key importance to our success and a strong focus of CANTERRA SEEDS has been to better understand and meet the needs of our customers. The goal is to deliver exceptional service to those that we transact with. The expanded use of technology such as the continued development of "the Hub" is one example of tools that are used to enable CANTERRA SEEDS to improve operational efficiency and to better serve its customers.

Throughout our industry, there is a lot of discussion about the need for additional resources for innovation, research and development. The agriculture industry is not alone in this situation. The lack of necessary regulatory changes to anticipate future technological advances, and the failure to enable an environment where private breeders can earn a return on their investment, stifles the industry. Canadian industry is falling behind our competitors when we do not have access to the same tools in a timely manner. Overregulation and unnecessary regulation discourage investment that is needed to drive productivity gains and industry profitability.

The recent consultations around Seed Regulatory Modernization are a case in point to this problem. The results to-date of a multi-year process have been underwhelming. With only a few exceptions, the results merely tinkered around the edges of current regulations and industry structures that only serve to preserve existing shortcomings. While it can be said that the current system works, the questions we all should have been asking are what is needed to advance the industry and anticipate the technological advances and trading environment that are being made.

The industry continues to lack leadership from government and industry organizations to make the changes necessary to create an environment that will provide for increased resources for plant breeding. With declining levels of government funding, changes are necessary that will provide the opportunity for success of both public and private, large and small plant breeders.

One cannot talk about 2024/25 without mentioning the actions of our closest and largest trading partner, the United States of America. The trading measures that have been put in place and the uncertainty that has been created by potential future changes hangs over the whole Canadian economy. While the seed sector has been minimally impacted to date, we are not immune to the impacts that other industries have been subjected to. The potential renegotiation of existing trade deals has the potential to significantly disrupt our industry. While we are threatened, we must not allow this to detract from our day-to-day business and planning for the future. There will be much more on this that will play out in the weeks and months ahead. In the meantime, in the face of uncertainty, we must focus on what we can control.

I want to thank our shareholders and partners for their continued commitment to CANTERRA SEEDS and to the entire staff, "the Team", who work tirelessly to meet and exceed the customer needs and contribute to CANTERRA SEEDS' success. I also want to thank the Board of Directors for their support and advice over this last year in governing this 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 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 16 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 36 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.

Marketing & Communications Update

2025 | GROWING CONNECTION, GUIDED BY DATA

At CANTERRA SEEDS, we exist to grow connection — one field at a time. We don't strive to simply sell seed; we strive to build genuine relationships with farmers and be a trusted partner in their success, season after season. That belief was reinforced when we collectively stepped back and asked ourselves why we do what we do — ultimately defining what connection truly means to us.

Our WHY — a shared commitment to how we show up for farmers, every season.

In 2024/25, we sharpened our focus on how we create those connections by putting data at the centre of our decision-making. Not data for data's sake — but data that helps us justify our tactics, measure what matters, and reach the right person, at the right time, with the right message.

This approach allowed us to stay true to our WHY while becoming more intentional, more efficient, and more relevant in how we show up for farmers, seed growers, retailers, and our own team.

MANAGEMENT'S DISCUSSION and ANALYSIS REPORT

CANTERRA SEEDS

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

REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025, as compared to the year ended September 30, 2024. 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 January 23, 2026, 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 2025 fiscal operating results:

- Sales totalled $58.11 million for the year ending September 30, 2025, which is an increase of $9.04 million from the $49.07 million recorded for the year ending September 30, 2024.
- Gross profit is at $12.43 million for the 2024/25 fiscal year, compared to $9.85 million in 2023/24, an increase of $2.58 million.
- The gross profit percentage has increased from 20.1% in 2023/24 to 21.4% for 2024/25.
- Total corporate operating expenses, net of other revenue, increased from $8.31 million in 2023/24 to $10.51 million in 2024/25, an increase of $2.2 million or 26.5%.
- In total, the loss from joint ventures reduced by $0.03 million from $0.62 million in 2023/24 to $0.59 million in 2024/25.
- Income from operations before income taxes has improved by $0.41 million from $0.92 million in 2023/24 to $1.33 million in 2024/25.
- In 2023/24 due to some significant differences in how some expenditures are treated for accounting and tax CANTERRA SEEDS had a tax effect where it recorded a tax recovery even though there was income from operations recorded in the accounting records. In addition, however, due to these same reasons there has been a substantial increase in the Company's Deferred Tax Liability. Overall, this total to a provision for tax of $0.47 million, which was more than 50% of the income before taxes. For the 2024/25 fiscal year the total tax expense is set at 27.0% or $0.36 million. This, therefore, is a reduction of $0.11 million from the prior year.
- Net income and comprehensive has increased by $0.51 million from $0.46 million in 2023/24 to $0.97 million in 2024/25.
- 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, 2025, is $0.13 per share, which is an increase of $0.07 per share from the $0.06 net income per share recorded for the prior year.
- Cash increased by $0.68 million from September 30, 2024, to September 30, 2025. The increase is from $6.4 million on September 30, 2024, to $7.08 million on September 30, 2025.
- Accounts receivables are higher by $3.45 million, from $2.54 million on September 30, 2024, to a balance of $5.99 million as of September 30, 2025.
- Inventory has increased by $1.72 million from $16.52 million on September 30, 2024, to $18.24 million on September 30, 2025.
- Prepaid expenses are lower by $2.59 million from $5.2 million on September 30, 2024, to a total of $2.61 million on September 30, 2025.
- Property and equipment have increased by $0.19 million from $0.26 million on September 30, 2024, to $0.45 million on September 30, 2025.
- Intangible assets are higher by $1.29 million from $2.62 million on September 30, 2024, to a total of $3.91 million as of September 30, 2025.
- The Company added Goodwill for the 2025 fiscal year. This was the offset created from the deferred tax liability that occurred due to the purchase of Alliance Seed and its varieties during the year. This is a balance of $0.34 million with no such balance for 2024.
- Right-of-use assets have decreased by $0.43 million from a balance of $0.71 million on September 30, 2024, to $0.28 million on September 30, 2025. There is a liability that matches these leased assets, and this is all current for the 2025 fiscal year. This was split between current and long-term (more than one year) debt in 2024.
- During the year there was a loss recorded on the investment in Limagrain Cereals Research Canada (LCRC) of $0.59

million. The investment in joint ventures balance therefore reduced by this same amount. Overall, the investment in joint ventures changed from $0.75 million on September 30, 2024, to $0.16 million on September 30, 2025.

- Advances to/from related companies are currently at a receivable of $0.08 million as of September 30, 2025. This is a change of $0.21 million from the $0.13 million payable balance on September 30, 2024.
- Accounts payable are higher by $2.97 million from $17.29 million on September 30, 2024, to $20.26 million as of September 30, 2025.
- There is a small amount of deferred revenue with the September 30, 2025, results, $0.02 million. There was no such balance as of September 30, 2024.
- Taxes receivable/payable has switched from a receivable/asset balance of $0.22 balance on September 30, 2024, to a payable/liability balance of $0.03 million on September 30, 2025. Overall, a change of $0.25 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 deferred tax liability increased by $0.44 million from $0.5 million in 2023/24 to $0.94 million in 2024/25. This increase mainly occurred due to the purchase of varieties licensed to Alliance Seed which created a tax difference in the consolidate financial statements. There are also some other small changes that occurred during the year.
- The total assets of the Company have increased year to year and are currently at a total of $39.13 million on September 30, 2025. This is an increase of $3.90 million from the $35.23 million balance on September 30, 2024.

OUTSTANDING SHARE DATA

Issued securities as of January 23, 2025:

ISSUED	BOOK VALUE
7,551,147 Class A common shares	$12,109,827
2,220,000 Class B series 1 shares	569,281

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. During the 2024/25 fiscal year CANTERRA SEEDS sold an additional 24,000 Class B shares out of treasury. This compares to another 24,000 Class B shares being sold out of treasury during the 2023/24 fiscal year. The Company did not sell any Class A common shares out of treasury in either the 2023/24 or 2024/25 fiscal periods.

Besides the share transactions from treasury, there are share transactions that are trades between outgoing and new shareholders. In the 2024/25 fiscal year there were 77,445 Class A shares and 24,000 Class B shares transferred outside of treasury. During the 2023/24 fiscal year there were 1,422,355 Class A shares and 12,000 Class B shares transferred outside of treasury. The sale of 1,286,187 Class A shares sold by Riverland Agriculture, Ltd. to United Farmers of Alberta Co-operative Limited was included in last year’s amounts. From the September 30, 2025, year end until January 8, 2026, there were additional share transactions. 2,272,344 Class A shares and 24,000 Class B shares were transferred during this time. This includes the transfer of 2,265,344 Class A shares from Vilmorin USA Corp to LFS USA Corp. This transaction was not due to a sale but instead occurred due to a restructuring of entities within the Limagrain corporate network.

SELECTED FINANCIAL INFORMATION

QUARTERLY FINANCIALS

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

	2024/25 Q4	2024/25 Q3	2024/25 Q2	2024/25 Q1	2023/24 Q4	2023/24 Q3	2023/24 Q2	2023/24 Q1
Total Revenue	$ 4,016	30,820	23,253	21	3,273	3,045	40,408	2,345
Income and comprehensive income	(899)	1,647	2,005	(1,780)	(744)	(1,529)	4,082	(1,351)
Earnings per share (basic and diluted)	$ (0.12)	$ 0.22	$ 0.27	$ (0.24)	$ (0.10)	$ (0.20)	$ 0.54	$ (0.18)

CANTERRA SEEDS sells agriculture seed of several different crop types. Sales orders for 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) as this is when the majority of the spring seeding occurs. 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 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)	2024/25					2024/23	2022/23
	Q1	Q2	Q3	Q4	Year	Year	Year
Sales	$21	$23,253	$30,820	**$4,016**	**$58,110**	$49,071	$56,443
Gross profit	2	5,164	5,410	**1,856**	**12,432**	9,848	9,651
Gross profit percentage	9.9%	22.2%	17.6%	**46.2%**	**21.4%**	20.1%	17.1%
Other revenue	61	167	491	**680**	**1,399**	1,246	1,181
Operating, general and administrative	1,035	940	2,000	**1,072**	**5,047**	3,611	3,419
Loss from joint ventures	93	127	208	**166**	**594**	618	487
Depreciation and amortization	228	234	232	**497**	**1,191**	878	613
Salaries, wages, and benefits	1,069	1,346	1,270	**1,917**	**5,602**	5,029	4,933
Interest	14	8	6	**37**	**65**	35	42
Income (loss) from continuing operations before taxes	(2,376)	2,676	2,185	**(1,153)**	**1,332**	923	1,338
Income tax recovery (expense)	596	(671)	(538)	**254**	**(359)**	(465)	(323)
Income and comprehensive income	(1,780)	2,005	1,647	**(899)**	**973**	458	1,015
Total assets	33,025	57,923	51,848	**39,134**	**39,134**	35,227	36,587
Long-term liabilities	688	593	503	**940**	**940**	785	389
Earnings per share-basic and diluted	$ (0.24)	$ 0.27	$ 0.22	**$ (0.12)**	**$ 0.13**	$ 0.06	$ 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 sold, 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 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 increased by $9.04 million or 18.4%, from $49.07 million in 2023/24 to $58.11 million in 2024/25. The optimal way to describe the detail of this variance is to break down the sales into the various sales categories described above.

Canola sales are higher by 14.6% for the year. There are several reasons for this increase but the most significant is the fact that the Company entered the Liberty Link portion of the canola industry. Liberty Link canola makes up a significant percentage of the overall canola sold in Western Canada and CANTERRA SEEDS only entered this market in the spring of 2021. This continues to increase and in 2025, the Company sold two Liberty Link varieties, CS4000 LL and CS4100 LL and these have both become very popular varieties.

For pedigreed seed, overall sales were higher by 36.8% from 2024 to 2025. The main reason for this significant increase is because CANTERRA SEEDS purchased Alliance Seed on April 30, 2025. Therefore, virtually all of Alliance Seed's royalties were added to the CANTERRA SEEDS consolidated sales. The overall effect of the timing of this purchase is that the consolidated sales figures include almost all of Alliance Seed's annual sales, but only includes 5 months of its annual operating expenses.

The increase in sales has also created an increase in gross profit. Gross profit has increased from $9.85 million for the 2023/24 fiscal year to $12.43 million in 2024/25, an increase of $2.58. The gross profit as a percentage of sales increased by 1.3%, from 20.1% for the year ended September 30, 2024, to 21.4% for the year ended September 30, 2025. This increase is due to two main reasons, firstly CANTERRA SEEDS was able to make some efficiency gains which increased the margins on its canola sales. Secondly, due to the makeup of pedigreed seed sales (royalties) they have a higher margin than canola sales. The higher increase in pedigreed seed sales would then increase the overall gross profit margin.

OTHER REVENUE

Other revenues have increased by $0.15 million from $1.25 million in 2023/24 to $1.4 million in 2024/25. The main reason for this increase is due to a substantial increase in research investment by CANTERRA SEEDS during the 2024/25 fiscal year. This increase in research investment is partially offset by an increased claim for Scientific Research and Development tax credits. Overall, the Company is making this investment to solidify the quantity and quality of varieties that will be accessed and sold in the future by the Company.

OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

These expenses have increased by $1.44 million or 39.8%, from $3.61 million in 2023/24 to $5.05 million in 2024/25. The biggest portion of this increase is an investment in canola research totaling to $1 million for the fiscal year that is referred to above in the Other Revenue section. In addition, to this there have been some increases in travel costs, advertising expenses, professional fees, and IT expenses. All these increases relate to three things, the growth of the Company, both now and into the future, additional staff, and a focus on investing in IT to again further future growth. In addition, consolidation of the operating expenses from Alliance Seed also increased these expenses.

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 reduced by $0.03 million, from $0.62 million for the year ending September 30, 2024, to $0.59 million for the year ending September 30, 2025. This is a small improvement that has occurred as more varieties are now generating certified seed royalties, thereby generating an increase in revenues and a reduction in its net loss for the year.

DEPRECIATION AND AMORTIZATION

These expenses have increased by $0.31 million during the year. These expenses were $0.88 million in 2023/24 and have increased to $1.19 million in 2024/25. This increase is due mainly to the fact that with the purchase of Alliance Seed, CANTERRA SEEDS is effectively purchasing the active variety licenses of that Company. For the consolidated financial statements, the excess of the purchase price over Alliance Seed's equity as of April 30, 2025, is in Intangible Assets, Variety License Fees, and this excess is being amortized straight line over five years which is expected to be the effective average future life of the active varieties licensed to Alliance Seed. In addition, as with the Operating, General, and Administrative Expenses the addition of Alliance Seed has also increased these expenses.

SALARIES, WAGES AND BENEFITS

Has increased by $0.57 million from $5.03 million for the year ended September 30, 2024, to $5.6 million for the year ended September 30, 2025, an increase of 11.3%. This increase is due to several reasons with the main ones being as follows:

- Additional staff from 2024 to 2025 including the salary expenses from the Alliance Seed personnel that are included in the consolidated financial statements.
- The general salary increases for all staff year to year.

INTEREST

These expenses have increased by $0.03 million from $0.03 million for the year ended September 30, 2024, to $0.06 million for the year ended September 30, 2025. One of the effects of growth is the need to build canola inventory for future sales. While the Company manages cash between suppliers and customers to utilize the line of credit only when absolutely necessary, the line was used twice in 2025, once in November/December and again in July/August prior to canola program payments from customers. This increased the interest expense for the year.

INCOME TAX EXPENSE

Income for accounting and income for tax can often be very different amounts. The main reason for these differences is 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 created a significant income tax recovery and an even more significant increase in CANTERRA SEEDS deferred income tax liability. This therefore created an effect where the total provision for income taxes was recorded at a level that was more than 50% of the income before income taxes.

In 2025, a more normal tax has been provided for and is set up at closer to 27% of the income before income taxes.

In total, the provision for income taxes has reduced by $0.11 million, from $0.47 million for the year ended September 30, 2024, to $0.36 million for the year ended September 30, 2025.

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. This also includes the royalty revenue from Alliance Seed. 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 2024/25, 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. Q3 was also higher due to the timing of recording the SRED offset for the canola research project, along with the highest amount of investment/interest income.

Operating, general and administrative expenses have stayed relatively flat through the year. The exception is Q3, as this is when the canola research expenses of $1 million were recorded. Q3 and Q4 were also higher due to the inclusion of Alliance Seed results for these months.

The loss (income) from the joint venture by quarter shows higher investment losses in Q3 and Q4. This occurs because 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, Q3 is also higher because this is when LCRC's year end takes place and some intercompany research work charges are finalized for the year during that quarter.

Generally, depreciation and amortization have little change and are consistent during all four quarters. However, the amortization of the Alliance Seed varieties purchased with the acquisition of the Company was recorded in Q4.

Salaries, wages, and benefits are relatively constant throughout the year, however Q2 and Q4 expenses are elevated as this is the timing for some corporate bonuses earned and paid during the year. Q3 and Q4 were also higher due to the fact that the Alliance Seed expenses were included in these quarters.

Interest expense is higher in Q1 and Q4 as this is when CANTERRA SEEDS utilized its line of credit.

The tax entries alter with the earnings (loss) before tax.

QUARTERLY RESULTS (continued)

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. Q3 and Q4 are also higher as they include the assets of Alliance Seed.

The long-term debt relates to the operating leases for the corporate office and many of its vehicles. The office lease continues to move closer to its completion date, so this has moved to current debt. Also, the Company has made the decision to purchase the corporate vehicles off of lease so there are no new leases that have increased these balances. The difference is also due to the change in deferred taxes.

Overall, the Company recorded a per-share income of $0.13 for 2024/25. This is an increase of $0.07 per share from the $0.06 income per share earned in 2023/24. For the 2024/25 year, the canola sales were split relative evenly between Q2 and Q3, which in total has earned 49 cents per share. There were essentially no sales in Q1 which created a loss for that quarter of 24 cents. Finally, while Q4 had some significant gross profit, mainly from pedigreed seed sales, there are also additional operating expenses during the quarter and a loss of $0.12 per share was recorded.

LIQUIDITY AND CAPITAL RESOURCES

CANTERRA SEEDS cash position has increased by $0.67 million from September 30, 2024 to September 30, 2025.

More specifically, overall, the Company earned cash from operating activities of the Company in the amount of $3.35 million. CANTERRA SEEDS had a net income for the year of $0.97 million. There were, however, several significant non-cash expenses so after these were added back there was a cash income totaling to $2.88 million.

There were also some changes in working capital accounts that increased cash for the fiscal year. First, accounts payable and accrued liabilities increased by $3.22 million due to the increase in sales and cost of sales during the year. Second, there is a net reduction in inventory and prepaid expenses/deposits for inventory of $0.87 million. Lastly, the deferred revenue balance increased cash by $0.02 million.

These cash additions were partially offset by an increase in accounts receivable of $3.39 million. Also, the tax accounts have used approximately $0.25 million for the year.

For financing activities, the Company paid down $0.45 million of lease obligations during the year. This was partially offset by additional share capital of $0.02 million.

The cash used for investing activities was $2.25 million. The biggest portion of this was the purchase of Alliance Seed on May 1, 2025. CANTERRA SEEDS purchased this business for $1.47 million. In addition, there were some additional purchases of capital and intangible fixed assets totaling to $0.63 million. Also, there has been a change in the loans to and from a related company that has used $0.2 million of cash during the year. This was partially offset by proceeds received on the disposition of fixed assets. This was for $0.05 million.

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 in-house breeding programs or 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. 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 pedigreed 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

OUTLOOK (continued)

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 2025 crop year CANTERRA SEEDS introduced two new canola varieties. First, CS3300 TF, a Truflex® canola hybrid. 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 launched 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+. For the 2026 crop year CANTERRA SEEDS is introducing two new canola varieties. First, CS3400 TF, a Truflex® canola hybrid. This product is a mid-maturity variety with R - A, E2 blackleg resistance, 1st and 2nd generation clubroot resistance, and excellent straight cut abilities due to its PodProtect™ shatter tolerance rating of 7+. In addition, the Company has launched its third LibertyLink® canola variety. CS4200 LL is a hybrid suitable for growing zones with mid to late maturity, has multigenic blackleg resistance, both 1st and 2nd generation clubroot resistance, and excellent straight cut abilities due to its PodProtect™ shatter tolerance rating of 8.0. The Company has excellent relationships with several of the top canola breeding companies and anticipates continuing to introduce leading-edge canola varieties into the future. Often, different varieties are better suited to different "growing zones" in Western Canada and CANTERRA SEEDS is delivering canola products that are among the leaders in each of these zones.
- As was mentioned earlier in this report, CANTERRA SEEDS has entered a research project with one of its breeding partners. This investment is expected to bring more market leading varieties to the Company over the next few years.
- 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.
- 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.
- 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 its retail partners, including all UFA and P&H retail locations, across Western Canada. In addition, CANTERRA SEEDS has added a few retail sites of Paterson Grain for the 2026 crop year. Every farmer in the Prairies has access to a local retailer who distributes CANTERRA SEEDS canola. In addition, the Company continues to expand its distribution into the US. Beginning in 2025, it now markets its seed to 3 separate distributors in the upper mid-west of the country.

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 2025. The Company sold the most amount of bags in its history for the 2025 crop year and the orders that are registered as of January 23, 2026 show that sales will have a substantial increase again for the 2026 crop year.

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 development board, Saskatchewan Pulse Growers. 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 a priority position to access products from this venture and 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

OUTLOOK (continued)

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 has brought some pea and lentil varieties into the CANTERRA SEEDS portfolio. Overall, 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 it's anticipated that this will continue to bring new top varieties into the western Canadian market.

- 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 189 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. To that end, as has been mentioned earlier in the report, CANTERRA SEEDS purchased Alliance Seed effective May 1, 2025. This purchase has added the rights to more than 3 dozen varieties and more than 40 new growers to the consolidated CANTERRA SEEDS family. The plan is to keep this brand separate but give all the now 230 growers the ability to access all varieties that are licensed to CANTERRA SEEDS and Alliance Seed.

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 market and the Great Plains region of the US. LCRC is also part of the Variety Use Agreement (VUA) project which will enable it to receive royalties on all acreage seeded with 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 continue to reduce and will become income as LCRC varieties continue to increase their market share of spring wheat in North America.

For net operating expenses, CANTERRA SEEDS is being 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. It has already been mentioned that the Company has entered into a research project with a canola breeding company that is set to last at least 3 years. While this will continue to increase the operating expenses over the next couple of years the offset will be a lower cost to purchase product from that breeder in the future, along with expected access to improved varieties over the next few years.

In the last few months, there has been a tremendous amount of uncertainly and market change when it comes to the real and potential tariff wars between both Canada and the United States and Canada and China. For both the US and Canada, canola and canola products are part of the United States-Mexico-Canada Agreement and do not incur any tariffs so there has been only minor effects to CANTERRA SEEDS currently. However, the future is very uncertain when it comes to whether there will be tariffs on seed (canola or otherwise) in the future and with the US being Canada's largest market for grain this may have a very significant effect on the Canadian farm economy. For China, in March of 2025 China put a 100% tariff on any purchases of canola meal and oil from Canada, and then on August 14, 2025, China implemented a 75.8% duty on all canola shipments from Canada. China is Canada's second largest export customer for canola. An announcement has been made that these tariffs have been significantly reduced to more "normal" levels but the future of these still seem quite uncertain. The management team will continue to both evaluate and manage these issues to ensure that the negative affects to the Company are limited.

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. These balances are made up of expenses paid by CANTERRA SEEDS on behalf of LCRC, as well as breeder royalties owed by CANTERRA SEEDS to LCRC. The amounts owing at both September 30, 2024, and September 30, 2025, 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 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 has also been tasked with the task of 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.

CONSOLIDATED FINANCIAL STATEMENTS

CANTERRA SEEDS

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.

January 23, 2026

Brent Derkatch
President & Chief Executive Officer

Gerry Cantin
Chief Financial Officer

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, 2025 and September 30, 2024, 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, 2025 and September 30, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

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 as issued by the International Accounting Standards Board, 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

MNP LLP

January 23, 2026

Chartered Professional Accountants

Consolidated Statements of **Financial Position**

AS AT SEPTEMBER 30

	2025	2024
Assets		
Current assets		
Cash and short term investments	**7,077,559**	6,402,897
Accounts receivable	**5,992,939**	2,537,458
Inventory *(note 5)*	**18,240,542**	16,523,523
Income taxes receivable	**-**	223,940
Prepaid expenses and deposits	**2,609,495**	5,200,704
	33,920,535	30,888,522
Property and equipment *(note 6)*	**450,328**	259,763
Intangible assets *(note 7)*	**3,907,188**	2,621,336
Goodwill *(note 21)*	**342,367**	-
Right-of-use assets *(note 8)*	**283,125**	708,807
Investment in associate *(note 14)*	**153,806**	748,224
Advances to related company (*note 10*)	**77,098**	-
	39,134,447	35,226,652
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**20,262,393**	17,288,121
Deferred revenue	**17,878**	-
Current portion of lease obligations (*note 9*)	**283,126**	420,465
Advances from related company (*note 10*)	**-**	128,122
Income taxes payable	**29,672**	-
	20,593,069	17,836,708
Deferred tax liability (*note 21*)	**939,874**	499,999
Lease obligations *(note 9)*	**-**	285,453
	21,532,943	18,622,160
Shareholders' equity		
Share capital *(note 13)*	**12,679,108**	12,655,108
Retained earnings	**4,903,673**	3,930,661
Contributed surplus	**18,723**	18,723
	17,601,504	16,604,492
	39,134,447	35,226,652

Director

Director

See accompanying notes to the consolidated financial statements.

Consolidated Statements of **Net Income and Comprehensive Income**

YEARS ENDED SEPTEMBER 30

	2025	2024
	$	$
Sales	**58,110,450**	49,071,300
Cost of sales *(note 4)*	**45,678,318**	39,222,704
Gross profit	**12,432,132**	9,848,596
Other revenue *(note 15)*	**1,398,410**	1,246,005
Profit before other expense items	**13,830,542**	11,094,601
Operating, general and administrative	**5,046,603**	3,611,005
Loss from investment in associate *(note 14)*	**594,418**	618,445
Depreciation and amortization	**1,190,879**	877,578
Salaries, wages, and benefits	**5,601,571**	5,029,362
Interest	**64,712**	34,886
	12,498,183	10,171,276
Income from continuing operations before income taxes	**1,332,359**	923,325
Provision for income taxes expense (recovery) *(note 21)*:		
Current	**261,839**	(90,008)
Deferred	**97,508**	555,709
	359,347	465,701
Net income and comprehensive income	**973,012**	457,624
Earnings per share		
Basic and fully diluted *(note 16)*	**0.13**	0.06

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, 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
Net income and comprehensive income	-	-	973,012	973,012
Issuance of Class B shares	24,000	-	-	24,000
Balance, September 30, 2025	**$12,679,108**	**$18,723**	**$4,903,673**	**$17,601,504**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of **Cash Flows**

YEARS ENDED SEPTEMBER 30

	2025	2024
	$	$
Cash provided by (used for) the following activities:		
Operating activities:		
Net income and comprehensive income	973,012	457,624
Depreciation of property and equipment	112,092	86,104
Amortization of intangible assets	661,365	382,821
Depreciation of right of use assets	417,422	408,653
Interest expense	64,712	34,886
Loss from investment in associate	594,418	618,445
Provision for income taxes	97,508	555,709
Gain on disposals of property and equipment	(42,597)	-
	2,877,932	2,544,242
Changes in working capital accounts		
Accounts receivable	(3,387,869)	2,042,309
Inventory	(1,717,019)	(7,702,151)
Income tax	(253,612)	(310,115)
Prepaid expenses and deposits	2,591,209	7,054,489
Accounts payable and accrued liabilities	3,217,029	(2,178,769)
Deferred revenue	17,878	-
	3,345,584	1,450,005
Financing Activities		
Lease obligation repayments	(445,627)	(445,447)
Issuance of share capital	24,000	24,000
	(421,627)	(421,447)
Investing activities		
Advances (to) from related company	(205,220)	(7,935)
Cash paid on acquisition	(1,466,520)	-
Purchases of property and equipment	(343,069)	(72,542)
Purchases of intangible assets	(282,810)	(141,180)
Proceeds on disposal of property and equipment	48,360	-
	(2,249,259)	(221,657)
Increase in cash	674,662	806,901
Cash, beginning of year	6,402,897	5,595,996
Cash, end of year	7,077,559	6,402,897

See accompanying notes to the consolidated financial statement

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), Alliance Seed (a Canadian corporation) and CANTERRA SEEDS (USA) Ltd. (a US company), and its long-term investment; Limagrain Cereals Research Canada (a Canadian partnership), in which it has a 30% ownership interest. The Company has significant influence over this partnership but does not control it. Limagrain Cereals Research Canada's principal place of business is Canada and the investment is accounted for using the equity method. Alliance Seed was purchased effective May 1, 2025. This is included in the consolidated statement of financial position as of September 30, 2025, and the income and expenses include transactions recorded from the purchase date until September 30, 2025. This entity is not included in the 2024 comparative balances (Note 17).

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 January 19, 2026.

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., Alliance Seed, 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, its subsidiaries and associates. 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 and associates 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 a group of assets 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.

3. Material accounting policies (continued)

CASH AND SHORT-TERM INVESTMENTS

Cash in the consolidated statement of financial position consists of cash on deposit in financial institutions and on hand. Included in this are short-term investments comprised of a deposit in a money market savings account which has a maturity within one year bearing an interest rate of 3.50% (2024 – 5.00%) per annum as of September 30, 2025.

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 of 10 years.

GOODWILL

Goodwill arising from a business combination is recognized as an asset at the date of control (acquisition date). Goodwill is measured as the excess of the cost of the acquisition over CANTERRA SEEDS interests in the net fair value of the identifiable net assets, liabilities and contingent liabilities of the acquiree recognized at the date of acquisition. Goodwill is recorded at cost less accumulated impairment losses. Goodwill is not amortized but is subject to an annual impairment test.

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.

3. Material accounting policies (continued)

INCOME TAXES (CONTINUED)

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 based on 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.

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.

Deferred income tax liabilities arise on taxable temporary differences and are recognized except where they relate to the initial recognition of goodwill or to assets and liabilities in transactions that are not business combinations and affect neither accounting nor taxable profit. They are measured using enacted or substantively enacted tax rates and are not discounted. A deferred tax liability is also recognized for taxable temporary differences on investments in subsidiaries, associates and joint arrangements unless the Company can control the timing of reversal and it is probable the difference will not reverse in the foreseeable future. Deferred tax liabilities are reviewed each reporting date and presented as non-current.

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.

INVESTMENT IN ASSOCIATE

Investment in associate comprise of the long-term equity investment in a joint venture which is 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 the investment in associate using professional judgement and determined that joint control exists and that the arrangement represents a joint venture. Accordingly, the investment is accounted for using the equity method.

KEY ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)
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 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.

FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS (CONTINUED)

The Company's financial assets are as follows:

FINANCIAL ASSETS	CLASSIFICATION AND MEASUREMENT
Cash	Fair value through profit and loss
Accounts receivable	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, 2025 and 2024, ECL were not material.

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.

FINANCIAL INSTRUMENTS (CONTINUED)
FINANCIAL LIABILITIES (CONTINUED)

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.
- 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. Cost of sales by Nature

The following table summarizes the major components of cost of sales for the year. These amounts reflect the nature of expenses included within the cost of sales function on the Consolidated Statement of Net Income and Comprehensive Income.

	2025	2024
	$	$
Canola	**18,613,877**	16,246,113
Royalties	**24,061,504**	21,001,023
Freight	**737,328**	634,359
Inventory write-down	**1,429,630**	898,407
Stock Seed	**835,979**	442,802
Total cost of sales	**45,678,318**	39,222,704

5. Inventory

	2025	2024
	$	$
Finished goods	6,223,685	6,820,245
Raw materials	12,016,857	9,703,278
	18,240,542	16,523,523

The cost of inventories recognized as an expense and included in cost of sales amounted to $17,903,431 (2024 - $15,846,731). Included in cost of sales in the year is an inventory write-down of $1,429,630 (2024 – $898,407) reflecting the net realizable value of certain varieties.

6. Property and equipment

	Computer hardware	Marketing capital, furniture, and fixtures, vehicles	R&D plot equipment	Leasehold improvements	Total
COST	$	$	$	$	$
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
Addition of Alliance Seed (note 17)	-	90,348	4,600	-	94,948
Additions	18,144	211,628	44,000	-	273,772
Disposals	-	-	(66,517)	-	(66,517)
Balance, September 30, 2025	**274,535**	**507,722**	**404,933**	**253,505**	**1,440,695**
DEPRECIATION					
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
Addition of Alliance Seed (note 17)	-	58,536	1,764	-	60,300
Disposals	-	-	(60,754)	-	(60,754)
Depreciation	22,107	45,087	15,518	29,380	112,092
Balance, September 30, 2025	**212,776**	**224,801**	**321,321**	**231,469**	**990,367**
Net book value					
At September 30, 2024	65,722	84,568	58,057	51,416	259,763
At September 30, 2025	**61,759**	**282,921**	**83,612**	**22,036**	**450,328**

7. Intangible assets

The purchase of Alliance Seeds Ltd. was done mainly for the purchase of variety rights. Since these varieties are in various sectors of their lifecycle, they are being amortized over 5 years.

	License fees	Computer software and website	Software License	Total
COST	$	$	$	$
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
Addition of Alliance Seed (note 17)	1,723,730	-	-	1,723,730
Additions	61,961	220,849	-	282,810
Balance, September 30, 2025	**3,026,260**	**967,354**	**2,290,118**	**6,283,732**
DEPRECIATION				
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
Addition of Alliance Seed (note 17)	59,323	-	-	**59,323**
Depreciation	360,509	71,844	229,012	661,365
Balance, September 30, 2025	**1,309,478**	**609,042**	**458,024**	**2,376,544**
Net book value				
At September 30, 2024	350,924	209,306	2,061,106	2,621,336
At September 30, 2025	**1,716,782**	**358,312**	**1,832,094**	**3,907,188**

See note 16 for the details of Alliance Seed.

8. Right-of-use assets

	Building	Office equipment	Vehicle	Total
COST	$	$	$	$
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
Additions	-	-	-	-
Disposals	-	-	(166,168)	(166,168)
Balance, September 30, 2025	**804,192**	**25,204**	**371,340**	**1,200,736**
DEPRECIATION				
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
Depreciation	177,487	4,906	235,028	417,421
Disposals	-	-	(157,907)	(157,907)
Balance, September 30, 2025	**661,967**	**20,927**	**234,717**	**917,611**
Net book value				
At September 30, 2024	319,712	9,183	379,912	708,807
At September 30, 2025	**142,225**	**4,277**	**136,623**	**283,125**

9. Lease obligations

LEASE LIABILITIES

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

	2025	2024
MATURITY ANALYSIS – CONTRACTUAL UNDISCOUNTED CASH FLOWS		
Less than one year	-	445,627
One to five years	-	288,977
TOTAL UNDISCOUNTED LEASE LIABILITIES AT SEPTEMBER 30		734,604
LEASE LIABILITIES INCLUDED IN THE STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30	**283,126**	705,918
Current	**283,126**	420,465
Non-current	-	285,453

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, 2024, to September 30, 2025:

	Balance at October 1, 2024	Cash flows	Change in leases	Imputed interest	Balance at September 30, 2025
Lease liabilities	**705,918**	**(445,627)**	**(2,308)**	**25,143**	**283,126**

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

10. Advances (to) from related company

	2025	2024
LIMAGRAIN CEREALS RESEARCH CANADA	**(77,098)**	128,122

Advances (to) 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 2024 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 2025 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 $482,859 (2024 - $114,506). 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 (2024 - $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 of September 30, 2025, the Company was in compliance with the covenants specified in the agreement. For the year ended September 30, 2025, the Company did drawn against this revolving demand facility and paid interest of $39,569 (2024 – $nil).

13. Share capital

	2025	2024
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 (2024 – 7,551,147)	**12,109,827**	12,109,827
2,220,000 class B shares (2024 – 2,196,000)	**569,281**	545,281
	12,679,108	12,655,108

During the year the company issued 24,000 Class B shares at $1 per share (in 2024 the company also issued 24,000 Class B shares at $1 per share.

14. Investment

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:

	2025	2024
	$	$
Current assets	**1,116,975**	1,771,161
Long-term assets	**1,550,942**	2,228,517
Current liabilities	**953,004**	839,408
Non-current liabilities	**1,456,672**	917,579
Revenues	**394,937**	333,070
Expenses	**2,376,331**	2,394,555
Net loss	**(1,981,394)**	(2,061,485)
Cash used in operating activities	**(1,360,528)**	(1,098,196)
Cash provided by investing and financing activities	**447,745**	(570,066)

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

	Investment Balance
	$
INVESTMENT IN PARTNERSHIP, SEPTEMBER 30, 2024	748,224
SHARE OF LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2025	(594,418)
INVESTMENT IN PARTNERSHIP, SEPTEMBER 30, 2025	153,806

15. Other revenue

	2025	2024
	$	$
Interest	**212,700**	373,016
Contract services and program payments and other	**630,493**	734,693
Scientific research and development tax credits (note 12)	**482,859**	114,506
Gain on foreign exchange	**29,761**	23,790
Gain on fixed asset disposals and write-offs	**42,597**	-
	1,398,410	1,246,005

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, 2025 of 7,551,147 (2024 – 7,551,147). Diluted earnings per share equals basic earnings per share as there are no dilutive instruments.

17. Business Combination

CANTERRA SEEDS HOLDINGS LTD. accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to CANTERRA SEEDS. In determining whether a particular set of activities and assets is a business, CANTERRA SEEDS assesses whether the set of assets and activities acquired includes, at a minimum, an input, and a substantive process with the ability to produce outputs.

ACQUISITION OF ALLIANCE SEED CORPORATION

On May 1, 2025, CANTERRA SEEDS HOLDINGS LTD. acquired 100% of the shares and voting interest of Alliance Seed Corporation ("Alliance Seed"), a company incorporated in Manitoba, Canada. The purchase price for this acquisition was $1,500,000, settled as follows:

- $750,000 paid in cash on acquisition date.
- $750,000 payable one year after acquisition (secured by letter of credit and share pledge).

17. Business Combination (continued)

The acquisition was accounted for as a business combination under IFRS 3 and had the following effect on CANTERRA SEEDS HOLDINGS LTD. assets and liabilities on the acquisition date:

FAIR VALUE AT ACQUISITION DATE

ACQUIRED ASSETS AND LIABILITIES	FAIR VALUE AT ACQUISITION DATE (CAD)
Cash	$43,233
Accounts Receivable	8,028
Prepaid Expenses	2,194
Capital Assets (Trailer & Vehicles)	34,649
Intangible Assets – License Fees	288,177
Intangible Asset – Variety Licenses (write-up)	1,366,476
Goodwill (note 21)	342,367
Accounts Payable	(242,757)
Deferred Tax Liabilities (note 21)	(342,367)
Total Consideration Transferred	$1,500,000

The measurement of the intangible asset for variety licenses was determined based on a discounted cash flow analysis of forecasted net royalties over a five-year period, using a discount rate of 20%. Management considers this rate to reflect the risk profile of the acquired assets. The useful life of the intangible asset is estimated at five years, after which the varieties are expected to either be phased out or have significantly reduced income.

The premium paid over net assets is attributable to the value of Alliance Seed's proprietary seed varieties and related licenses, which are expected to generate significant net royalty income over their remaining useful lives.

For the period from May 1, 2025, to September 30, 2025, Alliance Seed contributed revenues of $1,330,331 and net income (loss) of $421,498 to CANTERRA SEEDS. If the acquisition had occurred on October 1, 2024, management estimates that Alliance Seed would have contributed revenues of $1,354,691 and net income (loss) of ($52,594) for the twelve months ended September 30, 2025. These amounts are based on management's estimates and assume that fair value adjustments arising on acquisition would have been the same if the acquisition had occurred at the earlier date.

18. 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 did utilize the credit facility during the September 30, 2025 fiscal year, but the amount, duration and overall interest rate 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).

On September 30, 2025, the Company has $4,004,158 (2024 - $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 40,042 (2024 - $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:

	2025	**2024**
	$	**$**
31-60 days	**2,173,170**	433,125
61-90 days	**7,859**	27,452
More than 90 days	**130,814**	27,432
	2,311,843	488,009

Loss allowance for expected credit losses on accounts receivable on September 30, 2025, is $5,869 (2024 - $nil).

18. Financial instruments and Risk management (continued)

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:

	2025	2024
	CAD$	CAD$
Cash	**149,868**	259,970
Accounts receivable	**618**	105,181
Accounts payable	**348,990**	8,665

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 reduction in net income of approximately $1,985 (2024 - $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 companies. The carrying values of these financial instruments are approximately 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	20,262,393	20,262,393	-	-
Total	20,262,393	20,262,393	-	-

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 13 to assist with any temporary working capital shortfalls.

19. 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 based on 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 (2024 - $4,000,000) from July 1 to January 15. This is reduced to $250,000 outside of those dates. The Company has asked for and has been provided an increase to this credit facility of up to $7,000,000 to enable cash management with its suppliers and customers. This increase, when it occurs, is enabled for a week-to-week period. A wholly owned subsidiary of the Company has externally imposed capital requirements as governed through its credit facilities.

19. Capital management (continued)

As of September 30, 2025, the subsidiary Company must have an effective Tangible Net Worth not less than $9,000,000. As of September 30, 2025, this requirement was met. As of September 30, 2025, there was a $nil balance outstanding on the line of credit. The Company did use this line of credit twice during the fiscal year, first in November/ December of 2024 and again in July/August of 2025 which ensured cash was paid to suppliers to meet their terms prior to program payments from the Company's customers.

20. Related party transactions

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

	2025	2024
	$	$
Revenue	**31,487,269**	27,561,733
Cost of sales	**22,198,529**	21,147,849

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.

On September 30, 2025, accounts receivable includes $496,086 (2024 – $284,293) owed from shareholders.

Accounts payable and accrued liabilities include $1,233,265 (2024– $2,928,265) payable to shareholders.

During the year, employee future benefits recorded as an expense amounted to $146,662 (2024 - $151,790).

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:

	2025	2024
	$	$
Salary and short-term benefits	**1,426,206**	1,408,891
Post-employment benefits	**54,161**	75,355
	1,480,367	1,484,246

During the year payments for Board and Shareholder meetings totaled $43,851 (2024 - $33,261).

21. 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 2024) to income before income taxes. The reasons for the difference are as follows:

	2025	2024
	$	$
Computed income tax expense	**359,737**	249,297
Difference in statutory rate and actual rate	**(88,347)**	-
Permanent differences and other	**112,445**	96,528
Non-capital loss carry back	**-**	119,876
Unrecognized temporary differences	**(24,488)**	-
Actual tax expense	**359,347**	465,701

The Company's deferred tax assets and liabilities based on temporary differences are as follows:

	2024	Recognized in business combination	Recognized in income tax expense	2025
Deferred tax assets			$	**$**
Investment tax credits	199,896	-	(107,557)	**92,339**
Non-capital losses	-	71,965	(71,965)	**-**
Other items	-	-	178	**178**
	199,896	71,965	(179,344)	**92,517**
Deferred tax liabilities				
Property and equipment	(33,102)	(9,356)	(13,298)	**(55,756)**
Intangible assets	(658,338)	(404,976)	86,679	**(976,635)**
Other items	(8,455)	-	8,455	**-**
	(699,895)	(414,332)	81,836	**(1,032,391)**
	(499,999)	(342,367)	(97,508)	**(939,874)**

21. Income taxes (continued)

	2023	Recognized in income tax expense	2024
Deferred tax assets		**$**	$
Investment tax credits	66,889	133,007	199,896
Other items	118,417	(118,417)	-
	185,306	14,590	199,896
Deferred tax liabilities			
Property and equipment	(54,295)	21,193	(33,102)
Intangible assets	(75,301)	(583,037)	(658,338)
Other items	-	(8,455)	(8,455)
	(129,596)	(570,299)	(699,895)
	55,710	(555,709)	(499,999)

The Company's unrecognized deductible temporary differences are as follows:

	2025	2024
	$	$
Investment in associate	**355,036**	333,738
Provincial investment tax credits	**183,862**	215,332
	538,898	549,070

22. 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.

23. Impact of recent US tariffs

To this date, the effect of the escalation of US tariffs have been minimal. Any purchases or sales from and to the US qualify for the USMCA terms where they travel free of tariffs. Any escalation of these tariffs, either by the US or Canada, could increase the Company's cost of sales and/or reduce any margins made selling seed into the US.

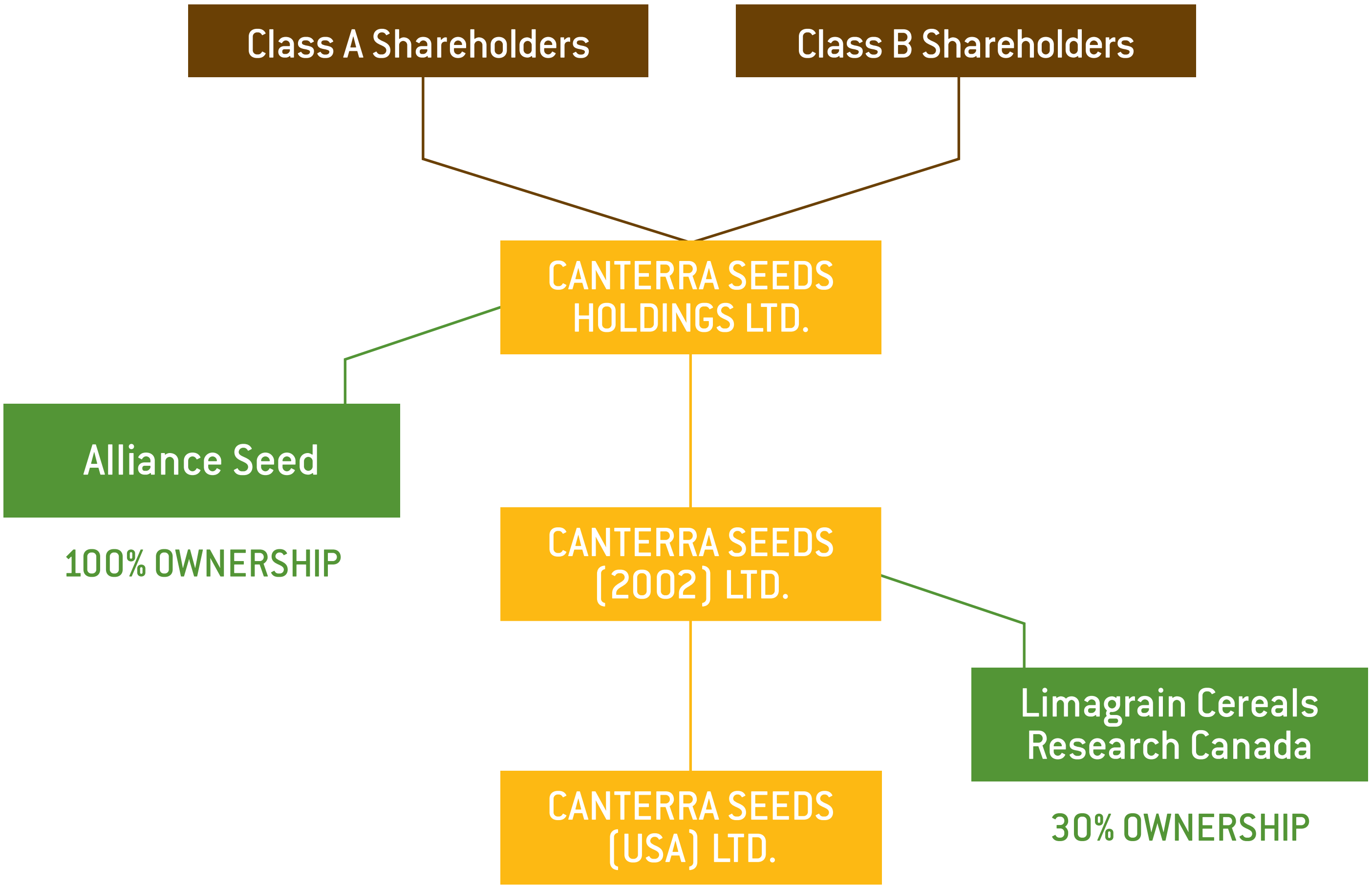
24. Comparative figures

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

- The Company has combined the cash and short-term investments as one asset and this change has also been made with the 2024 results. These are all cash balances, part of which is a savings account that earns some investment interest income for the corporation.

Companies Held By
CANTERRA SEEDS HOLDINGS Ltd.

CANTERRA SEEDS HOLDINGS LTD. was established in 2002. CANTERRA SEEDS (2002) LTD. is the operating seed company.



CANTERRA SEEDS

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