2023

CANTERRA SEEDS

ANNUAL REPORT | 2023

CANTERRA SEEDS HOLDINGS LTD.

Message from The **President & CEO**

Dear CANTERRA SEEDS shareholders, stakeholders, partners and staff,

I am delighted to address you as the new President and CEO of CANTERRA SEEDS and grateful for the opportunity to lead the company into a new chapter of growth and innovation.

No stranger to the organization, I joined the CANTERRA SEEDS team back in 2001, and last served as the Director, Pedigreed Seed Business Unit. I have seen the company grow over the years to become a strong, resilient player in Canadian seed industry. Through the relationships we have built with our partners, staff and customers, I am confident that CANTERRA SEEDS will continue to grow and be successful.

I am ready to bring renewed passion and fresh perspective to the table. With 22 years under my belt at this company, I am eager to uncover untapped potential within our team and drive transformative initiatives for our organization's growth. I hope you'll come along for the ride.

Sincerely,

Brent Derkatch

Message from The **Past President & CEO**

Dear CANTERRA SEEDS shareholders, stakeholders, partners and staff,

CANTERRA SEEDS closed on Fiscal 2023 on September 30, 2023, marking the end of another year of positive results in terms of our seed sales, market share and improved financial results, resulting in an even stronger balance sheet year over year. I would argue this is our report card of how well the business is doing. Having said that, our business is measured in more ways than simply looking at the annual financial statements.

As shareholders of a business that is 27 years young, you will appreciate the journey we have been on has not been an easy one; creating something from nothing, other than an idea and concept… an ambition. What CANTERRA SEEDS is today, is not far from the dreams of our founding members. We are an independent seed distribution company, providing seed solutions for the farmers of Western Canada. We can boast that we have a robust seed portfolio that has something for almost every farmer across the Prairie provinces, including the Peace River Region of British Columbia. More importantly, our pipeline of products is stronger today than it ever has been, resulting from many years of building relationships and partnerships with key seed and trait developers. This business is and always will be a work-in-progress project. We never stop our efforts to remain relevant. We understand our WHY and we endeavour to stay ahead of the curve.

I attribute our successes of late to several important factors. The first is the people who strive to be the best they can be, each and every day. We simply have an amazing team with the skills, experience, passion, work ethic and desire to do what it takes to deliver on a promise to our customers. Without this team, the business would simply not exist, because we couldn't compete.

Secondly, our vision and strategies have allowed us to continue evolving in having the right products, in the right place at the right time. This may seem obvious, but when you consider the timelines involved, it is not so simple. Yet, the CANTERRA SEEDS team and the close-working relationships we have with our partners has allowed us to keep pace with the ever-evolving demands the end user needs in terms of food, feed and fibre.

Third, we have endeavoured to building our brand and the culture of this organization. We purchased the Agro.Club platform from the developers, understanding the value and benefit of having the tools to align ourselves proactively with our farm customers and our retail partners. Coupled with Agro.Club, the partnership we enjoy today with the great folks at marketing agency Marshal Yard (formerly Suckerpunch), is evidence of what true partnerships are all about. An example of our efforts to connect with our farm customers and retail partners is the connection we have built with the Saskatchewan Junior Hockey League (SJHL) and the creation of the CANTERRA SEEDS Cup. This has been possible because of our link to both Marshal Yard and Agro.Club.

The year 2023, was not without its challenges and disappointments.

Our 2023 canola seed sales exceeded our 2022 sales but fell short of our 2023 budget because of product availability. We experienced production shortfalls due to the environment in North America and in our contra season production in Chile. Hail and heat in North America and heat in Chile were the key culprits. Equally disappointing, the farmer demand for products such as CS2600 CR-T TruFlex® canola exceeded our 2023 budget plan. The learnings from 2023 were reflected in our 2024 canola production plan, to ensure we have supply of our key products to meet expected market demands.

In financial quarter three, PRIDE Seeds announced to us they would not renew the corn seed distribution agreement with CANTERRA SEEDS. After helping to build the PRIDE Seeds brand across Western Canada, dating back to 2016, our services were no longer required as a result of their new go-to-market strategy. The impact of this change to our financials will be noted in the 2024 budget and 2024 year-end results.

The Limagrain Cereals Research Canada (LCRC) wheat and barley research investment in Saskatoon, has continued its trajectory to provide a brand-new slate of CWRS and CPS genetics to farmers across Western Canada. This has been a long time in the making, but we can safely say we could see the floodgate start to open in 2024 with the release of the first "made in Canada" varieties from the crosses made in 2016. This is exciting for the business, for you, the shareholder and most importantly for the new value this will bring to the farmers and to the entire wheat industry. There will be more news releases coming in the new year, so please stay tuned.

It is important to note the agreement Limagrain signed with Saskatchewan Pulse Growers (SPG) in July 2023, and the expected impact this will have for our business going forward. Although this agreement is outside of the LCRC agreement, CANTERRA SEEDS will have access to new pea and lentil varieties, adding these genetics to our portfolio in 2024 and beyond.

With this letter, brings a close to my 14 years with CANTERRA SEEDS and 47-year career with the agriculture industry. I wish to thank you all for your support of the business and for me, personally and professionally. I will be forever grateful for the opportunity I was afforded to be a part of the CANTERRA SEEDS story.

Although I leave with a heavy heart, I am very happy knowing the business is in great hands with Brent Derkatch, as the next President and CEO. Also with Gerry Cantin (CFO), Curt Baldwin (Director of Canola Business Unit), Lorri Keyowski (Director of Sales), Renee McMillan (Director of Marketing) and a staff who make it all happen in a way that very few could match.

I also want to acknowledge the CANTERRA SEEDS Board of Directors, past and present. These are the individuals who are responsible for the guidance and oversight of the business, contributing equally, who bring their passion, experience, knowledge, and professionalism for the benefit of all. I have appreciated their support and guidance and know the business will continue forward under their direction.

Most sincerely,

David Hansen

Message from **The Chairman**

This annual report marks the end of CANTERRA SEEDS' 27th year in operation as a company. It is not a celebration milestone, but it is approaching three decades in business. CANTERRA SEEDS continues to be a seed distribution company and has not taken its focus off its original mission, "To partner with local and international seed breeding programs and cast a wider net in the mission to bring the BEST of the BEST seed to Prairie farmers."

2023 has been a different year for the Board of Directors. One of our main jobs as a board is to make sure that the Company has a highly qualified President and CEO to manage and lead the business in its day-to-day operations in the absence of the owners, our shareholders.

As you have read in the previous letter, David Hansen, is retiring after 14 years of managing CANTERRA SEEDS. David's retirement did not come as a surprise to us and particularly to me as Chairman. In September of 2019 in one of our conversations he said, "I want you to be prepared for this; my plans are to retire on December 31, 2023." I'm only mentioning this to give you an indication of the way he prepared for the future and managed the company.

In the four-year period from our original discussion, David has focused on future growth, strategy, and building a team to take care of our business so he could effectively transfer the leadership to a new CEO as seamlessly as possible. David gave the Board official notice one year ago so that we were able to do a very extensive search for the right person to manage the company. This resulted in interviews with some very qualified individuals, which speaks to the respect that CANTERRA SEEDS has as a company and who we are in the industry.

There can only be one CEO to manage a company and we are very pleased to have selected Brent Derkatch as our new CEO through our interview process. Brent is no stranger to this company and the agriculture industry. We have full confidence that he will lead CANTERRA SEEDS to the next level of growth, as the company has a well-known culture for success. Brent took over as CEO of CANTERRA SEEDS on October 2, 2023 and David stepped down to be Strategic Advisor to Brent in a three-month transition period.

In addition, we had a retiree from the Board this year. Shaun Haney made it known a year ago he would like to leave the Board and we needed to look for a replacement. Shaun has been a great asset to the CANTERRA SEEDS Board for 12 years and has contributed greatly through his vast knowledge of the seed industry and his passion for agriculture. We thank Shaun for his commitment. The CANTERRA SEEDS board is pleased that Dan Richards put his name forward and is now on the slate of directors for this year. Dan is owner of Scenic Heights Farms with 35 years experience as a seed grower. Dan and his wife Kim are located near Sexsmith, Alberta, in the beautiful Alberta Peace Country.

At the start of this letter, I mentioned our mission to deliver the BEST of the BEST seed to Prairie farmers. The task to deliver on the mission can only happen for CANTERRA SEEDS through our partners. CANTERRA SEEDS has a skillful team of people who work with each of our partners through selection and production, to place the highest quality seed into the HANDS OF A PRO, our farmer customers. Last January, me and three board members tagged along with the CANTERRA SEEDS executive team, the canola production team and marketing team, the company's production partner HyTech Production Ltd. and the company's canola genetic partner, DL Seeds. We travelled to Chile for a hands-on experience of how our selection production took place and we were able to see some harvesting of our product in the contra season. The experience was once-in-a-lifetime and gave deepened confidence in how CANTERRA SEEDS management and partners have the experience and wherewithal to proactively deal with the environmental and other risks that exist in this industry. While there was loss of production in both Western Canada and Chile for canola to be sold for the 2023 crop year, this experience confirmed that CANTERRA SEEDS has the right management and partners to get the right high-quality seed to our customers at the right time, maximizing profitability and minimizing production risk.

This summer at our July board meeting in Saskatoon, we were given an opportunity to spend the day with our joint venture, Limagrain Cereals Research Canada (LCRC) and our cereal and pulse partner, Limagrain. We made a significant capital commitment back in 2015 to ensure that the company can deliver the Best of Best in cereals to the Pros Rooted on the Prairies, our western Canadian farmers. There are varieties coming out of this program ahead of our ten-year projection which will be introduced by CANTERRA SEEDS over the next few years which will help guarantee a successful future for the company and its grower shareholders.

Distribution continues to be a key focus for the CANTERRA SEEDS team as they bring more varieties to the market, working with our retail partners and seed grower network. As the company grows, the ability to reach the market also needs to grow, and we continue to look at best ways to make this happen.

Also, we continue to build on our digital marketing to meet demand and have purchased the Agro.Club software to bring it in-house. This will continue to strengthen our marketing ability into the future as we can more specifically market our portfolio of products to our farmer customers throughout the Prairies.

We have made a conscious decision this year to find a solution to deal with the growing number of shares that are for sale in the company. This is not a unique problem to CANTERRA SEEDS but is a common issue to companies whose original shareholders are retiring. We do not have a solution yet, but the board has some options before us that will be further analyzed to ensure we deal with this issue as proactively as possible.

I'm pleased again to present a profit in the company for the year 2022-23. I'm going to repeat again as a Board, that we are confident the right team is in place to manage the company on a daily basis that will successfully fulfill the strategic objectives that have been put in place to ensure profitability into the future.

I'd like to extend a thanks to all our partners and seed grower shareholders for their continued commitment to the company to deliver the BEST of the BEST seed to the western Canadian farming communities.

Thanks to the Board who has put their trust in me as Chairman again this past year. You are truly a great group of individuals to work with; a group with a vast knowledge and commitment to CANTERRA SEEDS.

Best regards to all in year ahead,

Lloyd Affleck

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.

David Hansen

Past President & CEO

David joined CANTERRA SEEDS as Chief Executive Officer in October of 2009, and was shortly thereafter appointed President.

David is a seed industry veteran with experience working in Canada and internationally. His background uniquely prepared him to lead CANTERRA SEEDS' efforts to be a leader in the Canadian seed industry.

David's seed management experience has focused on the commercial side of the industry with a strong lean towards sales and marketing, general management and leadership.

David's seeds experience has been focused on hybrid canola, cereals, pulses and corn here in Canada, and cotton seed in China.

Over the years, David's seed company experiences have included, Conti Seed, Garst Seed, ICI Seeds, Zeneca Seeds, Advanta Seeds, Delta Pine and Monsanto.

David has served or currently serves on a number of industry associations as a Director, including the Canadian Seed Trade Association, Limagrain Cereals Research Canada (LCRC), WCCRRC, CropLife International, CropLife Canada, Cereals Canada and 4-H Canada.

David retired from his role at CANTERRA SEEDS on December 31, 2023.

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.

As of October 1, 2017, Gerry also took on the role of Chief Administrative Officer of Limagrain Cereals Research Canada (LCRC), a joint venture cereal breeding company owned by LIMAGRAIN AND CANTERRA SEEDS and located in Saskatoon, Saskatchewan.

Gerry also sits on the Board of Directors for LCRC.

Curt Baldwin

Director, Canola Business Unit

Curt joined CANTERRA SEEDS in April of 2016 and currently holds the role of Director, Canola Business Unit and is responsible for all activities related to this crop area. 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.

SENIOR MANAGEMENT

Renée McMillan

Director of Marketing

Renee 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, Renee 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, Renee has a real roll-up-your-sleeves attitude, passionate about agriculture and the success of the CANTERRA SEEDS business.

Lorri Keyowski

Director of Sales

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

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

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

BOARD OF **DIRECTORS**

Lloyd Affleck

Chairman of the Board

Lloyd was appointed to the role of Chairman of the Board in November 2010. Prior to this, he held the position of Vice-Chairman of the Board since March 2009.

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.

Lloyd 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.

Lloyd currently resides in Saskatoon.

Jim Wilson

Vice-Chairman

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 joined the CANTERRA SEEDS Board of Directors in 2010. In 2016, he was appointed Chair of the Manitoba Agricultural Services Corporation.

Jim is an active industry participant. In 2020, he was appointed to the Board of Directors for the amalgamation of Seeds Canada, and previously 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.

BOARD OF **DIRECTORS**

Joe Dales

Board Member

Joe joined the CANTERRA SEEDS Board of Directors in 2003. He has over 35+ 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. Joe was a co-founder of Farms.com Ltd. and AgCareers.com, where he provided governance and guided the long-term strategic plans for 20 years.

In March 2019, Joe moved to a non-executive Board role at Farms.com and founded RHA Ventures Inc., an agri food investment company which has made over 35 investments in early stage innovative companies. Joe has extensive corporate governance experience with a wide range of agri businesses. He is an active entrepreneur and thought-leader on innovation in the agriculture and food industry with a vast global network.

Joe and his wife Sandra live in London, ON. Joe has an Honours Bachelor of Science in Chemistry from Western University and a Masters in Business Administration from Wilfrid Laurier University.

Jeff Wildeman

Board Member

Jeff is currently the Canadian Commercial Manager for Ceres Global Ag, a North American-based grain & oilseeds, fertilizer, energy and industrial products supply chain company serving customers globally. He has been with Ceres Global Ag since November 2018, and joined the CANTERRA SEEDS Board of Directors in March 2022.

Prior to Ceres, he spent 17 years at Cargill in sales and commercial leadership roles in the grain, crush and crop input retail business. Jeff graduated with a Masters degree in Plant Sciences from the University of Saskatchewan.

He has previously served on the board of Field to Market Canada, Canadian Association of Agriculture Retailers and Southwest Terminal.

Tatiana Henry

Board Member

Tatiana is currently the COO of the Limagrain Cereals 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 CEO of Limagrain Cereals Research Canada (LCRC).

Kris Mayerle

Board Member

Kris joined the CANTERRA SEEDS Board of Directors in February 2011. 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.

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 the Board of the Saskatchewan Canola Growers.

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 recently rejoined the board in 2021.

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

David Pearson

Board Member

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

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

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

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

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.

2022-2023 **Marketing Update**

REFRESHING OUR BRAND:

Marketing has made great strides in establishing brand awareness and driving sales at the channel over the past three years, and per our strategic marketing plan and updated business goal this year saw a pivot to an greater emphasis on communicating our brand promise.

Our 2022-23 brand experience demonstrated our intimate knowledge of our customers at all levels. Connecting with farmers on an emotional and empathetic level with the ideal of "professionalism" being the key message.

Brand expression followed three key thematic lines, related through the use of the word "Pro(s)".

1. **In the Hands of a Pro** - addressed the farmer directly in singular form (a pro) and sought to create an emotional, empathetic connection.
2. **Planted by Pros** – addressed our farm customers as a group and positioned a single variety as the choice of professionals.
3. **Powered by Pros** – recognized the channel of professionals whose contributions lead to the success of the season.

OUR 2022-23 MARKETING STRATEGY WAS BUILT AROUND FIVE PILLARS:

1. **Drive customer demand across all product lines and promote new product launches.**
   We leveraged tactics in our media mix from previous years with a focus on frequent product advertising in the major agriculture print publications across Western Canada. Additional budget was allocated to radio, video and search engine marketing, with a focus on the specific suitability of varieties in key markets. The launch of CS3100 TF, CS2800 CL and CS2700 CL was integrated into select tactics while messaging in mass media supported a full rotation message.

2. **Promote the brand experience and customer excellence.**
   Customer intimacy and connecting with farmers on a one-to-one basis was the root of our data driven strategy and creative was developed to follow our Professional Farmer theme which fosters a sense of belonging and shared kinship amongst our customers. Whether it was our custom Christmas ornament, personalized text from a Territory Manager or a postcard in the mail with our recommendation on what to rotate to this year based on their buying history, CANTERRA SEEDS has set the bar high on going that extra mile for their customers.

3. **Increase use of available customer data with a focus on customer retention/lift.**
   Using Agro.Club data, we supported the promotion of new products, Free Seed Fridays and the price/programming of retiring products through direct mail pieces. We also executed product pairing and rotating seed opportunities through direct mail tactics. Our series of customer-focused tactics included personalized letters, postcards, emails and text messages.

4. **Provide efficient and effective marketing support to our retailers and seed growers.**
   We streamlined the retailer toolkit program to improve efficiency and build on the success of previous years, including an easy-to-use online submission form. A billboard discovery project was also completed where we upgraded billboards across Western Canada to the new magnetic system and updated the creative with our new brand expression and product offerings.

   The Seed Grower Directory was redesigned to a magazine format where we included pages for promotion of the LCRC program and full-page advertisements. To further leverage our customer data, this was sent through an addressed maildrop to all CANTERRA SEEDS canola customers from the last three years with the intention of lifting our current customers and encouraging cross portfolio sales.

5. **Increase awareness and market share in Saskatchewan.**
   Partnering with the Saskatchewan Junior Hockey League opened the door to media channels and industry sectors we previously did not actively participate in, but our customers patronize. Securing the naming rights to the CANTERRA SEEDS Cup elevated the positive perception of the CANTERRA SEEDS brand and allowed us to leverage a web of connections already established by the league, individual teams and players to celebrate our partnership and promote the company.

MANAGEMENT'S DISCUSSION and ANALYSIS REPORT

CANTERRA SEEDS

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

REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023, as compared to the year ended September 30, 2022. 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 10, 2024, and should be read in conjunction with the accompanying audited consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial information has been reviewed by the Company's audit committee and approved by the Board of Directors. All amounts reported are in Canadian currency.

THE BUSINESS

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

RESULTS OF OPERATIONS

Highlights of the 2023 fiscal operating results:

- Sales, gross profit, and net and comprehensive income have all increased from the 2021/22 fiscal year.
- Sales totalled $56.44 million for the year ending September 30, 2023, which is an increase of $9.33 million from the $47.11 million recorded for the year ending September 30, 2022.
- Gross profit is at $9.65 million, compared to $9.24 million in 2021/22, an increase of $0.41 million.
- The gross profit percentage has reduced from 19.6% in 2021/22 to 17.1% for 2022/23.
- Total corporate operating expenses, net of other revenue, increased by $0.76 million or 10.8% from the 2021/22 to the 2022/23 fiscal year.
- In total, the loss from joint ventures reduced by $0.24 million from $0.73 million in 2021/22 to $0.49 million in 2022/23. The CANTERRA SEEDS ownership in Meridian Seeds, LLC was sold off during the 2022 fiscal year. As such the investment and earnings from this operation have been separated on the financial statements. The numbers above represent the total amounts on the Consolidated Statement of Comprehensive Income on the Loss from equity investments and the Loss from discontinued operations (net of tax).
- With the separation of the results from the discontinued operations, explained above, the Income from continuing operations before income taxes has reduced by $0.26 million, from $1.6 million in 2022 to $1.34 million in 2023.
- Taxes have changed due to the change in profitability as well as some other factors. Overall, the provision for income taxes has reduced by $0.17 million from the expense of $0.49 million in 2021/22 to $0.32 million in 2022/23.
- Net income from continuing operations then has reduced by $0.11 million, from $1.12 million in 2022 to $1.01 million in 2023.
- After reducing the Loss from discontinued operations from the last amount, the Company recorded net income for the current year of $1.01 million. By comparison, in 2021/22, the Company recorded net income in the amount of $0.96 million. Overall, net income has increased by $0.05 million.
- Along with the profitability described above, equity for CANTERRA SEEDS also increased by $0.05 million due to some additional shares sold from treasury during the year.
- The net income per share for the year ended September 30, 2023, is $0.13 per share, which matches the net income per share for the prior year.
- Cash and short-term investments increased by $3.53 million from September 30, 2022, to September 30, 2023.
- Accounts receivable has reduced by $3.55 million, from $8.03 million on September 30, 2022, to a balance of $4.48 million as of September 30, 2023.
- Inventory has increased by $1.83 million from $6.99 million on September 30, 2022, to $8.82 million on September 30, 2023.
- Prepaid expenses have increased by $2.43 million from $9.82 million on September 30, 2022, to a total of $12.25 million on September 30, 2023.
- There has been an adjustment with the prior year where assets that were part of property and equipment have now been transitioned to intangible assets. After this transfer, property and equipment has increased by $0.03 million from $0.24 million on September 30, 2022, to $0.27 million on September 30, 2023.
- Also, after the transfer of assets, intangible assets have increased by $2.09 million from $0.77 million on September 30, 2022, to a total of $2.86 million as of September 30, 2023.
- Right-of-use assets has decreased by $0.15 million from a balance of $0.92 million on September 30, 2022, to $0.77 million on September 30,

2023. There is a liability that closely matches these leased assets that is split between current and long term (more than one year) debt.

- The Company has a deferred income tax asset totaling to $0.06 million on September 30, 2023. This is a reduction of $0.11 million from the $0.17 million balance as of September 30, 2022.

- During the year there was a loss recorded on the investment in Limagrain Cereals Research Canada (LCRC) of $0.49 million for the year. The investment in joint ventures balance therefore reduced by this same amount. There was a net cash and non-cash investment of $1.00 million so overall the investment in joint ventures increased by $0.51 million from a balance of $0.85 million on September 30, 2022, to $1.36 million on September 30, 2023.

- The long-term receivables account reduced by $0.32 million from a balance of $0.42 million as of September 30, 2022, to $0.1 million on September 30, 2023.

- Accounts payable have increased by $5.24 million from $14.23 million on September 30, 2022, to $19.47 million as of September 30, 2023.

- Advances from related companies are currently $0.14 million as of September 30, 2023. This is an increase of $0.03 million from the $0.11 million balance on September 30, 2022.

- Due to reductions in the deferred income tax asset balances in 2022 there was no income tax payable for that year. For the current year while the deferred tax asset did decrease there is still a taxes payable balance of $0.09 million.

- The total assets of the Company have increased year to year and are currently at a total of $36.59 million on September 30, 2023. This is an increase of $6.27 million from the $30.32 million balance on September 30, 2022.

OUTSTANDING SHARE DATA

Issued securities as of January 10, 2024:

ISSUED	BOOK VALUE
7,551,147 Class A common shares	$12,109,827
2,172,000 Class B series 1 shares	521,281

TRADING HISTORY

CANTERRA SEEDS HOLDINGS LTD. is a reporting issuer. Shares of the Company can be traded privately between two parties, with or without using the assistance of a broker, or can be sold "over the counter" at a licensed security trader. In the 2022/23 fiscal year, CANTERRA SEEDS sold an additional 54,000 Class B shares out of treasury and sold no Class B shares out of treasury during the 2021/22 fiscal year. The Company did not sell any Class A common shares out of treasury in either the 2022/23 or 2021/22 fiscal periods.

Besides the share transactions from treasury, there are share transactions that are trades between outgoing and new shareholders. In the 2022/23 fiscal year there were 114,026 Class A shares and 54,000 Class B shares transferred outside of treasury. During the 2021/22 fiscal year there were 107,151 Class A shares and 150,000 Class B shares transferred outside of treasury.

SELECTED FINANCIAL INFORMATION

QUARTERLY FINANCIALS

Selected Quarterly Financial Information Consolidated ($000s except per share amounts)

	2022/23 Q4	2022/23 Q3	2022/23 Q2	2022/23 Q1	2021/22 Q4	2021/22 Q3	2021/22 Q2	2021/22 Q1
Total Revenue	1,242	18,922	36,217	62	1,594	17,242	27,801	476
Income and comprehensive income	(342)	611	2,409	(1,663)	33	758	1,772	(1,599)
Earnings per share (basic and diluted)	$ (0.05)	$ 0.08	$ 0.32	$ (0.22)	$ 0.01	$ 0.10	$ 0.23	$ (0.21)

CANTERRA SEEDS sells agriculture seed of several different crop types. Sales orders for canola and corn occur from October until June. Delivery of these sales generally take place from December until June, as most retailers prefer to defer delivery until a date closer to their time of seeding. Most of the deliveries and sales take place in the months of March to May (Q2 & Q3). The October to December quarter consists mainly of the recording of royalties for fall seeded cereal varieties, along with some early delivered canola and corn sales. The financial quarter Q2, from January to March, is made up almost solely of canola and corn deliveries and sales. Q3 sales consist of additional canola and corn sales, sales of pedigreed stock seed and sales of registered and certified CANTERRA SEEDS licensed pedigreed seed. For canola and corn, 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)

($000s except per share amounts)					2022/23	2021/22	2020/21
	Q1	Q2	Q3	**Q4**	**Year**	Year	Year
Sales	62	36,217	18,922	**1,242**	**56,443**	47,113	37,918
Gross profit	55	5,390	2,696	**1,510**	**9,651**	9,243	7,615
Gross profit percentage	88.7%	14.9%	14.2%	**121.6%**	**17.1%**	19.6%	20.1%
Other revenue	31	211	270	**669**	**1,181**	935	982
Operating, general and administrative	978	855	725	**861**	**3,419**	2,947	2,394
Loss from joint ventures	104	87	164	**132**	**487**	576	641
Depreciation and amortization	150	153	156	**154**	**613**	587	597
Salaries, wages and benefits	992	1,322	1,128	**1,491**	**4,933**	4,421	4,108
Interest	11	11	10	**10**	**42**	47	25
Income (loss) from continuing operations before taxes	(2,149)	3,173	783	**(469)**	**1,338**	1,600	832
Income tax recovery (expense)	486	(764)	(172)	**127**	**(323)**	(486)	(169)
Net income from continuing operations	(1,663)	2,409	611	**(342)**	**1,015**	1,114	663
Loss from discontinued operations (net of tax)	-	--	--	**--**	**-**	150	269
Income and comprehensive income	(1,663)	2,409	611	**(342)**	**1,015**	964	394
Total assets	35,352	58,352	44,895	**36,587**	**36,587**	30,318	23,501
Long-term liabilities	532	440	345	**389**	**389**	592	687
Earnings per share-basic and diluted	$ (0.22)	$ 0.32	$ 0.08	**$ (0.05)**	**$ 0.13**	$ 0.13	$ 0.05

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 corn sales, since the 2016 fiscal year, CANTERRA SEEDS has acted as the exclusive distributor for the PRIDE Seeds branded product in Western Canada. In this case, the product is sold by PRIDE Seeds to CANTERRA SEEDS and then, when seeded by the farmer, the entire amount of the sale is recorded on the books of the Company.

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

Overall, sales have increased by $9.33 million or 19.8%, from $47.11 million in 2021/22 to $56.44 million in 2022/23. 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 increased by 22.8% for the year. These increases continue a very significant increase over the last three years and the main two reasons for this have not changed too much from the explanation of the last two years' increases. Firstly, the Company started selling its first LibertyLink® hybrid, CS4000 LL in 2021, these sales have continued to increase as normally occurs with a "new" product. In addition, LibertyLink® canola hybrids dominate the western Canadian market (over 60%), so this introduction has increased the accessibility to the market. Secondly, the Company formed a partnership with Agro.Club Canada to facilitate farmer orders, this has created a more focused and determined canola sales and marketing strategy. The partnership with Agro.Club Canada has allowed CANTERRA SEEDS to now understand who has purchased its canola varieties which in turn allows the Company to complete direct marketing with the farmers who still need to purchase their canola.

With corn products, the relative prices of the corn products sold year to year has caused sales to increase by more than 11%.

For pedigreed seed, overall sales stayed basically flat (just a little more than a 1% reduction) year to year.

Gross profit has increased by 4.4% or $0.41 million from $9.24 million during the 2021/22 fiscal year to $9.65 million for the 2022/23 fiscal year. So, overall sales increased by 22.8% and gross margins increased by 4.4%. Directly related to this the gross profit as a percentage of sales reduced, from 19.6% for the year ended September 30, 2022, to 17.1% for the year ended September 30, 2023. The main reason for this sizable reduction is related to the canola business. Firstly, in 2022 there were some significant incentive credits from suppliers which were not duplicated in 2023. Secondly, there have been some substantial increases in the average price per bag sold, mainly because growers purchased bags with more seed enhancements/treatments than in the past. The margin per bag, therefore, has stayed relatively stable while the price per bag has increased causing a lower gross margin percentage.

OTHER REVENUE

Other revenues total to $1.18 million in 2022/23 which is a $0.24 million increase from the $0.94 million recorded in 2021/22. The increase in sales and increased interest rates caused additional investment income during the year.

OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

These expenses have increased by $0.47 million or 16.0%, from $2.95 million in 2021/22 to $3.42 million in 2022/23. There are several reasons for this increase. Firstly, advertising and promotion expenses have increased as the sales have increased. Secondly, the loosening in COVID-19 restrictions allowed some additional travel, meetings, and some marketing costs. Thirdly, CANTERRA SEEDS undertook some consultancy work to assist in the long-term strategic planning of the business. Lastly, the growth of the business and inflation added additional operating expenses to the Company.

LOSS FROM JOINT VENTURES

This amount relates to CANTERRA SEEDS' 30% joint venture in Limagrain Cereals Research Canada (LCRC). The LCRC joint venture is operating at full capacity and with increased efficiencies has been able to reduce their overall operating expenses while keeping their projects and staffing fully in place. In addition, LCRC continues to increase its revenues as the number of registered varieties out of this initiative increases.

Overall, the loss from the joint venture reduced by $89 thousand, from $576 thousand for the year ending September 30, 2022, to $487 thousand for the year ending September 30, 2023.

DEPRECIATION AND AMORTIZATION

There has been a relatively small increase in this expense. For the 2021/22 fiscal year these expenses were $0.58 million and for the current year these expenses have increased to $0.61 million. Inflationary increases in leases, as well as additional vehicle leases, are the factors that caused this increase.

SALARIES, WAGES AND BENEFITS

Has increased by $0.51 million from $4.42 million for the year ended September 30, 2022, to $4.93 million for the year ended September 30, 2023, an increase of 11.6%. This increase is mainly because the Company increased its staffing in the sales and administration departments during the year. These additional staff were put in place to manage the increase in sales that is continuing to occur at CANTERRA SEEDS. In addition, inflationary salary increments occurred during the year.

INTEREST

These expenses relate to outstanding leases and have reduced by $5 thousand from $47 thousand in 2021/22 to $42 thousand in 2023/23, a very small decrease.

INCOME TAX EXPENSE

Overall, when you take the deferred and current income tax provision combined, these have reduced by $0.16 million because there is a reduced income from operations amount before income taxes, along with a deferred tax asset that needed to be adjusted lower in 2022.

QUARTERLY RESULTS

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

Other revenue is recorded as it is incurred. In 2022/23, the Q4 results were much higher than the other quarters. This is when billings for work done by the Company with its partners was ultimately realized and recorded.

Operating, general and administrative expenses have stayed relatively flat through the year. The lowest quarter is Q3 and the highest is Q1 and this is mainly due to the timing of marketing expenditure incurred to drive sales during the year.

The loss (income) from the joint venture by quarter shows higher investment losses in Q3 and Q4, which occurs due to the timing of significant third party billing to the LCRC business along with the timing of additional term employee hires for the field-testing program.

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

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

Interest expense again is quite consistent during all four quarters.

The tax entries mainly altered with the earnings (loss) before tax.

As was mentioned earlier in the M,D&A, CANTERRA SEEDS sold its 50% ownership portion of Meridian Seeds, LLC effective on December 31, 2021. The Company, therefore, only recorded a return on this entity in Q1 of the 2022 fiscal year.

The assets are highest at the end of Q2 and Q3 as this is when canola inventory, accounts receivable and cash are quite high.

The long-term debt relates to the operating leases for the corporate office and many of its vehicles. This balance has reduced as the year has progressed but has bumped back up at yearend due to some replacements with new leased vehicles.

Overall, the Company recorded a per-share income of $0.13 for 2022/23. This reflects no change from the income per share earned in 2021/22. For the 2022/23 year, most of the sales for canola and corn were focused both in Q2 and Q3. The other thing that occurred is that in Q3 the returns, as a percentage of deliveries, was kept quite low. Overall, this enabled a strong return in Q3. For Q1, there were few sales during the quarter and with additional operating expenses, mainly marketing costs, this period recorded a loss of 22 cents per share. For Q4, there are some additional operating expenses relating mainly to some marketing projects and yearly bonuses and income is limited mainly to pedigreed tech fee revenue which has created a loss of five cents for that quarter.

LIQUIDITY AND CAPITAL RESOURCES

CANTERRA SEEDS cash position has increased by $1.69 million from September 30, 2022 to September 30, 2023. When you also include the short-term investments as this is basically cash, the overall cash position has increased by $3.53 million year to year.

More specifically, overall, the Company earned cash from operating activities of the Company in the amount of $7.27 million. CANTERRA SEEDS had a net income for the year of $1.01 million. There were, however, several significant non-cash expenses so after these were added back there was a cash income totaling to $2.39 million.

Also, accounts payable and accrued liabilities have increased by $5.24 million from the prior year, due mainly to the increase in sales year to year, increasing royalty and Trait fee accruals to canola partners.

Finally, due to some changes in the timing of payments related to the canola business from CANTERRA partners, the accounts receivable balance was reduced by $3.87 million, also increasing the cash and cash equivalent balances.

These cash additions were partially offset, however, by an increase in prepaid expenses and deposits ($2.43 million) and inventory ($1.83 million). These balances continued to increase to ensure that the Company has canola products to sell for the 2024 crop year.

During the year, CANTERRA SEEDS used an amount totalling $3.73 million for financing and investing activities. In more detail, the biggest amount was a decision that the Company made to take advantage of the opportunity to purchase the Agro.Club software for the Company. This purchase, along with other purchases of tangible and intangible assets used a total of $2.39 million. In addition, CANTERRA SEEDS invested an additional $1.00 million in LCRC to fund its breeding program. Finally, the Company also made net lease obligation payments totaling to $0.41 million during the year. These were partially offset by an addition of $0.05 million from the sale of new shares out of the treasury to new shareholders along with an increase in the Company's balance owing to the related company of $0.03 million.

RISKS AND UNCERTAINTIES

COVID-19 RISK

The effect and risk to CANTERRA SEEDS of this virus to its sales has been limited. Farmers continue to seed their crops as they do every year and CANTERRA SEEDS was able to manage its way through any delays caused by the pandemic to ensure product was manufactured and shipped in a timely manner. Certainly, as the COVID restrictions have been eliminated, the effect and risk become even more negligible.

While the Company has reopened the office to staff and partners, a significant number of staff continue to work from their home offices for portions of the week. The Company and its information systems work very well from remote access so overall the effect has been relatively minimal for operations.

The Company expenses that were diminished during the worst days of the pandemic, like travel, meetings, and some promotional expenses, have returned basically to normal at this time.

In the future, there is not anticipated to be any significant risks or changes related to COVID-19 and CANTERRA SEEDS operations.

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.

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 three methods: (1) canola sales where

CANTERRA SEEDS acts as the manufacturer and processor and sells the seed in a CANTERRA SEEDS branded bag, (2) corn sales where CANTERRA SEEDS sells a PRIDE Seeds branded product to western Canadian retailers and (3) 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 now LibertyLink® canola, with various ranges of maturity, that compete with the best in the market. For the 2023 crop year CANTERRA SEEDS introduced CS3100 TF, a TruFlex® canola hybrid with excellent yield potential, unique blackleg, first and second generation clubroot resistance. In addition, it is CANTERRA SEEDS' first variety to have our PodProtect™ shatter resistance trait. There are also two new Clearfield® (Non-GMO) varieties, CS2700 CL and CS2800 CL. For the 2024 crop year CANTERRA SEEDS has introduced CS3200 TF, a TruFlex® canola hybrid. In addition, several new varieties will be field tested by CANTERRA SEEDS in 2024 with the hope that these will be licensed for the 2025 crop year.
- Secondly, the Company will continue to distribute products that are of impeccable quality. To this end, CANTERRA SEEDS has implemented a quality control policy that is of the highest standard in the industry. It ensures that the canola seed quality not only meets the standards set by the Canada Seeds Act but exceeds these standards and the competition in the market.
- Thirdly, there is always the risk of inventory obsolescence with all seed products. This could be due to germination levels no longer meeting the required specifications or because the variety is no longer competitive in the market. The Company proactively manages the lifecycles of the specific hybrids and varieties as well as following its strict seed quality protocol that keeps these risks to a minimum.
- Finally, it is critical that the Company ensures its canola products are accessible to as many farmers as possible. CANTERRA SEEDS has worked diligently to continually improve the corporate brand and canola distribution footprint, ensuring CANTERRA SEEDS canola hybrids are easily accessible at a local retailer. The Company is now distributing its canola product directly with independent retails across Western Canada. The Company also owns a platform, formerly known as Agro.Club Canada, where customers can order canola online. Overall, the goal is to make purchasing CANTERRA SEEDS products as simple as possible.

CANTERRA SEEDS is working to increase its market share in the western Canadian canola market. This improvement started in 2020 and has continued to grow through 2023. CANTERRA SEEDS is working diligently with the critical success factors outlined above to ensure that this upward trend in market share continues into 2024 and beyond. So far, orders for 2024 do show that sales will continue to increase for the coming year.

For the corn business, CANTERRA SEEDS has been a distribution partner for Western Canada since the 2016 crop year and became the exclusive western Canadian distribution partner for the PRIDE Seeds brand of corn in 2020. This partnership was dissolved effective June 30, 2023. With this, the Company has also decided that it will no longer participate in the corn seed business in Western Canada in the future.

While the Company has enjoyed the opportunity to expand its portfolio of seed products for the western Canadian farmer, the financial effect of this decision is anticipated to be negligible as reduced expenses from exiting this partnership should balance off against the margin that was earned on corn sales.

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. This entity has registered wheat varieties including CS Daybreak and CS Accelerate which CANTERRA SEEDS has the rights to. 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 in accessing products from this venture and will be introducing new pea and lentil varieties for the 2025 crop year. LCRC has now been in operation for seven years and is at the point where it's ramping up production of leading-edge varieties both in cereals and pulses. These varieties are anticipated to be registered in February 2024 and will be available for CANTERRA SEEDS to register shortly thereafter. Thirdly, CANTERRA SEEDS has arrangements with breeders throughout the world to test (using its internal field program) and register products in Western Canada. This has been very successful for the Company and currently one of its most successful pedigree product, CS Camden, came from one of these partnerships.
- On the distribution side for pedigreed seed, CANTERRA SEEDS ensures that it partners with the premier seed growers in Western Canada. Currently, the Company has 184 seed licensees throughout the Prairies that are growing and selling CANTERRA SEEDS licensed varieties. 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.

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. 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 few years, it is anticipated that this loss on investment will reduce and will become income as LCRC continues to expand its market share.

For net operating expenses, CANTERRA SEEDS is being as proactive as possible 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.

As with all industries, CANTERRA SEEDS is faced with significant challenges from the high inflation rates that are driving up costs. The Company makes sure that it spends very wisely ensuring a substantial return on its investment. In addition, it tries to ensure that any added costs are made up for with increased earnings.

David Hansen was named the President & CEO of CANTERRA SEEDS in October of 2009. Mr. Hansen announced his intention to retire in 2023 and left the business on December 31, 2023. His replacement, Brent Derkatch, has been with CANTERRA SEEDS for more than 22 years and has been a member of the Senior Management Team since 2007 creating what should be a very smooth transition for continued growth and profitability.

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 the Company's shareholder group and, with Board of Directors' approval, outside the shareholder group.

FORWARD LOOKING INFORMATION

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

ADDITIONAL INFORMATION

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

ADVANCES FROM RELATED AFFILIATES

Advances to/from affiliates are unsecured, non-interest bearing and have no fixed terms of repayment. The advances are made/owed to Limagrain Cereals Research Canada. Generally, the advances occurred because CANTERRA SEEDS is the administrative arm for LCRC and there are charges that are borne by CANTERRA SEEDS and then charged through to LCRC. However, for both the 2022 and 2023 amounts they are CANTERRA SEEDS owing LCRC and in both cases this is the royalty amounts that CANTERRA SEEDS owes to LCRC for that years seed sales. The amounts owing at both September 30, 2021, and September 30, 2022, 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 Ceres Global Ag Corp. The final four Directors, including the Chairman of the Board, are seed growers or past seed growers with significant experience in the seed industry. Besides 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 Vice-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.

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 primarily 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 10, 2024

Brent Derkatch
President & Chief Executive Officer

Gerry Cantin
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

CANTERRA SEEDS

To the Shareholders of Canterra Seeds Holdings Ltd.:

Opinion

We have audited the consolidated financial statements of Canterra Seeds Holdings Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and September 30, 2022, and the consolidated statements of net income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2023 and September 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

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

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

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

MNP LLP
True North Square
242 Hargrave Street, Suite 1200, Winnipeg MB, R3C 0T8 1.877.500.0795 T: 204.775.4531 F: 204.783.8329

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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Winnipeg, Manitoba

January 12, 2024

MNP LLP

Chartered Professional Accountants

CANTERRA SEEDS HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30

	2023	*2022*
Assets		
Current assets		
Cash	**2,857,287**	1,166,327
Investments *(note 4)*	**2,738,709**	895,385
Accounts receivable	**4,475,870**	8,027,620
Inventory *(note 5)*	**8,821,372**	6,987,096
Income taxes receivable	**-**	37,402
Prepaid expenses and deposits	**12,255,193**	9,822,411
	31,148,431	26,936,241
Property and equipment *(note 6)*	**273,325**	242,530
Intangible assets *(note 7)*	**2,862,977**	769,801
Right-of-use assets *(note 8)*	**775,774**	922,011
Deferred tax asset *(note 20)*	**55,710**	171,818
Equity investments *(note 14)*	**1,366,669**	851,369
Long-term receivables	**103,897**	424,553
	36,586,783	30,318,323
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**19,466,890**	14,230,473
Current portion of lease obligations (*note 9*)	**386,107**	329,835
Advances from related companies (*note 10*)	**136,057**	110,942
Income taxes payable	**86,175**	-
	20,075,229	14,671,250
Lease obligations *(note 9)*	**388,686**	592,206
	20,463,915	15,263,456
Shareholders' equity		
Share capital *(note 13)*	**12,631,108**	12,577,828
Retained earnings	**3,473,037**	2,458,316
Contributed surplus	**18,723**	18,723
	16,122,868	15,054,867
	36,586,783	30,318,323

See accompanying notes to the consolidated financial statements.

Lloyd Affleck
Chairman of the Board

Jim Wilson
Vice-Chairman

CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

Years ended September 30

	2023	2022
	$	$
Sales	**56,442,549**	47,112,752
Cost of sales *(note 5)*	**46,791,152**	37,869,966
Gross profit	**9,651,397**	9,242,786
Other revenue (*note 15)*	**1,180,916**	935,318
Profit before other expense items	**10,832,313**	10,178,104
Operating, general and administrative	**3,419,443**	2,946,610
Loss from long-term equity investments *(note 14)*	**486,700**	576,127
Depreciation and amortization	**612,530**	587,271
Salaries, wages, and benefits	**4,933,405**	4,421,077
Interest	**42,111**	46,638
	9,494,189	8,577,723
Income from continuing operations before income taxes	**1,338,124**	1,600,381
Provision for income taxes *(note 20)*:		
Current	**265,396**	91,395
Deferred	**58,007**	394,838
	323,403	486,233
Net income from continuing operations	**1,014,721**	1,114,148
Loss from discontinued operations - net of tax *(note 14)*	**-**	149,758
Net income and comprehensive income	**1,014,721**	964,390
Earnings per share from continuing operations		
Basic and fully diluted *(note 16)*	**0.13**	0.15
Loss per share from discontinued operations		
Basic and fully diluted *(note 16)*	**-**	(0.02)
Earnings per share		
Basic and fully diluted *(note 16)*	**0.13**	0.13

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As at September 30

	Share capital	Contributed surplus	Retained earnings	Total
Balance, September 30, 2021	$12,577,828	$18,723	$1,493,926	$14,090,477
Net income and comprehensive income	-	-	$964,390	$964,390
Balance, September 30, 2022	$12,577,828	$18,723	$2,458,316	$15,054,867
Net income and comprehensive income	-	-	$1,014,721	$1,014,721
Issuance of class B shares	$53,280	-	-	$53,280
Balance, September 30, 2023	$12,631,108	$18,723	$3,473,037	$16,122,868

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended September 30

	2023	*2022*
	$	$
Cash provided by (used for) the following activities:		
Operating activities:		
Net income	**1,014,721**	964,390
Depreciation of property and equipment	**71,562**	70,679
Amortization of intangible assets	**170,250**	179,983
Depreciation of right of use assets	**370,718**	336,609
Interest expense	**42,111**	46,638
Loss from long-term equity investments	**486,700**	678,813
Provision for income taxes	**323,403**	559,403
Scientific Research and Experimental Development Investment Tax Credits	**(120,276)**	-
Fair value adjustment on assets held for sale	**-**	(26,098)
Gain on disposals of property and equipment	**(18,775)**	-
Loss on disposal of intangible assets	**49,400**	-
	2,389,814	2,810,417
Changes in working capital accounts		
Accounts receivable	**3,872,406**	(3,123,130)
Inventory	**(1,834,276)**	(1,575,053)
Income tax receivable	**36,558**	(129,424)
Prepaid expenses and deposits	**(2,432,782)**	(5,660,231)
Accounts payable and accrued liabilities	**5,236,417**	5,811,032
Contract liabilities	**-**	(31,261)
	7,268,137	(1,897,650)
Financing Activities		
Lease obligation repayments	**(413,840)**	(383,217)
Issuance of share capital	**53,280**	-
	(360,560)	(383,217)
Investing activities		
Advances to related companies	**25,115**	137,696
Contributions to equity investments	**(1,002,000)**	-
Dispositions of equity investment	**-**	135,430
Purchases of property and equipment	**(103,582)**	(86,310)
Purchases of intangible assets	**(2,312,826)**	(152,500)
Proceeds on disposal of property and equipment	**20,000**	-
Net purchases of investments	**(1,843,324)**	(133,497)
	(5,216,617)	(99,181)
Increase (decrease) in cash	**1,690,960**	(2,380,048)
Cash, beginning of year	**1,166,327**	3,546,375
Cash, end of year	**2,857,287**	1,166,327

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended September 30, 2023 and 2022

1. INCORPORATION AND OPERATIONS

ENTITY INFORMATION

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

The consolidated financial statements of the Company reflect the operations and financial position of the Company and its wholly owned subsidiaries: Canterra Seeds (2002) Ltd. (a Canadian corporation) and Canterra Seeds (USA) Ltd. (a U.S. company), and its long-term investments; Limagrain Cereals Research Canada (a Canadian partnership) and Meridian Seeds LLC (a U.S. company) until December 31, 2021 when the Company exited the 50% partnership, which are accounted for using the equity method.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

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

The financial statements of the Company were recommended for approval by the Audit Committee and were approved and authorized by the Board of Directors on January 10, 2024.

BASIS OF MEASUREMENT

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

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

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

Where property or equipment is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, corporate acquisitions are accounted for as business combinations.

JOINT VENTURES

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

BUSINESS COMBINATIONS

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

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

CASH

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

INVENTORY

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

PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are comprised of amounts paid in advance for seed production, insurance, memberships, licenses, business taxes, and other various amounts. All amount 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%
Marketing capital and 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, other than goodwill and indefinite life 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. Website and computer software costs are amortized using a declining balance rate of 20%.

REVENUE RECOGNITION

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

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

INCOME TAXES

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

Current tax

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

Deferred tax

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

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

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

GOVERNMENT ASSISTANCE

The income tax credits related to Scientific Research and Experimental Development (SR&ED) activities are accounted for in other income or as a reduction of capital expenditures depending on the nature of the expenses that qualify for the credit incurred during the year, and reduce taxes payable. The income tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. In the normal course of SR&ED expense claims the Company is subject to reviews by federal and provincial government authorities.

FOREIGN CURRENCY TRANSLATION

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

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

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

EQUITY INVESTMENTS

Equity investments comprise the Company's equity investments subject to significant influence and the Company's equity investments in joint ventures, and are accounted for using the equity method.

PER SHARE INFORMATION

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

KEY ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

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

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

FINANCIAL ASSETS

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

A summary of the three classifications is as follows:

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

The Company's financial assets are, as follows:

Financial Assets	Classification and Measurement
Cash	Fair value through profit and loss
Accounts receivable and long-term receivables	Amortized cost
Investments	Fair value through profit and loss
Advances to related parties	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, 2023 and 2022, ECL were not significant.

FINANCIAL LIABILITIES

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

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

The Company's financial liabilities are as follows:

Financial Liability	Classification and Measurement
Accounts payable and accrued liabilities	Amortized cost
Advances from related companies	Amortized cost

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

LEASES

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

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

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

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

ADOPTION OF ACCOUNTING STANDARDS

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. There was no material impact from the adoption of this standard on the consolidated financial statements.

In May 2020, the IASB issued an amendment to IFRS 9 as part of its annual improvements to IFRS standards process. The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. There was no material impact from the adoption of this standard on the consolidated financial statements.

FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. There is not expected to be a material impact to the consolidated financial statements from the adoption of these amendments.

4. INVESTMENTS

The Company has investments comprised of a deposit in a money market savings account which has a maturity within one year bearing an interest rate of 5.50% (2022 – 2.45%) per annum- as at September 30, 2023.

5. INVENTORY

	2023	2022
	$	$
Finished goods	6,554,838	3,835,791
Raw materials	2,266,534	3,151,305
	8,821,372	6,987,096

The cost of inventories recognized as an expense and included in cost of sales amounted to $17,508,780 (2022 - $14,123,185). Included in cost of sales in the year is an inventory write-down of $193,829 (2022 – $44,548) reflecting the net realizable value of certain varieties..

6. PROPERTY AND EQUIPMENT

	Computer hardware	Marketing capital, furniture and fixtures	R&D plot equipment	Leasehold improvements	Total
COST	$	$	$	$	$
Balance, September 30, 2021	184,276	121,178	438,322	224,546	968,322
Additions	15,698	-	-	5,420	21,118
Balance, September 30, 2022	199,974	121,178	438,322	229,966	989,440
Additions	26,881	76,701	-	-	103,582
Disposals	-	-	(27,072)	-	(27,072)
Balance, September 30, 2023	**226,855**	**197,879**	**411,250**	**229,966**	**1,065,950**
DEPRECIATION					
Balance, September 30, 2021	139,150	75,421	330,883	131,067	676,521
Depreciation	15,179	9,151	25,237	20,822	70,389
Balance, September 30, 2022	154,329	84,572	356,120	151,889	746,910
Depreciation	16,485	15,463	18,795	20,819	71,562
Disposals	-	-	(25,847)	-	(25,847)
Balance, September 30, 2023	**170,814**	**100,035**	**349,068**	**172,708**	**792,625**
Net book value					
At September 30, 2021	45,645	36,606	82,202	78,077	242,530
At September 30, 2022	**56,041**	**97,844**	**62,182**	**57,258**	**273,325**

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

- Licence fees that have been paid to secure the production and distribution rights for various types of breeder seed. These fees are initially stated at cost and are being amortized over 10 years (2022 – 10 years)
- Computer software and website costs. These costs are initially stated at cost and are being amortized at a rate of 20% (2022 – 20%).
- Software license costs that have been paid to obtain the rights to source code of a software platform used by the Company. These costs are initially stated at cost and are being amortized over 10 years (2022 – N/A). This asset was not yet put into use as at September 30, 2023.

	Licence fees	**Computer software and website**	**Software license**	**Total**
COST	**$**	**$**	**$**	**$**
Balance, September 30,2021	**2,222,499**	**637,925**	**-**	**2,860,424**
Additions	152,500	65,192	-	217,692
Balance, September 30, 2022	**2,374,999**	**703,117**	**-**	**3,078,116**
Additions	10,500	12,208	2,290,118	2,312,826
Disposals and write-off of fully amortized intangible assets	(1,039,295)	-	-	(1,039,295)
Balance, September 30, 2023	**1,346,204**	**715,325**	**2,290,118**	**4,351,647**
DEPRECIATION				
Balance, September 30, 2021	**1,769,642**	**358,400**	**-**	**2,128,042**
Depreciation	112,598	67,675	-	180,273
Balance, September 30, 2022	**1,882,240**	**426,075**	**-**	**2,308,315**
Depreciation	113,190	57,060	-	170,250
Disposals and write-off of fully amortized intangible assets	(989,895)	-	-	(989,895)
Balance, September 30, 2023	**1,005,535**	**483,135**	**-**	**1,488,670**
Net book value				
At September 30, 2022	**492,759**	**277,042**	**-**	**769,801**
At September 30, 2023	**340,669**	**232,190**	**2,290,118**	**2,862,977**

8. RIGHT-OF-USE ASSETS

	Building	Office equipment	Vehicle	Total
COST	$	$	$	$
Balance, September 30, 2021	1,096,547	25,204	450,049	1,571,800
Additions	-	-	322,152	322,152
Disposal	-	-	(30,806)	(30,806)
Balance, September 30, 2022	1,096,547	25,204	741,395	1,863,146
Additions	-	-	224,481	224,481
Disposal	(292,355)	-	(506,847)	(799,202)
Balance, September 30, 2023	**804,192**	**25,204**	**459,029**	**1,288,425**
ACCUMULATED DEPRECIATION				
Balance, September 30, 2021	325,444	2,700	283,798	611,942
Depreciation	137,857	4,220	194,532	336,609
Disposal	-	-	(7,416)	(7,416)
Balance, September 30, 2022	463,301	6,920	470,914	941,135
Depreciation	150,139	4,436	216,143	370,718
Disposal	(292,355)	-	(506,847)	(799,202)
Balance, September 30, 2023	**321,085**	**11,356**	**180,210**	**512,651**
Net book value				
At September 30, 2022	633,246	18,284	270,481	922,011
At September 30, 2023	**483,107**	**13,848**	**278,819**	**775,774**

9. LEASE OBLIGATIONS

LEASE LIABILITIES

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

	2023	2022
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**411,572**	366,491
One to five years	**416,056**	625,425
Total undiscounted lease liabilities at September 30	**827,628**	991,916
Lease liabilities included in the statement of financial position at September 30	**774,793**	922,041
Current	**386,107**	329,835
Non-current	**388,686**	592,206

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, 2022 to September 30, 2023:

Lease liabilities

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

Balance at October 1, 2021	Cash flows	Change in leases	Imputed interest	Balance at September 30, 2022
959,858	(383,217)	298,762	46,638	922,041

10. ADVANCES TO (FROM) RELATED COMPANIES

	2023	2022
Limagrain Cereals Research Canada	**(136,057)**	**(110,942)**
	(136,057)	**(110,942)**

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

11. GOVERNMENT ASSISTANCE

During the year, the Company filed Canadian federal and provincial income tax returns for the 2022 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 2023 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 $120,276 (2022 - $127,252). 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 (2022 - $3,000,000) from June 15 to December 31 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 1.25% on all amounts outstanding. The revolving demand facility is secured by a general security agreement together with a first charge on all present and after-acquired personal property. The terms of the revolving demand facility require that certain measurable covenants be met. As at September 30, 2023, the Company was in compliance with the covenants specified in the agreement. As at September 30, 2023, the Company had not drawn against the revolving demand facility (2022 – $nil).

13. SHARE CAPITAL

	2023	2022
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 (2022 – 7,551,147)	**12,109,827**	12,109,827
2,172,000 class B shares (2022 – 2,118,000)	**521,281**	468,001
	12,631,108	12,577,828

14. LONG-TERM EQUITY INVESTMENTS

The Company had an investment in a joint venture, Meridian Seeds LLC, in which it shared 50% control. Investments in this company, which were subject to joint control, were accounted for using the equity method. On December 31, 2021, the Company exited the 50% partnership in Meridian Seeds LLC for its book value of $451,433 settled by a promissory note due from the other venturer, repayable over 3 years bearing interest at prime plus 2%. A repayment of $135,430 was received during the 2022 fiscal year and an additional $108,209 was received during the 2023 fiscal year. The remaining balance of $207,794 is included in short and long-term receivables.

The following amounts represent the results and financial position of Meridian Seeds LLC included in the financial statements:

	2023	2022
	$CAD	$CAD
Current assets	-	-
Long-term assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Revenues	-	319,670
Expenses	-	525,042
Net loss	-	(205,372)
Cash used in operating activities	-	60,603
Cash provided by investing and financing activities	-	254,302

Meridian Seeds, LLC, a US Limited Liability Corporation is a 50% joint venture interest.

	2023	2022
Investment in joint venture	-	-

During the 2021 fiscal year, the Company had committed to a plan to dispose of its interest in Meridian Seeds LLC and as a result had classified the investment as held for sale and presented its results as discontinued operations. This classification resulted in a fair value adjustment to the value of the investment representing differences in current and historical foreign exchange rates.

Loss from discontinued operations is comprised of the following:

	2023	2022
	$CAD	$CAD
Equity loss on investment in joint venture	-	102,686
Provision for (recovery of) of income taxes: *(note 20)*		
Current	-	(232)
Deferred	-	73,402
Fair value adjustment	-	(26,098)
	-	149,758

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:

	2023	2022
	$	$
Current assets	**3,554,892**	1,673,505
Long-term assets	**1,522,191**	1,840,126
Current liabilities	**355,014**	401,419
Non-current liabilities	**417,894**	525,704
Revenues	**863,471**	591,018
Expenses	**2,485,802**	2,511,441
Net loss	**(1,622,331)**	(1,920,423)
Cash used in operating activities	**(1,382,000)**	(1,041,325)
Cash provided by investing and financing activities	**1,230,815**	1,262,582

Limagrain Cereals Research Canada is a 30% joint venture interest.

	Investment Balance
	$
Investment in partnership, September 30, 2022	851,369
Share of income (loss) for the year ended September 30, 2023	(486,700)
Contributions	1,002,000
Investment in partnership, September 30, 2023	1,366,669

15. OTHER REVENUE

	2023	2022
	$	$
Interest	**494,605**	144,111
Contract services and program payments and other	**609,862**	621,715
Scientific research and development tax credits (note 11)	**120,276**	116,201
Gain (loss) on foreign exchange	**(13,202)**	53,291
Loss on fixed asset disposals and write-offs	**(30,625)**	-
	1,180,916	935,318

16 EARNINGS PER SHARE

The basic and diluted earnings (loss) per share has been calculated based upon the weighted average number of shares outstanding during the period ended September 30, 2023 of 7,551,147 (2022 – 7,551,147). Diluted earnings (loss) per share equals basic earnings (loss) per share as there are no dilutive instruments.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

RISK MANAGEMENT

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

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

LIQUIDITY RISK

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

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

INTEREST RATE RISK

The Company may be exposed to interest rate risk as bank indebtedness charges interest at variable rates; however, the Company had not drawn against the credit facility as at September 30, 2023, therefore the risk is minimal.

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

At September 30, 2023, the Company has $2,738,709 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 $27,387.

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:

	2023	**2022**
	$	$
31-60 days	**983,864**	2,560,467
61-90 days	**45**	188
More than 90 days	**147,720**	2,226
	1,131,629	2,562,881

Allowance for doubtful accounts at September 30, 2023 is $nil (2022 - $nil)

FOREIGN CURRENCY RISK

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

	2023	**2022**
	$CAD	$CAD
Cash	**372,296**	969,390
Accounts payable	**10,809**	452,670

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A 1% increase in United States dollar foreign exchange rates would result in a corresponding increase in net income of approximately $3,615.

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 approximate fair value due to the short term nature of the financial instruments or they are carried at fair value.

Fair value hierarchy

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

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date – Investments are presented at fair value based on a level 1 classification.
- Level 2: Quoted prices in markets that are not active or model inputs that are observable either directly as prices or indirectly for substantially the full term of the asset or liability. In determining the inputs for calculating fair values, the company looks to readily observable market inputs. – The Company has no financial instruments classified as level 2.
- Level 3: Values are based on prices or valuation techniques that contain unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities – The Company has no financial instruments classified as level 3.

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

	Total	Less than 1 year	1 to 2 years	After 2 years
	$	$	$	$
Accounts payable and accrued liabilities	19,466,890	19,466,890	-	-
Advances from related companies	136,057	136,057		
Total	19,602,947	19,602,947	-	-

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

18. CAPITAL MANAGEMENT

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

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

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

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

The Company has entered into a credit facility agreement with the Canadian Imperial Bank of Commerce that provides additional liquidity of up to $4,000,000 (2022 - $3,000,000) from June 15 to December 31. This is reduced to $250,000 outside of those dates. A wholly owned subsidiary of the Company has externally imposed capital requirements as governed through its credit facilities. As of September 30, 2023, the subsidiary Company must have an effective Tangible Net Worth not less than $9,000,000. As of September 30, 2023, this requirement was met. As at September 30, 2023, there was a $nil balance outstanding on the line of credit. The Company has not drawn upon an available line of credit facilities since October 2017.

19. RELATED PARTY TRANSACTIONS

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

	2023	2022
	$	$
Revenue	**20,448,401**	19,443,802
Cost of sales	**14,795,033**	13,631,318

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

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

At September 30, 2023, accounts receivable includes $507,151 (2022 – $1,963,732) owed from shareholders.

Accounts payable and accrued liabilities include $242,114 (2022–$96,822) payable to shareholders.

During the year, employee future benefits recorded as an expense amounted to $140,658 (2022 - $114,934).

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:

	2023	2022
	$	$
Salary and short-term benefits	**1,302,943**	1,137,959
Post-employment benefits	**83,474**	81,037
	1,386,417	1,218,996

During the year payments for Board and Shareholder meetings totaled $98,442 (2022 - $32,944).

20. INCOME TAXES

Income tax expense (recovery) differs from the amount computed by applying the combined expected Canadian Federal and Provincial tax rate of 27% (27% in 2022) to income before income taxes. The reasons for the difference are as follows:

	2023	2022
	$	$
Computed income tax expense	**361,293**	411,530
Small business deduction	**(90,000)**	-
Income tax rate differentials of foreign investees	**-**	-
Permanent differences	**47,000**	46,538
Other items	**5,110**	101,335
Recognized in discontinued operations (note 14)	**-**	(73,170)
Actual tax expense	**323,403**	486,233

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

	2023	2022
	$	$
Property and equipment	**(54,295)**	(101,335)
Intangible assets	**(75,301)**	(21,946)
Unused tax losses	**-**	-
ITC carryforwards	**66,889**	166,642
Other items	**118,417**	128,457
	55,710	171,818

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

	2023	2022
	$	$
Property and equipment	**(47,040)**	2,052
Intangible assets	**53,355**	47,732
Unused tax losses	**-**	30,104
ITC carryforwards	**99,753**	341,979
Other items	**(48,061)**	(27,029)
	58,007	394,838

21. CONTINGENCIES

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

Director and officer indemnification

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

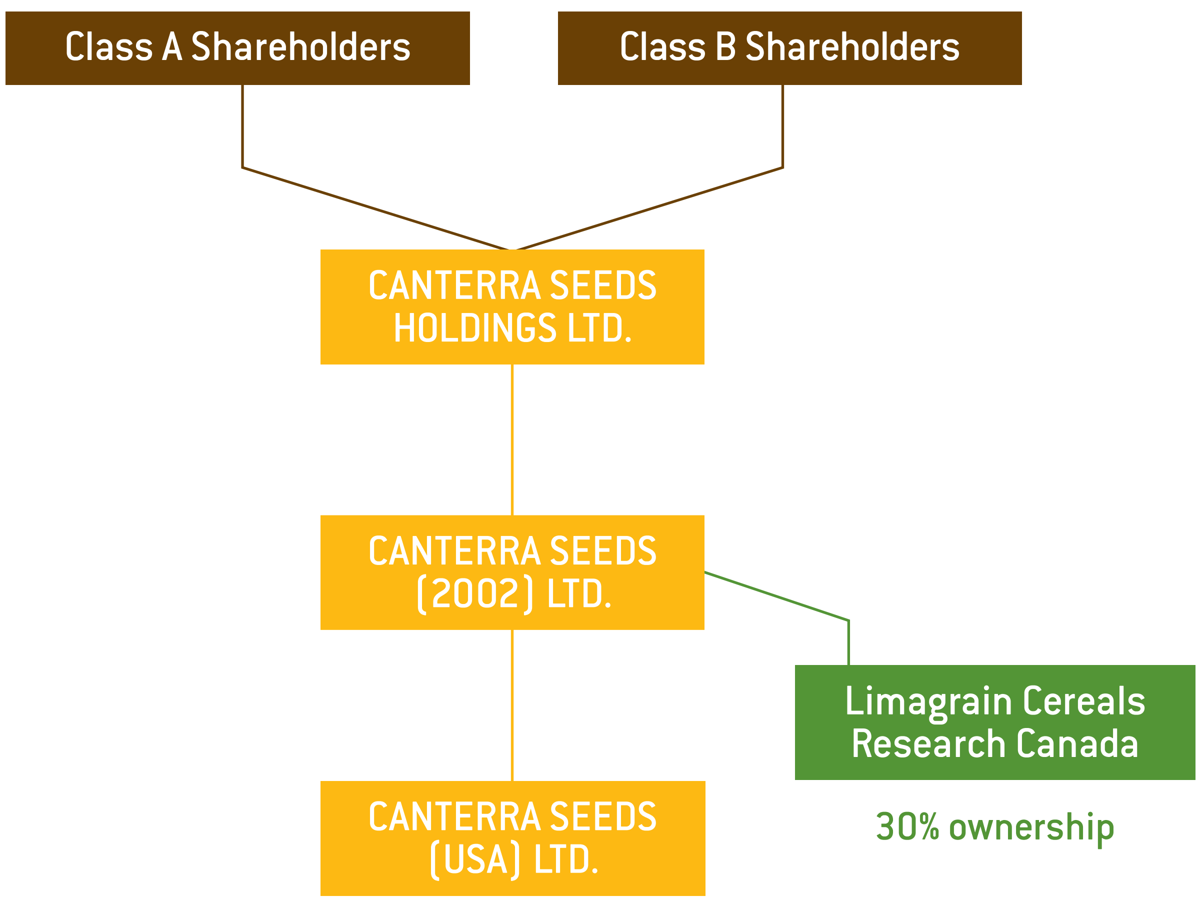
22. COMPARATIVE FIGURES

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

- Items previously included as property and equipment have been reclassified to intangible assets, and the related depreciation and amortization related to these assets have also been reclassified. The net book value amount that has been reclassified from property and equipment to intangible assets in the prior year is $277,042. The amount of depreciation that has been reclassified from depreciation of property and equipment to amortization of intangible assets in the prior year is $67,385.

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

201–1475 Chevrier Boulevard | Winnipeg, Manitoba R3T 1Y7
CANTERRA.COM