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MANAGEMENT'S **DISCUSSION** and **ANALYSIS REPORT**



Management's Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

CANTERRA SEEDS HOLDINGS LTD. (the Company) is a recognized leader in the pedigreed seed industry. Headquartered at 201-1475 Chevrier Boulevard in Winnipeg, Manitoba, the Company is committed to delivering high quality seed to its customers throughout Western Canada. The consolidated financial statements of the Company that follow are for the three months ended December 31, 2023.

CANTERRA SEEDS reports a net loss for the three months ended December 31, 2023, of \$1,351,432. This compares to the December 31, 2022, results where the Company recorded a net loss of \$1,663,305 for the same three-month period.

1. INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides information which is supplementary to the CANTERRA SEEDS HOLDINGS LTD. results of operations and financial position. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes to the financial statements for the three-month period ending December 31, 2023. The financial data in this report and in the financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

All amounts reported both in the MD&A and in the consolidated financial statements are in Canadian currency and the consolidated financial statements were authorized for issue by the Company's Audit Committee and Board of Directors on February 9, 2024.

2. FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified with 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 are, or 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 several risks and uncertainties. These include, 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 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.

3. RESULTS OF OPERATIONS – THREE MONTHS ENDED DECEMBER 31

SALES AND GROSS PROFIT

CANTERRA SEEDS records revenue on the sale of canola seed when the product is shipped and delivered to the Company's seed retailers. While these products are ordered and delivered at various times between the months of December to June, the product will not be planted until spring, with seeding occurring mainly in April and May. When deliveries take place and when, therefore, revenue is recorded for canola, is dependent on many factors, both internal and external to CANTERRA SEEDS. These include the availability of warehouse space, seed treating capacity, trucking for deliveries, timing of quality testing and of course, when the customer (both the farmer and retailer) wants the product delivered to their operation. For the period of October 1, 2022, to December 31, 2022, there were no deliveries and no sales during the quarter. For the current year, there were some early deliveries of canola that created some sales during the first quarter.

Besides the early deliveries of canola, the only other sales that occur from October 1 to December 31 is the recording of royalties relating to winter seeded cereal crops. While these sales were comparable to the previous year there were some sublicense fees relating to spring plantings in 2022 that were recorded during the first quarter of the 2022/23 fiscal year. This was not replicated during the current year.

In total, CANTERRA SEEDS sales increased by \$2.28 million from \$0.06 million in 2022 to \$2.34 million in 2023.

This increase in sales caused gross profit to also increase. In total, the gross profit increased by \$0.42 million from \$0.05 million to \$0.47 million. The mix of sales year to year, mostly canola sales for the current year compared to tech fees and sub-license fees for the prior year caused the gross profit % to reduce from 88.4% in 2022 to 20.0% in 2023.

Management's Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

OTHER REVENUE

Other revenue increased significantly during the quarter, from \$0.03 million in 2022 to \$0.31 million in 2023, an increase of \$0.28 million. This is due to the timing of partnership payments during the current year.

OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

These expenses have increased by \$0.2 million or 17.1%, from \$0.98 million for the three months ended December 31, 2022, to \$1.18 million for the three months ended December 31, 2023. The largest increases year to year were in the advertising and promotion, some meeting expenses, along with some other miscellaneous increases in other expenses.

LOSS FROM JOINT VENTURES

This amount relates to CANTERRA SEEDS' 30% joint venture in Limagrain Cereals Research Canada (LCRC). The loss is essentially unchanged, an increase of \$6 thousand from \$104 thousand for the three-month period ending December 31, 2022, to \$110 thousand for the same three month period ending December 31, 2023.

DEPRECIATION AND AMORTIZATION

Due to the purchase of the Agro.Club hard coded software at the beginning of the 2023 fiscal period the depreciation costs increased by \$59 thousand from \$150 thousand for the three months ended December 31, 2022, to \$209 thousand for the three months ended December 31, 2023.

SALARIES, WAGES & BENEFITS

Has increased by \$0.09 million from \$0.99 million for the three-month period ended December 31, 2022, to \$1.08 million for the three-month period ended December 31, 2023, an increase of 8.0%. This increase is due to more full-time staff as well as salary increases year to year.

INTEREST

There is a small reduction in interest expenses. From \$11 thousand for the three months ended December 31, 2022, to \$9 thousand for the three months ended December 31, 2023.

4. SUMMARY OF QUARTERLY FINANCIAL INFORMATION - RESTATED

Selected Quarterly Financial Information Consolidated

(\$000's except per share amounts)	2023/24 Q1	2022/23 Q4	2022/23 Q3	2022/23 Q2	2022/23 Q1	2021/22 Q4	2021/22 Q3	2021/22 Q2
Total Revenue	2,345	1,242	18,922	36,217	62	1,594	17,242	27,801
Net Income (loss)	(1,351)	(342)	611	2,409	(1,663)	33	758	1,772
Earnings (loss) per Share (diluted)	(0.18)	(0.05)	0.08	0.32	(0.22)	0.01	0.10	0.23

CANTERRA SEEDS principal business is the distribution and sale of seed for the main field crops grown in Western Canada including canola which occurs from December until June. Delivery of these sales generally takes place from December until May, as farmers 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 February to April (Q2 & Q3). The October to December quarter consists mainly of the recording of royalties for fall seeded cereal varieties, along with some adjustments on late reported spring tech fees and some early deliveries of canola. The financial quarter Q2, from January to March, is made up mainly of canola seed deliveries and sales, along with some early deliveries of pedigreed products. Q3 sales consist of additional canola

sales, along with the balance of the spring stock seed and registered and certified sales of CANTERRA SEEDS licensed seed. The quarter consisting of the months July to September (Q4) generally includes only royalties collected on sales of CANTERRA SEEDS licensed seed along with any adjustments on sales recorded during the previous three quarters.

If there are any write-downs of canola inventory this generally occurs in Q4, the months of July through to September. This is when the stock is tested for germination and hybridity and a sales plan for each canola variety is finalized.

Management's Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

5. LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and short-term investment position has increased by \$0.69 million for the three months ended December 31, 2023.

Cash provided by operating activities during the year provided \$0.94 million. The main increases are as follows:

- Deposits made by customers for purchases of CANTERRA SEEDS products for the 2024 crop year. This increases totals to \$6.55 million.
- Payments were received on outstanding Accounts Receivable adding \$3.23 million.

These were partially offset by some uses of cash as follows:

- The Company increased its inventory and prepaid expenses by \$4.4 million in order to have canola products available for sale for the 2024 and 2025 crop years.
- CANTERRA SEEDS paid down outstanding Accounts Payable balances by a total of \$2.97 million.
- The loss recorded during the quarter and income tax payments and accruals used an additional \$1.47 million.

For financing activities, the Company paid down \$0.11 million of lease obligations during the quarter.

The cash used for investing activities was \$0.14 million. The main amount here was a repayment on a loan from an affiliated company during the quarter. This caused a cash outflow of \$0.13 million. In addition, the Company had net purchases of long-term assets totaling to \$0.01 million during the quarter.

6. OUTSTANDING SHARE DATA

Issued securities as of February 9, 2024, are as follows:

Issued	Book Value
7,551,147 Class A common shares	\$12,109,827
2,172,000 Class B series 1 shares	\$521,281

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. There have been no sales out of treasury so far for the 2023/24 fiscal year but in the last 12 months CANTERRA SEEDS sold

an additional 54,000 Class B shares out of treasury. For the previous twelve-month period ending December 31, 2022, the Company sold no Class B shares. The Company did not sell any Class A common shares out of treasury over the last twenty-four months.

Besides the share transactions from treasury, there are share transactions that are trades between outgoing and new shareholders. During the last twelve months 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.

7. FINANCIAL INSTRUMENTS

A very small portion of the Company's revenues and expenses are denominated in US dollars. The Company is therefore exposed to currency fluctuations on transactions in US dollars. Currency fluctuations may impact on the profitability of the Company, specifically for CANTERRA SEEDS who buys more US dollars than it would earn when the Canadian exchange rate is weaker compared to the US dollar it will work to reduce margins of the Company. This risk is managed, where practicable, with foreign exchange forward contracts to fix the exchange rates on future net foreign currency cash outflows along with fixed Canadian \$ priced contracts for untreated canola seed. The Company does not hold or issue derivative contracts for speculative purposes. As of December 31, 2023, CANTERRA SEEDS has no outstanding foreign currency forward contracts in place.

8. COVID-19

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 risks have become even more negligible.

The Company did close its office on two occasions but has now had the office open to staff and partners for more than two years. CANTERRA SEEDS, however, did move to a hybrid work model where several staff members continue to work from their home offices for portions of the work week.

Management's Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

The Company and its information systems work very well from remote access, so overall the effect has been relatively minimal for operations while assisting the employees with their work-life balance.

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. One additional change that came out of the pandemic is that CANTERRA SEEDS, along with the rest of the industry has moved more to communicating using various online aids like ZOOM and TEAMS, which is anticipated to lessen the amount and cost of travel into the future.

There is not anticipated to be any significant risks or changes related to COVID-19 and CANTERRA SEEDS operations in the foreseeable future.

9. OUTLOOK

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

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

- The Company will continue to introduce "leading-edge" spring canola hybrids into the western Canadian and U.S. markets. The Company partners with several of the top canola seed and trait developers in Western Canada. This ensures that only those hybrids that meet or exceed the market standard are introduced. CANTERRA SEEDS is selling hybrids that deliver the agronomic traits farmers expect and require such as clubroot and blackleg tolerance, shatter tolerance, TruFlex® canola, Clearfield® (Non-GMO) production system for canola and 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 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 retailers across Western Canada. The Company also owns a platform, formerly known as Agro.Club Canada, where customers can order its 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.

Management's Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

CANTERRA SEEDS was a distribution partner for Pride Seeds corn and soybeans varieties for Western Canada since the 2016 crop year and was the exclusive western Canadian distribution partner since 2020. This partnership was dissolved effective June 30, 2023. With this, the Company has also decided that it will no longer participate in the corn and soybean 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 Limagrain Cereals Research Canada (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 into the western Canadian market in the future. CANTERRA SEEDS has a priority position to access products from this venture and will be introducing new pea and lentil varieties for the 2025 crop year. LCRC is now in its eighth year of operation 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 products, 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.

As was mentioned in the 2023 Annual Report, Mr. David Hansen, who had been the President & CEO of CANTERRA SEEDS since October 2009, retired effective December 31, 2023. He has been replaced by Mr. Brent Derkatch, who has been with the Company in various roles for over 22 years. With this experience, and with years of mentoring from Mr. Hansen it is anticipated that this will be a very smooth transition for the Company to continue its trajectory of growth and profitability.

Management's Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

10. ADVANCES TO/FROM RELATED AFFILIATES

Advances to/from affiliates are unsecured, non-interest bearing and have no fixed terms of repayment. The advances are made to/from Limagrain Cereals Research Canada. Generally, the advances occurred because CANTERRA SEEDS is the administrative arm for LCRC and there are charges/payment that occur within CANTERRA SEEDS that are then charged/paid through to LCRC. In addition, since LCRC is one of CANTERRA SEEDS breeding partners, royalties are owed on tech fee reports during the year. The amounts owing at both December 31, 2022 and December 31, 2023, were repaid within the first three months of the reporting dates.

11. RESPONSIBILITIES, CONTROL AND POLICIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements, the MD&A and all other information in this interim report are the responsibility of Management and have been reviewed and approved by the Board of Directors.

Management, in accordance with International Financial Reporting Standards, has prepared the consolidated financial statements. 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 for ensuring that management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the unaudited interim consolidated financial statements and MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee, appointed by the Board of Directors, is financially literate and is fully comprised of independent directors. The Audit Committee meets periodically with management to review the unaudited interim consolidated financial statements, the MD&A, auditing matters and financial reporting issues. The Audit Committee also discusses internal controls over the financial reporting process and ensures that each party is properly discharging its responsibilities. In addition, the Audit Committee has the duty to review the appropriateness of the accounting policies and significant estimates and judgments underlying

the unaudited interim consolidated financial statements as presented by management. The Audit Committee also reviews and makes recommendations to the Board of Directors with respect to the fees of the external auditors. The Audit Committee reports its findings to the Board of Directors for its considerations when it approves the consolidated financial statements and MD&A for issuance to shareholders.

MNP LLP, external auditors designated by the shareholders, meets annually with the Audit Committee to discuss audit activities, financial reporting matters and other related subjects.

This report and the unaudited interim consolidated financial statements were reviewed by the Company's Audit Committee and approved by the CANTERRA SEEDS Board of Directors on February 9, 2024.

Disclosure Controls

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been conducted under the CEO's and CFO's supervision, to provide reasonable assurance that the material information relating to the Company is known to management in the period in which the interim filings are made.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

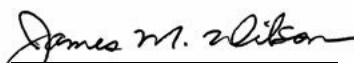


CANTERRA SEEDS Holdings Ltd.
Consolidated Statement of Financial Position
For the three-month period ended December 31, 2023 and 2022

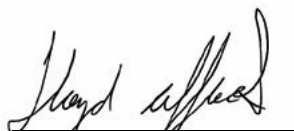
THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	<i>December 31, 2023</i>	<i>December 31, 2022</i>	<i>September 30, 2023</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	\$	\$	\$
Assets			
Current			
Cash	6,285,725	3,696,326	5,595,996
Accounts receivable	1,248,927	859,102	4,475,870
Income taxes receivable	364,809	522,768	-
Inventory (<i>Note 5</i>)	23,515,884	15,051,734	8,821,372
Prepaid expenses and deposits	1,954,727	12,011,848	12,255,193
	33,370,072	32,141,778	31,148,431
Property and equipment	269,565	237,845	273,325
Intangible assets	2,772,209	737,158	2,862,977
Right-of-use assets	678,149	858,103	775,774
Deferred tax asset	55,710	171,818	55,710
Investment in joint venture (<i>Note 9</i>)	1,256,371	747,397	1,366,669
Long-term receivables	101,638	422,048	103,897
Advances to related company (<i>Note 6</i>)	-	36,011	-
Total Assets	38,503,714	35,352,158	36,586,783
Liabilities			
Current			
Accounts payable and accruals	16,493,804	6,169,267	19,466,890
Deferred revenue (<i>Note 7</i>)	6,551,186	14,933,213	-
Advances from related company (<i>Note 6</i>)	10,597	-	136,057
Current portion of lease obligations	353,666	325,925	386,107
Income taxes payable	-	-	86,175
	23,409,253	21,428,405	20,075,229
Lease Obligations	323,025	532,191	388,686
	23,732,278	21,960,596	20,463,915
Shareholders' Equity			
Share capital (<i>Note 8</i>)	12,631,108	12,577,828	12,631,108
Deficit	2,121,605	795,011	3,473,037
Contributed surplus	18,723	18,723	18,723
	14,771,436	13,391,562	16,122,868
Total Liabilities and Equity	38,503,714	35,352,158	36,586,783

APPROVED ON BEHALF OF THE BOARD



 Director



 Director

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Comprehensive Income

For the three-month period ended December 31, 2023 and 2022

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	<i>Three months ended</i>	
	2023	2022
	Unaudited	<i>Unaudited</i>
	\$	\$
Sales	2,345,038	62,374
Cost of sales	1,875,440	7,262
Gross profit	469,598	55,112
Other revenue (Note 4)	314,765	31,156
	784,363	86,268
Operating, general and administrative	1,179,659	977,513
Loss from joint venture	110,299	103,972
Depreciation	209,220	150,446
Salaries, wages and benefits	1,078,353	991,577
Interest	9,248	11,431
	2,586,779	2,234,939
Loss from operations before taxes	(1,802,416)	(2,148,671)
Income tax recovery	450,984	485,366
Loss and comprehensive loss	(1,351,432)	(1,663,305)
Loss per share		
Basic and fully diluted (Note 10)	(0.18)	(0.22)

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Cash Flows

For the three-month period ended December 31, 2023 and 2022

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	2023	2022
	Unaudited	Unaudited
	\$	\$
Cash provided by (used for) the following activities		
Operating activities		
Net loss	(1,351,432)	(1,663,305)
Depreciation of plant and equipment	30,877	15,651
Depreciation of intangible assets	80,718	41,984
Depreciation of right-of-use assets	97,625	92,811
Interest Expense	9,248	11,431
Loss from joint venture	110,299	103,972
Income tax recovery accrual	(450,984)	(485,366)
	(1,473,649)	(1,882,822)
Changes in working capital accounts		
Accounts receivable	3,229,202	7,171,023
Inventory	(14,694,512)	(8,064,638)
Prepaid expenses and deposits	10,300,466	(2,189,437)
Accounts payable and accruals	(2,973,086)	(8,061,206)
Deferred revenue	6,551,186	14,933,213
	939,607	1,906,133
Financing activities		
Lease obligation repayments	(107,350)	(75,356)
	(107,350)	(75,356)
Investing activities		
Disposals (purchases) of property and equipment	(27,118)	(9,808)
Change in intangible assets	10,050	(10,500)
Loans to affiliated companies	(125,460)	(146,953)
Purchase of right-of-use assets	-	(28,902)
	(142,528)	(196,163)
Increase in cash resources	689,729	1,634,614
Cash and investments, beginning of period	5,595,996	2,061,712
Cash and investments, end of period	6,285,725	3,696,326

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.
Consolidated Statements of Changes in Equity
For the three-month period ended December 31, 2023 and 2022

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	Share capital	Contributed Surplus	Surplus (deficit)	Total
September 30,				
	12,577,828	18,723	2,458,316	15,054,867
Comprehensive income	-	-	(1,663,305)	(1,663,305)
Balance, December 31, 2022	12,577,828	18,723	795,011	13,391,562
Balance, September 30, 2023	12,631,108	18,723	3,473,037	16,122,868
Comprehensive income	-	-	(1,351,432)	(1,351,432)
Balance, December 31, 2023	12,631,108	18,723	2,121,605	14,771,436

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.**Notes to the Consolidated Financial Statements**

For the three-month period ended December 31, 2023 and 2022

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

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, markets, and sells seed varieties and related technologies. Due to the seasonal nature of the agricultural industry seed sales generally occur during the months of October to June. This same seasonal nature significantly affects the statement of financial position on a quarterly basis as accounts receivable, inventory and accounts payable and accrued liabilities have significant swings depending on the canola, corn, and cereals sales cycles.

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

2. Basis of presentation and continuing operations**Statement of compliance**

The unaudited condensed consolidated interim financial statements (or "consolidated financial statements") of the Company as of December 31, 2023, have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). These condensed financial statements do not include all the information required for consolidated financial statements and use the accounting policies consistent with the annual audited consolidated financial statements for the year ended September 30, 2023.

These interim condensed consolidated financial statements for the three-month period ended December 31, 2023, and 2022 were recommended for approval by the Audit Committee and were approved and authorized for issue by the Board of Directors on February 9, 2024.

3. Significant accounting policies**Revenue recognition**

The Company recognizes revenue and profits from the sale of seed when the seed has been shipped. Volume related royalty revenue is recognized in the period in which the sale is reported to the Company by the seed grower. Scientific Research and Experimental Development credits are recognized when the related expenses have been incurred. Deferred revenue is taken into income in the period in which the product is delivered to the customer and earned. Contract services and program payments are recognized when earned.

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. Accounts receivables are stated after evaluation as to their collectability, and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of property, equipment, and other fixed assets. Scientific Research and Experimental Development tax credit claims are based on methodologies and assumptions applied by management in previous successful claims. Intangible assets consist of variety licenses and are depreciated over the life of the agreement. Management has evaluated using judgement long-term equity investments and determined if there is joint control and joint operations in place. Management has estimated that, while the terms of advances to 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.

CANTERRA SEEDS Holdings Ltd.

Notes to the Consolidated Financial Statements

For the three-month period ended December 31, 2023 and 2022

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4. Other Revenue

Three Months Ended

	<i>December 31, 2023</i>	<i>December 31, 2022</i>
	\$	\$
Interest and investment income	31,929	8,071
Contract services, program payments and other	311,196	15,536
Scientific research and experimental development tax refundable	9,000	9,000
Gain (loss) on foreign exchange	(37,360)	(1,451)
	314,765	31,156

5. Inventory

	<i>December 31, 2023</i>	<i>December 31, 2022</i>	<i>September 30, 2023</i>
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	\$	\$	\$
Finished goods	7,107,998	5,773,172	6,554,838
Raw materials	16,407,886	9,278,562	2,266,534
	23,515,884	15,051,734	8,821,372

The cost of inventories recognized as an expense and included in cost of sales in 2023 amounted to \$897,190. (2022 – \$Nil).

6. Advances to (from) Related Company

	<i>December 31, 2023</i>	<i>December 31, 2022</i>	<i>September 30, 2023</i>
	\$	\$	\$
Limagrain Cereals Research Canada	(10,597)	36,011	(136,057)
	(10,597)	36,011	(136,057)

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

CANTERRA SEEDS Holdings Ltd.

Notes to the Consolidated Financial Statements

For the three-month period ended December 31, 2023 and 2022
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7. Deferred Revenue

Deferred revenue is comprised of deposits received from customers for which the related product has not been shipped on December 31, 2023, or December 31, 2022.

8. Share Capital

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 corporation to have its rights under any license agreement terminated.

Unlimited number of Class C shares without nominal or par value, non-voting, and non-redeemable.

	December 31, 2023	December 31, 2022	September 30, 2023
Issued	\$	\$	\$
Common shares			
7,551,147 Class A common shares (2022 – 7,551,147)	12,109,827	12,109,827	12,109,827
2,172,000 Class B series 1 shares (2022 – 2,118,000)	521,281	468,001	521,281
	12,631,108	12,577,828	12,631,108

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. There have been no sales out of treasury so far for the 2023/24 fiscal year but in the last 12 months CANTERRA SEEDS sold an additional 54,000 Class B shares out of treasury. For the previous twelve-month period ending December 31, 2022 the Company sold no Class B shares. The Company did not sell any Class A common shares out of the treasury over the last twenty-four months.

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

9. Investment in Joint Ventures

The Company owns a 30% investment in Limagrain Cereals Research Canada, a cereal breeding and development partnership located in Saskatoon, Saskatchewan. Investments in this company, which are subject to joint control, are accounted for using the equity method.

The following amount represent the results and financial position of Limagrain Cereals Research Canada for the three months ending December 31, 2023, and 2022. The amounts below are in in Canadian dollars.

CANTERRA SEEDS Holdings Ltd.

Notes to the Consolidated Financial Statements

For the three-month period ended December 31, 2023 and 2022

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	2023	2022
	\$	\$
Current Assets	2,313,841	1,212,132
Long-term Assets	2,750,530	1,792,480
Current Liabilities	1,127,858	764,677
Revenues	29,671	23,592
Expenses	397,334	349,999
Net Loss	(367,663)	(326,407)
Cash provided by (used in) operating activities	(348,205)	58,576
Cash provided by (used in) investing and financing activities	(147,009)	(36,263)

Limagrain Cereals Research Canada is Canadian limited partnership and a 30% joint venture interest.

	2023	2022
	\$	\$
Investment in Limagrain Cereals Research Canada	1,256,371	747,397

10. Earnings Per Share

The basic income per share has been calculated based upon the weighted average number of shares outstanding during the three-month period ended December 31, 2023, of 7,551,147 (2022 – 7,551,147).

11. Commitments

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

Director and officer indemnification

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

12. Capital Management

A wholly owned subsidiary of the Company has externally imposed capital requirements as governed through its bank credit facilities. As of December 31, 2023 the Company is not in default of these capital requirements and is in good standing in its dealings with its bank.

13. Related Party Transactions

Certain shareholders have had 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.



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