Gull Lake | Hazenmore | Cabri | Shaunavon | Wymark | Kyle

2021-2022 ANNUAL REPORT

SWT25


MERIDIAN

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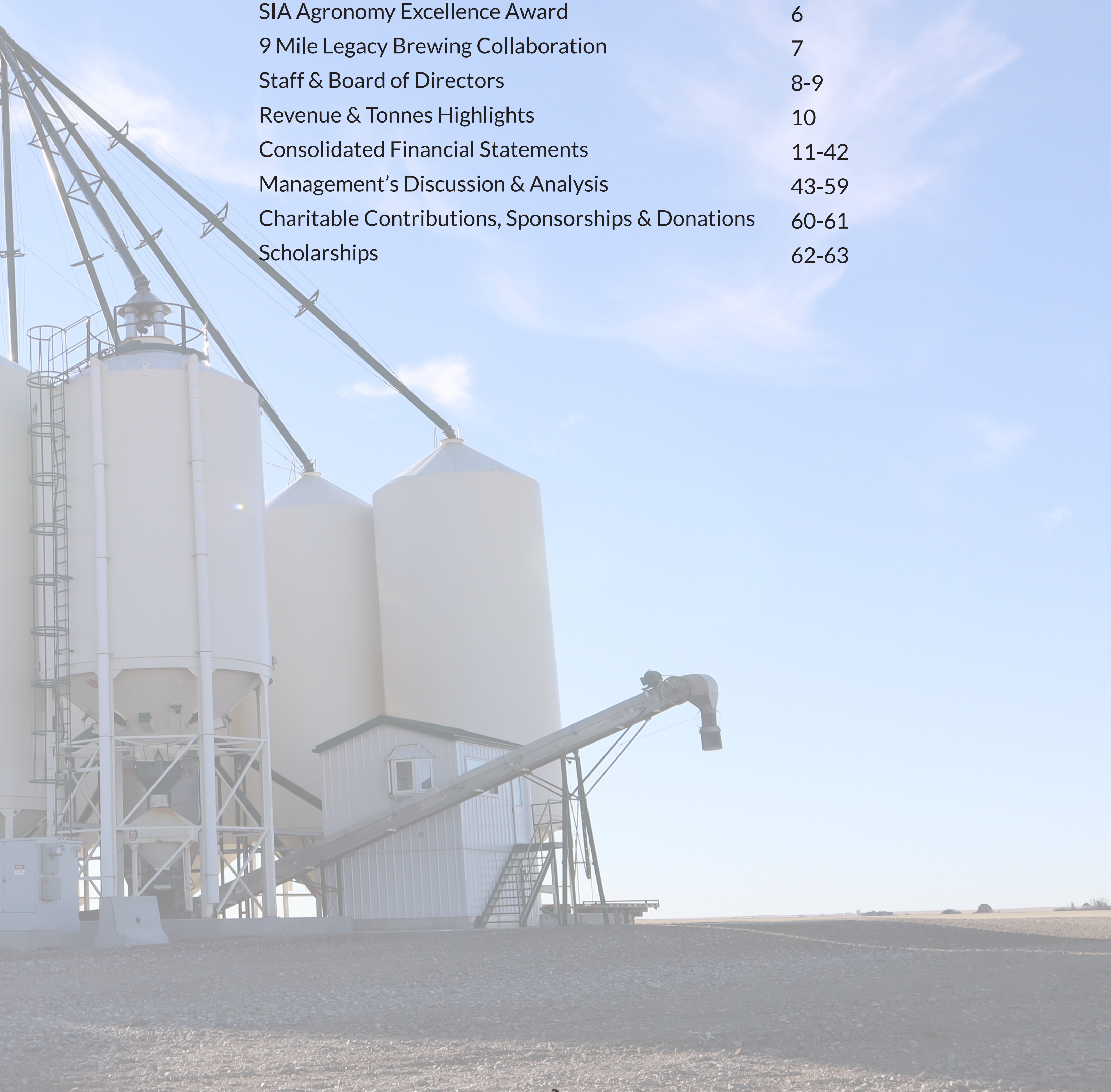


MESSAGE FROM THE GENERAL MANAGER

To our shareholders,

It's crazy to think that SWT has reached 25 years in business. There have been many people in this organization who have kept this business growing, thriving, and supporting the communities in which we live and serve. Who would have thought that Ernie Sommer, Rhett Allison, Ron Taylor and the late Ken Logan knew exactly what they were doing when they got together at the kitchen table to bring their idea of an inland grain terminal to south-west Saskatchewan? It took courage, belief, support from surrounding communities and significant investment from many people and organizations to get that idea off the ground. 25 years later and SWT has expanded to 6 communities throughout the southwest corner of the province and employs over 70 people. Saskatchewan success story for certain!

The last couple years have not been without some significant challenges. The COVID-19 global pandemic, the drought of 2021 and the conflict between Russia and Ukraine had unprecedented impact to the supply chain. These situations created immediate commodity shortages, which in turn pushed commodity prices to values unheard of. Manufacturers were short products, logistics in the supply chain were disrupted, sanctions were put on Russia, and many countries stopped exporting to protect potential food shortages.

SWT is navigating these challenges as we consistently pursue our long-term strategy. We are steadfast in our effort to ensure new opportunities are explored and moving purposely forward in our mission to link safe and responsible food production between the farm and the consumer. That only happens through the incredible commitment and effort of our employees, and I'm proud to say that their dedication and extraordinary efforts this last year has been unbelievable. They believe in this company as much as anyone, and their efforts shown during this last year have been amazing - and for that, I'm grateful.

Performance of 2021/22

Despite the challenges throughout 2021/22 fiscal year, SWT's financial results were strong. The drought in the summer of 2021 had the business off to a slow start. The shutdown of the grain terminal to increase loading speed and other efficiencies along with the minimal requirements for crop protection products through the summer months had created concern for the end of Q2. However, the final half of the year resulted in strong margins for the crop inputs side of the business.

Total sales of the business hit a near record high of just over $341M in sales of grain and crop inputs, resulting in gross margin sales of $25.2M – a slight increase of 3% over the previous year's results. A sharp decline in volume of grain (419,000MT) was shipped, due entirely to the drought. Grain prices increased significantly throughout the fiscal year, which encouraged farmers to sell their very small crop into a rising marketplace. Sales of crop protection products were on par with the previous year along with a strong 47% increase in margin from the previous year. Crop nutrient sales were very strong in Q3 and Q4, as producers secured products before the market hit record values. Almost 110,000MT of crop nutrients were sold in fiscal 2021/22, a 25% decrease over the previous year. Although the volume decreased, the margin on those same nutrients were 113% higher from the previous year.

In the end, our financial results of the business resulted in $6.36M of profit after tax, a 0.5% increase over last year's results. The Board and Management continued to manage cash flows over the year by investing back into the business, paying down debt and declaring dividends. SWT's strong balance sheet allows us to invest back into our business and provide competitive returns to our shareholders.

MESSAGE FROM THE GENERAL MANAGER

Key developments in 2021/22

As the industry evolves and competes with a globalized market, we need to ensure that we can compete efficiently and effectively. Throughout the months of May and June, the grain terminal was closed for business for major upgrades and efficiencies. After 25 years of operations, there were plenty pieces of equipment which needed replacing along with greater demand to load railcars quicker. This upgrade now allows the operations team to load 134 cars in an 8-hour time frame. That's a quick turnaround for the CP rail and it's a reduction on the time spent by our staff loading cars. Other improvements and efficiencies were completed at our facilities to ensure that our facilities – grain or crop inputs – remain as some of the best in the business.

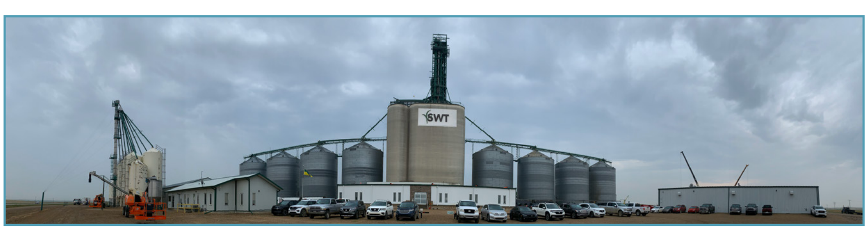
With all that was going on with the pandemic, our in-person community involvement continued to be challenged. We were not able to conduct our annual sportsman dinner, but we were able to gather our customers at our AGM and Golf Tournament. One of the exciting collaborations we conducted was with 9 Mile Legacy Brewing out of Saskatoon. The founders of the brewery are originally from the Cabri/Abbey farming area, which led to our connection and a craft beer collaboration. Most people would think it would have to do with malt barley, but this creation was with durum. After some discussions and trials, durum was part of the recipe to create No 1 Durum Wheat Ale. The initial idea was to produce a product that could be traced from the farm to glass and provide a small impactful product for our farm customers. With the great success of the product with our growers, the brand was expanded throughout the province to display the hard work and dedication of the southwest Saskatchewan farmer to the rest of the province! The initiative continues to grow, and we hope to expand on connecting the grower to the consumer with future business opportunities.

In conclusion

I didn't believe that we could face anything like the 2020/21 fiscal year again. Well, we sure found out that the 2021/22 fiscal year was full of surprises. Once again, the team at SWT continued to show resilience and drive to move us forward through drought, pandemic, and supply chain issues. SWT is a small business with a vision to be the most trusted, innovative and customer centric agri-business. Change in the global marketplace does not scare us. We see nothing but opportunities in agri-business as we move forward on our strategic plan to grow and expand the business.

As always, I would like to say "thank-you" to the shareholders of SWT for trusting and supporting us. No matter the circumstances, SWT has proven that through its steady leadership of the Board and engagement of the staff that we can continue to be successful. SWT has been great to myself and my family over the last 25 years - I sure hope it has been a positive impact on your family and your community as well!

Best regards and thank you for the business,



Monty Reich
General Manager

SIA AGRONOMY EXCELLENCE AWARD

Presented to organizations, agencies or businesses in recognition of outstanding contribution to agriculture, bioresources, food or the environment in Saskatchewan by providing professional services of Professional Agrologists and Technical Agrologists.

9 MILE LEGACY BREWING COLLABORATION

In collaboration with 9 Mile Legacy Brewing, SWT brings you the second run of No. 1 Durum Wheat Ale.
For this release, SWT invited 4 producers to particiapte in a video series illuminating innovation and sustainable farming practices in southwest Saskatchewan.
By harnessing the niche of durum wheat producers in the region, SWT has been able to demonstrate the movement and traceability of grain from seed to product.

SWT STAFF

GRAIN PLANT OPERATIONS

Kendell Radtke	Operations Manager
Ryan Wiebe	Supervisor
Kevin Baumann	Plant Operator
Eric Logan	Plant Operator
Steven Hughes	Plant Operator
Jason Cote	Plant Operator
Tyler Sells	Plant Operator
Kenny Couch	Plant Operator
Joel DeMars	Plant Operator

CROP INPUTS - ANTELOPE

Cheyenne Arntsen	Operations Manager
Rachelle Foster	Sales & Agronomy Manager
Dave Elviss	Farm Marketing Rep
Corinna Gibson	Logistics Coordinator

FERTILIZER WAREHOUSE

Tony Mandel	Supervisor
Joel Butts	Plant Operator
Travis Retzlaff	Plant Operator

CROP INPUTS - GULL LAKE

Ryan Service	Farm Marketing Rep/Supervisor
Maegan Armstrong	Farm Marketing Rep
Kayla Kirwan	Farm Marketing Rep
Brylan Radtke	Farm Marketing Rep
Renee Olson	Administrative Assistant

CROP INPUTS - HAZENMORE

Craig Spetz	Farm Marketing Rep/Supervisor
Brody Loverin	Farm Marketing Rep
Riley Haubrich	Farm Marketing Rep
Jordan Dykema	Farm Marketing Rep
Kira Durston	Senior Agronomist
Barb Switzer	Administrative Assistant

CROP INPUTS - SHAUNAVON

Stacey Breen	Farm Marketing Rep/Supervisor
Danny Fehr	Farm Marketing Rep
Jared Down	Farm Marketing Rep
Wayne Miller	Farm Marketing Rep
Kathy Wilkins	Administrative Assistant

CROP INPUTS - CABRI

Phillip Gossard	FarmMarketingRep/Supervisor
Swayde Niedermayer	Location Assistant
Kara Shaw	Administrative Assistant

CROP INPUTS - WYMARK

Gregory Gillis	Farm Marketing Rep/Supervisor
Brooklyn Haubrich	Farm Marketing Rep
Tyson Wiens	Farm Marketing Rep
Amanda Kyle	Administrative Assistant

CROP INPUTS - KYLE

Ryan Keenleyside	Farm Marketing Rep/Supervisor
Savannah Cheney	Farm Marketing Rep
Jackson Imrie	Location Assistant
Susan Luchsinger	Administrative Assistant

SWT STAFF

SENIOR LEADERSHIP TEAM

Monty Reich	General Manager	Genna Luchenski	Chief Financial Officer
Jeff Kirwan	Crop Inputs Manager	Justin Isherwood	Grain & Warehouse Manager
Robert Chapman	Sr Manager, Business Development		

GRAIN SALES & PROCUREMENT

Layton Getz	Grain Sales Manager
Ron Cote	Farm Marketing Rep - Antelope
Kent Mickleborough	Farm Marketing Rep - Antelope
Julia Stanford	Administrative Assistant
Crystal Tremain	Administrative Assistant
Denise Reynolds	Grain Merchandising Coordinator
Gord Willison	Country Grain Merchant
Heather Camphaug	Farm Marketing Rep - Cabri
Karla Sletten	Farm Marketing Rep - Cabri

FINANCE, HUMAN RESOURCES, & MARKETING

Shannon Friesen	Human Resource Coordinator
Benita McMillan	Controller
Amber Petersen	Accounting Assistant
Pam Gedny	Administrative Lead
Hannah Roper	Communications & Marketing Coordinator

MAINTENANCE

Tyler Flynn	Maintenance Operator
Devon Leduc	Maintenance Operator

HEALTH & SAFETY

Jordan Retzlaff	E,H&S Coordinator

BOARD OF DIRECTORS

Rhett Allison - Chairman
Jason McNabb - Vice-Chairman
Rhonda Undseth - President
Derek Tremere - Vice-President
Daren Caswell - Secretary
Jim Opperman - Director
Paul Hazzard - Director
Roland Monette - Director
Kevin Hursh - Director
Blaine Duncan - Cargill Director
Brian Martinussen - Cargill Director
Andrew Stewart - Cargill Director
Lori Spaeth - Cargill Director
Mary Birley - Cargill Director

EXECUTIVE COMMITTEE
Rhett Allison
Daren Caswell
Jason McNabb
Rhonda Undseth
Derek Tremere

RISK COMMITTEE
Jim Opperman
Daren Caswell
Blaine Duncan
Kevin Hursh

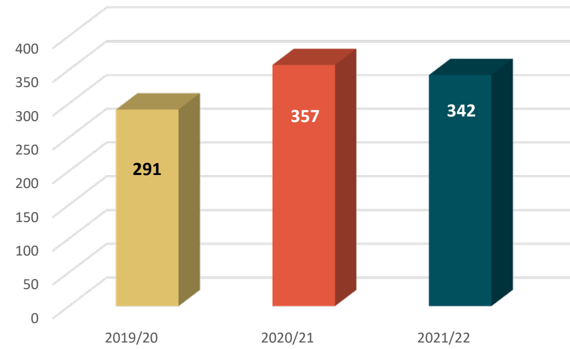
POLICY, GOVERNANCE & NOMINATING COMMITTEE
Rhonda Undseth
Jason McNabb
Roland Monette
Andrew Stewart

AUDIT AND FINANCE COMMITTEE
Paul Hazzard
Roland Monette
Derek Tremere
Lori Spaeth

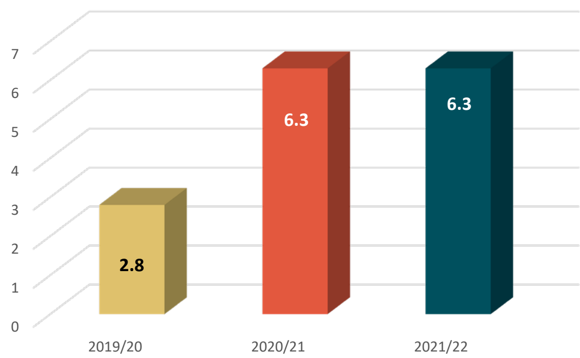
ITAC REP
Derek Tremere
Jim Opperman

REVENUE & TONNES HIGHLIGHTS 2021-2022

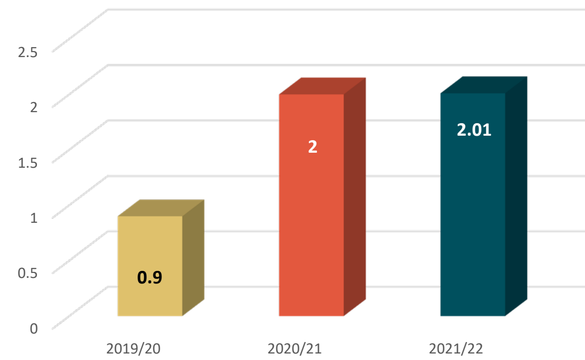
TOTAL GROSS REVENUE ($M)



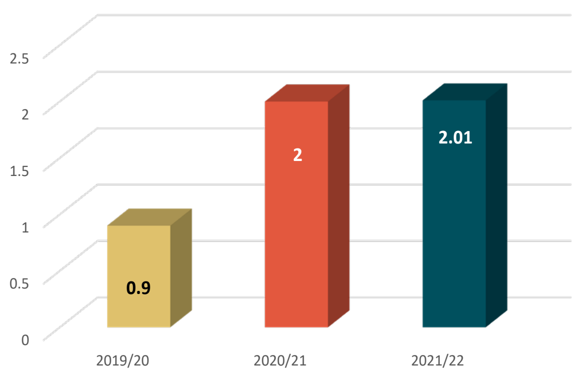
COMPREHENSIVE INCOME ($M)



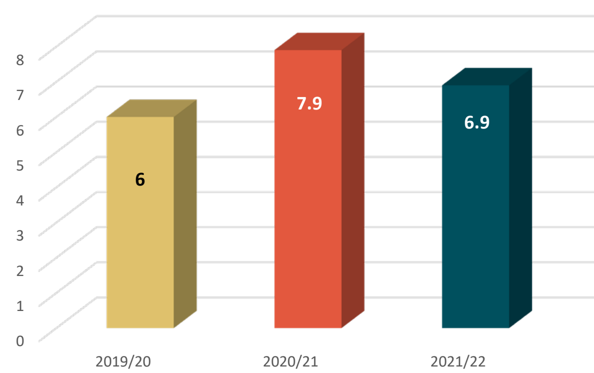
EARNINGS PER SHARE ($)



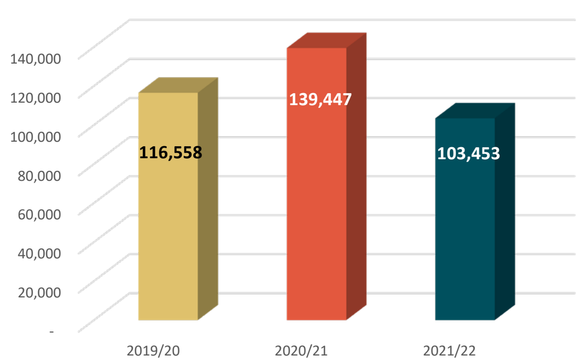
CROP PROTECTION SALES ($M)



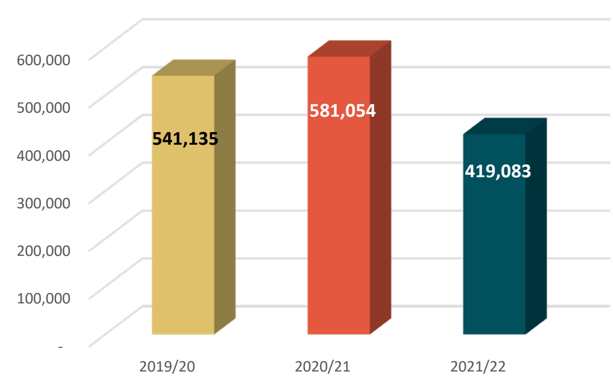
SEED SALES ($M)



CROP NUTRIENTS SHIPPED (MT)



GRAIN SHIPPED (MT)



SOUTH WEST TERMINAL LTD

Consolidated Financial Statements
March 31, 2022 & 2021

South West Terminal Ltd.

Consolidated financial statements
March 31, 2022 and 2021

Independent auditor's report

To the Shareholders of
South West Terminal Ltd.

Opinion

We have audited the consolidated financial statements of **South West Terminal Ltd.** [the "Company"], which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of 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 March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

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 information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

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

In connection with our audit 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 prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

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

Ernst & Young LLP

Chartered Professional Accountants

Saskatoon, Canada
June 20, 2022

South West Terminal Ltd.

Consolidated statements of financial position

As at March 31

	2022 $	2021 $
Assets		
Current		
Cash	**6,299,671**	-
Accounts receivable *[note 4]*	**29,367,737**	16,991,732
Inventories *[note 5]*	**71,635,152**	76,404,849
Prepaid inventories	**14,314,044**	8,084,493
Income taxes receivable	**1,271,376**	-
Risk management assets *[notes 6 & 12]*	**1,797,716**	1,766,496
Total current assets	**124,685,696**	103,247,570
Long-term investments *[note 7]*	**200,200**	200,200
Property, plant and equipment *[note 8]*	**56,094,918**	54,187,622
Goodwill *[note 9]*	**1,408,900**	1,408,900
Customer list	**60,000**	80,000
	182,449,714	159,124,292
Liabilities and shareholders' equity		
Current		
Bank indebtedness *[note 10]*	**27,339,000**	22,244,457
Accounts payable and accrued liabilities *[note 11]*	**32,861,228**	24,108,399
Customer deposits	**11,227,513**	9,767,163
Income taxes payable	**-**	1,207,336
Current portion of long-term debt *[note 12]*	**8,193,183**	5,202,451
Current portion of lease liability *[note 13]*	**-**	272,211
Total current liabilities	**79,620,924**	62,802,017
Long-term debt *[note 12]*	**10,548,001**	10,103,362
Risk management liabilities *[note 12]*	**-**	102,807
Deferred income taxes *[note 14]*	**6,659,039**	4,282,021
Deferred revenue *[note 15]*	**176,550**	219,343
Total liabilities	**97,004,514**	77,509,550
Commitments and contingencies *[note 22]*		
Shareholders' equity		
Share capital *[note 17]*	**182,690**	182,690
Retained earnings	**85,262,510**	81,432,052
Total shareholders' equity	**85,445,200**	81,614,742
	182,449,714	159,124,292

See accompanying notes

On behalf of the Board

Director

Director

South West Terminal Ltd.

Consolidated statements of income and comprehensive income

Years ended March 31

	2022 $	2021 $
Revenue ***[notes 18, 23 & 24]***	**341,958,058**	356,937,164
Cost of sales ***[notes 23 & 24]***	**316,688,377**	332,500,540
Gross profit	**25,269,681**	24,436,624
Expenses		
Depreciation	**3,595,480**	3,367,028
General and administrative *[note 19]*	**11,560,768**	11,426,962
Interest on long-term debt and bank indebtedness	**1,568,859**	1,202,933
Loss on sale of plant and equipment	**5,148**	-
Unrealized gain on risk management assets and liabilities	**(193,685)**	(57,352)
	16,536,570	15,939,571
Income before income taxes	**8,733,111**	8,497,053
Income tax (recovery) *[note 20]*		
Current	**(1,005)**	2,011,065
Deferred	**2,377,018**	165,153
	2,376,013	2,176,218
Total income and comprehensive income for the year	**6,357,098**	6,320,835
Basic and diluted income per share *[note 21]*	**2.01**	2.00

See accompanying notes

South West Terminal Ltd.

Consolidated statements of changes in equity

Years ended March 31

	Share capital $	Retained earnings $	Total $
Balance, March 31, 2020	182,690	75,742,877	**75,925,567**
Total income and comprehensive income for the year	-	6,320,835	**6,320,835**
Dividends	-	(631,660)	**(631,660)**
Balance, March 31, 2021	182,690	81,432,052	**81,614,742**
Total income and comprehensive income for the year	-	6,357,098	**6,357,098**
Dividends	-	(2,526,640)	**(2,526,640)**
Balance, March 31, 2022	**182,690**	**85,262,510**	**85,445,200**

See accompanying notes

South West Terminal Ltd.

Consolidated statements of cash flows

Years ended March 31

	2022 $	2021 $
Operating activities		
Total income and comprehensive income for the year	**6,357,098**	6,320,835
Add (deduct) items not involving cash		
Depreciation of property, plant and equipment	**3,575,480**	3,347,028
Depreciation of customer list	**20,000**	20,000
Deferred income taxes	**2,377,018**	165,153
Loss on sale of plant and equipment	**5,148**	-
Unrealized gain on risk management assets and liabilities	**(193,685)**	(57,352)
	12,141,059	9,795,664
Net change in non-cash working capital balances		
Accounts receivable	**(12,376,005)**	2,268,832
Inventories	**4,769,697**	(12,385,528)
Prepaid inventories	**(6,229,551)**	(96,728)
Income taxes receivable	**(1,271,376)**	392,141
Risk management assets	**59,658**	(1,766,496)
Accounts payable and accrued liabilities	**10,427,247**	(4,898,170)
Customer deposits	**1,460,350**	(2,503,217)
Risk management liabilities	**-**	(80,292)
Income taxes payable	**(1,207,336)**	1,207,336
Deferred revenue	**(42,793)**	(34,160)
Cash provided by (used in) operating activities	**7,730,950**	(8,100,618)
Investing activities		
Purchase of property, plant and equipment	**(7,207,038)**	(4,262,309)
Proceeds on disposal of plant and equipment	**44,696**	-
Cash used in investing activities	**(7,162,342)**	(4,262,309)
Financing activities		
Proceeds of bank indebtedness, net	**5,094,543**	13,624,457
Repayment of long-term debt	**(3,364,629)**	(2,736,946)
Proceeds of long-term debt	**6,800,000**	2,500,000
Repayment of lease liability	**(272,211)**	(514,454)
Dividends	**(2,526,640)**	(631,660)
Cash provided by financing activities	**5,731,063**	12,241,397
Net increase (decrease) in cash during the year	**6,299,671**	(121,530)
Cash, beginning of year	**-**	121,530
Cash, end of year	**6,299,671**	-
Supplemental disclosure of cash flow information		
Interest paid	**1,571,419**	1,201,475
Income taxes paid	**1,855,000**	365,652

See accompanying notes

Notes to consolidated financial statements

March 31, 2022 and 2021

1. Nature of operations

South West Terminal Ltd. [the "Company"] was incorporated on April 4, 1994, under the laws of the Province of Saskatchewan, for the purpose of developing, constructing and operating an inland grain terminal near Antelope, Saskatchewan. Grain operations commenced in February 1997. The Company also sells crop inputs from its locations at Antelope, Cabri, Hazenmore, Kyle, Shaunavon and Wymark, Saskatchewan.

The Company is located in the province of Saskatchewan, Canada, with its head office in Antelope, Saskatchewan and postal address as Box 719, Gull Lake, Saskatchewan, Canada, S0N 1A0.

2. Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with Part I of the *CPA Canada Handbook - Accounting,* "International Financial Reporting Standards" ["IFRS"]. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ["IASB"] and interpretations by the International Financial Reporting Committee ["IFRIC"].

The consolidated financial statements were approved by the Board of Directors on June 20, 2022.

The consolidated financial statements have been prepared on the historical cost basis, except for certain items, which are measured at fair value, as explained in note 27, and grain inventories, which are also measured at fair value.

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Summary of significant accounting policies

The significant accounting policies are detailed as follows:

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, as well as the Company's share of the assets, liabilities, revenues and expenses arising jointly or otherwise from the Company's jointly-controlled operations. All such amounts are measured in accordance with the terms of the joint operations, which are in proportion to the Company's interest in the jointly-controlled assets and operations. The Company held a 50% joint operation in respect to a car loading facility at Glenbain, Saskatchewan, where each venturer received a share of the output from the assets and bears an agreed upon share of the expenses rather than deriving returns from an interest in a separate entity. Refer to note 16 for details of this arrangement.

Cash and cash equivalents

Cash consists of cash and cash equivalents on hand. Cash equivalents are highly liquid investments with a maturity of less than three months from the date of acquisition.

3. Summary of significant accounting policies [continued]

Inventories

Grain inventories are commodity inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. Commodity inventories are measured at their fair value, less handling costs and any applicable freight, with changes to fair value recognized in cost of sales. Fair value is determined using exchange traded prices. Crop input inventories are valued at the lower of cost or net realizable value determined using the weighted average method. The Company may enter into derivative contracts such as grain purchase and sales contracts, with the objective of managing exposure to adverse price movements in agricultural commodities. The unrealized gains and losses for grain purchase and sales contracts are recorded in inventories and recognized in income in the period in which they occur.

Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided at the following annual rates:

Buildings	25 years Straight-line
Cleaners	20% Declining balance
Computer hardware and software	3 years Straight-line
Entrance roads	20 years Straight-line
Equipment	25% Declining balance
Office furniture and equipment	15% Declining balance
Plant equipment	5% Declining balance
Railway siding	20 years Straight-line
Terminal	40 years Straight-line
Vehicles	30% Declining balance

On an annual basis, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating business unit to which the asset belongs. Cash generating business units are determined by management based on the smallest group of assets that generate largely independent cash inflows.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in comprehensive income.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use ["ROU"] assets representing the right to use the underlying assets.

3. Summary of significant accounting policies [continued]

Leases [continued]

Right-of-use assets

ROU assets are initially and subsequently measure at cost, which comprises:

- The amount recognized for the lease obligation on initial measurement;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Company; and
- An estimate of costs to be incurred by the Company in restoring the underlying asset to the condition required by the terms and conditions of the lease.

ROU assets are depreciated on a straight-line bases over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Company's major categories of leased assets are its building and related equipment and office furniture.

The ROU assets are also subject to impairment consistent with the impairment policy as described in the property, plant and equipment policy above.

Lease liabilities

Lease liabilities are initially and subsequently measured at the present value of the lease payments which are unpaid as of the commencement date. The future lease payments are discounted using the interest rate implicit in the lease, if readily determinable. If not readily determinable, the Company’s incremental borrowing rate is used, which is the rate to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset. After the commencement date, the carrying amount of lease obligations are remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Adjustments to the carrying amount of the lease obligation as a result of remeasurement are accounted for as a corresponding adjustment to the ROU asset.

Lease payments comprise the following payments:

- Fixed payments (including in substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Lease payments are allocated to general and administrative expense, calculated using the effective interest method, and a reduction of the lease obligation.

Short-term and low value asset leases

Short-term leases include arrangements where the lease term is 12 months or less and do not contain a purchase option. Low value assets for the Company include items such as office equipment. Such leases are expensed on a straight-line basis over the lease term.

3. Summary of significant accounting policies [continued]

Goodwill

Goodwill is recorded at cost, less any accumulated impairment losses. Goodwill represents the excess of the purchase price over the net identifiable assets acquired as part of the purchase of the Hazenmore and Kyle, Saskatchewan crop inputs business.

Goodwill is not amortized, but reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to the Company's cash generating units to which it relates. These cash generating units are the crop inputs facilities located in Hazenmore and Kyle, Saskatchewan. Impairment is tested annually or more frequently when there is indication that the unit may be impaired. At March 31, 2022, there is no impairment on this goodwill.

If the recoverable amount of the cash generating unit is less than its carrying amount including the allocated goodwill, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then reduces the carrying amount of the other assets of the unit on a pro rata basis. An impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Revenue recognition

The Company principally generates revenue through two main streams; crop inputs and grain handling.

Crop inputs consist of the sale of crop input products and services associated with meeting the customers unique needs. Each promised good or service is accounted for separately as a performance obligation if it is distinct and revenue is recognized when performance obligations are fulfilled. For the sale of crop input products, revenue is recognized at the point in time when the goods are transferred to the customer which is upon delivery of goods. For other services revenue, the revenue is recognized over the time that the service is provided to the customer. Revenue is measured based on the transaction price specified in the contract with the customer.

Grain handling activities principally include buying and selling grain through forward contracts or contracts at current market value for immediate delivery. Revenue from contracts with customers are recognized at the point in time when control of products have been transferred to the customer, which is when the related goods are loaded for shipping or delivered to the customer, depending on the contractual terms. Indicators of transfer of control depend on the contractual terms with the Company's customers and includes when the customer is obliged to pay for the products, has legal title of the products, has physical possession of the products, has assumed the significant risks and rewards of ownership of the products, has accepted the products and any other relevant factors.

Grain revenue is measured based on the consideration specified in a contract with a customer which reflects the consideration the Company expects to be entitled to in exchange for the goods, net of any variable consideration. The contractual consideration for grain contracts may include variable components specified in the contract with the customer related to destination grade or weight adjustments which are known in a timely fashion and included in the initial revenue recognition based on change of control as described above.

In the performance of certain grain handling activities or crop input sales, the Company may arrange for goods to arrive to its customers directly from its suppliers in the interest of maximizing efficiencies. When this occurs the Company does not control the goods during the course of the arrangement and as a result is acting as an agent. When the Company is acting as an agent, proceeds and costs associated with the contract are recognized at the net amount within revenues.

No significant element of financing is deemed present due to the short-term nature of the Company's sales contracts.

3. Summary of significant accounting policies [continued]

Cost of sales

Cost of sales includes net realized and unrealized gains and losses on commodity contracts and exchanged-traded derivatives.

Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of a qualifying asset are added to the cost of these assets. Other borrowing costs are expensed.

Taxation

Income tax expense is comprised of current and deferred taxes, which are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for tax purposes. These amounts are measured using substantially enacted tax rates at the reporting date and remeasured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for tax purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income 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. Any effect of the remeasurement or reassessment is recognized in the period of change, except when it relates to items recognized directly in other comprehensive income. The Company is taxed at an effective rate of 27% on taxable earnings.

Deferred taxes are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or for different tax entities where the Company intends to settle its current tax assets and liabilities on a net basis or simultaneously.

Financial asset impairment

The Company recognizes an allowance for expected credit losses ["ECLs"] for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures, for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures, for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. Summary of significant accounting policies [continued]

Financial asset impairment [continued]

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the reporting date. Carrying values of non-monetary assets and liabilities that are measured at historical cost reflect the exchange rates at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are translated to Canadian dollars at the exchange rate at the date the fair value was determined. Translation gains and losses are included in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ["OCI"], and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ["SPPI"] on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

3. Summary of significant accounting policies [continued]

Financial assets [continued]

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial asset, or both.

Purchases or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost
- Financial assets at fair value through OCI ["FVOCI"] with recycling of cumulative gain and losses (debt instrument)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instrument)
- Financial assets at fair value through profit or loss ["FVTPL"]

Financial assets at amortized cost

The Company has classified cash and accounts receivable at amortized cost.

The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount owing.

Financial assets at amortized cost are subsequently measured using the effective interest ["EIR"] method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instrument)

The Company has not classified any financial asset as fair value through OCI (debt instrument).

The Company measures financial assets at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and,
- The contractual term of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount owing.

For financial assets at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measure at amortized cost. The remaining fair value changes are recognized in OCI, upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit of loss.

3. Summary of significant accounting policies [continued]

Financial assets [continued]

Financial assets at fair value through OCI (equity instrument)

The Company has not classified any financial asset as fair value through OCI (equity instrument).

Upon initial recognition, the Company can elect to classify irrevocably its equity investment as equity investments designated at FVOCI when they meet the definition of equity under IAS 32 Financial instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits form such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

The Company has classified grain purchase contracts and sales contracts which are recorded in inventories, risk management assets, and long-term investments as fair value through profit or loss.

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Not withstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes equity investments which the Company has not irrevocably elected to classify at FVOCI. Dividends on equity instruments are recognized as other income in the statement of profit and loss when the right of payment has been established.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include bank indebtedness, accounts payable and accrued liabilities, risk management liabilities, and long-term debt.

3. Summary of significant accounting policies [continued]

Financial liabilities [continued]

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

The Company has classified risk management liabilities at fair value through profit or loss.

Financial liabilities measured at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date or recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

The Company has designated bank indebtedness, accounts payable and accrued liabilities and long-term debt as loans and borrowings.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Fair value hierarchy

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair values are determined by reference to quoted bids or asking prices in an active market. In the absence of an active market, the Company determines fair value based on internal or external valuation models, such as discounted cash flow analysis or using observable market based inputs (bid and ask price) for instruments with similar characteristics and risk profiles.

3. Summary of significant accounting policies [continued]

Fair value hierarchy [continued]

The Company classifies fair value measurement recognized in the statement of financial position using a three tier fair value hierarchy, which reflects the significance of inputs used in measuring fair value as follows:

Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices in active markets (from level 1) that are observable for the asset or liability, either directly or indirectly; and,

Level 3: Valuation techniques that include significant unobservable inputs.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

Use of estimates and judgments

The preparation of the consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as, the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant uses of judgments and estimates are as follows:

[a] Fair value
The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties. The methods and assumptions used by management in estimating fair value of the Company’s financial instruments are outlined in the fair value hierarchy section of note 3, significant accounting policies. Wherever possible, the Company uses observable inputs, such as quoted prices in active markets, in determining the fair value of financial instruments.

[b] Allowance for doubtful accounts and sales adjustments
Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for ECLs is provided where considered necessary. The Company uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

[c] Inventory valuation
The Company measures its crop input inventories at the lower of cost and net realizable value. Given that the determination of net realizable value requires management to make estimates with respect to the selling value, costs to make the sale and, in some cases, the cost of completion, there is a certain level of measurement uncertainty. The Company measures its grain inventories at fair value, less handling costs and any applicable freight, with changes to fair value recognized in cost of sales. For grain inventories, management uses the assistance of a third party expert to determine the grade of each commodity of grain inventory. Management also uses the assistance of a third party expert to determine the quantity of fertilizer in the Antelope, Saskatchewan fertilizer facility. Assumptions are made based on past experience and actual grading standards may be subject to change. Estimates and assumptions are also required in determination of the fair values of commodity inventories. As such, actual inventory values realized may differ from estimated carrying amounts.

3. Summary of significant accounting policies [continued]

Use of estimates and judgments [continued]

[d] Property, plant and equipment
As part of the capitalization process, management must estimate the expected period of benefit over which capitalized costs should be depreciated. The considerations for estimated useful lives include the timing of technological obsolescence and competitive pressures, as well as historical experience and internal business plans for the projected use of related assets. Given that the expected period of benefit is an estimate, future results could be affected if management's current assessment of its property, plant and equipment's useful lives differs from actual performance.

[e] Income taxes
The Company computes an income tax provision in the jurisdiction in which it operates. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred income tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

[f] Impairment of financial assets
Management evaluates financial assets for impairment by considering the extent that changes in facts, circumstances or assumptions of the financial asset has changed resulting in potential impairment.

[g] Impairment of goodwill
Goodwill is assessed for impairment at least annually. The impairment analysis for goodwill requires management to make estimations of future cash flows, terminal values and an assessment of the long-term pre-tax discount rate to be applied to those cash flows.

Standards issued but not yet effective

The IASB has issued new and amended IFRS standards under Part I of the CPA Handbook, which are not yet effective for the Company. None of the new or amended standards have been implemented in these consolidated financial statements. The significant changes to the standards are as follows:

• Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

• Definition of Accounting Estimates - Amendments to IAS 8: In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Notes to consolidated financial statements

March 31, 2022 and 2021

3. Summary of significant accounting policies [continued]

Standards issued but not yet effective [continued]

• Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

4. Accounts receivable

	2022 $	2021 $
Trade and other receivables	**29,884,669**	17,140,582
Allowance for doubtful accounts	**(516,932)**	(148,850)
	29,367,737	16,991,732

	$	$
Current	**17,730,836**	13,052,503
30 days	**2,097,848**	1,092,785
60 days	**1,032,676**	170,211
Over 90 days	**9,023,309**	2,825,083
Allowance for doubtful accounts	**(516,932)**	(148,850)
	29,367,737	16,991,732

The Company's receivables have been pledged as security for the operating line of credit under the general security agreement as disclosed in note 10.

5. Inventories

	2022 $	2021 $
Crop inputs	**57,283,805**	54,062,772
Grain	**14,351,347**	22,342,077
	71,635,152	76,404,849

The amount of inventory expensed and included in cost of sales is $304,056,169 [2021 - $306,170,770].

The Company's inventories have been pledged as security for the operating line of credit under the general security agreement as disclosed in note 10.

6. Risk management assets

	2022 $	2021 $
Cash held for margin account	**1,564,125**	1,763,369
Unrealized gain on forward currency contracts	**142,713**	3,127
Fair value of interest rate swaps	**90,878**	-
	1,797,716	1,766,496

7. Long-term investments

	2022 $	2021 $
Admiral Grain Co. Inc.	**3,800**	3,800
Great Western Railway Ltd.	**96,400**	96,400
Great Sandhills Railway Ltd.	**100,000**	100,000
	200,200	200,200

8. Property, plant and equipment

Cost:

	Balance at March 31, 2020 $	Additions $	Balance at March 31, 2021 $	Additions and disposals $	Balance at March 31, 2022 $
Buildings	26,337,526	501,084	26,838,610	535,674	**27,374,284**
Cleaners	2,205,060	63,292	2,268,352	269,850	**2,538,202**
Computer hardware and software	1,326,875	144,879	1,471,754	67,738	**1,539,492**
Entrance roads	1,435,150	4,638	1,439,788	-	**1,439,788**
Equipment	4,443,015	330,493	4,773,508	362,062	**5,135,570**
Office furniture and equipment	995,177	14,009	1,009,186	1,636	**1,010,822**
Plant equipment	21,252,265	5,123,817	26,376,082	4,007,638	**30,383,720**
Railway siding	12,009,672	170,560	12,180,232	19,080	**12,199,312**
Terminal	5,925,596	-	5,925,596	-	**5,925,596**
Vehicles	1,915,770	78,421	1,994,191	83,562	**2,077,753**
	77,846,106	6,431,193	84,277,299	5,347,240	**89,624,539**
Land	511,010	4,400	515,410	23,892	**539,302**
	78,357,116	6,435,593	84,792,709	5,371,132	**90,163,841**

8. Property, plant and equipment [continued]

Accumulated depreciation:

	Balance at March 31, 2020 $	Depreciation $	Balance at March 31, 2021 $	Depreciation and disposals $	Balance at March 31, 2022 $
Buildings	6,110,765	1,065,579	7,176,344	1,050,383	**8,226,727**
Cleaners	1,617,501	119,676	1,737,177	126,430	**1,863,607**
Computer hardware and software	1,253,309	73,017	1,326,326	189,264	**1,515,590**
Entrance roads	594,004	72,001	666,005	57,122	**723,127**
Equipment	3,854,791	333,662	4,188,453	138,582	**4,327,035**
Office furniture and equipment	515,409	71,167	586,576	61,980	**648,556**
Plant equipment	5,721,115	775,421	6,496,536	917,728	**7,414,264**
Railway siding	2,988,703	486,096	3,474,799	609,559	**4,084,358**
Terminal	3,318,207	148,140	3,466,347	148,139	**3,614,486**
Vehicles	1,284,255	202,269	1,486,524	164,649	**1,651,173**
	27,258,059	3,347,028	30,605,087	3,463,836	**34,068,923**

Carrying amount:

	March 31, 2022 $	March 31, 2021 $
Buildings	**19,147,557**	19,662,266
Cleaners	**674,595**	531,175
Computer hardware and software	**23,902**	145,428
Entrance roads	**716,661**	773,783
Equipment	**808,535**	585,055
Office furniture and equipment	**362,266**	422,610
Plant equipment	**22,969,456**	19,879,546
Railway	**8,114,954**	8,705,433
Terminal	**2,311,110**	2,459,249
Vehicles	**426,580**	507,667
	55,555,616	53,672,212
Land	**539,302**	515,410
	56,094,918	54,187,622

9. Goodwill

The Company performed its annual impairment test in March 2022. The recoverable amount is determined based on a value in use calculation using cash flow projections covering a five year period. There are a number of key assumptions used within the value in use calculation including, a pre-tax discount rate applied to cash flow projections of 9.00%, cash flows are extrapolated using an average growth rate of 5.10% and expected gross margins of 11.70%.

10. Bank indebtedness

The Company has available to it, an RBC operating line of credit with an authorized limit of $40,000,000 [2021 - $40,000,000], bearing interest at prime and secured by accounts receivable, inventories and a general security agreement. $10,450,000 [2021 - $20,125,000] of this operating line of credit was oustanding at year-end.

The Company also has available to it, an RBC USD operating line of credit with an authorized limit of $13,000,000 CAD [2021 - $13,000,000], bearing interest at USD prime and secured by accounts receivable, inventories and a general security agreement. This operating line of credit was not utilized at year-end.

The combined borrowings from both lines of credit cannot exceed $40,000,000.

At March 31, 2022, the RBC prime lending rate was 2.70% [2021 - 2.45%] and the RBC USD prime lending rate was 3.50% [2021 - 3.25%].

The Company also has available to it two FCC Advancer loans, both bearing interest at FCC's variable mortgage rate minus 0.20% and secured by land and a general security agreement. The first FCC Advancer loan has an authorized limit of $13,000,000 [2021 - $3,000,000] which, at March 31, 2022, $13,000,000 [2021 - $nil] was outstanding. The second FCC Advancer loan has an authorized limit of $12,000,000 [2021 - $12,000,000] shared with the 4.7%, 4.0% and 4.8% FCC fixed rate loans included in long-term debt *[note 12]*. As at March 31, 2022, $11,387,265 [2021 - $8,945,405] of this authorized limit was utilized, of which $3,889,000 [2021 - $nil] was outstanding and included in bank indebtedness.

At March 31, 2022, the Farm Credit Canada variable mortgage rate was 3.70% [2021 - 3.45%].

At March 31, 2022, the Company had net cheques issued in excess of funds deposited of $nil [2021 - $2,119,457].

11. Accounts payable and accrued liabilities

	2022 $	2021 $
Trade accounts payable	**9,427,626**	10,710,333
Accrued and other liabilities	**23,433,602**	13,398,066
	32,861,228	24,108,399

12. Long-term debt

	2022 $	2021 $
4.7% Farm Credit Canada term loan, repayable in blended monthly instalments of $42,525, secured by land, building and a general security agreement, due January 2027	**4,922,504**	5,196,622
Scotiabank Bankers' Acceptance, with interest bearing at the option of Bankers' Acceptance rate, plus 1.5% or Scotiabank prime, repayable in monthly instalments of $28,333, plus interest, secured by a general security agreement, due April 2022	**3,201,669**	-
Variable mortgage rate, minus 1.0%, Farm Credit Canada term loan, repayable in blended monthly instalments of $39,021, secured by land and a general security agreement, due June 2026	**3,108,504**	-
4.5% Farm Credit Canada term loan, repayable in blended monthly instalments of $71,773, secured by land and a general security agreement, due June 2025	**2,600,746**	3,328,208

12. Long-term debt [continued]

	2022	2021
	$	$
Scotiabank Bankers' Acceptance, with interest bearing at the option of Bankers' Acceptance rate, plus 1.5% or Scotiabank prime, repayable in monthly instalments of $58,350, plus interest, secured by a general security agreement, due October 2022	**2,332,000**	3,032,200
4.0% Farm Credit Canada term loan, repayable in blended monthly instalments of $46,146, secured by land and general security agreement, due April 2025	**1,604,302**	2,083,943
4.8% Farm Credit Canada term loan, repayable in blended monthly instalments of $63,142, secured by land and a general security agreement, due July 2023	**971,459**	1,664,840
	18,741,184	15,305,813
Less current portion	**8,193,183**	5,202,451
	10,548,001	10,103,362

At March 31, 2022, the Scotiabank prime lending rate was 2.70% [2021 - 2.45%], the Bankers' Acceptance Rate was 0.73% [2021 - 0.17%], and the Farm Credit Canada variable mortgage rate was 3.70%.

The Company has entered into interest rate swaps to manage risk over the variable portion of the term loans. A risk management asset of $90,878 [2021 - liability of $102,807] has been recorded at year end representing the fair value of the swaps.

Estimated principal repayments are as follows:

	$
2023	8,193,183
2024	2,256,664
2025	2,095,060
2026	1,011,634
2027	5,184,643

13. Lease liability

	2022	2021
	$	$
Scotiabank finance lease contract, repaid during the year	**-**	272,211
Less current portion	**-**	272,211
	-	-

Cash payments related to recognized lease liabilities amounted to $286,503 [2021 - $553,306] consisting of $653 [2021 - $12,453] in interest, $272,211 [2021 - $514,514] in principal payments and $13,639 [2021 - $26,339] of GST.

Lease expenses relating to short-term leases amounted to $3,637 [2021 - $3,379] and were recorded as general and administrative expenses.

14. Deferred income taxes

Deferred income tax liabilities are made up of the timing differences on the following items:

	2022 $	2021 $
Property, plant and equipment	**6,629,597**	3,871,520
Goodwill and intangibles	**70,942**	59,525
Risk management liabilities	**330**	(27,758)
Lease liability	**-**	378,734
Unused loss carryforward	**(41,830)**	-
	6,659,039	4,282,021

During the year ended March 31, 2022, the amount of deferred income tax liabilities incurred and included in income taxes is $2,377,018 [2021 - $165,153].

15. Deferred revenue

Long-term deferred revenues relate to service agreements the Company has entered into to provide storage in the grain terminal facility. The funds which have been received are being amortized to income over the primary lease term of 15 years, commencing on April 1, 2012, the commencement date of the lease term.

16. Interest in joint operations

Beginning in 2009, the Company entered into a joint operation with respect to a car loading facility in Glenbain, Saskatchewan. During the year ended March 31, 2022, the jointly-controlled assets and operations were disposed of for proceeds of $56,757, 50% of which were allocated to the Company resulting in a loss on sale of buildings and equipment. The Company's share of assets, liabilities, revenues, and expenses in the joint operation, included in these consolidated financial statements, are the following:

	March 31, 2022 $	March 31, 2021 $
a) Share of joint operation's statement of financial position		
Buildings at cost, less accumulated amortization of $nil [2021 - $36,537]	**-**	30,000
Equipment at cost, less accumulated amortization of $nil [2021 - $59,937]	**-**	-
b) Share of joint operations revenue and expenses		
Revenue	**-**	-
Expenses	**218**	503
Loss on sale of buildings and equipment	**1,177**	-

Notes to consolidated financial statements

March 31, 2022 and 2021

17. Share capital

Authorized
Unlimited Class A 10% voting, non-cumulative, non-participating, preferred shares, convertible to Class B
Unlimited Class B voting, participating, common shares
Unlimited Class C non-voting, participating, common shares

Issued

	2022 $	2021 $
1,758,300 Class B shares	**17,406**	17,406
1,400,000 Class C shares	**165,284**	165,284
	182,690	182,690

On June 22, 2021 and December 13, 2021, the Company paid dividends on the Class B and Class C shares in the amount of $0.50 and $0.30 per share, respectively, for a total of $2,526,640 by way of cash payment. On July 16, 2020 and January 15, 2021, the Company paid dividends on the Class B and Class C shares in the amount of $0.10 per share, for a total of $631,660 by way of cash payment.

18. Revenue

During the year, the Company recognized revenue from the following sources:

	2022 $	2021 $
Grain handling	**201,769,424**	227,271,745
Fertilizer sales	**80,201,949**	70,446,982
Chemical sales	**52,998,861**	51,350,565
Seed sales	**6,987,824**	7,867,872
	341,958,058	356,937,164

During the year, the Company earned 27% of its revenues from one customer [2021 - two customers for 39%] within the grain handling segment.

19. General and administrative

	2022 $	2021 $
Bank charges	**1,056,477**	1,031,984
General use	**1,524,188**	1,588,230
Office and administration	**2,436,676**	2,151,694
Wages and benefits	**6,543,427**	6,655,054
	11,560,768	11,426,962

Notes to consolidated financial statements

20. Income taxes

The income tax expense differs from the amount computed by applying Canadian statutory rates to income before taxes for the following reasons:

	2022 $	2021 $
	27.00%	27.00%
Anticipated income tax	**2,357,940**	2,294,204
Tax effect of the following:		
Saskatchewan manufacturing and processing profits tax reduction	**-**	(122,820)
Non-deductible expenses	**14,062**	4,834
Other	**4,011**	-
Income tax expense	**2,376,013**	2,176,218

21. Basic and diluted income per share

The basic and dilutive earnings per share have been calculated using the weighted average number of common shares outstanding during the year. Since there are no items of a dilutive nature, the basic and dilutive share amounts are the same. The total basic and dilutive weighted average number of common shares for March 31, 2022 is 3,158,300 [2021 - 3,158,300].

2022	Total income and comprehensive income $	Weighted average common shares $	Income per share $
Basic and dilutive	**6,357,098**	**3,158,300**	**2.01**

2021	Total income and comprehensive income $	Weighted average common shares $	Income per share $
Basic and dilutive	6,320,835	3,158,300	2.00

22. Commitments and contingencies

At year end, the Company held 1,743 [2021 - 3,189] tonnes of grain inventory, with a value of $1,151,886 [2021 - $1,140,667], on behalf of area producers. The Company is contingently liable for the value of this grain. This grain is not included in the Company's inventory.

Notes to consolidated financial statements

March 31, 2022 and 2021

23. Related party transactions

The remuneration of the Company's directors and key management personnel during the period is comprised of salaries, board honoraria and short-term benefits with a value of $1,312,755 [2021 - $1,161,735].

During the year, services with a value of $120,270 [2021 - $62,115] were expensed in these consolidated financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 5,962 [2021 - 9,772] tonnes of grain from directors with an aggregate value of $3,427,880 [2021 - $3,257,826] and directors and key management personnel purchased crop inputs in the amount of $3,375,183 [2021 - $2,628,352].

During the year, the Company made sales of grain to Cargill, a shareholder, in the amount of $93,106,008 [2021 - $92,836,450] and made purchases of product and services in the amount of $35,190,491 [2021 - $28,999,449] from Cargill. Included in accounts receivable is $501,875 [2021 - $229,467] due from Cargill and in accounts payable is $5,414,660 [2021 - $1,801,765] due to Cargill.

These transactions are in the normal course of operations.

24. Segment information

The Company's business operations are grouped into two operating segments as follows:

a) Grain handling
This segment consists of the buying, cleaning, blending and selling grain.

b) Crop inputs
This segment consists of sales of fertilizer, crop protection products, seed and seed treatments.

2022

	Grain handling $	Crop inputs $	Total $
Revenues	201,769,424	140,188,634	341,958,058
Cost of sales	198,705,177	117,983,200	316,688,377
Gross profit	3,064,247	22,205,434	25,269,681
Depreciation	(1,623,127)	(1,972,353)	(3,595,480)
Gain (loss) on sale of plant, and equipment	1,075	(6,223)	(5,148)
Profit before shared expenses	1,442,195	20,226,858	21,669,053
General and administrative			(11,560,768)
Interest on long-term debt and bank indebtedness			(1,568,859)
Unrealized gain on risk management assets and liabilities			193,685
Income taxes			(2,376,013)
Total income and comprehensive income			6,357,098
Net property, plant and equipment additions	4,651,577	831,199	5,482,776
Total assets	55,668,249	126,781,465	182,449,714
Property, plant and equipment	27,357,538	28,737,380	56,094,918
Goodwill and intangible assets	-	1,468,900	1,468,900

24. Segment information [continued]

2021

	Grain handling $	Crop inputs $	Total $
Revenues	227,271,745	129,665,419	356,937,164
Cost of sales	217,758,695	114,741,845	332,500,540
Gross profit	9,513,050	14,923,574	24,436,624
Depreciation	(1,239,626)	(2,127,402)	(3,367,028)
Profit before shared expenses	8,273,424	12,796,172	21,069,596
General and administrative			(11,426,962)
Interest on long-term debt and bank indebtedness			(1,202,933)
Unrealized gain on risk management liabilities			57,352
Income taxes			(2,176,218)
Total income and comprehensive income			6,320,835
Net property, plant and equipment additions	5,859,471	576,122	6,435,593
Total assets	50,202,574	108,921,718	159,124,292
Property, plant and equipment	24,329,088	29,858,534	54,187,622
Goodwill and intangible assets	-	1,488,900	1,488,900

25. Capital management

The Company's objectives when managing capital are to continue as a going concern, to protect its ability to meet its ongoing liabilities and to maximize returns for shareholders over the long-term. Protecting the ability to pay current and future liabilities requires the following internally-determined capital guidelines based on risk management policies. For its own purposes, the Company defines capital as the sum of bank indebtedness, mortgages and loans payable and shareholders' equity.

	2022 $	2021 $
Bank indebtedness	**27,339,000**	22,244,457
Current portion of long-term debt	**8,193,183**	5,202,451
Current portion of lease liability	**-**	272,211
Long-term debt	**10,548,001**	10,103,362
Shareholders' equity	**85,445,200**	81,614,742
	131,525,384	119,437,223

In managing the Company's capital, adjustments may be made to the capital structure in light of external influences such as changing economic conditions, externally-imposed capital requirements or the presence of opportunities for further development. The amount to be paid to shareholders and the nature of financing of new assets are determinations made within the risk-based guidelines established.

There were no changes in the Company's approach to capital management during the year. As of March 31, 2022, the Company complied with all financial covenants and externally-imposed capital requirements.

26. Financial instrument risk management

Credit risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Company's principal exposure to credit risk is in respect to its accounts receivable.

In order to reduce the risk on its accounts receivable, the Company has adopted credit policies which mandate performing an ongoing credit review of all its customers and establishing allowances for bad debts when the amounts are not collectible.

The allowance for bad debt at March 31, 2022 was $516,932 [2021 - $148,850].

The Company has a concentration of risk related to three customers who make up 24% [2021 - three customers for 21%] of its accounts receivable balance at March 31, 2022.

Currency risk

The Company is exposed to currency risk as a certain portion of sales and expenses are incurred in US dollars resulting in US denominated accounts receivable and accounts payable. These balances are, therefore, subject to gains and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Company entered into foreign exchange derivative contracts to mitigate these risks. This strategy minimizes the impact of US dollar fluctuations on the operating results of the Company. In 2022, a net foreign exchange gain of $2,830 [2021 - loss of $424,061] was recognized in total comprehensive income.

Interest rate risk

Changes in the future cash flows of financial instruments and the possibility the Company will be unable to refinance existing debt with similar terms represents interest rate risk. The Company's principal exposure to interest rate risk is with respect to its bank indebtedness and long-term debt, which bear interest at fixed and floating interest rates.

A 1% change in interest rates relating to the bank indebtedness and long-term debt of the Company would increase or decrease interest expense by approximately $461,000 [2021 - $357,000]. Exposure to interest rate risk is managed through normal operating and financing activities. The Company has entered into interest rate swaps. The swaps convert a portion of the interest expense on long-term debt and lease liability from a floating to a fixed rate of interest. At March 31, 2022, there were two interest rate swaps outstanding, for a total notional amount of $5,475,319 [2021 - $3,246,061], with fixed interest rates of 2.48% and 2.10%.

26. Financial instrument risk management [continued]

Commodity price risk

Commodity price risk is the risk that the value of inventory and related contracts will fluctuate due to changes in market prices. A change in price and quality will have a direct affect on the value of inventory. As a grain handling facility, the Company has significant exposure to changes in various agricultural commodity prices. Prices for these commodities are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, as well as the weather. A substantial change in prices may affect the Company's comprehensive income and operating cash flows, if not properly managed.

To mitigate the risks associated with the fluctuations in the market price for agricultural commodities, the Company has a policy that grains be hedged, when possible, through the use of purchase and sales contracts. The Company may employ derivative commodity instruments (primarily futures and options) for the purpose of managing its exposure to commodity price risk, however, they are not used for speculative or trading purposes. The Company's actual exposure to these price risks is constantly changing as the Company's inventories and commodity contracts change. The fair value of derivative contracts outstanding at March 31, 2022, resulted in the recognition of a risk management liability of $232,368 [2021 - asset of $16,701] included in inventory.

Liquidity risk

Liquidity risk arises from the possibility the Company will not be able to meet its financial debt obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the Company as adequate to make payments as they become contractually due and existing banking arrangements are able to support the growth goals of the Company. The Company estimates the following repayment of financial liabilities:

Less than 3 months	$58,245,880
3 - 12 months	$22,340,198
1 - 5 years	$10,548,001

27. Classification and fair value of financial instruments and inventories

The following methods and assumptions were used to estimate fair values of financial instruments and inventories:

Cash and accounts receivable is classified as financial instruments at amortized cost which approximates fair value. Bank indebtedness, accounts payable and accrued liabilities and long-term debt are classified as loans and borrowings and are initially recognized at fair value and subsequently carried at amortized cost which approximates fair value due to the short-term nature of the balances.

Long-term investments of privately held available for sale equity securities, as described in note 3, are classified as financial assets at fair value through profit or loss.

Risk management assets consist of exchange-traded derivatives and interest rate swaps. They are classified as financial assets at fair value through profit or loss.

Risk management liabilities consist of interest rate swaps and exchange-traded derivatives. They are classified as financial liabilities at fair value through profit or loss and fair value is based on mid-market inputs obtained from third party sources.

Inventories include grain inventories, which as described in note 3 are fair valued. Grain inventories include both commodity inventories and grain purchase and sales contracts which are forward derivatives. The grain purchase and sales contracts are classified as financial assets at fair value through profit or loss and the fair value for them and grain inventories is based on observable inputs other than quoted prices.

27. Classification and fair value of financial instruments and inventories [continued]

Fair value hierarchy
The Company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the Company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available, or for which observable inputs do not justify most of the instruments' fair value.

The following tables present the assets and liabilities measured at fair value on a recurring basis classified by the fair value hierarchy.

March 31, 2022

	Level 1 $	Level 2 $	Level 3 $
Grain inventories	**-**	**14,583,714**	-
Grain purchase and sales contracts	**-**	**(232,367)**	-
Risk management assets	**1,706,838**	**90,878**	-
Long-term investments	**-**	-	**200,200**

March 31, 2021

	Level 1 $	Level 2 $	Level 3 $
Grain inventories	-	22,325,376	-
Grain purchases and sales contracts	-	16,701	-
Risk management assets	1,766,496	-	-
Long-term investments	-	-	200,200
Risk management liabilities	-	102,807	-

SOUTH WEST TERMINAL LTD

Management's Discussion & Analysis
March 31, 2022 & 2021

The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations has been prepared by management to help readers interpret South West Terminal Ltd's ("SWT" or the "Company") consolidated financial results for the six and twelve months ended March 31, 2022 and should be read in conjunction with SWT's audited consolidated financial statements and related notes thereto for the year ended March 31, 2022. The audited consolidated financial statements have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). Additional information related to SWT, including semi-annual and annual reports, is available on SEDAR at www.sedar.com and/or on SWT website at www.swt.ca.

This MD&A has been prepared as at June 20, 2022. All amounts are in Canadian dollars unless otherwise stated.

FORWARD-LOOKING STATEMENTS DISCLAIMER

Certain statements in this report may constitute forward-looking statements. The results or events predicted in these statements may differ materially from actual results or events. These forward-looking statements can generally be identified using statements that include 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 a number of risks and uncertainties, including, among other things, the risks and uncertainties associated with poor weather conditions, agricultural commodity prices, rail performance, financial leverage, additional funding requirements, international trade and political uncertainty, competition, domestic regulation, environmental risks, diseases and other livestock industry risks, acceptance of genetically modified products, labour disruptions, dependence on key personnel, technological advances, credit and foreign exchange risk. These are not necessarily all the important facts 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. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information relating to the Company is available on SEDAR.

1. HIGHLIGHTS OF THE TWELVE MONTHS

- Earnings before interest, tax, depreciation and amortization ("EBITDA") was $13,897,450 for the twelve months ended March 31, 2022 as compared to $13,067,014 for the prior year's twelve months ended March 31, 2021
- Gross profit was $25,269,681 for the twelve months ended March 31, 2022 as compared to $24,436,624 for the prior year's twelve months ended March 31, 2021
- Shipped 419,083 metric tonnes of grain, a decrease of 161,971 compared with the same period in the previous fiscal year
- Shipped 103,453 metric tonnes of granular fertilizer, a decrease of 35,994 metric tonnes compared with the same period in the previous fiscal year
- Sold $52,998,861 of crop protection products, an increase of $1,648,296 compared with the same period in the previous fiscal
- Total income and comprehensive income were $6,357,098 for the twelve months ended March 31, 2022 as compared to $6,320,835 for the prior year's twelve months ended March 31, 2021
- Earnings per share were $2.01 for the twelve months ended March 31, 2022 as compared to $2.00 for the prior year's twelve months ended March 31, 2021

2. BUSINESS OUTLOOK

Global markets for commodities like durum, canola and pulse crops have been continuously growing as the global pandemic roars on throughout the world. The increased demand for food along with challenges in supply has added to the increased value of agricultural commodities. Reasons such as the conflict in Ukraine, global transportation challenges, a shift to developing grain as renewable energy sources and the COVID-19 pandemic have all supplemented an increase in commodity values and significant challenges to the supply chain. Adequate moisture in the SWT marketplace has been minimal the past 24 months, resulting in unprecedented dry conditions during the past growing season. Growers continue to invest in crop protection and crop nutrients to maintain production, but the drought conditions in the past growing season were difficult to overcome resulting in one of the smallest crops recorded in the last 30 years. However, SWT has navigated through these challenging times and will continue to focus its efforts on providing efficient, fast and economical operations to ensure long term sustainability within this uncertain global marketplace.

The grain business and crop inputs business have both been successful and profitable ventures for SWT in southwest Saskatchewan. With excess capacity remaining in the existing assets of SWT, a focus on growth will continue to be a strategic objective. The Company's most recent expansions into Kyle and Wymark will need to be intentionally focused on to ensure maximization of those marketplaces. Also, the current investment into the grain terminal at the Antelope location will also allow the company to expand and grow the market presence of grain origination even farther than it has in previous years. Business growth through an "out to customer" approach is one of the key drivers in SWT's strategic plan.

With all the geo-political issues in the world currently, there are challenges from an overall economic standpoint. The world is intently focused on the conflict in Ukraine and the resulting sanctions on Russia as the global marketplace and supply chain restructures the movement of food, fuel and fertilizer. The current Saskatchewan government is highly engaged on the positive impact our region can have on exports out of the province and continues to support the industry from a local and global standpoint.

2. BUSINESS OUTLOOK (continued)

The competition is positioned well on the prairies and continues to change its shape through consolidation and modernization. The largest risk in the macro environment is the potential for increased presence from the larger line companies. Recent expansions of grain terminals in Swift Current and soon to be Gull Lake, increases the pressure and focus of the business. SWT has built a strong business upon a foundation of great people and culture which should allow it to expand its footprint into existing market gaps in Saskatchewan. Despite the business establishing itself as a Durum market leader, and an increased focus on Canola and Red Lentils, the grain business needs additional avenues to minimize its risk in the marketplace. Finally, with available capacity in the fertilizer warehouse and with strong relationships in the crop protection business, the expansion of that business unit should be well-supported.

3. SEGMENT PERFORMANCE

SWT's management team reviews SWT's operations and resource allocation by grain handling and crop input business segments. Business segments are strategic business units with different product input, processes and marketing strategies.

Segment performance is evaluated based on EBITDA. Management believes that EBITDA is an important indicator of SWT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. Refer to section 11 "Use of non-IFRS term and reconciliation" for a reconciliation of EBITDA to net income.

The accounting policies used within each segment are consistent with the policies outlined in the notes to SWT's March 31, 2022 annual audited consolidated financial statements. Segmented revenues, expenses and results include transactions between segments that occurred during the ordinary course of business with normal market terms and conditions. Certain estimates and assumptions were made by Management in the determination of segment composition.

3.1 Grain Handling

The grain handling segment represents the principal core business of SWT in the origination and processing (including cleaning, bulk loading, shipping and export) of grain in SWT's facility in Saskatchewan. This segment represents the largest segment of SWT's business and provides the core infrastructure enabling the Company continuous processing and logistics support of grain products.

Selected Results by Reporting Segment (1) (2) (All amounts are in $CAD except Tonnes "MT")	Year Ended March 31, 2022	Year Ended March 31, 2021	
	(Audited)	(Audited)	(Change)
Revenue	201,769,424	227,271,745	(25,502,321)
Cost of Sales	(198,705,177)	(217,758,695)	19,053,518
Gross Profit	3,064,247	9,513,050	(6,448,803)
Unrealized gain on risk management liabilities	87,284	2,019	85,265
EBITDA(3)	(2,169,539)	5,047,568	(7,217,107)
Total MT Invoiced	419,083	581,054	(161,971)

Gross Profit per MT	7.31	16.37	(55%)
EBITDA per MT	(5.18)	8.69	(160%)

(1) See tables on consolidated semi-annual financial results
(2) Certain estimates and assumptions were made by Management in the determination of segment composition
(3) EBITDA is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, it may not be comparable to similar measures reported by other companies. Refer to section 11 "Use of non-IFRS term and reconciliation".

Total revenue from grain handling for the twelve-month period ended March 31, 2022 was $201,769,424, a decrease of $25,502,321 compared with the prior period. The Company shipped 419,083 (2021 – 581,054) metric tonnes at higher average prices than the same period in the prior fiscal year. Higher prices were offset by 161,971 fewer metric tonnes contributing to the lower grain revenue. The average price of grain shipped was $481 per metric ton compared to $391 per metric ton in the prior period.

The Company's grain handling revenue follows the fluctuation associated with market demand and the ability to match product quality to the available market sales. The fluctuation in demand for grain is typically consistent throughout the period limited by sales opportunity, product quality, world product demand and rail capacity. SWT works closely with growers and end users in order to execute sales. There are many moving parts in executing a sale, as the Company must be able to secure grain from growers in a timely fashion to minimize price exposure and must have grain in the elevator in order to meet the shipping requirements of railroad and end user. The Company continued to make concerted efforts to buy grain from growers in order to meet and exceed sales targets. The Company has secured relationships with end users who are continually looking for the quality SWT is able to provide in its shipments. Also, a strong relationship has been formed with CP rail to ensure ample car supply to match sales and to ensure the consistent transportation of grain.

Grain commodities were below the prior year when comparing total volumes shipped. Shipments decreased by 161,971 metric tonnes due to a decrease in availability as a result of the extremely dry crop year in addition to the implementation of a planned terminal shutdown to our Antelope facility to accommodate an upgrade to SWT grain shipping equipment.

The opportunity to purchase yellow corn became apparent in the fiscal period as the terminal had available space. The grain team was able to source the commodity as well as secure sales to nearby producers and feed lots. The sale of corn in the fiscal period helped to boost grain shipments by more than sixty-one thousand metric tonnes.

Cost of sales decreased in the most recent completed period by $19,053,518 and was directly correlated with the decreased revenue. With record prices on many commodities, demand erosion was created which ultimately resulted in volatility and decreased margin opportunities throughout the fiscal year.

3.2 Crop Inputs

The crop inputs segment represents the retail and warehousing business of SWT in the retailing of crop protection products, bulk and bagged seed along with granular and liquid fertilizer. This segment represents the six retail arms of SWT's business (Gull Lake, Hazenmore, Cabri, Shaunavon, Wymark and Kyle) and enables the business to become closer to the grower and support the grain business by directing grain products to the main facility at Gull Lake.

3.2 Crop Inputs (continued)

Selected Results by Reporting Segment (1) (2) (All amounts are in $CAD)	Year Ended March 31, 2022 (Audited)	Year Ended March 31, 2021 (Audited)	(Change)
Revenues	140,188,634	129,665,419	10,523,215
Cost of Sales	(117,983,200)	(114,741,845)	(3,241,355)
Gross Profit	22,205,434	14,923,574	7,281,860
Unrealized gain on risk management liabilities	106,401	55,333	51,068
EBITDA(3)	16,066,989	8,019,446	8,047,543
Operating Highlights			
Seed Sales	6,987,824	7,867,872	(11%)
Crop Nutrient Sales	80,201,949	70,446,982	14%
Crop Protection Sales	52,998,861	51,350,565	3%

(1) See tables on consolidated financial results
(2) Certain estimates and assumptions were made by Management in the determination of segment composition
(3) EBITDA is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, it may not be comparable to similar measures reported by other companies. Refer to section 11 "Use of non-IFRS term and reconciliation".

Total revenue for crop inputs for the period ended March 31, 2022 was $10,523,215 more than the prior period revenue. While seed sales decreased by 11%, crop nutrient sales increased by 14% and crop protection products also showed an increase to revenue by 3% over the prior period. Crop nutrient commodity prices firmly rose through 2021 and began to flatten early into 2022. The market price was significantly reduced during the summer fill season to reduce manufacturer inventory. As the year progressed, those values ratcheted up significantly throughout the winter as demand increased – domestically and globally. Even with a lower Canadian Dollar, crop nutrient prices held steady with the previous year.

Sales of crop nutrients increased by $9,754,967 to $80,201,949 due to the factors described above. The average price of dry fertilizer per metric tonne sold increased to $775 from $543 while volumes in metric tonnes sold decreased to 103,453 metric tonnes from 139,447. The price of fertilizer had a direct impact that resulted in an overall increase in revenue. The value of the crop nutrients products in early 2022 substantially exceeded the value during the same time period in 2021.

Seed sales decreased in the most recent period, with revenue totaling $6,987,824, representing a decrease of $880,048 versus results achieved in the prior period. Fewer sales of bagged canola seed resulted in lower sales overall.

Cost of sales has increased in the most recently completed period by $3,241,355, keeping in line with the increase in revenue of $10,523,215. Margins for crop nutrient products had increased from the previous year, and crop protection products experienced an increase over the year prior as well while SWT offered competitive pricing to maintain market share.

4. CONSOLIDATED FINANCIAL RESULTS

4.1 Summary of Annual Results

(In Canadian dollars, except as indicated)

	Year Ended March 31, 2022 (Audited)	Year Ended March 31, 2021 (Audited)	Year Ended March 31, 2020 (Audited)
Total revenue	341,958,058	356,937,164	291,099,416
Gross profit	25,269,681	23,436,624	18,932,266
Unrealized gain/(loss) on risk management liabilities	193,685	57,352	(89,771)
EBITDA(1)	13,897,450	13,067,014	8,441,525
Depreciation	(3,595,480)	(3,367,028)	(3,393,455)
Interest on long-term debt and bank indebtedness	(1,568,859)	(1,202,933)	(1,227,570)
Income tax	(2,376,013)	(2,176,218)	(1,020,514)
Total income and comprehensive income	6,357,098	6,320,835	2,799,986
Earnings per share basic & diluted	2.01	2.00	0.89
Total assets	182,449,714	159,124,292	144,589,478
Total long-term liabilities	17,383,590	14,707,533	14,726,826
Increase/(Decrease) in cash	6,299,671	(121,530)	121,530
Cash dividend			
Class B	0.80	0.20	0.35
Class C	0.80	0.20	0.35

(1) EBITDA is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, it may not be comparable to similar measures reported by other companies. Refer to section 11 "Use of non-IFRS term and reconciliation".

4.2 Summary of Semi-Annual Results

(In Canadian dollars, except as indicated)

	6 Months Ended Mar. 31, 2022 (Unaudited)	6 Months Ended Sep. 30, 2021 (Unaudited)	6 Months Ended Mar. 31, 2021 (Unaudited)	6 Months Ended Sept. 30, 2020 (Unaudited)
Total revenue	165,894,991	176,063,067	168,853,244	188,083,920
Gross profit	14,393,652	10,876,029	11,375,400	13,061,224
EBITDA(1)	8,584,122	5,313,328	5,699,618	7,367,396
Total income and comprehensive income	4,301,825	2,055273	2,642,916	3,677,919
Earnings per share basic & diluted	1.36	0.65	0.84	1.16

(1) EBITDA is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, it may not be comparable to similar measures reported by other companies. Refer to section 11 "Use of non-IFRS term and reconciliation".

4.3 Revenue, Gross Profit and EBITDA

(In Canadian dollars, except as indicated)

	6 Months Ended March 31 (unaudited)			Year Ended March 31 (Audited)		
	2022	2021	Change	2022	2021	Change
Revenue	165,894,991	168,853,244	(2%)	341,958,058	356,937,164	(4%)
Less: cost of sales	151,501,339	157,477,844	(4%)	316,688,377	332,500,540	(5%)
Gross profit	14,393,652	11,375,400	27%	25,269,681	24,436,624	3%
EBITDA(1)	8,584,122	5,699,618	51%	13,897,450	13,067,014	6%
Gross profit percentage of revenue	9%	7%	2%	7%	7%	-
EBITDA percentage of revenue	5%	3%	2%	4%	4%	-

(1) EBITDA is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, it may not be comparable to similar measures reported by other companies. Refer to section 11 "Use of non-IFRS term and reconciliation".

4.4 Discussion of semi-annual and year-to-date results

Gross profit increased 3% while EBITDA increased 6% for the twelve-month period ended March 31, 2022 in absolute dollar and percentage terms when comparing to the twelve months in the previous fiscal year. Gross profit increased by $833,057 to $25,269,681 (2021 - $24,436,624), the change is largely attributed to the increase in gross margin of crop nutrient products. This has had a direct impact on the $830,436 increase to EBITDA from $13,067,014 on March 31, 2021 to $13,897,450 on March 31, 2022.

Total volume of products was down, but record prices on grain, crop nutrients and crop protection products were the predominant reason for the total revenue increase. The Company was able to maintain customer growth through market opportunities presented by its continued asset growth in the southwest Saskatchewan region. The Company maintained a competitive range of products and supplies to customers in its market area and positioned itself as a reliable originator of commodities in a period that was extremely competitive along the supply chain.

The challenges with high priced grain commodities and one of the worst droughts on record resulted in a major decline in grain shipments and margins. However, the Company was able to offset the challenges with the grain shortage by positioning itself very well in a rising market for crop nutrients and crop protection products. Revenues increased along with margins to offset the above-mentioned challenges with grain shipments.

4.5 Expenses

(In Canadian dollars, except as indicated)

	6 Months Ended March 31 (Unaudited)			Year Ended March 31 (Audited)		
	2022	2021	Change	2022	2021	Change
General and administrative	6,040,564	5,723,775	6%	11,560,768	11,426,962	1%
Interest on long-term debt and bank indebtedness	793,419	591,639	34%	1,568,859	1,202,933	30%
Depreciation	1,873,035	1,650,232	14%	3,595,480	3,367,028	7%
Income tax	1,615,843	814,831	98%	2,376,013	2,176,218	9%
Unrealized (gain) on risk management liabilities	(236,182)	(47,993)	392%	(193,685)	(57,352)	238%

Total operating, general and administrative expenses on March 31, 2022, increased by $133,806 as compared to the twelve-month period ended March 31, 2021. The increase is largely associated with ramping up of travel-related expenses as covid restrictions were lifted later in the fiscal year, allowing staff to begin a more typical travel schedule as it relates to sales and training.

In addition to increased travel expense, the Company saw an increase to short-term and long-term interest expense as additional short-term debt was required to supplement working capital along with the additions to long-term debt to fund the shipping upgrade capital expenditure at the Antelope terminal. The Company also offers third party financing options that provide customers with purchase incentives at attractive interest rates during various times of the year. This program has become more popular over the past three fiscal periods.

The Company relied on short-term financing for sizeable near future benefits. Short term interest amounted to $783,018 as compared to $503,750 in the same period of the prior fiscal year.

Depreciation and amortization expense increased by $228,452 to $3,595,480 (March 31, 2021 – $3,367,028) in the period ended March 31, 2022 with the addition of a half year of depreciation for the Antelope shipping upgrade.

Income tax expense effective rate is 27%.

5. LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that SWT cannot meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

SWT has been able to generate sufficient cash from its operations and through access to equity, operating lines and other facilities to maintain its operations and development activities and pay its declared dividends. SWT's ability to generate sufficient cash resources from its operations will depend, among other things, on future harvests of and demand for pulses and special crops. Further information relating to the financial instrument risks and uncertainties to which SWT is subject to is summarized in SWT's most recent audited financial statement, which is available, together with additional information relating to SWT, on SEDAR at www.sedar.com.

SWT's capital requirements fluctuate from time to time as the supply of grain and special crops fluctuates, since payments to suppliers form the largest item of the capital requirements. SWT's working capital requirements are met from its earnings, with its credit facility providing bridge financing until payments for sales are received.

The Company has locked in rates for the fertilizer warehouse with a fixed rate of 2.48% and floating BA from Scotiabank with an outstanding balance on March 31, 2022 of $2,332,000 (March 31, 2021 - $3,032,200). The Company has a locked in 10-year fixed term loan with FCC at a rate of 4.5% with an outstanding balance on March 31, 2022 of $2,600,746 (March 31, 2021 – $3,328,208). The outstanding balance for the finance lease on March 31, 2022 was $nil (March 31, 2021 - $272,211). The Company has a fixed term loan with FCC at a rate of 4.7% with an outstanding balance on March 31, 2022 of $4,922,504 (March 31, 2021 – $5,196,622). The Company has a fixed term loan with FCC at a rate of 4.8% with an outstanding balance on March 31, 2022 of $971,459 (March 31, 2021 - $1,664,840). The Company has a fixed term loan with FCC at a rate of 4% with an outstanding balance on March 31, 2022 of $1,604,302 (March 31, 2021 - $2,083,943). During the year, the Company entered 2 new term loans for the Antelope upgrade one with FCC at a variable rate of 2.7% with an outstanding balance on March 31, 2022 of $3,108,504 (March 31, 2021 - $nil) and floating BA from Scotiabank with an outstanding balance on March 31, 2022 of $3,201,669 (March 31, 2021 - $nil). In addition, capital maintenance expenditures and repairs and maintenance expenses made by the Company are typically financed via working capital.

5. LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company's capital requirements generally fluctuate throughout the year as SWT's borrowings typically peak in early spring as supplier program payments become due for crop inputs inventory, combined with customer deposits typically delayed until harvest is completed. The Company's borrowings against its RBC line of credit peaked during the 2022 fiscal year to $25,150,000. The balance on March 31, 2022 is $10,450,000. The Company also has available to it two FCC Advancer loans, both bearing interest at FCC's variable mortgage rate minus 0.20%, the balance on March 31, 2022 on these loans were $13,000,000 and $3,889,000.

SWT finances its grain and crop input inventories via a secured operating line through RBC. The Company also enters commercial transactions with grain customers wherein a percentage of the value of grain shipped (typically 80-90%) is advanced to SWT; reconciliation occurs when unload weights are established, and a final determination of grade is reached. Certain crop protection products are also eligible for supplier rebills, easing the immediate capital requirements of the Company. Product is "rebilled" when it remains in SWT's inventory but payment by SWT is deferred and pricing left unfixed until the following season, at which time it is paid for by SWT once reported as part of the Company's sales. These programs provide an incentive to retailers like SWT to maintain adequate stock levels and are one example of the push marketing strategies employed by wholesalers and manufacturers to increase relative market share.

On March 31, 2022, SWT is in compliance with its financial covenants under all credit agreements.

5.1 Cash Flow

(Unaudited for the six-month period ended)

(In Canadian dollars, except as indicated)

Cash flow from (Used in) (Unaudited)	6 months ended March 31, 2022	6 months ended Sep. 30, 2021	6 months ended March 31, 2021	6 months ended Sept. 30, 2020
Operating activities	4,715,904	3,015,046	(15,749,692)	7,649,074
Investing activities	(1,733,061)	(5,429,281)	(3,298,096)	(964,213)
Financing activities	3,316,828	2,414,235	20,265,314	(8,023,917)
Change in cash	6,299,671	-	1,217,526	(1,339,056)

(Audited for the Year Ended)

(In Canadian dollars, except as indicated)

Cash flow from (Used in) (Audited)	Year Ended March 31, 2022	Year Ended March 31, 2021	Difference
Operating activities	7,730,950	(8,100,618)	15,831,568
Investing activities	(7,162,342)	(4,262,309)	(2,900,033)
Financing activities	5,731,063	12,241,397	(6,510,334)
Change in cash	6,299,671	(121,530)	6,421,201

Cash flow from continuing operations has increased for the six-month and twelve-month periods ended March 31, 2022 as compared to the same period in the prior fiscal year. Cash from operating activities was $7,730,950 as compared to cash used in operating activities of $8,100,618 in the prior period.

The cash used in investing activities was higher by $2,900,033 when compared to the same period in the prior fiscal year. The majority of the change when compared to March 31, 2021 is associated with the upgrade at the Antelope location.

5.1 Cash Flow (continued)

Most of the decrease of cash provided by financing activities in the 2022 fiscal year compared to the year prior, was a result of a reduction in the amount of proceeds of bank indebtedness. Proceeds of bank indebtedness in the 2022 fiscal period totaled $5,094,543 compared to $13,624,457 in the fiscal period ending March 31, 2021.

5.2 Working Capital Requirements

Working Capital is defined as current assets (cash, accounts receivable, inventories, prepaid inventories, income tax receivable and risk management assets) less current liabilities (bank indebtedness, accounts payable and accrued liabilities, customer deposits, current portion of long-term debt and current portion of obligation under finance lease).

(In Canadian dollars, except as indicated)	March 31, 2022 (Audited)	March 31, 2021 (Audited)	Change
Current assets	124,685,696	103,247,570	21%
Less: current liabilities	(79,620,924)	(62,802,017)	27%
Net working capital	45,064,772	40,445,553	11%

Current assets ended the 2022 fiscal year at $124,685,696, amounting to an increase of $21,438,126 when compared to March 31, 2021 with receivables accounting for most of the difference. Accounts receivable increased by $12,376,005.

Current liabilities were $79,620,924 at the end of the period; an increase of $16,818,907 is largely due to increased bank indebtedness as well as increased accrued liabilities for inventories received prior to March 31, 2022 but unbilled.

Working capital was $45,064,772 on March 31, 2022, an increase of $4,619,219 over the balance on March 31, 2021. The increase is mostly attributed to higher accounts receivable balances as well as higher prepaid inventory balances on March 31, 2022.

5.3 Capital Expenditures

The Company has continued to add fixed assets in property, plant and equipment with total additions at the period ended March 31, 2022 of $7,207,038. The majority of capital expenditure in the fiscal year ended March 31, 2022 relates to an upgrade of plant and equipment at the Antelope terminal to allow for faster car loading. The remainder of the additions were contributed to other base capital projects at the Company's facilities.

5.4 Capital Management

SWT manages its capital to ensure financial flexibility and to increase shareholder value through a combination of acquisitions and organic growth. This allows SWT to respond to changes in economic and/or marketplace conditions. SWT also strives to maintain an optimal capital structure to reduce the overall cost of capital. SWT objectives when managing capital are to continue as a going concern, to protect its ability to meet its ongoing liabilities and to maximize returns for shareholders over the long-term. In managing the Company's capital, adjustments may be made to the capital structure considering external influences such as changing economic conditions. In the management of capital, SWT includes bank indebtedness, mortgages and loans payable and shareholders' equity. There were no changes in SWT's approach to capital management during the year. SWT's bank indebtedness, mortgages and loans payable as well as shareholder's equity are components of its capital structure are set out in the following table:

	March 31, 2022 (Audited)	March 31, 2021 (Audited)
Bank indebtedness	27,339,000	22,244,457
Current portion of long-term debt	8,193,183	5,202,451
Current portion of lease liability	-	272,211
Long-term debt	10,548,001	10,103,362
Shareholders' equity	85,445,200	81,614,742
	131,525,384	119,437,223

6. DIVIDEND

On June 22, 2021 and December 13, 2021, the Company declared and paid dividends on the class B and class C shares in the amount of $0.50 and $0.30 per share, respectively, for a total of $2,526,640 by way of cash payment.

On July 16, 2020 and January 15, 2021, the Company declared and paid dividends on the class B and class C shares in the amount of $0.10 per share for a total of $631,660 by way of cash payment.

7. OUTSTANDING SHARES

Authorized an unlimited number of

Class A 10% voting, non-cumulative, non-participating, preferred shares, convertible to Class B
Class B voting, participating, common shares
Class C non-voting, participating, common shares

Issued	March 31, 2022 (Audited)	March 31, 2021 (Audited)
1,758,300 Class B shares	17,406	17,406
1,400,000 Class C shares	165,284	165,284
	182,690	182,690

8. RELATED PARTY TRANSACTIONS

The remuneration of the Company's directors and key management personnel during the period is comprised of salaries, board honoraria and short-term benefits with a value of $1,312,755 (2021 - $1,161,735).

During the year, the Company purchased 5,962 (2021 – 9,772) tonnes of grain from key management and directors with aggregate value of $3,427,880 (2021 - $3,257,826) and sold crop inputs in the amount of $3,375,183 (2021 - $2,628,352), all on commercial rates and terms.

During the year, the Company made sales of grain and received other income from Cargill, a shareholder, in the amount of $93,106,008 (2021 - $92,836,450) and made purchases of products and services in the amount of $35,190,491 (2021 - $28,999,449). Included in accounts receivable is $501,875 (2021 - $229,467) due from Cargill and in accounts payable $5,414,660 (2021 - $1,801,765) due to Cargill.

These transactions are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A the Company had no off-balance sheet arrangements.

10. GENERAL AND FINANCIAL INSTRUMENT RISK MANAGEMENT

10.1 Credit risk

The risk of financial loss in the event of failure of a customer or counterparty to a financial instrument to meet its contractual obligation is defined as credit risk. The Company's principal exposure to credit risk is in respect to its accounts receivables

In order to reduce the risk on its accounts receivable, the Company has adopted credit policies which mandate performing an ongoing credit review of all its customers and establishing allowances for bad debts when the amounts are not collectible.

The allowance for bad debt on March 31, 2022 was $516,932 (2021 - $148,850).

10.2 Crop Inputs Price Risk

The Company also faces the risk that market prices decline between the times the Company purchases crop input inventories and time it sells these inventories, resulting in reduced or negative margins.

10.3 Rail Performance Risk

The provision of rail performance represents a significant operating risk to the Company. Shipping delays due to poor rail service will reduce overall grain shipments and may result in contract delay penalties and vessel demurrage charged to the Company. Poor rail performance could have materially adverse effect on the grain operation and the financial results of the Company.

10.4 Weather Risk

The effects of weather conditions in a relatively confined geographic market area present a significant operating risk for the Company. Poor weather conditions can have materially adverse effects on both grain handling volume and crop inputs sales.

10.5 Currency risk

The Company is exposed to currency risk as a certain portion of sales and expenses are incurred in U.S. dollars resulting in US denominated accounts receivable and accounts payable. These balances are, therefore, subject to gain and losses due to fluctuations in that currency in relation to the Canadian dollar.

The Company entered foreign exchange derivative contracts to mitigate these risks. This strategy minimizes the impact of US dollar fluctuations on the operating results of the Company. In 2022, a net foreign exchange gain of $2,830 (2021 – loss of $424,061) was recognized in total comprehensive income.

10.6 Interest rate risk

Changes in the future cash flows of financial instruments and the possibility the Company will be unable to refinance existing debt with similar terms represents interest rate risk. The Company's principal exposure to interest rate risk is with respect to its long-term debt, which bear interest at fixed and floating interest rates.

A 1% change in interest rates relating to the long-term debt of the Company would increase or decrease interest expense by approximately $461,000 (2021 - $357,000). Exposure to interest rate risk is managed through normal operating and financing activities. The Company has entered interest rate swaps. The swaps convert a portion of the interest expense on long-term debt and obligation under finance lease from a floating to a fixed rate of interest. On March 31, 2022, there were two interest rate swaps outstanding, for a total notional amount of $5,475,319 (2021 - $3,246,061) with fixed interest rates of 2.48% and 2.10%.

10.7 Commodity Price Risk

Commodity price risk is the risk that the value of inventory and related contracts will fluctuate due to changes in market prices. A change in price and quality will have a direct effect on the value of inventory. As a grain handling facility, the Company has significant exposure to changes in various agricultural commodity prices. Prices for these commodities are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, as well as the weather. A substantial change in prices may affect the Company's comprehensive income and operating cash flows, if not properly managed.

To mitigate the risks associated with the fluctuations in the market price for agricultural commodities, the Company has a policy that grains be hedged, when possible, using purchase and sales contracts. The Company may employ derivative commodity instruments (primarily futures and options) for the purpose of managing its exposure to commodity price risk; however, they are not used for speculative or trading purposes. The Company's actual exposure to these price risks is constantly changing as the Company's inventories and commodity contracts change. The fair value of derivative contracts outstanding on March 31, 2022, resulted in the recognition of a risk management liability of $232,368 (2021 – asset of $16,701).

10.8 Liquidity Risk

Liquidity risk arises from the possibility the Company will not be able to meet its financial debt obligations as they become due or obtain financing as needed to pursue expansionary projects. Actual and forecasted cash flows are continuously monitored to reduce this liquidity risk. Management judges the future cash flows of the Company as adequate to make payments as they become contractually due and existing banking arrangements can support the growth goals of the Company. The Company estimates the following repayment of financial liabilities.

Less than 3 months	$58,245,880
3-12 months	$22,340,198
1-5 years	$10,548,001

10.9 Classification and fair value of financial instruments and inventories

The following methods and assumptions were used to estimate fair values of financial instruments and inventories:

Cash and accounts receivable are classified as financial instruments at amortized cost which approximates fair value. Bank indebtedness, accounts payable and accrued liabilities, and long-term debt are classified as loans and borrowings and are initially recognized at fair value and subsequently carried at amortized cost which approximates fair value due to the short-term nature of the balance.

Long-term investments of privately held available for sale equity securities, are classified as financial assets at fair value through profit or loss.

Risk management assets consist of exchange traded derivatives and interest rate swaps. They are classified as financial assets at fair value through profit or loss.

Risk management liabilities consist of interest rate swaps. They are classified financial liabilities at fair value through profit or loss and fair value is based on mid-market inputs obtained from third party sources.

Inventories include grain inventories are at fair value. Grain inventories include both commodity inventories and grain purchase and sales contracts which are forward derivatives. The grain purchase and sales contracts are classified as financial assets at fair value through profit or loss and the fair value for them and grain inventories is based on observable inputs other than quoted prices.

10.10 Fair value hierarchy

The Company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the Company can access at the measurement date.

10.10 Fair value hierarchy (continued)

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available, or for which observable inputs do not justify most of the instruments' fair value.

The following tables present the assets and liabilities measured at fair value on a recurring basis classified by the fair value hierarchy.

March 31, 2022
(Audited)

	Level 1	Level 2	Level 3
Grain inventories	-	14,583,714	-
Grain purchase and sales contract	-	(232,367)	-
Risk management assets	1,706,838	90,878	-
Long-term investments	-	-	200,200

March 31, 2021
(Audited)

	Level 1	Level 2	Level 3
Grain inventories	-	22,325,376	-
Grain purchase and sales contract	-	16,701	-
Risk management assets	1,766,496	-	-
Long-term investments	-	-	200,200
Risk management liabilities	-	102,807	-

10.11 Adoption of new accounting policies

There were no new accounting policies adopted during the year ended March 31, 2022.

11. Use of non-IFRS term and reconciliation

Management uses the non-IFRS measure, EBITDA, to provide shareholders and investors with a supplemental measure of the Company's operating performance and to highlight trends on the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes EBITDA is a useful supplemental measure from which to determine the Company's ability to generate cash available for working capital, capital expenditure and income taxes. Management also believes that shareholders, lenders and other interested parties frequently use EBITDA in the evaluation and comparison of the performance of business in the sector in which the Company operates. However, such measures do not have any standardized meanings prescribed by IFRS and may differ from those of other businesses.

Total income and comprehensive income	6 Months Ended March 31 (Unaudited)		Year Ended March 31 (Audited)	
	2022	2021	2022	2021
Net income	4,301,825	8,756,320	6,357,098	6,320,835
Depreciation	1,873,035	1,650,232	3,595,480	3,367,028
Interest on long-term debt and bank indebtedness	793,419	591,639	1,568,859	1,202,933
Income taxes	1,615,843	814,831	2,376,013	2,176,218
EBITDA	8,584,122	5,699,618	13,897,450	13,067,014
Shares Outstanding	3,158,300	3,158,300	3,158,300	3,158,300
EBITDA per share	2.72	1.80	4.40	4.14

CHARITABLE CONTRIBUTIONS

DR NOBLE IRWIN REGIONAL HEALTHCARE FOUNDATION

STARS

SPONSORSHIPS & DONATIONS

ABBEY BUSINESS AND COMMUNITY CENTRE
ABBEY CURLING CLUB
ARMSTRONG IMPLEMENTS
AUTUMN HOUSE INDEPENDENT LIVING
CABRI BULLDOGS
CABRI ICE CENTRE
CANADIAN COWBOYS ASSOCIATION
CHRISTIAN FELLOWSHIP CHURCH OF RHINELAND
EASTEND DINO DAYS COMMITTEE
GREAT WEST AUTO ELECTRIC
GULL LAKE & DISTRICT REC. COMPLEX
GULL LAKE SPRING ICE
KIWANIS CLUB OF SWIFT CURRENT
KNOX UNITED CHURCH
KYLE & DISTRICT RECREATION BOARD
LAC PELLETIER REGIONAL PARK GOLF COMMITTEE
LUCKY LAKE MINOR HOCKEY
MANKOTA RODEO CLUB INC
MAVERICK SCHOOL
MUKK BOOTS OR MITTENS
NORTH AMERICAN MILLERS' ASSOCIATION
RENO RODEO & AG SOCIETY
ROCK CREEK GOLF CLUB
SASKABILITIES
SASKATCHEWAN HIGH SCHOOL RODEO ASSOCIATION
SCMHA
SHAUNAVON LITTLE BRITCHES RODEO
SOUTH WEST CHRONIC DISEASE SUPPORT INC.
SOUTHWEST CYCLONES
SOUTHWEST HOMES INC.
SWIFT CURRENT AGR. & EXHIBITION ASSOC.
SWIFT CURRENT COMP HIGH SCHOOL
SWIFT CURRENT CURLING CLUB
SWIFT CURRENT DIAMOND ENERGY WILDCATS
THE NOMADS 4-H BEEF CLUB
THE ROYAL CANADIAN LEGION
TOMPKINS SKATING RINK
TOWN OF SHAUNAVON
VAL MARIE RECREATION BOARD
VILLAGE OF ABBEY
VILLAGE OF CLIMAX
WYMARK LITTLE LEAGUE

SWT EARLY LEARNING CENTRE
KYLE, SK

SWT Early Learning Centre

SWT is pleased to be a long-term partner with the Kyle Early Learning Centre. Funds will go towards the upgrades and renovations, among other things.

SCHOLARSHIPS

The SWT Scholarship has been available for students since 2000.

This scholarship is available to graduates in the Gull Lake and Hazlet area. Students who plan on attending post secondary school for Agriculture or Business are eligible. Students that wish to extend their education into one of these fields are encouraged to send a resume along with their academic achievements for consideration.

Each resume is considered by school and staff members. Once the decision is made, the student will be rewarded with a $1,500 scholarship.

The 2022 SWT Scholarship was awarded to

Janzen Sommer

The Cameron Williamson Memorial Scholarship is awarded in memory of South West Terminal Ltd. Cabri Location Manager Cameron Williamson.

This scholarship has been available to graduates in the Cabri & Abbey area since 2013. Students who plan on attending post-secondary school for Agriculture or Business are eligible. Students that wish to extend their education into one of these fields are encouraged to send a resume along with their academic achievements for consideration.

Each resume is considered by school and staff members. Once the decision is made, the student is rewarded with a $1,000 scholarship.

The 2022 Cameron Williamson Memorial Scholarship was awarded to

Lene du Plessis, Micky Bradford, and Verity Titemore

SCHOLARSHIPS

The Gratton Murray Memorial Scholarship is awarded in memory of one of the founding members of South West Terminal Ltd, Gratton Murray.

This scholarship is eligible to graduates in the Shaunavon area who plan to attend post-secondary school for Agriculture or Business. Students that wish to extend their education into one of these fields are encouraged to send a resume along with their academic achievements for consideration.

Each resume is considered by school and staff members. Once the decision is made, the student is rewarded with a $1,500 scholarship.

The 2021 Gratton Murray Memorial Scholarship was awarded to

Bryden Tremere

/SWTerminal

@SWT

swterminal

Box 719 Gull Lake, SK S0N 1A0 CANADA