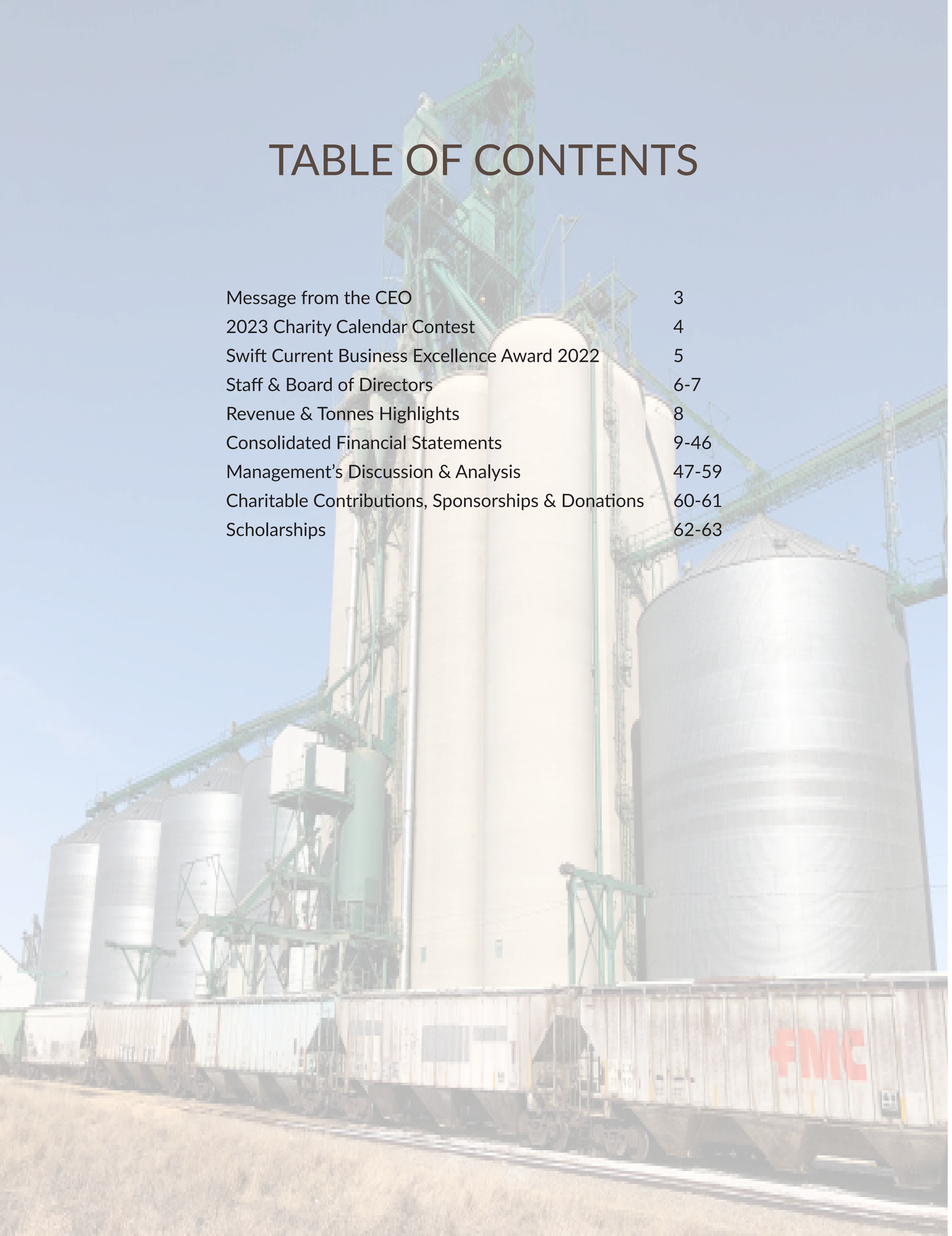
Gull Lake | Hazenmore | Cabri | Shaunavon | Wymark | Kyle

2022-2023 ANNUAL REPORT

SWT



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MESSAGE FROM THE CEO

To our shareholders,

I am writing to you today with gratitude as we reflect on the past year at SWT, a leading grain and crop inputs company in southwest Saskatchewan. Despite the formidable challenges we faced, including a prolonged period of drought and intense competition, I am thrilled to announce that we have not only persevered but also made significant strides forward.

The drought tested our resilience and resourcefulness like never before. With limited rains over the past few years, sub-soil moisture was all but depleted causing an unforgiving result for many growers in our region. Amidst the challenges posed by the drought, we also faced fierce competition within the industry. However, our unwavering focus on delivering exceptional value to our customers and building strong relationships allowed us to differentiate ourselves in the market. By offering tailored solutions and comprehensive support to our farming partners, we solidified our position as a trusted provider of grain and crop inputs.

Performance of 2022/23

I am pleased to report that our perseverance and determination have yielded positive results. Despite the drought's impact on overall production, our revenue remained strong. Total sales of the business hit a record high of just over $392M in sales of grain and crop inputs, resulting in gross margin sales of $20.7M – a decrease of 18% over the previous year's results. A sharp decline in volume of grain (364,000MT vs 419,000MT the previous year) was shipped, due entirely to the drought. Grain prices were strong throughout the fiscal year, which encouraged farmers to sell their very small crop into an aggressive marketplace. Sales of crop nutrient and protection products increased over the previous year by over $25M, while margins remained in line with the previous 5-year average. Moreover, our total market share remained steady, indicating that our strategies to overcome competition have been successful.

In the end, our financial results of the business resulted in $1.4M of profit after tax. 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.

What is next for SWT?

Looking ahead, we remain cautiously optimistic about the future of the agriculture industry. As we continue to navigate uncertainties, we are committed to further innovation and strategic partnerships that will strengthen our position in the industry. We recognize the crucial importance of sustainability and Environmental, Social, and Governance (ESG) practices. As stewards of the land, it is our responsibility to prioritize sustainable farming methods, conserve natural resources, and reduce our environmental footprint. We firmly believe that the farmers in southwest Saskatchewan are the best at what they do as we work towards promoting these practices to the rest of the world.

Additionally, we are committed to fostering strong relationships with local communities, supporting farmer education and empowerment, and ensuring ethical and fair practices throughout our supply chain. By embracing sustainability and ESG principles, we aim to not only meet the demands of the present but also safeguard the future of agriculture for generations to come.

In conclusion

I would like to express my sincere gratitude to all our shareholders for your unwavering support during this challenging year. Your trust in SWT has been instrumental in our ability to weather the storm and emerge stronger than ever. I also want to extend my deepest appreciation to our dedicated employees, whose hard work and dedication have been the driving force behind our success.

As we move forward, let us remain united in our vision and committed to our shared goals. Together, we will continue to overcome obstacles, embrace opportunities, and create a brighter future for SWT and its stakeholders.

Thank you.

Sincerely,

Monty Reich
CEO

2023 CHARITY CALENDAR CONTEST

In 2022, SWT held a captivating online photography contest to create a charity calendar that beautifully depicted the scenic splendor of southwest Saskatchewan. The calendar served as a tribute to the late SWT team member Stacey Gleim, with the support of his wife Bonnie Gleim. The chosen beneficiary was the Eastend Rink Complex, a fitting choice in honor of Stacey's memory. The contest received an overwhelming response, resulting in a stunning calendar that authentically captured the essence of the region. Calendars were sold at all of our locations, with donations suggested at $20.00. SWT generously matched every donation recieved.

Together, SWT and the community of southwest Saskatchewan raised an impressive $15,410.04 in support of the Eastend Rink Complex. The calendar serves as a lasting tribute to Stacey Gleim and a testament to the community's commitment to their region's beauty and charitable endeavors.

SWIFT CURRENT BUSINESS EXCELLENCE AWARDS 2022

SWT had the honor of being named a finalist in the SCBEX Large Business Award category for 2022. Although SWT did not ultimately win the award this year, the recognition it received holds significant importance. The SCBEX - Spirit of Swift Current & District awards are renowned for shedding light on the exceptional innovations occurring within the local business community. These awards aim to acknowledge and honor both businesses and not-for-profit organizations in Swift Current & District that have made remarkable contributions to the city's vibrancy through their entrepreneurial spirit and innovative practices.

We extend heartfelt congratulations to all the winners at the 2022 SCBEX awards, including the recipient in our category, Shoppers Drug Mart. This celebration of achievement highlights the spirit of collaboration and progress that defines the local business landscape. SWT takes great pride in being a part of this flourishing community, and being named a finalist serves as a testament to their unwavering dedication and unwavering commitment to excellence.

SWT STAFF

GRAIN PLANT OPERATIONS & FERTILIZER WAREHOUSE

Kendell Radtke	Plant Operations Manager
Anthony Mandel	Plant Operator Supervisor
Ryan Wiebe	Plant Operator Supervisor
Eric Logan	Plant Operator
Kenny Couch	Plant Operator
Joel DeMars	Plant Operator
Taylor Dingwall	Plant Operator
Volodymyr Polishchuk	Plant Operator
Isabella Skorobohach	Plant Operator
Serhii Zadorozhnyi	Plant Operator
Joel Butts	Plant Operator
Travis Retzlaff	Plant Operator

CROP INPUTS - ANTELOPE

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

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
Riley Haubrich	Farm Marketing Rep
Jordan Dykema	Farm Marketing Rep
Merissa Zerr	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	Farm Marketing Rep/Supervisor
Swayde Niedermayer	Farm Marketing Rep
Kara Shaw	Administrative Assistant
Justine Taylor	Administrative Assistant

CROP INPUTS - WYMARK

Tyson Wiens	Farm Marketing Rep/Supervisor
Brooklyn Johnston	Farm Marketing Rep
Christopher Dykema	Farm Marketing Rep
Amanda Kyle	Administrative Assistant

CROP INPUTS - KYLE

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

SWT STAFF

SENIOR LEADERSHIP TEAM

Monty Reich	Chief Executive Officer	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 Merchandising Manager
Gord Willison	Grain Trade & Logistics
Ron Cote	Farm Marketing Rep - Antelope
Kent Mickleborough	Farm Marketing Rep - Antelope
Heather Camphaug	Farm Marketing Rep - Cabri
Karla Sletten	Farm Marketing Rep - Cabri
Cody Peskleway	Farm Marketing Rep - Shaunavon
Rhys Bye	Logistics Assistant
Julia Stanford	Logistics Assistant
Aliya Logan	Administrative Assistant
Christine Topp	Administrative Assistant

HEALTH & SAFETY

Jordan Retzlaff	E,H&S Coordinator

FINANCE, HUMAN RESOURCES, & MARKETING

Benita McMillan	Controller
Amber Petersen	Accounts Payable Administrator
Pam Gedny	Credit & Collections Analyst
Shannon Friesen	Human Resource Coordinator
Hannah Roper	Communications & Marketing Coordinator

MAINTENANCE

Tyler Flynn	Maintenance Operator
Devon Leduc	Maintenance Operator

TRUCKING

Wade Bradford	Truck Driver
Steven Hughes	Truck Driver
Patrick Klink	Truck Driver

BOARD OF DIRECTORS

Jason McNabb	Chairman
Kevin Hursh	Vice-Chairman
Rhonda Undseth	President
Derek Tremere	Vice President
James Opperman	Secretary
Rhett Allison	Director
Paul Hazzard	Director
Randy Hildebrandt	Director
Roland Monette	Director
Blaine Duncan	Cargill Director
Andrew Stewart	Cargill Director
Lori Spaeth	Cargill Director
Mary Birley	Cargill Director

EXECUTIVE COMMITTEE
Kevin Hursh
Jason McNabb
James Opperman
Derek Tremere
Rhonda Undseth

AUDIT AND FINANCE COMMITTEE
Paul Hazzard
Rhett Allison
Roland Monette
Lori Spaeth

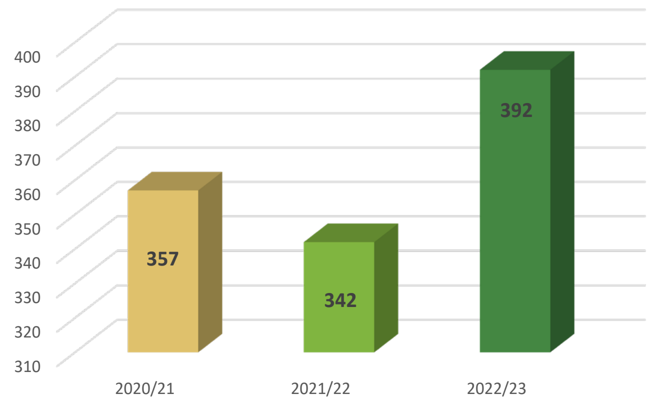
RISK COMMITTEE
James Opperman
Randy Hildebrandt
Kevin Hursh
Blaine Duncan

ITAC REP
Derek Tremere
James Opperman

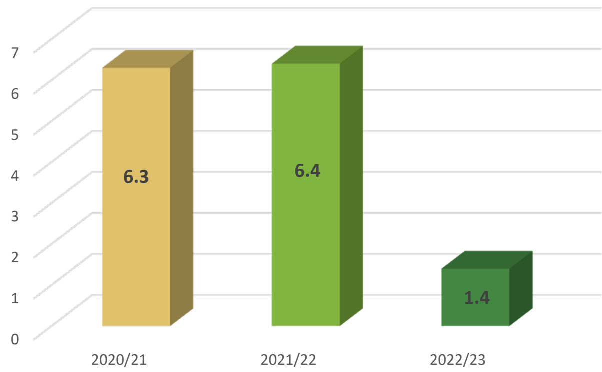
POLICY, GOVERNANCE & NOMINATING COMMITTEE
Derek Tremere
Rhonda Undseth
Roland Monette
Andrew Stewart

REVENUE & TONNES HIGHLIGHTS 2022-2023

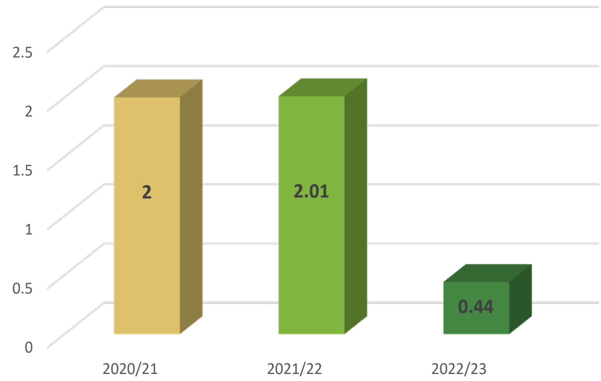
TOTAL GROSS REVENUE ($M)



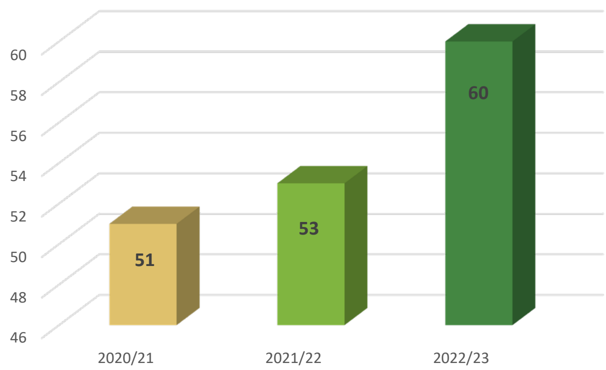
COMPREHENSIVE INCOME ($M)



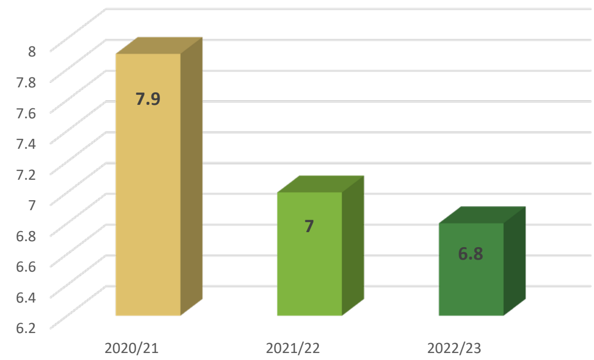
EARNINGS PER SHARE ($)



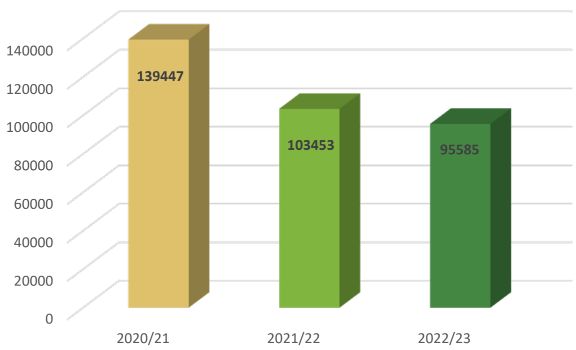
CROP PROTECTION SALES ($M)



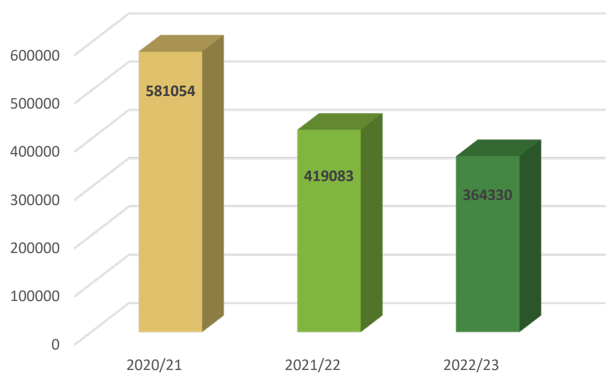
SEED SALES ($M)



CROP NUTRIENTS SHIPPED (MT)



GRAIN SHIPPED (MT)



SOUTH WEST TERMINAL LTD

Consolidated Financial Statements
March 31, 2023 & 2022

SOUTH WEST TERMINAL LTD.

FINANCIAL STATEMENTS

MARCH 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **South West Terminal Ltd.** have been prepared by the Company's management in accordance with International Financial Reporting Standards and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Board of Directors has delegated certain responsibilities to the Audit Committee, including the responsibility for reviewing the annual financial statements and meeting with management, internal auditors and external auditors on matters relating to the financial reporting process and the Company's system of controls.

The Board of Directors have reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

Jason McNabb	**Monty Reich**
Chairman	**Chief Executive Officer**

INDEPENDENT AUDITORS' REPORT

To the Shareholders,
South West Terminal Ltd.

Opinion

We have audited the financial statements of **South West Terminal Ltd.**, which comprise the statements of financial position as at March 31, 2023 and March 31, 2022 and the statements of changes in shareholders' equity, comprehensive income, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and March 31, 2022, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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 Matter

The financial statements of South West Terminal Ltd. for the year ended March 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on June 20, 2022.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditors' report is information included in the management's discussion and analysis, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Financial Statements

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

SASKATOON
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t. 306-653-6100 e. virtus.saskatoon@virtusgroup.ca

REGINA
Suite 200 - 2208 Scarth Street | Regina, SK S4P 2J6
t. 306-522-6500 e. virtus.regina@virtusgroup.ca

ESTEVAN
1210 4th Street | Estevan, SK S4A 0W9
t. 306-634-6806 e. virtus.estevan@virtusgroup.ca

INDEPENDENT AUDITORS' REPORT continued

In preparing the 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 Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

Virtus Group LLP

June 15, 2023
Saskatoon, Saskatchewan

Chartered Professional Accountants

VIRTUS GROUP

SOUTH WEST TERMINAL LTD.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023
(with comparative figures for 2022)

	2023	2022
ASSETS		
Current assets		
Cash	$ -	$ 6,299,671
Accounts receivable (Note 4)	38,106,819	29,367,737
Inventories (Note 5)	83,288,767	71,635,152
Prepaid inventories and expenses	4,907,695	14,314,044
Income taxes receivable	1,170,733	1,271,376
Risk management assets (Note 6)	212,461	1,797,716
	127,686,475	124,685,696
Long-term investments (Note 7)	200,200	200,200
Property, plant and equipment (Note 8)	54,726,657	56,094,918
Goodwill (Note 9)	1,408,900	1,408,900
Customer list	40,000	60,000
	$ 184,062,232	$ 182,449,714
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 10)	$ 39,496,396	$ 27,339,000
Accounts payable and accrued liabilities (Note 11)	23,428,744	32,861,228
Customer deposits	14,578,510	11,227,513
Current portion of long-term debt (Note 12)	6,943,437	8,193,183
	84,447,087	79,620,924
Long-term debt (Note 12)	8,816,835	10,548,001
Deferred income tax liability (Note 13)	6,808,699	6,659,039
Deferred revenue (Note 14)	142,290	176,550
	100,214,911	97,004,514
SHAREHOLDERS' EQUITY		
Share capital (Note 16)	182,690	182,690
Retained earnings	83,664,631	85,262,510
	83,847,321	85,445,200
	$ 184,062,232	$ 182,449,714

Commitments and contingencies (Note 15)

See accompanying notes to the financial statements.

APPROVED BY THE BOARD:

_______________ Director   _______________ Director

SOUTH WEST TERMINAL LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

	Share capital	Retained earnings	Total equity
Balance March 31, 2021	$ 182,690	$ 81,432,052	$ 81,614,742
Total income and comprehensive income	-	6,357,098	6,357,098
Dividends paid (Note 16)	-	(2,526,640)	(2,526,640)
Balance March 31, 2022	182,690	85,262,510	$ 85,445,200
Total income and comprehensive income	-	1,402,506	1,402,506
Dividends paid (Note 16)	-	(3,000,385)	(3,000,385)
Balance March 31, 2023	$ 182,690	$ 83,664,631	$ 83,847,321

See accompanying notes to the financial statements.

SOUTH WEST TERMINAL LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

	2023	2022
Revenue (Notes 17, 21 and 23)	$ 392,126,901	$ 341,958,058
Cost of goods sold (Notes 21 and 23)	371,388,932	316,688,377
Gross profit	20,737,969	25,269,681
Depreciation	(3,849,991)	(3,595,480)
General and administrative expenses (Note 18)	(12,324,126)	(11,560,768)
Interest on long-term debt and bank indebtedness	(2,860,348)	(1,568,859)
Income before undernoted items	1,703,504	8,544,574
Gain (loss) on sale of plant and equipment	62,824	(5,148)
Unrealized gain on risk management assets and liabilities	91,644	193,685
Income before income taxes	1,857,972	8,733,111
Income taxes (Note 19)		
Current (recovery)	305,806	(1,005)
Deferred	149,660	2,377,018
Total income and comprehensive income for the year	**$ 1,402,506**	**$ 6,357,098**
Basic and diluted comprehensive income per share (Note 20)	$ 0.44	$ 2.01

See accompanying notes to the financial statements.

SOUTH WEST TERMINAL LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023
(with comparative figures for the year ended March 31, 2022)

	2023	2022
Cash provided by (used in) operating activities:		
Total income and comprehensive income for the year	$ 1,402,506	$ 6,357,098
Items not involving cash:		
- Depreciation of property, plant and equipment	3,829,991	3,575,480
- (Gain) loss on sale of property, plant and equipment	(62,824)	5,148
- Unrealized gain on risk management assets and liabilities	(91,644)	(193,685)
- Depreciation of customer list	20,000	20,000
- Provision for deferred income taxes (Note 13)	149,660	2,377,018
	5,247,689	12,141,059
Non-cash operating working capital (Note 22)	(15,324,553)	(4,410,109)
	(10,076,864)	7,730,950
Cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(2,493,910)	(7,207,038)
Proceeds on disposal of property, plant and equipment	95,000	44,696
	(2,398,910)	(7,162,342)
Cash provided by (used in) financing activities:		
Proceeds of bank indebtedness, net	12,157,396	5,094,543
Proceeds from long-term debt	728,948	6,800,000
Repayment of long-term debt	(3,709,856)	(3,364,629)
Repayment of lease liability	-	(272,211)
Dividends paid	(3,000,385)	(2,526,640)
	6,176,103	5,731,063
Increase (decrease) in cash	(6,299,671)	6,299,671
Cash position - beginning of year	6,299,671	-
Cash position - end of year	$ -	$ 6,299,671

See accompanying notes to the financial statements.

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 financial statements have been prepared in accordance with Part 1 of the CPA Canada Handbook – Accounting "International Financial Reporting Standards" (IFRS). The financial statements comply with IFRS adopted by the International Accounting Standards Board (IASB) and interpretations by the IFRS Interpretations Committee (IFRIC).

The financial statements are presented in Canadian dollars, the functional currency of the Company. The financial statements have been prepared on the historical cost basis, except for certain items which are measured at fair value, as explained in Note 26.

The financial statements were approved by the Board of Directors on June 15, 2023.

3. Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are summarized below. These accounting policies have been applied consistently to all periods presented in these financial statements.

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 on acquisition.

Accounts receivable

Accounts receivable is reviewed for collectability at each reporting period. If it is determined that it is probable that the receivable will not be collected, an allowance for doubtful accounts is recognized and bad debt expense is charged to income.

3. Summary of significant accounting policies (continued)

Inventories

Grain inventories are commodity inventories that are readily convertible to cash due to 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 exchange-traded futures and grain purchase and sales contracts, with the objective of managing exposure to adverse price movements in agricultural commodities. The unrealized gains and losses for commodity futures contracts and the grain purchase and sales contracts are recognized in comprehensive income in the period in which they occur.

Risk management assets

Risk management assets include derivative foreign exchange and commodity instruments, which are mostly futures and option contracts, all of which are held in an investment broker account. The risk management assets are classified as financial assets and recorded at fair value through profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes all expenses directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The methods of depreciation and useful life applicable for each asset category during the current and comparative period are as follows:

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

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Comprehensive Income when the asset is derecognized.

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 flows.

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.

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 basis 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.

3. Summary of significant accounting policies (continued)

Leases (continued)

The Company's categories of leased assets are short-term and low value asset leases.

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, 2023, 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 customer's 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 is recognized at the point in time when control of products has 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.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

Cost of sales

Cost of sales includes the cost of products sold and net realized and unrealized gains and losses on commodity contracts and exchange-traded derivatives.

Borrowing costs

Borrowing costs are expensed as incurred except to the extent that they are directly attributable to the acquisition of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use. Borrowing costs are capitalized into the cost of qualifying assets until they are ready for their intended use or sale.

For the year ended March 31, 2023, no borrowing costs (2022 - $nil) have been included in property, plant and equipment.

3. Summary of significant accounting policies (continued)

Income taxes

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 enacted or substantially enacted tax rates at the reporting date and re-measured 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 re-measurement or re-assessment is recognized in the period of change, except when they relate 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).

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.

3. Summary of significant accounting policies (continued)

Financial asset impairment (continued)

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 transactions

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 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 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 asset's 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 *Revenue from Contracts with Customers*.

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. 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.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

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 recognized 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 rate ("EIR") method and are subject to impairment testing. 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 fair value through OCI 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.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

For financial assets at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of comprehensive income 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 or loss.

Financial assets at fair value through OCI (equity instrument)

The Company has classified investments as fair value through OCI (equity instrument).

Upon initial recognition, the Company can elect to irrevocably classify its equity investments as fair value through OCI 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 not recycled to profit or loss. Dividends are recognized as other income in the statement of comprehensive income 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 included in inventories, risk management assets, and 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. Notwithstanding 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 on the statement of financial position at fair value with net changes in fair value recognized in the statement of comprehensive income.

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 comprehensive income when the right of payment has been established.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as amortized cost or financial liabilities at FVTPL.

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.

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 comprehensive income. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date or recognition, and only if the criteria in IFRS 9 *Financial Instruments* are satisfied.

Financial liabilities at amortized cost

The Company has designated bank indebtedness, accounts payable and accrued liabilities, and long-term debt as financial liabilities at amortized cost.

After initial recognition, financial liabilities at amortized cost 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 comprehensive income.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or 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 comprehensive income.

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 bid 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.

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 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 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.

3. Summary of significant accounting policies (continued)

Use of estimates and judgments (continued)

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.

(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.

3. Summary of significant accounting policies (continued)

Use of estimates and judgments (continued)

(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.

Adoption of new accounting policies

There were no new accounting standards adopted in the current or comparative periods.

Standards issued but not yet effective and not applied

The IASB has issued new and amended IFRS standards under Part I of the CPA Canada Handbook, which are not yet effective for the Company. None of the new or amended standards have been implemented in these 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 January 1, 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.

3. Summary of significant accounting policies (continued)

Standards issued but not yet effective and not applied (continued)

• 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 January 1, 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.

• 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 the '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 January 1, 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

	2023	2022
Trade accounts receivable	$ 38,320,965	$ 29,884,669
Allowance for doubtful accounts	(214,146)	(516,932)
	$ 38,106,819	$ 29,367,737

Aging	2023	2022
Current	$ 27,714,293	$ 17,730,836
30 days	1,911,198	2,097,848
60 days	71,587	1,032,676
90 days	8,623,887	9,023,309
Allowance for doubtful accounts	(214,146)	(516,932)
	$ 38,106,819	$ 29,367,737

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

	2023	2022
Crop inputs	$ 70,334,320	$ 57,283,805
Grain	12,954,447	14,351,347
	$ 83,288,767	$ 71,635,152

The cost of inventories recognized as an expense and included in cost of sales is $364,116,860 (2022 - $304,056,169)

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

	2023	2022
Cash held for margin account	$ 47,666	$ 1,564,125
Unrealized (loss) gain on forward currency contracts	(17,727)	142,713
Fair value of interest rate swaps	182,522	90,878
	$ 212,461	$ 1,797,716

7. Long-term investments

	2023	2022
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

	Balance at Mar 31, 2021	Net additions and transfers	Balance at Mar 31, 2022	Net additions and transfers	Balance at Mar 31, 2023
Cost					
Buildings	$ 26,838,610	$ 535,674	$ 27,374,284	$ 217,971	$ 27,592,255
Cleaners	2,268,352	269,850	2,538,202	28,203	2,566,405
Computer hardware and software	1,471,754	67,738	1,539,492	147,278	1,686,770
Entrance roads	1,439,788	-	1,439,788	-	1,439,788
Equipment	4,773,508	362,062	5,135,570	449,557	5,585,127
Office furniture and equipment	1,009,186	1,636	1,010,822	3,174	1,013,996
Plant equipment	26,376,082	4,007,638	30,383,720	89,094	30,472,814
Railway siding	12,180,232	19,080	12,199,312	14,472	12,213,784
Terminal	5,925,596	-	5,925,596	-	5,925,596
Vehicle	1,994,191	83,562	2,077,753	1,283,012	3,360,765
	84,277,299	5,347,240	89,624,539	2,232,761	91,857,300
Land	515,410	23,892	539,302	4,193	543,495
	$ 84,792,709	$ 5,371,132	$ 90,163,841	$ 2,236,954	$ 92,400,795

8. Property, plant and equipment (continued)

	Balance at Mar 31, 2021	Net additions and write-downs	Balance at Mar 31, 2022	Net additions and write-downs	Balance at Mar 31, 2023
Depreciation					
Buildings	$ 7,176,344	$ 1,050,383	$ 8,226,727	$ 1,102,320	$ 9,329,047
Cleaners	1,737,177	126,430	1,863,607	135,840	1,999,447
Computer hardware and software	1,326,326	189,264	1,515,590	104,463	1,620,053
Entrance roads	666,005	57,122	723,127	57,357	780,484
Equipment	4,188,453	138,582	4,327,035	245,490	4,572,525
Office furniture and equipment	586,576	61,980	648,556	53,274	701,830
Plant equipment	6,496,536	917,728	7,414,264	1,170,982	8,585,246
Railway siding	3,474,799	609,559	4,084,358	610,422	4,694,780
Terminal	3,466,347	148,139	3,614,486	148,140	3,762,626
Vehicle	1,486,524	164,649	1,651,173	(23,073)	1,628,100
	$ 30,605,087	$ 3,463,836	$ 34,068,923	$ 3,605,215	$ 37,674,138
Net book value	$ 54,187,622	$ 1,907,296	$ 56,094,918	$ (1,368,261)	$ 54,726,657

Net book value:	**2023**	**2022**
Buildings	$ 18,263,208	$ 19,147,557
Cleaners	566,958	674,595
Computer hardware and software	66,717	23,902
Entrance roads	659,304	716,661
Equipment	1,012,602	808,535
Office furniture and equipment	312,166	362,266
Plant equipment	21,887,568	22,969,456
Railway siding	7,519,004	8,114,954
Terminal	2,162,970	2,311,110
Vehicles	1,732,665	426,580
	$ 54,183,162	$ 55,555,616
Land	543,495	539,302
Total	$ 54,726,657	$ 56,094,918

9. Goodwill

The Company performed its annual impairment test in March 2023. The recoverable amount is determined based on 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 4.75%, cash flows are extrapolated using an average growth rate of 17.50% and expected gross margins of 12.6%.

10. Bank indebtedness

The Company has available to it, an RBC operating Canadian and USD line of credit with a combined authorized limit of $50,000,000 from December to March, and $45,000,000 from April to November (2022 - $40,000,000), bearing interest at prime and secured by accounts receivable, inventories and a general security agreement. $23,485,000 (2022 - $10,450,000) of this operating line of credit was outstanding at year-end.

At March 31, 2023, the RBC prime lending rate was 6.70% (2022 - 2.70%) and the RBC USD prime lending rate was 8.00% (2022 - 3.50%).

The Company also has available to it two FCC Advancer loans, both interest bearing 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 (2022 - $13,000,000) which, at March 31, 2023, $13,000,000 (2022 - $13,000,000) was outstanding. The second FCC Advancer loan has an authorized limit of $12,000,000 (2022 - $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, 2023, $5,984,752 (2022 - $11,387,265) of this authorized limit was utilized, of which $nil (2022 - $3,889,000) was outstanding and included in bank indebtedness.

At March 31, 2023, the Farm Credit Canada variable mortgage rate was 7.70% (2022 - 3.70%).

At March 31, 2023, the Company had net cheques issued in excess of funds deposited of $3,011,396 (2022 - $nil).

11. Accounts payable and accrued liabilities

	2023	2022
Trade accounts payable	$ 6,543,961	$ 9,427,626
Accrued and other liabilities	16,884,783	23,433,602
	$ 23,428,744	$ 32,861,228

12. Long-term debt

	2023	2022
Loan payable to **Daimler Financial** in monthly payments of $5,556 including interest at 6.59%. Vehicles are pledged as security. Due January 2026.	$ 240,462	$ -
Loan payable to **Farm Credit Canada** in monthly payments of $46,146 including interest at 4.00%. Land and a general security agreement are pledged as security. Due April 2025.	1,105,289	1,604,302
Scotiabank Bankers' Acceptance, with interest bearing at the option of Bankers' Acceptance rate plus 1.50% or Scotiabank prime, repayable in monthly instalments of $28,333, plus interest, secured by a general security agreement, due April 2023.	2,861,673	3,201,669
Loan payable to **Daimler Financial** in monthly payments of $3,640 including interest at 6.59%. Vehicles are pledged as security. Due January 2026.	157,452	-
Loan payable to **Komatsu Financial** in monthly payments of $9,603 including interest at 4.25%. Vehicles are pledged as security. Due January 2026.	307,086	-
Loan payable to **Farm Credit Canada** in monthly payments of $42,525 including interest at 4.70%. Land, building and a general security agreement are pledged as security. Due January 2027.	4,635,356	4,922,504
Scotiabank Bankers' Acceptance, with interest bearing at the option of Bankers' Acceptance rate, plus 1.00% or Scotiabank prime, repayable in monthly instalments of $58,350, plus interest, secured by a general security agreement, due October 2023.	1,631,800	2,332,000
Loan payable to **Farm Credit Canada** in monthly payments of $71,773 including interest at 4.50%. Land and a general security agreement are pledged as security. Due June 2025.	1,840,189	2,600,746
Loan payable to **Farm Credit Canada** in monthly payments of $63,142 including interest at 4.80%. Land and a general security agreement are pledged as security. Due July 2023.	244,106	971,459
Loan payable to **Farm Credit Canada** in monthly payments of $42,614 including interest at 5.08%. Land and a general security agreement are pledged as security. Due May 2027.	2,736,859	3,108,504
	15,760,272	18,741,184
Less current portion due within one year	6,943,437	8,193,183
	$ 8,816,835	$ 10,548,001

12. Long-term debt (continued)

At March 31, 2023, the Scotiabank prime lending rate was 6.70% (2022 - 2.70%), the Bankers' Acceptance Rate was 4.89% (2022 - 0.73%), and the Farm Credit Canada variable mortgage rate was 7.70% (2022 - 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 $182,522 (2022 - $90,878) has been recorded at year end representing the fair value of the swaps.

Estimated principal payments due in each of the next five years are as follows:

2024	$	6,943,437
2025		2,291,066
2026		1,322,630
2027		4,117,692
2028		1,085,447

13. Deferred income taxes

Deferred income tax liabilities is made up of the temporary differences on the following items:

		2023		2022
Deferred tax liability				
Property, plant and equipment	$	6,727,361	$	6,629,597
Goodwill and intangibles		81,338		70,942
Risk management liabilities		-		330
		6,808,699		6,700,869
Deferred tax asset				
Loss carryforwards		-		(41,830)
Net deferred tax liability	$	6,808,699	$	6,659,039

During the year ended March 31, 2023, the amount of deferred income tax liabilities incurred and included in income taxes is $149,660 (2022 - $2,377,018).

14. 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.

15. Commitments and contingencies

At year-end, the Company held 5,907 (2022 - 1,743) tonnes of grain with a value of $3,153,544 (2022 - $1,151,886) on behalf of area producers. The Company is contingently liable for the value of this grain if losses in quantity or quality occur. This grain is not included in the Company's inventory.

16. 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

	2023	2022
Issued:		
- 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 17, 2022 and December 8, 2022, the Company paid dividends on the Class B and Class C shares in the amount of $0.65 and $0.30 per share, respectively, for a total of $3,000,385 by way of cash payment. 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.

17. Revenue

	2023	2022
Grain handling	$ 226,695,657	$ 201,769,424
Fertilizer sales	98,889,435	80,201,949
Chemical sales	59,713,693	52,998,861
Seed sales	6,828,116	6,987,824
	$ 392,126,901	$ 341,958,058

During the year, the Company earned 29% of its revenues from one customer (2022 - one customer for 27%) within the grain handling segment.

18. General and administrative

	2023	2022
Bank charges	$ 1,064,596	$ 1,056,477
General use	1,927,461	1,524,188
Office and administration	2,879,802	2,436,676
Wages and benefits	6,452,267	6,543,427
	$ 12,324,126	$ 11,560,768

19. Reconciliation of income tax rates

The Company's reported effective tax rate on accounting income differs from statutory rates as follows:

	2023	2022
Earnings before income taxes	$ 1,857,972	$ 8,733,111
Effective federal and provincial tax rate	27.00 %	27.00 %
Accounting income tax provision at statutory income tax rate	501,652	2,357,940
Saskatchewan manufacturing and processing profits tax reduction	(21,936)	-
Non-deductible expenses	21,717	14,062
Other	(45,967)	4,011
Income taxes	$ 455,466	$ 2,376,013

20. Earnings 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, 2023 is 3,158,300 (2022 - 3,158,300).

	2023		
	Net Income	**Shares**	**Income per Share**
Basic and dilutive	$ 1,402,506	3,158,300	$ 0.44
	Total Comprehensive Income	**Shares**	**Income per Share**
Basic and dilutive	$ 1,402,506	3,158,300	$ 0.44

	2022		
	Net Income	**Shares**	**Income per Share**
Basic and dilutive	$ 6,357,098	3,158,300	$ 2.01
	Total Comprehensive Income	**Shares**	**Income per Share**
Basic and dilutive	$ 6,357,098	3,158,300	$ 2.01

21. Segment information

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

Grain Handling

This segment consists of the buying, selling, cleaning and drying of grain.

Crop Inputs

This segment consists of sales of fertilizer, crop protection products, seed and seed treatments.

	2023		
	Grain Handling	**Crop Inputs**	**Total**
Revenues	$ 226,695,657	$ 165,431,244	$ 392,126,901
Cost of sales	221,277,358	150,111,574	371,388,932
Gross profit	5,418,299	15,319,670	20,737,969
Depreciation	(1,854,277)	(1,995,714)	(3,849,991)
Gain on sale of plant and equipment	2,949	59,875	62,824
Profit before shared expenses	3,566,971	13,383,831	16,950,802
General and administrative			(12,324,126)
Interest on long-term debt and bank indebtedness			(2,860,348)
Unrealized gain on risk management assets and liabilities			91,644
Income taxes			(455,466)
Total comprehensive income			$ 1,402,506
Net property, plant and equipment additions	$ 662,771	$ 1,647,547	$ 2,310,318
Total assets	$ 46,776,258	$ 137,285,974	$ 184,062,232
Property, plant and equipment	$ 24,992,011	$ 29,734,646	$ 54,726,657
Goodwill and intangible assets	$ -	$ 1,448,900	$ 1,448,900

21. Segment information (continued)

	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 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

22. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	2023	2022
(Increase) decrease in current assets:		
Accounts receivable	$ (8,739,082)	$ (12,376,005)
Inventories	(11,653,615)	4,769,697
Prepaid inventories and expenses	9,406,349	(6,229,551)
Income taxes receivable	100,643	(1,271,376)
Risk management assets	1,676,899	59,658
	(9,208,806)	(15,047,577)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(9,432,484)	10,427,247
Customer deposits	3,350,997	1,460,350
Income taxes payable	-	(1,207,336)
Deferred revenue	(34,260)	(42,793)
	(6,115,747)	10,637,468
	$ (15,324,553)	$ (4,410,109)

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 of $1,319,576 (2022 - $1,312,755).

During the year, services with a value of $139,191 (2022 - $120,270) were expensed in these financial statements that related to services provided to the Company by the Board of Directors. Also, the Company purchased 10,381 (2022 - 5,962) tonnes of grain from directors with an aggregate value of $4,494,776 (2022 - $3,427,880) and directors and key management personnel purchased crop inputs in the amount of $2,199,034 (2022 - $3,375,183).

During the year, the Company made sales of grain to Cargill, a shareholder, in the amount of $65,841,520 (2022 - $93,106,008) and made purchases of product and services in the amount of $39,026,499 (2022 - $35,190,491) from Cargill. Included in accounts receivable is $5,305,114 (2022 - $501,875) due from Cargill and in accounts payable is $1,377,249 (2022 - $5,414,660) due to Cargill.

These transactions are in the normal course of operations and have been valued in these financial statements at the fair value amount, which is the amount of consideration established and agreed to by the related parties.

24. 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.

	2023	2022
Bank indebtedness	$ 39,496,396	$ 27,339,000
Current portion of long-term debt	6,943,437	8,193,183
Long-term debt	8,816,835	10,548,001
	55,256,668	46,080,184
Shareholders' equity	83,847,321	85,445,200
	$ 139,103,989	$ 131,525,384

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, 2023, the Company complied with all financial covenants and externally-imposed capital requirements.

25. Financial risk management and uncertainties

Financial risk management

The Company is exposed to a variety of financial risks, which include currency risk, interest rate risk, credit risk, commodity price risk and liquidity risk. The Company does not have a practice of trading derivatives for speculative purposes. Use of derivatives is subject to the oversight of the Board of Directors.

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 $553,000 (2022 - $461,000). 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 from a floating to a fixed rate of interest. At March 31, 2023, there were two interest rate swaps outstanding, for a total notional amount of $4,435,123 (2022 - $5,475,319), with fixed interest rates of 2.48% and 2.10%.

Currency risk

The Company is exposed to currency risk as a certain portion of sales and expenses are transacted 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 2023, a net foreign gain of $736,700 (2022 - $2,830 gain) was recognized in comprehensive income.

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 debts as at March 31, 2023 was $214,146 (2022 - $516,932).

The Company has concentration of risk related to three customers who make up 31% (2022 - three customers for 24%) of its accounts receivable balance at March 31, 2023.

25. Financial risk management and uncertainties (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 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, 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, 2023 resulted in the recognition of a risk management asset of $1,223,553 (2022 - liability of $232,368) 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:

	2023	2022
Less than 3 months	$ 66,684,675	$ 58,245,880
3-12 months	3,183,902	22,340,198
1-5 years	8,816,835	10,548,001

26. 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.

26. Classification and fair value of financial instruments and inventories (continued)

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.

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.

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities)				
Grain inventories	$ -	$11,730,894	$ -	$11,730,894
Grain purchase and sale contracts	-	1,223,553	-	1,223,553
Risk management assets	29,939	182,522	-	212,461
Long-term investments	-	-	200,200	200,200

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities)				
Grain inventories	$ -	$14,583,714	$ -	$14,583,714
Grain purchase and sale contracts	-	(232,367)	-	(232,367)
Risk management assets	1,706,838	90,878	-	1,797,716
Long term investments	-	-	200,200	200,200

27. Comparative figures

The comparative year's financial statements were audited by another firm of Chartered Professional Accountants, who issued an unqualified report dated June 20, 2022.

SOUTH WEST TERMINAL LTD

Management's Discussion & Analysis
March 31, 2023 & 2022

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") financial results for the six and twelve months ended March 31, 2023 and should be read in conjunction with SWT's audited financial statements and related notes thereto for the year ended March 31, 2023. The audited 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, 2023. 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 $8,568,311 for the twelve months ended March 31, 2023 as compared to $13,897,450 for the prior year's twelve months ended March 31, 2022
- Gross profit was $20,737,969 for the twelve months ended March 31, 2023 as compared to $25,269,681 for the prior year's twelve months ended March 31, 2022
- Shipped 364,330 metric tonnes of grain, a decrease of 54,753 compared with the same period in the previous fiscal year
- Shipped 95,585 metric tonnes of granular fertilizer, a decrease of 7,868 metric tonnes compared with the same period in the previous fiscal year
- Sold $59,713,693 of crop protection products, an increase of $6,732,832 compared with the same period in the previous fiscal
- Total income and comprehensive income were $6,714,832 for the twelve months ended March 31, 2023 as compared to $6,357,098 for the prior year's twelve months ended March 31, 2022
- Earnings per share were $0.44 for the twelve months ended March 31, 2023 as compared to $2.01 for the prior year's twelve months ended March 31, 2022

2. BUSINESS OUTLOOK

SWT, as a company operating in the grain commodities and crop inputs sector, faces a mixed global outlook. The global grain market is influenced by a multitude of factors, such as weather patterns, government policies, trade agreements, and consumer demand. These factors can impact the supply and demand balance, which ultimately affects the price and profitability of grain commodities and fluctuations in crop nutrients and crop protection products.

One of the key drivers of the global grain market is weather conditions. Unfavorable weather events such as droughts, floods, or extreme temperatures can have significant implications for grain production. Crop yields may be affected, leading to a decrease in supply and potentially higher prices for grain commodities. Conversely, favorable weather conditions can result in abundant harvests, boosting supply and potentially leading to lower prices. Over the past few years, the SWT marketplace has been severely affected by drought and poor growing conditions. However, growers continue to invest in crop protection and crop nutrients to maintain production and sustainable growing conditions. 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 between the grower and the global marketplace.

Additionally, global economic conditions and trade policies play a crucial role in the grain market. Changes in economic growth, exchange rates, and trade agreements can impact the demand for grain commodities. Western Canada continues to be an island of high-priced commodities which has challenged the global demand and shifting of grain origination from a global perspective. Improving the efficiency of Canada's grain system has resulted in an increase of inland grain company facilities with excess storage and rail capacity. This in turn has created a challenge to profitability in trading grain commodities when there is excess capacity, along with increased competition and year over year reduction in grain yield.

2. BUSINESS OUTLOOK (continued)

Furthermore, evolving consumer preferences and dietary habits also influence the global outlook for grain commodities. As populations grow and dietary patterns shift, the demand for grains used in animal feed, food processing, and biofuel production may fluctuate. Consumer preferences for organic, sustainable, or locally sourced products can also impact market dynamics. From an energy standpoint, there is a significant government focus to increase production of products like renewable diesel that require commodities such as canola for its end use production. As the global marketplace and supply chain restructures the movement of food, fuel and fertilizer, SWT has positioned itself to be a leader in supporting growers in the southwest corner of Saskatchewan to meet the changing domestic and global demands. 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.

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 continues to focus on expansion into marketplaces in the region that possess the opportunity for increased crop nutrient and protection sales as well as increasing grain origination to the key Antelope grain terminal. Business growth through an "out to customer" approach is one of the key drivers in SWT's strategic plan.

In summary, SWT operates in a complex global grain market that is influenced by a multitude of factors. Weather conditions, economic trends, trade policies, and consumer preferences all contribute to the overall outlook for grain commodities. By closely monitoring these factors and adapting the business strategies accordingly, SWT can navigate the challenges and capitalize on the opportunities presented in the global grain market.

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, 2023 annual audited 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's 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, 2023**	**Year Ended March 31, 2022**	
	(Audited)	**(Audited)**	**(Change)**
Revenue	226,695,657	201,769,424	24,926,233
Cost of Sales	(221,277,358)	(198,705,177)	(22,572,181)
Gross Profit	5,418,299	3,064,247	2,354,052
Unrealized gain on risk management liabilities	62,031	87,284	(25,253)
EBITDA(3)	(264,974)	(2,169,539)	(1,904,565)
Total MT Invoiced	364,330	419,083	(54,753)
Gross Profit per MT	14.87	7.31	103%
EBITDA per MT	(0.73)	(5.18)	(86%)

See tables on consolidated semi-annual financial results

(1) Certain estimates and assumptions were made by Management in the determination of segment composition

(2) 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, 2023 was $226,695,657, an increase of $24,926,233 compared with the prior period. The Company shipped 364,330 (2022 – 419,083) metric tonnes at higher average prices than the same period in the prior fiscal year. Higher prices offset the 54,753 fewer metric tonnes contributing to the higher grain revenue. The average price of grain shipped was $622 per metric ton compared to $481 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, the railroad 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 CPKC 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 54,753 metric tonnes due to a decrease in availability because of the extremely dry crop year conditions.

Cost of sales increased in the most recent completed period by $22,572,181 and was directly correlated with the increased revenue. With high prices, good quality, increased competition, decreased volumes locally and commitments with railroads to move grain commodities, margin erosion was created.

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.

Selected Results by Reporting Segment (1) (2) (All amounts are in $CAD)	Year Ended March 31, 2023 (Audited)	Year Ended March 31, 2022 (Audited)	(Change)
Revenues	165,431,244	140,188,634	25,242,610
Cost of Sales	(150,111,574)	(117,983,200)	(32,128,374)
Gross Profit	15,319,670	22,205,434	(6,885,764)
Unrealized gain on risk management liabilities	29,613	106,401	(76,788)
EBITDA(3)	8,833,285	16,066,989	(7,233,704)
Operating Highlights			
Seed Sales	6,828,116	6,987,824	(2%)
Crop Nutrient Sales	98,889,435	80,201,949	23%
Crop Protection Sales	59,713,693	52,998,861	13%

(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, 2023 was $25,242,610 more than the prior period revenue. While seed sales decreased by 2%, crop nutrient sales increased by 23% and crop protection products also showed an increase to revenue by 13% over the prior period. Crop nutrient prices firmly rose through 2022 and did not level off until early into 2023. The crop nutrient market never truly reduced during the summer fill season which resulted in high revenue in the 2022 period. As the year progressed, those values began to decrease early into 2023 as global commodity values started to come down.

Sales of crop nutrients increased by $18,687,486 to $98,889,435 due to the factors described above. The average price of dry fertilizer per metric tonne sold increased to $1,063 from $775 while volumes in metric tonnes sold decreased to 95,585 metric tonnes from 103,453. The price of fertilizer had a direct impact that resulted in an overall increase in revenue. The value of the crop nutrients products in late 2022 substantially exceeded the value during the same time period in 2021.

Crop protection products sales increased by $6,714,832 to $59,713,693 during the revenue period as product values continued to increase due to production shortages and supply and demand. Similar to the crop nutrients, crop protection products experienced a consistent increase in values throughout the 2022 calendar year but experienced a decrease in overall values of products early into 2023.

Seed sales were essentially flat in the most recent period, with revenue totaling $6,828,116, representing a decrease of $159,708 versus results achieved in the prior year.

Cost of sales has increased in the most recently completed year by $32,128,374, keeping in line with the increase in revenue of $25,242,610. Margins for crop nutrient and crop protection products decreased from the previous year, where the beginning of 2023 affected the margin on inventory purchased in the 2022 purchasing season.

4. CONSOLIDATED FINANCIAL RESULTS

4.1 Summary of Annual Results

(In Canadian dollars, except as indicated)

	Year Ended March 31, 2023 (Audited)	Year Ended March 31, 2022 (Audited)	Year Ended March 31, 2021 (Audited)
Total revenue	392,126,901	341,958,058	356,937,164
Gross profit	20,737,969	25,269,681	24,436,624
Unrealized gain on risk management liabilities	91,644	193,685	57,352
EBITDA(1)	8,568,311	13,897,450	13,067,014
Depreciation	(3,849,991)	(3,595,480)	(3,367,028)
Interest on long-term debt and bank indebtedness	(2,860,348)	(1,568,859)	(1,202,933)
Income tax	455,466	(2,376,013)	(2,176,218)
Total income and comprehensive income	1,402,406	6,357,098	6,320,835
Earnings per share basic & diluted	0.44	2.01	2.00
Total assets	184,062,232	182,449,714	159,124,292
Total long-term liabilities	15,767,824	17,383,590	14,707,533
Increase/(Decrease) in cash	(6,299,671)	6,299,671	(121,530)
Cash dividend			
Class B	0.95	0.80	0.20
Class C	0.95	0.80	0.20

(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, 2023 (Unaudited)	6 Months Ended Sep. 30, 2022 (Unaudited)	6 Months Ended Mar. 31, 2022 (Unaudited)	6 Months Ended Sept. 30, 2021 (Unaudited)
Total revenue	218,237,370	173,889,531	165,894,991	176,063,067
Gross profit	6,715,561	14,022,408	14,393,652	10,876,029
EBITDA(1)	514,819	8,053,492	8,584,122	5,313,328
Total income and comprehensive income	(2,899,319)	3,542,770	4,301,825	2,055,273
Earnings per share basic & diluted	(0.92)	1.12	1.36	0.65

(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)		
	2023	2022	Change	2023	2022	Change
Revenue	218,237,370	165,894,991	32%	392,126,901	341,958,058	15%
Less: cost of sales	211,521,809	151,501,339	40%	371,388,932	316,688,377	17%
Gross profit	6,715,561	14,393,652	(53%)	20,737,969	25,269,681	(18%)
EBITDA[1]	514,819	8,584,122	(94%)	8,568,311	13,897,450	(38%)
Gross profit percentage of revenue	3%	9%	(6%)	5%	7%	(2%)
EBITDA percentage of revenue	(0%)	5%	(5%)	2%	4%	(2%)

(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 decreased 18% while EBITDA decreased 38% for the twelve-month period ended March 31, 2023 in absolute dollar and percentage terms when comparing to the twelve months in the previous fiscal year. Gross profit decreased by $4,531,712 to $20,737,969 (2022 - $25,269,681), the change is largely attributed to the decrease in gross margin of crop nutrient and crop protection products. This has had a direct impact on the $5,329,139 decrease to EBITDA from $13,897,450 on March 31, 2022 to $8,568,311 on March 31, 2023.

Total volume of products was down slightly, 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 continued, resulting 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)		
	2023	2022	Change	2023	2022	Change
General and administrative	6,209,611	6,040,564	3%	12,324,126	11,560,768	7%
Interest on long-term debt and bank indebtedness	1,554,189	793,419	96%	2,860,348	1,568,859	82%
Depreciation	1,955,768	1,873,035	4%	3,849,991	3,595,480	7%
Income tax	(854,874)	1,615,843	(153%)	455,466	2,376,013	(81%)
Unrealized loss (gain) on risk management liabilities	58,377	(236,182)	(125%)	(91,644)	(193,685)	(53%)

Total operating, general and administrative expenses on March 31, 2023, increased by $763,358 as compared to the twelve-month period ended March 31, 2022. The increase is largely associated with ramping up of travel-related expenses as covid restrictions were fully lifted in the fiscal year, allowing staff to begin a more typical travel schedule as it relates to sales and training. Promotion also saw an increase as the Company contributed more to the local communities it serves.

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 base capital expenditure. 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. Increases to short-term interest expense were also a result of rising interest expense throughout the fiscal period.

The Company relied on short-term financing for sizeable near future benefits in the midst of higher interest rates. Short term interest amounted to $2,119,887 as compared to $783,018 in the same period of the prior fiscal year.

Depreciation and amortization expense increased by $254,511 to $3,849,991 (March 31, 2022 – $3,595,480) in the period ended March 31, 2023 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, 2023 of $1,631,800 (March 31, 2022 - $2,332,000). 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, 2023 of $1,840,189 (March 31, 2022 – $2,600,746). The Company has a fixed term loan with FCC at a rate of 4.7% with an outstanding balance on March 31, 2023 of $4,635,356 (March 31, 2022 – $4,922,504). The Company has a fixed term loan with FCC at a rate of 4.8% with an outstanding balance on March 31, 2023 of $244,106 (March 31, 2022 - $971,459). The Company has a fixed term loan with FCC at a rate of 4% with an outstanding balance on March 31, 2023 of $1,105,289 (March 31, 2022 - $1,604,302). The Company has a fixed term loan with FCC at a rate of 5.08% with an outstanding balance on March 31, 2023 of $2,736,859 (March 31, 2022 - $3,108,504). The Company has a floating BA from Scotiabank with an outstanding balance on March 31, 2023 of $2,861,673 (March 31, 2022 - $3,201,669). During the year, the Company entered into three new finance agreements as follows with Daimler Financial for the purchase of a 2 semi trucks with a rate of 6.59% with an outstanding balance on March 31, 2023 of $240,462 (March 31, 2022 - $nil); new finance agreement with Daimler Financial for the purchase of a semi truck with a rate of 6.59% with an outstanding balance on March 31, 2023 of $157,452 (March 31, 2022 - $nil) and new finance agreement with Komatsu Financial for the purchase of a loader with a rate of 4.25% with an outstanding balance on March 31, 2023 of $307,086 (March 31, 2022 - $nil). In addition, capital maintenance expenditures and repairs and maintenance expenses made by the Company are typically financed via working capital.

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 2023 fiscal year to $38,900,000. The balance on March 31, 2023 is $23,485,000. 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, 2023 on these loans were $13,000,000 and $nil.

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, 2023, 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, 2023	6 months ended Sep. 30, 2022	6 months ended March 31, 2022	6 months ended Sept. 30, 2021
Operating activities	(9,446,319)	(630,545)	4,686,347	3,044,603
Investing activities	(1,623,679)	(775,231)	(1,733,061)	(5,458,838)
Financing activities	10,571,579	(4,395,476)	3,316,828	2,414,235
Change in cash	(498,419)	(5,801,252)	6,299,671	-

(Audited for the Year Ended)
(In Canadian dollars, except as indicated)

Cash flow from (Used in) (Audited)	Year Ended March 31, 2023	Year Ended March 31, 2022	Difference
Operating activities	(10,076,864)	7,730,950	(17,807,814)
Investing activities	(2,398,910)	(7,162,342)	4,763,432
Financing activities	6,176,103	5,731,063	445,040
Change in cash	(6,299,671)	6,299,671	(12,599,342)

Cash flow from continuing operations has decreased for the six-month and twelve-month periods ended March 31, 2023 as compared to the same period in the prior fiscal year. Cash used for operating activities was $10,076,864 as compared to cash from operating activities of $7,730,950 in the prior period.

The cash used in investing activities was lower by $4,763,432 when compared to the same period in the prior fiscal year.

Most of the increase in of cash provided by financing activities in the 2023 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 2023 fiscal period totaled $12,157,396 compared to $5,094,543 in the fiscal period ending March 31, 2022.

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 and current portion of long-term).

(In Canadian dollars, except as indicated)	March 31, 2023 (Audited)	March 31, 2022 (Audited)	Change
Current assets	127,686,475	124,685,696	2%
Less: current liabilities	(84,447,087)	(79,620,924)	6%
Net working capital	43,239,388	45,064,772	(6%)

Current assets ended the 2023 fiscal year at $127,686,475, amounting to an increase of $3,000,779 when compared to March 31, 2022 with receivables accounting for most of the difference. Accounts receivable increased by $8,739,082.

Current liabilities were $84,447,087 at the end of the period; an increase of $4,826,163 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 $43,239,388 on March 31, 2023, a decrease of $1,825,384 over the balance on March 31, 2022. The decrease is mostly attributed to due to less cash, higher bank indebtedness, lower prepaid inventories and expenses balances on March 31, 2023.

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, 2023 of $2,493,910. The majority of the additions were contributed to other base capital projects at the Company's facilities in the fiscal year ended March 31, 2023.

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, 2023	March 31, 2022
	(Audited)	(Audited)
Bank indebtedness	$ 39,496,396	$ 27,339,000
Current portion of long-term debt	6,943,437	8,193,183
Longterm debt	8,816,835	10,548,001
Shareholders' equity	83,847,321	85,445,200
	$139,103,989	$ 131,525,384

6. DIVIDEND

On June 17, 2022 and December 8, 2022, the Company declared and paid dividends on the Class B and Class C shares in the amount of $0.65 and $0.30 per share, respectively, for a total of $3,000,385 by way of cash payment.

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.

7. OUTSTANDING SHARES

Authorized an unlimited number of

Class A 10% voting, noncumulative, nonparticipating, preferred shares, convertible to Class B
Class B voting, participating, common shares
Class C nonvoting, participating, common shares

Issued	March 31, 2023 (Audited)	March 31, 2022 (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 $1,319,576 (2022 - $1,312,755).

During the year, the Company purchased 10,381 (2022 – 5,962) tonnes of grain from key management and directors with aggregate value of $4,494,776 (2022 - $3,427,880) and sold crop inputs in the amount of $2,199,034 (2022 - $3,375,183), 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 $65,841,520 (2022 - $93,106,008) and made purchases of products and services in the amount of $39,026,499 (2022 - $35,190,491). Included in accounts receivable is $5,305,114 (2022 - $501,875) due from Cargill and in accounts payable $1,377,249 (2022 - $5,414,660) 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 obligations 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, 2023 was $214,146 (2022 - $516,932).

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 a 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 2023, a net foreign exchange gain of $736,700 (2022 – gain of $2,830) 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 $553,000 (2022 - $461,000). 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, 2023, there were two interest rate swaps outstanding, for a total notional amount of $4,435,123 (2022 - $5,475,319) 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, 2023 resulted in the recognition of a risk management asset of $1,223,553 (2022 – liability of $232,368).

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	$66,684,675
3-12 months	3,183,902
1-5 years	8,816,835

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.

Longterm 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 including 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 are 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.

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, 2023
(Audited)

	Level 1	Level 2	Level 3
Grain inventories	$ -	$11,730,894	$ -
Grain purchase and sales contract	-	1,223,553	-
Risk management assets	29,939	182,522	-
Longterm investments	-	-	200,200

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	-
Longterm investments	-	-	200,200

10.11 Adoption of new accounting policies

There were no new accounting policies adopted during the year ended March 31, 2023.

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)**	
	2023	2022	2023	2022
Net income	(2,140,264)	4,301,825	1,402,506	6,357,098
Depreciation	1,955,768	1,873,035	3,849,991	3,595,480
Interest on long-term debt and bank indebtedness	1,554,189	793,419	2,860,348	1,568,859
Income taxes	(854,874)	1,615,843	455,466	2,376,013
EBITDA	514,819	8,584,122	8,568,311	13,897,450
Shares Outstanding	3,158,300	3,158,300	3,158,300	3,158,300
EBITDA per share	0.16	2.72	2.71	4.40

CHARITABLE CONTRIBUTIONS

ABBEY ARENA DU
ABBEY BUSINESS AND COMMUNITY CENTRE
ABBEY CURLING CLUB
ABC DINO DISCOVERY
AMBER PETERSEN
BEECHY ELKS
BURNHAM 4-H COMMUNITY CLUB
CABRI MINOR HOCKEY
CABRI RIVER RATS
COMPREHENSIVE COMMUNITY (SWIFT CURRENT) INC.
DARKHORSE THEATRE
EASTEND ROPING CLUB
FRONTIER FLYERS
GREAT PLAINS COLLEGE
GULL LAKE & DISTRICT REC. COMPLEX
GULL LAKE GREYHOUNDS HOCKEY TEAM
GULL LAKE LYCEUM THEATRE
GULL LAKE SPRING ICE
HALLONQUIST TOWN & COUNTRY CLUB
KINCAID & DISTRICT HEALTH CENTRE BOARD INC.
KNOX UNITED CHURCH
KYLE & DISTRICT RECREATION BOARD
KYLE ELKS HOCKEY CLUB
LAC PELLETIER REGIONAL PARK GOLF COMMITTEE
LANCER & DISTRICT AG SOCIETY
MANKOTA 4H BEEF CLUB
MANKOTA COMMUNITY RODEO INC
MAVERICK SCHOOL
PINTO CREEK LEGION #224
PIONEER CO-OPERATIVE ASSOC. LTD
RENO RODEO & AG SOCIETY
ROCK CREEK GOLF CLUB
SASK LANDING GOLF RESORT
SASKABILITIES
SASKATCHEWAN ASSOCIATION OF WATERSHEDS
SASKATCHEWAN HIGH SCHOOL RODEO ASSOCIATION
SASKATCHEWAN INSTITUTE OF AGROLOGISTS
SCMHA
SHAUNAVON LITTLE BRITCHES RODEO
SHEA
SIGN HERE SIGNS AND PRINTING
SOUTH WEST CHRONIC DISEASE SUPPORT INC.

SOUTHWEST AG & AUTO
SOUTHWEST CYCLONES
SOUTHWEST NEWCOMER WELCOME CENTRE
SOUTHWEST TYPE 1 SHARPS
STARS FOUNDATION
SUMMER CHILL 3 ON 3 HOCKEY
SUPERIOR MEATS (2021) LTD.
SWIFT CURRENT & DISTRICT CHAMBER OF COMMERCE
SWIFT CURRENT 57's BALL CLUB
SWIFT CURRENT AGR. & EXHIBITION ASSOC.
SWIFT CURRENT COMP HIGH SCHOOL
SWIFT CURRENT CURLING CLUB
THE ROYAL CANADIAN LEGION KYLE BRANCH 124
TOMPKINS SKATING RINK
TOWN OF GULL LAKE
U17 SONIC SOFTBALL
VAL MARIE RECREATION BOARD
VILLAGE OF CLIMAX
WHEATLAND CONSERVATION AREA INC.
WYMARK FUTURES GROUP INC.
WYMARK LITTLE LEAGUE
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

GREAT PLAINS COLLEGE

In 2022, SWT's charitable contribution to Great Plains College helped provide scholarships to students in the new Agricultural Science Certificate program, as well as in the Business and Electrician programs.

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 2023 SWT Scholarship was awarded to

Mckenna Radtke

The Stacey Gleim Memorial Scholarship has been available for students since 2023.

This scholarship is available to graduates in the Eastend 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 2023 SWT Scholarship was awarded to

Tygh Armstrong

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 2022 Gratton Murray Memorial Scholarship
was awarded to

Danielle Dordu

/SWTerminal

@SWT

swterminal

Box 719 Gull Lake, SK S0N 1A0 CANADA