

106th Annual Report

Year-ended February 29th 2024



CANADIAN
CO-OPERATIVE
WOOL
GROWERS



2024-25 DIRECTORS / CONSEIL D'ADMINISTRATION

BRITISH COLUMBIA / COLOMBIE BRITANNIQUE

TERM 2 YEARS / MANDAT DE 2 ANS
BARBARA YDENBERG
27382 84 AVE
LANGLEY BC V1M 3L4
604-856-3365

ALBERTA (South/SUD)

TERM 2 YEARS / MANDAT DE 2 ANS
WARREN MOORE
BOX 203, STAVELY, AB TOL 1Z0
403-549-2464 CELL: 403-625-6519

ALBERTA (NORTH/NORD)

TERM 1 YEAR / MANDAT DE 1 AN
JOHN WOODBURN
BOX 565, GRIMSHAW, AB TOH 1W0
780-332-4481 FAX 332-2878



SASKATCHEWAN (NORTH/NORD)

1ST VICE / 1E VICE
TERM 1 YEAR / MANDAT DE 1 AN
ARLETTE SEIB
BOX 16 WATROUS, SK SOK 4T0
306-419-9051

SASKATCHEWAN (South/SUD)

TERM 2 YEARS / MANDAT DE 2 ANS
LARRY KENNEDY
BOX 31 SHAMROCK SK SOH 3W0
306-648-7522

MANITOBA

TERM 2 YEARS / MANDAT DE 2 ANS
HARRY WARKENTIN
BOX 2458,
STEINBACH MB R5G 1N9
204-326-2617 / 204-326-7379

ONTARIO (WEST/OUEST)

PRESIDENT / PRÉSIDENT
TERM 1 YEAR / MANDAT DE 1 AN
ALLAN RIBBINK
2599 BRUCE RD 15
TIVERTON ON NOG 2T0
519-368-7691

ONTARIO (EAST / Est)

2ND VICE / 2E VICE
TERM 2 YEARS / MANDAT DE 2 ANS
REGGIE CAMPBELL
630 GLENASHTON RD
ASHTON ON KOA 1B0
613-257-7524

QUÉBEC (WEST/OUEST)

VACANT

QUÉBEC (EAST/Est)

VACANT

ATLANTIC / ATLANTIQUE

TERM 1 YEAR / MANDAT DE 1 AN
RUTH MATHEWSON
989 UPPER BROOKSIDE RD
CENTRAL NORTH RIVER
NS B6L 6W6
902-895-4708

DIRECTOR ELECTIONS / L'ÉLECTION DES DIRECTEURS - 2025

The following Canadian Co-operative Wool Growers Limited directors' term of office will expire. Any shareholder interested in a director position is required to file a nomination ballot supported by three shareholders from the provincial sub district in which they reside, at least 60 days prior to the provincial shareholders meeting. Copies of our corporate bylaws and nomination ballots are available upon request from any branch of the Canadian Co-operative Wool Growers Limited. All nomination ballots must be received at Head Office by **June 30, 2025**.

*La durée du mandat des directeurs de la Canadian Co-operative Wool Growers Limited, notée ci-dessous, prendra fin. Tout actionnaire intéressé par un poste de direction est tenu de déposer un bulletin de mise en candidature soutenu par trois actionnaires du sous-district provincial dans lequel il réside, au moins 60 jours avant l'assemblée générale provinciale. Des copies de nos statuts sociaux et des bulletins de mise en candidature sont disponibles sur demande auprès de n'importe quelle succursale de la Canadian Co-operative Wool Growers Limited. Tous les bulletins de mise en candidature doivent être reçus au siège social pour le **30 juin 2025**.*

ALBERTA NORTH / NORD JOHN WOODBURN

QUÉBEC WEST / OUEST VACANT

SASKATCHEWAN NORTH / NORD ARLETTE SEIB

QUÉBEC EAST / EST VACANT

ONTARIO WEST / OUEST ALLAN RIBBINK

ATLANTIC RUTH MATHEWSON

MANAGERS & STAFF / LES MEMBRES DU PERSONNEL

CARLETON PLACE - OFFICE / WOOL
CCWGHQ@WOOL.CA

REAL WOOL SHOP - ERIN PRETTY

CCWG LIVESTOCK SUPPLY DIVISIONS

GM - MORGAN MOORE MORGAN@WOOL.CA

ACCOUNTING - ACCOUNTING@WOOL.CA

NAV GILL, HUNTER BLAIR

WEBSITE / WOOL - CATHY HOLMES

ADMIN/WOOL - JOANN THORPE

WOOL GRADER - ALAN DAVIDSON-CUMMINGS

SAINT-HYACINTHE - ANNE-MARIE AUGER

CARLETON PLACE - LEE-ANNE DURANT-McINTYRE

COOKSTOWN - JOHN CUTHBERT

WATERLOO - GLENN KELLEY

BRANDON - THELMA HOFER

LETHBRIDGE - MAAIKE VAN KUILENBURG



WOOL INDUSTRY NEWS NOUVELLES DE L'INDUSTRIE DE LA LAINE

The CCWG recently held Management and Board of Director meetings at the 106th Annual General Meeting was held in Brandon, MB October 25th-26th, 2024.

La CCWG a récemment tenu des réunions avec la direction et le conseil d'administration lors de la 105e Assemblée générale annuelle qui s'est tenue à Brandon en MB, du 25 au 26 octobre 2024.

**Executive Committee/Comité exécutif:
President / Président**

- Allan Ribbink, Tiverton, ON

1st Vice President / 1er vice-président

- Arlette Seib, Watrous, SK

2nd Vice President / 2e vice-président

- Reggie Campbell, Ashton, ON

- Barbara Ydenberg, Langley, BC

**Additional Directors on the Board :
Autres directeurs sur le comité :**

- Ruth Mathewson, North Central River, NS

- Harry Warkentin, Steinbach, MB

- Larry Kennedy, Shamrock, SK

- Warren Moore, Stavely, AB

- John Woodburn, Grimshaw, AB



CCWG Board of Directors

Front row – Arlette Seib, Barbara Ydenberg, Ruth Mathewson

Back row – Allan Ribbink, Reggie Campbell, John Woodburn, Warren Moore,
Harry Warkenton, Larry Kennedy

STAFF AWARD CERTIFICATES PRESENTED AT THE AGM BANQUET
50 Years - John Cuthbert - Cookstown Branch
10 Years - Abigail Boucher Bedard - Saint-Hyacinthe Branch



CCWG Staff

Front row - Maaïke van Kuilenburg, Hunter Blair, Cathy Holmes, Lee-Ann Durant-McIntyre
Back row - Kohen Bridgeman, Morgan Moore, Dan Lacoste, Thelma Hofer, John Cuthbert, Anne-Marie Auger, Heidi Lancaster, Erin Pretty, Alan Davidson-Cummings, Sharon Barrett

CCWG UNVEILS NEW CORPORATE LOGOS!

Black & White for heritage - Blue for corporate
Orange for retail - Green for environmental







CERTIFICATE OF MERIT LE CERTIFICAT DE MÉRITE

ONTARIO

STONEBRAE FARM
DAVID WILLARD
STELLA, ON
SHEARERS/TONTEURS:
DAVID JONES & KAYLEIGH
GRAHAM

ONTARIO

DREAMMAKER FARM
BRENDA HAIST
ROLBIN, ON
SHEARER/TONTEUR:
DAVID JONES

MANITOBA

WAYNE McDONALD
CARTWRIGHT, MB

SASKATCHEWAN

ELP SHEEP FARM
PRINCE ALBERT, SK
SHEARERS/TONTEURS:
CHARLES STRUCK & GREG
PENNER

SASKATCHEWAN

ANDRE VAN STUYBENBERG
GRENFELL, SK
SHEARERS/TONTEURS:
PAULINE BOLAY & AMBER
PETERSON

SASKATCHEWAN

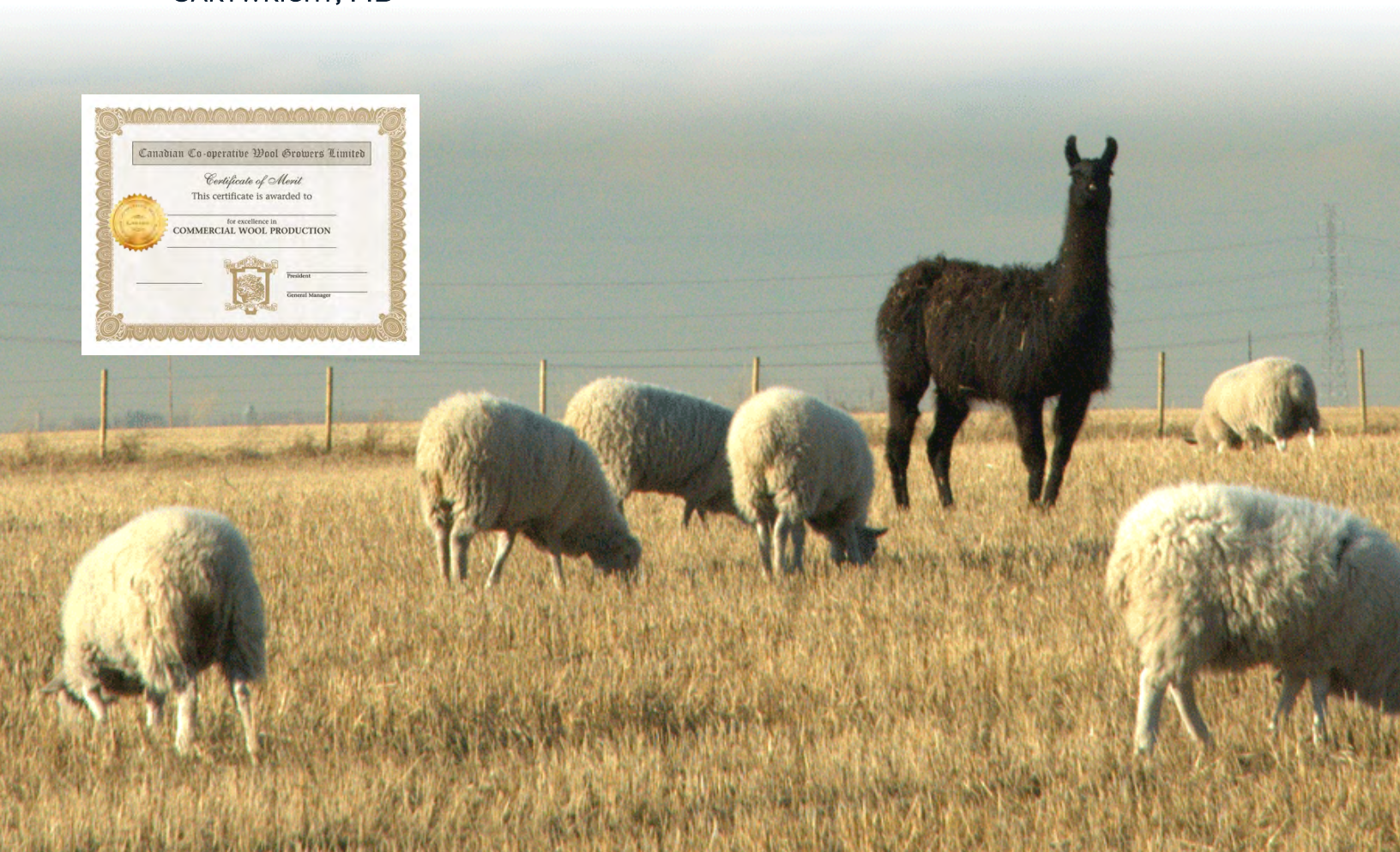
RICHARD & WANDA PERAULT
VAL MARIE, SK

ALBERTA

BIRCH HILLS FARMING
CO LTD
WANHAM, AB
SHEARERS/TONTEURS:
TRAVIS & WAYNE WALTER,
RUEBEN, MIKE, WARREN &
JUSTIN TSCHETTER

BRITISH COLUMBIA

CANTERBURY FARM
SEAN & LAURIE RODGERS
VANDERHOOF, BC
SHEARER/TONTEUR:
ROD ALLAN



Certificate of Merit

Due to organized marketing and the emphasis being placed on producing a quality product by members of the Co-op, a great interest is being shown in Canadian Wool by both commercial and individual buyers. Now there is recognition paid to wool growers who take extra pride in their wool, and through extra efforts offer a much improved product for market.

These growers also exemplify the co-operative spirit and contribute by making their system of marketing operate more efficiently, to the benefit of all wool growers across Canada. In order that these men and women be known for their efforts and so some standard will exist in commercial wool production, as it does in so many ways with lamb production a Certificate of Merit is awarded to the top wool shippers of Canada for the current wool season. These growers will also be recognized at our annual general meeting as well as in the next issue of the Canadian Wool Growers Magazine.

These awards will be made to those growers who best support the co-operative method of marketing wool through their knowledge and efforts at producing wool which goes far to promote Canadian wool to buyers. The selection will be made by a panel of judges representing the shearing, warehousing, grading, selling and buying aspects of wool. Consideration will be given to volume, breeding, care of the fleece, proper preparation and shipment to the Co-op. Factors such as geographic location will be considered as well to allow for unavoidable variations in such things as climate.

No grower will be penalized for offsorts that have been separated, identified and shipped to the co- op as such.

It is our intention that this award will grow in prestige and stature as the symbol of excellence in commercial wool production.

Le certificat de mérite

En raison de la commercialisation organisée et l'accent mis sur la production d'un produit de qualité par les membres de la Co-op, un grand intérêt a été démontré envers la laine canadienne par les acheteurs commerciaux et individuels. Maintenant qu'il y a une reconnaissance discernée aux producteurs qui démontrent une fierté envers leur laine, et grâce à certains efforts supplémentaires, nous pouvons offrir un produit nettement amélioré sur le marché.

Ces producteurs illustrent également l'esprit de coopération et contribuent en rendant leur système de commercialisation plus efficace, ce qui est dans l'intérêt de tous les producteurs de laine à travers le Canada.

Afin que ces hommes et ces femmes soient reconnus pour leurs efforts et qu'une certaine norme existe dans la production de laine commerciale - comme à bien des égards dans la production d'agneau - un certificat de mérite est décerné aux meilleurs expéditeurs de laine du Canada pour la saison en cours. Ces producteurs seront également reconnus à notre assemblée annuelle, ainsi que dans la prochaine édition de la revue Canadian Wool Growers.

La sélection sera faite par un comité de juges représentant la tonte, l'entreposage, le classement, la vente et les aspects d'achats de la laine. De plus, les juges tiendront compte du volume, de l'élevage, des soins de la toison, de la préparation et de l'expédition à la Co-op. D'autres facteurs seront également pris en considération, tels que l'emplacement géographique et les variations inévitables de climat.

Aucun producteur ne sera pénalisé pour la laine inférieure qui a été séparée, identifiée et livrée à la coopérative.

Il est de notre intention que ce prix augmentera en prestige et en stature, tel le symbole de l'excellence dans la production de la laine commerciale.

General Manager's Report 2024

I am very pleased to welcome everyone here to Brandon for our 106th Annual General Meeting of the Shareholders of the Canadian Co-operative Wool Growers Ltd. Brandon, the home of our latest acquisition, Total Farm Supply has been a strong move for the CCWG and we are thrilled to show Total Farm Supply to our directors, management staff and shareholders. Partnering with Manitoba Sheep to deliver our AGM at the same time as the Ag Ex activities has worked well for us this year. Thank you to the organizers who have welcomed us and accommodated us so well.

The Canadian Co-operative Wool Growers (CCWG) takes great pride in being a strong industry supporter returning monies back to our shareholders and the greater industry through several channels. We are pleased to have sponsored many of our provincial and national association shows & sales across Canada. These included the All Canada Classic at Richmond, QC, the Royal Agriculture Winter Fair in Toronto, ON, Grasslands Sheep Show & Sale in Humboldt, SK, the Manitoba Sheep Show & Production Sale in Minnedosa, MB, the Elite Show & Sale in Quebec, Alberta Lamb Producers and Alberta Sheep Breeders Association AGM's and more! We were also happy to sponsor the first ever International Wool & Textile Organization (IWTO) meetings in Montreal, QC last December.

The CCWG is proud to be a major sponsor of 4-H Canada, sponsoring 2 scholarships for youth pursuing a post-secondary education in Agriculture. We also have supported regional 4-H shows purchasing lambs and fat steers, sponsoring classes and providing wool grading workshops to 4-H clubs.

Membership by shareholders also sees reward in other forms, including the 7% allocation of dividend payments ratified in 2023 and subsequently paid out. The Shareholder Loyalty Program which returns value to shareholder wool shippers via credit at the CCWG retails is also another strong way that we offer member support. Though the company still struggles to market domestic wools in the global marketplace, the overall profitability of the Co-operative is enjoyed thanks to the hard work of the CCWG retail staff and the strong support of our customers (many of whom are shareholders). To these hard-working people we extend our appreciation - yet again.

Even though the wool inventory isn't moving at volumes to satisfy us, and providing significant cash-flow at this time, the Board of Directors voted to payout 2022 – 2023 wool stocks. Although the pricing was not exciting to producers, the Board of Directors instructed the administration to maintain a floor price of 10 cents per pound. This amounted to payouts in many cases that were above what the wool would trade for in the present global economy.

The CCWG is still vigorously defending the \$3.5M Statement of Claim filed against the CCWG and the Board of Directors by a previous GM. The CCWG is well-insured through our commercial corporate insurance policies with Cooperators Insurance and well represented by legal counsel with Emond Harnden LLP. Due process in

this litigation is long and tedious. Some suggest that we are nearing the midway point of this proceeding. As significant developments arise and as we are permitted, we will continue to make our shareholders informed through our mail-out system. The unbudgeted expenses that have arisen due to this legal action have cost the company considerably, however, the costs of legal defence will hopefully pay off relative to the charges.

The executive and greater Board of Directors have taken steps to make management decisions more by committee than has been employed historically. This new approach has improved communications with the Board of Directors and has allowed for much more transparency into the day-to-day operations of CCWG. It has also been critical in assisting myself, transitioning without a hand-off into the role of GM, and supporting our execution of critical details.

Special thanks to Allan Ribbink, Reg Campbell, Arlette Seib and Barb Ydenberg for their strong support throughout the entire year! The staff, particularly management, at Carleton Place are also to be thanked for their continued patience and assistance through a process without a smooth transition.

In this modern age of high rates of employee turnover, with the average employee remaining with a given company for only 7 years, its amazing that we have so many long-serving employees. We would like to recognize employees that have given loyalty to the CCWG for many years.

I would like to recognize John Cuthbert who has been employed by CCWG for 50 years. His involvement with CCWG has seen the evolution of the company from its retail location at the Toronto Stockyards, a catalogue mail-order business to the present day location in the Cookstown Stockyards and a significant online presence within the company. John could offer a masterclass in people relations and customer service. He has a skill strength for name recall that has very few equals. "Thank you" John for your continued service and we will recognize you at the banquet tonight!

The growth of CCWG is worth spending some time discussing. With the addition of Total Farm Supply and strong store performances across the country, we have increased our gross retail sales from \$10.8M in retail sales in 2021/22 to \$16.4M in retail. That number has grown to \$17.3M in 2023/2024. With this growth has come an acute need for greater administrative supports for the company.

The CCWG has invested in the talent pool of the administrative staff with the hiring of Dan Lacoste, Hunter Blair and Penny Woolsey to the roles of Accounting Administration. We have actively searched for the right candidates to offer us the in-house accounting and bookkeeping skills required to support us as a growing company.

The wool side of the company has not experienced the same excitement enjoyed by the retail enterprises. Globally, there are staggering supplies of coarse wool types. In China, the almost 3 year shutdown that resulted from their economic slowdown

and overlapping Covid-19 crisis with hardline shutdowns resulted in a massive stockpile of wool. Naturally, the wool closest to the textile processing facilities will have the cheapest freight costs associated and they will use that product up before reaching out globally for wool.

There are also the geo-political considerations with respect to China. The likelihood of some sort of conflict with America and China over the territorial dispute in Taiwan is very high. What will that mean for Asian and Indo-Pacific trade? We know that any life signs in the Chinese marketplace will be very fragile.

Global conflicts between Russia and Ukraine, Israel and Gaza, Iran and Lebanon all make for market volatility and uncertainty. This, seemingly, has hampered reinvestment and retooling in textile industries.

We entertained delegations at Carleton Place from India, China and Columbia this past spring and summer. We have also had expressions of interest from Europe and USA wool buyers in wool stocks on hand. The global prices have not recovered sufficiently to make sense to sell the wool that we have stockpiled currently. However, this interest is very welcome, and we read it as a positive sign that things are beginning to turn around for the wool industry.

To this end, CCWG has looked at marketing alternatives closer to home. We also are actively investing in the development of commercial machinery for the pelletizing of wool here at home. We announced last year that a delegation of Executive and staff members went to Germany in January 2023 to visit the EcoKraft Pellet Mill sales site at Plattling, Germany. It was fascinating to see the European interest in a green and natural soil amendment product. We are confident that this development will be a strong fit for our poorest quality wools. CCWG has enlisted the help of Magnum Industries of Saskatoon, SK for the building of the components of a commercial pellet mill for wool. We have also been involved in wool pellet die testing with CPM Industrial Solutions at Ponca City, Oklahoma. CCWG has also been test-selling the wool pellets in some of our retail locations with excellent interest and sales through a partnership developed with Wild Valley Farms, patent holders for wool pellet soil blends in Canada and the USA. With our pre-existing network of strong retail locations across the country, and our recognition domestically for our focussed involvement in the wool industry, it is an exciting prospect for our company.

At this time, I would like to thank all our shareholders, staff and supporters who have contributed to successful operations of the past year. The people within and around this organization make it special and we will work to make sure that this 106-year heritage and industry presence of CCWG remains strong for years to come!

Morgan Moore
General Manager
Canadian Co-operative Wool Growers Ltd.

CCWG President's Annual Report – October 2024

As we reflect on another year, I am excited by the dynamics shaping our industry and our company. The Canadian wool market and our retail business continue to evolve, presenting us with opportunities and challenges that require our proactive engagement and innovation.

The wool industry is witnessing a resurgence in demand for sustainable and natural fibers, driven by consumer awareness of environmental issues. This shift is encouraging, as it aligns with our commitment to ensuring the economic benefits of domestic wool production and its spin-offs remain in Canada. However, I am concerned about the volatility in market prices and production costs as well as the impact of climate change on wool production and livestock production in general. These factors necessitate our vigilance and adaptability.

Within CCWG, I am particularly excited about our recent initiatives aimed at enhancing wool usage and sustainability. The wool pellet initiative is one example of our ongoing commitment to marketing Canadian wool domestically via non-traditional wool products, allowing our Cooperative to become a price setter rather than a price taker. This recognition has also impacted our retail outlets by encouraging management teams to continually improve and modify inventories with the products that our shareholders and customers require, as well as desire.

To strengthen our relations with stakeholders, we must enhance transparency and engagement. Presentations are planned during our annual meeting in Brandon MB, to outline our intention to improve our online presence, not only from a retail perspective, but also from a corporate perspective. There is a sense among our board that embracing available technology has significant potential to dramatically improve communications with our shareholders and our customer base and also improve the ability to scale our online sales and shipping opportunities. Improving our online presence also creates opportunities to reach out to non-traditional customers. We envision opportunities to improve our product lines, as well as increasing our brand's appeal to lifestyle agriculturalists, and acreage consumers.

To further grow our business, the CCWG executive recognizes our cooperative must continue to be vigilant in recognizing potential opportunities within complimentary businesses such as our recently acquired Total Farm Supply in Brandon, MB. New locations such as TFS expand our customer base and increase our scalability for purchases, freight and business opportunities.

As we move forward, let us remain committed to embracing the excitement of our industry while addressing the challenges ahead. By enhancing our stakeholder relations, connecting with new demographics, and promoting innovative uses of wool, we can ensure a bright future for CCWG and the wool community as a whole.

Thank you for your continued support and dedication.

Respectfully submitted,

Allan Ribbink,

CCWG President & Ontario West Director

**CANADIAN CO-OPERATIVE
WOOL GROWERS, LIMITED**

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 29, 2024

Independent Auditor's Report

Consolidated Balance Sheet

Consolidated Statement of Operations

Consolidated Statement of Changes in Retained Earnings

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS McNEELY

PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Co-operative Wool Growers, Limited

Opinion

We have audited the accompanying consolidated financial statements of Canadian Co-operative Wool Growers, Limited ("the Company"), which comprise the consolidated balance sheet as at February 29, 2024, and the consolidated statements of operations, changes in retained earnings, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in Note 13 to the consolidated financial statements, the Company is subject to litigation arising from the placement of an employee on paid administrative leave. This matter is at the preliminary stage of discovery and the outcome and an estimate of loss, if any, are not determinable. No provision for any loss or recovery has been recorded in these consolidated financial statements. Our opinion is not modified with respect to this matter.

Other Matter

The consolidated financial statements of the Company for the year ended February 28, 2023 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on April 4, 2024.

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Arnrior, Ontario K7S 1M4

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Carleton Place, Ontario K7C 1R9

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Perth, Ontario K7H 2L6

5992 Hazeldean Rd.
Stittsville, Ontario K2S 1B9

Phone: 613-963-1430 (1-866-999-1339)

Fax: 613-686-3960 (Perth local 613-267-3949)

acctg@khmpc.ca

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Kelly Huibers McNeely
Professional Corporation

Stittsville, Ontario
January 22, 2025

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED

CONSOLIDATED BALANCE SHEET

As at February 29, 2024

	2024	2023
ASSETS		
CURRENT ASSETS		
Accounts receivable (note 3)	\$ 391,625	\$ 561,761
Income taxes recoverable	169,152	-
Inventory (note 4)	7,722,595	7,605,143
Prepaid expenses	<u>50,223</u>	<u>186,459</u>
	8,333,595	8,353,363
CAPITAL ASSETS (note 5)	2,484,954	2,358,157
GOODWILL	455,700	455,700
	<u>\$ 11,274,249</u>	<u>\$ 11,167,220</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	\$ 422,897	\$ 113,407
Bank loans (note 6)	621,712	247,621
Accounts payable and accrued liabilities (note 10)	1,097,289	1,598,962
Government payables	63,142	76,380
Income taxes payable	-	15,164
Dividends payable	44,446	44,192
Current portion of long-term debt	<u>27,019</u>	<u>26,011</u>
	2,276,505	2,121,737
LONG-TERM DEBT (note 7)	<u>426,294</u>	<u>453,224</u>
	<u>2,702,799</u>	<u>2,574,961</u>
SHAREHOLDERS' EQUITY		
Share capital (note 8)	335,920	331,920
Retained earnings	<u>8,235,530</u>	<u>8,260,339</u>
	8,571,450	8,592,259
	<u>\$ 11,274,249</u>	<u>\$ 11,167,220</u>

The accompanying notes are an integral part of these financial statements.

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended February 29, 2024

	2024	2023
SALES	\$ 17,451,868	\$ 17,508,576
COST OF SALES (note 10)	<u>13,182,665</u>	<u>13,072,649</u>
GROSS PROFIT	<u>4,269,203</u>	<u>4,435,927</u>
OPERATING EXPENSES		
Advertising and promotion	181,221	150,141
Amortization	179,091	133,306
Bad debt	36,996	432
Bank charges and interest	233,939	208,616
Director fees	41,734	39,624
Insurance	75,889	30,767
Interest on long-term debt	17,765	17,991
Office and administration	368,980	286,313
Professional fees	407,700	73,420
Property taxes	30,325	42,123
Rent	160,970	135,696
Salaries and benefits	2,030,696	2,444,438
Travel and meetings	139,724	131,620
Utilities	84,853	72,596
Warehouse expenses	<u>261,006</u>	<u>147,539</u>
	<u>4,250,889</u>	<u>3,914,622</u>
INCOME BEFORE INCOME TAXES	18,314	521,305
Provision for income taxes- current	24,000	120,310
NET INCOME (LOSS)	<u>\$ (5,686)</u>	<u>\$ 400,995</u>

The accompanying notes are an integral part of these financial statements.

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN RETAINED EARNINGS

For the year ended February 29, 2024

	2024	2023
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 8,260,339	\$ 7,874,138
NET INCOME (LOSS)	(5,686)	400,995
UNCLAIMED DIVIDENDS RECOVERY	-	4,240
DIVIDENDS DECLARED	(19,123)	(19,034)
RETAINED EARNINGS - END OF YEAR	\$ 8,235,530	\$ 8,260,339

The accompanying notes are an integral part of these financial statements.

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended February 29, 2024

	2024	2023
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net income (loss)	\$ (5,686)	\$ 400,995
Item not affecting cash:		
Amortization	179,091	133,306
Net change in non-cash working capital items:		
Accounts receivable	170,136	(180,834)
Inventory	(117,452)	(2,037,154)
Prepaid expenses	136,236	(136,459)
Accounts payable and accrued liabilities	(501,673)	521,592
Government receivables/payables	(13,238)	-
Income taxes recoverable/payable	(184,316)	(53,750)
Dividends payable	<u>254</u>	<u>-</u>
	<u>(336,648)</u>	<u>(1,352,304)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(305,888)	(92,308)
Acquisition of subsidiary, net of assets acquired	<u>-</u>	<u>(455,700)</u>
	<u>(305,888)</u>	<u>(548,008)</u>
FINANCING ACTIVITIES		
Increase in bank loans	374,091	247,621
Proceeds on issuance of long-term debt	-	479,235
Repayment of long-term debt	(25,922)	-
Issuance of shares, net of redemptions	4,000	6,720
Dividends paid, net of recovered	<u>(19,123)</u>	<u>(14,912)</u>
	<u>333,046</u>	<u>718,664</u>
NET CHANGE IN CASH	(309,490)	(1,181,648)
CASH (BANK OVERDRAFT) - BEGINNING OF YEAR	(113,407)	1,068,241
BANK OVERDRAFT - END OF YEAR	\$ (422,897)	\$ (113,407)

The accompanying notes are an integral part of these financial statements.

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

1. NATURE OF OPERATIONS

Canadian Co-operative Wool Growers, Limited ("the Company") was incorporated under the Canada Co-operatives Act on March 7, 1918. The Company was established by the sheep industry as a national system of collecting and marketing its members' wool on a co-operative basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises.

Consolidation

These consolidated financial statements include the accounts of Canadian Co-operative Wool Growers, Limited and its wholly owned subsidiary Total Farm Supply Ltd. (collectively, "CCWG" or "the Company") as at and for the year ended February 29, 2024. All significant intercompany balances and transactions have been eliminated.

Revenue Recognition

The Company recognizes revenue from sale of raw wool at the time the goods are shipped to the customer. Revenue and income from sale of livestock supplies and wool related products are recognized at the point of sale.

Inventory

Inventory is recorded at the lower of cost or net realizable value with cost determined on an average cost basis.

Capital Assets

Capital assets are initially recorded at cost. When capital assets are disposed of, the related profit or loss is included in current operations. Amortization is provided for at the following rates:

Buildings	-	5% declining balance
Equipment	-	20% declining balance
Furniture and fixtures	-	20% declining balance
Vehicles	-	30% declining balance

Leasehold improvements are amortized over the term of the lease.

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased Capital Assets

Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of capital assets and the incurrence of an obligation. The leased capital assets are amortized in a manner consistent with capital assets owned by the Company, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Goodwill

As a result of this acquisition of Total Farm Supply Ltd., the Company recorded goodwill which represents the purchase price paid over the fair value of the net identifiable assets of the subsidiary. Acquired goodwill is recognized as an intangible asset on the balance sheet, and is subject to annual impairment tests or if changes in circumstances indicate the value of the asset may be impaired. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against net income in the period identified.

Income Taxes

The future income taxes method is used to account for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

Foreign Currency Translation

Monetary assets and liabilities in foreign currencies are translated to Canadian dollars at year end exchange rates. Revenue and expenses are translated at the exchange rate on the date cash is received or payment is made. Gains and losses from exchange translations are reflected in the revenue or expense item to which they relate.

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

	2024	2023
Trade receivables	\$ 401,625	\$ 571,761
Allowance for doubtful accounts	(10,000)	(10,000)
	\$ 391,625	\$ 561,761

4. INVENTORY

	2024	2023
Raw wool	\$ 2,035,543	\$ 1,723,087
Retail - Livestock supplies	5,182,408	5,417,585
Retail - Real Wool Shop	504,644	464,471
	\$ 7,722,595	\$ 7,605,143

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	\$ 185,740	\$ -	\$ 185,740	\$ 185,740
Buildings	2,852,106	1,007,208	1,844,898	1,868,668
Equipment	1,408,274	1,108,750	299,524	118,486
Equipment - capital leases	81,869	73,353	8,516	10,645
Furniture and fixtures	527,519	464,403	63,116	87,333
Leasehold improvements	101,420	60,852	40,568	26,439
Vehicles	151,062	108,470	42,592	60,846
	\$ 5,307,990	\$ 2,823,036	\$ 2,484,954	\$ 2,358,157

6. CREDIT FACILITY AGREEMENT

The Company's February 2022 agreement with the Bank of Nova Scotia provides the following credit facilities: (i) a revolving operating loan at a maximum of \$1,735,000 (including a maximum of 150,000 in United States currency) bearing interest at prime rate and due on demand, and (ii), a non-revolving operating loan at a maximum of \$500,000 bearing interest at prime plus 0.5% and repayable over a 5 year term. The loans are secured by a general security agreement, assignment of book debts, accounts receivable, inventory and collateral mortgage on the Company's real properties.

7. LONG-TERM DEBT

	2024	2023
Scotiabank note payable, repayable in monthly blended payments of \$3,644, bearing interest of 3.81% per annum, matures April 2027.	\$ 453,313	\$ 479,235
Less: current portion	27,019	26,011
	426,294	453,224

The Company is committed to the principal repayment of long-term debt as follows:

2025	-	\$ 27,019
2026	-	28,067
2027	-	29,155
2028	-	369,072

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

8. SHARE CAPITAL

	2024	2023
<u>Authorized:</u>		
- 50,000 common shares, redeemable at \$10 each, cumulative dividends at 7%		
<u>Issued and outstanding:</u>		
Opening balance - 33,192 (2023 - 32,520)	\$ 331,920	\$ 325,200
- Issued - 650 (2023 - 857)	6,500	8,570
- Redeemed - 250 (2023 - 185)	(2,500)	(1,850)
Closing balance - 33,592 (2023 - 33,192)	\$ 335,920	\$ 331,920

9. UNCLAIMED DIVIDENDS RECOVERY

The balance represents a reduction of dividends payable to reflect declared dividends that cannot be paid out to shareholders because they have become dormant.

10. RELATED PARTY TRANSACTIONS

Shareholders transact with the Company in their capacity as wool producers and participate in the Shareholder / Wool Shipper Loyalty Reward Program (SWSLRP). All transactions were in the normal course of operations and were measured at the exchange amount being the amount of consideration as agreed upon by the parties. Accounts payable and accrued liabilities include \$110,505 (2023 - \$105,235) of redeemable coupons owing to the Shareholders for their participation in the SWSLRP. Included in the cost of sales are wool purchases of \$63,821 (2023 - \$142,080) from Shareholders acting in their capacity as wool producers.

11. COMMITMENTS

The Company entered into a 10-year non-cancelable operating lease agreement for the Brandon, Manitoba retail location. Future minimum lease payments plus applicable sales taxes are due as follows:

2025	-	\$ 89,027
2026	-	90,349
2027	-	91,676
2028	-	93,069

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of accounts receivable, bank overdraft, bank loans, accounts payable and accrued liabilities, dividends payable, and long-term debt. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The following analysis provides a measure of the Company's risk exposure and concentrations at the balance sheet date. Unless otherwise noted, it is Management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit Risk

The Company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. In some cases, the Company requires bank letters of credit. The Company does not have a significant exposure to any individual customer or counterpart.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and long-term debt. The Company expects to meet these obligations as they become due by generating sufficient cash flow from operations and through utilization of the operating demand loan facility.

Currency Risk

The Company is exposed to currency risk due to changes in foreign exchange rates. To reduce foreign exchange risk on its financial assets, the Company enters into currency hedges by purchasing or selling currency futures. The Company's exposure and management of risk has remained consistent from the end of the previous fiscal period due to continuing fluctuations in the United States currency exchange rate.

Interest Rate Risk

The Company is exposed to interest rate risk on the bank overdraft and bank loans due to interest rates based on the prime rate. Increases in market interest rates would increase the rate on these debts. Due to relatively stable market interest rates, the Company's exposure and management of risk has not changed materially from the end of the previous fiscal period.

CANADIAN CO-OPERATIVE WOOL GROWERS, LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

13. CONTINGENCY

The Company is subject to litigation matters arising from the placement of an employee on paid administrative leave. On March 29, 2023, the employee filed a statement of claim for \$100,000 as compensation for loss arising out of discrimination, \$500,000 for defamation, \$500,000 for damages, \$380,000 in lieu of notice of dismissal, \$19,000 in lieu of the employer's contribution to the plaintiff's pension fund, \$45,000 for the loss of the use of a motor vehicle, and \$38,500 in lieu of other benefits, for a total claim of \$1,582,500. This matter is at the preliminary stage of discovery and the outcome and an estimate of loss, if any, are not determinable. No provision for any loss or recovery has been recorded in these consolidated financial statements.