ANNUAL REPORT 2026

Southern Plains Co-operative Limited

SOUTHERN PLAINS CO-OPERATIVE LIMITED
79th ANNUAL MEETING
MONDAY MAY 25, 2026 7:00PM

1. Call to Order
2. Adoption of Agenda
3. Minutes of the 78th Annual Meeting
4. Introduction of the Board of Directors
5. Business Arising from the Minutes
6. Reports
    a. Nomination Committee
    b. Board of Directors
    c. General Manager
    d. Finance, Audit and Risk Committee
    e. Auditors Report and Financial Statement
    f. Member Engagement Committee
    g. Appointment of Auditors
    h. FCL Director Report Robert Grimsrud
7. Question Period
8. Member Attendance
9. New Business
10. Resolutions
11. Adjournment

SOUTHERN PLAINS CO-OPERATIVE LIMITED
MINUTES OF THE 78th ANNUAL MEETING
HELD MONDAY MAY 26, 2025
TAYLORTON ROOM, BEEFEATER, ESTEVAN, SK

1. ***Call to Order***

The meeting was called to order by Chair Scott Kienlen at 7:06pm.

2. ***Adoption of Agenda***

Chair Kienlen presented the agenda of the 78th Annual Meeting

Upon Motion duly proposed by Mathew Almey, seconded by Linda Thaugberger-Smith and carried, it was resolved that the Agenda be approved.

3. ***Minutes of the 77th Annual Meeting***

Chair Kienlen called on James Lainton, secretary for the Board, to read the minutes of the 77th Annual Meeting.

Upon Motion duly proposed by James Lainton, seconded by Arlene Orser. and carried, it was resolved that the minutes be adopted as presented.

4. ***Introduction of the Board of Directors***

Chair Kienlen introduced the Board of Directors.

5. ***Business Arising from the Minutes - None***

6. ***Reports***

Nomination Committee

Linda Thauberger-Smith of the Nomination Committee gave the committee report. Three positions are open for election for a three-year term.

The Candidates were presented by the Nominating Committee:

1. Erin Wilson
2. James Lainton
3. Rhonda Huish
4. Connie Hagel

There will not be an election. The above will be directors by acclimation.

Upon Motion duly proposed by Arlene Orser, seconded by Marcia Greenwood, and carried, it was resolved to accept Erin Wilson, James Lainton, Rhonda Huish and Connie Hagel as directors by acclimation.

Board of Directors
Scott Kienlen, President of the Board, presented the Board of Director's report.

General Manager
Chair Kienlen called on Brian Enns, General Manager, to give his report.

Finance, Audit and Risk Committee
Chair Kienlen called on Marcia Greenwood to give the Finance, Audit and Risk Committee Report.

Auditors Report and Financial Statement
Chair Kienlen called on Brian Enns, to present the Auditors Report and Financial Statement.

Member Engagement Committee
Chair Kienlen called on Connie Hagel to give the Member Engagement Committee report.

Upon Motion duly proposed Frances seconded by Patty Mitten and carried, it was resolved that the above reports be adopted as presented.

Robert Grimsrud brought greetings and an update from Federated Co-op Ltd.

Appointment of Auditors
Upon Motion duly proposed by Marcia Greenwood, seconded by Lynn Hewitt, and carried, it was resolved that the external auditors for Southern Plains Co-operative Limited be MNP LLP.

7. ***Question Period***

A question-and-answer period was held.

8. ***Member Attendance***

Chair Kienlen read the attendance of the meeting. There were 28 members and 0 visitors.

9. ***New Business***

10. ***Resolutions***

11. ***Adjournment – 8:00 PM***

Signed and Sealed this _____Day of _____, 2026

_____
President

_____
Secretary

2025 Board Meeting Attendance Summary			
Name	**Regular**	**Special**	**Term Expires**
Scott Keinlen	11	7	2027
Linda Thauberger-Smith	13	10	2026
James Lainton	11	4	2028
Frances Boutin	11	2	2027
Erin Wilson	12	2	2027
Marcia Greenwood	13	5	2026
Lynne Hewitt	9	3	2026
Connie Hagel	13	8	2028
Rhonda Huish	12	3	2028

BOARD OF DIRECTORS REPORT
2025 ANNUAL MEETING

I am pleased to report to you on behalf of the Southern Plains Co-op Board of Directors, our **79th Annual General Meeting**.

You will find additional information in the Statement of Operations; however, I would like to highlight a few key results. For the year ended January 31, 2026, sales totalled $107 million, an increase of approximately $1.9 million over the prior year. We received $3.57 million from the FCL Loyalty Program and Patronage Allocation, an increase just under $29,000 from last year. After taxes, net savings were $2.6 million, and $1.8 million has been allocated to our members based on their 2025 purchases.

Looking back over the past 79 years, Southern Plains Co-op has surpassed $2 billion in sales and returned close to $32 million to members. That is an accomplishment we can all be proud of.

The increase in sales this year was largely due to the Carlyle Food Store, as well as growth in our Crop Inputs and Agro Division. Our Gas Bars and Liquor Store sales dipped slightly but continued to contribute positively to the bottom line. Our financial position remains strong, and we continue to look for opportunities to diversify and grow our business.

Southern Plains Co-op continues to invest in the communities we serve. We currently employ 230 team members, reflecting the stability and growth of our organization. One of the highlights of 2025 was the new Carlyle Food Store. We opened on November 15, 2024, and community support has exceeded our expectations. This project represented a $10.9 million investment in the community.

Partnerships with neighbouring Co-ops remain an important part of our success. By working together, we are able to share services such as fuel and bulk oil delivery, Agro sales and supplies, administrative support, and health and safety services.

We are also proud to have contributed $168,394 back into our local communities this year through donations, sponsorships, fundraisers, and community projects. These contributions are only possible because of the continued support of our members, customers, and staff.

On behalf of the Board, I would like to extend sincere thanks to our General Manager, Brian Enns, along with our management team and staff, for their hard work and dedication throughout the year. Their commitment and exceptional service are the foundation of Southern Plains Co-op’s success.

I also want to recognize and thank our members and customers for your continued support. Southern Plains Co-op would not be where it is today without you. We truly believe in the value and benefits of Co-operative membership, and we look forward to serving you for many years to come.

Your Board of Directors remains committed to providing excellent products and services while continuing to seek opportunities for growth and improvement. We are proud of our employees, our facilities, and the communities we serve throughout Southeast Saskatchewan, and we remain focused on keeping our Co-op strong for the future.

Thank you,

Linda Thauberger-Smith
Board President
May 25, 2026

FINANCE AND RISK COMMITTEE REPORT
2025 Annual Meeting

In **2025** Southern Plains Co-operative Ltd. engaged in an interim audit performed by Federated Co-op. These results are shared with MNP, who in turn completes the year end audit and provides the Annual Report. MNP meets with the Board of Directors and reviews the audited financial statement and answers any questions or concerns.

Committee Responsibilities

- Asses the effectiveness of the risk management process in the identification, prioritization, management and monitoring of risk.
- Assess the effectiveness of controls to mitigate risks including the safeguarding of assets and compliance with monitoring of risks.
- Discuss with management, external and internal auditors the risk of fraud and how the risk is mitigated.
- Enquire as to whether any ethics hotline or whistle blower concerns were raised by staff or others and the resolution of such concerns.
- Review and recommend an annual operating budget and annual capital budget consistent with the long-range priorities, financial plan and financial policies.
- Monitor financial performance against budget, industry and co-op benchmarks and review major differences with management.
- Review and recommend authority limits for management on such items as fixed asset purchases, major repairs and interest write-offs.
- Review and recommend changes to credit, fixed asset (request for expenditure), accounts receivable and equity management policies.
- Review and approve recommended account write-offs.
- Review year-end financial results and recommend patronage allocation rates.
- Review and recommend general cash repayment.
- Review and recommend pay-out of equities in accordance with the co-operative's policy.
- Review, recommend and approve sale and purchase of fixed assets outside of management authority limits.
- Consider and recommend any other financial policies that maintain and improve the financial health of the co-operative.
- Review the financial aspects of major proposed transactions and new services as well as proposals to discontinue services and make recommendations to the board.

Throughout 2025 the noted responsibilities of the FINANCE AND RISK COMMITTEE were carried out by the Board of Directors as a whole.

In 2025, the Board of Directors established financial goalposts designed to support the Co-op's annual equity objectives while maintaining a strong and healthy balance sheet. These targets also ensure an adequate capital structure to support future growth opportunities and sustain a viable, vibrant co-operative for the long term.
Southern Plains Co-op allocated $1,854,729.60 to members for the year ended January 31, 2026, including a general cash repayment of $474,474.69.

The Board of Directors approved the following equity allocations:

- 0.50% on Feed ($5,453.10)
- 2.60% on Grocery ($689,744.37)
- 2.60% on Spirits ($111,594.65)
- 2.50% on General Merchandise ($49,124.49)
- 3.75% on Dyed Diesel ($253,902.37)
- 2.60% on Petroleum ($738,560.31)
- 2.00% on Oil ($6,350.31)

I would like to thank MNP for auditing the financial statement and feel they have done a very competent job, especially when dealing with staff and management.

I would like to make a motion to have MNP provide an external audit for Southern Plains Co-operative Limited for the 2026 fiscal year:

Respectfully submitted

Marcia Greenwood
Committee Representative
May 25, 2026

To the Members of Southern Plains Co-operative Limited:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Plains Co-operative Limited (the "Co-operative"), which comprise the balance sheet as at January 31, 2026, and the statements of net savings and retained savings and cash flows for the year 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 Co-operative as at January 31, 2026, and the results of its operations 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 Co-operative in accordance with the ethical requirements that are relevant to our audit of the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative'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 Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative'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 Co-operative'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 Co-operative'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 Co-operative 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.

Report on Other Legal and Regulatory Requirements

As required by paragraph 11 of the Co-operatives Regulations, 1998, we report that, in our opinion, Canadian accounting standards for private enterprises have been applied on a basis consistent with that of the preceding year.

Weyburn, Saskatchewan

May 19, 2026

MNP LLP

Chartered Professional Accountants

MNP

Southern Plains Co-operative Limited
Balance Sheet
As at January 31, 2026

	2026	2025
Current assets		
Cash	$ 369,785	$ 743,788
FCL special deposit (Note 4(a))	-	357,895
Accounts receivable (Note 5)	3,307,190	3,533,105
Income taxes recoverable	212,233	291,876
Inventories (Note 6)	13,681,366	11,465,157
Prepaid agriculture supplier	188,087	-
Prepaid expenses	444,011	455,632
Current portion long-term receivable (Note 7)	12,962	12,229
	18,215,634	16,859,682
Long-term receivable (Note 7)	14,040	27,002
Investments		
Federated Co-operatives Limited (Note 4(b))	16,008,511	15,803,177
Other organizations	128	129
Property, plant and equipment (Note 8)	27,872,239	29,517,999
Intangible assets (Note 9)	860,700	860,700
Goodwill	117,500	117,500
Total assets	**$ 63,088,752**	**$ 63,186,189**
Current liabilities		
Line of credit (Note 10)	$ 1,400,000	$ 3,500,000
Accounts payable and trust liabilities (Note 11)	9,092,294	8,665,018
Customer prepaid accounts	1,012,681	789,603
	11,504,975	12,954,621
Asset retirement obligation (Note 4(c))	199,354	183,567
Total liabilities	11,704,329	13,138,188
Members' equity		
Share capital (Note 12)	22,227,256	21,637,621
Reserves and retained savings (Note 13)	29,157,167	28,410,380
	51,384,423	50,048,001
Total liabilities and members' equity	**$ 63,088,752**	**$ 63,186,189**

Subsequent event (Note 18)

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Southern Plains Co-operative Limited
Statement of Net Savings and Statement of Retained Savings
For the Year Ended January 31, 2026

	2026	%	2025	%
Sales (Note 14)	$ 107,951,229	100.0	$ 105,965,326	100.0
Cost of goods sold	92,378,786	85.6	91,421,012	86.3
Gross margin	15,572,443	14.4	14,544,314	13.7
Expenses				
Operating and administration	16,426,019	15.2	15,856,935	15.0
Net interest (Note 15)	(63,374)	(0.1)	(242,632)	(0.2)
	16,362,645	15.1	15,614,303	14.8
Loss from operations	(790,202)	(0.7)	(1,069,989)	(1.1)
FCL loyalty program (Note 4(d)(ii))	1,518,528	1.4	1,621,053	1.5
Patronage refunds (Note 4(b))	2,053,340	1.9	1,922,181	1.8
Savings before income taxes	2,781,666	2.6	2,473,245	2.2
Income tax expense (Note 17)	177,944	0.2	176,133	0.2
Net savings	**$ 2,603,722**	2.4	**$ 2,297,112**	2.0

Retained savings, beginning of year	**$ -**	**$ -**
Net savings	2,603,722	2,297,112
Transfer to statutory reserve (Note 13)	(783,626)	(124,022)
Transfer from (to) general reserve (Note 13)	34,642	(213,142)
Patronage allocation to members (Note 12)	(1,854,738)	(1,959,948)
Retained savings, end of year (Note 13)	**$ -**	**$ -**

The accompanying notes are an integral part of these financial statements

Southern Plains Co-operative Limited

Statement of Cash Flows

For the Year Ended January 31, 2026

	2026	2025
Operating activities		
Net savings	$ 2,603,722	$ 2,297,112
Adjustments for:		
Depreciation	2,756,649	2,165,151
Accretion	7,281	7,649
FCL patronage refund	(2,053,340)	(1,922,178)
Gain on the disposal of property, plant and equipment	(683,729)	(5,642)
Changes in non-cash operating working capital:		
Accounts receivable	225,915	(778,065)
Income taxes recoverable	79,643	127,582
Inventories	(2,216,209)	(863,117)
Prepaid agriculture supplier	(188,087)	-
Prepaid expenses	11,621	(70,803)
Long-term receivables	12,229	11,536
Accounts payable and trust liabilities	427,276	(4,413,701)
Customer prepaid accounts	223,078	(593,694)
Asset retirement obligation	8,506	15,864
Cash provided by (used for) operating activities	1,214,555	(4,022,306)
Investing activities		
Redemption of FCL shares	1,848,006	1,729,960
Additions to property, plant and equipment	(1,168,292)	(7,568,675)
Proceeds from the disposal of property, plant and equipment	741,132	17,708
Investment in other organization	1	(3)
Cash provided by (used for) investing activities	1,420,847	(5,821,010)
Financing activities		
Change in line of credit	(2,100,000)	3,500,000
Share capital issued	4,750	5,250
GST on allocation	72,466	91,078
Redemption of share capital	(1,344,516)	(1,482,498)
Cash provided by (used for) financing activities	(3,367,300)	2,113,830
Net decrease in cash	**(731,898)**	**(7,729,486)**
Cash, beginning of year	**1,101,683**	**8,831,169**
Cash, end of year	**$ 369,785**	**$ 1,101,683**
Cashare comprised of:		
Cash	$ 369,785	$ 743,788
FCL special deposit	-	357,895
	$ 369,785	**$ 1,101,683**

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

Southern Plains Co-operative Limited ("the Co-operative") was incorporated under the Co-operatives Act of Saskatchewan on April 10, 1946. The primary business of the Co-operative is operating retail agricultural, hardware, food, liqour and petroleum outlets in Estevan, Carlyle, Oxbow, Gainsborough, Alameda and surrounding areas in Saskatchewan.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for private enterprises. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of these financial statements involves the use of estimates and approximations. Areas subject to estimation include valuation of accounts receivable, inventory, useful life of property, plant and equipment, intangible assets, impairment of long-lived assets, goodwill, income taxes, asset retirement obligations, accrued liabilities and potential contingencies. These estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

These financial statements have been prepared to reflect the following significant accounting policies:

(a) Definition of financial year

The Co-operative's financial year ends on the Saturday closest to January 31, 2026.

(b) Cash

Cash are defined as cash and investments with an initial maturity of less than three months.

(c) Inventories

Inventories are valued using a weighted average formula, first-in first-out method, and the retail method. Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the most appropriate method for that particular inventory class.

The Co-operative estimates net realizable value as the amount that inventories are expected to be sold for, taking into consideration fluctuations of retail price due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is determined to be not recoverable due to obsolescence, damage or permanent declines in selling prices.

(d) Financial instruments

The Co-operative recognizes its financial instruments when the Co-operative becomes party to the contractual provisions of the financial instrument.

(i) Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Co-operative may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Co-operative has not made such an election during the year.

Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment, or adjustments for patronage refunds or share redemptions. All transactions with Federated Co-operatives Limited (FCL) are disclosed in a separate note (Note 4). All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

(ii) Financial asset impairment

The Co-operative assesses impairment of all its financial assets measured at cost or amortized cost. The Co-operative groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty, whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Co-operative determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Co-operative reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net savings.

The Co-operative reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net savings in the year the reversal occurs.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is taken over the estimated useful lives of the assets using the following methods and rates:

Buildings	Straight-line & declining balance	10 - 25 years & 10%
Parking lots	Declining balance	4% & 8%
Tanks & fences	Declining balance	10%
Furniture & equipment	Straight-line & declining balance	5 years & 20% - 55%
Vehicles	Declining balance	30%
Vehicles equipment	Declining balance	15%
Asset retirement cost	Straight-line	25 - 35 years

Expenditures for maintenance and repairs are charged to operating expenses as incurred. Significant expenditures for improvements are capitalized. Gains or losses realized on the disposal of property, plant and equipment are reflected in operations in the year of disposition.

Claims for assistance under various FCL programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any depreciation calculated on the net amount.

An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(f) Asset retirement obligation

The Co-operative has a liability for an asset retirement obligation in the period in which a legal liability is incurred. The liability is based on management's best estimate. The liability is subsequently adjusted for the passage of time, which is recognized as an accretion expense in the statement of net savings and statement of retained savings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. Actual costs incurred upon settlement of the asset retirement obligations are charged against the asset retirement obligation to the extent of the liability recorded.

(g) Share capital

The Co-operative approves an allocation to members subsequent to year end. The amount is recorded as an addition to share capital and a reduction in retained savings. The Co-operative records the redemption of shares that is to be paid to members at the time it has been approved by the Board of Directors.

(h) Revenue recognition

The Co-operative recognizes revenue when evidence of an arrangement exists, delivery or change of ownership has occurred, the price has been determined, and collection is reasonably assured. Patronage allocations are recognized in savings when earned by the Co-operative.

(i) Income taxes

The Co-operative follows the taxes payable method whereby only current income tax assets and liabilities are recognized to the extent they remain unpaid or are recoverable. In addition, the benefit relating to a tax loss incurred in the current period and carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using tax rates that are enacted or substantively enacted at the reporting date.

(j) Goodwill

Goodwill resulting from business combinations represents the portion of the purchase price that was in excess of the fair value of the net identifiable assets acquired. Goodwill is not amortized and is tested for impairment whenever changes in circumstances indicate that the carrying amount of the reporting unit to which goodwill is assigned exceeds the fair value of the reporting unit. If the carrying value of the reporting unit to which goodwill has been assigned exceeds its fair value, then, with respect to the reporting unit's goodwill, any excess of its carrying value over its fair value is expensed. Impairment losses relating to goodwill cannot be reversed in future years.

(k) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Indefinite life intangible assets are not amortized.

Liquor licenses	Indefinite life

An impairment loss is recognized when the carrying amount of an intangible asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

3. Financial instruments and risk management

The significant financial risks to which the Co-operative is exposed are credit risk, interest rate risk, liquidity risk, and commodity price risk.

(a) Credit risk

The Co-operative is exposed to credit risk on accounts receivable from its customers. The Co-operative manages credit risk through an active credit management program. The Co-operative does not have a significant exposure to any individual customer (2025 - no significant exposure to any individual customer).

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Co-operative's sensitivity to fluctuations in interest rates is limited to its cash, funds on deposit and debt. The Co-operative manages its exposure to interest rate risk through floating rate deposits and borrowings.

(c) Liquidity risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations associated with financial liabilities. The Co-operative is exposed to liquidity risk arising primarily from the current obligations. The Co-operative's ability to meet obligations depends on funds generated by its operations.

(d) Commodity price risk

The Co-operative enters into transactions to purchase crop production products, for which market prices fluctuate. The nature of the Co-operative's activities exposes it to risk of changes in commodity prices related to crop inputs that may occur between the time products are received from the supplier and actual date of sale to customers. To mitigate a portion of this risk, the Co-operative enters into contracts with the supplier to purchase the product at specified prices.

4. Transactions with Federated Co-operatives Limited

(a) FCL special deposit

Amounts held with FCL as special deposits earn interest at rates based on prime rates.

(b) Patronage refund

The Co-operative, along with other Co-operatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with FCL. During FCL's fiscal year ended October 31, 2025, the Co-operative purchased goods amounting to $80,782,039 (2024 - $76,045,798) from FCL in the normal course of operations.

These purchases resulted in a patronage refund from FCL which was received as non-cash consideration in the form of additional shares in FCL. FCL, based on its available cash flow, redeemed an amount of FCL shares held by the Co-operative. The amounts of the patronage refund and shares redeemed are as follows:

	2026	2025
Opening investment balance	$ 15,803,177	$ 15,610,959
Patronage refund	2,053,340	1,922,178
Share redemptions	(1,848,006)	(1,729,960)
Closing investment balance	$ 16,008,511	$ 15,803,177

(c) Asset retirement obligation

The Co-operative participates in a contaminated site management program established by FCL to manage its asset retirement obligations. This program limits the Co-operative's liability to $25,000 per site as long as the Co-operative continues to exercise due diligence. The Co-operative has eleven sites under this program. Management believes that due diligence has been exercised. At year end, the Co-operative has accrued a liability in the amount of $199,354 (2025 - $183,567). A corresponding amount has been capitalized as an asset retirement cost. Accretion for the current year included in operating and administration expense was $7,281 (2025 - $7,649).

The Co-operative has one fertilizer site that is covered under the contaminated site management program established by FCL. Management cannot make a reasonable estimate of the future asset retirement obligation due to the uncertainty of the timing of when management would decommission the fertilizer division.

(d) Purchase commitments

(i) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, at market price, from FCL for its gas bar and cardlock operations over a ten year period commencing from March 2016. Failure to meet this commitment would require the Co-operative to immediately pay outstanding gas bar and cardlock loan balances owed to FCL, plus repay any gas bar and cardlock grants received, including interest on the grants compounded annually at 10% from the grant date. Total grants received during this period amounted to approximately $733,151 (2025 - $733,151). Management intends to fulfill all existing contracts with FCL.

(ii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase at least 90% of its total goods from FCL and commits, to the best of its ability, to use FCL's services. If the eligibility requirements are met, FCL will pay the Co-operative, on a quarterly basis, a Loyalty Payment based on cents per litre. The Loyalty Payment revenue is accrued as earned.

(iii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, from FCL and continue to operate a certain cardlock over a period of 20 years commencing from September 2018. Failure to meet this commitment would require the Co-operative to repay the assistance received on a prorated basis. Total assistance that would be repayable if commitments were not met without FCL approval as at January 31, 2026 amounted to $978,083 (2025 - $978,083). Management intends to fulfill all commitments with FCL.

(iv) Under the terms of the agreement with FCL, the Co-operative has committed to purchase food products from FCL and continue to operate certain food stores over a 30 year period commencing from February 2016. Failure to meet this commitment would require the Co-operative to repay the assistance received on a prorated basis. Total assistance that would be repayable if commitments were not met without FCL approval as at January 31, 2026 amounted to $2,406,520 (2025 - $1,002,590). Management intends to fulfill all commitments with FCL.

(v) Under the terms of the agreement with FCL, the Co-operative has committed to purchase agro products from FCL and continue to operate a certain agro store over a 30 year period commencing from June 2022. Failure to meet this commitment would require the Co-operative to repay the assistance received on a prorated basis. Total assistance that would be repayable if commitments were not met without FCL approval as at January 31, 2026 amounted to $615,708 (2025 - $615,708). Management intends to fulfill all commitments with FCL.

5. Accounts receivable

	2026	2025
Customer accounts receivable	$ 3,040,663	$ 3,966,707
Other accounts receivable	766,527	66,398
Allowance for doubtful accounts	(500,000)	(500,000)
	$ 3,307,190	$ 3,533,105

6. Inventories

	2026	2025
Raw material	$ 2,431,658	$ 1,824,487
Goods for resale	11,249,708	9,640,670
	$ 13,681,366	$ 11,465,157

The cost of inventories recognized as an expense during the year was $92,239,684 (2025 - $91,044,573).

7. Long-term receivable

	Total	**2026** Current Portion	**2026** Deferred Portion	2025 Current Portion	2025 Deferred Portion
Ron's the Work Wear Store	$ 27,002	$ 12,962	$ 14,040	$ 12,229	$ 27,002

The Co-operative has a long-term receivable from the disposal of a property in Carlyle, which are recoverable over 8 years. Interest on the balance is 6% per annum.

8. Property, plant and equipment

	Original Cost	Accumulated Depreciation	**2026** Book Value	2025 Book Value
Land	$ 3,719,261	$ -	$ 3,719,261	$ 3,443,514
Buildings	28,380,364	11,774,789	16,605,575	10,576,986
Parking lots	4,959,069	2,631,462	2,327,607	2,143,124
Tanks & fences	333,719	239,701	94,018	104,464
Furniture & equipment	16,994,895	12,803,106	4,191,789	3,414,864
Vehicles	2,092,527	1,527,480	565,047	506,362
Vehicles equipment	563,963	222,033	341,930	395,446
Asset retirement cost	132,375	105,363	27,012	22,183
Assets under construction	-	-	-	8,911,056
	$ 57,176,173	$ 29,303,934	$ 27,872,239	$ 29,517,999

Depreciation for the current year included in operating and administration expense was $2,756,649 (2025 - $2,165,151).

9. Intangible assets

	Original Cost	Accumulated Amortization	**2026** Book Value	2025 Book Value
Liquor Licenses	$ 860,700	$ -	$ 860,700	$ 860,700

Liquor licenses have an indefinite life and are not amortized.

10. Line of credit

(a) The Co-operative has a $5,000,000 line of credit with Affinity Credit Union of which no amount has been drawn as at January 31, 2026 (2025 - $nil). The line of credit is secured by a General Security Agreement. Interest on the line of credit is prime plus 0.25% (4.70%) (2025 - 5.45%). The line of credit is subject to certain measurable covenants. As of January 31, 2026, the Co-operative is in compliance with such covenants.

(b) The Co-operative has a line of credit with Federated Co-operatives Limited up to $5,000,000 between the months of April to November and $4,000,000 from December to March. As of January 31, 2026, $1,400,000 has been drawn (2025 - $3,500,000). Interest on the line of credit is prime (4.45%) (2025 - 5.20%). The line of credit is subject to certain measurable covenants. As of January 31, 2026, the Co-operative is in compliance with such covenants.

(c) The Co-operative has a letter of credit in the amount of $20,000, bearing no interest, which is required as part of selling Western Canadian Lottery tickets.

11. Accounts payable and trust liabilities

	2026	2025
FCL payables	$ 7,652,792	$ 6,633,419
Other payables	1,209,506	1,335,779
Trust liabilities:		
Workers compensation board	20,153	6,695
Liquor consumption tax	32,399	36,190
Vapour tax	46	57
Goods and services tax	2,208	-
Provincial sales tax	53,341	53,227
Payroll deductions	121,849	81,573
Federal fuel charge	-	518,078
	$ 9,092,294	$ 8,665,018

12. Share capital

Authorized, unlimited @ $1	**2026**	2025
Balance, beginning of year	$ 21,637,621	$ 21,102,296
Allocation to members	1,854,738	1,959,948
Cash from new members	4,750	5,250
GST on allocation	72,466	91,078
Shares transferred from reserves	8,002	6,268
	23,577,577	23,164,840
General repayment	704,427	879,238
Shares transferred to reserves	5,805	44,721
Withdrawals and retirements	453,438	346,069
Withholding tax	186,651	257,191
	1,350,321	1,527,219
Balance, end of year	$ 22,227,256	$ 21,637,621

13. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2026	2025
Balance, beginning of year	$ 5,288,411	$ 23,121,969	$ -	$ 28,410,380	$ 28,034,763
Net savings distributed to retained savings	-	-	2,603,722	2,603,722	2,297,112
Patronage allocation	-	-	(1,854,738)	(1,854,738)	(1,959,948)
Shares transferred	(2,197)	-	-	(2,197)	38,453
Reserve transfers	783,626	(34,642)	(748,984)	-	-
Balance, end of year	$ 6,069,840	$ 23,087,327	$ -	$ 29,157,167	$ 28,410,380

14. Sales

	2026	2025
Food division	$ 39,773,434	$ 36,922,566
Agro centre	41,378,749	41,256,559
C-Stores	26,799,046	27,786,201
	$ 107,951,229	$ 105,965,326

All sales are to external customers and no single customer accounts for more than 10% of sales.

15. Net interest

	2026	2025
Interest expense	$ 150,300	$ 46,783
Interest revenue	(213,674)	(289,415)
	$ (63,374)	$ (242,632)

16. Pension plan

The Co-operative participates in a multi-employer defined contribution plan whereby the Co-operative and participating employees contribute equal amounts up to the maximum allowed under the Income Tax Act. The Co-operative has no unfunded liability under this plan. During the year, the Co-operative recorded $335,860 (2025 - $315,190) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

17. Income tax expense

The Co-operative accounts for income taxes using the taxes payable method. As a result, the Co-operative's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

		2026		2025
Savings before income taxes	$	2,781,666	$	2,473,245
Expected income tax expense at the combined tax rate of 23.1% (2025 - 21.1%) net of the small business deduction		642,565		521,855
Increase (decrease) in income tax expense resulting from:				
Non-taxable income and non-deductible expense		(96,072)		2,748
Patronage allocation to members of $1,854,738 (2025 - $1,959,948)		(428,444)		(413,549)
Income or expenses claimed in different periods for income tax purposes:				
Depreciation in excess of capital cost allowance		11,020		39,425
Allowance for doubtful accounts		61,362		-
Other items that impact income taxes:				
Manufacturing and processing investment tax credit		(12,634)		-
Prior year tax adjustment		147		25,654
Income tax expense	$	177,944	$	176,133

18. Subsequent event

Patronage allocation to members

Subsequent to January 31, 2026 the Board of Directors approved a patronage allocation to members in the amount of $1,854,738 (2025 - $1,959,948).

Southern Plains Co-operative Limited
Unaudited Statistical Information
For the Year Ended January 31, 2026

Record of Sales and Net Savings

	Year	Repayment to Members	Sales	Net Savings	%
From Date of Incorporation, April 10, 1946, to January 31,	2017	$ 18,431,013	$ 1,279,463,595	$ 52,230,224 [A]	4.1
	2018	1,356,043	73,020,535	2,688,198	3.6
	2019	1,334,974	79,509,587	4,562,031	5.7
	2020	1,741,045	79,446,680	3,512,989	4.4
	2021	1,796,952	72,835,843	1,876,918	2.7
	2022	1,236,587	86,092,080	4,138,004	4.9
	2023	1,857,010	111,288,997	3,986,516	3.6
	2024	1,502,023	108,846,790	3,344,882	3.1
	2025	1,482,498	105,965,326	2,297,112	2.0
	2026	1,344,516	107,951,229	2,603,722	2.4
		$ 32,082,661	$ 2,104,420,662	$ 81,240,596	3.9

[A] Includes impairment losses of $1,130,015.

Membership

Members purchasing during the year	11,836
Inactive members	3,244
Total members	15,080

Southern Plains Co-operative Limited
Schedule of Operating and Administration Expenses
For the Year Ended January 31, 2026

	2026 (Unaudited)	%	2025 (Unaudited)	%
Depreciation	2,756,649		2,165,151	
Accretion	7,281		7,649	
Fuel, power & water	669,819		697,730	
Insurance	255,426		227,422	
Repairs and maintenance	1,593,885		1,517,608	
Taxes and licenses	375,430		303,619	
Throughput charge	45,591		47,543	
Manufacturing overhead	(139,102)		(376,438)	
STANDBY COSTS	5,564,980	5.1	4,590,284	4.4
Employee benefits	1,217,186		1,160,583	
Moving, recruitment and training	117,769		154,495	
Salaries and wages	8,195,562		7,898,811	
Uniforms and laundry	33,019		28,807	
Staff discounts	50,120		55,146	
STAFF COSTS	9,613,656	8.9	9,297,842	8.8
Advertising	271,534		303,184	
Communications	136,378		143,521	
Collections	683,382		650,554	
Delivery - Vehicles	321,051		377,016	
Directors and annual meeting	123,242		104,288	
Exchange and bank charges	14,496		11,584	
Rent	6,790		4,246	
Legal, audit and professional	167,000		80,972	
Data processing	243		546	
Gain on disposal of PP&E	(683,729)		(5,642)	
Member relations	168,721		169,012	
Stocktaking	26,917		24,760	
Supplies	503,624		473,886	
Car wash supplies	15,225		22,403	
Till differences	4,375		4,919	
Warranty service	22,687		16,246	
Travelling and business meals	31,278		40,348	
Recovery	(560,719)		(504,241)	
Miscellaneous	(4,519)		3,067	
Bad debts expense (recovery)	(592)		48,140	
Net interest (Note 15)	(63,374)		(242,632)	
OTHER COSTS	1,184,010	1.1	1,726,177	1.6
TOTAL EXPENSES	**16,362,645**	**15.1**	**15,614,303**	**14.8**

Member Engagement Committee Report
2025 Annual Meeting

The Member Engagement Committee of Southern Plains Co-operative Limited for the 2025 year consisted of Connie Hagel, Scott Kienlen, and Erin Wilson, along with Board President Linda Thauberger-Smith and General Manager Brian Enns.

The goal of the Member Engagement Committee is to promote Southern Plains Co-op to both members and non-members, while strengthening our commitment to community involvement and service. A special thank you goes to Brooke and the Branding Committee for their innovative ideas and dedication throughout 2025.

In 2025, Southern Plains Co-op invested more than $168,394 in member engagement initiatives, supporting approximately 150 organizations through sponsorships, monetary and merchandise donations, and fundraising partnerships. We strive to support a wide range of communities and demographics. As in previous years, many contributions supported sports and recreation, education, and community programs.

Southern Plains Co-op proudly supported the communities of Estevan, Alameda, Carlyle, Gainsborough, Kenosee Lake, White Bear, Oxbow, Manor, Bienfait, Arcola, Lampman, Roche Percee, Frobisher, Torquay, and Wawota.

In addition to donations, Southern Plains Co-op also sponsored a number of events and initiatives throughout the year. Highlights included:

- Carlyle Fun Dayz - Year 2 of a 5-year, $10,000 commitment as Platinum Sponsor for the Kids Zone
- Estevan Bruins - Official Community Outreach Partner and Team Breakfast Sponsor (Annual sponsorship $6,500)
- Prairie Dog Drive-In - $2,250 Member Movie Night sponsorship
- EBEX Social Impact Award - $2,250 Sponsorship
- Carlyle School - Year 2 of a 5-year, $10,000 commitment
- Trail of Terror - $11,260
- United Way Estevan - $5,000
- Estevan Curling Club Kids Curling Program - $3,000
- St. Joseph's Hospital Foundation Festival of Trees - $2,400
- Local School Nutrition/Snack programs - $10,130

Southern Plains Co-op also continues two legacy commitments:

- St. Joseph's Hospital Foundation, in honour of Leigh-Ann Tessier - $1,000 annually.
- Oxbow Minor Ball, in honour of Debbie Reid - $1,000 annually.

Southern Plains Co-op is also an annual contributor to STARS Air Ambulance. The 2025 campaign, held from March 11 to 31, raised $8,777.92. Since 2022, Southern Plains Co-op has raised and contributed a total of $52,379.47 in support of the lifesaving services provided by STARS.

Each year, Estevan hosts the Trail of Terror, with more than 3,000 people attending this year's event. The dedication and volunteer efforts of Co-op staff, along with Brooke's leadership, help make this event both successful and one of the most well-recognized community events of the year. Thank you to everyone involved for their hard work and commitment.

These contributions clearly demonstrate Southern Plains Co-op's ongoing commitment to supporting our communities and surrounding areas. I am proud to serve as a board member and witness the generosity, dedication, and hard work that continue to come from member relations and community engagement efforts.

Thank you,

Connie Hagel
Member Engagement Committee
May 25, 2026