Condensed Consolidated Interim Financial Statements of

Three and six month period ending June 30, 2019

(Unaudited - expressed in U.S. dollars)

AgJunction Inc.

Condensed Consolidated Statements of Financial Position
(Expressed in U.S. dollars)

($000s)	June 30, 2019 (unaudited)	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 18,905	$ 21,398
Accounts receivable, net	10,598	8,508
Current portion of notes receivable, net	320	320
Inventories	4,530	5,743
Contract assets, net	-	58
Prepaid expenses and deposits	1,338	1,286
	35,691	37,313
Contract assets, net	-	185
Notes receivable, less current portion, net	955	1,083
Property, plant and equipment, net	1,435	1,434
Right-of-use assets (note 7)	1,499	-
Intangible assets, net	9,875	9,689
Goodwill	143	143
	$ 49,598	$ 49,847
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,984	$ 8,500
Provisions (note 5)	1,264	999
Contract liabilities, net	279	84
Current portion of lease liability (note 7)	636	-
Current portion of deferred revenue	1,038	1,048
	10,201	10,631
Contract liabilities, net	92	96
Deferred revenue, less current portion	3,821	4,177
Lease liability, net of current portion (note 7)	881	-
Total liabilities	14,995	14,904
Shareholders' equity:		
Share capital	148,495	148,475
Equity reserve	5,099	4,892
Accumulated deficit	(118,991)	(118,424)
	34,603	34,943
	$ 49,598	$ 49,847

* The December 31, 2018 balance sheet figures have been derived from the audited consolidated financial statements as of that date.

See accompanying notes to condensed consolidated interim financial statements.

AgJunction Inc.

Condensed Consolidated Statements of Profit or Loss

Three and six months ended June 30, 2019 and 2018
(Unaudited - expressed in U.S. dollars)

	Three Months ended June 30,		Six Months ended June 30,	
($000s)	2019	2018	2019	2018
Revenue (note 4)	$ 13,301	$ 13,776	$ 27,314	$ 29,550
Cost of sales	8,677	8,358	16,927	17,351
Gross Profit	4,624	5,418	10,387	12,199
Expenses:				
Research and development	1,984	3,008	3,736	5,987
Sales and marketing	1,285	1,984	2,642	4,149
General and administrative	2,099	2,757	4,707	5,436
	5,368	7,749	11,085	15,572
Operating (loss)	(744)	(2,331)	(698)	(3,373)
Foreign exchange (gain) loss, net	(39)	28	(57)	(21)
Interest and other income	(61)	(5)	(121)	(10)
(Gain) loss on sale of property, plant and equipment	37	(9)	45	(13)
	(63)	14	(133)	(44)
Net loss before income taxes	(681)	(2,345)	(565)	(3,329)
Income tax	1	-	2	-
Net loss	$ (682)	$ (2,345)	$ (567)	$ (3,329)
Loss per share:				
Basic and diluted loss per share	$ (0.01)	$ (0.02)	$ (0.00)	$ (0.03)

See accompanying notes to condensed consolidated interim financial statements.

AgJunction Inc.

Condensed Consolidated Statements of Changes in Equity

($000s)	Share capital	Equity reserve	Deficit	Total equity	Number of shares
Balance at January 1, 2018	$ 146,896	$ 5,805	$ (119,888)	$ 32,813	116,879
Net (loss)	-	-	(3,329)	(3,329)	-
Share-based payment transactions (note 3(c))	-	370	-	370	-
Issue of restricted share awards, net (note 3(c))	1,702	(1,702)	-	-	2,384
Balance at June 30, 2018 (unaudited)	$ 148,598	$ 4,473	$ (123,217)	$ 29,854	119,263
Balance at January 1, 2019	$ 148,475	$ 4,892	$ (118,424)	$ 34,943	119,085
Net (loss)	-	-	(567)	(567)	-
Share-based payment transactions (note 3(c))	-	207	-	207	-
Exercise of stock options to purchase common shares (note 3(c))	-	-	-	-	5
Exercise of non-vested restricted share awards (note 3(c))	20	-	-	20	-
Cancellation of non-vested restricted share awards (note 3(c))	-	-	-	-	(832)
Balance at June 30, 2019 (unaudited)	$ 148,495	$ 5,099	$ (118,991)	$ 34,603	118,258

See accompanying notes to condensed consolidated interim financial statements.

AgJunction Inc.

Condensed Consolidated Statements of Cash Flows

Three and six months ended June 30, 2019 and 2018
(Unaudited - expressed in U.S. dollars)

($000s)	2019	2018
Cash flows used in operating activities:		
Net (loss)	$ (567)	$ (3,329)
Items not involving cash:		
Depreciation	530	347
Amortization	693	637
Share-based payment transactions (note 3(c))	207	370
Allowance loss on trade receivables	-	31
Recovery of inventory to net realizable value	(343)	(188)
(Gain) loss on disposal of property, plant and equipment	45	(13)
Change in operating working capital:		
Accounts receivable	(2,090)	(2,230)
Note receivable	-	-
Inventories	1,556	(756)
Contract assets	243	(7)
Prepaid expenses and deposits	(52)	(133)
Accounts payable and accrued liabilities	(1,516)	2,508
Provisions (note 5)	265	87
Contract liabilities	191	37
Deferred revenue	(366)	(37)
Cash flows used in operating activities:	(1,204)	(2,676)
Cash flows used in financing activities:		
Issue of share capital	20	-
Principal payments on lease liabilities	(289)	-
Cash flows used in financing activities:	(269)	-
Cash flows used in investing activities:		
Principal payments on notes receivable	128	-
Proceeds from the sale of property, plant and equipment	-	107
Purchase of property, plant and equipment	(269)	(357)
Intangible asset addition, net	(879)	-
Cash flows used in investing activities:	(1,020)	(250)
Decrease in cash and cash equivalents	(2,493)	(2,926)
Cash and cash equivalents, beginning of period	21,398	13,893
Cash and cash equivalents, end of period	$ 18,905	$ 10,967

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

AgJunction Inc. (the "Company") is a publicly traded company listed on the Toronto Stock Exchange under the ticker symbol "AJX", domiciled in Canada with its primary office located at 9150 E. Del Camino Drive, Suite 109, Scottsdale, Arizona. AgJunction Inc. is a leading provider of innovative hardware and software solutions for precision agriculture worldwide. The Company holds fundamental steering and machine control patents and its autosteering and machine control solutions are critical components in over 30 of the world's leading precision Ag manufacturers and solution providers. The condensed consolidated financial statements of the Company as of and for the three and six months ended June 30, 2019 and 2018 comprise the accounts of the Company and its subsidiaries (together referred to as the "Company"). The condensed consolidated financial statements were authorized for issue by the Board of Directors on August 6, 2019.

2. Basis of preparation and presentation:

(a) These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34, *Interim Financial Reporting.*

These interim financial statements follow the same accounting policies and methods of application as set out in the consolidated financial statements for the year ended December 31, 2018, except as noted in 2(b) for adoption of new accounting pronouncements. These statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

(b) Recently adopted accounting pronouncements

IFRS 16, *Leases*

The Company adopted the new standard effective January 1, 2019. The Company applied IFRS 16 with a date of initial application of January 1, 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 7.

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company assessed which transactions were leases, it applied IFRS 16 only to contracts that were previously identified as leases, at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there was

2. Basis of preparation and presentation (continued):

a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on the condensed consolidated statement of financial position.

The Company applied recognition exemptions to leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"). For leases of other assets, which were classified as operating under IAS 17, the Company recognized right-of-use assets and lease liabilities.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as of January 1, 2019. At transition, right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the short term lease exemption not to recognize right-of-use assets at the date of initial application.
- Applied the low value lease exemption not to recognize right-of-use assets at the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

IFRIC 23, *Uncertainty over Income Tax Treatments*

In June 2017, the IASB published IFRIC 23, *Uncertainty over Income Tax Treatments* which was developed by the IFRS Interpretations Committee to enhance transparency and to clarify the accounting for income tax treatments that have yet to be accepted by tax authorities. The interpretation is effective for annual periods beginning on or after January 1, 2019. This standard did not have a significant impact on the Company's financial results.

2. Basis of preparation and presentation (continued):

(c) *Revenue from Contracts with Customers:*

Revenue is recognized when the Company satisfies its performance obligations. Performance obligations are satisfied when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company has three categories of revenue from contracts with customers including sales to customers, non-recurring engineering ("NRE") and royalty revenue.

The Non-Recurring Engineering (NRE) agreements fall into one of three categories, software upgrades, equipment prototype design ("hardware"), and feature code development. Revenue generated from software upgrade NRE is recognized upon delivery of the software upgrade to the customer. Revenue generated from equipment prototype design and feature code development NRE is initially deferred and later recognized on a pro-rata basis as new equipment or feature codes connected with those NRE agreements are purchased.

Costs related to NRE agreements under all three categories are capitalized as a contract asset as the expenses are incurred, not to exceed contractual NRE billings. Capitalized expenses include amounts paid to external vendors as well as internal labor costs. Contract assets related to software upgrades are fully expensed upon delivery of the software upgrade to customers. Contract assets related to equipment prototype design and feature code development are expensed on a pro-rata basis as new equipment or feature codes connected with those NRE agreements are purchased. This requires an estimate of future sales of related hardware and feature codes. Capitalized expenses related to these NRE agreements are represented as net contract assets on the Condensed Consolidated Statements of Financial Position and total $0 and $197 as of June 30, 2019 and 2018, respectively. These net contract assets relate solely to software NRE agreements.

Under the standard, sales-based or usage-based royalty revenue is recognized when the Company satisfies its performance obligations over the contractual term. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Royalty revenue is located within the Revenue line of the Condensed Consolidated Statements of Profit or Loss. Royalty revenue recognized during the three and six months ended June 30, 2019 was $285 and $556, respectively. Deferred royalty revenue is represented in deferred revenue on the Condensed Consolidated Statements of Financial Position and totals $4,752 and $0 as of June 30, 2019 and 2018, respectively. Deferred NRE revenue is represented as net contract liabilities on the Condensed Consolidated Statements of Financial Position.

3. Share capital:

(a) Authorized:

An unlimited number of common shares and an unlimited number of both first and second preferred shares, issuable in series, are authorized.

(b) Issued:

Issued share capital consists of 118,257,853 common shares at $148.5 million.

(c) During the six months ended June 30, 2019, the Company recorded $42 (2018 – $149) as share based compensation expense relating to options and $165 (2018 - $221) relating to restricted share awards for total compensation expense of $207 (2018 - $370).

Change in the number of options, with their weighted average exercise prices are summarized below:

Three Months Ended (share price in CAD)	June 30, 2019		June 30, 2018	
	Number of Options	Weighted average exercise	Number of Options	Weighted average exercise
Total options outstanding, beginning of period	7,313	$ 0.55	7,409	$ 0.62
Granted	-	-	-	-
Exercised	(5)	0.50	-	-
Expired or cancelled	(650)	0.59	(50)	0.89
Share options outstanding, end of period	6,658	$ 0.53	7,359	$ 0.62

Six Months Ended (share price in CAD)	June 30, 2019		June 30, 2018	
	Number of Options	Weighted average exercise	Number of Options	Weighted average exercise
Total options outstanding, beginning of period	7,313	$ 0.55	7,409	$ 0.62
Granted	-	-	-	-
Exercised	(5)	0.50	-	-
Expired or cancelled	(650)	0.50	(50)	0.89
Share options outstanding, end of period	6,658	$ 0.53	7,359	$ 0.62

3. Share capital (continued):

(share price in CAD)	Options outstanding				Options exercisable		
Range of exercise prices outstanding	Number outstanding at June 30, 2019	Weighted average remaining contractual life (months)		Weighted average exercise price	Number exercisable at June 30, 2019		Weighted average exercise price
$0.50 - $1.00	6,658	22	$	0.59	4,217	$	0.53

Change in the number of restricted share awards (RSAs), with their weighted average grant prices are summarized below:

Three Months Ended (share price in CAD)	June 30, 2019			June 30, 2018		
	Number of RSAs		Weighted average grant price	Number of RSAs		Weighted average grant price
Total options outstanding, beginning of period	3,226	$	0.76	2,002	$	0.57
Granted	-		-	2,198		0.90
Vested	(582)		0.63	(125)		0.63
Expired or cancelled	(730)		0.87	(113)		0.53
RSAs outstanding, end of period	1,914	$	0.70	3,962	$	0.75

Six Months Ended (share price in CAD)	June 30, 2019			June 30, 2018		
	Number of RSAs		Weighted average grant price	Number of RSAs		Weighted average grant price
Total options outstanding, beginning of period	3,525	$	0.76	2,280	$	0.53
Granted	-		-	2,538		0.87
Vested	(779)		0.72	(703)		0.54
Expired or cancelled	(832)		0.85	(153)		0.54
RSAs outstanding, end of period	1,914	$	0.70	3,962	$	0.75

3. Share capital (continued):

The restricted share awards outstanding as of June 30, 2019 have a weighted average remaining vesting life of 21 (2018 – 24) months.

(d) The grant date fair value of RSAs granted is estimated by using the Black-Scholes put option pricing model. The following assumptions were used in determining the fair value of the March 2018 RSA grants: Company share price at issuance; weighted average volatility of 57%; interest rate of 1.74%; and weighted average expected life of 3.0 years.

There were no stock options or RSA grants during the three and six months ended June 30, 2019.

4. Revenue concentration:

Revenue by business unit:

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Agriculture	$ 13,301	$ 13,776	$ 27,314	$ 29,550

Revenue by geographic region:

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Americas	$ 3,021	$ 6,761	$ 7,726	$ 15,242
Asia-Pacific (APAC)	17	178	329	919
Europe, the Middle East, and Africa (EMEA)	10,263	6,837	19,259	13,389
	$ 13,301	$ 13,776	$ 27,314	$ 29,550

Payment terms associated with revenue recognized in each period shown above are normally 30 days from invoice date, however some payment terms are extended up to 90 days.

5. Provisions:

		Warranty		Restructuring		Total
Balance at December 31, 2017	$	613	$	16	$	629
Provisions made during the period		208		-		208
Provisions used during the period		(127)		-		(127)
Balance at March 31, 2018	$	694	$	16	$	710
Provisions made during the period		220	$	-		220
Provisions used during the period		(198)	$	(16)		(214)
Balance at June 30, 2018	$	716	$	-	$	716

		Warranty		Restructuring		Warranty
Balance at December 31, 2018	$	999	$	-	$	999
Provisions made during the period		296		-		296
Provisions used during the period		(61)		-		(61)
Balance at March 31, 2019	$	1,234	$	-	$	1,234
Provisions made during the period		54		-		54
Provisions used during the period		(24)		-		(24)
Balance at June 30, 2019	$	1,264	$	-	$	1,264

6. Related party transactions:

In 2016, Jonathan Ladd, a member of the Board was engaged by the Company to act as a Senior Strategic Advisor to the CEO at an hourly rate plus 800 thousand options as share-based compensation whereby the options vest equally over a 48-month period.

For the period January 1, 2019 through June 30, 2019, the Company incurred short term compensation expense in the amount of $58 ($56 in the same period of 2018) for duties performed by Mr. Ladd as well as $17 ($14 in the same period of 2018) in travel and other business-related expenses associated with this service agreement. These expenses are located within the General and administrative line item of the Condensed Consolidated Statement of Profit or Loss. Of these expenses, $10 were unpaid as of June 30, 2019, and are located within the Accounts payable and accrued liabilities line item of the Condensed Consolidated Statement of Financial Position.

The options issued to Mr. Ladd in connection to his role as Senior Strategic Advisor had a fair value of $144 (209 CAD) as of the options' grant date, January 18, 2016. Related share-based compensation expense recognized within the General and administrative line item of the Condensed Consolidated Statement of Profit or Loss for the three and six month periods presented totals $4 (5 CAD) and $3 (4 CAD), respectively. The grant date fair value of the options granted was estimated by using the Black-Scholes call option pricing model. The following assumptions were used in

6. Related party transactions (continued):

determining the fair value: Company stock price at issuance; stock option exercise price; weighted average volatility of 49%; interest rate of 0.63%; and expected life of 4.0 years.

The terms and conditions of this transaction were no more favorable than those available, or which might reasonably be expected to be available, in similar arrangements with non-key management personnel related to the Company on an arm's length basis.

7. Leases:

The Company recognizes right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

7. Leases (continued):

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in the condensed consolidated statement of financial position as Right-of-use assets.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including a storage unit, combines, and postage meter. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company leases assets including office space, printers, copiers, security system, and a mailing system. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Office Space	Equipment	Total
Balance at January 1, 2019	$ 1,750	$ 56	$ 1,806
Depreciation change for the period	(299)	(8)	(307)
Balance, June 30, 2019	$ 1,451	$ 48	$ 1,499

Lease liabilities

	2019
Maturity analysis - contractual undiscounted cash flows	
Less than one year	$ 660
One to five years	973
Total undiscounted lease liabilities at June 30, 2019	1,633
Lease liabilities at initial application	1,806
Current	$ 636
Non-current	881
Lease liabilities included in the statement of financial position at June 30, 2019	$ 1,517

7. Leases (continued):

Amounts recognized in profit or loss

		2019
Interest on lease liabilities		18
Variable lease payments not included in the measurement of lease liabilities		-
Income from sub-leasing right-of-use assets		-
Expenses related to short-term leases		-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		1
Loss related to foreign currency exchange differences in lease liability	$	-

Amounts recognized in the statement of cash flows

	2019
Total cash outflow for leases	(307)

Real estate leases

The Company leases office space typically for a period of 3-7 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices or sales that the Company makes at the leased office space in the period. Some leases require the Company to make payments that relate to the property taxes levied on the lessor and utility charges paid by the lessor.

Some leases of office space contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include the extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Other leases

The Company leases printers, a security system and a mailing system, with lease terms of 1 to 4.5 years. In some cases, the Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

7. Leases (continued):

The Company monitors the use of these assets, and reassesses the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets. The Company does not have any residual guarantees as of June 30, 2019.

The Company also leases a storage unit, postage meter and security system with contract terms no longer than 3 years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

IAS 17 – as a lessee

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payment were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Company's statement of income. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Interim Management's Discussion and Analysis

Three and six month period ending June 30, 2019

The following discussion and analysis are effective as of August 7, 2019 and should be read together with our unaudited consolidated interim financial statements and accompanying notes for the three and six months ended June 30, 2019. Additional information related to AgJunction Inc., including the Company's Annual Information Form, can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") on the internet at www.sedar.com. All amounts stated in this Management Discussion and Analysis ("MD&A") are in US dollars unless otherwise stated.

Overview

References throughout this document to AgJunction or the "Company" all refer to AgJunction Inc. and its subsidiaries.

AgJunction is a public company listed on the Toronto Stock Exchange that provides innovative hardware and software applications for precision agriculture worldwide.

Economic and Market Trends

Agriculture Markets

In March 2019, the US Department of Agriculture ("USDA") reported total farm cash receipts are projected to modestly increase through 2028, primarily due to increasing crop cash receipts reflecting steady domestic and international economic growth that supports longer term demand for U.S. agricultural products. Total farm production expenses are projected to decline modestly to $360 billion in 2019 due to lower expenditures on feed/livestock purchased. The USDA reports, global demand and trade for agricultural products are projected to continue rising through 2028/2029. Income growth is projected to remain strong, especially in many emerging and developing economies, giving strong impetus for sustained growth in demand and trade for agricultural products. The Company's revenues are directly correlated to the sales of new farm equipment which are influenced by the health of farm incomes; a leading indicator of the potential revenue trends for the Company.

Per the USDA, net farm income for 2019 is forecasted to increase by $8.4billion, or 12.1% over 2018. Cash receipts from crops are forecasted to increase by $2.2 billion in 2019 compared to the 2018 decrease of $0.5 billion over 2017.

Management views the 2019 fundamentals of its global agriculture markets to be growth neutral with new machine sales expected to remain flat to slightly up and existing field equipment sales to be slightly up. However, there are other factors creating uncertainty in the market, including a weak outlook for the China market and political pressures (tariffs and US government shutdown). During 2019, the Company has benefited recently from revenue generated by a Bulk Purchase Order (BPO) signed in 2018, the sell-through of which will end mid-2019. As a result future sales are expected to lag slightly behind the agriculture cycle and related upturn due to the Company's customer base and mix of machine manufacturers. The outlook for our markets in 2020 and beyond is positive, driven by the following key factors: population growth, limited arable land, the need for increased output, and a relatively low global penetration of precision agriculture technologies such as Global Navigation Satellite Systems (GNSS) and autosteering. We also feel our product developments and in particular our eStore initiative, which introduces our products to new, previously unaddressed markets and consumers position us well to grow as the markets pick up.

Summary of Quarterly Results

(000's)	30-Sep 2017	31-Dec 2017	31-Mar 2018	30-Jun 2018	30-Sep 2018	31-Dec 2018	31-Mar 2019	30-Jun 2019
Sales	$ 8,978	$ 9,889	$ 15,774	$ 13,776	$ 17,862	$ 17,103	$ 14,013	$ 13,301
Gross Profit	3,229	3,850	6,781	5,418	6,323	5,288	5,763	4,624
	36%	39%	43%	39%	35%	31%	41%	35%
Expenses:								
Research and development	1,752	2,514	2,979	3,008	1,343	1,157	1,752	1,984
Sales and marketing	2,117	1,796	2,165	1,984	1,857	1,090	1,357	1,285
General and administrative	2,418	2,529	2,679	2,757	2,471	2,196	2,608	2,099
	6,287	6,839	7,823	7,749	5,671	4,443	5,717	5,368
Operating income (loss)	(3,058)	(2,989)	(1,042)	(2,331)	652	845	46	(744)
Foreign exchange (gain) loss	43	(13)	(49)	28	(35)	13	(18)	(39)
Interest and other (income) loss	(20)	-	(5)	(5)	(20)	(92)	(60)	(61)
Loss (gain) on sale of property, plant and equipment	1	-	(4)	(9)	-	-	8	37
(Gain) on sale of divisions	-	-	-	-	(943)	(2,214)	-	-
	24	(13)	(58)	14	(998)	(2,293)	(70)	(63)
Net income (loss) before income taxes	(3,082)	(2,976)	(984)	(2,345)	1,650	3,138	116	(681)
Income tax expense (benefit)	-	(309)	-	-	-	(5)	1	1
Net income (loss)	(3,082)	(2,667)	(984)	(2,345)	1,650	3,143	115	(682)
Earnings (loss) per common share:								
Basic and diluted	$ (0.02)	$ (0.02)	$ (0.01)	$ (0.02)	$ 0.01	$ 0.03	$ -	$ (0.01)
Weighted Average Diluted Shares	*124,475*	*121,157*	*118,338*	*126,287*	*125,684*	*126,445*	*126,366*	*125,952*

Sales by geographic region on a quarterly basis are as follows:

For the Quarter Ended

(000,s)	30-Sep 2017	31-Dec 2017	31-Mar 2018	30-Jun 2018	30-Sep 2018	31-Dec 2018	31-Mar 2019	30-Jun 2019
Americas	$ 5,549	$ 5,540	$ 8,481	$ 6,761	$ 3,923	$ 2,269	$ 4,706	$ 3,021
APAC	222	402	741	178	452	147	311	17
EMEA	3,207	3,947	6,552	6,837	13,487	14,687	8,996	10,263
	$ 8,978	$ 9,889	$15,774	$13,776	$17,862	$17,103	$14,013	$13,301

Quarterly results have varied during the past eight quarters due, in part, to the following factors:

1. A large component of the Company's revenue is derived from North American and EMEA agriculture markets which are subject to the seasonality of the agricultural buying season. Normally this leads to the first half of the year being the strongest and the second half being the weakest, however the BPO deliveries made the revenue in the second half of 2018 higher than the first half of 2018. Revenue in the first half of 2019 is expected to be higher than the second half of 2019 due to the continued deliveries under the BPO which are expected to end July 31, 2019. Initiatives to mitigate the seasonality going forward include revenue efforts in the Southern Hemisphere which is generally counter-seasonal to the Northern Hemisphere agricultural seasons and strategies focused on increasing sources of recurring revenue.

2. The adoption of advanced technology as it relates to precision farming is transitioning from historically being an aftermarket business to a market focused on sales to original equipment manufacturers (OEM) business. The outlook for the Company's products in the OEM channel remains uncertain based on the speed with which each region will adopt this model and the adoption by such manufactures of the Company's products.

Quarter Ended June 30, 2019 versus Quarter Ended June 30, 2018

Management Summary

On March 13, 2018 the Company announced it had entered into a BPO with a customer to supply its steering solutions products to the customer for an aggregate order value of approximately $55 million. Deliveries and payments under the purchase order began July 1, 2018 and will continue through July 31, 2019.

Revenues

For the quarter ended June 30, 2019, revenues were $13.3 million representing a decrease of 3% over $13.8 million in the same period of 2018. This decrease is related to declines in revenue resulting from the 2018 sale of businesses offset by shipments fulfilled under the bulk purchase order.

(000,s)	**2019**	**2018**	**Change**
Sales	$ 13,301	$ 13,776	-3%

Sales by geographic region

(000,s)	2019	2018	Change
Americas	$ 3,021	$ 6,761	-55%
APAC	17	178	-90%
EMEA	10,263	6,837	50%
	$ 13,301	$ 13,776	-3%

In the second quarter of 2019, revenue in the Americas decreased by $3.7 million or 55%, due to the sale of the Outback and Satloc businesses, in the second half of 2018, resulting in a year-over-year decrease of $3.4 million. Revenue in APAC saw a decrease of $0.2 million due to decreased demand in Australia and China. Revenue in the EMEA region increased $3.4 million or 50%, due to increased sales related to the BPO.

Sales to customers in the Americas represented 23% of total revenues in the second quarter of 2019 compared to 49% in the second quarter of 2018. Sales in APAC for the second quarter of 2019 were nil down from 1% in the second quarter of 2018. EMEA sales represent 77% of total revenues for the second quarter, up from 50% in the second quarter of 2018. This increase is driven by shipments fulfilled under the bulk purchase order which was announced in March 2018.

Gross Profits

Gross profits were $4.6 million for the second quarter of 2019 compared to $5.4 million for the same period of 2018 with the decline reflecting the drop in revenue and the lower gross profits generated by the BPO. Gross profits, as a percentage of revenue, for the second quarter of 2019 were 35% compared to 39% for the second quarter of 2018. The four percent decrease in gross profit over the prior year reflects the lower margins on the BPO offset by favorability from compensation costs allocated to cost of sales as a result of ongoing cost control efforts.

Expenses

Total operating expenses for the quarter were $5.4 million in 2019, down by 30% or $2.3 million from $7.7 million in 2018 reflecting the aforementioned sales of business lines and a general focus on cost reduction. A breakdown of expenses by line item follows.

Research and development expenditures of $2.0 million in the second quarter of 2019 decreased from $3.0 million in the second quarter of 2018 representing a decrease of $1.0 million or 33%. This decrease is related to cost savings in compensation resulting from the sale of business and project costs capitalized for internally developed intangible assets.

Sales and marketing expenses for the second quarter of 2019 were $1.3 million, down $0.7 million or 35% compared to $2.0 million in the second quarter of 2018. The decrease is related to compensation cost savings resulting from the sale of business.

General and administrative expenses for the second quarter of 2019 were $2.1 million compared to $2.8 million in the second quarter of 2018, representing a decrease of $0.7 million or 25%. This decrease is related to cost savings in compensation, resulting from the sale of business, and reduction in consultant and service costs for phase 2 of the ERP implementation completed in 2018.

Interest, Foreign Exchange, and Other Income

In the second quarter of 2019, the Company recorded net interest and other income of $61 thousand compared to $5 thousand in the second quarter of 2018. The Company earns interest income on certain cash balances which is offset by interest paid.

During the quarter, the Company realized a foreign exchange gain of $39 thousand compared to a loss of $28 thousand during the same quarter in 2018. Foreign exchange gains and losses arise primarily from the translation and settlement of non-US dollar working capital.

During the three months ended June 30, 2019 and 2018, the Company realized a loss of $37 and a gain of $9, respectively, on the disposal of property, plant and equipment. The Company announced the closure of its Brisbane Australia office on April 10, 2019 as a result of this pending closure property, plant and equipment totaling $37 was disposed of during the quarter ended June 30, 2019.

Income Tax Benefit

The Company recognized $1 thousand in income tax for the quarter ended June 30, 2019. No income tax was recognized during the same quarter of 2018.

Net Income (Loss)

In the second quarter of 2019, the Company realized a net loss of $0.7 million or ($0.01) per share (basic and diluted), compared to a net loss of $2.3 million or ($0.02) per share (basic and diluted) for the second quarter of 2018.

Six Months Ended June 30, 2019 versus June 30, 2018

Management Summary

On March 13, 2018 the Company announced it entered into a bulk purchase order with a customer to supply its steering solutions products to the customer for an aggregate value of approximately $55 million. Deliveries and payments under the purchase order began July 1, 2018 and will continue through July 31, 2019.

Revenues

For the six month period ended June 30, 2019, revenues were $27.3 million representing a decrease of 8% over $29.6 million for the same period of 2018. This decrease is related to sales of businesses offset by shipments fulfilled under the bulk purchase order.

(000,s)	2019	2018	Change
Sales	$ 27,314	$ 29,550	-8%

Sales by geographic region

(000,s)	2019	2018	Change
Americas	$ 7,726	$ 15,242	-49%
APAC	329	919	-64%
EMEA	19,259	13,389	44%
	$ 27,314	$ 29,550	-8%

In the first half of 2019, revenue in the Americas decreased by $7.5 million or 49%, due primarily to the sale of the Outback and Satloc businesses, in the second half of 2018, resulting in a year-over-year decrease of $6.7 million. Revenue in APAC saw a decrease of $0.6 million or 64%, due to decreased demand in Australia and China. Revenue in the EMEA region increased to $19.3 million from $13.4 million, up $5.9 million or 44% over the same period of 2018, due to increased sales related to the BPO.

Sales to customers in the Americas represented 28% of total revenues during the six months ended June 30, 2019 compared to 52% in the corresponding period of 2018. Sales in APAC represented 1% of total revenues in the during the six months ended June 30, 2019 down from 3% in the corresponding period of 2018. EMEA

sales represent 71% of total revenues for the period, up from 45% in the same period in 2018. This increase is driven by shipments fulfilled under the bulk purchase order which was announced in March 2018.

Gross Profits

Gross profits for the first half of 2019 were $10.4 million compared to $12.2 million for the first half of 2018 with the decline reflecting the drop in revenue and the lower gross profits generated by the BPO. Gross profits, as a percentage of revenue, were 38% in 2019 compared to 41% in 2018. The three percent decrease in gross profit over the same period of the prior year reflects the lower margins on the BPO offset by favorability from compensation costs allocated to cost of sales as a result of ongoing cost control efforts

Expenses

Total operating expenses for the six months ended June 30, 2019 were $11.1 million, down by 29% or $4.5 million from $15.6 million in 2018. A breakdown of expenses by line item follows.

Research and development expenditures for the six months ended June 30, 2019 of $3.7 million decreased from $6.0 million over the same period in 2018 representing a decrease of $2.3 million or 38%. This decrease is related to compensation cost savings resulting from the sale of businesses and capitalization of project costs for internally developed intangible assets.

Sales and marketing expenses for the six month period ended June 30, 2019 were $2.6 million, down $1.5 million or 37% compared to $4.1 million in the same period of 2018. The decrease is related to cost savings in compensation costs resulting from the sale of businesses.

General and administrative expenses for the six months ended June 30, 2019 were $4.7 million compared to $5.4 million in the same period of 2018 representing a decrease of $0.7 million or 13%. This decrease is related to cost savings in compensation, resulting from the sale of businesses, and reduced consultant and service costs for phase 2 of our ERP Implementation completed in 2018.

Interest, Foreign Exchange, and Other Income

In the first half of 2019, the Company recorded net interest and other income of $120 thousand compared to $10 thousand in the first half of 2018. The Company invested the higher surplus funds from asset sales in a higher interest-bearing account during the second half of 2018 resulting in the increase of interest income during the first half of 2019 as compared to the same period in 2018. The Company earns interest income on certain cash balances which is offset by interest paid.

During the six months ended June 30, 2019, the Company realized a foreign exchange gain of $57 thousand compared to a loss of $21 thousand during the same period in 2018. Foreign exchange gains and losses arise primarily from the translation and settlement of non-US dollar working capital. The Company realized a loss on sale of property, plant and equipment of $45 and a gain of $13 during the six months ended June 30, 2019 and 2018, respectively. The Company announced the closure of its Brisbane Australia office on April 10, 2019 as a result of this pending closure property, plant and equipment totaling $37 was disposed of during the quarter ended June 30, 2019.

Income Tax Benefit

The Company recognized $2 thousand in income tax for the six month period ended June 30, 2019. No income tax was recognized during the same period of 2018.

Net Income (Loss)

In the six month period ended June 30, 2019, the Company realized a net loss of $0.6 million or nil per share (basic and diluted), compared to a net loss of $3.3 million or ($0.03) per share (basic and diluted) in the first half of 2018.

Liquidity and Capital Resources

Working Capital

The Company held cash of $18.9 million at June 30, 2019 compared to $21.4 million at December 31, 2018. Working capital was $25.5 million, down from $26.7 million at December 31, 2018.

The primary items impacting working capital during the six-month period were:

- Cash used in operations was $1.2 million in the six months ended June 30, 2019 compared to $2.7 million for the same period in 2018.
- Accounts receivable at June 30, 2019 were $10.6 million compared to $8.5 million at December 31, 2018 primarily due to shipments made under the BPO.
- Inventory was $4.5 million at June 30, 2019 versus $5.7 million at December 31, 2018. Inventories consist of components, work in process and finished goods related to the products sold by the Company.
- Accounts payable and accrued expenses at June 30, 2019 were $7.0 million versus $8.5 million at December 31, 2018. The decrease of $1.5 million is due to timing and volume of shipments within the respective quarters.

The Company has access to an operating line of credit with its bank for $3.0 million. As of June 30, 2019, the full line of credit continues to be available.

Critical Accounting Policies and Estimates

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The preparation of these financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates are based on Management's historical experience and various other assumptions that are believed by Management to be reasonable under the circumstances. Such assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The following critical accounting policies affect our more significant estimates and assumptions used in preparing our consolidated financial statements:

1. The Company maintains an allowance for doubtful accounts for estimated losses that may occur if customers are unable to pay balances owing to the Company. This allowance is determined based on a review of specific customers, historical experience and economic circumstances.
2. Inventories are carried at the lower of cost and net realizable value. Provisions for excess or obsolete inventory are recorded based on Management's assessment of the estimated net realizable value of component, work in process, and finished goods inventory.
3. The Company performs the required test for goodwill impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired. In performing the required test, Management determines the recoverable amount, which is the greater of the fair value less cost to sell and value in use. An impairment loss would be measured as the difference between the carrying amount of the goodwill and its recoverable amount. Fair value less cost to sell takes into consideration the market capitalization of the Company as there is only one cash generating unit, relevant multiples, and peer transactions. Value in use is determined using a detailed discounted cash flow analysis using management's estimates.
4. The Company evaluates its deferred tax assets and recognizes deferred tax assets to the extent there is available taxable income. As of June 30, 2019, the Company has not recognized any deferred tax assets on the Consolidated Statement of Financial Position.
5. The Company accrues reserves for product warranty expenses as it relates to the repair or replacement of non-preforming products sold in the current period. The warranty reserve is based on historical information of warranty claims compared to revenue. Any expenses directly relating to warranty claims are expected to offset the provision recorded.

6. The Company assesses, at inception of a contract, whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
   - the contract involves the use of an identified asset (explicitly or implicitly), and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has substantive substitution right, then the asset is not identified;
   - the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
   - the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
     - the Company has the right to operate the asset; or
     - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

   This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

   At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing disclosure controls and internal controls over financial reporting as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company is currently under the Internal Control - Integrated Framework: 2013 released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, Management has conducted an evaluation of the effectiveness of our internal controls over financial reporting as of December 31, 2018. Based on its evaluation, the certifying officers concluded that our internal controls over financial reporting were effective as of that date.

Forward-Looking Information

The information in the Management's Discussion and Analysis ("MD&A") contains certain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this

MD&A and except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- financial results;
- new and emerging markets, in particular the success of the Company's eStore initiative;
- impact of market conditions;
- forecast net farm income;
- changes in foreign currency rates;
- losses available to reduce future taxable income;
- customer adoption of technology and products;
- processes implemented to mitigate weaknesses in internal controls;
- implementation of International Financial Reporting Standards;
- technological developments;
- expectations regarding the ability to raise capital; and
- research and capital expenditures programs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- competition;
- departure of key personnel or consultants;
- inability to introduce new technology and new products in a timely manner;
- adoption of the Company's products by OEM customers and it's eStore products by small farm consumers;
- changes in the GPS network and other systems outside of our control;
- misappropriation of proprietary information;
- legal claims for the infringement of intellectual property and other claims;
- incorrect assessments of the value of acquisitions;
- fluctuation in foreign exchange or interest rates;
- uncertainties in the global economy;
- negative conditions in general economic and financial markets;
- reliance on key suppliers;
- availability of key supplies and components;
- dependence on major customers;
- losses from credit exposures;
- product liability;
- damage or loss of use of physical facilities;
- stock market volatility and market valuations;
- conflicts of interest;
- changes in income tax laws and other government regulations; and
- the other factors discussed under "Business and Market Risks".

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: future technological developments; availability of key supplies, components, services, networks and developments; future exchange rates; future operating costs; that there are no unforeseen events preventing the performance of contracts; the cost of expanding AgJunction's product lines; the impact of increasing competition; the nature and outcome of legal proceedings; the continuity of existing business relationships; conditions in general economic and financial markets; and our ability to obtain financing on acceptable terms.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders and readers with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.