Management's Discussion and Analysis

Year ended December 31, 2018

AgJunction Inc.
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The following discussion and analysis are effective as of March 20, 2019 and should be read together with our audited annual consolidated financial statements and accompanying notes. 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.

Foreign Private Issuer Status

As reported at December 31, 2014, as of June 30, 2014, the Company determined that a majority of its outstanding shares were held directly or indirectly by US residents. As a result, AgJunction lost its "foreign private issuer" status effective January 1, 2015 as defined in Rule 3b-4 of the Securities and Exchange Act of 1934. AgJunction will however continue to be governed by Canadian securities laws and reporting obligations and is not required to register with the Securities and Exchange Commission or make any filings under the Securities and Exchange Act of 1934.

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). In addition, the Company has benefited recently from revenue generated by a Bulk Purchase Order (BPO) signed in 2018, the sell-through of which will end in Q2 2019 . As a result 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 eStore position us well to grow as the markets pick up.

Results of Operations

	Years Ended December 31		
(000's)	**2018**	**2017**	**2016**
Sales	$64,515	$46,781	$42,264
Gross profit	23,810	19,421	16,528
	37%	42%	39%
Expenses			
Research and development	8,487	8,210	7,736
Sales and marketing	7,096	7,776	6,937
General and administrative	10,103	9,391	8,755
	25,686	25,377	23,428
Operating (loss)	(1,876)	(5,956)	(6,900)
Goodwill impairment	–	–	11,301
Foreign exchange (gain) loss	(43)	4	(32)
Interest and other income	(122)	(18)	(61)
Sale of non-compete	–	(3,000)	–
(Gain) loss on sale of property, plant and equipment	(13)	19	111
(Gain) on sale of divisions	(3,157)	–	–
Income (loss) before income taxes	1,459	(2,961)	(18,219)
Income tax benefit	(5)	(290)	–
Net Income (loss)	1,464	(2,671)	(18,219)
Income (loss) per common share:			
Basic and diluted earnings (loss) per share	$0.01	($0.02)	($0.15)

Selected Statement of Financial Position Information

	As of December 31		
	2018	**2017**	**2016**
Total assets	$49,847	$39,593	$41,281

Year Ended December 31, 2018 versus Year Ended December 31, 2017

Sales

For the year ended December 31, 2018, Sales were $64.5 million representing an increase of 37.6% from $46.8 million in 2017.

(000's)	**2018**	**2017**	**Change**
Agriculture	$ 64,515	$ 46,781	38%

Sales by geographic region

(000's)	**2018**	**2017**	**Change**
Americas	$21,434	$26,428	(19%)
APAC	1,518	2,472	(39%)
EMEA	41,563	17,881	132%
	$ 64,515	$ 46,781	38%

In 2018, Sales in the Americas decreased by 19% or $5.0 million versus 2017. This decrease in sales in the United States, Brazil and Canada of $3.4 million, $0.1 million and $1.5 million, respectively, is in line with the previously mentioned decreases in farm incomes and capital spending. Sales in APAC decreased by 39% or $1.0 million versus 2017. Australia and China decreased $0.7 million and $0.5 million, respectively, which is offset by an increase in sales from Japan of $0.2 million. Sales in EMEA increased 132% or $23.7 million versus 2017 due to the previously mentioned bulk-purchase order to an OEM customer in Germany where sales increased by $22.7 and a small increase in sales in France of $1.2mm, these gains were offset a decline in sales in the Netherlands of $0.2 million.

Sales to customers in the Americas represented 33% of total Sales in 2018 compared to 57% in 2017. Sales in APAC accounted for 2% of total Sales in 2018 versus 5% in 2017. EMEA sales represent 65% of 2018 total Sales, up from 38% in 2017. This rebalancing reflects the softness in demand in the Americas, offset by the benefits of the bulk purchase order in Europe.

Gross Profits

Gross profits were $23.8 million for the year, up by $4.4 million or 22.6% from gross profits of $19.4 million in 2017. Gross profits as a percentage of Sales were 36.9% in 2018 compared to 41.5% in 2017. The 4.6% decrease in gross profits over the prior year was driven by $8.6 million in higher volume, driven by the BPO, offset by $4.2 million in unfavorable product mix, attributed to lower gross margins for certain products included in the product mix sold.

Expenses

Operating expenses were $25.7 million in 2018, up $0.3 million or 1% from $25.4 million in 2017. A break out of expenses by line item follows.

Research and development expenses were $8.5 million in 2018, up $0.3 million or 4% from $8.2 million in 2017 related to continued investment in new product development.

Sales and marketing expenses of $7.1 million decreased by $0.7 million or 9% from $7.8 million in 2017 related to decreases in compensation costs, consultant costs and recruitment expense.

General and administrative expenses of $10.1 million increased by $0.7 million or 7% from $9.4 million in 2017 related to the cost of implementing a new ERP which will drive down internal compliance and reporting costs, and increases in compensation costs.

Goodwill Impairment

In accordance with IFRS, goodwill must be assessed for impairment annually or more often if an event or circumstance indicates that impairment may have occurred. The Company has one cash generating unit ("CGU") to evaluate for impairment.

Management completed the annual assessment of the carrying value of the goodwill reported in the Consolidated Statement of Financial Position at December 31, 2018 and 2017 and concluded that the goodwill balance associated with the Agriculture CGU of $143 thousand was not impaired. Goodwill carried on the Company's balance sheet arose in the course of the following Agriculture CGU acquisitions:

- Del Norte Technologies business assets – January 2006
- Beeline Technologies Pty Ltd. – December 2007
- AgJunction business assets – January 2012
- Novariant, Inc. – October 2015

The Company determined the fair value of the agriculture CGU at December 31, 2018 and 2017 using a discounted cash flow model consistent with recognized valuation methods. The most significant assumptions underlying the model prepared by management include: Sales, Sales growth, gross profits, operating expenses, income taxes, weighted average cost of capital, and capital expenditures. Significant factors impacting these assumptions include estimates of future market share, competition, technological developments, interest rates, and market trends. The assumptions incorporated into the discounted cash flow model reflect management's long-term view of the Company's business and the markets in which it competes.

In formulating its conclusions, management also considered a variety of related information, including:

- Market capitalization;
- Seasonal factors impacting the Company's share price at particular periods;
- the impact on share prices of reduced liquidity in the public markets, particularly in Canada;
- the expected impact of economic conditions on the Company's long-term business activities.

Foreign Currency Risk Management

The Company has the ability to mitigate exposure to foreign currency risk as the Board of Directors has approved the execution of financial instruments with a maximum notional value of US$40 million which have the objective of offsetting the exposure the Company faces by carrying positive Canadian and Australian dollar working capital. There are no hedge contracts outstanding at December 31, 2018 or 2017.

Interest, Foreign Exchange and Other Income

In 2018, the Company recorded net interest and other income of $122 thousand up by $104 thousand or 577% from $18 thousand in 2017. The Company earns interest income on certain cash balances and loans receivable which is offset by interest paid.

During the first quarter of 2017, the company recorded $3.0 million other income associated with its entry into a strategic agreement with Hemisphere GNSS, Inc. (Hemisphere), a world-class provider of GNSS technology, whereby the Company received a one-time payment of $3.0 million in exchange for releasing Hemisphere from a license restriction that prevented them from selling their GNSS products directly into the global agricultural market.

The Company incurred a foreign exchange gain of $43 thousand in 2018, compared to a loss of $4 thousand in 2017. Foreign exchange gains/losses reported in the Consolidated Statement of Profit or Loss arise primarily from the impact of the fluctuating Canadian dollar on the translation and settlement of Canadian dollar denominated working capital.

Loss on sale of property, plant and equipment

The Company recorded a net gain on the disposal of property, plant and equipment totaling $13 thousand in 2018 compared to a net loss of $19 thousand in 2017. These disposals relate to assets no longer needed to support ongoing operations.

Gain on sale of divisions

On August 31, 2018, the Company completed the sale of certain assets and liabilities of its Outback Guidance (Outback) business to Hemisphere GNSS (HGNSS) for $6.4 million. The transaction will allow AgJunction to focus on its core strategy of growing the market for autosteering.

The sale of Outback included the Outback Guidance® brand, the REBEL™ autosteering products, and AgJunction's Hiawatha, Kansas and Winnipeg, Canada facilities. HGNSS assumed the Company's relationships with the Outback independent dealer network, and the majority of the Company's former Outback workforce were transitioned to HGNSS.

In connection with the sale of Outback, the Company wrote off $693 thousand of intangible assets related to the Outback division that no longer had any future value to the Company. This $693 thousand was included in the calculation of the gain on sale of division. A gain on the sale of division of $1.5 million, was recognized and is reported on the December 31, 2018 Consolidated Statements of Profit or Loss.

On November 15, 2018, the Company completed the sale of certain assets and liabilities of its SATLOC® aerial guidance and flow control business to Texas Transland, LLC ("Transland") for cash of $1.5 million and a note receivable of $1.4 million. The note is payable in equal installments over a five year period commencing December 2018. The note is carried at amortized cost using the simple effective interest method, less any impairment losses. The simple effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. Interest income relating to the Satloc note, calculated using the effective interest method is $178 thousand. As with the Outback sale, this transaction allows AgJunction to focus on its core strategy of growing the market for autosteering. A gain on the sale of division in the amount of $1.7 million, was recognized and is reported on the December 31, 2018 Consolidated Statements of Profit or Loss.

Income taxes

The Company recognized a net income tax benefit of $290 thousand in 2017 of which $15 thousand in expense was related to operations in China and $305 thousand benefit was related to unrecognized deferred tax assets generated from prior year US alternative minimum tax (AMT) credits. No benefit or expense was recorded in the same period of 2018.

As of December 31, 2018, the Company has Canadian tax loss carry forwards of $10.9 million that can be used to reduce Canadian taxable income in future years, as well as investment tax credits in the amount of $2.3 million that can be used to reduce Canadian federal taxes otherwise payable in future years.

The Company's US operating subsidiaries, AgJunction Corporation, AgJunction LLC, CSI Wireless LLC, and Novariant, Inc. file as a combined entity for US federal tax purposes. At December 31, 2018, the Company has cumulative US net operating losses of $52.0 million that can be used to reduce US taxable income in future years, as well as $5.8 million of research and development tax credits that can be used to reduce federal taxes otherwise payable in future years.

The Company's Australian subsidiaries, AgJunction Pty Ltd. and AgJunction AUS Pty Ltd., file as a combined entity for Australian income tax purposes. At December 31, 2018, the Company has losses of approximately $7.7 million available to reduce Australian taxable income in future years.

The Company does not recognize or carry any deferred tax assets on its financial statements.

Income (Loss)

In 2018, the Company generated net income of $1.5 million or $0.01 per share (basic and diluted), compared to a net loss of $2.7 million or $0.02 per share (basic and diluted) in 2017.

Summary of Quarterly Results

(000's)	31-Mar 2017	30-Jun 2017	30-Sep 2017	31-Dec 2017	31-Mar 2018	30-Jun 2018	30-Sep 2018	31-Dec 2018
Sales	$14,573	$13,341	$8,978	$9,889	$15,774	$13,776	$17,862	$17,103
Gross profit	6,827	5,515	3,229	3,850	6,781	5,418	6,323	5,288
	47%	41%	36%	39%	43%	39%	35%	31%
Expenses:								
Research and development	2,083	1,861	1,752	2,514	2,979	3,008	1,343	1,157
Sales and marketing	1,903	1,960	2,117	1,796	2,165	1,984	1,857	1,090
General and administrative	2,226	2,218	2,418	2,529	2,679	2,757	2,471	2,196
	6,212	6,039	6,287	6,839	7,823	7,749	5,671	4,443
Operating income (loss)	615	(524)	(3,058)	(2,989)	(1,042)	(2,331)	652	845
Foreign exchange (gain) loss	(4)	(22)	43	(13)	(49)	28	(35)	13
Interest and other (income) loss	1	1	(20)	-	(5)	(5)	(20)	(92)
(Gain) loss on sale of property, plant and equipment	-	18	1	-	(4)	(9)	-	-
Other Income	(3,000)	-	-	-	-	-	-	-
(Gain) on sale of divisions	-	-	-	-	-	-	(943)	(2,214)
	(3,003)	(3)	24	(13)	(58)	14	(998)	(2,293)
Net income (loss) before income taxes	3,618	(521)	(3,082)	(2,976)	(984)	(2,345)	1,650	3,138
Income taxes	-	19	-	(309)	-	-	-	(5)
Net income (loss)	3,618	(540)	(3,082)	(2,667)	(984)	(2,345)	1,650	3,143
Earnings (loss) per common share:								
Basic and diluted	$0.03	$0.00	($0.02)	($0.02)	($0.01)	($0.02)	$0.01	$0.03
Weighted Average Diluted Shares	124,307	128,268	124,475	121,157	118,338	126,287	125,684	126,445

Sales by region on a quarterly basis are as follows:

For the Quarter Ended

(000's)	31-Mar 2017	30-Jun 2017	30-Sep 2017	31-Dec 2017	31-Mar 2018	30-Jun 2018	30-Sep 2018	31-Dec 2018
Americas	$8,254	$7,085	$5,549	$5,540	$8,481	$6,761	$3,923	$2,269
APAC	1,026	822	222	402	741	178	452	147
EMEA	5,293	5,434	3,207	3,947	6,552	6,837	13,487	14,687
	$14,573	$13,341	$8,978	$9,889	$15,774	$13,776	$17,862	$17,103

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 during 2018 the bulk purchase order deliveries generated revenue in the second half of the year higher than the first half reversing the historical trend. Initiatives to mitigate the Company's seasonality include revenue efforts in the Southern Hemisphere which is counter-seasonal to the Northern Hemisphere agricultural seasons and strategies focused on increasing sources of recurring revenue.

   On March 13, 2018 the Company announced it has entered into a bulk purchase order with a customer to supply its steering solutions products to the customer for an aggregate purchase price of approximately $55 million. Deliveries and payments under the purchase order began July 1, 2018 and will continue through June 30, 2019.

   Additionally, the sale of the Outback Guidance and SATLOC® aerial guidance and flow control businesses resulted in reduced revenue in the Americas region during the third and fourth quarters of 2018.

2. The adoption of advanced technology as it relates to precision farming is transitioning from historically being an aftermarket business to an 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

Quarter Ended December 31, 2018 versus Quarter Ended December 31, 2017

Sales

Sales during the fourth quarter were as follows:

(000's)	Q4 2018	Q4 2017	Change
Agriculture	$ 17,103	$ 9,889	73%

Sales by region for the fourth quarter of 2018 and 2017 are as follows:

(000's)	Q4 2018	Q4 2017	Change
Americas	$ 2,269	$ 5,540	(59%)
APAC	147	402	(63%)
EMEA	14,687	3,947	272%
	$17,103	$9,889	73%

In the fourth quarter of 2018, sales in the Americas decreased by 59% or $3.3 million versus the same quarter of 2017. Decreased demand in the United States, Canada, Brazil and Panama and generated lower sales of $2.1 million, $0.8 million, $0.2 million and $0.2 million, respectively. The majority of the decline in the Americas region is due to the sale of the Outback and SATLOC businesses in August and November of 2018, respectively, which were primarily North American based businesses. It is expected the eStore will begin to offset those volumes in North America in the future. Sales in APAC decreased by 63% or $0.3 million driven by slightly weaker markets in China, Australia and Japan. Sales in the EMEA region increased 272% or $10.7 million due to increased demand in Germany generating increased sales of $11.7 offset by decreased sales in France and the Netherlands of $0.8 million and $0.2 million, respectively.

Sales to customers in the Americas represented 13% of total Sales in the fourth quarter of 2018 compared to 56% in the fourth quarter of 2017. APAC sales represented 1% of total Sales in the fourth quarter of 2018, down from 4% for the same period in 2017. EMEA sales accounted for 86% of fourth quarter 2018 total Sales, up from 40% in the same period in 2017.

Gross profit

Gross profit in the fourth quarter of 2018 was $5.3 million, up by $1.4 million or 37.4% from gross profit of $3.9 million in the fourth quarter of 2017. The 8% decrease in gross profit over the prior year was driven by $3.4 million in higher volume, driven by the BPO, offset by $2.0 million in unfavorable product mix, attributed to lower gross margins for certain products included in the product mix sold.

Expenses

Operating expenses were $4.4 million in the fourth quarter of 2018, down $2.4 million or 35% from $6.8 million in the fourth quarter of 2017. A detailed discussion of operating expenses by financial statement line item follows.

Research and development expenses totaled $1.2 million in the fourth quarter of 2018, representing a decrease of $1.3 million or 54% from $2.5 million from the same period in 2017; the decrease is primarily related to internally developed intangible assets that were capitalized during the fourth quarter of 2018 of $0.7 million and reduced overall activity.

Sales and marketing expenses of $1.1 million in the fourth quarter of 2018 decreased by $0.7 million or 39% from $1.8 million in 2017 related to decreases in activities resulting in lower compensation costs, consultant costs and recruitment expense.

General and administrative expenses of $2.2 million in the fourth quarter of 2018 decreased by $0.3 million or 13% from $2.5 million in the fourth quarter of 2017 related to compensation costs and ERP implementation expense.

Interest and Foreign Exchange

The Company had interest or other income in the fourth quarter of 2018 of $0.1 million (2017 – nil).

The Company reported a foreign exchange loss in the fourth quarter of 2018 of $13 thousand, compared to a gain of $13 thousand in 2017. The foreign exchange gains and losses arise primarily from the translation and settlement of non-US dollar monetary working capital.

Loss on sale of property, plant and equipment

The Company did not incur a loss or gain on the sale and/or disposal of property, plant and equipment in the fourth quarters of 2018 or 2017.

Gain on sale of divisions

On August 31, 2018, the Company completed the sale of certain assets and liabilities of its Outback Guidance (Outback) business to Hemisphere GNSS (HGNSS) for $6 million. The sale of Outback includes the Outback Guidance® brand, the REBEL™ autosteering products, and AgJunction's Hiawatha, Kansas and Winnipeg, Canada facilities. A gain on the sale of division in the amount of $1.5 million, was recognized and is reported on the Consolidated Statement of Profit or Loss for the year ended December 31, 2018.

On November 15, 2018, the Company closed the sale of certain assets and liabilities of its SATLOC® aerial guidance and flow control business to Texas Transland, LLC ("Transland") for cash of $1.5 million and a note receivable of $1.4 million. Interest income relating to the Satloc note, calculated using the effective interest method is $178 thousand. The note is payable in equal installments over a five year period commencing December 2018. A gain on the sale of division in the amount of $1.7 million, was recognized and is reported on the Consolidated Statement of Profit or Loss for the year ended December 31, 2018.

The two transactions will allow AgJunction to focus on its core strategy to grow the market for autosteering.

Income taxes

The Company recognized an income tax credit of $309 thousand for the fourth quarter of 2017 related to unrecognized deferred tax assets generated from prior year US alternative minimum tax (AMT) credits, no such expense was recorded in the same period of 2018.

Income (Loss)

In the fourth quarter of 2018, the Company generated net income of $3.6 million or $0.03 per share (basic and diluted), compared to a net loss of $2.7 million or $0.02 per share (basic and diluted) in 2017.

Liquidity and Capital Resources

Working Capital

The Company held cash of $21.4 million at December 31, 2018 compared to $13.9 million at the end of 2017. Working capital was $26.7 million at December 31, 2018, an increase of $6.4 million from $20.3 million at December 31, 2017. Cash and working capital balances at December 31, 2018 increased due to the proceeds of sale of assets cash generated from operations.

Accounts receivable, net of allowance, at December 31, 2018 was $8.5 million versus $4.2 million at December 31, 2017 with the increase primarily attributable to sales under the BPO. The Company's standard terms on accounts receivable are net 30 though programs offering extended terms may be executed throughout the year in order to promote sales. Outstanding accounts receivable of $0.7 million as of December 31, 2017 originate from programs with extended terms. The Company did not have any extended payment term programs as of December 31, 2018. The Company employs established credit approval and regular account monitoring practices to mitigate the credit risk associated with accounts receivable. At December 31, 2018 and 2017, the Company had a reserve for accounts receivable totaling $53 thousand and $228 thousand, respectively. This decrease relates to the two invoices that were reserved at December 31, 2017 which were collected during 2018.

Inventories consist of components, raw materials, work in process and finished goods related to the products sold by the Company. Inventory was $5.7 million at December 31, 2018 compared to inventory of $7.6 million at December 31, 2017. The Company reviews inventory movement on a quarterly basis using the previous eighteen (18) months history to make adjustments to the net realizable value of the total inventory.

Provisions for warranties on products sold are generally recorded based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. In February 2019 however, the Company identified performance issues with a single model of a high-volume product which is produced under an OEM supply agreement. The Company immediately halted production and shipment of the product and conducted a Root Cause Analysis which determined that a single connector could fail in certain circumstances once the product was put into use in the field. Based on management's estimate of remediation costs per unit, an additional warranty provision of $422 was recorded as of December 31, 2018 which related to units that had shipped in 2018 and have been or could be impacted. Warranty costs related to units that were manufactured and shipped in 2019 before the issue was identified are not believed to be material and will be charged to cost of goods sold as incurred. The Company is in discussion with the supplier of the connector regarding cost sharing. An agreement reached would mitigate a portion of the Company's remediation costs. Provisions at December 31, 2018 were $1.0 million versus $0.6 million at December 31, 2017.

The primary items impacting cash during the year were:

- Cash generated from continuing operations was $2.1 million for 2018 compared to $3.2 million in 2017. Of this $1.1 million change, $4.1 million relates to a difference in net loss from 2017 compared to net income in 2018, $5.4 million relates to the increase in deferred revenue, $0.9 million relates to use of accounts payable and accrued liabilities and $0.6 million change in provisions, offset by $2.9 million change in accounts receivable, $1.5 million change in notes receivable $2.2 million change in inventory and $3.2 million resulting from the gain on sale of Outback and SATLOC.
- Cash used in financing activities was $0 compared to $1.8 million in 2017. During 2017 cash of $1.8 million was used to buyback approximately 7.9 million shares of stock, at a price reflecting a 50% discount from the closing price on the transaction date.
- Cash from investing activities was $5.4 million compared to cash used of $0.4 million in 2017. This increase is primarily due to proceeds from the sale of the two businesses of $7.8 million offset by $1.8 million of internally developed intangible assets.
- Accounts receivable at December 31, 2018 was $8.5 million versus $4.2 million at December 31, 2017. This increase in accounts receivable is attributed to sales under the Company's bulk purchase order as well as royalty and other payments due as a result of the Outback and Satloc business sales.
- Inventory was $5.7 million at December 31, 2018 versus $7.6 million at December 31, 2017. This decrease in inventory relates to better inventory management including direct shipments from the vendor to the customer.

- Accounts payable and accrued liabilities at December 31, 2018 were $8.5 million versus $5.6 million at December 31, 2017.
- Total tangible capital spending was $0.8 million and $0.4 million in 2018 and 2017, respectively. Property and equipment purchased during 2018 included primarily computer equipment, computer software, production equipment and patents.

Foreign Currency Risk Management Program

The Company has adopted the US dollar as the reporting and measurement currency under IFRS. As a result, fluctuations in the foreign exchange rates effect Canadian dollar and Australian dollar denominated operating expenses - giving rise to foreign currency gains and losses.

The Board of Directors has approved the execution of financial instruments with a maximum notional value of US$40 million which have the objective of offsetting the foreign exchange exposure. In 2017 the Company entered financial instruments which are settled for cash using the following reference foreign exchange rates:

- Canadian dollar - Bank of Canada noon day rate
- Australian dollar - 11AM US Fed fixed rate

There are no outstanding financial instruments in 2018 as the Company has mitigated a significant portion of our foreign exchange risk with the sale of the non-agriculture operations and closing of the Calgary office.

Property and Equipment

The Company's property and equipment is comprised of computer hardware and software, equipment for production and research purposes and furniture and fixtures, vehicles and building and leasehold improvements.

During 2018, the Company invested $0.8 million in property and equipment (2017 - $0.4 million). Capital additions included computer equipment and software, production equipment, vehicles and patents.

Intangible Assets

Intangible assets include assets acquired through acquisition including trademarks and brands, customer relationships, marketing and distribution assets and technology as well as internally developed technology. The Company's acquired intangible assets derive from the following acquisitions:

- Del Norte Technologies business assets – January 2006
- Beeline Technologies Pty Ltd. – December 2007
- Novariant, Inc. – October 2015

Intangible asset additions in 2018 comprised internally developed intangible assets of $1.8 million. There were no intangible asset additions during 2017.

Goodwill

The Company carried goodwill of $0.1 million at December 31, 2018 and 2017. For the purpose of impairment testing, goodwill is allocated to the Company's Agriculture cash generating unit (CGU).

The Company determined the value of the agriculture CGU as of December 31, 2018 using a "discounted cash flow" model, consistent with recognized valuation methods. The most significant assumptions underlying the model prepared by management include: Sales, Sales growth, gross profit, operating expenses, income taxes, weighted average cost of capital, and capital expenditures. Significant factors impacting these assumptions include estimates of future market share, competition, technological developments, interest rates, and market trends. The assumptions incorporated into the discounted cash flow model reflect management's long-term view of the Company's business and the markets in which it competes.

In accordance with IFRS, goodwill is assessed for impairment annually, or more often if an event or circumstance indicates that an impairment may have occurred. Management completed its annual assessment of the carrying value of the goodwill reported in the Consolidated Statement of Financial Position as of December 31, 2018 using the discounted cash flow model detailed above and determined goodwill totaling $0.1 million was not impaired.

Borrowings and Credit Facilities

In February 2014, the Company entered in to an agreement for a credit facility, which provides up to a maximum of $3 million operating line of credit. No amount has been drawn from the facility. The operating line of credit is secured by a commercial security agreement covering all accounts and general intangibles and bears interest at the bank's prime rate minus 0.5%. The operating line of credit matures July 31, 2019. The agreement also includes an accordion loan feature, with an additional $3 million line of credit at the sole discretion of the lender. The interest rate on the accordion loan is the bank's prime rate minus 0.5%, and if enacted would carry an unused commitment fee of 0.2% per annum.

In addition, in September 2018 in order to secure inventory purchases made by our major supplier in connection with the bulk purchase order, the company entered into an irrevocable declining balance standby letter of credit (SBLC) with an initial balance of $3 million. The SBLC letter of credit will expire on July 31, 2019.

Share Capital

At March 20, 2019, there were 119.1 million common shares, 3.5 million restricted stock awards, and 7.3 million stock options outstanding.

During 2017 and 2018 no stock options were exercised.

During 2018, the company granted 1.9 million RSAs, net of cancellations.

Contractual Obligations

The following table quantifies the Company's contractual obligations as of December 31, 2018:

Contractual Obligations (000's)	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Accounts payable and accrued liabilities	$ 8,500	$ 8,500	$ –	$ –	$ –
Operating leases	2,007	632	1,375	–	–
	$ 10,507	$ 9,132	$ 1,375	$ –	$ –

Subsequent Events

The Company evaluated subsequent events through March 20, 2019, the date the consolidated financial statements were available to be issued and has determined that there were no subsequent events through the evaluation date which merit disclosure.

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, sales 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. At December 31, 2018, the Company did not recognize 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 defective products sold in the current period. The warranty reserve is based on historical information of warranty claims compared to sales. Any expenses directly relating to warranty claims are expected to offset the provision in period.

Business and Market Risks

The nature of the Company's business gives rise to certain risks that may impact future financial results. In addition to risks described elsewhere in this report, the Company identifies the following risks to currently be the most significant:

1. *Financial Results*

   The Company was profitable for the 2018 fiscal year, and was unprofitable during the years ended December 31, 2001 to 2017 except for during the years ended December 31, 2004, 2008, and 2013.

   It is possible that losses will occur in any of the four quarters of 2019 and that a loss could be realized for the full 2019 year. This could arise from the impact of current negative macro-economic conditions, or the Company could fail to execute on its business plan. Future sales, gross profit and expenses are subject to many factors beyond the Company's control, including:

   - the liquidity and business plan execution of customers;
   - general industry conditions;
   - the rate of acceptance of the Company's products;
   - new technologies in the marketplace;
   - the development and timing of the introduction of new products;
   - price and product competition from competitors;
   - the product mix of the Company's sales;
   - possible delays in shipment of the Company's products;

- possible delays or shortages in component supplies;
- other risk factors described in this MD&A; and
- other risk factors not foreseen at this time.

2. *Foreign Currency Valuation Fluctuations*
   Sales of the Company's products are transacted primarily in US dollars. Expenses are incurred in US dollars, Canadian dollars and Australian dollars, and as a result, the Company is exposed to risk associated with US, Canadian and Australian dollar fluctuations. A strengthening in the US dollar relative to the Canadian dollar, as was seen in 2008, 2013, 2014, 2016, 2017 and 2018 results in lower relative US dollar expenses for the Company when compared to a weaker US dollar. With the sale of the Outback business, the bulk of the Canadian dollar based expenses were eliminated.

   The Company denominates a large majority of its sales in US dollars. A stronger US dollar, compared to the currencies of countries where the Company is selling its products, makes the Company's products more expensive to customers in those countries. As a result, a strong US dollar, as was seen during 2018 could have a negative impact on sales to such countries. As the Company expands with increased global sales, it is expected that it may be necessary to transact a larger volume of sales in foreign currencies other than US dollars, thus exposing the Company to additional foreign currency risk.

3. *General Economic and Financial Market Conditions*
   Changes in regional conditions in market and business environments could have a negative impact on the Company's 2019 performance. The Company's agricultural product sales have typically been affected to some extent each year by changes in growing season due to drought, commodity prices affecting net farm income, and other conditions in certain markets. For example, a drought was seen for several years in significant regions in Australia which has negatively impacted sales of agriculture guidance products in that market. Should negative weather conditions arise in any of the Company's key markets in 2018, the Company could realize lower-than-expected Sales in the impacted market areas.

4. *Dependence on Key Personnel*
   The Company's success is largely dependent upon the performance of key personnel. The unexpected loss or departure of any key officers or employees could be detrimental to the future operations. The success of the Company will depend, in part, upon the ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, research and development, management, and other employees is high in the Precision Agriculture industry. There can be no assurance that we will be able to engage the services of such personnel or retain our current personnel.

5. *Competition*
   The Company is competing in a highly competitive industry that is constantly evolving and changing. The Corporation expects this competition to increase as new competitors enter the market. Many of our competitors may have greater financial, technical, sales, production and marketing resources. We compete with companies that also have established customer bases and greater name recognition. This may allow competitors to respond more quickly to the GPS market and to better implement technological developments. There is no assurance that the Company will be able to compete on the same scale as these companies. Such competition may result in reduced sales, reduced margins or increased operating expenses.

6. *Third Party Dependence*
   Many of the Company's products rely on signals from satellites, and other ground support systems, that it does not own or operate. Such satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites have limited design lives and are subject to damage by the hostile space environment in which they operate. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites would impair the current utility of the GNSS and/or the growth of current and additional market opportunities, which would adversely affect our results of operations. In addition, there is no assurance that governments will remain committed to the operation and maintenance of GNSS satellites over a long period of time or

that the policies of governments for the commercial use of GNSS satellites without charge will remain unchanged.

7. *Dependence on New Products*
The Company must continue to make significant investments in research and development to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development-stage products will be successfully completed or, if developed, will achieve significant customer acceptance. If the Company is unable to successfully define, develop and introduce competitive new products, and enhance existing products, future results would be adversely affected.

8. *Intellectual Property*
The industry in which the Company operates has many participants that own, or claim to own, proprietary intellectual property. The Company has received, and may receive, claims from third parties claiming that the Company has infringed on their intellectual property rights. Determination of the rights to intellectual property is very complex, and costly litigation may be required to establish if the Company has violated the intellectual property rights of others. Also, a competitor might infringe on the Company's proprietary intellectual property forcing the Company to pursue litigation to defend its ownership of that proprietary intellectual property. As a result of such claims, the Company could be subject to losses arising from product injunctions, awards for damages and third party litigation costs, requirements to license intellectual property, legal expenses, diversion of Managements' time and attention, and other costs.

9. *Government Regulation*
The Company's products are subject to government regulation in the United States, Canada and other regions in which we operate. Although the Company believes that it has obtained the necessary approvals for the products that it currently sells, it may not be able to obtain approvals for future products on a timely basis, or at all. In addition, regulatory requirements may change or the Company may not be able to obtain regulatory approvals from countries in which it may desire to sell products in the future. In addition, the China market has been impacted the last 2 years by regulatory changes, and US/China trade relations are currently strained due to tariff impositions, which has weakened farm incomes in the US. Finally, the recent US government shutdown had an impact on farmers and their ability to get loans for planting their 2019 crop.

10. *Availability of Key Suppliers*
The Company is reliant upon certain key suppliers for raw materials and components, and no assurances can be given that we will not experience delays or other difficulties in obtaining supplies, as a result of trade disputes, financial failures impacting suppliers, or from a variety of other potential issues. The raw materials used in certain operations are available only through a limited number of vendors. Although the Company believes there are alternative suppliers for most of its key requirements, if current suppliers are unable to provide the necessary raw materials or fail to deliver products in the quantities required on a timely basis, then the related delays in the manufacture or distribution of products could have a material adverse effect on the Company's results of operations and its financial condition.

11. *Credit Risk*
The Company has an increasing exposure to credit risk related to trade balances owing from customers. In the normal course of business, the Company monitors the financial condition of its customers and reviews the credit history of new customers to establish credit limits. The Company establishes an allowance for doubtful accounts that corresponds to the credit risk of its customers, historical trends and economic circumstances. Losses could be realized by the Company if customers default on their balances owing.

12. *Technology Risk*
The Company's success may depend in part on our ability to develop products that keep pace with the continuing changes in technology, evolving industry standards and changing customer and end-user preferences and requirements. The Company's products embody complex technology that may not meet those standards, changes and preferences. The Company may be unable to successfully address

these developments on a timely basis or at all. Failure to respond quickly and cost-effectively to new developments through the development of new products or enhancements to existing products could cause the Company to be unable to recover significant research and development expenses and could reduce its Sales.

13. *Future Acquisitions*
The Company may seek to expand its business and capabilities through the acquisition of compatible technology, products or businesses. There can be no assurance that suitable acquisition candidates can be identified and acquired on favorable terms, or that the acquired operations can be profitably operated or integrated into the Company. In addition, any internally generated growth experienced by the Company could place significant demands on Management, thereby restricting or limiting the Company's available time and opportunity to identify and evaluate potential acquisitions. To the extent Management is successful in identifying suitable companies or products for acquisition, the Company may deem it necessary or advisable to finance such acquisitions through the issuance of Common Shares, securities convertible into Common Shares, debt financing, or a combination thereof. In such cases, the issuance of Common Shares, Preferred Shares or convertible securities could result in dilution to the holders of Common Shares at the time of such issuance or conversion. The issuance of debt to finance acquisitions may result in, among other things, the encumbrance of certain assets, impeding the Company's ability to obtain bank financing, decreasing its liquidity, and adversely affecting its ability to declare and pay dividends to its shareholders.

14. *Proprietary Protection*
The Company's success will depend, in part, on its ability to obtain patents, maintain trade secrets and unpatented know-how protection, and to operate without infringing on the proprietary rights of third parties or having third parties circumvent its rights. The Company relies on a combination of contract, copyright, patent, trademark and trade secret laws, confidentiality procedures and other measures to protect its proprietary information. There can be no assurance that the steps taken will prevent misappropriation of its proprietary rights. The Company's competitors also could independently develop technology similar to its technology. Although the Company does not believe that its products or services infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company, or that any such assertions or prosecutions will not materially adversely affect its business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on its business.

15. *Product Liability*
The sale and use of the Company's products entail risk of product liability. Although the Company has product liability insurance, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

16. *New and Emerging Markets*
Many of the markets for the Company's products are new and emerging. The Company's success will be significantly affected by the outcome of the development of these new markets.

17. *Physical Facilities*
The Company has facilities in several different locations, as well as component inventory, finished goods and capital assets at third-party manufacturing facilities. Tangible property at each location is subject to risk of fire, earthquake, flood, and other natural acts of God. In the event of such acts, there could be delays in production and shipments of product due to both the loss of inventory and/or capacity to produce.

18. *Legal Risks*
In common with other companies, the Company is subject to legal risks related to operations, contracts, relationships and otherwise under which it may be served with legal claims. Whether or not the claims are legally valid, such claims may result in legal fees, damages, settlement costs and other costs as well as significant time and distraction of Management and employees – which could negatively impact

the Company's ability to execute its business plans. Management believes the Company carries appropriate insurance coverage to sufficiently mitigate related financial risk.

19. *Technology Failures or Cyber-Attacks*

We rely on information technology systems to process, transmit and store electronic information. In addition, a significant portion of internal communications, as well as communication with customers and suppliers depends on information technology. Further, certain of our products depend upon GPS and other systems through which our products interact with government computer systems and other centralized information sources. We are exposed to the risk of cyber incidents in the normal course of business. Cyber incidents may be deliberate attacks for the theft of intellectual property or other sensitive information or may be the result of unintentional events. Like most companies, our information technology systems may be vulnerable to interruption due to a variety of events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Further, attacks on centralized information sources could affect the operation of our products or cause them to malfunction. We have technology security initiatives and disaster recovery plans in place to mitigate our risk to these vulnerabilities, but these measures may not be adequate or implemented properly to ensure that our operations are not disrupted. Potential consequences of a material cyber incident include damage to our reputation, litigation and increased cyber security protection and remediation costs. Such consequences could adversely affect our results of operations.

20. *Foreign Private Issuer Status*

As of June 30, 2014, AgJunction determined that a majority of its outstanding shares were held directly or indirectly by US residents. As a result, AgJunction lost its "foreign private issuer" status effective January 1, 2015 as defined in Rule 3b-4 of the Securities and Exchange Act of 1934. AgJunction however continues to be governed by Canadian securities laws and reporting obligations and is not required to register with the Securities and Exchange Commission or make any filings under the Securities and Exchange Act of 1934.

21. *Business Focus*

AgJunction Inc., the Autosteering Company™ is a global leader of advanced guidance and autosteering solutions for precision agriculture applications. Its technologies are critical components in over 30 of the world's leading precision Ag manufacturers and solution providers and it holds over 130 fundamental steering and machine control patents. AgJunction markets its solutions under leading brand names including Novariant®, Wheelman™, and Whirl™ and is committed to advancing its vision by bringing affordable hands-free farming to every farm, regardless of terrain or size.

The Company's products and solutions offer accurate guidance and positioning, autosteering and machine control systems for the agriculture markets and are used throughout a farming operation during tilling, planting, spraying and harvesting. These products and solutions enable a farmer's machine to precisely reach a pre-planned path and then "steer" the path with as little additional input from the farmer as possible. This requires a substantial expertise in technologies like GNSS, position and motion sensors, situational awareness technologies like lidar, radar and cameras etc., understanding hydraulics and machine control, and various types of vehicle communication protocols.

During 2018, the Company made a strategic decision to go to a direct to customer model and made the decision to sell our dealer channel aftermarket business.

On August 31, 2018, the Company closed the sale of certain assets and liabilities of its Outback Guidance (Outback) business and on November 15, 2018, the Company closed the sale of certain assets and liabilities of its SATLOC® aerial guidance and flow control business. These transactions will allow AgJunction to focus on its core strategy to grow the market for autosteering.

Disclosure Controls and Procedures

Our Management is responsible for establishing and maintaining adequate disclosure controls and procedures for the Company. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed with securities regulatory authorities is recorded, processed, summarized and reported within prescribed time periods and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

An evaluation was carried out under the supervision of, and with the participation of, our Management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2018. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports we file or submit under applicable securities laws and regulations is recorded, processed, summarized, and reported within the time periods specified thereby.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures have been designed with the objective to provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures or internal controls over financial reporting would prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. We considered these limitations during the development of our disclosure controls and procedures and will periodically re-evaluate them to ensure they provide reasonable assurance that such controls and procedures are effective.

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 for all locations consolidated in the financial statements.

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;
- 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;
- 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;
- changes in the Global Navigation Satellite System (“GNSS”) and other systems outside of our control;
- costs to purchase GNSS and other components could increase significantly;
- misappropriation of proprietary information;
- legal claims for the infringement of intellectual property and other claims;
- other legal risks;
- incorrect assessments of the value of acquisitions;
- successful development of new and emerging markets that we serve;
- fluctuation in foreign exchange or interest rates;
- uncertainties in the global economy;
- negative conditions in general economic and financial markets;
- reliance on key suppliers and third parties;
- availability of key supplies and components;
- dependence on major customers;
- losses from credit exposures;
- product liability;
- damage or loss of use of physical facilities;
- cyber-security risks;
- stock market volatility and market valuations;
- conflicts of interest;
- changes in income tax laws and other government regulations;
- political uncertainty and tariffs; and
- 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; the cost of expanding the Company’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.