Interim Management's Discussion and Analysis

Three month period ended March 31, 2021

(Expressed in U.S. thousand dollars, except where noted)

The following discussion and analysis are effective as of May 11, 2021 and should be read together with our unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2021. 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.

COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. Although vaccination progress has been made, COVID-19 continues to impact the Company's financial results primarily due to delayed, reduced, or canceled partner development programs. Original Equipment Manufacturers ("OEM's") are beginning to spend again on non-recurring engineering; however, COVID-19 is still impacting their spending levels and leading to delays. These limitations are causing inefficiencies in contracting, while continued travel restrictions in the regions that we do business are delaying qualification testing and integration. New lockdown rules have been imposed in parts of Europe that may last until June. Additionally, delayed production orders due to the COVID-19 pandemic continue to impact the Company's financial results. The recent announcement of Agritechnica being delayed until Q1 2022 may further impact OEM's decision to launch new products, which may negatively impact revenues, profitability and cash flows for the Company as compared with historical results.

The Company has taken proactive steps to prevent the spread of COVID-19 amongst employees. On March 16, 2020, the Company implemented a work from home mandate for non-essential personnel, which has been extended through June 2021. The Company has also implemented a business continuity plan that may result in temporarily higher inventory in order to mitigate supply chain risks caused by the COVID-19 pandemic. Due to our proactive increase in inventory, we do not expect current global supply chain constraints for semiconductors or resins will impact the Company's 2021 financial results.

In response to the COVID-19 pandemic, the Company has focused on reducing operational, administrative, and general expenses. The Company did this without sacrificing our R&D budget or furloughing employees. The Company is driving for growth and positioning itself to take advantage of the increasing number of farmers using ecommerce.

The Company continues to follow all protocols issued by the government at local, state and federal levels. We are unable to quantify all potential impacts this pandemic may have on our future financial performance. Despite these difficult times, the Company has been able to execute on its strategy as evidenced by recent press releases regarding our intellectual property portfolio, new product launches and new customer onboarding.

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

Sales through the Company's direct channel are affected by U.S. net farm income and farmer sentiment toward capital investment. According to the latest reports from the United States Department of Agriculture ("USDA") on February 5, 2021, forecast inflation-adjusted net farm income is forecast to decrease by 9.7% in 2021[1]. This forecast decrease comes after increasing 44.2% in 2020, which was the highest level since 2013. The average net cash farm income is forecast to decrease 6.2% to $91,800 per farm in 2021. Contributing to the 2021 forecast decline is a forecast increase of 2.5% increase in production expenses over the course of 2021, but a forecast decrease in direct Government farm payments are driving most of the forecast declines. Despite the forecast downturn in 2021 net farm income, Purdue's Farm Capital Investment Index, which is a measure of farmer willingness to buy equipment, rose to 177, as of April 6, 2021. Strong agriculture commodity prices along with the strong farm income are supporting a high Capital Investment Index.

Global agriculture production is reported on by the OECD Food and Agriculture Organization (FAO) of the United Nations. In the OECD-FAO report titled, OECD-FOA Agriculture Outlook 2020-2029, agricultural and fishery production will grow globally by 1.4% per year over the decade[2]. Approximately 85% of global crop output growth will come from yield improvements primarily resulting from increased global adoption of precision agricultural technology. Countries are creating policies to increase adoption of precision agricultural technology and creating a food security plan.

North America farm tractor and combine sales are showing a significant year-over-year increase in sales for the month of March 2021. The Association of Equipment Manufactures (AEM) reported that for the month of March 2021, total farm tractor sales were up by 52.1% and 59.9% year-over-year for the U.S. and Canada, respectively[3][4]. Self-propelled combines sales were reported up 16.2% and 18.5% year-over-year for the U.S. and Canada, respectively.

Europe's agriculture machinery market is covered by the Conveyor Equipment Manufacturers Association ("CEMA"), European Agricultural Machinery Association. In March 2021, CEMA reported that the general business climate forecast for Europe is increasing with incoming orders significantly increasing from December 2020[5]. They forecast an increase of +8% in year-over-year turnover in 2021.

Although demand for agricultural machinery is strong in North America and Europe, the Company anticipates challenges in the indirect channel will continue through mid-2021 due to the delayed release of new machinery and postponed research and development. Although the indirect channel will be challenging, the Company expects strong demand for ecommerce sales due to increased farmer net income, positive farmer sentiment and strong sales of new tractors in North America.

Although the factors driven by the effects of COVID-19 have had a negative overall impact on the Company's financial results and may negatively impact financial results through the first half of 2021, the economic drivers for long-term growth remain strong. Long-term growth is being driven by an increasing population, limitations on arable land, increases in rural connectivity, relatively low global penetration of machine automation solutions for precision agriculture, and other untapped off-road applications. The Company is committed to advancing off-road machine automation with our portfolio of connected automation modules for our customers.

[1] USDA, https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-farm-income-forecast/

[2] OECD/FAO (2020), OECD-FAO Agricultural Outlook 2020-2029, OECD Publishing, Paris/FAO, Rome, https://doi.org/10.1787/1112c23b-en.

[3] Association of Equipment Manufacturers, *United States Ag Tractor and Combine Report March 2021,* March 2021

[4] Association of Equipment Manufacturers, *Canada Ag Tractor and Combine Report March 2021,* March 2021

[5] European Agricultural Machinery Association, *March 2021 - Industry in Europe completely in the boom*, March 12, 2021

Summary of Quarterly Results

(000's)	30-Jun 2019	30-Sep 2019	31-Dec 2019	31-Mar 2020	30-Jun 2020	30-Sep 2020	31-Dec 2020	31-Mar 2021
Revenue	$ 13,301	$ 8,641	$ 3,291	$ 5,201	$ 4,601	$ 3,821	$ 2,684	$ 2,456
Gross Profit	4,624	2,787	1,511	2,943	1,856	1,899	1,293	986
	34.8%	32.3%	45.9%	56.6%	40.3%	49.7%	48.2%	40.2%
Expenses:								
Research and development	1,984	1,901	440	1,054	1,110	1,250	1,383	1,310
Sales and marketing	1,285	1,186	707	840	302	503	508	526
General and administrative	2,099	2,233	3,589	1,601	1,758	1,360	1,526	1,566
Total Operating Expenses	5,368	5,320	4,736	3,495	3,170	3,113	3,417	3,402
Operating income (loss)	(744)	(2,533)	(3,225)	(552)	(1,314)	(1,214)	(2,124)	(2,416)
Interest and other (income) loss	(61)	(83)	(85)	(59)	(19)	(11)	(5)	(5)
Foreign exchange (gain) loss	(39)	86	(48)	28	4	54	37	9
Loss (gain) on sale of property, plant and equipment	37	(9)	14	-	-	67	72	-
(Gain) on sale of divisions	-	-	-	-	-	-	-	-
Total Other (Income) Expenses	(63)	(6)	(119)	(31)	(15)	43	104	4
Net income (loss) before income taxes	(681)	(2,527)	(3,106)	(521)	(1,299)	(1,257)	(2,228)	(2,420)
Income tax expense (benefit)	1	(2)	-	-	-	-	-	-
Net income (loss)	(682)	(2,525)	(3,106)	(521)	(1,299)	(1,257)	(2,228)	(2,420)
Earnings (loss) per common share:								
Basic and diluted	$ (0.01)	$ (0.02)	$ (0.03)	$ -	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted Average Diluted Shares	*125,952*	*120,280*	*122,047*	*117,117*	*120,543*	*121,475*	*123,340*	*121,105*

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

For the Quarter Ended

(000's)	31-Mar 2019	30-Jun 2019	30-Sep 2019	31-Dec 2019	31-Mar 2020	30-Jun 2020	30-Sep 2020	31-Dec 2020	31-Mar 2021
Americas	$ 4,706	$ 3,151	$ 2,790	$ 2,907	$ 4,016	$ 3,807	$ 2,717	$ 1,311	$ 1,875
APAC	311	1	181	89	494	257	530	155	72
EMEA	8,996	10,149	5,670	295	691	537	574	1,218	509
	$ 14,013	$ 13,301	$ 8,641	$ 3,291	$ 5,201	$ 4,601	$ 3,821	$ 2,684	$ 2,456

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 the North American agriculture markets which are subject to the seasonality of the global agricultural buying season with substantial variations and product mix sold during the year. 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 ("BPO") shipments generated revenue in the second half of the year higher than the first half reversing the historical trend. On March 13, 2018, the Company announced it entered into a BPO with a customer to supply its steering solutions products to the customer for an aggregate purchase price of approximately $55 million. Shipments and payments under the purchase order began July 1, 2018 and ended in August 2019. The BPO has ended as of the quarter ended September 30, 2019. 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.

2. Revenues have been negatively impacted in 2020 and in the first quarter of 2021 due to COVID-19, primarily due to delayed, reduced, or canceled partner development programs.

Quarter Ended March 31, 2021 versus Quarter Ended March 31, 2020

Revenues

For the quarter ended March 31, 2021, revenues were $2,456, 52.8% lower than the $5,201 in the quarter ended March 31, 2020. The revenue decrease of $2,745 is primarily due to reduced revenue volume with one major customer. Strategic steps have been taken to reverse this trend.

(000's)	2021	2020	Change
Agriculture	$ 2,456	$ 5,201	(52.8%)

Revenue by geographic region

(000's)	2021	2020	Change
Americas	$ 1,875	$ 4,016	(53.3%)
APAC	72	494	(85.4%)
EMEA	509	691	(26.3%)
	$ 2,456	$ 5,201	(52.8%)

In the first quarter of 2021, revenue in the Americas decreased by $2,141 or 53.3% primarily due to reduced revenue volume from one major customer. Revenue in APAC decreased by $422 due to timing of non-recurring engineering projects and decreased demand in China. Revenue in the EMEA region declined from first quarter of 2020 to first quarter of 2021 by $182 or 26.3%. Revenues in EMEA are down due to the continued impact of COVID-19 and ongoing lockdown in certain regions of Europe.

Revenue from customers in the Americas represented 76.3% of total revenues in the first quarter of 2021 compared to 77.2% in the first quarter of 2020. Revenue in APAC represented 2.9% of total revenues in the first quarter of 2021 a decrease from 9.5% in the first quarter of 2020. EMEA revenue represented 20.7% of total revenues for the quarter, an increase from 13.3% in the same period in 2020.

Gross Profits

Gross profits were $986 for the first quarter of 2021 compared to $2,943 for 2020. Gross profits, as a percentage of revenue, were 40.2% in 2021 compared to 56.6% in 2020. The decrease in gross profit margin over the same quarter of the prior year is a result of a reduction in revenue primarily due to the reduced volume from a high margin large customer as well as a higher proportion of fixed costs as compared to the first quarter of 2020.

Expenses

Total operating expenses for the quarter were $3,402 in 2021, 2.7% or $93 lower than $3,495 in the first quarter of 2020. A breakout of expenses by line item follows.

Research and development expenditures of $1,310 during the first quarter of 2021 increased from $1,054 in the same quarter of 2020 representing an increase of $256 or 24.3%. The increase in expense is primarily due to higher amortization of intangible assets.

Sales and marketing expenses during the first quarter of 2021 were $526, down $314 or 37.4% compared to $840 in the same quarter of 2020. The decrease is primarily related to lower compensation costs due to departmental consolidation and lower travel costs due to COVID-19.

General and administrative expenses for the first quarter of 2021 were $1,566 compared to $1,601 in 2020 representing a decrease of $35 or 2.2%.

Interest, Foreign Exchange, and Other Income

In the first quarter of 2021, the Company recorded net interest and other income of $5 compared to income of $59 in the first quarter of 2020. The Company earns interest income on certain cash balances which is offset by interest paid.

During the quarter, the Company realized a foreign exchange loss of $9 compared to a loss of $28 during the same quarter in 2020. Foreign exchange gains and losses arise primarily from the translation and settlement of non-US dollar working capital.

Income Tax Benefit

The Company recognized no income tax for the quarters ended March 31, 2021 and 2020.

Net (Loss) Income

In the first quarter of 2021, the Company realized a net loss from continuing operations of $2,420 or $0.02 per share (basic and diluted), compared to net loss from continuing operations of $521 or nil per share (basic and diluted) in the first quarter of 2020.

Paycheck Protection Program Loan

On February 24, 2021, the Company entered into a Paycheck Protection Program Loan (the “PPP Note”) sponsored by the Small Business Administration (the “SBA”) through the company’s bank. The PPP Note was issued pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). On March 3, 2021, the Company received $1,466 under the United States of America Government’s Small Business Paycheck Protection Program (“PPP”). The PPP loan bears an interest rate of 1% and matures on February 17, 2026.

Liquidity and Capital Resources

Working Capital

The Company held cash of $7,284 at March 31, 2021 compared to $6,773 at December 31, 2020. Working capital was $13,075 at March 31, 2021, a decrease from $642 from $13,717 at December 31, 2020.

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

- Cash used in continuing operations was $576 in the three months ended March 31, 2021 compared to $387 for the same period in 2020.
- Inventory was $8,849 at March 31, 2021 versus $8,694 at December 31, 2020. Inventories consist of components, work in process and finished goods related to the products sold by the Company.
- Prepaid expenses and deposits at March 31, 2021 were $740 versus $781 at December 31, 2020.
- Accounts payable and accrued expenses at March 31, 2021 were $3,325 versus $2,901 at December 31, 2020.

The Company has an operating line of credit with its bank for $3,500. As of March 31, 2021, the line of credit was undrawn and had amounts available of approximately $160.

It is anticipated that the Company will fund future obligations and cash used in operating and investing activities, through the next 12 months, with its working capital. If necessary, the Company would consider additional debt or equity financing.

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, revenue 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. Intangible assets are measured at cost less accumulated amortization and impairments. The carrying value of intangible assets is amortized over the estimated useful lives based on management's best estimates. Estimates of the useful lives are reassessed annually and any change in estimate is taken into account in the determination of the remaining amortization charges.
4. The Company performs the required tests for goodwill and intangible assets 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.
5. The Company evaluates its deferred tax assets and recognizes deferred tax assets to the extent there is available taxable income. At March 31, 2021, the Company did not recognize any deferred tax assets on the Condensed Consolidated Statement of Financial Position.
6. 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 revenue. Any expenses directly relating to warranty claims are expected to offset the provision in period.

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 March 31, 2021. 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:

- the Company's plans, objectives and focus and the benefits to be derived therefrom;
- the impacts of the COVID-19 pandemic;
- timing associated with the work from home mandate;
- expected economic and market trends and conditions for 2021;
- expected challenges the Company will face through 2021;
- expected strong demand for ecommerce sales;
- the components of long-term growth in the industry and the benefits to be derived therefrom;
- impact of market conditions;
- changes in foreign currency rates;
- financial results;
- industry conditions; forecast crop exports; customer adoption of technology and products.
- technological developments; and
- research and development 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;
- the COVID-19 pandemic and its impacts on demand for our products, our supply chain and our ability to receive products timely from our global suppliers;
- A prolonged economic downturn from the negative effects of the COVID-19 pandemic may result in reduction of revenue, cash flows and negatively affect our profitability;
- 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;
- unfavorable international trade policies and government relations; and
- the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedar.com.

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: impact (and duration thereof) that the COVID-19 pandemic will have on demand for the Company's products; the Company's supply chain; future technological developments; availability of key supplies, components, services, networks and developments; future exchange rates; the cost of expanding the Company's product lines; effects of regulation by governmental agencies; the impact of increasing competition; the nature and outcome of legal proceedings; that the Company's conduct and results of operations will be consistent with its expectations; 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.