Management's Discussion and Analysis

Year ended December 31, 2017

The following discussion and analysis is effective as of March 21, 2018 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 February 2018, the US Department of Agriculture ("USDA") reported total farm cash receipts increased by $7.8 billion, or 2.2% resulting in an increase in net farm income of $2.3 billion or 3.7% in 2017 versus 2016. This marks the first year of increases in net farm income since 2013 which resulted in slightly higher sales of new farm equipment (per the Association of Equipment Manufacturers) in the US, which is the Company's primary market. 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 cash farm income is forecasted to decrease by $5.0 billion, or 5.1% in 2018 resulting in net farm income decline of $4.3 billion or 6.7%. Cash receipts from crops in 2018 are projected to be down $1.5 million or 0.8% compared to 2017 with both corn and wheat receipts projected to down, 4.0% and 3.5% respectively.

Management views the 2018 fundamentals of its global agriculture markets to be neutral to slightly up with expectations of new machine sales to remain flat to slightly up and existing field equipment sales to be slightly up. 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 2019 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.

Results of Operations

(000's)	Years Ended December 31 2017	2016	2015
Sales	$46,781	$42,264	$39,048
Gross margin	19,421	16,528	14,828
	42%	39%	38%
Expenses			
Research and development	8,210	7,736	6,728
Sales and marketing	7,776	6,937	5,403
General and administrative	9,391	8,755	8,433
	25,377	23,428	20,564
Operating (loss)	(5,956)	(6,900)	(5,736)
Intangible asset impairment	–	–	4,714
Goodwill impairment	–	11,301	–
Foreign exchange (gain) loss	4	(32)	203
Interest and other income	(18)	(61)	(23)
(Gain) on sale of other assets, net of liabilities	–	–	(1,623)
Other Income	(3,000)	–	–
Loss on sale of property, plant and equipment	19	111	132
(Loss) before income taxes	(2,961)	(18,219)	(9,139)
Income tax benefit	(290)	–	–
Net (loss)	(2,671)	(18,219)	(9,139)
Loss per common share:			
Basic and diluted	($0.02)	($0.15)	($0.11)

Selected Statement of Financial Position Information

	As of December 31 2017	2016	2015
Total assets	$39,593	$41,281	$61,366

Year Ended December 31, 2017 versus Year Ended December 31, 2016

Sales

For the year ended December 31, 2017, Sales were $46.8 million representing an increase of 10.7% from $42.3 million in 2016.

(000's)	2017	2016	Change
Agriculture	$ 46,781	$ 42,264	11%

Sales by geographic region

(000's)	2017	2016	Change
Americas	$26,428	$24,479	8%
APAC	2,472	4,663	(47%)
EMEA	17,881	13,122	36%
	$ 46,781	$ 42,264	11%

In 2017, Sales in the Americas increased by 8% or $2.0 million versus 2016. Increased demand in the United States, Brazil and Canada generated additional sales of $1.5 million, $0.2 million and $0.2 million, respectively. Sales in APAC decreased by 47% or $2.2 million versus 2016. The decline was driven by China, where we had a large one-time order in 2016 that was not repeated in 2017. Sales into the EMEA region increased 36% or $4.8 million versus 2016 due to increased demand from current OEM customers in Germany, France and the Netherlands generating an increase in sales of $1.0 million, $3.4 million, and $0.2 million, respectively.

Sales to customers in the Americas represented 57% of total Sales in 2017 compared to 58% in 2016. Sales in APAC accounted for 5% of total Sales in 2017 versus 11% in 2016. EMEA sales represent 38% of 2017 total Sales, up from 31% in 2016.

Gross Margins

Gross margins were $19.4 million for the year, up by $2.9 million or 18% from gross margins of $16.5 million in 2016. Gross margins as a percentage of Sales were 41.5% in 2017 compared to 39.1% in 2016. The 2.5% increase in gross margin over the prior year was driven by $0.6 million or 1.2% in favorable product mix and standard cost, $0.4 million or 0.8% was due to fewer write-downs of inventory in 2017 compared to 2016 and $0.2 million or 0.3% was related to production overhead costs absorbed by higher sales.

Expenses

Operating expenses were $25.4 million in 2017, up $2.0 million or 8% from $23.4 million in 2016. A break out of expenses by line item follows.

Research and development expenses were $8.2 million in 2017, up $0.5 million or 6% from $7.7 million in 2016 related to investment in product development resulting in increased compensation and project costs.

Sales and marketing expenses of $7.8 million increased by $0.8 million or 12% from $6.9 million in 2016 related to increases in compensation costs, consultant costs and recruitment expense incurred due to increased sales demand.

General and administrative expenses of $9.4 million increased by $0.6 million or 7% from $8.8 million in 2016 related to compensation costs and ERP implementation expense.

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. In 2016, an impairment of $11.3 million was taken.

Management completed the annual assessment of the carrying value of the goodwill reported in the Consolidated Statement of Financial Position at December 31, 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:

- Satloc business assets – March 1999
- Outback marketing and distribution assets – April 2005
- 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, 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 margins, 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, 2017 or 2016.

Interest, Foreign Exchange and Other Income

In 2017, the Company recorded net interest and other income of $18 thousand compared to $61 thousand in 2016. The Company earns interest income on certain cash balances which is offset by interest paid.

In addition, 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 global navigation satellite systems (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 loss of $4 thousand in 2017, compared to a gain of $32 thousand in 2016. 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 loss on the disposal of property, plant and equipment totaling $19 thousand in 2017 compared to $0.1 million in 2016. These disposals relate to assets no longer needed to support ongoing operations.

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 2016.

In Canada, at the end of 2017, the Company has loss carry forwards of $10.1 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, 2017, the Company has cumulative US net operating losses of $49.7 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, 2017, the Company has losses of approximately $7.1 million available to reduce Australian taxable income in future years.

The Company does not recognize any deferred tax assets on its book.

Income (Loss)

In 2017, the Company generated net loss of $2.7 million or $0.02 per share (basic and diluted), compared to a net loss of $18.2 million or $0.15 per share (basic and diluted) in 2016.

Summary of Quarterly Results

(000's)	31-Mar 2016	30-Jun 2016	30-Sep 2016	31-Dec 2016	31-Mar 2017	30-Jun 2017	30-Sep 2017	31-Dec 2017
Sales	$15,489	$11,894	$6,657	$8,224	$14,573	$13,341	$8,978	$9,889
Gross margin	6,674	4,780	2,190	2,884	6,827	5,515	3,229	3,850
	43%	40%	33%	35%	47%	41%	36%	39%
Expenses:								
Research and development	1,949	2,028	1,756	2,003	2,083	1,861	1,752	2,514
Sales and marketing	1,918	1,809	1,570	1,641	1,903	1,960	2,117	1,796
General and administrative	2,540	2,221	1,939	2,055	2,226	2,218	2,418	2,529
	6,407	6,058	5,265	5,699	6,212	6,039	6,287	6,839
Operating income (loss)	267	(1,278)	(3,075)	(2,815)	615	(524)	(3,058)	(2,989)
Goodwill impairment	-	-	11,301	-	-	-	-	-
Foreign exchange (gain) loss	23	(60)	7	(3)	(4)	(22)	43	(13)
Interest and other (income) loss	-	(40)	(21)	-	1	1	(20)	-
Loss on sale of property, plant and equipment	1	29	(5)	86	-	18	1	-
Other Income	-	-	-	-	(3,000)	-	-	-
	24	(71)	11,282	83	(3,003)	(3)	24	(13)
Net income (loss) before income taxes	243	(1,207)	(14,357)	(2,898)	3,618	(521)	(3,082)	(2,976)
Income taxes	-	-	-	-	-	19	-	(309)
Net income (loss)	243	(1,207)	(14,357)	(2,898)	3,618	(540)	(3,082)	(2,667)
Earnings (loss) per common share:								
Basic and diluted	$0.00	($0.01)	($0.12)	($0.02)	$0.03	$0.00	($0.02)	($0.02)
Weighted Average Diluted Shares	124,001	123,732	124,848	123,773	124,307	128,268	124,475	121,157

Sales by region on a quarterly basis are as follows:

For the Quarter Ended

(000's)	31-Mar 2016	30-Jun 2016	30-Sep 2016	31-Dec 2016	31-Mar 2017	30-Jun 2017	30-Sep 2017	31-Dec 2017
Americas	$7,456	$7,765	$4,581	$4,677	$8,254	$7,085	$5,549	$5,540
APAC	3,013	520	584	546	1,026	822	222	402
EMEA	5,020	3,609	1,492	3,001	5,293	5,434	3,207	3,947
	$15,489	$11,894	$6,657	$8,224	$14,573	$13,341	$8,978	$9,889

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

1. A large component of the Company's Sales is derived from North American agriculture markets which are subject to the seasonality of the agricultural buying season, with the first half of the year being the strongest and the second half being the weakest. Initiatives to mitigate the seasonality include sales efforts in the Southern Hemisphere which is generally counter-seasonal to the Northern Hemisphere agricultural seasons and strategies focused on increasing sources of recurring Sales.

2. The adoption of advanced technology as it relates to precision farming is transitioning from historically being an aftermarket business to an original equipment manufacturer (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, 2017 versus Quarter Ended December 31, 2016

Sales

Sales during the fourth quarter were as follows:

(000's)	Q4 2017	Q4 2016	Change
Agriculture	$ 9,889	$ 8,224	20%

Sales by region for the fourth quarter of 2017 and 2016 are as follows:

(000's)	Q4 2017	Q4 2016	Change
Americas	$ 5,540	$ 4,677	18%
APAC	402	546	(26%)
EMEA	3,947	3,001	32%
	$9,889	$8,224	20%

In the fourth quarter of 2017, sales in the Americas increased by 18% or $0.9 million versus the same quarter of 2016. Increased demand in the United States, Brazil, Panama and Canada generated additional sales of $0.5 million, $0.1 million, $0.1 million and $0.1 million, respectively. Sales in APAC decreased by 26% or $0.1 million driven by slightly weaker markets in Australia and slightly higher demand in Japan. Sales into the EMEA region increased 32% or $0.9 million due to increased demand in Germany and France generating increased sales of $0.7 million and $0.1 million, respectively.

Sales to customers in the Americas represented 56% of total Sales in the fourth quarter of 2017 compared to 57% in the fourth quarter of 2016. APAC sales represented 4% of total Sales in the fourth quarter of 2017, down from 7% for the same period in 2016. EMEA sales accounted for 40% of fourth quarter 2017 total Sales, up from 36% in the same period in 2016.

Gross Margins

Gross margins in the fourth quarter of 2017 were $3.9 million compared to $2.9 million in the fourth quarter of 2016. Gross margins, as a percentage of Sales, were 39% in the fourth quarter of 2017 compared to 35% in the fourth quarter of 2016. The four percent increase in gross margin over the prior year was driven by $0.2 million or 2.0% in favorable product mix and standard cost, $0.1 million or 1.0% was due to a decrease of reserve for obsolete product in comparison to the prior year and $0.1 million or 1.0% was related to production overhead costs being absorbed by higher sales.

Expenses

Operating expenses were $6.8 million in the fourth quarter of 2017, up $1.1 million or 20% from $5.7 million in the fourth quarter of 2016. A detailed discussion of operating expenses by financial statement line item follows.

Research and development expenses totaled $2.5 million in the fourth quarter of 2017, representing an increase of $0.5 million or 25% from $2.0 million from the same period in 2016; the increase was related to compensation and project costs driven by increased demand.

Sales and marketing expenses of $1.8 million in the fourth quarter of 2017 increased by $0.2 million or 13% from $1.6 million in 2016 related to increases in compensation costs, consultant costs and recruitment expense incurred due to increased sales demand.

General and administrative expenses of $2.5 million in the fourth quarter of 2017, an increase of $0.4 million or 19% from $2.1 million in the fourth quarter of 2016 related to compensation costs and ERP implementation expense.

Interest and Foreign Exchange

The Company did not have interest or other income in the fourth quarter of 2017 or 2016.

The Company reported a foreign exchange gain in the fourth quarter of 2017 of $13 thousand, compared to a gain of $3 thousand in 2016. 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 quarter of 2017 compared to a loss of $86 thousand in the same period of 2016.

Income Taxes

The Company recognized 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 2016.

Earnings (Loss)

In the fourth quarter of 2017, the Company generated net loss of $2.7 million or $0.02 per share (basic and diluted), compared to a net loss of $2.9 million or $0.02 per share (basic and diluted) in 2016.

Liquidity and Capital Resources

Working Capital

The Company held cash of $13.9 million at December 31, 2017 compared to $12.9 million at the end of 2016. Working capital was $20.3 million at December 31, 2017, down from $22.4 million at December 31, 2016.

Accounts receivable, net of allowance, at December 31, 2017 was $4.2 million versus $4.8 million at December 31, 2016. 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 and $0.7 million as of December 31, 2017 and December 31, 2016, respectively, originate from programs with extended terms. The Company employs established credit approval and regular account monitoring practices to mitigate the credit risk associated with accounts receivable. At December 31, 2017 and 2016, the Company had a reserve for accounts receivable totaling $228 thousand and $74 thousand, respectively.

Inventories consist of components, raw materials, work in process and finished goods related to the products sold by the Company. Inventory was $7.6 million at December 31, 2017 compared to inventory of $8.2 million at December 31, 2016. 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.

The primary items impacting cash during the year were:

- Cash generated from continuing operations was $3.2 million for 2017 compared to $0.2 million in 2016. Of this $3.0 million change, $15.6 million relates to a difference in net (loss). This was offset by changes in items not involving cash including $11.3 million goodwill write off in 2016 not repeated in 2017 and a difference of $443 thousand inventory write down in 2016 versus 2017. Impacts of non-cash operating working capital from 2016 to 2017 include a difference of $3.0 million in accounts receivable and $2.5

million in inventory offset by increases in accounts payable and accrued liabilities by $4.3 million and $536 thousand in provisions.

- Cash used in investing activities was $1.8 million compared to $0.1 million of cash from investing activities in 2016. 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.
- Accounts receivable at December 31, 2017 was $4.2 million versus $4.8 million at December 31, 2016.
- Inventory was $7.6 million at December 31, 2017 versus $8.2 million at December 31, 2016. This decrease in inventory relates to better inventory management and increased cash by $600 thousand.
- Accounts payable and accrued liabilities at December 31, 2017 were $5.6 million versus $3.7 million at December 31, 2016.
- Total tangible capital spending in 2017 was $0.4 million (2016 - $0.5 million). Property and equipment purchased during 2017 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 and 2016, 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 2017 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 2017, the Company invested $0.4 million in property and equipment (2016 - $0.5 million). Capital additions included computer equipment and software, production equipment, 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:

- Outback marketing and distribution assets – April 2005
- Del Norte Technologies business assets – January 2006
- Beeline Technologies Pty Ltd. – December 2007
- Novariant, Inc. – October 2016

There were no intangible asset additions in 2017. Intangible asset additions totaling $3 thousand occurred during 2016.

Goodwill

The Company carried goodwill of $0.1 million at December 31, 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, 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 margins, 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, 2017 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 1.0%. The operating line of credit matures May 19, 2018.

Share Capital

At March 21, 2018, there were 116.9 million common shares, 2.3 million restricted stock awards, and 7.4 million stock options outstanding.

During 2017 no stock options were exercised compared to 45 thousand stock options exercised in 2016.

Also during 2017, the company granted 745 thousand RSAs net of cancellations and purchased 7.9 million common shares for retirement.

Contractual Obligations

The following table quantifies the Company's contractual obligations as of December 31, 2017:

Contractual Obligations (000's)	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Accounts payable and accrued liabilities	$ 5,649	$ 5,649	$ –	$ –	$ –
Operating leases	1,989	524	921	448	96
	$ 7,638	$ 6,173	$ 921	$ 448	$ 96

Subsequent Events

The Company evaluated subsequent events through March 21, 2018, 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, 2017, 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 not profitable for the 2017 fiscal year, nor during the years ended December 31, 2001 to 2016 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 2018 and that a loss could be realized for the full 2018 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 margins 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, and 2017 results in lower relative US dollar expenses for the Company when compared to a weaker US dollar.

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 2017 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 2018 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 global navigation satellite systems ("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.

In addition to reliance of satellite signals, the sale of the non-agricultural business included the sale of the GNSS operations. The sale agreement provided for a three-year supply agreement ending in January, 2017, in which the price of services is fixed. The contract is currently under negotiations. There are multiple companies which provide GNSS services which mitigates the risk of dependence.

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.

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.

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, 2017. 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 have conducted an evaluation of the effectiveness of our internal controls over financial reporting as of December 31, 2017 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 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; 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.