Interim Management's Discussion and Analysis

Three and six month period ending June 30, 2019

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

Overview

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

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

Economic and Market Trends

Agriculture Markets

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

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

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

Summary of Quarterly Results

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

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

For the Quarter Ended

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

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

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

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

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

Management Summary

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

Revenues

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

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

Sales by geographic region

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

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

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

Gross Profits

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

Expenses

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

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

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

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

Interest, Foreign Exchange, and Other Income

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

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

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

Income Tax Benefit

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

Net Income (Loss)

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

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

Management Summary

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

Revenues

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

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

Sales by geographic region

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

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

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

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

Gross Profits

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

Expenses

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

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

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

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

Interest, Foreign Exchange, and Other Income

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

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

Income Tax Benefit

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

Net Income (Loss)

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

Liquidity and Capital Resources

Working Capital

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

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

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

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

Critical Accounting Policies and Estimates

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

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

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

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

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

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

Internal Controls over Financial Reporting

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

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

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

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

Forward-Looking Information

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

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

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

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

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

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

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

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