Interim Management's Discussion and Analysis

Three and nine month periods ended September 30, 2017

The following discussion and analysis is effective as of November 9, 2017 and should be read together with our unaudited consolidated interim financial statements and accompanying notes for the three and nine month periods ended September 30, 2017. 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 and provides innovative hardware and software applications for precision agriculture worldwide.

Economic and Market Trends

Agriculture Markets

Soft commodity prices and the strong US dollar resulted in a decline in net farm income and weaker sales of new farm equipment in the US (the Company's primary market) throughout 2016. US corn prices were approximately 9% lower in 2016 over 2015 while US wheat prices have decreased approximately 18%. When commodity prices decline, farmers must cut costs, often choosing to retain existing equipment over choosing to purchase new equipment. As of August 2017, commodity prices have trended upward with US wheat prices up 24% and US corn prices flat over December 2016.

In August 2017, the US Department of Agriculture ("USDA") reported net cash farm income, a profitability measure the equivalent of earnings after interest but before depreciation, amortization, and other expense, is forecast to increase by $11.2 billion, or 12.6% in 2017. Net farm income is forecasted to increase by $1.9 billion or 3.1% marking the first year of anticipated increases in net farm income since 2013.

Per the USDA, cash receipts are expected to remain largely unchanged in 2017, increasing by an estimated 0.3%. Both corn and wheat receipts are down, 0.7% and 3.3% respectively; offsetting these decreases is a forecasted 25.6% increase in cotton receipts.
Management views the 2017 fundamentals of its global agriculture markets to be neutral to slightly up with expectations of new machine sales to remain slightly down 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 2018 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.

Summary of Quarterly Results

(000's)	31-Dec 2015	31-Mar 2016	30-Jun 2016	30-Sep 2016	31-Dec 2016	31-Mar 2017	30-Jun 2017	30-Sep 2017
Sales	$11,644	$15,489	$11,894	$6,657	$8,224	$14,573	$13,341	$8,978
Gross margin	2,763	6,674	4,780	2,190	2,884	6,827	5,515	3,229
	24%	43%	40%	33%	35%	47%	41%	36%
Expenses:								
Research and development	2,896	1,949	2,028	1,756	2,003	2,083	1,861	1,752
Sales and marketing	1,693	1,918	1,809	1,570	1,641	1,903	1,960	2,117
General and administrative	3,163	2,540	2,221	1,939	2,055	2,226	2,218	2,418
	7,752	6,407	6,058	5,265	5,699	6,212	6,039	6,287
Operating income (loss)	(4,989)	267	(1,278)	(3,075)	(2,815)	615	(524)	(3,058)
Goodwill impairment	-	-	-	11,301	-	-	-	-
Intangible impairment	4,714	-	-	-	-	-	-	-
Foreign exchange (gain) loss	81	23	(60)	7	(3)	(4)	(22)	43
Interest and other expense (income)	1	-	(40)	(21)	-	1	1	(20)
(Gain) loss on sale of property, plant and equipment	96	1	29	(5)	86	-	18	1
Other Income	-	-	-	-	-	(3,000)	-	-
	4,892	24	(71)	11,282	83	(3,003)	(3)	24
Net income (loss) before income taxes	(9,881)	243	(1,207)	(14,357)	(2,898)	3,618	(521)	(3,082)
Income taxes	-	-	-	-	-	-	19	-
Net income (loss)	(9,881)	243	(1,207)	(14,357)	(2,898)	3,618	(540)	(3,082)
Earnings (loss) per common share:								
Basic and diluted	($0.09)	$0.00	($0.01)	($0.12)	($0.02)	$0.03	$0.00	($0.02)
Weighted Average Diluted Shares	122,829	124,001	123,732	124,848	123,773	124,307	128,268	124,475

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

For the Quarter Ended

(000's)	31-Dec 2015	31-Mar 2016	30-Jun 2016	30-Sep 2016	31-Dec 2016	31-Mar 2017	30-Jun 2017	30-Sep 2017
Americas	$5,312	$7,456	$7,765	$4,581	$4,677	$8,254	$7,085	$5,549
APAC *	908	3,013	520	584	546	1,026	822	222
EMEA **	5,424	5,020	3,609	1,492	3,001	5,293	5,434	3,207
	$11,644	$15,489	$11,894	$6,657	$8,224	$14,573	$13,341	$8,978

* APAC – Asia-Pacific
** EMEA – Europe, the Middle East, and Africa

In addition to the agricultural market downturn noted above, 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 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 revenue.
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 and the OEM adoption rate varies by region. In 2017 the company has seen increased demand from our OEM partner in Germany and France which has resulted in increased sales in EMEA.

Quarter Ended September 30, 2017 versus Quarter Ended September 30, 2016

Sales

For the quarter ended September 30, 2017, revenues were $9.0 million representing an increase of 35% from $6.7 million in the same period of 2016.

(000's)	**2017**	**2016**	**Change**
Agriculture	$ 8,978	$ 6,657	35%

Sales by geographic region

(000's)	**2017**	**2016**	**Change**
Americas	$ 5,549	$ 4,581	21%
APAC	222	584	(62%)
EMEA	3,207	1,492	115%
	$ 8,978	$ 6,657	35%

In the third quarter of 2017, sales in the Americas increased by $1.0 million or 21%, due to increased demand in the United States and Brazil. Sales in APAC decreased by $0.4 million or (62%), driven by decreased sales into China, Australia and New Zealand due to weaker markets. Sales in the EMEA region increased $1.7 million due to increased demand in Germany and France.

Sales to customers in the Americas represented 62% of total revenues in the third quarter of 2017 compared to 69% in 2016. Sales in APAC represented 2% of total revenues in the third quarter of 2017 compared to 9% in2016. EMEA sales represent 36% of total revenues for the period compared to 22% in 2016.

Gross Margins

Gross margins were $3.2 million for the quarter, up from gross margins of $2.2 million in 2016. Gross margins, as a percentage of revenue, were 36% in 2017 compared to 33% in 2016. Margins were 3% favorable in the period due to production overhead being absorbed by a higher sales volume compared to the third quarter of 2016. Production overhead costs decreased approximately $0.3 million in the third quarter 2017 versus the third quarter 2016. Warranty, obsolescence, shipping supplies and scrap decreased by approximately $0.3 million in total in the second quarter of 2017 versus the same quarter of 2016.

Expenses

Total operating expenses for the quarter were $6.3 million in 2017, up by 20% or $1.0 million from $5.3 million in 2016. A break out of expenses by line item follows.

Research and development expenditures of $1.7 million in 2017 were flat versus $1.7 million in 2016.

Sales and marketing expenses for the period were $2.1 million in 2017, up by 35% or $0.5 million from $1.6 million in 2016, The increase was related to compensation costs of $0.2 million, recruiting costs of $0.1 million, consultant costs of $0.1 million and bad debt expense of $0.1 million.

General and administrative expenses for the third quarter of 2017 were $2.4 million compared to $1.9 million in 2016 representing an increase of $0.5 million or 25%. The increase was related to compensation costs of $0.2 million, ERP implementation costs of $0.2 million and consultant costs of $0.1 million.

Goodwill Impairment

For the three months ended September 30, 2016, the company recorded $11.3 million of goodwill impairment. In September 2016, agriculture market conditions, outlook, and poor quarterly results caused management to re-evaluate prior assumptions used in the financial model for determining goodwill's value in use which resulted in an impairment. This impairment was recorded after the goodwill analysis proved the recoverable amount to be less than the carrying amount. No such impairment was taken in the same quarter of 2017.

Interest and Foreign Exchange

For the third quarter of 2017, the company recorded $20 thousand of interest and other income compared to $21 thousand in the comparative quarter.

During the quarter, the Company realized a foreign exchange loss of $43 thousand compared to a loss of $7 thousand during the same quarter in 2016. Foreign exchange gains and losses arise primarily from the translation and settlement of non-US dollar working capital.

Disposal of Property, Plant and Equipment

The Company recognized a loss on the sale and/or disposal of property, plant and equipment in the three months ended September 30, 2017 totaling $1 thousand versus a gain of $5 thousand in the same period of 2016.

Income Taxes

The Company did not recognize any income tax benefit or expense in either the third quarter of 2017 or 2016.

Net Income (Loss)

In the third quarter of 2017, the Company realized net loss from continuing operations of $3.1million or ($0.02) per share (basic and diluted), compared to a net loss from continuing operations of $14.4 million or ($0.12) per share (basic and diluted) in the third quarter of 2016.

Quarter Ended September 30, 2017 versus Quarter Ended June 30, 2017

Revenues

Revenues during the second and third quarters of 2017 were as follows:

(000's)	Q3 2017	Q2 2017	Change
Agriculture	$ 8,978	$ 13,341	(33%)

Sales by region for the second and third quarters of 2017 are as follows:

(000's)	Q3 2017	Q2 2017	Change
Americas	$ 5,549	$ 7,085	(22%)
APAC	222	822	(73%)
EMEA	3,207	5,434	(41%)
	$ 8,978	$ 13,341	(33%)

Americas sales for the quarter were down $1.5 million (22%) from the second quarter of 2017 due largely to decreased sales into Canada and the United States. Sales in the EMEA region showed a decrease of $2.2 million or (41%) from the second quarter of 2017 which is related to lower sales into Germany and France. Sales in the APAC region decreased $0.6 million or (73%) from the second quarter of 2017 driven by lower sales in China and Australia. These declines reflect the typical seasonality in the agriculture industry, with the third quarter generally being the lowest volume of the year.

Gross Margins

Gross margins in the third quarter of 2017 were $3.2 million (36%) compared to $5.5 million (41%) in the second quarter of 2017. Third quarter gross margins, as a percentage of revenue, were lower than the second quarter primarily due to product mix which drove 3% of the reduction and production overhead costs being absorbed by a lower sales volume which accounted for approximately 2% of the reduction when compared against the second quarter.

Expenses

Operating expenses were $6.3 million in the third quarter of 2017, up $0.3 million or 4% from $6.0 million in the second quarter of 2017. A break out of expenses by line item follows.

Research and development expenses were $1.8 million for the period, representing a decrease of $0.1 million or 6% from $1.9 million in the previous quarter of 2017. This reduction relates to decreased spending on engineering projects.

Sales and marketing expenses of $2.1 million increased by $0.1 million or 8% from $2.0 million in the second quarter of 2017 related to compensation costs.

General and administrative expenses of $2.4 million increased $0.2 million, or 9%, from $2.2 million in the second quarter of 2017 related to compensation and ERP Implementation costs.

Interest and Foreign Exchange

Interest and other income in the third quarter of 2017 was $20 thousand compared to a loss of $1 thousand in the second quarter of 2017.

The Company reported a foreign exchange loss in the third quarter of 2017 of $43 thousand, compared to a gain of $22 thousand in the previous quarter. Foreign exchange gains and losses arise primarily from the translation and settlement of non-US dollar working capital.

Disposal of Property, Plant and Equipment

The Company recognized a loss on the sale and/or disposal of property, plant and equipment in the three months ended September 30, 2017 totaling $1 thousand versus a loss of $18 thousand in the three months ended June 30, 2017.

Income Taxes

The Company did not incur income tax expense in the third quarter of 2017 compared to income tax expense in the second quarter of 2017 totaling $19 thousand.

Earnings (Loss)

In the third quarter of 2017, the Company generated net loss of $3.1 million or ($0.02) per share (basic and diluted), compared to a net loss of $0.5 million or $0.00 per share (basic and diluted) in the second quarter of 2017.

Nine Months Ended September 30, 2017 versus Nine Months Ended September 30, 2016

Revenues

Revenues during the nine months ended September 30, 2017 and 2016 were as follows:

(000's)	**YTD 2017**	**YTD 2016**	**Change**
Agriculture	$36,892	$ 34,041	8%

Sales by region for the nine months ended September 30, 2017 and 2016 are as follows:

(000's)	**YTD 2017**	**YTD 2016**	**Change**
Americas	$ 20,888	$ 19,802	5%
APAC	2,069	4,118	(50%)
EMEA	13,935	10,121	38%
	$ 36,892	$ 34,041	8%

Americas sales for the nine months ended September 30, 2017 were up $1.1 million or 5% from the same period of 2016 due largely to increased demand in the United States. The decrease in APAC revenues of $2.0 or 50% from the previous period is due to decreased sales in China, where we had a large one-time order in 2016 that was not repeated in 2017. Sales in the EMEA region increased $3.8 million or 38% from the same period of 2016 driven by increased demand in Germany and France.

Gross Margins

Gross margins for the nine months ended September 30, 2017 were $15.6 million (42%) compared to $13.6 million (40%) in the same period of 2016. Gross margins to date, as a percentage of revenue, were higher than the same nine months ended September 30, 2016 due primarily to production overhead costs being absorbed by higher sales.

Expenses

Operating expenses were $18.5 million in the first nine months of 2017, up $0.8 million or 5% from $17.7 million in the first nine months of 2016. A break out of expenses by line item follows.

Research and development expenses were $5.7 million for the period, which is flat versus the first nine months 2016.

Sales and marketing expenses of $6.0 million increased by $0.7 million (13%) from $5.3 million in the first nine months of 2016 related to increase in compensation costs, consultant costs and recruitment expense.

General and administrative expenses of $6.9 million increased $0.2 million, or 2%, from $6.7 million in the same period of 2016 related to compensation costs and ERP implementation expense.

Goodwill Impairment

The company recorded $11.3 million of goodwill impairment in the nine months ended September 30, 2016. Agriculture market conditions and poor year to date financial results caused management to re-evaluate prior assumptions used in the financial model for determining goodwill's value in use which resulted in an impairment. This impairment was recorded after the goodwill analysis proved the recoverable amount to be less than the carrying amount. No such impairment was taken in 2017.

Interest, Foreign Exchange and Other Income

Interest and other income was $18 thousand for the nine months ended September 30, 2017 compared to $61 thousand in the same period 2016. The decrease was driven by $40 thousand in European Value-Added Tax refunds from prior year returns received in 2016 compared to no such refunds in 2017.

The Company reported a foreign exchange loss for the nine months ended September 30, 2017 of $17 thousand, compared to a gain of $30 thousand in the same period of 2016. Foreign exchange gains and losses arise primarily from the translation and settlement of non-US dollar working capital.

For the nine months ended September 30, 2017, the company recorded $3.0 million of 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.

Disposal of Property, Plant and Equipment

The Company recognized a loss on the sale and/or disposal of property, plant and equipment in the nine months ended September 30, 2017 totaling $19 thousand versus a loss of $25 thousand in the same period of 2016.

Income Taxes

The Company recognized income tax expense of $19 thousand for the nine months ended September 30, 2017. No such expense was recorded in the same period of 2016.

Earnings (Loss)

In the first nine months of 2017, the Company generated net loss of $0.0 million or $0.00 per share (basic and diluted), compared to a net loss of $15.3 million or ($0.12) per share (basic and diluted) in the first nine months of 2016.

Liquidity and Capital Resources

Working Capital

The Company held cash of $16.0 million at September 30, 2017 compared to $12.9 million at December 31, 2016. Working capital was $22.4 million, flat from $22.4 million at December 31, 2016. The primary items impacting working capital during the nine-month period were:

- Accounts receivable at September 30, 2017 was $4.5 million versus $4.8 million at December 31, 2016.
- Inventories consist of components, work in process and finished goods related to the products sold by the Company. Inventory was $5.9 million at September 30, 2017 versus $8.2 million at December 31, 2016. This decrease in inventory relates to better inventory management.
- Accounts payable and accrued liabilities at September 30, 2017 were $4.2 million versus $3.7 million at December 31, 2016.
- Cash generated from continuing operations was $5.2 million in the nine months ended September 30, 2017 compared to $2.5 million in the nine months ended September 30, 2016. Of this $2.7 million change, $15.3 million relates to a difference in net income (loss) which was offset by changes in non-cash operating working capital. Included in this figure is an $11.3 million goodwill write off.
- 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.

The Company obtained an operating line of credit with its bank for $3.0 million in February 2014. At September 30, 2017, the balance was nil.

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. At September 30, 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.

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, 2016. 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;
- 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;
- 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.