



**INPUT CAPITAL**  
THE AGRICULTURE STREAMING COMPANY

**Unaudited Condensed Interim**

**Financial Statements**

**for the nine months ended June 30, 2018**

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, Input Capital Corp. discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the nine month periods ended June 30, 2018 and 2017.

## **CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

*(Unaudited)*

	Note	As at June 30, 2018	As at September 30, 2017
<b>ASSETS</b>			
<b>Current</b>			
Cash	6	\$ 9,007,225	\$ 17,614,846
Trade and other receivables	7	3,810,878	8,412,960
Current portion of canola interests	5, 7	9,161,236	14,964,597
Other financial assets	5, 7	1,345,224	2,066,382
Assets held for sale	8	827,653	827,653
Prepaid expenses		545,769	346,009
Mortgages and loans receivable	5, 9	1,010,639	73,500
		\$ 25,708,624	\$ 44,305,947
<b>Non-current</b>			
Canola interests	5, 7	\$ 34,662,852	\$ 51,391,778
Deferred income tax assets	17	2,877,729	2,793,460
Capital and intangible assets		155,922	158,514
Mortgages and loans receivable	5, 9	41,958,155	12,255,210
Assets held under an agreement for sale	10	9,650,000	9,650,000
		\$ 115,013,282	\$ 120,554,909
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	5, 7, 9, 21	\$ 4,948,989	\$ 8,676,274
Revolving credit	5, 11	3,966,296	6,351,478
Income tax payable	17	648,141	408,649
		\$ 9,563,426	\$ 15,436,401
<b>EQUITY</b>			
Share capital	12	\$ 111,216,229	\$ 109,741,237
Contributed surplus	12	3,215,122	2,938,933
Deficit	12	(8,981,495)	(7,561,662)
		\$ 105,449,856	\$ 105,118,508
		\$ 115,013,282	\$ 120,554,909

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

"David H. Laidley", FCPA,  
FCA, Director

*- The accompanying notes are an integral part of these unaudited condensed interim financial statements -*

## CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Note	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Nine Months Ended June 30, 2018	Nine Months Ended June 30, 2017
<b>Revenue</b>	14	\$ 607,450	\$ 1,807,988	\$ 32,249,736	\$ 17,620,885
<b>Expenses and other income</b>					
Amortization of capital and intangible assets		11,658	9,805	35,771	27,971
Corporate administration	16, 20	1,512,503	2,177,276	5,257,167	5,532,877
Interest expense on revolving credit	11	56,914	17,864	121,443	23,511
Interest income		(832,245)	(363,694)	(1,564,891)	(445,691)
Net cash settlement of canola interests	15	(358,813)	(317,415)	(846,952)	(2,307,763)
Other income	7	(554,151)	(263,348)	(1,237,268)	(308,607)
Purchase of canola and other direct expenses	14	397,369	1,736,315	8,509,121	6,002,368
Realization of canola interests	14	737,287	137,632	20,879,968	11,455,655
<b>Profit (loss) before the undernoted</b>		\$ (363,072)	\$ (1,326,447)	\$ 1,095,377	\$ (2,359,436)
Unrealized market value gain (loss)	7	571,900	(4,910,608)	654,615	(10,044,356)
<b>Net income (loss) before income tax</b>		\$ 208,828	\$ (6,237,055)	\$ 1,749,992	\$ (12,403,792)
Income tax expense (recovery)	17	117,327	(1,564,994)	636,284	(3,105,109)
<b>Net income (loss) and comprehensive income (loss)</b>		\$ 91,501	\$ (4,672,061)	\$ 1,113,708	\$ (9,298,683)
<b>Basic earnings (loss) per share</b>	13	\$ 0.00	\$ (0.06)	\$ 0.01	\$ (0.11)
<b>Fully diluted earnings (loss) per share</b>	13	0.00	(0.06)	0.01	(0.11)

- The accompanying notes are an integral part of these unaudited condensed interim financial statements -

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

Cash flow from (applied to)	Note	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Nine Months Ended June 30, 2018	Nine Months Ended June 30, 2017
<b>Operating activities</b>					
<b>Net (loss) income for the period</b>		\$ 91,501	\$ (4,672,061)	\$ 1,113,708	\$ (9,298,683)
Adjustments					
Amortization of capital and intangible assets		11,658	9,805	35,771	27,971
Deferred share unit (gain) expense	20	(120,103)	355,937	(53,656)	258,954
Deferred income tax recovery	17	(204,240)	(1,663,425)	(359,487)	(3,880,379)
Interest income		(832,245)	(363,694)	(1,564,891)	(445,691)
Interest received		132,924	285,177	721,961	367,931
Net non-cash proceeds from settlement of canola interests		(939,762)	-	(939,762)	(1,623,614)
Realization of canola interests	7, 14, 15	1,663,131	925,398	24,286,269	15,241,401
Share based payments	12	189,448	223,791	606,617	686,401
Gain from buy back of canola interests	7	(201,384)	(71,718)	(652,432)	(208,426)
(Gain) loss from sale of canola futures and options	7	(159,343)	(106,629)	(201,884)	43,129
Unrealized market value (gain) loss	7	(571,900)	4,910,608	(654,615)	10,044,356
Changes in non-cash working capital	18	(3,380,448)	(1,258,874)	(2,163)	3,258,255
<b>Cash generated from (applied to) operating activities</b>		\$ (4,320,763)	\$ (1,425,685)	\$ 22,335,436	\$ 14,471,605
<b>Investing activities</b>					
Acquisition of canola interests	7	(1,070,975)	(8,742,573)	(16,339,749)	(25,632,112)
Proceeds from buy back of canola interests	7	3,037,307	553,005	5,815,304	1,140,812
Proceeds from contracts in restructuring and or security realization	7	-	-	873,689	8,794
Acquisition of assets held for sale		-	-	-	(119,100)
Proceeds from the sale of assets held for sale		-	4,869,100	-	4,869,100
Issuance of mortgages and loans receivable		(11,824,507)	(735,000)	(17,752,867)	(735,000)
Proceeds from repayment of mortgages and loans receivable		96,146	-	96,146	-
Net proceeds (cost) of canola futures and options	7	113,024	95,630	156,765	(94,028)
Purchase of capital and intangible assets		-	(4,812)	(33,179)	(63,445)
<b>Cash applied to investing activities</b>		\$ (9,649,005)	\$ (3,964,650)	\$ (27,183,891)	\$ (20,624,979)
<b>Financing activities</b>					
Dividends paid	12	(843,796)	(817,228)	(2,518,548)	(1,634,456)
Net draws (repayment) on revolving credit facility	11	(1,219,035)	4,055,500	(2,385,182)	6,161,853
Purchase of common shares	12	(268,298)	-	(1,085,038)	-
Proceeds from shares issued	12	-	228,000	2,229,602	288,000
<b>Cash generated from (applied to) financing activities</b>		\$ (2,331,129)	\$ 3,466,272	\$ (3,759,166)	\$ 4,815,397
Net increase (decrease) in cash		(16,300,897)	(1,924,063)	(8,607,621)	(1,337,977)
Cash – beginning of the period		25,308,122	17,228,751	17,614,846	16,642,665
Cash - end of the period		\$ 9,007,225	\$ 15,304,688	\$ 9,007,225	\$ 15,304,688

- The accompanying notes are an integral part of these unaudited condensed interim financial statements -

## **CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

*(Unaudited)*

	Note	Share Capital		Contributed Surplus	Retained Earnings	Total
		Number	Amount	Share Options	(Deficit)	
At September 30, 2016		81,662,758	\$ 108,384,935	\$ 2,378,506	\$ 4,849,396	\$ 115,612,837
Options exercised	12	260,000	\$ 364,072	\$ (76,072)	\$ -	\$ 288,000
Share based payment – options	12	-	-	686,401	-	686,401
Dividends	12	-	-	-	(2,453,683)	(2,453,683)
Total comprehensive loss		-	-	-	(9,298,683)	(9,298,683)
At June 30, 2017		81,922,758	\$ 108,749,007	\$ 2,988,835	\$ (6,902,970)	\$ 104,834,872
Options exercised	12	750,000	\$ 992,230	\$ (186,230)	\$ -	\$ 806,000
Share based payment – options	12	-	-	136,328	-	136,328
Dividends	12	-	-	-	(826,728)	(826,728)
Total comprehensive income		-	-	-	168,036	168,036
At September 30, 2017		82,672,758	\$ 109,741,237	\$ 2,938,933	\$ (7,561,662)	\$ 105,118,508
Options exercised	12	2,229,602	\$ 2,560,029	\$ (330,427)	\$ -	\$ 2,229,602
NCIB shares purchased for cancellation	12	(730,200)	(1,085,037)	-	-	(1,085,037)
Share based payment – options	12	-	-	606,616	-	606,616
Dividends	12	-	-	-	(2,533,543)	(2,533,543)
Total comprehensive income		-	-	-	1,113,710	1,113,710
At June 30, 2018		84,172,160	\$ 111,216,229	\$ 3,215,122	\$ (8,981,495)	\$ 105,449,856

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

June 30, 2018 - unaudited

## 1. Nature of operations

Input Capital Corp. (the "Company" or "Input") is a Canadian Grain Commission licensed and bonded grain company that acquires canola from farmers through multi-year canola streaming contracts. In return for providing capital for land financing and/or working capital purposes, the Company receives the right to receive and/or purchase a specified number of tonnes of canola each year over the life of the agreement.

The predecessor of Input was incorporated under The Business Corporations Act (Saskatchewan) (the "Act") on October 25, 2011. The existing Company was formed by an amalgamation under the Act on August 8, 2013. The Company's shares are publicly traded on the TSX Venture Exchange, under the symbol "INP".

The head office of the Company is located at 300 – 1914 Hamilton Street, Regina, Saskatchewan, S4P 3N6. The Company's registered and records office is located at 800 – 1801 Hamilton Street, Regina, Saskatchewan, S4P 4B4.

The agriculture industry is subject to a high degree of seasonality. The Company's revenue is received from canola deliveries and sales over several months after the harvest has been completed. The Company normally expects to recognize the majority of its annual revenues during its first and second fiscal quarters, while capital deployment will be spread throughout the year, with concentration in the October to June period.

These unaudited condensed financial statements were authorized for issue by the Board of Directors on August 13, 2018.

## 2. New standards and interpretations

The International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for future periods.

Standards required to be applied for annual periods beginning on or after January 1, 2018:

- *International Financial Reporting Standard ("IFRS") 15* – Revenue from Contracts with Customers - specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.
- *IFRS 9 – Financial Instruments* - a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement.

Standards required to be applied for annual periods beginning on or after January 1, 2019:

- *IFRS 16 – Leases* - specifies how an IFRS reporter will recognize, measure, present and disclose leases.

The Company is reviewing these standards to determine the potential impact, if any, on its financial statements.

## 3. Basis of presentation

### A. STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the period ended September 30, 2017.

# ***NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS***

*June 30, 2018 - unaudited*

## **B. BASIS OF PREPARATION**

These unaudited condensed financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 5.
- Share purchase options and deferred share units that are accounted for according to the share-based payments criteria defined in Note 4H.

## **C. FUNCTIONAL AND PRESENTATIONAL CURRENCY**

The unaudited condensed financial statements are presented in Canadian dollars, the functional currency of the Company, and all values are rounded to the nearest dollar with the exception of share and per share value.

## **D. USE OF ESTIMATES AND JUDGMENTS**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

## **4. *Key sources of estimation uncertainty and critical accounting judgments***

Information about significant areas of estimation uncertainty and judgments made by management in preparing the unaudited condensed interim financial statements are described below.

### **A. CANOLA INTERESTS**

Canola interests are agreements for which settlements are called for in tonnes of canola, the amount of which is determined based on terms in the canola purchase agreements which are capitalized on a contract by contract basis and are recorded at fair value. As the contracts contain an embedded derivative relating to the market value of canola, at each reporting date the fair value of each contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. The fair value of each canola streaming contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. Other variables that impact the fair value of canola interests include the timing of the delivery of the tonnes, changes in expected costs of realizing on the contract, and changes in the risk free interest rate. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value gain or loss. Realized gains and losses that result from the sale of tonnes of canola are recognized in profit or loss in realization of canola interests.

Included in canola interests are contracts that are in the process of restructuring and or security realization. These contracts are fair valued at the time of initiating restructuring or realization and subsequently recorded at cost less any write downs for impairment. Legal and other expenses relating to enforcement of security are expensed as incurred. Contracts in the process of security realization are fair valued at each reporting date based on the expected amount of capital to be recovered net of legal and other costs to determine if impairment exists.

### **B. REALIZATION OF CANOLA INTERESTS**

The initial upfront payment allocated to canola interests is capitalized. Upfront payments are refundable deposits allocated to canola interests and are recorded as realization of canola interests on a proportionate contractual unit basis as sales are recorded for each specific contract. Crop payments are recorded as realization of canola interests on a unit basis as sales are recorded for each specific contract. Realized market value gains and losses that result from the sale of tonnes of canola are recognized in profit or loss in realization of canola interests. Realized market value gains and losses that result from contract buy backs are recognized in profit or loss in realization of canola interests.

### **C. OTHER FINANCIAL ASSETS**

Other financial assets includes canola and other crop delivery and basis price contracts with grain companies, farmers and canola crushing facilities. These contracts are generally settled by delivery of tonnes or in cash. At each reporting date the fair value of each contract is calculated using current and future canola pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value gain or loss.

## ***NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS***

*June 30, 2018 - unaudited*

Part of the Company's in-year canola marketing program involves the purchase of canola futures and options contracts to maintain an open pricing position. These contracts are settled in cash and at each reporting date the fair value of open contracts is calculated using current canola pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value gain or loss. Realized gains and losses relating to these contracts is recorded in other loss (income) in the statement of comprehensive income.

### **D. ASSETS HELD FOR SALE**

Assets held for sale consists of land and other assets registered in Input's name resulting from Input enforcing security under contracts being terminated or as a result of contract buy backs. These assets are recorded at fair value based on quoted market prices for similar assets with an offsetting reduction in Canola interests. These assets are expected to be sold in the near term. Subsequent changes in the fair value, if any, are recorded in other loss (income) in the statement of comprehensive income.

### **E. MORTGAGES AND LOANS RECEIVABLE**

Mortgages and loans receivable include mortgages and other loans that contain fixed and determinable payments. Upon initial recognition, these are recognized at fair value. Subsequently these assets are carried at amortized cost. Interest income is recorded on an accrual basis provided that the mortgage or loan is not impaired.

The Company assesses mortgages and loans receivable for objective evidence of impairment both individually and collectively at each reporting period. A mortgage or loan is considered impaired when there is objective evidence at the end of the reporting period that there has been a deterioration of credit quality to the extent that the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. The Company will consider, but is not limited to considering, the following as part of the creditworthiness and status of a borrower: payment history, value of underlying property securing the mortgage or loan, overall economic conditions, and other conditions specific to the property.

An impairment loss is calculated as the difference between the carrying amount of the mortgage or loan receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recorded in the statement of comprehensive income and are reflected in the provision for mortgage or loan losses.

### **F. ASSETS HELD UNDER AN AGREEMENT FOR SALE**

Assets held under an agreement for sale result from an agreement to sell assets that were previously recorded as assets held for sale. The sale agreement will close upon the final payment of the purchase price being received at a future date. The agreement for sale contains annual rental payments over the term of the agreement. Income is recognized on a straight-line basis over the term of the agreement.

The Company assesses assets held under an agreement for sale for objective evidence of impairment at each reporting period. Assets held under an agreement for sale are considered impaired when there is objective evidence at the end of the reporting period that there has been a deterioration in the value of underlying property securing the asset held under an agreement for sale.

An impairment loss is calculated as the difference between the carrying amount of the assets held under an agreement for sale and the value of underlying property securing the asset held under an agreement for sale. Losses are recorded in the statement of comprehensive income and are reflected in the provision for assets held under an agreement for sale losses.

### **G. INCOME TAXES**

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the statement of comprehensive income except to the extent that it relates to items recognized in equity, in which case the tax is recognized directly in equity.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

# ***NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS***

*June 30, 2018 - unaudited*

## **H. REVENUE RECOGNITION**

Sales of canola from streaming contracts are recognized when persuasive evidence of an arrangement exists, title and risk passes to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the sale will flow to the Company and the costs incurred in respect of the transaction can be measured reliably.

Sales from canola trading are recognized when persuasive evidence of an arrangement exists, title and risk passes to the buyer from the seller, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the sale will flow to the Company and the costs of purchasing the canola from the seller can be measured reliably.

Interest revenue on mortgages and loans receivable is recorded on an accrual basis provided that the mortgage or loan is not impaired.

Rental revenue on assets held under an agreement for sale is recognized on a straight-line basis over the term of the agreement.

## **I. NET CASH SETTLEMENT OF CANOLA INTERESTS**

In addition to regular canola deliveries, canola tonnage obligations outstanding on canola streaming contracts may also be settled by the farm operator directly through payment in cash, through cash proceeds received from crop insurance, through a conventional mortgage receivable with the Company, through a receivable agreement with the Company, or through a land transfer to the Company. These transactions do not result in the title and risk of the canola passing to a purchaser from Input and are considered to be the settlement of a financial asset with the farm operator. As a result, these transactions are not recorded as canola streaming revenue. When cash proceeds are not received as the means of settlement, the transaction is valued at fair value. These transactions are recorded as a net gain on settlements of canola interests on the statement of comprehensive income.

## **H. SHARE BASED PAYMENTS**

The Company recognizes share based compensation expense for all share purchase options awarded to employees, officers and directors based on the fair values of the share purchase options at the date of grant. The fair value of share purchase options at the date of grant is expensed over the vesting period of the options with a corresponding increase to equity in contributed surplus. The fair value of share purchase options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revisions to this estimate in the statement of comprehensive income.

The Black-Scholes model requires management to estimate the expected volatility and term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. Volatility is estimated using the historical stock price of the Company, the expected term is estimated using historical exercise data, and the expected number of equity instruments expected to vest is estimated using historical forfeiture data. If and when share-based awards are ultimately exercised, the applicable amounts in Contributed Surplus are transferred to Share Capital.

The Company has a Deferred Share Unit Plan (the "DSU Plan") whereby the Company grants deferred share units ("DSUs") to eligible directors. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing share price at the end of the reporting period.

## **5. *Financial instruments***

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

- Level 1 – Fair values are determined using inputs that are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The fair values for cash were based on carrying value as an approximation of market value due to the short time frame to maturity.
- Level 2 – Fair values are determined using inputs, other than quoted prices in level 1, that are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.
- Level 3 – Fair values are determined based on inputs for the asset or liability that are not based on observable market data. Canola interest values are calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources and long term basis assumptions.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

June 30, 2018 - unaudited

FAIR VALUE - The following sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Classification	Level	June 30, 2018	September 30, 2017
Other financial assets	Fair value through profit or loss	2	\$ 1,345,224	\$ 2,066,382
Canola interests	Fair value through profit or loss	3	43,824,088	66,356,375
Mortgages and loans receivable	Loans and receivables	2	42,968,794	12,328,710

The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, trade and other receivables, and trade and other payables.

Canola interests in the process of restructuring and or security realization are fair valued at the time at which the contract is determined to need restructuring and subsequently, if necessary, written down for any impairment.

Canola purchase agreements contain obligations in that the Company agrees to purchase canola at a specified price at a future date. A summary of the payments due by period is summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Purchase obligations	\$ 8,646,100	\$ 13,929,577	\$ 11,690,204	\$ 274,040	\$ 34,539,921

Financial liabilities and other contractual obligations at June 30, 2018, and their maturities are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Trade and other payables	\$ 4,948,989	\$ -	\$ -	\$ -	\$ 4,948,989

LOANS AND BORROWINGS - The Company has a \$25 million revolving credit facility with HSBC Canada. As of June 30, 2018, there was \$3,966,296 (September 30, 2017 - \$6,351,478) drawn on the facility. The covenants of the facility include a maximum total liabilities to tangible net worth ratio of 0.5 to 1 and a minimum current ratio of 2 to 1. At June 30, 2018, the Company met all of its covenants as required by the facility.

The liabilities and obligations of the Company are secured by all property of the Company including an assignment of the rights of the Company under the canola streaming contracts and any collateral security granted in favour of the Company in connection with each contract.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

June 30, 2018 - unaudited

### 6. Cash

The Company has pledged \$1,000,000 in cash to secure a letter of credit issued by a Canadian chartered bank in conjunction with the security requirements of the Company's license with the Canadian Grain Commission.

### 7. Canola interests, other financial assets and assets held for sale

	June 30, 2018	September 30, 2017
<b>Canola interests:</b>		
Opening balance	\$ 66,356,375	\$ 73,904,023
Acquisition of canola interests - upfront payments	4,181,313	32,506,623
Acquisition of canola interests - crop payments	12,158,439	8,558,858
Realization of canola interests - upfront payments	(10,366,468)	(18,792,646)
Realization of canola interests - crop payments	(13,185,880)	(8,713,344)
Realization of canola interests - realized market value adjustment	(733,922)	(1,509,148)
Recoveries on contracts that are in the process of restructuring and or security realization	(873,689)	(551,106)
Buy back of canola contracts	(15,132,971)	(7,920,062)
Market value adjustment	1,420,891	(11,126,823)
	<b>\$ 43,824,088</b>	<b>\$ 66,356,375</b>
<b>Canola interests (including amounts relating to terminated contracts):</b>		
Current portion of canola interests	\$ 9,161,236	\$ 14,964,597
Non-current canola interests	34,662,852	51,391,778
	<b>\$ 43,824,088</b>	<b>\$ 66,356,375</b>

Included in Trade and other receivables at June 30, 2018 is \$2,698 relating to canola deliveries made for which the payment have not yet been received as at June 30, 2018 (September 30, 2017 - \$3,914,899). There are \$156,957 in short-term advances to farmers included in trade and other receivables at June 30, 2018 (September 30, 2017 - \$919,655). These advances are interest bearing and approximate fair value given their short-term nature.

The fair value of each canola streaming contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. Other variables that impact the fair value of canola interests include the timing of the delivery of the tonnes, changes in expected costs and cash flows associated with the contract, and changes in the risk free interest rate. Included in the market value adjustment as a reduction to the value of canola interests is a cumulative unrealized market value loss of \$7,981,728 (September 30, 2017 - loss of \$9,315,446) relating to changes in the timing and expected net cash flows associated with the settlement of canola delivery obligations.

As at June 30, 2018 there are streaming contracts that are in the process of restructuring and/or security realization. The value of these contracts included in canola interests at June 30, 2018 is \$13,429,555 (September 30, 2017 - \$10,132,293) which is recorded as a non-current asset. Contracts that are in the process of restructuring or security realization are fair valued at the time at which the contract is determined to need restructuring and subsequently, if necessary, written down for any impairment. Included in Professional fees – legal, accounting, tax and collection expenses under corporate administration expense for the nine months ended June 30, 2018 is \$618,668 (nine months ended June 30, 2017 - \$422,144) relating to the collection of these accounts.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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A producer or the Company may negotiate a buy back of a streaming contract. The Company may accept consideration in the form of cash, conventional mortgages or loans receivable, or assets which will be held for sale. This consideration is used to bring the contract current and then buy back future obligations under the contract. During the nine months ended June 30, 2018, the Company received \$5,815,304 in cash proceeds (nine month ended June 30, 2017 - \$1,140,812) and \$785,159 in loans and mortgages receivable (nine months ended June 30, 2017 - \$6,088,799) relating to the settlement of future obligations under streaming contracts. The buy back of canola interests resulted in a gain of \$652,433 being recognized in other income. Included in the realization of canola interest - realized market value adjustment is a loss of \$831,491 relating to these buy backs.

Changes in the fair value of other financial assets are recognized in profit or loss in market value adjustment and as follows:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Market value adjustment	\$ 657,956	\$ 1,189,155	\$ (766,276)	\$ 4,200,100

Part of the Company's in-year canola marketing program involves the purchase of canola futures and options contracts to maintain an open pricing position. Included in Other loss (gain) is a gain of \$159,342 for the three months ended June 30, 2018 (three months ended June 30, 2017 - gain of \$106,629) and a gain of \$201,883 for the nine months ended June 30, 2018 (nine months ended June 30, 2017 - loss of \$43,129) relating to realized gains or losses on these contracts.

### 8. Assets held for sale

Assets held for sale result from Input taking ownership of assets as a result of enforcing security on contracts or as a result of contract buy backs. These assets are expected to be sold in the near term. Included in assets held for sale is:

	June 30, 2018	September 30, 2017
Land	\$ 827,653	\$ 827,653

### 9. Mortgages and loans receivable

Mortgages and loans receivable consist of conventional first mortgages and loans secured by land and equipment. A continuity schedule of the mortgages and loans receivable is presented below:

	Principal outstanding
At September 30, 2016	\$ -
Issuance of mortgages and loans receivable	12,417,036
At June 30, 2017	12,417,036
Less payment on mortgages	(88,326)
At September 30, 2017	12,328,710
Issuance of mortgages	30,648,825
Less payments on loans receivable	(8,741)
At June 30, 2018	\$ 42,968,794

The weighted average yield of the mortgages and loans is 8.63% and the weighted average term is 5.86 years. The fair value of the loans and mortgages are calculated on a discounted cash flow basis using the prevailing market rates. The fair value of the mortgages and loans receivable at June 30, 2018 is \$42,795,650.

Included in Trade and other payables at June 30, 2018 is \$2,147,000 relating to mortgage and loan payment commitments for which the disbursement has not yet been made as at June 30, 2018 (September 30, 2017 - \$nil).

The allowance for mortgage credit losses as at June 30, 2018 is \$1,900,087 (September 30, 2017 - \$nil) resulting from the restructuring of a canola interest contract into a term loan. The Company continues to assess the probability and amount of credit losses at each reporting date.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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Mortgages and loans receivable past due but not impaired are as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
As at June 30, 2018	\$ -	\$ -	\$ -	\$ 54,250	\$ 54,250

### 10. Assets held under an agreement for sale

Assets held under an agreement for sale consist of land, buildings, bins, and gravel. A continuity schedule of the assets held under an agreement for sale is presented below:

	Principal outstanding
At September 30, 2016	\$ -
Additions of assets held under an agreement for sale	9,686,880
At June 30, 2017	9,686,880
Less payment on assets held under agreement for sale	(36,880)
At September 30, 2017 and June 30, 2018	\$ 9,650,000

Under the agreement for sale, the purchaser is responsible for the control and management of the land and other assets. The title to the land and other assets will be transferred to the purchaser upon payment in full of the remaining purchase price of \$9,650,000, which is due on or before September 30, 2022. Included in other income is \$242,894 in rental revenue realized against the assets held under the agreement for sale for the nine months ended June 30, 2018. Future rent payments on the assets held under the agreement for sale, which contain a variable component, are estimated as follows:

	Year ended September 30				
	2018	2019	2020	2021	2022
Rental payments	\$ 95,289	\$ 340,955	\$ 329,355	\$ 328,455	\$ 328,455

### 11. Revolving credit

The Company has a \$25 million revolving credit facility with HSBC Bank Canada. The principal amount of each advance is due to be repaid within one year from the date the advance was made. Interest, which is equal to prime plus 1% is payable monthly on the first of each month. A continuity schedule of the Company's revolving debt is presented below:

At September 30, 2016	\$ -
Advances	6,454,036
Repayments	(292,183)
At June 30, 2017	\$ 6,161,853
Advances	286,895
Repayments	(97,270)
At September 30, 2017	\$ 6,351,478
Advances	4,984,659
Repayments	(7,369,841)
At June 30, 2018	\$ 3,966,296

### 12. Share capital, contributed surplus and retained earnings

#### A. SHARES AUTHORIZED

The Company's authorized share capital consists of an unlimited number of Class "A" common voting shares ("common shares") without par value.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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### B. SHARES ISSUED AND PURCHASED

	June 30, 2018		September 30, 2017	
	Number	\$	Number	\$
Common shares issued	84,902,360	\$112,301,266	82,672,758	\$109,741,237
NCIB shares purchased for cancellation	730,200	1,085,037	-	-
Common shares outstanding	84,172,160	\$111,216,229	82,672,758	\$109,741,237

During the nine month period ended June 30, 2018 the Company bought back 730,200 shares under its Normal Course Issuer Bid (NCIB) at an average price of \$1.49 per share (nine months ended June 30, 2017 - nil).

### C. SHARE PURCHASE OPTIONS

The Company has an incentive share purchase option plan (the "Option Plan") whereby the Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vesting conditions to be determined by the Board of Directors. Each share option converts into one common share of the Company on exercise.

The following option plans were in existence during the current and prior years:

Option series	Number	Expiry date	Exercise price	Fair value at date of grant
(1) granted on November 30, 2012	3,129,602	November 30, 2017	\$ 1.00	\$ 1.00
(2) granted on July 18, 2013	350,000	November 30, 2017	\$ 1.28	\$ 1.60
(3) granted on December 1, 2013	2,386,622	December 1, 2018	\$ 1.73	\$ 1.73
(4) granted on May 27, 2014	36,600	May 27, 2019	\$ 2.20	\$ 2.20
(5) granted on November 28, 2014	37,218	November 28, 2019	\$ 2.01	\$ 2.01
(6) granted on February 6, 2015	10,000	February 6, 2020	\$ 2.80	\$ 2.80
(7) granted on June 10, 2015	732,100	June 10, 2020	\$ 3.05	\$ 3.05
(8) granted on November 16, 2015	30,900	November 16, 2020	\$ 1.88	\$ 1.88
(9) granted on June 8, 2016	912,700	June 8, 2021	\$ 2.18	\$ 2.18
(10) granted on December 15, 2016	642,900	December 15, 2021	\$ 2.00	\$ 2.00
(11) granted on December 15, 2017	1,781,000	December 15, 2022	\$ 1.54	\$ 1.54

The fair value of the stock options is estimated at the grant date based on the Black-Scholes pricing model using the assumptions below. The assumptions below are for options issued since September 30, 2016 and are based on management's best estimates at the time of issuance.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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Inputs into the model	Option Series	
	Series 10	Series 11
Grant date share price	\$ 2.00	\$ 1.54
Exercise price	\$ 2.00	\$ 1.54
Average vesting period from grant date	3.00 years	3.00 years
Volatility	47.48%	48.89%
Expected life	5.00 years	5.00 years
Dividend yield	2.00%	2.60%
Risk free interest rate	1.16%	1.65%

At June 30, 2018, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding				Total
		Vested	Unvested	Exercised	Expired or cancelled	
Series 3	0.42	2,386,622	-	-	-	2,386,622
Series 4	0.91	36,600	-	-	-	36,600
Series 5	1.41	37,218	-	-	-	37,218
Series 6	1.60	10,000	-	-	10,000	-
Series 7	1.95	732,100	-	-	29,600	702,500
Series 8	2.38	30,900	-	-	-	30,900
Series 9	2.94	631,064	281,636	-	53,500	859,200
Series 10	3.46	329,963	312,937	-	33,400	609,500
Series 11	4.46	320,417	1,460,583	-	72,300	1,708,700
Weighted average	2.32	4,514,884	2,055,156	-	198,800	6,371,240

### D. DIVIDENDS

On May 29, 2018 the Company declared a dividend of \$0.01 per share payable on July 16, 2018 to shareholders of record on June 30, 2018.

### 13. Basic and diluted weighted average number of common shares

Diluted weighted average number of common shares is based on the following:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Basic weighted average number of shares	84,295,295	81,733,747	84,034,225	81,708,619
Dilutive securities:				
Share options	6,386,273	7,947,953	6,635,507	7,794,105

When there is a net loss and comprehensive loss the share options are anti-dilutive and therefore the diluted loss per share is the same as the basic loss per share.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

June 30, 2018 - unaudited

### 14. Revenue, purchase of canola and other direct expenses, and realization of canola interests

Revenue, realization of canola interests and other direct expenses for canola sales is presented below:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Revenue from canola contracts	\$ 607,450	\$ 1,807,988	\$ 32,249,736	\$ 17,620,895
Realization of canola interests				
Upfront payments	37,953	87,394	7,846,791	7,026,400
Crop payments	181,347	12,551	12,362,057	1,780,981
Realized market value expense (gain)	(17,047)	8,656	(160,371)	416,969
Other direct expenses	397,369	1,736,315	8,509,121	6,002,368
Profit (loss) from canola contracts	\$ 7,828	\$ (36,928)	\$ 3,692,138	\$ 2,394,177

Realized market value expense as a result of contract buy backs is presented below:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Realization of canola interests				
Realized market value expense	\$ 535,034	\$ 29,031	\$ 831,491	\$ 2,231,315

### 15. Net cash settlement of canola interests

The net cash settlement of canola interests is presented below:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Total cash proceeds received	\$ 1,289,678	\$ 1,106,880	\$ 4,261,499	\$ 9,964,409
Amounts applied to the realization of canola interests				
Upfront payments	787,881	616,618	2,519,677	6,647,535
Crop payments	104,942	165,437	823,823	718,209
Realized market value expense	33,022	5,711	62,802	288,916
Other direct expenses	5,020	1,699	8,245	1,986
Net cash settlement of canola interests	\$ 358,813	\$ 317,415	\$ 846,952	\$ 2,307,763

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

June 30, 2018 - unaudited

### 16. Corporate administration

The corporate administration expenses of the Company are as follows:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Advertising and client development	\$ 141,048	\$ 164,452	\$ 443,427	\$ 523,692
Board and executive expenses (Note 20)	(83,426)	361,409	9,482	343,860
Contractors, employee salaries and benefits	761,484	817,403	2,517,391	2,363,720
Investor relations and public company costs	56,038	59,897	187,389	163,300
Licenses, dues and filing fees	55,433	53,851	183,780	192,459
Office expenses	137,199	110,242	366,017	351,924
Professional fees – legal, accounting, tax and collection	255,279	386,231	943,064	907,521
Share option based compensation (Note 12C)	189,448	223,791	606,617	686,401
<b>Total corporate administration expense</b>	<b>\$ 1,512,503</b>	<b>\$ 2,177,276</b>	<b>\$ 5,257,167</b>	<b>\$ 5,532,877</b>

### 17. Income taxes

The income tax expense differs from the amounts that would result from applying the federal and provincial income tax rate to the net income before income taxes. These differences result from the following items:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Net income (loss) before income tax	\$ 208,828	\$ (6,237,055)	\$ 1,749,992	\$ (12,403,792)
Canadian federal and provincial tax rates	27.0%	26.5%	27.0%	26.5%
Income tax expense based on the above rates	64,090	(1,621,986)	472,498	(3,287,005)
Increase due to the tax effect of:				
Non-deductible stock compensation	53,237	56,992	163,787	181,896
<b>Income tax expense (recovery)</b>	<b>\$ 117,327</b>	<b>\$ (1,564,994)</b>	<b>\$ 636,284</b>	<b>\$ (3,105,109)</b>

The income tax expense consists of the following:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Current	\$ 321,567	\$ 98,431	\$ 995,771	\$ 775,270
Deferred	(204,240)	(1,663,425)	(359,487)	(3,880,379)
	<b>\$ 117,327</b>	<b>\$ (1,564,994)</b>	<b>\$ 636,284</b>	<b>\$ (3,105,109)</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

June 30, 2018 - unaudited

The components of deferred income taxes recognized on the statement of financial position are as follows:

	June 30, 2018	September 30, 2017
Deferred income tax assets		
Share issuance costs	\$ 83,215	\$ 358,433
DSU compensation	193,269	202,646
Market value adjustment	2,601,245	2,232,381
Total deferred income tax assets	\$ 2,877,729	\$ 2,793,460

### 18. Supplemental cash flow information

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Change in non-cash working capital items				
Trade and other receivables	\$ 254,117	\$ (2,533,042)	\$ 5,518,512	\$ (72,834)
Income tax recoverable	-	151,980	-	1,247,996
Prepaid expenses	(204,293)	(95,770)	(199,760)	(145,603)
Trade and other payables	(3,683,115)	1,271,507	(5,835,625)	1,669,961
Income tax payable	252,843	(53,549)	514,710	558,735
Net increase (decrease) in cash	\$ (3,380,448)	\$ (1,258,874)	\$ (2,163)	\$ 3,258,255

### 19. Key management personnel compensation

Members of the key management team include the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and the Vice-President of Market Development.

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Contractors, employee salaries and benefits	\$ 168,993	\$ 172,697	\$ 517,447	\$ 523,832
Share based payments	178,928	179,339	499,051	555,767
Total key management compensation expense	\$ 347,921	\$ 352,036	\$ 1,016,498	\$ 1,079,599

### 20. Board compensation

The Company has a Deferred Share Unit Plan (the "DSU Plan") whereby the Company grants deferred share units ("DSUs") to eligible directors. Each eligible director is given the opportunity to elect, in lieu of cash, to receive all, or a portion of, their annual board retainer or board meeting fees in the form of DSUs. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing stock price at the end of the reporting period. At June 30, 2018 there were 622,444 DSUs granted, vested and outstanding (September 30, 2017 - 472,038). Included in Trade and other payables at June 30, 2018 is \$715,811 (September 30, 2017 - \$764,702) relating to the valuation of the DSUs. Included in Board and executive expenses (gain) under corporate administration expense for the three months ended June 30, 2018 is a gain of \$120,103 (three months ended June 30, 2017 - expense of \$355,937) and for the nine months ended June 30, 2018 a gain of \$53,656 (nine months ended June 30, 2017 - expense of \$258,954) relating to the valuation of the DSUs.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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### 21. Related party transactions

The Company is related to Emsley & Associates (2002) Inc. and Nomad Capital Corp. as a result of common management. The companies share some common personnel and Input leases furnished office space from Emsley & Associates Inc. (see Note 22). These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party expenses are summarized in the following table:

	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Corporate administration	\$ 176,464	\$ 175,416	\$ 539,200	\$ 641,514

Included in Corporate administration (Note 16) is \$62,500 for the three months ended June 30, 2018 (three months ended June 30, 2017 - \$119,813), relating to key management compensation and is included in contractors, employee salaries and benefits in Note 16.

Included in Trade and other payables is \$17,082 (September 30, 2017 - \$18,152) payable to related parties.

### 22. Commitments and Contingencies

Lawsuits and claims that have arisen in the normal course of business are pending for and against the Company and provisions have been recorded where appropriate. It is the opinion of management that the final determination of these claims will not have a material adverse effect on the financial position or the results of the Company.

In August 2016, the Company signed a five-year lease that commenced September 1, 2016, ending February 28, 2021 with Emsley & Associates (2002) Inc. The Company's annual fiscal commitments remaining under the lease are as follows:

Commitments and contingencies	
2018	\$ 69,564
2019	286,369
2020	300,683
2021	127,820
	\$ 784,436

### 23. Subsequent event

On July 25, 2018, the Company announced that it has completed its first credit agreement for mortgage stream financing with Concentra Bank, the wholesale bank and trust company for Canada's credit unions.

The Concentra credit facility (the "Facility") provides for up to \$10 million in term debt secured against the mortgages underlying the mortgage streams Input has with its clients. The Facility finances up to 90% of the original mortgage principal at a fixed annual interest rate of 4.33% for a term of five years, which matches the duration of Input's mortgage streams.