



**INPUT CAPITAL**  
THE AGRICULTURE STREAMING COMPANY



**FISCAL YEAR 2019 ENDED SEPTEMBER 30, 2019**  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Management's Discussion and Analysis of Financial Condition and Results of Operations for the Fiscal Year 2019 Ended September 30, 2019**

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This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Input Capital Corp. ("the Company", "we", "our", "Input") provides information to assist readers of, and should be read in conjunction with, the audited financial statements for the year ended September 30, 2019, including the notes thereto, as well as the audited financial statements for the year ended September 30, 2018, including the notes thereto, and the associated MD&A. In the opinion of management, such financial statements contain all adjustments necessary for a fair presentation of the results for such periods. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Input Capital Corp., including our Annual Information Form, may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) or on our website at [www.inputcapital.com](http://www.inputcapital.com).

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of December 3, 2019.

### **Non-IFRS Measures**

This MD&A includes a number of measures that are not prescribed by IFRS but that we use as a basis for tracking our progress and success. These are defined in the non-IFRS measures section of this MD&A starting at page 28.

## Overview

We are the only publicly traded agriculture streaming company in the world. We primarily buy and sell canola, and we do it in such a way as to offer financial solutions to farmers which help solve working capital, mortgage finance, and crop marketing issues. Canola is the most important crop for Canada's grain and oilseed farmers, typically accounting for approximately 70% of global export supply. Farmers have acquired working capital and/or mortgage capital from us by entering into multi-year crop delivery contracts with us. We also offer multi-year crop marketing solutions to our clients.

As an agriculture company, our business is highly seasonal and not well-suited to the traditional quarter-to-quarter reporting requirements of public companies, and we remind you to keep this in mind when reading the information in this discussion and analysis of Input's quarter ended September 30, 2019. In several places throughout the document, we annualize key items and present them on a trailing twelve-month ("TTM") basis. We believe an annual view provides a better way to look at our business.

### *Fiscal year ended September 30, 2019*

Our basic loss per share was \$0.03 for the fiscal year ended September 30, 2019, compared to a loss of \$0.02 for the same twelve-month period last year. The difference in performance from year-to-year is primarily due to a decline in canola prices, which caused an unrealized market value loss, also contributing to us selling 2019 canola at a lower price than last year.

Our adjusted net income per share was \$0.05 for the fiscal year ended September 30, 2019, compared to \$0.05 for the same twelve-month period last year. Adjusted EBITDA per share was \$0.14 for the period, compared to \$0.17 for the same twelve-month period last year, primarily due to accounting differences between capital streams and mortgage streams. Mortgage streams generate less Adjusted EBITDA per dollar deployed than do capital streams, and our overall number of capital streams is declining, reducing their contribution to Adjusted EBITDA.

### *Three months ended September 30, 2019*

In the fourth quarter, we had basic income per share of \$0.01 compared with a basic loss per share of \$0.03 in the same quarter last year. This is primarily a result of a reduction in G&A costs implemented after we announced a halt to our capital deployment in May 2019.

For the fourth quarter of the 2019 fiscal year, adjusted net income per share was \$0.01 for the three months ended September 30, 2019, compared to \$0.02 for the same three-month period last year. Adjusted EBITDA per share was \$0.02 for the three months ended September 30, 2019, compared to \$0.01 for the same three-month period last year.

## Year In Review

On February 27, 2019, our Board of Directors initiated a comprehensive review of strategic alternatives with the objective of enhancing shareholder value. The review process, which was conducted with the assistance of financial and legal advisors, considered a full range of potential strategic alternatives, which included, but was not limited to business combinations, scalable mortgage debt financing, acquisitions, joint ventures, moving into emerging crops such as cannabis and/or hemp, a go-private transaction, and the potential sale of the company.

On March 6, 2019, it was widely reported in the media that China had banned canola imports from Richardson International, one of Canada's largest exporters. On March 26, it was further reported that China had also banned Canadian canola imports from Viterra Inc., Canada's other large canola exporter. These restrictions remain in place to this day.

On May 14, 2019, the Board announced that in conjunction with management and financial advisors, they had completed a thorough and comprehensive review that took into account current market opportunities and trade disruptions. The Board concluded that options for cost effective scalable funding of the company's mortgage stream business are not competitively available in the marketplace at this time, particularly in light of the trade issues with China.

As a result, the Board decided to postpone further capital deployment operations in favour of maximizing shareholder value from the company's existing book of business with existing farm clients. The Board directed management to concentrate efforts on the profitable operation of the existing book of mortgage, marketing and capital streams with the objective of maximizing book value per share by maximizing the use of the Company's Normal Course Issuer Bid program and exploring the use of a Substantial Issuer Bid.

On July 2, 2019, John P.A. Budreski resigned as a director of the Company in order to focus on his many business interests. We thank John for his service and wish him all the best.

On June 3, 2019, we announced a Substantial Issuer Bid ("SIB") to purchase for cancellation up to \$15,000,000 of our common shares at a price of between \$0.72 and \$0.82 per share, to be determined by way of a modified Dutch auction process.

On July 15, 2019, we announced the completion of the SIB, in which we bought back 16,088,083 shares at a price of \$0.82 per share, for a total expenditure of \$13.192 million. Upon completion of the SIB, we had 65,933,877 shares outstanding, representing a reduction in our shares outstanding of 19.6%, with our share capital reduced by the \$13.192 million spent to buy back the shares.

Since the completion of the SIB, our previously announced Normal Course Issuer Bid ("NCIB") program has been actively buying back additional shares for cancellation. As of September 30, 2019, we had 63,751,757 shares outstanding.

Management has been undertaking a variety of prudent initiatives aimed at reducing costs and addressing the risk created by the China trade issues. Among cost reduction initiatives is a reduction in staffing levels and in executive and board compensation while capital deployment is halted.

As part of our cost savings exercise, we reviewed our significant professional services contracts, resulting in significant savings.

## Results of Operations

In our day-to-day management of the Company, we use several IFRS and non-IFRS measures to track performance and results:

	Quarter ended Sept 30		Fiscal year ended Sept 30	
	2019	2018	2019	2018
<i>CAD millions, unless otherwise noted</i>				
<b>Revenue</b>				
Crop	<b>0.384</b>	4.513	<b>39.401</b>	36.763
Interest	<b>1.208</b>	1.038	<b>4.572</b>	2.392
Rental	<b>0.007</b>	0.013	<b>0.045</b>	0.293
<b>Total revenue</b>	<b>1.599</b>	5.564	<b>44.018</b>	39.448
Adjusted crop revenue	<b>1.077</b>	4.825	<b>42.879</b>	41.336
Adjusted total revenue	<b>2.291</b>	5.875	<b>47.496</b>	44.021
Corporate admin expense	<b>0.422</b>	1.341	<b>5.360</b>	6.640
Adjusted net income	<b>0.571</b>	1.698	<b>3.679</b>	4.079
<b>Adjusted net income per share (basic)</b>	<b>\$0.01</b>	\$0.02	<b>\$0.05</b>	\$0.05
Adjusted EBITDA	<b>1.337</b>	1.038	<b>10.938</b>	14.579
<b>Adjusted EBITDA per share (basic)</b>	<b>\$0.02</b>	\$0.01	<b>\$0.14</b>	\$0.17
Ending canola reserves (MT)	<b>125,000</b>	366,000	<b>125,000</b>	366,000
Total capital deployed in period	-	16.819	<b>13.002</b>	33.791
Active streaming clients	<b>126</b>	371	<b>126</b>	371

As an agriculture company, our business is highly seasonal and not well-suited to the traditional quarter-to-quarter reporting requirements of public companies, and we remind you to keep this in mind when reading the information in this discussion and analysis of Input's fiscal year ended September 30, 2019. In several places throughout the document, we annualize key items and present them on a trailing twelve-month ("TTM") basis. We believe an annual view provides a better way to look at our business.

## Company Overview

Input Capital Corp. is a Canadian Grain Commission licensed and bonded grain dealer that acquires crop from western Canadian farmers through multi-year purchase contracts (streams). In return for providing capital for land financing and/or working capital purposes, we receive the right to receive and/or purchase a specified volume of crop from the farmer each year over the life of the agreement. We also help farmers market their canola crops to achieve better pricing.

The predecessor corporation 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.

## Selected Financial Information

Selected financial information derived or calculated from the Company's financial statements is set out below:

Statements of Comprehensive Income	Three months ended Sept 30		Fiscal year ended Sept 30	
	2019	2018	2019	2018
<i>CAD millions, unless otherwise noted</i>				
Total Revenue	<b>1.599</b>	5.564	<b>44.018</b>	39.448
Corporate admin expense	<b>0.422</b>	1.341	<b>5.360</b>	6.640
Net income (loss)	<b>0.628</b>	(2.497)	<b>(2.235)</b>	(1.383)
<b>Weighted average number of common shares outstanding</b>				
Basic	<b>67.580</b>	84.123	<b>78.775</b>	84.043
Fully diluted	<b>71.984</b>	90.493	<b>83.686</b>	90.577
<b>Net income (loss) per share (basic)</b>	<b>\$0.01</b>	\$(0.03)	<b>\$(0.03)</b>	\$(0.02)
<b>Net income (loss) per share (fully diluted)</b>	<b>\$0.01</b>	\$(0.03)	<b>\$(0.03)</b>	\$(0.02)
<b>Statements of Cash Flows</b>				
Cash generated from (applied to) operating activities	<b>(1.140)</b>	2.937	<b>22.721</b>	25.272

Statements of Financial Position	As at Sept 30, 2019	As at Sept 30, 2018
<i>CAD millions, unless otherwise noted</i>		
Cash	<b>11.439</b>	14.877
Crop interests and other financial assets (liabilities)	<b>27.974</b>	40.355
Loans and mortgages receivable	<b>59.243</b>	55.290
Total assets	<b>107.718</b>	119.065
Total liabilities	<b>27.117</b>	17.694
Total shareholders' equity	<b>80.600</b>	101.371
<b>Common shares outstanding</b>	<b>63.752</b>	83.251
<b>Book value per share</b>	<b>\$1.26</b>	\$1.22
Working capital	<b>18.343</b>	25.226
Revolving credit facility	<b>5.404</b>	3.687
Long-term debt	<b>19.217</b>	9.967

## Summary of Quarterly Results

The following is a summary of selected highlights of the eight most recent quarterly results of the Company:

Summary of Quarterly Results	FY19 – Q4	FY19 – Q3	FY19 – Q2	FY19 – Q1	FY18 – Q4	FY18 – Q3	FY18 – Q2	FY18 – Q1
<i>CAD millions, unless otherwise noted</i>	<b>Sept 30, 2019</b>	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
<b>Comprehensive Income (Loss)</b>								
Total Revenue	<b>1.599</b>	3.047	14.118	25.254	5.564	1.486	6.617	25.781
Corporate admin expense	<b>0.422</b>	1.354	1.757	1.827	1.341	1.530	1.908	1.860
Comprehensive net income (loss)	<b>0.628</b>	(1.050)	(1.104)	(0.710)	(2.497)	0.092	0.441	0.582
<b>Weighted avg. number common shares outstanding</b>								
Basic	<b>67.580</b>	82.111	82.312	83.210	84.123	84.298	84.625	83.143
Fully diluted	<b>71.984</b>	86.794	86.379	88.859	90.493	90.722	91.151	89.958
<i>Net Income (loss) per share (basic)</i>	<b>\$0.01</b>	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.03)	\$0.00	\$0.01	\$0.01
<i>Net Income (loss) per share (fully diluted)</i>	<b>\$0.01</b>	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.03)	\$0.00	\$0.00	\$0.01
<b>Operating Cash Flow</b>								
Cash generated from (applied to) operating activities	<b>(1.140)</b>	(1.421)	3.307	21.975	2.937	(4.321)	(1.927)	28.583
<b>Financial Position</b>								
Cash	<b>11.439</b>	25.833	24.534	20.025	14.877	9.007	25.308	30.343
Crop interests and other financial assets (liabilities)	<b>27.974</b>	29.741	30.393	34.426	40.355	45.169	55.324	58.823
Loans and mortgages receivable	<b>59.243</b>	58.861	62.607	59.061	55.290	42.969	23.470	12.255
Total assets	<b>107.718</b>	122.986	125.853	123.052	119.065	115.013	121.220	120.154
Total liabilities	<b>27.117</b>	27.614	28.592	23.615	17.694	9.563	14.941	13.094
Total shareholders' equity	<b>80.600</b>	95.373	97.262	99.436	101.371	105.450	106.279	107.060
Common shares outstanding	<b>63.752</b>	82.022	82.154	82.542	83.251	84.172	84.368	84.784
<i>Book value per share</i>	<b>\$1.26</b>	\$1.16	\$1.18	\$1.20	\$1.22	\$1.25	\$1.26	\$1.26
Working capital	<b>18.343</b>	29.880	26.949	28.988	25.226	16.145	26.832	38.605
Revolving credit facility	<b>5.404</b>	5.404	5.404	1.578	3.687	3.966	5.185	1.508
Long-term debt	<b>19.217</b>	18.910	19.311	16.166	9.967	-	-	-
<b>Non-IFRS Measures &amp; KPIs</b>								
Adjusted crop revenue	<b>1.077</b>	3.879	13.534	24.389	4.825	1.897	6.755	27.859
Adjusted total revenue	<b>2.291</b>	4.954	14.666	25.584	5.875	2.776	7.164	28.206
Adjusted crop volume (canola equivalent MT)	<b>2,551</b>	8,540	27,775	49,621	9,901	3,837	14,127	57,807
Ending canola reserves (MT)	<b>125,000</b>	272,000	277,000	291,000	354,000	366,000	382,000	392,000
Total capital deployed in period	-	4.459	3.540	5.003	1.659	16.821	12.814	2.425
Active streaming clients	<b>126</b>	406	400	397	388	371	353	326
Adjusted net income (loss) per share	<b>\$0.01</b>	\$0.01	\$0.01	\$0.02	\$0.02	\$0.00	\$(0.00)	\$0.03
Adjusted EBIDTA per share	<b>\$0.02</b>	\$0.02	\$0.02	\$0.07	\$0.01	\$0.01	\$0.01	\$0.14
Dividends Paid per Share	<b>\$0.01</b>	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

## Summary of Annual Results

At year-end, the fiscal period and previous fiscal periods are naturally twelve month periods, but due to the annual nature of agriculture and Input's business, management finds it useful to present an annual look-back to previous periods on a trailing twelve month basis every quarter. The following is a summary of selected highlights of the results of the Company over the last three years, presented on a trailing twelve month basis to provide for better year-over-year comparisons during that period of time:

Summary of twelve months ended September 30 <i>CAD millions, unless otherwise noted</i>	Twelve months ended		
	Sept 30, 2019	Sept 30, 2018	Sept 30, 2017
<b>Comprehensive Income (Loss)</b>			
Total Revenue	<b>44.018</b>	39.448	29.813
Corporate admin expense	<b>5.360</b>	6.640	6.972
Comprehensive net income (loss)	<b>(2.235)</b>	(1.383)	(9.131)
<b>Weighted avg. number common shares outstanding</b>			
Basic	<b>78.775</b>	84.043	81.794
Fully diluted	<b>83.686</b>	90.577	89.539
<i>Net Income (loss) per share (basic)</i>	<b>\$(0.03)</b>	\$(0.02)	\$(0.11)
<i>Net Income (loss) per share (fully diluted)</i>	<b>\$(0.03)</b>	\$(0.02)	\$(0.11)
<b>Operating cash flow</b>			
Cash generated from operating activities	<b>22.721</b>	25.272	22.501

<b>Financial Position</b>			
Cash	<b>11.439</b>	14.877	17.615
Crop interests and other financial assets (liabilities)	<b>27.974</b>	40.355	68.423
Loans and mortgages receivable	<b>59.243</b>	55.290	12.329
Total assets	<b>107.718</b>	119.065	120.555
Total liabilities	<b>27.117</b>	17.694	15.436
Total shareholders' equity	<b>80.600</b>	101.371	105.119
Common shares outstanding	<b>63.752</b>	83.251	82.673
<i>Book value per share</i>	<b>\$1.26</b>	\$1.22	\$1.27
Working capital	<b>18.343</b>	25.226	28.870
Revolving credit facility	<b>5.404</b>	3.687	6.351
Long-term debt	<b>19.217</b>	9.967	-

<b>Non-IFRS Measures &amp; KPIs</b>			
Adjusted crop revenue	<b>42.879</b>	41.336	42.052
Adjusted total revenue	<b>47.496</b>	44.021	42.830
Adjusted crop volume (canola equivalent MT)	<b>88,487</b>	85,672	88,535
Ending canola reserves (MT)	<b>125,000</b>	354,000	405,000
Total capital deployed in period	<b>13.002</b>	33.720	38.528
Active streaming clients	<b>126</b>	388	301
Adjusted net income per share	<b>\$0.05</b>	\$0.05	\$0.08
Adjusted EBITDA per share	<b>\$0.14</b>	\$0.17	\$0.28
Dividends Paid per Share	<b>\$0.04</b>	\$0.04	\$0.04

## Financial Performance

### GROSS MARGIN

In addition to regular crop delivery, crop obligations outstanding on streaming contracts may also be settled by the farm operator directly through payment in cash, through cash proceeds received from crop insurance, and on occasion, by converting to a conventional mortgage receivable with the Company, or through an asset transfer to the Company. These transactions do not result in the title and risk of the crop 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 crop 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 settlement of crop interests on the statement of comprehensive income (loss). For a reconciliation of Adjusted Crop Revenue and Adjusted Crop Volume, see the Non-IFRS Measures section of this MD&A.

Summary of Gross Margin	Three months ended		Fiscal year ended	
	Sept 30		Sept 30	
<i>CAD millions, unless otherwise noted</i>	2019	2018	2019	2018
<b>Adjusted crop volume (canola equivalent MT)</b>	<b>2,551</b>	9,901	<b>88,487</b>	85,672
Adjusted crop revenue	<b>1.077</b>	4.825	<b>42.879</b>	41.336
<b>add (subtract): gain (loss) from sale of futures and options</b>	<b>(0.020)</b>	0.566	<b>(0.376)</b>	0.768
less: Upfront payments	<b>(0.417)</b>	(0.359)	<b>(7.620)</b>	(10.726)
less: Crop payments	<b>(0.352)</b>	(3.389)	<b>(18.422)</b>	(16.575)
less: Other direct expenses	<b>(0.178)</b>	(0.963)	<b>(13.434)</b>	(9.480)
Crop Margin	<b>0.109</b>	0.680	<b>3.026</b>	5.323
Interest revenue	<b>1.208</b>	1.038	<b>4.572</b>	2.392
less: interest expense on long-term debt	<b>(0.225)</b>	(0.062)	<b>(0.827)</b>	(0.062)
Interest margin	<b>0.983</b>	0.976	<b>3.745</b>	2.331
Rental revenue	<b>0.007</b>	0.013	<b>0.045</b>	0.293
Total Gross Margin	<b>1.099</b>	1.669	<b>6.816</b>	7.946

#### *Fiscal year ended September 30, 2019*

For the fiscal year ended September 30, 2019, we generated adjusted crop revenue of \$42.879 million on adjusted crop volume of 88,487 MT.

Adjusted crop revenue for the Fiscal year ending September 30, 2019, represent a 3% increase in volume compared to the previous twelve month period, when we sold 85,672 MT of canola equivalent for adjusted crop revenue of \$41.336 million. This translates into a crop margin of \$3.026 million for the most recent year compared to \$5.323 million for the previous year. The decrease in volume is due to the change in the mix of our business in favour of mortgage streams. Mortgage streams require fewer canola tonnes to service them than do capital streams.

During the twelve month period, we also generated interest margin of \$3.745 million compared to \$2.331 million in the previous year. This is a result of the growth of our mortgage stream portfolio over the last year. Interest income on mortgages is accrued monthly.

#### *Three months ended September 30, 2019*

For the quarter ended September 30, 2019, we generated adjusted crop revenue of \$1.077 million on adjusted crop volume of 2,551 MT.

Adjusted crop revenue for the quarter represents a 74% decrease in quarterly volume over the comparable quarter one year ago, when we sold 9,901 MT of canola equivalent for adjusted crop revenue of \$4.825 million. Crop margin for the quarter was \$0.109 million, compared to \$0.680 million in the same quarter last year. The decline in crop revenue in the quarter compared to last year is a result of two factors: a late harvest pushed most canola deliveries past the September 30<sup>th</sup> cut-off for the quarter, and a significant number of marketing stream clients took us up on our offer to end their marketing stream contract early. We expect total revenue and adjusted crop revenue to be significantly reduced in future quarters as a result of this portfolio optimisation. More discussion can be found in the Marketing Stream section of this MD&A.

During the period, the Company generated interest margin of \$0.983 million compared to \$0.976 million in the comparable quarter one year ago.

## **NET INCOME (LOSS)**

### *Fiscal year ended September 30, 2019*

For the fiscal year ended September 30, 2019, we generated a net loss before taxes of \$2.884 million (a net loss of \$2.235 million after tax) compared to net loss before taxes of \$1.821 million (net loss of \$1.383 million after tax) during the previous year. The loss in the period ended September 30, 2019 is a result of an unrealized market value loss of \$4.323 million during the period. We generated a profit of \$1.980 million before the unrealized market value loss and income taxes. During the previous comparable period, we experienced an unrealized market value loss of \$2.878 million and had profit before the unrealized market value loss and income taxes of \$1.057 million.

### *Three months ended September 30, 2019*

For the quarter ended September 30, 2019, we generated net income before taxes of \$0.898 million (net income of \$0.628 million after tax) compared to a net loss before taxes of \$3.571 million (\$2.497 million after tax) during the comparable quarter ended September 30, 2018. The increase is a result of an unrealized market value gain of \$0.741 million compared to an unrealized market value loss of \$1.914 million in the same period last year. We generated a profit of \$0.697 million before the unrealized market value loss and income taxes. During the same period last year, we experienced an unrealized market value loss of \$3.814 million, but had a gain before the unrealized market value loss and income taxes of \$0.243 million.

## **NORMAL COURSE ISSUER BID**

On December 14, 2018, we announced the renewal of the Normal Course Issuer Bid, allowing the company to buy back up to 6,500,856 of its Class A common shares. During the three months ended September 30, 2019, we bought back a total of 2,182,120 shares at an average price of \$0.77 per share. Over the entire fiscal year ended September 30, 2019, the Company bought back a total of 3,411,120 shares at an average price of \$0.80 per share.

Since we started the NCIB program in December 2017, we have bought back a total of 5,062,520 shares at an average price of \$0.94 per share. These shares were subsequently cancelled.

We believe that our shares have been trading in a price range which does not adequately reflect their value and that the purchase of shares under the Bid will enhance shareholder value in general. Our board has approved the renewal of the NCIB program for another year, and we will make application to the TSX Venture Exchange for approval of this renewal.

## SUBSTANTIAL ISSUER BID

On June 3, 2019, we announced a Substantial Issuer Bid (“SIB”) to purchase for cancellation up to \$15,000,000 of our common shares at a price of between \$0.72 and \$0.82 per share, to be determined by way of a modified Dutch auction process.

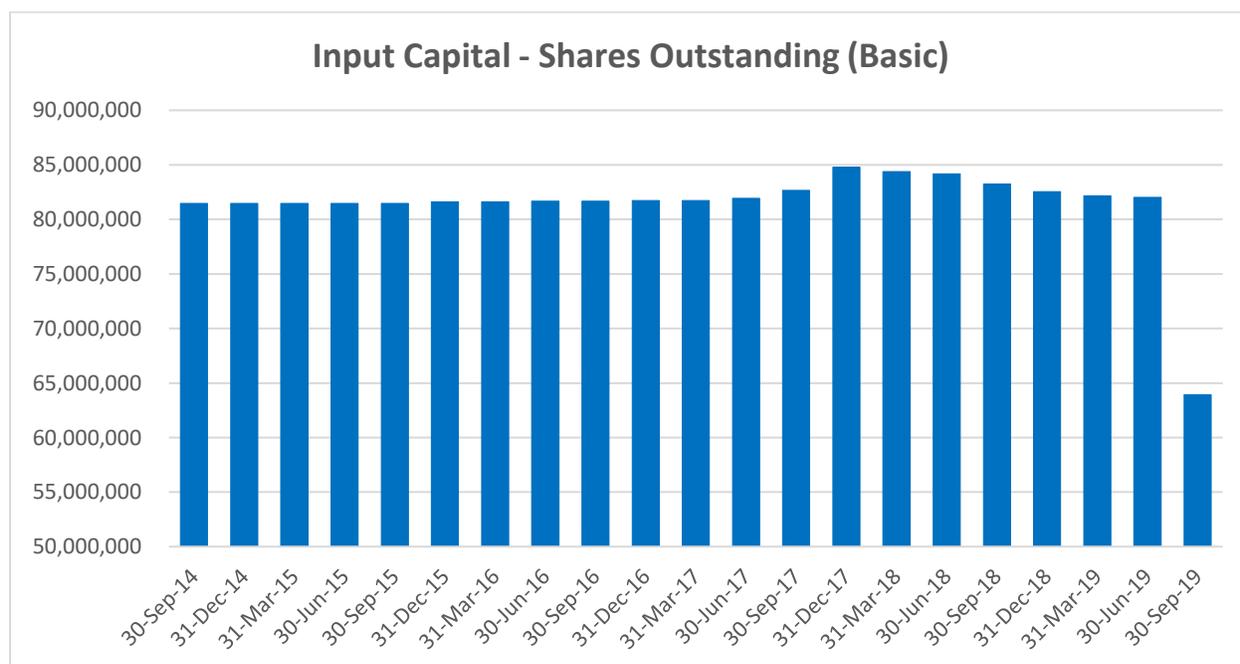
On July 15, 2019, we announced the completion of the SIB, in which we bought back 16,088,083 shares at a price of \$0.82 per share, for a total expenditure of \$13.192 million. Upon completion of the SIB, we had 65,933,877 shares outstanding, representing a reduction in our shares outstanding of 19.6%, with our share capital reduced by the \$13.192 million spent to buy back the shares.

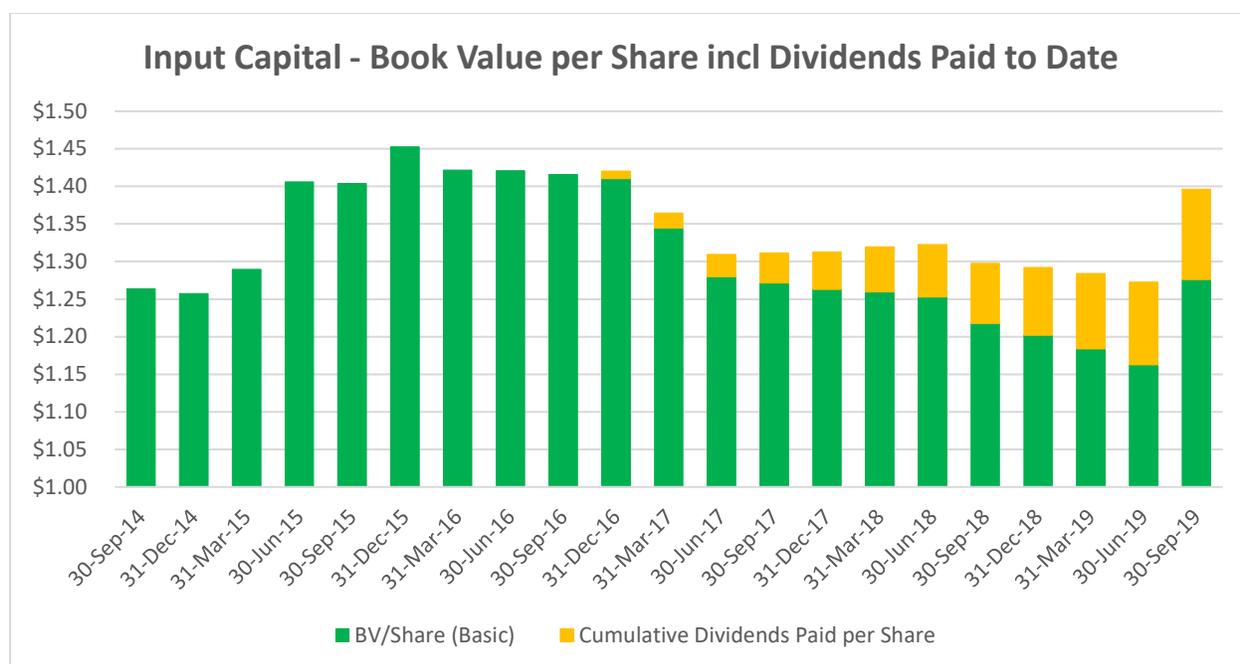
When combined with our NCIB, our total share buyback program has bought back 19,499,203 shares during the fiscal year ended September 30, 2019 at a weighted average price of \$0.82. This represent approximately 24% of the shares that were outstanding at the start of the fiscal year.

## BOOK VALUE PER SHARE

One aspect of our strategic plan is to maximize our book value per share. Book value per share is enhanced when we generate positive earnings, when loan loss provisions are reversed, and when we are able to reduce the number of shares outstanding via share buybacks, provided those shares are bought back below book value.

In the graphs below, we present the number of basic shares outstanding at the end of each quarter over the last five years, as well as the book value per share.





#### DEFERRED SHARE UNIT PLAN

We have a Deferred Share Unit plan (the “DSU Plan”) that provides for the payment of independent director compensation with deferred share units. Each director may elect to receive all or a portion of their board retainer in the form of DSUs rather than cash. Each deferred share unit is a right granted by Input to an eligible independent director to receive a cash payment equivalent to the value of one common share when a participant ceases to be a director. The number of deferred share units to be granted under the DSU Plan is determined by dividing the elected amount of such eligible directors’ annual board retainer by the volume weighted average price of our common shares traded on the TSX Venture Exchange immediately preceding the date on which the deferred share units are awarded to such eligible director. Director annual board retainers are awarded on the first day of the fiscal year and vest over the fiscal year. Vested deferred share units are paid out in cash when a participant ceases to be a director. The DSU plan is considered an unfunded plan, under which no securities can be issued. To the extent that any individual holds any rights under the DSU Plan such rights shall be no greater than the rights of an unsecured general creditor. Given that we do not have the right to issue any shares to settle this plan, the promise to issue the DSU units has been recorded as a current liability.

At September 30, 2019, the deferred share units were valued at \$0.72 per unit. The total number of vested deferred share units outstanding at September 30, 2019 was 843,333.

## Streaming Contract Portfolio

### CAPITAL STREAMS

#### Description

Capital streams are an interest-free form of financing that enables us to contract for a stream of crop – a committed purchase/sale of crop over multiple years. Rather than charging interest, we provide an upfront deposit against future crop to be purchased at a discount from expected market prices. By entering into a capital stream, farmers are accessing capital today and shifting crop price and delivery timing risk onto us. Capital streams tend to be 5 or 6 years in length and in recent years have averaged about \$150,000 in size when measured by the size of the upfront deposit.

#### Factors affecting results

Capital streams are designed to solve short-term working capital deficiencies that result from a bad farming year or from a recent farm expansion which has consumed working capital, such as a down payment on a land purchase. Crop yields, crop quality, crop prices, harvest weather, and grain movement are all significant factors that affect the appetite of farmers for capital streams. Farm expansion can also create a need for additional working capital.

The financial outcome of capital streams is affected most by crop prices and the timing of crop deliveries, which is often a function of weather.

At the end of the fiscal year, we had capital streams with 84 farmers across western Canada. Some of these farmers also have a marketing stream and/or mortgage stream with us. As a result of our May 14 decision to temporarily halt new capital deployment, we do not expect to originate any new capital streams in the near future, which also means that the number of capital streams will gradually drop as farmers fulfill the terms of the contracts, and/or as farmers buy out of these contracts when they have the resources to do so.

### MARKETING STREAMS

#### Description

Launched in January 2017, marketing streams are multi-year crop purchase contracts under which we commit to pick up, deliver, and market crop grown by a farmer in exchange for a percentage of the net price realized by us when we sell it. In most marketing streams, we receive between 5% and 10% of the net price realized by us when we sell the crop. Farmers have done marketing streams with us because 90% to 95% of the price we get through our marketing program is often better than 100% of the price they can achieve by themselves. By pooling their crop into our crop marketing program, they can access better pricing. We also take care of all the marketing and transportation logistics, saving the farmer time and effort.

#### Factors affecting results

Marketing streams generate a lot of crop revenue, but not a lot of margin for us – we typically keep 5% to 10% of the revenue. They also do not require much or any capital outlay on our part. On a stand-alone basis, marketing streams have been an excellent starter product to introduce a farmer to what we do, allowing us to form a relationship with them for the prospect of future business. Marketing stream volumes have helped us scale and manage our logistics program better. They are a complementary add-on to a capital or mortgage stream.

The financial outcome of marketing streams is affected most by crop prices and the timing of crop deliveries, which is often a function of the weather.

As a result of our May 14 decision to temporarily halt new capital deployment and, combined with canola market uncertainties as a result of persistent canola trade issues with China, we do not expect to originate any new marketing streams in the near future. As outlined above, marketing streams primarily played a role in attracting new clients, and because we have halted new capital deployment, we are not looking to attract new clients at this time.

Due to these same canola price uncertainties that result from the trade issues with China, during Q4, we offered existing clients who have a marketing stream with us the opportunity to cancel the balance of their marketing stream contract, subject to certain conditions. This offer gave these farmers the choice to hold their canola to market via their own marketing efforts, potentially realizing a higher price than our marketing stream program was forecasting at the time.

As a result of this offer, 304 marketing streams were cancelled or bought back, significantly reducing our client count, as well as the number of tonnes in our canola reserves and our annual canola revenue. However, marketing streams have always generated very small margins for us, and this has not resulted in a material impact on our gross margin or our bottom-line earnings. We also gained some operational efficiencies by reducing the number of loads of canola to organize for marketing and payment processing during a short period of time.

At the end of the fiscal year, we had marketing streams with 39 farmers. Most of these farmers also have a capital stream and/or mortgage stream with us.

## **MORTGAGE STREAMS**

### **Description**

Farmland ownership provides many strategic benefits to farmers and often forms the basis of their retirement planning. Mortgage streams are a suitable means of financing farmland and enable farmers to make their payments in crop instead of cash. Mortgage streams are a unique mortgage product for farmers, offering a guaranteed crop price for five years, a single annual payment payable in physical crop, and we always come to the farm to pick up the crop, saving the farmer significant time and hassle. These features remove a significant number of timing and cash flow issues faced regularly by farmers.

### **Factors affecting results**

We estimate that the farmland mortgage market in western Canada is approximately \$40 billion, while the working capital / input financing market is approximately \$5 billion. As a result, we believe there is an opportunity to deploy significant amounts of capital into the farmland mortgage market in a way that is valued by farmers and provides us with low risk returns on our deployed capital.

Mortgage streams have a number of advantages: all mortgage streams are conventional first lien mortgages, offering a very strong security position; due to their structure, mortgage streams have the lowest break-even crop price of all of the types of streams offered by us; and due to longer amortization periods, mortgage stream capital stays invested longer, decreasing costs associated with administration and reinvestment.

There are two significant factors in the performance of mortgage streams: the spread between the interest rate we charge on the mortgages and our cost of funds, and the spread between the price we realize on crop sales and the price we guarantee to our farm clients.

The weighted average guaranteed price of canola in our mortgage stream program is about \$456 per tonne. As of the date of this MD&A, the spot price of canola is approximately \$423 per tonne, assuming an average basis of minus \$40/MT across the prairies, and this price can vary significantly between different delivery locations. If the price at which we sell canola after harvest is below the weighted average guaranteed price of the canola we are buying, we generate a negative margin on the canola portion of our mortgage stream transactions. However, we generate a healthy interest margin, which means that when canola margin and interest margin are combined, our mortgage streams remain profitable.

At the end of the fiscal year, the Company had mortgage streams with 49 farmers. Many of these also have a marketing stream with us, and a small number also have a capital stream. As a result of our May 14 decision to temporarily halt new capital deployment, we do not expect to originate any new mortgage streams in the near future.

## CROP TRADING

### Description

While we currently only stream canola, we sometimes encounter opportunities to generate margin by arbitraging purchase and sale contracts on a variety of other crops grown by our clients.

### Factors affecting results

These opportunities are unpredictable and may exist in small or large numbers at any one time. They tend to be a result of short-term changes in supply and demand in different markets. On their own, these opportunities do not make a material impact on our bottom line, but by completing these kinds of transactions, we help our clients make more money, we make better use of our market intelligence and trading infrastructure, and we earn a positive margin.

Due to the nature of crop trading transactions, all of the revenue associated with them is included in our crop revenue line on the income statement and our cost of the crop purchased is included in expenses under purchase of crop.

## MORTGAGE FINANCING FACILITIES

During FY2018, we entered into credit facilities with two Canadian financial institutions to assist in the financing of our mortgage portfolio. These facilities provided up to \$20 million in funding for mortgages, but we are of the view that to truly scale the mortgage stream business, funding of \$500 million or more is required.

In late February 2019, we announced a strategic alternatives process to focus on generating improved value for shareholders while continuing our search for scalable mortgage funding. In May 2019, we announced that our strategic alternatives review had not identified a scalable source of mortgage funding, and that as a result, we would halt new capital deployment into all types of streams, including mortgage streams, until a scalable source of capital could be put in place. We believe that it is not likely that such a capital source will become available until canola trade issues with China are resolved, and there is potential that such a capital source will never be found, significantly limiting our growth opportunities.

## CAPITAL DEPLOYMENT

Capital deployment has been constrained in recent quarters by our need to acquire a scalable source of mortgage financing. As a result of our strategic alternatives review, we do not plan to deploy any more capital into streams until we have a scalable source of capital in place to fund them.

## PORTFOLIO OVERVIEW

As of September 30, 2019, our active streaming portfolio consisted of 126 geographically diversified streams, distributed as follows:

Active Streams	Sept 30, 2019	Jun 30, 2019	Quarterly Net Change	Sept 30, 2018	Year Over Year Net Change
Manitoba	5	12	(7)	8	(3)
Saskatchewan	96	290	(194)	269	(173)
Alberta	25	104	(79)	94	(69)
<b>Total</b>	<b>126</b>	<b>406</b>	<b>(280)</b>	<b>371</b>	<b>(245)</b>

The quarterly and year-over-year change figures are net of contracts in collection and any buybacks during those respective time periods. Contracts in collection and buybacks are considered to be “inactive” and are not included

in this table. See our comments in the Marketing Stream discussion above for a discussion of why there has been a significant decline in the number of clients we now serve.

## Commodity Prices

Canola futures weakened during the quarter ended September 30 due to continued trade disruptions with China, Canada's traditionally largest canola customer, as well as general softness in the price of US soybeans, to which canola prices have a strong correlation, and due to normal seasonality as harvest time. Canola futures prices are about 10% lower than they were a year ago.

It is impossible to know when or to what degree canola prices will rise, or if these trade tensions will be resolved. However, shareholders should bear in mind that while lower canola prices do have an impact on the profitability of our business, the effect is moderate because we make most of our returns from interest (in the case of mortgage streams) and from a cost of acquisition which includes a significant margin of safety (in the case of capital streams). Every one of our contracts remains profitable at today's prevailing canola prices. In fact, the price of canola could fall below the marginal cost of production of our farm clients, and our gross margins would remain positive.

## Liquidity and Capital Resources

We have financed the acquisition of streaming contracts to date with the equity proceeds of issuing common shares through a private placement completed on November 30, 2012, subsequent public offering and private placements completed on October 4, 2013 and July 9, 2014, our growing internally generated cash flow, and the use of credit facilities. Our operating cash flow is sufficient to cover our ongoing operational expenses.

At September 30, 2019, we had working capital of \$18.343 million. We will draw on this working capital to meet our obligations under existing streaming contracts. Capital not invested into streaming contracts earns daily interest by being kept on deposit with a Canadian chartered bank. As a result of the Substantial Issuer Bid (SIB) completed in the third quarter, our working capital was reduced by approximately \$13.192 million, the amount we spent to purchase shares. In addition, our Normal Course Issuer Bid (NCIB) reduces our working capital every time we buy back shares of the Company. For more details on our SIB and NCIB programs, please see the discussion on these topics in their respective sections elsewhere in this MD&A.

Our operating expenses consist primarily of personnel costs, the amounts of which are generally fixed. As a result of the Board decision to halt capital deployment, we have eliminated all sales & marketing expenses and reduced staffing to a level appropriate to our current level of activity. We have also reduced G&A expenses in a number of other areas, including executive and board compensation, which will result in a significant overall reduction in operating expenses going forward. Our run-rate G&A expenses are about \$3 million per year, and any purchase obligations are only triggered at the time our clients deliver canola to us. Accordingly, we do not have or expect to have a working capital deficiency. We are generating sufficient cash flow from operations to meet our current and ongoing obligations, and we maintain high levels of liquidity in order to manage the kinds of timing variations that are inherent in agriculture.

Our business depends on the credit worthiness of the farm operators and their ability to fulfill their obligations to us. While we take security in the form of a general security agreement and in most cases, first mortgages on the farm operator's farmland, there is no assurance that such security will be enforceable, properly perfected or will have priority as against other creditors. The value of the collateral securing the Streaming Contracts may not protect us from suffering a partial or complete loss if the farm operator fails to meet its commitments.

In order to optimize returns associated with mortgage streams, we have borrowed term debt against these mortgages. See discussion in the Mortgage Financing Facilities section above for a discussion of existing credit

arrangements. This financing structure allows us to reduce the amount of equity we require to fund each mortgage, significantly increasing our return on equity. Should a scalable source of financing become available, we could grow a larger book of mortgage business.

We pay a quarterly dividend of \$0.01 per share. Shareholders of record as of the end of each quarter receive their quarterly dividend payments on approximately the 15<sup>th</sup> day of the following month.

As of September 30, 2019, we had \$19.217 million in long-term debt associated with mortgage financing, and we owed \$5.404 million on our long-standing revolving credit facility. The term and payment dates of our borrowings are generally matched with the timing at which we expect to receive crop deliveries or payments from our clients. However, should the timing of payments from our clients differ from what is contracted, this does not change the requirement on us to repay our loans from the bank(s), potentially affecting our liquidity. It is due to these timing uncertainties that we maintain a high level of cash liquidity on an ongoing basis. We also take advantage of early opportunities to reduce our debt outstanding.

We signed a five-year sub-lease that commenced September 1, 2016, ending February 28, 2021, with Emsley & Associates (2002) Inc. (a related party – see below). Our annual fiscal commitments under the lease are as follows:

Commitments and contingencies	Payments due by fiscal period		
	Total	2020	2021
<i>CAD millions, unless otherwise noted</i>			
Commitments and contingencies	0.429	0.301	0.128

## Transactions between Related Parties

The Company is related to Emsley & Associates (2002) Inc. and Dalhousie Capital Corp. as a result of common management. The companies share some common personnel and Input leases furnished office space from Emsley & Associates Inc. 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:

Corporate administration expenses	Year ended Sept 30, 2019	Year ended Sept 30, 2018
<i>CAD millions, unless otherwise noted</i>		
Corporate administration expenses	0.886	0.822

## Critical Accounting Estimates

The preparation of the Consolidated 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 materially from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Significant areas requiring the use of management estimates are further described below:

### ***Financial Instruments***

Refer to Note 4 of the Financial Statements regarding financial instrument risk. Financial assets are initially measured at fair value. On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless Input changes its business model for managing financial assets.

Derivatives embedded in contracts where the host is a financial asset are not separated and the hybrid financial instrument as a whole are assessed for classification and measurement. Input has chosen not to use hedge accounting. Derivatives are recognized initially at fair value with attributable transaction costs recognized in net earnings as incurred. Subsequent to initial measurement, derivatives are measured at fair value and the changes in fair value are recognized immediately in net earnings.

Cash, trade and other receivables, mortgages and loans receivable are measured at amortized cost. For the assets measured at amortized cost an expected credit allowance is estimated based on the estimated loss, the exposure and timing of cash received at a future date, and the probability of default. The expected credit loss is a new estimate required under IFRS 9 and reduces the net value of the assets carried at amortized cost on the statement of financial position. Upon adopting the new standard, an adjustment has been made to opening retained earnings reflecting the opening impact of the new standard.

Crop interest and other financial assets are financial assets classified as fair value through profit or loss and recorded at fair value on the statement of net loss and comprehensive loss in unrealized market value adjustments loss. Realized gains and losses that result from the sale of crop is recognized in profit or loss in realization of crop interests.

Trade and other payables, revolving credit, and long-term debt are classified as other liabilities and these are measured at amortized cost using the effective interest method.

### ***Crop Interests***

Crop interests are agreements for which settlements are called for in tonnes of crop, the amount of which is determined based on terms in the crop purchase agreements which are capitalized on a contract by contract basis and are recorded at fair value. Under IFRS 9, crop interests do not meet the own-use scope exemption and cash flows are not solely payments of principal and interest. As such, crop interests are carried at FVTPL. At each reporting date the fair value of each contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the crop, changes in expected costs of realizing on the contract, and changes in the risk-free interest rate. Subsequent changes in fair value are recognized in profit or loss in unrealized

market value gain or loss. Realized gains and losses that result from the sale are recognized in profit or loss in realization of crop interests.

As at September 30, 2019, there are streaming contracts that are in the process of restructuring and or security realization. The value of these contracts included in crop interests at September 30, 2019 is \$13.238 million (September 30, 2018 - \$9.380 million).

Based on Input's September 30, 2019 crop interests, a 1% change in the price of canola would result in a \$0.240 million (September 30, 2018 - \$0.284 million) unrealized market adjustment recorded on the statement of net loss and comprehensive loss.

#### ***Other financial assets (liabilities)***

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

Part of the Company's crop marketing program involves the purchase of crop 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 crop 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 adjustments. Realized gains and losses relating to these contracts are recognized in realized gain (loss) on futures and options.

#### ***Mortgages and loans receivable***

Mortgages and loans receivable include mortgages and other loans that contain fixed and determinable payments. Input's business model is to hold the mortgages and loans receivable to collect principal and interest payments and these assets qualify for the solely payments of principal and interest model. Upon initial recognition, these are recognized at fair value. Subsequently these assets are carried at amortized cost less expected credit losses. Interest revenue is recorded on an accrual basis.

Refer to Note 3A for significant changes in accounting policies with the adoption on IFRS 9 and impairment of mortgages and loans receivable. An impairment loss for mortgages and loans receivable are measured at amortized cost and is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognized in net earnings or loss. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of a previous impairment loss to reverse or partially reverse, the decrease in impairment is reversed through net earnings or loss.

#### ***Deferred income taxes***

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.

## **Risk Factors**

The operations of the Company are speculative due to the nature of its business which is principally the investment in Streaming Contracts. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward- looking statements relating to the Company. The risks described herein are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

### **RISKS RELATING TO THE COMPANY'S BUSINESS**

#### ***Business Model and Operating History***

The Company has been operational and applying its streaming business model within the agricultural sector since 2012. The streaming business model employed by the Company is unique within the agricultural sector and different from traditional canola purchasing and/or financing options historically made available to farmers. There is no assurance that the streaming business model will be successful or widely accepted by farmers. As a result, the Company may not achieve profitability in future periods.

Management endeavours to ensure a good understanding of streaming contracts with each of Input's clients. In some circumstances, where disagreements arise, some issues may need to be resolved in court. While management is confident regarding positive outcomes to any potential disagreements and/or legal proceedings which could result, these could prove to be lengthy and/or expensive disagreements to adjudicate.

#### ***Agriculture is Risky - Adverse Weather Conditions and other Factors Affect Yield***

Adverse weather conditions represent a very significant operating risk affecting the agricultural industry. Weather conditions affect the types of crops grown, the quality and quantity of production and the levels of farm inputs which, in turn, affects sales mix, grain handling volumes and the level of canola sales. Adverse weather conditions, such as drought, excessive rains, hail, frost or snow can result in reduced, delayed or lost crop production and in turn, reduce the canola yields. A reduction in canola yields because of adverse weather conditions and other factors, such as crop diseases, pests and wildlife, can have a material adverse effect on the Company's financial condition and results of operations. The ability of farm operators to meet their obligations and the Company's financial results are dependent on the yield of canola produced each year. The Company requires the farm operators to carry crop insurance, and in most cases any crop insurance settlements are paid first to Input, but this crop insurance may not be sufficient to enable the farm operators to meet their obligations to the Company on a timely basis, or ever.

#### ***Credit and Financial Stability of the Farm Operators***

The success of agriculture commodity streaming depends significantly on the credit and financial stability of the farm operators. The Company's financial performance will be adversely affected if its farm operators are unable to meet their obligations under the Streaming Contracts. The capital-intensive nature of farming causes farm operations to be heavily reliant on debt financing. Farm operators that have substantial debt may be affected by rising interest rates. In certain circumstances, an increase in interest rates may reduce the profitability and financial stability of the farm operator. The farm operator's returns and financial stability can also be positively or negatively affected by crop grade and quality issues, weather delays, dockage levels, crop storage problems, farm equipment breakdowns, availability and quality of on-farm labour, changes in basis levels offered by grain buyers, transportation costs and complications, the availability of crop delivery slots and railway or port labour unrest. Certain expenditures, including crop storage and insurance costs and related charges, must be made throughout the period of investment regardless of whether the crop is producing any income.

### ***Grain Handling and Marketing System***

The grain handling and marketing system in western Canada is affected by the capacities of the grain collection network (both country and export facilities), capacities of the transportation system (ship, rail and truck), prolonged inclement weather, throughput issues, shipping bottlenecks, and union strikes, amongst other events. Any of these events may impede the ability of the Company to convert its canola into cash in the timeframe the Company anticipates.

### ***Agriculture Industry Cyclical***

The financial viability of farm operators will be largely dependent on the performance of the Canadian agricultural industry, including the agricultural industry in regions of Alberta, Saskatchewan and Manitoba. The agriculture sector has historically been a cyclical business. To the extent that the agricultural sector declines or experiences a downturn, the financial viability of farm operators could be materially adversely affected, including their ability to meet their obligations under the Streaming Contracts.

### ***Commodity Prices, International Trade and Political Uncertainty***

The business of the Company is directly dependent on the prices for grains, oilseeds and other agricultural commodities. The Company will be directly exposed to fluctuations in prices for these commodities. The prices for grains, oilseeds and other agricultural commodities are influenced by a variety of unpredictable factors that are beyond the control of the Company, including weather, government action (Canadian, United States and other), farm programs and policies and changes in global demand or other economic factors. The world grain market is subject to numerous risks and uncertainties, including risks and uncertainties related to international trade and global political conditions. Lower or fluctuating commodity prices may have a material adverse effect on the Company's financial results, business prospects and financial condition. Regulation and political factors can also have a significant impact.

Beginning in early 2019, China began restricting Canadian canola sales to China, a market which at the time was purchasing about 25% of the canola produced in Canada. This had an immediate impact on canola prices, particularly at the farm gate level, as the industry adjusted to this new reality. While there are signs that China may be acquiring Canadian canola indirectly via other countries, this reduced demand has reduced the price available to Canadian canola producers, including Input.

### ***Volatility of Canola Prices and Impact on Streaming Contracts***

The Company acquires from the farm operator the right to purchase a specified number of tonnes of canola in each year over the term of the Streaming Contract and sells the canola at previously contracted or prevailing market prices at the time of the sale. The Company's financial performance is highly sensitive to prices for grains, oilseeds and other agricultural commodities and such prices are influenced by a variety of unpredictable factors that are beyond the control of the Company, including weather, farm programs, government policies and changes in global demand and other economic factors. Given that the total consideration paid to a farmer under the Capital and Mortgage Stream Contracts is fixed for the term at the time of entering the Streaming Contract, lower or fluctuating canola prices during the term of such Streaming Contracts may have a material adverse effect on the Company's financial results, business prospects and financial condition. Such material adverse effects on the Company's financial results, business prospects and financial condition may have a greater impact if the Company cannot enter into new Streaming Contracts over successive years, which contracts consider the prevailing market prices at the time of entering into the Streaming Contracts.

### ***No or Limited Control Over Farming Operations***

The farm operators have control over the farming operations and the yield and quality of the canola will be dependent on the farming practices of the farm operator. The farm operator may decide to suspend or discontinue farming operations and the Company may not be entitled to any material compensation if the farm operator shuts down or discontinues its operations on a temporary or permanent basis. The farm operator owns or leases the farm land and the farm equipment and is responsible for the day to day management and operations. The farm operator is responsible for the control of risks of farming as well as the responsibility for the capital and operating expenses and the work of farming. The Company will be reliant on the farm operators for management and control of the farming operations to produce the canola.

### ***Concentration of Streaming Contracts to a Single Agricultural Commodity May Carry Inherent Risks***

While the Company is willing and able to accept or market other commodities in lieu of canola, the Streaming Contracts are primarily denominated in canola. This commodity concentration exposes the Company to greater risk of factors affecting the production of canola, including weather conditions, crop grade and quality issues, dockage levels, availability of farm programs and general growing conditions than if the Streaming Contracts were in respect of a diverse range of commodities. The demand for canola may be affected by several factors, including international economic conditions and the availability of substitute products for canola.

### ***Regulatory Regime Relating to the Farm Operator***

Agricultural operations are typically governed by a broad range of federal, state, provincial and local environmental, health and safety laws and regulations, permits, approvals, common law and other requirements that impose obligations relating to, among other things: worker health and safety; the release of substances into the natural environment; the production, processing, preparation, handling, storage, transportation, disposal, and management of substances (including liquid and solid, non-hazardous and hazardous wastes and hazardous materials); and the prevention and remediation of environmental impacts such as the contamination of soil and water (including groundwater). Failure by a farm operator to comply with applicable laws, rules, regulations and policies may subject the farm operator to civil or regulatory proceedings, including fines, injunctions, administrative orders or seizures and may have a material adverse effect on the farm operator's financial condition and operations and its ability to comply with its obligations under the Streaming Contracts.

### ***Regulatory Regime Relating to the Company***

While management believes that the Company has all licenses, permits, authorizations and approvals necessary to conduct its business, there can be no assurance that these beliefs are accurate or that laws or regulatory regimes will not be changed in a manner that would adversely impact the Company, including by requiring it to obtain certain licenses, permits, authorizations or approvals or requiring it to operate subject to a regulatory regime.

### ***No New Streaming Contracts***

There can be no assurance that the Company will enter into new Streaming Contracts or disburse its available capital within the time expectations of management. Cash held by the Company will not provide a return equivalent to cash disbursed pursuant to new Streaming Contracts. The terms of any new Streaming Contracts may be less favourable to the Company than the existing Streaming Contracts.

In May 2019, the Company announced that it was halting capital deployment and that it would not enter into new Streaming Contracts until it had found a financial partner or capital to fund the growth of the Mortgage Stream portfolio. The Company believes that no such partner or capital will be found for as long as canola trade issues between Canada and China remain unresolved.

### ***Expiry of Streaming Contracts***

Upon the expiry of a Streaming Contract, there can be no assurance that the contract will be renewed. The terms of any subsequent Streaming Contract may be less favourable to the Company than the existing Streaming Contract. The timing of the expiration of Streaming Contracts may be a factor if many expire the same year requiring a large amount of upfront payments to be made by the Company when it may not have the capital available to make such upfront payments for renewed contracts.

### ***Concentration of Streaming Contracts***

The Company does not have any specific limits with respect to geographic region or the number of farm operators entering Streaming Contracts. Although the Company will generally seek to diversify the Streaming Contracts across Alberta, Saskatchewan and Manitoba and among various farm operators, this may not be the case at all times or if the Company deems it advantageous to be less diversified. Accordingly, the Company's business may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting a particular geographic region than would be the case if the Company were required to maintain a specified measure of geographic diversification of its Streaming Contracts.

### ***The Collateral Securing a Streaming Contract May Not Be Sufficient***

The Company's business depends on the creditworthiness of the farm operators and their ability to fulfill their obligations to the Company. While the Company takes security against collateral, there is no assurance that such security will be enforceable, properly perfected or will have priority as against other creditors. The value of the collateral securing the Streaming Contracts may not protect the Company from suffering a partial or complete loss if the farm operator fails to meet its commitments. Such losses would have a material adverse effect on the Company's revenue, net income, financial condition and results of operations. *The Saskatchewan Farm Security Act* has restrictions preventing an exchange listed entity from owning farm land in Saskatchewan and therefore, upon a realization of farm land, the Company would be required within two (2) years to divest its interest in such farm land, unless the Company obtains an exemption pursuant to *The Saskatchewan Farm Security Act*. The timing of the divestiture of farm land could negatively affect the value of the farm land upon a realization.

Additionally, as part of the Company's enforcement of its security, it may temporarily hold real or personal property which will be reported on the Company's financial statements in accordance with International Financial Reporting Standards. The value of the property reported on the financial statements may not be the value realized on divesting of such property. Furthermore, the farm operator may seek to avail itself of potential legislative protections from the realization of security by its creditors, including in respect of the homestead, or certain legislative provisions may otherwise exempt a farm operator's property and assets from seizure and, if such protections or exemptions are applicable and available to a farm operator, the intended loss protection benefits of such security to the Company could be diminished. Also, applicable legislation in one or more of the provinces where the Company operates may impose various procedural requirements that need to be satisfied in order for the Company to realize on its security against farm operators, thereby resulting in delays in the enforcement process and increased costs of enforcement.

### ***Farm Operator Defaults May Lead to Unexpected Losses***

The Company's net investment in Streaming Contracts for its own account and to be held for future contracts exposes the Company to default risk. Default risk is the risk that the Company will incur an unexpected loss because its counterparties to Streaming Contracts fail to discharge their contractual obligations. The Company is exposed to default risk as it arises from events and circumstances beyond its control relating to adverse economic conditions, adverse farming conditions, business failure or fraud. Excessive default losses could adversely affect the Company's ability to generate and fund new Streaming Contracts. In the event of default by a farm operator, delays or limitations in enforcing rights may be experienced and costs incurred in protecting the Company's investment may

be incurred. Furthermore, at any time, a farm operator may seek the protection of bankruptcy, insolvency or similar laws that could adversely affect the financial performance of the Company.

### ***Streaming Contract Strategy***

As part of the Company's business strategy, it has sought Streaming Contract opportunities in the canola industry. There can be no assurance that the Company will enter into any more Streaming Contracts than it has today. Furthermore, the Company may fail to select appropriate farm operators with which to enter into Streaming Contracts or may fail to negotiate acceptable terms in such Streaming Contracts. The Company cannot ensure that it will enter into any Streaming Contract that it pursues, on favourable terms, or that any Streaming Contract will ultimately benefit the Company.

### ***Litigation***

In the ordinary course of business, the Company is involved in various legal and regulatory actions and claims, both as a defendant and as a plaintiff. These claims and actions relate to, among other matters, streaming contracts, grain deliveries, recovery actions, purported class actions, and cross-claims further to recovery actions. Management considers that adequate provisions have been set aside to cover any potential losses and any amounts that might not be recoverable from security realization, insurance companies, or others, as the case may be, in connection with these claims.

Litigation has been, and will likely continue to be, necessary to determine the scope, enforceability and validity of third-party rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail in this "Risk Factors" section of this MD&A.

Management reviews all relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where a potential loss is considered probable and the amount is reasonably estimable, provisions for loss are made based on management's assessment of the likely outcome. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum amount in the range. The Company does not make a provision for claims for which the outcome is not determinable or claims for which the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provisioned for when reasonably determinable.

As of September 30, 2019, there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore the Company has provisioned for no accrual.

### ***Company's Use of Debt Financing***

The Company has debt financing from HSBC Bank Canada and Concentra Bank. Additional debt obligations may be incurred by the Company in the future. The Company's present indebtedness and any additional debt it may incur in the future could have negative consequences on its business.

The credit agreements with HSBC Bank Canada and Concentra Bank contain negative covenants that limit the Company's ability, among other things, to:

- make any material change in the nature of the Company's business and operations;
- consolidate, amalgamate or merge with any other person;
- dispose of, or create or permit a lien upon the Company's assets; and
- change the capital structure or engage in any reorganization transaction.

A breach of any of the negative covenants or in the Company's ability to comply with positive covenants and financial covenants or the inability of the Company to repay the indebtedness could result in a default under the credit agreements. If a default occurs, the lenders under the credit agreements may elect to declare all borrowings outstanding under the facility, together with accrued interest and other fees, to be immediately due and payable.

#### ***Lack of Funding May Limit the Ability to Originate Streaming Contracts***

The Company's growth is dependent on its ability to secure funding to fund new Capital and/or Mortgage Stream Contracts. While the Company will actively pursue new sources of funding and expects to have sufficient cash flow from operations, there can be no assurance that such funding will be available to finance additional Streaming Contracts. In May 2019, the Company announced that its strategic alternatives process had not produced suitable scalable funding, and that until such funding became available, it would halt deploying capital into new Streaming Contracts.

#### ***Competition***

The Company experiences competition for agriculture commodity Streaming Contracts with farmers in the form of more traditional types of farm financing arrangements. Certain of the Company's competitors, including Farm Credit Canada, other institutional lenders and government programs for farmers, may have greater financial and capital resources than the Company. The Company could face increased competition from newly formed or emerging entities, as well as from established entities that choose to focus (or increase their existing focus) on farming ventures or on a commodity streaming business.

Farmers who have entered into a Streaming Contract at a time of financial stress may also choose to buy out of their Streaming Contract prior to the end of the term of the agreement in favour of a new financing package from one of these competitors. While this puts cash back on the balance sheet of the Company, it reduces future earning potential to a smaller book of contracts.

Another potential source of competition exists with potential copycat firms seeking to enter the agriculture streaming business. There can be no guarantee that sufficient numbers of farmers will be willing to enter into agriculture commodity streaming arrangements with the Company on commercially acceptable terms or at all.

#### ***Reliance on Ability and Judgment of Management***

The success of the Company will, to a large extent, depend on the good faith, experience, ability and judgment of the board, management and any consultants and advisors to make appropriate decisions with respect to the operations of the Company. The Company does not maintain key person life insurance for any members of its management team. If the Company loses the services of one or more of these individuals, the business, financial condition and results of operations of the Company may be materially adversely affected.

#### ***Past Performance***

The past performance of the founders and any affiliated companies, limited partnerships or projects is not indicative of future performances.

#### ***Conflicts of Interest of Management and Others***

Investors should appreciate that they are relying on the good faith, experience, ability and judgment of the management team in respect of the identification of agriculture commodity streaming partners, and ongoing management of the business of the Company.

While management of the Company endeavours to enter into business arrangements that would be considered normal in the industry, occasional conflicts may arise. Such conflicts will be properly dealt with pursuant to the terms of the SBCA.

### ***Quarterly Net Income and Results of Operations are Difficult to Forecast and May Fluctuate Substantially***

The Company's quarterly net income and results of operations are difficult to forecast. There may be substantial fluctuations in net income and results of operations from quarter to quarter. There is a high degree of seasonality in the agricultural industry and in the Company's business, which may affect the timing of cash flows. You should not rely on results of operations from any prior reporting period to be indicative of performance in future reporting periods.

## **RISKS RELATING TO THE OWNERSHIP OF SHARES**

### ***Market Price of the Shares***

An investment in the Shares is highly speculative. Securities of companies involved in the agriculture industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Shares is also likely to be significantly affected by short-term changes in commodity prices or in the Company's financial condition or results of operations as reflected in its financial statements.

### ***Global Financial Conditions***

Global financial conditions have always been subject to volatility. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and the price of the Shares could be adversely affected.

### ***Volatile Market Price for the Shares***

The market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- sales or perceived sales of additional Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- changes in global financial markets and global economies and general market conditions, such as interest rates and agricultural commodity price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets experience significant price and volume fluctuations that affect the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Shares may be materially adversely affected.

### ***Future Capital Requirements***

The Company may need to raise additional funds through public or private debt or equity financings in order to:

- fund ongoing operations;
- take advantage of opportunities, including more rapid expansion of the Company's business or the acquisition of complementary businesses; or
- respond to competitive pressures.

Any additional capital raised through the sale of equity may dilute the Company's shareholders' percentage ownership of the Shares. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favourable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement the Company's growth strategy and grow or maintain the Company's operations.

In May 2019, the Company announced that its strategic alternatives process had not produced suitable scalable funding, and that until such funding became available, it would halt deploying capital into new Streaming Contracts.

### ***Future Sales of Shares by Shareholders***

Sales of a substantial number of Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Shares intend to sell Shares, could reduce the market price of the Shares.

### ***A Significant Number of Shares are Owned by a Limited Number of Existing Shareholders***

The Company's management, directors and employees own a substantial number of the outstanding Shares (on a fully diluted basis). As such, the Company's management, directors and employees, as a group, are in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders.

### ***Publication of Inaccurate or Unfavourable Research by Securities Analysts or Other Third Parties***

The trading market for the Shares relies in part on the research and reports that securities analysts and other third parties choose to publish about the Company. The Company does not control these analysts or other third parties. The price of the Shares could decline if one or more securities analysts downgrade the Shares or if one or more

securities analysts or other third parties publish inaccurate or unfavourable research about the Company or cease publishing reports about the Company.

## New Accounting Standard 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 and that will have an impact for Input are outlined below:

Proposed Standard	Description	Effective Date	Expected Impact
IFRS 16 - Leases	The new standard specifies how an IFRS reporter will recognize, measure, present and disclose leases.	Fiscal years beginning on or after January 1, 2019, applied retrospectively.	The Company does not expect a significant impact on the financial statements, but continues to do analysis.
IFRIC Interpretation 23 – Uncertainty over income tax treatments	The interpretation provides guidance on the accounting for current and deferred tax assets and liabilities in certain circumstances in which there is uncertainty over income tax treatments.	Fiscal years beginning on or after January 1, 2019, applied prospectively.	The Company does not expect a significant impact on the financial statements, but continues to do analysis.

Input plans to adopt the above standards when they become effective.

Input has initially applied IFRS 15 and IFRS 9 effective October 1, 2018. Refer to Note 3 of the Financial Statements for further discussion. A number of other new interpretations and amendments are also effective from October 1, 2018, but they do not have a material impact on the Company's financial statements.

Due to the transition methods chosen by Input in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The effect of initially applying these standards is mainly attributed to increased disclosure within the financial statements. Each new standard is outlined in detail in note 3 of the financial statements.

## Outstanding Share Data

At November 30, 2019, there were 63,304,757 common voting shares outstanding (September 30, 2018 – 83,250,960).

The following table sets forth the issued and outstanding common voting shares and the common voting shares issuable on the conversion, exercise or exchange of securities into common voting shares.

Common Shares	Number
Outstanding	63,304,757
Issuable upon exercise of options <sup>1</sup>	4,401,800
<b>Fully diluted common shares</b>	<b>67,706,557</b>

Notes:

- (1) Stock option plan - Input has a stock option plan and, pursuant to the stock option plan, a total of 4,401,800 stock options are outstanding. All of the 4,401,800 stock options issued have been issued to directors, officers, employees and consultants of Input.

## Non-IFRS Measures

We have established certain key performance metrics as indicators of the Company's strength. These include certain non-IFRS performance measures, including:

- Adjusted Crop Revenue, Adjusted Crop Volume and Adjusted Crop Margin;
- Adjusted Total Revenue;
- Adjusted Net Income, Adjusted Net Income per share, Adjusted EBITDA, Adjusted EBITDA per share, and;
- Book Value per share.

We use these non-IFRS measures for its own internal measurement purposes. These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and these measures may be calculated differently by other companies. The presentation of these non-IFRS measures enables investors and analysts to understand the underlying operating and financial performance of the Company in the same way as it is evaluated by us. We will periodically assess these non-IFRS measures and the components thereof to ensure their continued use is beneficial to the evaluation of the underlying operating and financial performance of the Company, and to confirm that these measures remain useful for comparison purposes to other royalty/streaming companies.

### ADJUSTED CROP REVENUE, ADJUSTED CROP VOLUME AND ADJUSTED CROP MARGIN

In addition to regular crop delivery, we may accept cash or other assets as an acceptable settlement of crop volumes due to us under any kind of crop purchase agreement, including streaming contracts. This is done to square up partial loads, via offset of crop payments against volumes of committed tonnes, or as a result of crop insurance proceeds being paid directly to us to replace delivery shortfalls. Under the standards of IFRS, such net settlements do not meet the definition as sales revenue. The table below reconciles sales from physical crop volumes and net settlements of crop interests to arrive at an amount herein referred to as adjusted crop revenue, adjusted crop volume and adjusted crop margin.

Summary of Crop Sales	Fiscal year ended Sept 30, 2019			Fiscal year ended Sept 30, 2018		
<i>CAD millions, unless otherwise noted</i>	Crop Sales	Net Settlement	Adjusted	Crop Sales	Net Settlement	Adjusted
Crop volume (canola equivalent MT)	81,133	7,354	<b>88,487</b>	76,381	9,291	85,672
Crop revenue	39.401	3.478	<b>42.879</b>	36.763	4.573	41.336
add (subtract): gain (loss) from sale of futures and options	(0.376)	-	<b>(0.376)</b>	0.768	-	0.768
less: Upfront payments	(6.160)	(1.460)	<b>(7.620)</b>	(8.053)	(2.673)	(10.726)
less: Crop payments	(17.476)	(0.946)	<b>(18.422)</b>	(15.696)	(0.879)	(16.575)
less: Other direct expenses	(13.429)	(0.005)	<b>(13.434)</b>	(9.470)	(0.010)	(9.480)
<b>Crop margin</b>	<b>1.959</b>	<b>1.067</b>	<b>3.026</b>	<b>4.312</b>	<b>1.011</b>	<b>5.323</b>

Summary of Crop Sales	Three months ended Sept 30, 2019			Three months ended Sept 30, 2018		
<i>CAD millions, unless otherwise noted</i>	Crop Sales	Net Settlement	Adjusted	Crop Sales	Net Settlement	Adjusted
Crop volume (canola equivalent MT)	907	1,644	<b>2,551</b>	9,257	643	9,901
Crop revenue	0.384	0.692	<b>1.077</b>	4.513	0.312	4.825
add (subtract): gain (loss) from sale of futures and options	(0.020)	-	<b>(0.020)</b>	0.566	-	0.566
less: Upfront payments	(0.094)	(0.323)	<b>(0.417)</b>	(0.206)	(0.153)	(0.359)
less: Crop payments	(0.103)	(0.248)	<b>(0.352)</b>	(3.334)	(0.055)	(3.389)
less: Other direct expenses	(0.181)	0.002	<b>(0.178)</b>	(0.961)	(0.002)	(0.963)
<b>Crop margin</b>	<b>(0.015)</b>	<b>0.124</b>	<b>0.109</b>	<b>0.578</b>	<b>0.102</b>	<b>0.680</b>

## ADJUSTED TOTAL REVENUE

Adjusted Total Revenue is a non-IFRS financial measure calculated by adding the following to Adjusted Crop Revenue:

- Interest Revenue; and
- Rental Revenue.

In addition to regular crop delivery, we may accept cash or other assets as an acceptable settlement of crop volumes due to us under any kind of crop purchase agreement, including streaming contracts. This is done to square up partial loads, via offset of crop payments against volumes of committed tonnes, or as a result of crop insurance proceeds being paid directly to us to replace delivery shortfalls. Under the standards of IFRS, such net settlements do not meet the definition as sales revenue. The tables in the section above reconcile sales from physical crop volumes and net settlements of crop interests to arrive at an amount referred to as adjusted crop revenue. Adjusted total revenue is the total of adjusted crop revenue, interest revenue, and rental revenue, and in the opinion of management is a better measure of Company revenue from period to period.

Summary of Adjusted Total Revenue	Three months ended Sept 30		Fiscal year ended Sept 30	
	2019	2018	2019	2018
<i>CAD millions, unless otherwise noted</i>				
Adjusted crop revenue	<b>1.077</b>	4.825	<b>42.879</b>	41.336
plus: Interest revenue	<b>1.208</b>	1.038	<b>4.572</b>	2.392
plus: Rental revenue	<b>0.007</b>	0.013	<b>0.045</b>	0.293
<b>Adjusted total revenue</b>	<b>2.291</b>	5.875	<b>47.496</b>	44.021

## ADJUSTED NET INCOME, ADJUSTED NET INCOME PER SHARE, ADJUSTED EBITDA AND ADJUSTED EBITDA PER SHARE

Adjusted Net Income and Adjusted Net Income per share are non-IFRS financial measures calculated by excluding the following from net income (loss) and earnings per share (“EPS”):

- Unrealized market value adjustment;
- Realized market value expense (gain);
- Realized market value loss (gain) on buyouts;
- Non-recurring and other expenses.

Management uses Adjusted Net Income and Adjusted Net Income per share to evaluate the underlying performance of the Company for the reporting periods presented. Management believes that Adjusted Net Income and Adjusted Net Income per share are useful metrics for investors and analysts to evaluate the underlying performance of the Company. While the loss/gain on market value adjustment of the Company’s crop interests will be a recurring item, this loss/gain does not reflect the underlying operating performance of the Company, nor is it necessarily indicative of future operating results.

Adjusted EBITDA and Adjusted EBITDA per share are non-IFRS financial measures calculated by excluding the following from adjusted net income and adjusted net income per share:

- Income tax expense (recovery);
- Realization of crop interests - upfront payments;
- Amortization of capital and intangible assets; and
- Interest expense on revolver.

Management’s view is that Adjusted EBITDA and Adjusted EBITDA per share are useful metrics for investors and analysts to evaluate the pre-tax earnings of the Company without the effects of non-cash charges (such as amortization of capital and intangible assets, realization of upfront crop interests and interest expenses).

The Company treats upfront payments as an investment in future deliveries of crop. Adjusted EBITDA is a non-IFRS measure that is useful in evaluating the Company's results after this upfront investment is made.

<i>Reconciliation of Net Income, Adjusted Net Income, Adjusted Net Income per Share, Adjusted EBITDA and Adjusted EBITDA per Share</i>	Three months ended Sept 30		Fiscal year ended Sept 30	
	2019	2018	2019	2018
<b>CAD millions, unless otherwise noted</b>				
<b>Net income (loss)</b>	<b>0.628</b>	(2.497)	<b>(2.235)</b>	(1.383)
<b>Expected credit and impairment losses</b>	<b>0.541</b>	1.900	<b>0.541</b>	1.900
Unrealized market value loss (gain)	<b>(0.741)</b>	1.914	<b>4.323</b>	0.978
Realized market value expense (gain)	<b>0.057</b>	0.018	<b>(0.007)</b>	0.201
Realized market value loss on buyouts	<b>(0.004)</b>	0.125	<b>0.062</b>	0.956
Non-recurring & other expenses <sup>1</sup>	<b>0.091</b>	0.238	<b>0.995</b>	1.426
<b>Adjusted net income (loss)</b>	<b>0.571</b>	1.698	<b>3.679</b>	4.079
<b>Adjusted net income (loss) per share</b>	<b>\$0.01</b>	\$0.02	<b>\$0.05</b>	\$0.05
Income tax expense (recovery)	<b>0.269</b>	(1.074)	<b>(0.649)</b>	(0.438)
Realization of crop interests - upfront payment	<b>0.417</b>	0.359	<b>7.620</b>	10.726
Amortization of capital and intangible assets	<b>0.011</b>	0.010	<b>0.082</b>	0.046
Interest expense on revolver	<b>0.069</b>	0.045	<b>0.206</b>	0.167
<b>Adjusted EBITDA</b>	<b>1.337</b>	1.038	<b>10.938</b>	14.579
<b>Adjusted EBITDA per share</b>	<b>\$0.02</b>	\$0.01	<b>\$0.14</b>	\$0.17
Weighted average shares outstanding (basic)	<b>67.580</b>	84.123	<b>78.775</b>	84.043

Note:

- (1) Non-recurring and other expenses are those deemed by management to be non-cash, non-recurring, relating to financing, security realization, severance costs, share-based payments, or other, predominantly reported within general and administrative expenses.

## BOOK VALUE PER SHARE

Book Value per share is a non-IFRS financial measure calculated by dividing total shareholders' equity by the basic shares outstanding.

Management's view is that Book Value per share is a useful metric for investors and analysts to summarize the net realizable value of the Company's assets and liabilities on a per share basis, based on the Balance Sheet.

Summary of Book value per share	As at Sept 30, 2019	As at Sept 30, 2018
Total shareholders' equity	<b>80.600</b>	101.371
<b>Common shares outstanding</b>	<b>63.752</b>	83.251
<b>Book value per share</b>	<b>\$1.26</b>	\$1.22

## Outlook

Canola prices have been soft due in large part to trade disruptions with China, Canada's traditionally largest canola customer, as well as general softness in the price of US soybeans, to which canola prices have a strong correlation. Canola futures prices are down about 10% from one year ago.

It is impossible to know when or to what degree canola prices will rise, or if these trade tensions will be resolved. However, shareholders should bear in mind that while lower canola prices do have an impact on the profitability of our business, the effect is moderate, and we have a significant margin of safety. Every one of our contracts remains profitable at today's prevailing canola prices. In fact, the price of canola could fall below the marginal cost of production of our farm clients, and our canola margins would remain positive.

Our operational focus is on profitably managing the contracts that we currently have with existing clients. We plan to continue to distribute capital to shareholders via the dividend and through NCIB activity at appropriate price levels, reduce our debt while maintaining solid liquidity, and focus on maximizing Book Value per Share.

## Cautionary Statement on Forward-looking Information

Certain information contained in this MD&A contains forward-looking statements concerning the future results, future performance, intentions, objectives, plans and expectations of the Company. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “estimates”, “intends”, “anticipates”, “believes” or variations of such words and phrases (including negative and grammatical variations) or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements include known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and perception relating to historical trends, current conditions and expected future developments and other factors the Company believes are appropriate, and are subject to risks and uncertainties. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect and the fact that the Company has a short operating history may result in the assumptions being less accurate. Whether actual results, performance or achievements will conform to the Company’s expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under the section entitled “Risk Factors” in Input’s Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

Forward-looking statements are not guarantees of future performance. These forward-looking statements should not be relied upon as representing the views of the Company as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement and by the risk factors described under the Heading “Risk Factors” in our most recent Annual Information Form and as otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as required by applicable securities laws.

# CORPORATE INFORMATION

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