INPUT CAPITAL
THE AGRICULTURE STREAMING COMPANY

FY2019 THIRD QUARTER ENDED JUNE 30, 2019
MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Fiscal Year 2019 Third Quarter Ended June 30, 2019

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 unaudited financial statements for the quarter ended June 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 or on our website at www.inputcapital.com.

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of August 13, 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 16.

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 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.

Three months ended June 30, 2019

For the second quarter of the 2019 fiscal year, adjusted net income per share was $0.01 for the three months ended June 30, 2019, compared to $0.00 for the same three month period last year. Adjusted EBITDA per share was $0.01 for the three months ended June 30, 2019, compared to $0.01 for the same three month period last year.

Twelve months ended June 30, 2019

Our adjusted net income per share was $0.06 for the twelve months ended June 30, 2019, compared to $0.05 for the same twelve-month period last year. Adjusted EBITDA per share was $0.11 for the period, compared to $0.25 for the same twelve-month period last year, primarily due to accounting differences between capital streams and mortgage streams. Mortgage streams generate less EBITDA per dollar deployed than do capital streams.

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 June 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 is a better way to look at our business.

Strategic Alternatives 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.

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 and returning capital to shareholders by maximizing the use of the Company's Normal Course Issuer Bid program and exploring the use of a 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.

Since the completion of the SIB, our previously announced Normal Course Issuer Bid ("NCIB") program has been actively buying back additional shares for cancellation.

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 executive compensation while capital deployment is halted.

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 Jun 30		Twelve months ended Jun 30	
CAD millions, unless otherwise noted	**2019**	2018	**2019**	2018
Revenue				
Crop	**1.973**	0.607	**43.530**	43.664
Interest	**1.062**	0.785	**4.402**	1.653
Rental	**0.013**	0.094	**0.050**	0.309
Total revenue	**3.047**	1.486	**47.982**	45.626
Adjusted crop revenue	**3.879**	1.897	**46.627**	50.978
Adjusted total revenue	**4.954**	2.776	**51.080**	52.940
Corporate admin expense	**1.354**	1.530	**6.279**	6.710
Adjusted net income (loss)	**1.064**	0.249	**4.806**	4.178
Adjusted net income (loss) per share (basic)	***$0.01***	*$0.00*	***$0.06***	*$0.05*
Adjusted EBITDA	**1.007**	1.261	**9.502**	20.397
Adjusted EBITDA per share (basic)	***$0.01***	*$0.01*	***$0.11***	*$0.25*
Ending canola reserves (MT)	**272,000**	366,000	**272,000**	366,000
Total capital deployed in period	**4.459**	16.819	**14.661**	33.791
Active streaming clients	**406**	371	**406**	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 quarter ended June 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 is 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 Jun 30**		**Twelve months ended Jun 30**	
CAD millions, unless otherwise noted	**2019**	2018	**2019**	2018
Total Revenue	**3.047**	1.486	**47.982**	45.626
Corporate admin expense	**1.354**	1.530	**6.279**	6.710
Net income (loss)	**(1.050)**	0.092	**(5.360)**	1.282
Weighted average number of common shares outstanding				
Basic	**82.111**	84.298	**82.945**	83.520
Fully diluted	**86.794**	90.722	**88.145**	90.364
Net income (loss) per share (basic)	***$(0.01)***	*$0.00*	***$(0.06)***	*$0.02*
Net income (loss) per share (fully diluted)	***$(0.01)***	*$0.00*	***$(0.06)***	*$0.01*
Statements of Cash Flows				
Cash generated from (applied to) operating activities	**(1.421)**	(4.321)	**26.859**	30.365

Statements of Financial Position *CAD millions, unless otherwise noted*	**As at Jun 30, 2019**	**As at Jun 30, 2018**
Cash	**25.833**	9.007
Crop interests and other financial assets	**29.741**	45.169
Loans and mortgages receivable	**57.816**	42.969
Total assets	**122.986**	115.013
Total liabilities	**27.614**	9.563
Total shareholders' equity	**95.373**	105.450
Common shares outstanding	**82.022**	84.172
Book value per share	***$1.16***	*$1.25*
Working capital	**29.880**	16.145
Revolving credit facility	**5.404**	3.966
Long-term debt	**18.910**	-

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 – Q3**	FY19 – Q2	FY19 – Q1	FY18 – Q4	FY18 – Q3	FY18 – Q2	FY18 – Q1	FY17 – Q4
CAD millions, unless otherwise noted	**Jun 30, 2019**	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017
Comprehensive Income (Loss)								
Total Revenue	**3.047**	14.118	25.254	5.564	1.486	6.617	25.781	11.741
Corporate admin expense	**1.354**	1.757	1.827	1.341	1.530	1.908	1.860	1.411
Comprehensive net income (loss)	**(1.050)**	(1.104)	(0.710)	(2.497)	0.092	0.441	0.582	0.168
Weighted avg. number common shares outstanding								
Basic	**82.111**	82.312	83.210	84.123	84.298	84.625	83.143	82.046
Fully diluted	**86.794**	86.379	88.859	90.493	90.722	91.151	89.958	89.648
Net Income (loss) per share (basic)	**$(0.01)**	$(0.01)	$(0.01)	$(0.03)	$0.00	$0.01	$0.01	$0.00
Net Income (loss) per share (fully diluted)	**$(0.01)**	$(0.01)	$(0.01)	$(0.03)	$0.00	$0.00	$0.01	$0.00
Operating Cash Flow								
Cash generated from (applied to) operating activities	**(1.421)**	3.307	21.975	2.998	(4.321)	(1.927)	28.583	8.029

Financial Position								
Cash	**25.833**	24.534	20.025	14.877	9.007	25.308	30.343	17.615
Crop interests and other financial assets	**29.741**	30.393	34.426	40.355	45.169	55.324	58.823	68.423
Loans and mortgages receivable	**57.816**	61.823	58.515	54.202	42.969	23.470	12.255	12.329
Total assets	**122.986**	125.853	123.052	119.065	115.013	121.220	120.154	120.555
Total liabilities	**27.614**	28.592	23.615	17.694	9.563	14.941	13.094	15.436
Total shareholders' equity	**95.373**	97.262	99.436	101.371	105.450	106.279	107.060	105.119
Common shares outstanding	**82.022**	82.154	82.542	83.251	84.172	84.368	84.784	82.673
Book value per share	***$1.16***	*$1.18*	*$1.20*	*$1.22*	*$1.25*	*$1.26*	*$1.26*	*$1.27*
Working capital	**29.880**	26.949	28.988	25.226	16.145	26.832	38.605	28.870
Revolving credit facility	**5.404**	5.404	1.578	3.687	3.966	5.185	1.508	6.351
Long-term debt	**18.910**	19.311	16.166	9.967	-	-	-	-

Non-IFRS Measures & KPIs								
Adjusted crop revenue	**3.879**	13.534	24.389	4.825	1.897	6.755	27.859	14.467
Adjusted total revenue	**4.954**	14.666	25.584	5.875	2.776	7.164	28.206	14.794
Adjusted crop volume (canola equivalent MT)	**8,540**	27,775	49,727	9,901	3,837	14,127	57,807	30,550
Ending canola reserves (MT)	**272,000**	277,000	291,000	354,000	366,000	382,000	392,000	405,000
Total capital deployed in period	**4.459**	3.540	5.003	1.659	16.821	12.814	2.425	1.731
Active streaming clients	**406**	400	397	388	371	353	326	301
Adjusted net income (loss) per share	**$0.01**	$0.01	$0.02	$0.02	$0.00	$(0.00)	$0.03	$0.02
Adjusted EBIDTA per share	**$0.01**	$0.02	$0.07	$0.01	$0.01	$0.01	$0.14	$0.08

Summary of Annual Results

Due to the annual nature of agriculture and Input's business, management finds it useful to look at annual data on a trailing twelve month basis. 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 June 30 *CAD millions, unless otherwise noted*	Twelve months ended **Jun 30, 2019**	 Jun 30, 2018	 Jun 30, 2017
Comprehensive Income (Loss)			
Total Revenue	**47.982**	45.626	26.181
Corporate admin expense	**6.279**	6.710	8.646
Comprehensive net income (loss)	**(5.360)**	1.282	(9.916)
Weighted avg. number common shares outstanding			
Basic	**82.945**	83.520	81.697
Fully diluted	**88.145**	90.364	89.388
Net Income (loss) per share (basic)	**$(0.06)**	$0.02	$(0.12)
Net Income (loss) per share (fully diluted)	**$(0.06)**	$0.01	$(0.12)
Operating cash flow			
Cash generated from operating activities	**26.859**	30.365	14.612

Financial Position			
Cash	**25.833**	9.007	15.305
Crop interests and other financial assets	**29.741**	45.169	75.311
Loans and mortgages receivable	**57.816**	42.969	12.454
Total assets	**122.986**	115.013	121.008
Total liabilities	**27.614**	9.563	16.173
Total shareholders' equity	**95.373**	105.450	104.835
Common shares outstanding	**82.022**	84.172	81.923
Book value per share	***$1.16***	*$1.25*	*$1.28*
Working capital	**29.880**	16.145	21.461
Revolving credit facility	**5.404**	3.966	6.162
Long-term debt	**18.910**	-	-

Non-IFRS Measures & KPIs			
Adjusted crop revenue	**46.627**	50.978	35.566
Adjusted total revenue	**51.080**	52.940	36.146
Adjusted crop volume (canola equivalent MT)	**95,837**	106,322	74,468
Ending canola reserves (MT)	**272,000**	366,000	423,000
Total capital deployed in period	**14.661**	33.791	38.581
Active streaming clients	**406**	371	300
Adjusted net income per share	**$0.06**	$0.05	$0.08
Adjusted EBITDA per share	**$0.11**	$0.25	$0.26

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 Jun 30		Twelve months ended Jun 30	
CAD millions, unless otherwise noted	**2019**	2018	**2019**	2018
Adjusted crop volume (canola equivalent MT)	**8,540**	3,837	**95,837**	106,322
Adjusted crop revenue	**3.879**	1.897	**46.627**	50.978
add (subtract): gain (loss) from sale of futures and options	**(0.029)**	0.159	**0.211**	0.310
less: Upfront payments	**(0.951)**	(0.826)	**(7.563)**	(15.485)
less: Crop payments	**(1.090)**	(0.286)	**(21.460)**	(19.400)
less: Other direct expenses	**(1.190)**	(0.402)	**(14.219)**	(9.873)
Crop Margin	**0.620**	0.542	**3.596**	6.530
Interest revenue	**1.062**	0.785	**4.402**	1.653
less: interest expense on long-term debt	**(0.221)**	-	**(0.664)**	-
Interest margin	**0.842**	0.785	**3.738**	1.653
Rental revenue	**0.013**	0.094	**0.050**	0.309
Total Gross Margin	**1.475**	1.421	**7.384**	8.492

Three months ended June 30, 2019

For the quarter ended June 30, 2019, we generated adjusted crop revenue of $3.879 million on adjusted crop volume of 8,540 MT.

Adjusted crop revenue for the quarter represents a 123% increase in quarterly volume over the comparable quarter one year ago, when we sold 3,837 MT of canola equivalent for adjusted crop revenue of $1.897 million. Crop margin for the quarter was $0.620 million, compared to $0.542 million in the same quarter last year. The large increase in adjusted crop revenue is a result of weather-related delivery delays in September and resulting crop quality issues which pushed more of the expected 2018 crop sales into the second and third quarters compared to the previous year, when there were no significant weather-related delays.

During the period, the Company generated interest margin of $0.842 million compared to $0.785 million in the comparable quarter one year ago. This increase is a result of growth in the mortgage stream portfolio during the period.

Twelve months ended June 30, 2019

For the twelve months ended June 30, 2019, we generated adjusted crop revenue of $46,627 million on adjusted crop volume of 95,837 MT.

Adjusted crop revenue for the twelve months ending June 30, 2019, represent a 10% decrease in volume compared to the previous twelve month period, when we sold 106,322 MT of canola equivalent for adjusted crop revenue of $50.978 million. This translates into a crop margin of $3.596 million for the most recent year compared to $6.530 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 $3.738 million compared to $1.653 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.

NET INCOME (LOSS)

Three months ended June 30, 2019

For the quarter ended June 30, 2019, we generated a net loss before taxes of $1.408 million (a net loss of $1.050 million after tax) compared to income before taxes of $0.209 million ($0.092 million after tax) during the comparable quarter ended June 30, 2018. The loss is a result of an unrealized market value loss of $1.842 million during the quarter, which is primarily caused by a decline in canola prices during the period. We generated a profit of $0.434 million before the unrealized market value loss and income taxes. During the same period last year, we experienced an unrealized market value gain of $0.626 million, but had a loss before the unrealized market value gain and income taxes of $0.417 million.

Twelve months ended June 30, 2019

For the twelve months ended June 30, 2019, we generated a net loss before taxes of $7.353 million (a net loss of $5.360 million after tax) compared to net income before taxes of $1.784 million (net income of $1.282 million after tax) during the previous year. The loss in the period ended June 30, 2019 is a result of an unrealized market value loss of $8.878 million during the period. We generated a profit of $1.525 million before the unrealized market value loss and income taxes. During the previous comparable period, we experienced an unrealized market value loss of $1.621 million and had profit before the unrealized market value loss and income taxes of $3.405 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 June 30, 2019, we bought back a total of 132,500 shares at an average price of $0.77 per share. Over the nine month period ended June 30, 2019, the Company bought back a total of 1,229,000 shares for an average price of $0.85 per share.

Since we started the NCIB program in December 2017, we have bought back a total of 2,880,400 shares at an average price of $1.06 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.

SUBSTANTIAL ISSUER BID

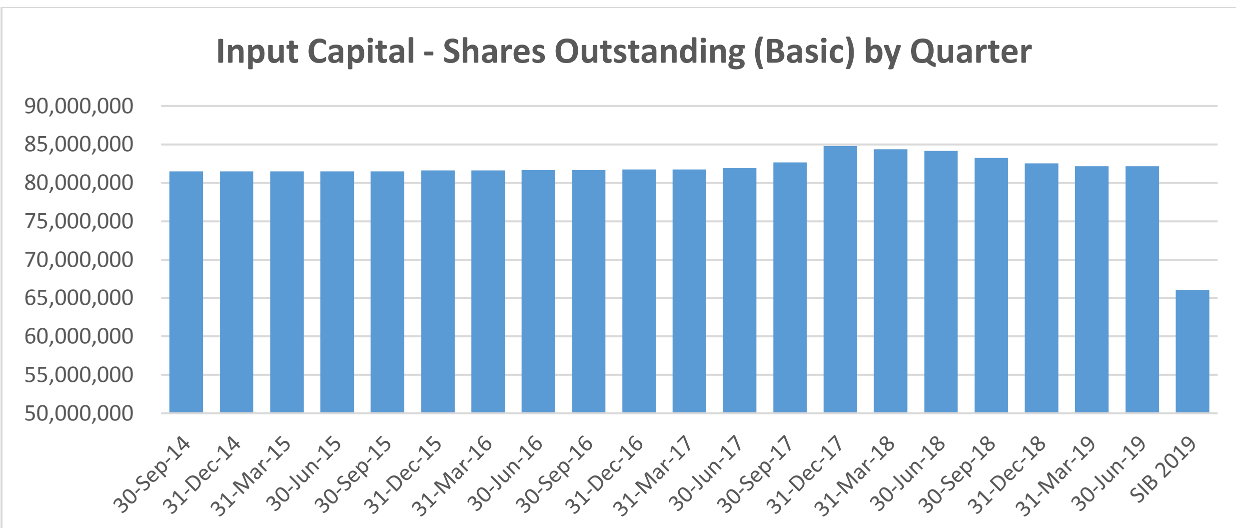
On June 3, 2019, we announced a Substantial Issuer Bid ("SIB") to purchase for cancellation up to $15,000,000 of our common shares at a price of between $0.72 and $0.82 per share, to be determined by way of a modified Dutch auction process.

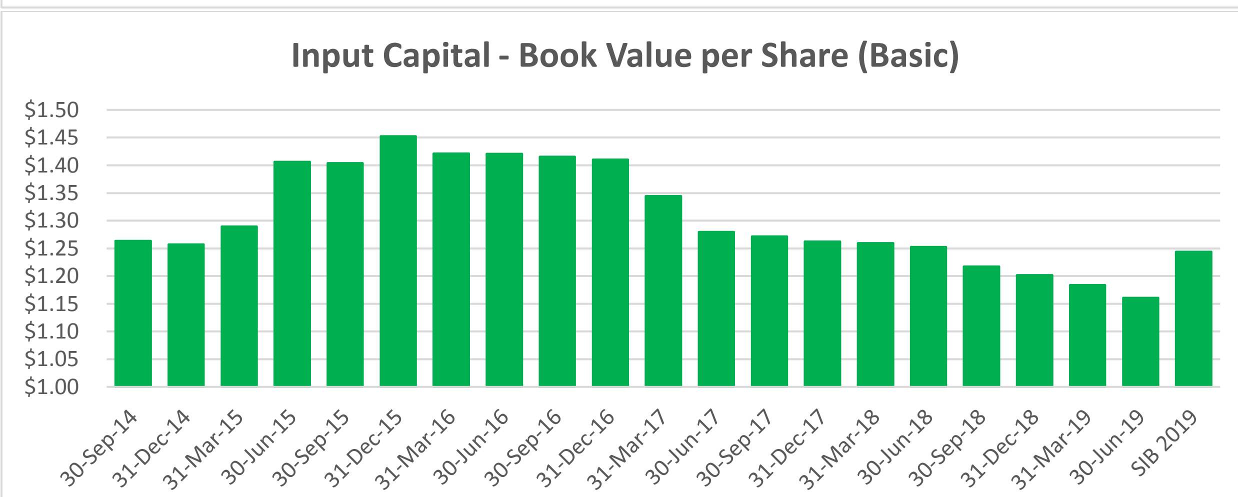
On July 15, 2019, we announced the completion of the SIB, in which we bought back 16,088,083 shares at a price of $0.82 per share, for a total expenditure of $13.192 million. Upon completion of the SIB, we had 65,933,877 shares outstanding, representing a reduction in our shares outstanding of 19.6%,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

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. In both cases, we also show the impact of the SIB, which was completed on July 15, 2019.





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 June 30, 2019, the deferred share units were valued at $0.78 per unit. The total number of vested deferred share units outstanding at June 30, 2019 was 881,377.

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 third quarter, we had capital streams with 91 farmers across western Canada. Some of these farmers also have a marketing stream and/or mortgage stream with us. During the quarter, we originated one new capital stream. 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.

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.

At the end of the third quarter, we had marketing streams with 342 farmers. Some of these farmers also have a capital stream and/or mortgage stream with us. 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, we have also recently offered existing clients who only have a marketing stream with us the opportunity to cancel the balance of their marketing stream contract. This offers these farmers a greater opportunity to hold their canola to market via their own marketing efforts later-on in the marketing season, potentially realizing a higher price than our marketing stream program is able to offer today.

Because over half our clients have only a marketing stream with us, there is potential that this offer to cancel marketing stream contracts could lead to a significantly reduced client count. If a significant number of marketing stream clients take up this opportunity, it will reduce the number of tonnes in our canola reserves and our annual canola revenue. However, marketing streams generate very small margins for us, and we do not expect there to be a material impact on our gross margin or our bottom-line earnings. We also gain some operational efficiencies by reducing the number of loads of canola to organize for marketing during a short period of time.

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 are expected to 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 the cost of reinvestment and the pace of redeployment required to maintain and grow our book of canola reserves.

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 $456 per tonne. As of the date of this MD&A, the spot price of canola is approximately $409 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 could 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 third quarter, the Company had mortgage streams with 51 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

We believe that the mortgages underlying mortgage streams may be candidates for future securitization, which would allow us to sell mortgages in whole or in part to financial institutions. We have a conservative aversion to general operating debt, but are willing to borrow capital for mortgages that is secured against those mortgages.

Last year, we entered into credit facilities with two Canadian financial institutions to assist in the financing of our mortgage portfolio. These facilities provide up to $20 million in funding and represent a template for potential future financings.

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.

CAPITAL DEPLOYMENT

Capital deployment has been constrained in recent quarters by our need to source 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 June 30, 2019, our active streaming portfolio consisted of 406 geographically diversified streams, distributed as follows:

Active Streams	Jun 30, 2019	Mar 31, 2019	Quarterly Net Growth	Jun 30, 2018	Year Over Year Net Growth
Manitoba	12	10	2	8	4
Saskatchewan	290	288	2	269	21
Alberta	104	102	2	94	10
Total	**406**	**400**	**6**	**371**	**35**

The quarterly and year-over-year growth 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.

Commodity Prices

Canola futures weakened during the quarter ended June 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.

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 canola 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 June 30, 2019, we had working capital of $29.880 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 completed subsequent to the end of the quarter, our working capital was reduced by approximately $13.192 million, the amount we spent to purchase shares.

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 compensation, which will result in a significant overall reduction in operating expenses going forward. 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.

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 the 15th day of the following month.

As of June 30, 2019, we had $18.910 million in long-term debt associated with mortgage financing, and we owed $5.404 million on our long-standing revolving credit facility.

Crop purchase agreements contain obligations for us to purchase crop at a specified price at a future date. The following table provides a summary of payments due under our existing portfolio of streaming contracts for each of the next five years and thereafter, as at June 30, 2019:

Contractual obligations	Payments due by period				
CAD millions, unless otherwise noted	**Total**	**< 1 year**	**1 - 3 years**	**4 – 5 years**	**> 5 years**
Purchase obligations	**26.352**	8.995	11.961	5.397	-
Trade and other payables	**2.650**	2.650	-	-	-
Total contractual obligations	**29.002**	**11.645**	**11.961**	**5.397**	**-**

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			
CAD millions, unless otherwise noted	**Total**	**2019**	**2020**	**2021**
Commitments and contingencies	**0.502**	0.073	0.301	0.128

Transactions between Related Parties

The Company is related to Emsley & Associates (2002) Inc. 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 *CAD millions, unless otherwise noted*	**Three months ended June 30, 2019**	**Three months ended June 30, 2018**	**Nine months ended June 30, 2019**	**Nine months ended June 30, 2018**
Corporate administration expenses	**0.194**	0.176	**0.678**	0.539

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 from those 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

Financial assets are initially measured at fair value. On initial recognition, financial assets are classified as and 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 is assessed for classification and measurement. 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 classified as loans and receivables and 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 income (loss) and comprehensive income (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 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. As the contracts contain an embedded derivative relating to the market value of crop, 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 tonnes, changes in expected costs of realizing on the contract, and changes in the risk-free interest rate. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value gain (loss). Realized gains and losses that result from the sale crop is recognized in profit or loss in realization of crop interests.

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

As at June 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 June 30, 2019 is $13.477 million (June 30, 2018 - $13.430 million) which is recorded as a non-current asset.

Based on Input's June 30, 2019 crop interests, a 1% change in the price of canola would result in a $0.152 million (June 30, 2018 - $0.319 million) unrealized market value gain (loss) recorded on the Statement of Comprehensive Income.

Assets held for sale

Assets held for sale consists of land and other assets registered in Input's name resulting from Input enforcing security under contracts being terminated or as a result of contract buy backs. These assets are recorded at fair value based on quoted market prices for similar assets with an offsetting reduction in crop interests. These assets are expected to be sold in the near term. Subsequent changes in the fair value, if any, are recorded in other income in the statement of net income (loss) and comprehensive income (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 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 derivative 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 contain fixed and determinable payments. Upon initial recognition, these are recognized at fair value. Subsequently these assets are carried at amortized cost less any allowance for expected credit losses. Expected credit losses are 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. Interest revenue is recorded on an accrual basis provided that the mortgage or loan is not impaired.

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

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

Share based payments

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

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

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

Information relating to the risks and uncertainties to which Input is subject is summarized in the Risk Factors section of our most recent Annual Information Form (AIF), which section is incorporated by reference in this Risk section of our MD&A. The AIF is available, together with additional information relating to Input on SEDAR at www.sedar.com. These risks and uncertainties are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial also may impair operations. If any of these risks actually occur, our business, results of operations and financial condition, and the amount of cash available for dividends could be materially adversely affected.

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.	We are currently assessing the impact that IFRS 16 will have on our financial statements.
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.	We are currently assessing the impact that IFRIC 23 will have on our financial statements.

Input has initially applied IFRS 15 and IFRS 9 effective October 1, 2018. A number of other new standards 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 unaudited condensed 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 condensed interim financial statements. Each new standard is outlined in detail in note 3 of the interim financial statements.

Outstanding Share Data

At June 30, 2019, there were 82,021,960 common voting shares outstanding (June 30, 2018 – 84,172,160).

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	82,021,960
Issuable upon exercise of options[1]	4,507,018
Fully diluted common shares	**86,528,978**

Notes:

(1) Stock option plan - Input has a stock option plan and, pursuant to the stock option plan, a total of 4,507,018 stock options are outstanding. All of the 4,507,018 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	**Three months ended June 30, 2019**			**Three months ended June 30, 2018**		
CAD millions, unless otherwise noted	Crop Sales	Net Settlement	**Adjusted**	Crop Sales	Net Settlement	Adjusted
Crop volume (canola equivalent MT)	4,654	3,886	**8,540**	1,248	2,589	3,837
Crop revenue	1.973	1.906	**3.879**	0.607	1.290	1.897
add (subtract): gain (loss) from sale of futures and options	(0.029)	-	**(0.029)**	0.159	-	0.159
less: Upfront payments	(0.165)	(0.786)	**(0.951)**	(0.038)	(0.788)	(0.826)
less: Crop payments	(0.680)	(0.410)	**(1.090)**	(0.181)	(0.105)	(0.286)
less: Other direct expenses	(1.186)	(0.003)	**(1.190)**	(0.397)	(0.005)	(0.402)
Crop margin	(0.088)	0.707	**0.620**	0.150	0.392	0.542

Summary of Crop Sales	**Twelve months ended June 30, 2019**			**Twelve months ended June 30, 2018**		
CAD millions, unless otherwise noted	Crop Sales	Net Settlement	**Adjusted**	Crop Sales	Net Settlement	Adjusted
Crop volume (canola equivalent MT)	89,483	6,353	**95,837**	91,312	15,010	106,322
Crop revenue	43.530	3.097	**46.627**	43.664	7.314	50.978
add (subtract): gain (loss) from sale of futures and options	0.211	-	**0.211**	0.310	-	0.310
less: Upfront payments	(6.272)	(1.290)	**(7.563)**	(11.211)	(4.275)	(15.485)
less: Crop payments	(20.707)	(0.753)	**(21.460)**	(18.128)	(1.272)	(19.400)
less: Other direct expenses	(14.210)	(0.009)	**(14.219)**	(9.863)	(0.010)	(9.873)
Crop margin	2.552	1.045	**3.596**	4.772	1.757	6.530

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 Jun 30**		**Twelve months ended Jun 30**	
CAD millions, unless otherwise noted	**2019**	2018	**2019**	2018
Adjusted crop revenue	**3.879**	1.897	**46.627**	50.978
plus: Interest revenue	**1.062**	0.785	**4.402**	1.653
plus: Rental revenue	**0.013**	0.094	**0.050**	0.309
Adjusted total revenue	**4.954**	2.776	**51.080**	52.940

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.

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.

Reconciliation of Net Income, Adjusted Net Income, Adjusted Net Income per Share, Adjusted EBITDA and Adjusted EBITDA per Share	**Three months ended Jun 30**		**Twelve months ended Jun 30**	
CAD millions, unless otherwise noted	**2019**	2018	**2019**	2018
Net income (loss)	**(1.050)**	0.092	**(5.360)**	1.282
Unrealized market value adjustment	**1.842**	(0.626)	**8.878**	1.621
Realized market value expense (gain)	**(0.044)**	0.070	**(0.046)**	(0.376)
Realized market value loss on buyouts	**(0.000)**	0.535	**0.191**	0.290
Non-recurring & other expenses[1]	**0.317**	0.178	**1.143**	1.362
Adjusted net income (loss)	**1.064**	0.249	**4.806**	4.178
Adjusted net income (loss) per share	**$0.01**	$0.00	**$0.06**	$0.05
Income tax expense (recovery)	**(0.358)**	0.117	**(1.992)**	0.502
Realization of crop interests - upfront payment	**0.165**	0.826	**6.425**	15.485
Amortization of capital and intangible assets	**0.048**	0.012	**0.082**	0.046
Interest expense	**0.088**	0.057	**0.182**	0.186
Adjusted EBITDA	**1.007**	1.261	**9.503**	20.397
Adjusted EBITDA per share	**$0.01**	$0.01	**$0.11**	$0.25
Weighted average shares outstanding (basic)	**82.111**	84.298	**82.945**	83.520

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 Jun 30, 2019**	**As at Jun 30, 2018**
Total shareholders' equity	**95.373**	105.450
Common shares outstanding	**82.022**	84.172
Book value per share	***$1.16***	*$1.25*

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.

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 will continue to distribute capital to shareholders via the dividend and through NCIB activity at appropriate price levels.

Subsequent Events

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 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.

On July 31, 2019, Deloitte LLP resigned as our auditors at our request. KPMG LLP have been appointed as our replacement auditors. We expect to realize significant cost savings as a result of this change.

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.

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. 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.

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