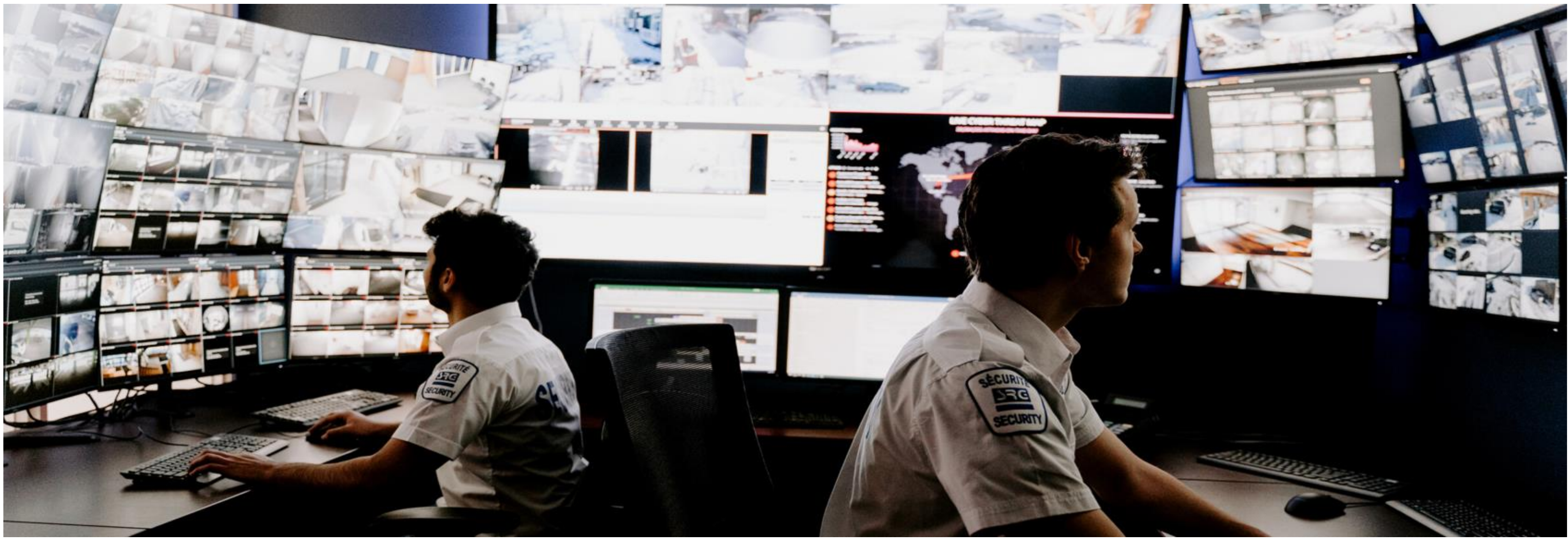
INPUT CAPITAL



# FY2021 THIRD QUARTER ENDED JUNE 30, 2021
## MANAGEMENT'S DISCUSSION AND ANALYSIS

SRG

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 consolidated financial statements for the quarter ended June 30, 2021, including the notes thereto, as well as the audited financial statements for the year ended September 30, 2020, 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. 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 16, 2021.

## Overview & Highlights

Input Capital Corp. was founded as a Canadian Grain Commission licensed and bonded grain dealer to acquire 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 received 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 helped farmers market their canola crops to achieve better pricing. In May 2019, we stopped deploying capital into this legacy agriculture business and we are in the process of closing down the agriculture business by letting existing contracts run to maturity.

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.

On February 1, 2021, we acquired SRG Security Resource Group Inc. ("SRG"), a leading Canadian cyber security and physical security company based in Regina, Saskatchewan, for $19.4 million, subject to normal working capital and holdback adjustments. Of that purchase price, $12.3 million was paid in cash and 8,883,930 shares were issued at a fair value as at the date of acquisition of $7.1 million.

SRG is now a wholly-owned subsidiary of the Company that we operate as a stand-alone entity. Our plan is to back the growth of SRG with our strong balance sheet while running off our legacy agriculture business. While it is difficult to predict the precise time it will take for this to occur, we expect the SRG part of the business to grow larger than the agriculture part of our business over the next one to two years, formally focusing the Company as an owner of a growing portfolio of cyber and physical security companies.

This is the second quarter in which the financial results of SRG and Input are presented on a consolidated basis in our financial statements and in this MD&A. Historical figures for previous periods are not comparable as they do not include the historical results of SRG prior to the completion of the acquisition of SRG by us on February 1, 2021. Furthermore, any SRG results presented herein represent results for only five months, being the period from February 1, 2021, to June 30, 2021.

The agriculture segment of 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, 2021. As the agriculture segment of our business shrinks and the security segment grows, we expect this seasonality to diminish, and our presentation of our results in these MD&As will evolve as the relative size of these business segments shifts.

## STRATEGY

The Company's strategy is to shift into the security industry and out of the agriculture industry by growing SRG's security business while we serve our existing farm customers for the remainder of their contracts with us. Our plan is to grow the SRG physical and cyber security businesses organically and by acquisition, with a focus on building Adjusted EBITDA and using the resulting cash flow to further expand the business of SRG. This may also include the expansion of the services offered by SRG into adjacent verticals that are complementary to physical and cyber security services and that meet the needs of our primarily commercial and public sector clientele. Our senior management team has over 70 years of experience building and operating profitable security companies.

**(All amounts are in thousands of Canadian dollars unless otherwise indicated)**

## Selected Financial Information

The following selected financial information for the three and nine months ended June 30, 2021 and 2020 have been derived from the unaudited condensed interim consolidated financial statements and should be read in conjunction with those financial statements and related notes. The results of the SRG acquisition are added from the date of completion. Non-IFRS measures are defined and reconciled in the Non-IFRS Measures section of this MD&A:

| Statements of Comprehensive Income | Quarter ended June 30 | | Nine months ended June 30 | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Total Revenue** | **4,362** | 810 | **14,395** | 24,036 |
| Comprehensive income | **1,270** | 1,067 | **2,149** | 262 |
| **Weighted average number of common shares outstanding** | | | | |
| Basic | **60,865** | 55,342 | **56,438** | 60,077 |
| Fully diluted | **64,429** | 59,283 | **59,964** | 64,221 |
| ***Comprehensive income per share (basic)*** | ***$0.02*** | *$0.02* | ***$0.04*** | *$0.00* |
| ***Comprehensive income per share (FD)*** | ***$0.02*** | *$0.02* | ***$0.04*** | *$0.00* |
| Adjusted EBITDA | **1,472** | 863 | **2,649** | 4,340 |
| ***Adjusted EBITDA per share (basic)*** | **$0.02** | $0.02 | **$0.05** | $0.07 |
| ***Adjusted EBITDA per share (fully diluted)*** | **$0.02** | $0.01 | **$0.04** | $0.07 |
| Statements of Cash Flows | | | | |
| Cash generated from (applied to) operating activities | **(246)** | 1,494 | **2,377** | 14,030 |

| Statements of Financial Position | As at June 30, 2021 | As at June 30, 2020 |
|---|---|---|
| Cash | **25,006** | 25,177 |
| Crop interests and other financial assets | **13,063** | 14,972 |
| Loans and mortgages receivable | **17,984** | 30,499 |
| Total assets | **85,715** | 81,774 |
| Total liabilities | **9,007** | 9,753 |
| Total shareholders' equity | **76,709** | 72,021 |
| **Common shares outstanding** | **60,865** | 53,570 |
| ***Book value per share*** | ***$1.26*** | *$1.34* |
| Working capital | **31,558** | 33,830 |
| Long-term debt | **3,058** | 7,748 |

**RESULTS FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2021 AND 2020**

***Revenues***

Revenues for the third quarter ended June 30, 2021 were $4.362 million compared with $0.810 million for the same period last year, an increase of $3.552 million. Revenues for the nine months ended June 30, 2021 were $14.395 million, compared with $24.036 million for the same nine-month period last year. The decrease in revenues was due to the decline in crop revenue from a smaller book of canola contracts this year compared to last year, partially offset by five months of security revenue resulting from the acquisition of SRG completed on February 1, 2021.

The agriculture segment of 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, 2021.

**(All amounts are in thousands of Canadian dollars unless otherwise indicated)**

Revenue from agriculture was $0.452 for the quarter ended June 30, 2021, compared to $0.810 million for the quarter ended June 30, 2020. Revenue from security services was $3.909 million for the quarter. In the most recent quarter, security services represented 90% of total revenue. We expect agriculture revenue to continue declining, resulting in an increase in the proportion of our revenue associated with security.

| *Key Performance Indicators* | Quarter ended June 30 | | Nine months ended June 30 | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Revenue** | | | | |
| Agriculture Revenue | **452** | 810 | **7,993** | 24,036 |
| Security Revenue | **3,909** | - | **6,402** | - |
| **Total revenue** | **4,362** | 810 | **14,395** | 24,036 |
| *Security revenue as a percent of total revenue* | ***90%*** | *0%* | ***45%*** | *0%* |
| | | | | |
| Adjusted EBITDA | **1,472** | 863 | **2,649** | 4,340 |
| *Adjusted EBITDA per share (basic)* | ***$0.02*** | *$0.02* | ***$0.05*** | *$0.07* |
| | | | | |
| Comprehensive net income | ***1,270*** | *1,067* | **2,149** | 262 |
| *Comprehensive net income per share (basic)* | ***$0.02*** | *$0.02* | ***$0.04*** | *$0.00* |

***Interest Expenses***

Interest costs for the third quarter ending June 30, 2021 were $0.043 million compared with $0.088 million during the prior year's third quarter. Interest costs for the nine months ending June 30, 2021 were $0.209 million compared with $0.604 million during the prior year's first nine months. The decrease in interest expense for the more recent periods is a result of the fact that the Company paid off its credit facility with HSBC last year, and it has been taking advantage of prepayment privileges to accelerate the reduction of its debt from Concentra Bank that is associated with mortgage stream contracts.

***Adjusted EBITDA***

Adjusted EBITDA for the third quarter ended June 30, 2021 was $1.472 million, as compared to $0.863 million for the same period last year. Adjusted EBITDA for the nine months ended June 30, 2021 was $2.649 million, compared $4.340 million during the comparable period last year.

| *Net Income and Adjusted EBITDA* | Quarter ended June 30 | | Nine months ended June 30 | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Net Income** | **1,270** | 1,067 | **2,149** | 262 |
| **Adjusted EBITDA** | **1,472** | 863 | **2,649** | 4.340 |
| **Adjusted EBITDA per share** | **$0.02** | $0.02 | **$0.05** | $0.07 |

A reconciliation of earnings to Adjusted EBITDA is provided in the Non-IFRS section of this MD&A.

***Acquisition Costs***

During the quarter ended June 30, 2021, we recorded acquisition charges of $nil associated with the legal and due diligence costs of the SRG acquisition. In the previous quarter, we recorded acquisition charges of $0.264 million associated with the SRG transaction, for a total of $0.264 million for the year-to-date.

***Balance Sheet***

Input Capital has a very strong balance sheet. Total assets increased by $3.814 million, or 5%, during the nine months ended June 30, 2021 compared to the prior year end as at September 30, 2020. Total assets as at June 30, 2021 increased $3.941 million, or 5%, compared to total assets as of June 30, 2020.

Our cash position at the end of the quarter was $25.006 million, down from $27.234 million at the end of the previous fiscal year. The change is primarily a result of the acquisition of SRG, which included cash consideration of $12.262 million ($11.241 million net of cash acquired), but partially offset by continued buyout activity and contract maturities in our ag portfolio.

Accounts receivable increased from the comparable period of September 30, 2020 as a result of the consolidation of SRG. Canola interests, mortgages and loans declined as a result of a combination of their maturation, or farmers buying out of their contracts with us. Low interest rates and high canola prices present an excellent motivation for farmers to do so. We continue to sell assets held for sale, which is mostly comprised of farmland. As we repatriate our capital from the ag sector, we are strengthening our capability to fund and execute our plan to build out our security business.

Property and equipment increased by $0.664 million since September 30, 2020 as a result of the acquisition of SRG partially offset by depreciation.

**(All amounts are in thousands of Canadian dollars unless otherwise indicated)**

## 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** | **FY21-Q3** | FY21-Q2 | FY21-Q1 | FY20-Q4 | FY20-Q3 | FY20-Q2 | FY20-Q1 | FY19 – Q4 |
|---|---|---|---|---|---|---|---|---|
| | **Jun 30, 2021** | Mar 31, 2021 | Dec 31, 2020 | Sept 30, 2020 | June 30, 2020 | Mar 31, 2020 | Dec 31, 2019 | Sept 30, 2019 |
| **Comprehensive Income (Loss)** | | | | | | | | |
| Total Revenue | **4,362** | 5,148 | 4,885 | 1,551 | 810 | 10,417 | 12,809 | 1,599 |
| Comprehensive net income (loss) | **1,270** | 117 | 739 | (992) | 1,067 | 904 | (1,709) | 628 |
| **Weighted avg. number common shares outstanding** | | | | | | | | |
| Basic | **60,865** | 55,090 | 53,378 | 53,548 | 55,342 | 61,787 | 63,069 | 67,580 |
| Fully diluted | **64,428** | 58,639 | 56,797 | 56,967 | 59,283 | 65,875 | 67,470 | 71,984 |
| *Net Income (loss) per share (basic)* | **$0.02** | $0.00 | $0.01 | $(0.02) | $0.02 | $0.01 | $(0.03) | $0.01 |
| *Net Income (loss) per share (fully diluted)* | **$0.02** | $0.00 | $0.01 | $(0.02) | $0.02 | $0.01 | $(0.03) | $0.01 |
| **Operating Cash Flow** | | | | | | | | |
| Cash generated from (applied to) operating activities | **(246)** | (1,023) | 3,646 | 2,336 | 1,494 | 2,914 | 9,623 | (932) |

| **Financial Position** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Cash | **25,006** | 20,416 | 29,466 | 27,234 | 25,177 | 34,248 | 12,532 | 11,439 |
| Crop interests and other financial assets (liabilities) | **13,063** | 13,247 | 13,215 | 14,471 | 14,972 | 16,664 | 24,289 | 27,974 |
| Loans and mortgages receivable | **17,984** | 23,593 | 26,516 | 29,682 | 30,499 | 33,180 | 48,548 | 59,243 |
| Total assets | **85,715** | 87,966 | 80,272 | 81,901 | 81,774 | 97,688 | 99,394 | 107,718 |
| Total liabilities | **9,007** | 11,968 | 10,686 | 10,873 | 9,753 | 20,637 | 22,397 | 27,117 |
| Total shareholders' equity | **76,649** | 75,999 | 69,587 | 71,028 | 72,021 | 77,051 | 76,996 | 80,600 |
| Common shares outstanding | **60,865** | 60,865 | 52,200 | 53,528 | 53,570 | 61,536 | 61,920 | 63,752 |
| *Book value per share* | **$1.26** | $1.25 | $1.33 | $1.33 | $1.34 | $1.25 | $1.24 | $1.26 |
| Working capital | **31,558** | 27,222 | 35,891 | 34,553 | 33,830 | 44,735 | 24,983 | 18,343 |
| Revolving credit facility | **-** | - | - | - | - | - | - | 5,404 |
| Long-term debt | **3,058** | 6,024 | 7,734 | 7,748 | 7,748 | 18,093 | 19,234 | 19,217 |

| **Non-IFRS Measures & KPIs** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Active streaming clients | **43** | 58 | 75 | 85 | 95 | 107 | 120 | 126 |
| Adjusted net income (loss) per share | **$0.01** | $(0.01) | $0.01 | $0.01 | $0.00 | $0.01 | $(0.05) | $0.01 |
| Adjusted EBITDA per share | **$0.02** | $0.00 | $0.03 | $0.01 | $0.02 | $0.06 | $(0.00) | $0.02 |
| Dividends Paid per Share | **$0.01** | $0.01 | $0.01 | $0.01 | $0.01 | $0.01 | $0.01 | $0.01 |

**(All amounts are in thousands of Canadian dollars unless otherwise indicated)**

## BUSINESS SEGMENT OPERATING RESULTS

We currently have two operating segments: Agriculture and Security Services. The accounting policies of the two segments are consistent with those of the consolidated entity.

The legacy agriculture business is gradually declining in size as client contracts mature or are bought out. Management evaluates performance of the agriculture business based on gross profit margin from canola sales, interest revenue, and the pace at which these agriculture assets can be converted to cash on a cost-efficient basis.

In the security services segment, management evaluates performance based on revenue growth, gross profits and gross profit margin, and growth in Adjusted EBITDA on a per share basis.

| | Quarter ended June 30 | | Nine months ended June 30 | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Revenues** | | | | |
| Agriculture | **452** | 810 | **7,993** | 24,036 |
| Security Services | **3,909** | - | **6,402** | - |
| **Total Revenue** | **4,362** | 810 | **14,395** | 24,036 |
| | | | | |
| **Revenue Contribution** | | | | |
| Agriculture | **10.4%** | 100% | **55.5%** | 100% |
| Security Services | **89.6%** | - | **44.5%** | - |
| **Total Revenue** | **100%** | 100% | **100%** | 100% |

| | | | | |
|---|---|---|---|---|
| **Agriculture** | | | | |
| Adjusted crop volume (canola equivalent MT) | **968** | 224 | **17,304** | 52,402 |
| Adjusted crop revenue | **592** | 96 | **8,409** | 23,113 |
| Add: gain from sale of futures and options | **-** | - | **-** | 177 |
| Less: upfront payments | **(80)** | (47) | **(753)** | (5,714) |
| Less: crop payments | **(294)** | (29) | **(2,606)** | (5,856) |
| Less: other direct expenses | **(9)** | (7) | **(5,569)** | (10,374) |
| **Crop margin** | **209** | 13 | **(519)** | 1,346 |
| Interest revenue | **438** | 759 | **1,586** | 2,884 |
| Less: interest expense on long-term debt | **(40)** | (84) | **(202)** | (591) |
| **Interest margin** | **398** | 674 | **1,384** | 2,293 |
| Rental revenue | **15** | 52 | **94** | 114 |
| **Total agriculture gross margin** | **622** | 739 | **959** | 3,753 |

| | | | | |
|---|---|---|---|---|
| **Security** | | | | |
| Security services revenue | **3,909** | - | **6,402** | - |
| Direct security costs | **(3,220)** | - | **(5,166)** | - |
| **Security gross margin** | **689** | - | **1,236** | - |
| **Security gross margin %** | **17.6%** | - | **19.3%** | - |

## NORMAL COURSE ISSUER BID & SUBSTANTIAL ISSUER BIDS

On December 29, 2020, we announced the renewal of the Normal Course Issuer Bid (NCIB), allowing the company to buy back up to 3,400,000 of its Class A common shares during the 2021 calendar year. Under our NCIB, during the three months ended June 30, 2021, we bought back no shares. For the nine months of the fiscal year to date, we bought back a total of 1,602,409 shares at an average price of $0.87 per share.

In the previous fiscal year ended September 30, 2020, under the NCIB, the Company bought back a total of 2,804,604 shares at an average price of $0.73 per share.

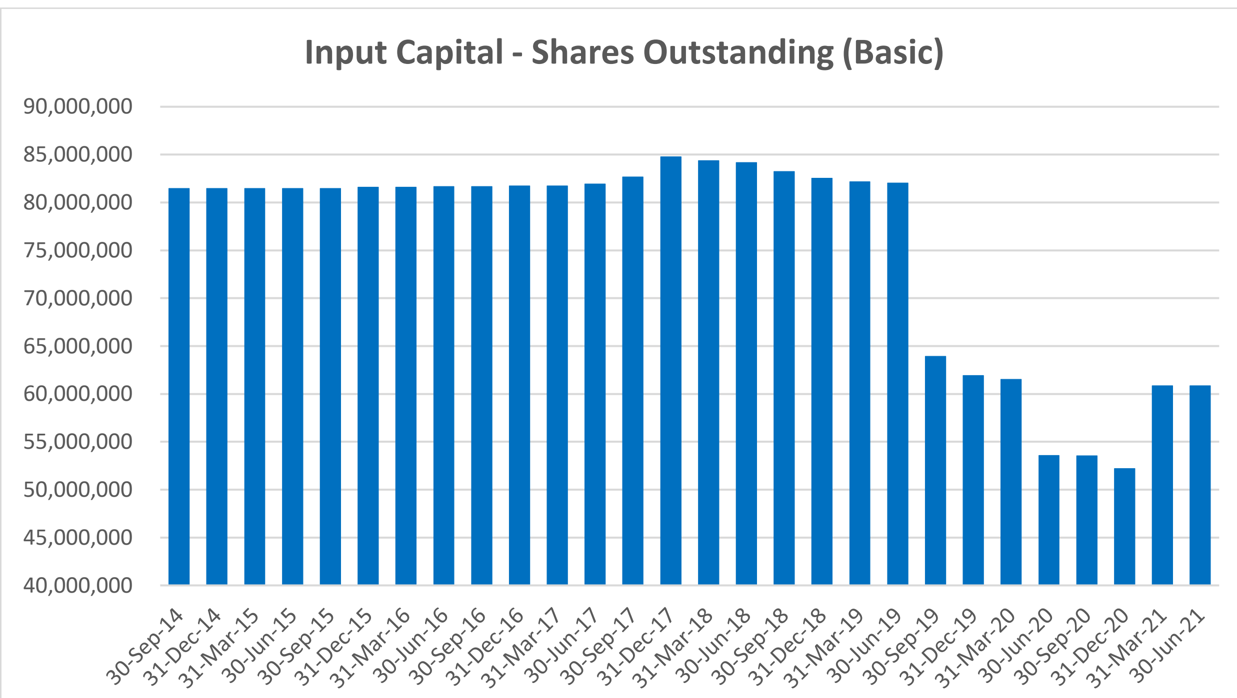
On April 16, 2020, we completed a Substantial Issuer Bid via a modified Dutch auction process in which we bought back 7,418,686 shares at a price of $0.70 per share, for an aggregate purchase price of $5.193 million excluding fees and expenses relating to the offer made to shareholders.

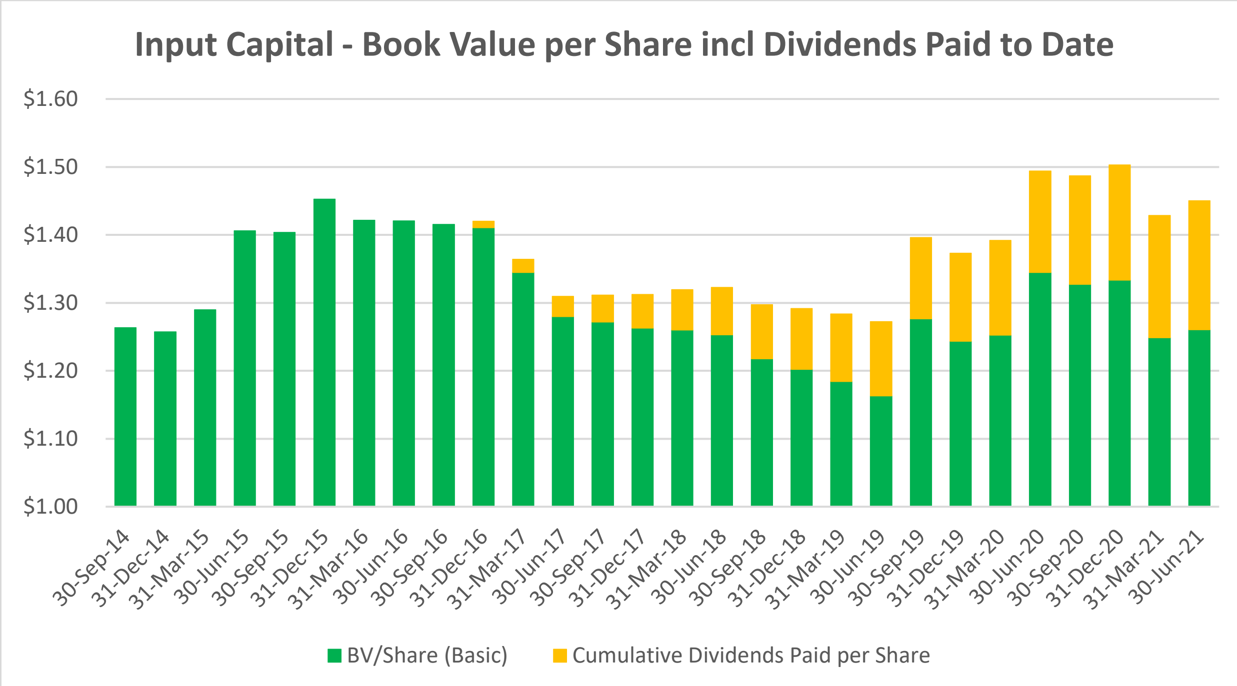
We continue to believe that our shares have been trading in a price range which does not adequately reflect their value and that the purchase of shares under the NCIB will enhance shareholder value in general.

## BOOK VALUE PER SHARE

One aspect of our strategic plan has been 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. Book value at June 30, 2021 is $1.26 per share.






As of June 30, 2021, we had $0.44 per share in cash, which is 52% of our market capitalization based on the closing share price of our shares of $0.85 on the TSX Venture Exchange on that date.

**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, and each has elected to receive all compensation in the form of DSUs since the formation of the Company. 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, 2021, the deferred share units were valued at $0.85 per unit. The total number of vested deferred share units outstanding at June 30, 2021 was 1,345,376.

## Plan of Arrangement Agreement with Bridgeway National

In October 2020, the Plan of Arrangement with Bridgeway National discussed in earlier MD&As was terminated. Bridgeway has not yet paid the contractual termination fee, and we have begun legal proceedings to collect it.

Upon termination of the agreement, our Board of Directors approved a plan to return to the Company's strategic plan that was in place prior to August 12, 2020. This plan had a focus on managing our existing agriculture book of business to build book value per share, while continuing to minimize expenses and maximize and accelerate where possible the repatriation of our capital. The Board also reinstated the quarterly dividend and determined to continue with our Normal Course Issuer Bid program. The Board also remained open to considering internal or external proposals that would enhance and grow shareholder value.

## Purchase of SRG Security Resource Group Inc.

On November 30, 2020, we announced that we had entered into a non-binding term sheet with SRG Security Resource Group Inc. ("SRG"), a then privately-held, market-leading, profitable Canadian provider of cyber security and physical protective security services to acquire 100% of the shares of SRG.

On February 1, 2021, following the receipt of TSX Venture Exchange final approval, the Company acquired all the outstanding shares of SRG pursuant to the share purchase agreement between Input Capital Corp. and the individual and entity shareholders of SRG. The aggregate purchase price was $19.358 million, $12.262 million paid in cash and the issuance of 8,883,930 common shares in the capital of Input to the Sellers. Such shares had a fair value of $7.096 million as at the date of acquisition.

The Input Shares issued pursuant to the acquisition of SRG represent approximately 17.1% of the issued and outstanding Input Shares as of January 31, 2021, which is the date immediately prior to the closing of the transaction.

The new Input Shares issued to SRG Shareholders pursuant to the SRG acquisition are subject to a statutory hold period expiring 4 months and 1 day from the date of issuance. In addition, the SRG Shareholders agreed to lock-up terms in favour of Input restricting their ability to transfer their Input Shares until six months following the closing of the transaction.

SRG is now a wholly-owned subsidiary of Input, and we intend to use Input's very strong balance sheet to finance the growth of SRG's business via acquisition and organic growth.

### INDEPENDENT COMMITTEE ROLE IN SRG TRANSACTION

Prior to the acquisition of SRG, Doug Emsley, Chairman of the Board, President and Chief Executive Officer of Input and a holder of 21.95% of the then-issued and outstanding Input Shares, was also the chairman of the board and chief executive officer of SRG and an SRG Shareholder then holding approximately 19.3% of the outstanding SRG Shares (on a fully diluted basis, assuming the exercise of all outstanding SRG options). Mr. Emsley was a "related party" to Input under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101") and a "Non-Arm's Length Party" under applicable TSXV policies. As a result, the SRG transaction was a "related party transaction" under MI 61-101 insofar as it relates to Mr. Emsley but was exempt from the formal valuation and minority approval requirements because the fair market value of the consideration payable to Mr. Emsley under the Purchase Agreement did not exceed 25% of Input's market capitalization, as determined under MI 61-101.

Because Mr. Emsley was a related party, Input formed a special committee of independent directors (the "Independent Committee") consisting of David Brown, C.M., Q.C., David Laidley, FCPA, FCA, and Dr. Lorne Hepworth, to consider and oversee the Acquisition and make a recommendation to the board of directors of Input whether the proposed acquisition of the SRG Shares would be in the best interests of the Company and its shareholders. In the case of the proposed acquisition, the Independent Committee was charged with evaluating the proposed transaction and possible alternatives. In that connection, the Independent Committee retained Davies Ward Phillips & Vineberg LLP as its independent legal advisor and MNP LLP as its independent financial advisor.

Following its review of the proposed acquisition, which included financial analysis and advice by MNP to the Independent Committee, the Independent Committee recommended to the board of directors of Input that the board approve the acquisition and authorize the Company to enter into the Purchase Agreement to acquire the SRG Shares on the terms and subject to the conditions therein. The Input board unanimously approved the Company proceeding with the Acquisition and the entering into of the Purchase Agreement.

Mr. Emsley declared his interest and abstained from voting on the proposed Acquisition.

**SRG TO OPERATE AS WHOLLY-OWNED SUBSIDIARY**

Input continues to serve its agriculture clients, but the number of active clients is rapidly declining as many take advantage of low interest rates and high canola prices to refinance and buy out of their contracts with us. At present, it is impossible to know how quickly these contracts will be bought back, but the current pace of buybacks is faster than we originally expected. This will enable us to more quickly use our strong balance sheet to back SRG's growth strategy in the security sector as a wholly-owned subsidiary of Input.

Our senior management team has over 70 years of experience building and operating profitable security companies. The combined leadership team of Input and its SRG subsidiary now consists of:

- Doug Emsley, Chairman, President & CEO of the combined companies;
- Blair Ross, Chief Operating Officer of the combined companies;
- Brad Farquhar, CFO of the combined companies; and
- Gord Nystuen, VP of Ag Services at Input.

SRG is a market-leading Canadian provider of world-class Cyber Security and physical Protective Security Services. Founded in 1996, most of SRG's employees are located in Western Canada, but solutions and services are provided to organizations across the country. SRG clients include federal and provincial governments, Crown corporations, and many high profile corporate and public sector clients such as hospitals, airports, utility companies and police forces. SRG now operates as a wholly-owned subsidiary of the Company and its financial results are consolidated with Input's in the financial statements and MD&A starting with these statements dated June 30, 2021.

On a revenue basis, SRG's business is already larger than the agriculture part of our business, solidifying the focus of the Company on cyber and physical security services.

**(All amounts are in thousands of Canadian dollars unless otherwise indicated)**

## The Agriculture Business

We no longer offer capital streams, marketing streams or mortgage streams to new clients. Our focus is on closing off the agriculture part of our business while providing service to existing clients until their contracts with us mature. This book of contracts is shrinking rapidly as farm clients take advantage of low interest rates and high canola prices to refinance and/or buy out of their contracts with us.

For descriptions of and explanations of factors affecting the results of capital streams, marketing streams and mortgage streams, please see previous MD&As.

| Provinces | Jun 30, 2021 | Mar 31, 2021 | Dec 31, 2020 | Sept 30, 2020 | June 30, 2020 |
|---|---|---|---|---|---|
| Manitoba | 3 | 3 | 3 | 4 | 4 |
| Saskatchewan | 33 | 45 | 60 | 70 | 78 |
| Alberta | 7 | 10 | 12 | 12 | 14 |
| **Total Ag Clients** | **43** | **58** | **75** | **86** | **96** |

Contracts in collection and buybacks completed are considered to be "inactive" and are not included in this table.

**MORTGAGE FINANCING FACILITIES**

During the previous fiscal year ended September 30, 2020, we repaid our revolving credit facility from HSBC Bank Canada in full and ended the arrangement. This released us from our covenants when HSBC removed its General Security Agreement registration over our assets. In the process, we changed our primary banking institution to CIBC. In addition, we regularly take advantage of penalty-free prepayment privileges to reduce the amount of our mortgage financing facility outstanding with Concentra Bank. As of June 30, 2021, we owed $3.058 million to Concentra Bank associated with financing our mortgage book.

**CAPITAL DEPLOYMENT**

We no longer deploy capital into new canola streaming contracts. Instead, our plan is to use Input's balance sheet to back the growth of SRG's cyber and physical security business via acquisition and organic growth. We believe this to be a better use of Input's capital and that this strategy will provide greater returns to Input's shareholders.

## The Security Business

Our long-term objective is to back the growth of SRG and its security business with our strong balance sheet while running off our existing agriculture business. While it is difficult to predict the precise time it will take for this to occur, we expect the SRG part of our balance sheet to grow larger than the agriculture part of our balance sheet over the next one to two years.

SRG provides security services to primarily commercial and public sector clients in two segments: cyber security services, and physical security services.

**CYBER SECURITY SERVICES**

Cyber security services are offered across Canada and currently comprise approximately 33% of SRG's revenue. In this segment, SRG provides Managed Security Services (MSS), vulnerability and risk analysis, cyber security consulting services, CISO consulting, and cyber security staff augmentation services. For a list of current and past cyber security clients, please see the About SRG segment of SRG's website at www.securityresourcegroup.com.

**PHYSICAL SECURITY SERVICES**

Physical security services are offered to clients in Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia, with the majority of the employees in this segment located in Manitoba and Saskatchewan. Physical security services represented approximately 67% of SRG's revenue as of June 30, 2021.

In this segment, SRG provides security guard, camera monitoring, patrol and investigative services to commercial clients located in every province from Ontario to British Columbia, with the majority of operations in Manitoba and Saskatchewan. For a list of current and past physical security clients, please see the About SRG segment of SRG's website at www.securityresourcegroup.com.

**OUR PLANS FOR SRG**

The security business is a highly fragmented business in Canada. According to Statistics Canada, there are over 2,700 companies providing some kind of physical security services in Canada. Many of these are small owner-operated businesses, with a tier of mid-sized and larger companies as well. Building on the 33 years of experience in the security industry of SRG founders Doug Emsley and Blair Ross, we believe there is an opportunity to use Input's balance sheet to build SRG into a rapidly growing security platform that grows via acquisition and consolidation of small and mid-sized companies in the security industry, as well as via organic growth. Companies in similar business-to-business services spaces with comparable economics trade at attractive multiples in the public market, and we believe that pursuing this growth strategy will yield positive outcomes for our shareholders. Management and directors own about 33.5% of the Company's outstanding shares (37.3% on a fully-diluted basis), so we will very much participate in this success together with shareholders. Using our strong balance sheet we have already begun to acquire small operations that will add to Adjusted EBITDA in future quarters.

(All amounts are in thousands of Canadian dollars unless otherwise indicated)

## 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 internally generated cash flow, and the use of credit facilities. Our internally generated cash flow from operating and investing activities is sufficient to cover our ongoing operational expenses, although the timing of cash flow and expenses may vary.

SRG is profitable and cash flow positive on its own. Profits and cash flow from SRG add to the Company's overall financial strength and working capital capacity. As a result, we expect that continued cash from operations during fiscal 2021, together with cash and cash equivalents on hand will be more than sufficient to fund our working capital and capital expenditure requirements.

At June 30, 2021, we had working capital of $31.558 million. We will draw on this working capital to meet our obligations under existing streaming contracts. Capital not invested earns daily interest by being kept on deposit with a Canadian chartered bank. Our Normal Course Issuer Bid (NCIB) reduces our working capital every time we buy back shares of the Company, but also reduces the number of shares outstanding. For more details on the NCIB program, please see the discussion in the relevant section elsewhere in this MD&A.

For a further discussion of financing and risks associated with the execution and financing of our growth strategy, please refer to the Risks and Uncertainties section of this MD&A.

**Cash Flows**

| *Cash inflows (outflows) by activity* | **Quarter ended June 30** | | **Nine months ended June 30** | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Operating activities** | **(246)** | 1,494 | **2,377** | 14,030 |
| **Investing activities** | **8,488** | 6,292 | **3,188** | 25,954 |
| **Financing activities** | **(3,652)** | (16,857) | **(7,793)** | (26,248) |
| **Net cash inflows (outflows)** | **4,591** | (9,071) | **(2,228)** | 13,737 |

**Operating Activities**

Cash used in Operating Activities was $(0.246) million during the quarter ended June 30, 2021 as compared to $1.494 million of cash generated by Operating Activities during the same quarter last year. The quarter ended June 30, 2021 reflects three months of the acquisition of SRG, which was not owned by us last year.

For the nine-month period ended June 30, 2021, cash generated by operating activities was $2.377 million compared to $14.030 million during the same period last year. These declines are due to the natural shrinkage of our agriculture business.

**Investing Activities**

Cash generated by investing activities was $8.488 million during the quarter ended June 30, 2021 compared to cash of $6.292 million generated during the same quarter last year. The is due to the acceleration of the maturity of our ag book.

For the nine-month period ended June 30, 2021, cash used in investing activities was $3.188 million compared to $25.954 million of cash generated during the same period last year. This is primarily affected by our purchase of SRG on February 1, 2021.

The cash position as at June 30, 2021 was $25.006 million compared to $27.234 million as at June 30, 2020. The decrease in cash is mainly a result of the investment in the SRG acquisition and cash used for working capital purposes.

**Financing Activities**

Cash used in Financing Activities was $3.652 million during the quarter ended June 30, 2021, compared to cash used in Financing Activities of $16.857 million during the same quarter last year.

For the nine-month period ended June 30, 2021, cash used in financing activities was $7.793 million compared to $26.248 million during the same period last year. These cash outflows are a result of us making repayments on our long-term debt.

**Debt Outstanding**

As of June 30, 2021, we had $3.058 million ($7.748 million at June 30, 2020) in long-term debt associated with mortgage financing. 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, 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.

During the quarter, our five-year sub-lease with Emsley & Associates (2002) Inc. (a related party – see below) for office space ended and we signed a one-year extension on the same terms as the year just ended. As a result of the SRG acquisition, the Company acquired a five-and-a-half-year lease ending December 31, 2024. The Company's commitment remaining under the lease totals $0.147 million.

**Issuance of Stock Options**

As at June 30, 2021, there were a total of 2,924,900 options outstanding to purchase common shares, with a weighted average strike price of $1.20, expiring at various dates between December 2021 and March 2026. During the quarter ended June 30, 2021, there were 861,900 options expired or cancelled.

**Off Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition.

**Dividends**

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 15th day of the following month.

**(All amounts are in thousands of Canadian dollars unless otherwise indicated)**

## Transactions between Related Parties

The Company is related to Emsley & Associates (2002) Inc., Nomad Holdings Ltd., and Dalhousie Capital Corp. as a result of common management. The companies share some common personnel and Input and SRG lease 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.

On December 14, 2020, the Company announced that it had entered into a binding share purchase agreement with SRG Security Resource Group Inc. whereby the Company agreed to acquire all of the issued and outstanding common shares of SRG Security Resource Group Inc. This acquisition was completed on February 1, 2021, and as a result of common management was considered a related party transaction under the TSX Venture Exchange policy Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transaction. The Company formed a special committee of independent directors to consider and oversee the acquisition and following their review and recommendation, the Input board approved the Company proceeding with the acquisition.

Related party expenses are summarized in the following table:

| | Quarter ended June 30, 2021 | Quarter ended June 30, 2020 | Nine months ended June 30, 2021 | Nine months ended June 30, 2020 |
|---|---|---|---|---|
| **Corporate administration expenses** | **267** | 163 | **735** | 720 |

## 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, accounts 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 an 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.
Accounts payable and accrued liabilities, 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 June 30, 2021, 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, 2021 is $10.674 million (June 30, 2020 - $12.153 million).

***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.

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. Future taxable income is estimated based on known information at the end of each reporting date and deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

A deferred tax liability has been recognized as a part of the SRG acquisition in relation to temporary differences between the carrying amounts of assets recognized on our Consolidated Statements of Financial Position and their respective tax bases.

***Business combinations***

All business acquisitions are accounted for under IFRS 3, Business Combinations. Identifying the fair value of the assets and liabilities acquired, including intangible assets and residual goodwill requires significant judgement by management upon acquisition.

## Risk Factors

The operations of the Company are speculative due to the nature of its businesses which has principally been investment in Streaming Contracts, and which is now shifting toward the security services business. 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 AGRICULTURE 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 famers. 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 Cyclicality***

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 agriculture 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.

***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 farmland 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. Since May 2019, the Company has not deployed capital into new streaming contracts.

***Expiry of Streaming Contracts***

Many of the Company's Streaming Contracts are maturing and the Company is no longer entering into new ones, thereby reducing streaming revenue and income. Furthermore, farmers may buy back contracts prior to their maturity, reducing the expected future income stream of the Company related to those 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 farmland in Saskatchewan and therefore, upon a realization of farmland, the Company would be required within two (2) years to divest its interest in such farmland, unless the Company obtains an exemption pursuant to *The Saskatchewan Farm Security Act*. The timing of the divesture of farmland could negatively affect the value of the farmland 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 June 30, 2021, 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 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 agreement with Concentra Bank contains negative covenants that could limit the Company's ability, among other things, to:

- make any material change in the nature of the Company's business and operations;
- sell, assign, sublease or sell assets under Security to any other person;
- agree to a merger, acquisition or takeover of the Company; and
- change the general nature of the business of the Company.

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 lender under the credit agreement 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 in the agriculture business 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 it had halted deploying capital into new Streaming Contracts, and at present has no further plans to do so.

***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.

## RISKS RELATING TO THE COMPANY'S SECURITY BUSINESS

***SRG Business Plan***

The Company's plans to back and grow SRG's cyber and physical security business with the Company's balance sheet may not yield the results expected by management.

***Growth Strategy & Management***

The Company has made or entered into, and will likely continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand its business. The Company believes the acquisitions of other businesses may enhance its strategy of building a diversified portfolio of leading security businesses. The successful implementation of such acquisition strategy depends on the Company's ability to identify suitable acquisition candidates, acquire such companies on acceptable terms, integrate the acquired companies' operations and technology successfully with its own and maintain the goodwill of the acquired businesses. The Company is unable to predict whether or when it will be able to identify suitable additional acquisition candidates that are available for a suitable price, or the likelihood that any potential acquisition will be completed.

Growth and expansion resulting from future acquisitions may place significant demands on the Company's management resources. In addition, while the Company's management believes it has the experience and know-how to integrate acquisitions, such efforts entail significant risks including, but not limited to: (a) failure to integrate successfully the personnel, information systems, technology, operations and acquired business; (b) the potential loss of key employees or customers from either the Company's current business or the business acquired; (c) failure to maximize the potential financial and strategic benefits of the transaction; (d) the failure to realize the expected synergies from the acquired businesses; (e) impairment of goodwill; (f) the assumption of significant and or unknown liabilities of the acquired companies; and (g) the diversion of the Company's management time and resources.

There can be no assurances that the Company will be able to successfully identify, consummate or integrate any potential acquisitions into its operations. In addition, future acquisitions may result in potentially dilutive issuance of equity securities, have a negative effect on the Company's share price, and/or may result in the incurrence of debt, all of which could have a material adverse effect on the Company's business, financial condition and results of operation.

***Market Competition***

As the Company operates in a highly competitive sector, the Company's management has implemented a plan to concentrate on developing the Company's clientele in more profitable sectors, focusing on clients who want and recognize value added services that the Company offers.

***Key Personnel***

The Company's success depends largely on the continued services of its senior management team, and the Company's ability to attract and retain skilled employees. The Company must continue to retain highly efficient and high performing individuals as well as continue to enhance its operational and management systems. Most importantly, the Company must continue to attract, train, motivate and manage its employees. If the Company is not successful in these aspects, it may have material adverse effects on the Company's business, results of operations, cash flow and financial condition.

***Government Regulations***

The Company's operations are regulated by the Federal, Provincial and Municipal governments. These regulations affect Taxes, Labour, Workplace Safety, the environment, and all other aspects that can impact the Company's operations and performance. The Company is required to obtain and maintain licenses and facility security clearances. Any failure to obtain, maintain or renew required licenses or facility security clearances could result in the cancelation of certain contracts and or disqualify us from bidding or re-bidding on certain contracts. To date, no government regulations have materially and negatively affected the Company.

***Information Technology Systems***

The Company is dependent on its information technology (IT) infrastructure. Significant problems with the Company's infrastructure, such as telephone or IT systems failures, cyber security breaches, or failure to develop new technology platforms could have a material adverse effect on the business, financial condition, results of operation and cash flow of the Company.

***Credit Risk***

The Company sells almost all of its services within Canada and a significant portion of its revenues are generated on a contractual basis pursuant to agreed payment terms. Due to the large number of commercial and public sector clients that the Company deals with, and their economic distribution, the credit risk concentration to which the Company is exposed remains limited. However, a widespread economic downturn could affect the ability of some clients to pay their bills, thereby affecting the cash flow and potential viability of the Company.

***Reputational Risk***

The Company depends on its reputation for high quality physical and cyber security services to be successful. Damage to the Company's reputation caused by a widely publicised security incident affecting the Company's clients and their installations could affect our reputation. The Company's management team constantly monitors security risk surrounding the Company's operations and the Company has instituted communication protocols to prevent or reduce negative publicity.

***Inflationary Risk***

Strong economic conditions and competition for available personnel and materials may result in significant increases in the cost of obtaining such resources. To the greatest extent possible, the Company passes such cost increases on to its customers and it attempts to reduce these pressures through proactive procurement and human resource practices. Should these efforts not be successful, the gross margin and profitability of the Company could be adversely affected.

## RISKS RELATING TO THE COMPANY'S BUSINESS GENERALLY

***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.

***COVID-19 May Impact Company Operations***

The ongoing effects of the COVID-19 pandemic and uncertainty within international markets could impact the Company's financial performance for the year ended September 30, 2021 and, possibly, beyond. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. The nature and geography of agricultural operations on the Canadian Prairies leads to natural social distancing and isolation, and to date, COVID-19 has not had a material impact on the Company or its clients. Similarly, while some clients of SRG's security business have been significantly affected by COVID-19, this has resulted in an increase in demand for security services in some sectors and a reduction in some others. The net effect is that up to the date of this MD&A, there has been no material impact on the Company's operations or financial results.

## 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.

The Company may issue additional securities from time-to-time in the future to raise funding for its growth initiatives and such issuances may be dilutive to shareholders.

***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 basic and 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.

(All amounts are in thousands of Canadian dollars unless otherwise indicated)

## New Accounting Standard and Interpretations

**Future amendments 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 us are outlined below:

| Proposed Standard | Description | Effective Date | Expected Impact |
|---|---|---|---|
| Amendments to IAS 1 - Classification of liabilities | The amendment provides clarification on the requirement on determining if a liability is current or non-current. | Fiscal years beginning on or after January 1, 2023, applied prospectively. | The Company does not expect any significant impact on the financial statements, but continues to do analysis. |
| Amendment to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets | The amendment provides clarification on the types of costs that can be include when fulfilling an onerous contract. | Fiscal years beginning on or after January 1, 2022 applied prospectively. | The Company does not expect any significant impact on the financial statements, but continues to do analysis. |

We plan to adopt the above standards when they become effective. We are reviewing these standards to determine the potential impact, if any, on our financial statements.

## Outstanding Share Data

At June 30, 2021, there were 60,864,855 common voting shares outstanding (June 30, 2020 – 53,570,467).

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 | 60,864,855 |
| Issuable upon exercise of options[1] | 2,924,900 |
| **Fully diluted common shares** | **63,789,755** |

Notes:

(1) Stock option plan - Input has a stock option plan and, pursuant to the stock option plan, a total of 2,924,900 stock options are outstanding. All of the stock options issued have been issued to directors, officers, employees and consultants of Input.

## Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as Adjusted EBITDA, Adjusted EBITDA per share, and Book Value per Share. These non-IFRS measures are not recognized under IFRS and, accordingly, readers are cautioned that these measures should not be construed as alternatives to net income determined in accordance with IFRS. The non-IFRS measures presented are unlikely to be comparable to similar measures presented by other issuers.

We use these non-IFRS measures for our 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.

**ADJUSTED NET INCOME (LOSS), ADJUSTED NET INCOME (LOSS) 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 loss (gain);
- 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.

(All amounts are in thousands of Canadian dollars unless otherwise indicated)

| *Reconciliation of Net Income, Adjusted Net Income, Adjusted Net Income per Share, Adjusted EBITDA and Adjusted EBITDA per Share* | **Three months ended June 30** | | **Nine months ended June 30** | |
|---|---|---|---|---|
| ***CAD millions, unless otherwise noted*** | **2021** | 2020 | **2021** | 2020 |
| **Net income (loss)** | **1,270** | 1,067 | **2,149** | **262** |
| **Expected credit and impairment losses** | **6** | (1,342) | **(24)** | (1,867) |
| Unrealized market value loss (gain) | **(762)** | 214 | **(1,679)** | (1,035) |
| Realized market value expense (gain) | **(11)** | - | **32** | 237 |
| Realized market value loss (gain) on buyouts | **134** | - | **162** | (392) |
| Non-recurring & other expenses (gains)[1] | **69** | 300 | **(164)** | 423 |
| **Adjusted net income (loss)** | **706** | 239 | **476** | **(2,372)** |
| ***Adjusted net income (loss) per share*** | **$0.01** | $0.00 | **$0.01** | ($0.04) |
| Income tax expense | **455** | 406 | **783** | 146 |
| Realization of crop interests - upfront payment | **80** | 47 | **753** | 5,713 |
| Amortization of capital and intangible assets | **188** | 83 | **428** | 249 |
| Interest expense | **43** | 88 | **209** | 604 |
| **Adjusted EBITDA** | **1,472** | 863 | **2,649** | 4,340 |
| ***Adjusted EBITDA per share*** | **$0.02** | $0.02 | **$0.05** | $0.07 |
| | | | | |
| Weighted average shares outstanding (basic) | **60,865** | 55,342 | **56,438** | 60,077 |

Note:

(1) Non-recurring and other expenses are those deemed by management to be non-cash, non-recurring, relating to financing and/or acquisitions, 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 June 30, 2021** | **As at June 30, 2020** |
|---|---|---|
| Total shareholders' equity | **76,709** | 72,021 |
| **Common shares outstanding** | **60,865** | 53,570 |
| ***Book value per share*** | **$1.26** | $1.34 |

## Outlook

Our book of canola streaming contracts continues to decline rapidly as farmers take advantage of low interest rates and high canola prices to refinance and/or buy out of their contracts with us. This is accelerating the pace of our shift into the security business faster than our original expectations.

Further, the remaining volume of our agriculture business has shrunk to such an extent that the impact of the price of canola on our financial results is virtually immaterial. Future growth will be in the security segment, in part from organic growth as SRG wins new contracts, and via acquisition, as SRG looks to acquire other companies in the Canadian cyber and physical security space(s).

We plan to continue to distribute capital to shareholders via the dividend, reduce our debt while maintaining solid liquidity, and focus on maximizing Adjusted EBITDA and Book Value per Share.

The ongoing effects of the COVID-19 pandemic and uncertainty within international markets could impact the Company's financial performance for the year ended September 30, 2021 and, possibly, beyond. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. We have not seen any material impact on our agriculture business to date, but we have seen some shifting of client demand for security services as a result of COVID. Demand is smaller in certain market segments, such as airport security services, but higher in other segments. Given the balance of uncertainties, the long-term financial impact on the Company, if any, cannot be determined with any certainty. Taken together, COVID-19 has not had a material impact on the results of our agriculture business or on the security business of SRG.

## Subsequent Events

On July 10, 2021, the Company finalized an asset purchase agreement with Impact Security Group Inc. ("Impact") to purchase all Impact security and guard contracts in the Province of Saskatchewan, Canada. The purchase price was $2.0 million, with $1.35 million in cash paid on closing and the balance to be paid as an earnout based on the performance of the contracts over the next twelve months.

At a Special Meeting of the Shareholders held on August 9, 2021, Input shareholders voted overwhelmingly in support of a corporate name change and share consolidation for the Company. The Board and Management are considering the appropriate timing of these initiatives by the Company.

## 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 this quarterly Management Discussion & Analysis (MD&A) document 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 this MD&A 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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