MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following management’s discussion and analysis (“**MD&A**”) of financial condition and results of operations have been prepared by management to help readers interpret the unaudited condensed interim consolidated financial results of Farmers Edge Inc. (“the Company” or “Farmers Edge”) for the three and nine months ended September 30, 2023 (”**Interim Financial Statements**”). This document should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022 (“**Financial Statements**”). The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

This MD&A contains forward-looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such forward-looking statements, including, but not limited to, the factors described in the Company's public filings available on SEDAR at www.sedar.com. See “Forward-Looking Information” in **Appendix A**.

This MD&A has been prepared as of November 8, 2023. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated. The Interim Financial Statements presented herein include the accounts of the Company and all of its subsidiaries. All references to the Company include its subsidiaries as applicable.

Fairfax Financial Holdings’ credit facility of $75 million and it ongoing support (see notes 8, 12, and 15) of the interim Consolidated Financial Statements) provide management with the opportunity to execute its growth strategies and fund the current Adjusted Free Cash Flow Deficiency from operations as it scales the business. The growth strategies include developing enterprise partnerships, adding higher revenue-generating Digital Agronomy Acres to the Company’s platform, converting current acres to higher revenue-generating acres, enhancing and developing new features on its platform to monetize data, and expanding its business analytics solutions product offerings. The estimate of future cash flows uses considerable judgement and includes key assumptions for revenue growth and expenses, including implementing cost reduction initiatives, which may be subject to variability. Management believes that the Company currently has access to sufficient funds to operate over the next 12 months and continues to refine its strategic plan and forecasts. Reducing the cash burn rate and accelerating revenue growth are key focuses for management to be profitable.

OPERATING HIGHLIGHTS

in thousands, except per share amounts	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
FINANCIAL PERFORMANCE				
Revenues	$ 4,427	$ 5,943	$ 15,906	$ 22,182
Operating expenses [(1)]	(17,695)	(24,379)	(58,755)	(79,936)
Non-recurring items [(2)]	2,215	2,606	4,112	5,880
Adjusted EBITDA [(3)]	$ (11,053)	$ (15,830)	$ (38,737)	$ (51,874)
Net loss	$ (17,900)	$ (21,125)	$ (55,143)	$ (66,826)
Loss per share - basic & diluted	$ (0.43)	$ (0.50)	$ (1.31)	$ (1.59)
Adjusted Free Cash Flow Deficiency[(3)]	$ (13,285)	$ (15,059)	$ (42,350)	$ (57,728)

	September 30, 2023	December 31, 2022
FINANCIAL POSITION as at date specified		
Total assets	$ 59,382	$ 87,018
Total liabilities	$ 91,666	$ 66,529
Total equity (deficiency)	$ (32,284)	$ 20,489

	September 30, 2023	December 31, 2022
KEY PERFORMANCE INDICATORS AND OTHER FINANCIAL MEASURES as at date specified		
Digital Agronomy Acres [(4)]	5,189	9,773
Annual Recurring Revenue (ARR) [(4)]	$ 19,438	$ 34,429

(1) Operating Expenses include Cost of revenue, Data and technology infrastructure expenses, Selling and marketing expenses, Product research and development expenses, and General and administrative expenses including restructuring expenses and non-recurring legal fees as set out in the Company's Statements of Operations and Comprehensive Loss in its Interim Financial Statements.

(2) Non-recurring items include restructuring expenses of $0.7 million and legal fees of $1.5 million in Q3 2023 compared to restructuring expenses of $0.2 million and $2.4 million related to legal fees in Q3 2022. Non-recurring items include restructuring expenses of $1.0 million and legal fees of $3.1 million in Q3 YTD 2023 compared to $1.4 million in restructuring costs and legal fees of $4.5 million in Q3 YTD 2022.

(3) Adjusted EBITDA and Adjusted Free Cash Flow Deficiency are non-GAAP financial measures used throughout this MD&A. See "Key Performance Indicators and Non-GAAP and Other Financial Measures" for more information on each non-GAAP financial measure. A quantitative reconciliation of Adjusted EBITDA to Net loss and Free Cash Flow, the most directly comparable IFRS financial measures are disclosed in our Interim Financial Statements to which Adjusted EBITDA, Free Cash Flow, and Adjusted Free Cash Flow Deficiency relates, is in the "Results of Operations" section of this MD&A.

(4) Digital Agronomy Acres and ARR are supplementary financial measures used throughout this MD&A. See "Key Performance Indicators and Non-GAAP and Other Financial Measures" for more information on each supplementary financial measure.

THIRD QUARTER BUSINESS UPDATE

Management's top priorities for 2023 are to increase revenue while carrying out its cost reduction plans. These initiatives are intended to reduce cash burn, stabilize operations, and provide a strong foundation for future growth.

Revenues

- **Revenue growth**: Management is prioritizing top-line growth through both B2B and B2C strategies. The strategic partnership team, working closely with the CEO, is reestablishing relationships with key enterprise clients like Richardson and Hudson Insurance in North America. We're also advancing our Sustainability Reporting in Agri Fuel and Agri Food pilot projects and developing business cases and building relationships to support our new Ag-Retail and Data/Technology Licensing offerings.
- **Acres:** During the third quarter, our management team focused on both renewing expiring contracts and expanding new sales to grow our pipeline. There were nominal new Digital Agronomy acres added; however, the B2B pipeline has expanded and the sales team is focused on improving the B2C acre pipeline. In Q3 2023, the remaining low value acres of 640K in Brazil were also discontinued. In North America, we had a large number of contracts up for renewal and management was able to retain 50% of the related revenue. The feedback received will help us improve future retention rates and prospects and we believe that the digital agronomy acres will grow in future periods.
- **New partnership:** During the third quarter, Claro, one of Latin America's largest telecommunications providers, entered into a strategic partnership with the Company to introduce the Farmers Edge digital solutions to the agricultural community in Brazil. This collaboration aims to promote the adoption of digital agtech tools and enhance rural internet connectivity, contributing to a more sustainable and connected agricultural ecosystem. Farmers Edge will utilize Claro's extensive channel network to deliver its state-of-the-art agtech solutions, including the FarmCommand platform, to Brazilian farmers. Both companies will work closely to develop IoT (Internet of Things) products and services tailored to the specific requirements of the region's agriculture sector. This alliance aligns with Claro's strategy, focused on rapidly expanding IoT solutions for the agricultural sector and improving rural connectivity. It will further enhance the Company's existing suite of solutions in Brazil with a goal of leveraging our products on over 600K acres in 2024.
- **Customer Experience:** This newly established team is helping us better understand our customers' needs and preferences and implement targeted initiatives that will contribute to enhance customer satisfaction, improved customer retention rates, and ultimately drive long-term business growth. Our Director of Customer Experience will play a pivotal role in shaping these efforts.
- **E-Commerce**: The company has migrated its e-commerce operations towards a non-asset-based third-party model and established in the third quarter a strategic partnership with American Farm Financing ("AFF"). This partnership is designed to pull traffic to our e-commerce website and have AFF provide financial support to farmers. This should have a positive impact on our existing vendor network and help strengthen our platform.

Cost Reduction

- **Improved Profitability & Cash Flow:** The Q3 Adjusted EBITDA deficiency improved by 30% over the comparable 2022 period. For the nine-month period ended September 30, 2023, the Q3 Adjusted EBITDA deficiency improved by 25% over the comparable 2022 period. The Adjusted Free Cash Flow deficiency in Q3 2023 improved by 12% over the comparable three-month period in the prior year and 27% for the comparable nine-month period ended September 30. These improvements were the result of our cost reduction efforts with operating expenses excluding non-recurring items expected to be at about 50% of the 2022 run rate in the future.
- **Operational Improvement:** The management team has successfully executed its plan to transition from an in-field service model to a virtual delivery model for lower density areas. We will continue to have in-field support in key regions within North America and Brazil. This transition will enhance the customer experience and improve operational efficiency.

RESULTS OF OPERATIONS

Revenues

in thousands	Three Months Ended September 30		Change	Nine Months Ended September 30		Change
	2023	**2022**		**2023**	**2022**	
Digital Ag and Fertility solutions revenues	$4,085	$4,624	$(539)	$12,753	$15,333	$(2,580)
Business analytics solutions and Agronomic services	239	694	(455)	419	1,325	(906)
Crop input sales	103	625	(522)	2,734	5,524	(2,790)
Total revenue	**$4,427**	**$5,943**	**$(1,516)**	**$15,906**	**$22,182**	**$(6,276)**
Digital Agronomy Operations	$4,324	$5,318	$(994)	$13,172	$16,658	$(3,486)
E-commerce Operations	103	625	(522)	2,734	5,524	(2,790)
Total Revenue	**$4,427**	**$5,943**	**$(1,516)**	**$15,906**	**$22,182**	**$(6,276)**
Annual Recurring Revenue (ARR) [1]				**$19,438**		

(1) ARR is defined in "Key Performance Indicators and Non-GAAP and Other Financial Measures."

Revenues generated for the three months ended September 30, 2023 (“Q3 2023”) were $4.4 million (Q3 2022 – $5.9 million) and $15.9 million (Q3 YTD 2022 - $22.2 million) for the nine months ended September 30, 2023 (”Q3 YTD 2022”).

The Company’s Digital Ag and Fertility solutions subscription revenues include revenue from both Digital and Fertility solution subscription contracts with growers and represent the majority of the Company’s revenue. Digital Ag and Fertility solution subscription revenue was $4.1 million for Q3 2023 (Q3 2022 – $4.6 million), whereas Digital Ag and Fertility solution subscriptions revenue for Q3 YTD 2023 was $12.8 million, a decrease of $2.5 million from Q3 YTD 2022 comparative revenue of $15.3 million. These decreases result from a lower Digital Agronomy Acres footprint in 2023 compared to the 2022 periods. This is attributed to several key factors including the discontinuation of low- value acreage in Brazil, the closure of operations in Australia, loss of acres on contract renewals in North America and nominal new acres added to the platform.

Business analytics solutions revenue represents analytics and technology solutions for agribusiness and insurance. For Q3 2023, business analytics solutions revenue was $0.2 million (Q3 2022 – $0.7 million) and for Q3 YTD 2023, $0.4 million (Q3 YTD 2022 - $1.3 million). The decline in revenue can be directly attributed to the lower insurance. Our management team is actively engaged in discussions with various insurance enterprise clients regarding the recently introduced Smart Reporting and Smart Claim tools and expects insurance revenue to rebound in 2024.

Crop input sales represent e-commerce revenue of $0.1 million for Q3 2023 (Q3 2022 – $0.6 million) and $2.7 million for Q3 YTD 2023 (Q3 YTD 2022 - $5.5 million). During the second quarter of 2023, a new e-commerce platform and commission based model which eliminates inventory-related risks was introduced.

Annual Recurring Revenue

The Company's decline in ARR for the three and nine-month periods ending September 30, 2023, can be attributed primarily to reduced Digital Agronomy acres and includes the impact of conversion rate adjustments, cancellation of the Progressive Growing Program, and a lack of market for agriculture carbon offsets. Average expected revenue per Digital Agronomy Acre is $3.75 at September 30, 2023.

Operating Expenses

Summary

Operating expenses for the three months ended September 30, 2023, were $17.7 million (2022 Q3 – $24.4 million) and for Q3 YTD 2023 were $58.8 million (Q3 YTD 2022 - $79.9 million). The decreases in operating expenses were driven by the Company’s cost reduction programs and lower non-recurring items. Specifically, for Q3 2023, people costs have been reduced by $2.3 million, professional fees including legal fees by $1.4 million, vehicle and travel costs by $0.5 million, and freight costs by $0.4 million. For Q3 YTD 2023, people costs have been reduced by $10.0 million, professional fees including legal fees by

$2.7 million, vehicle and travel costs by $2.0 million, commissions by $0.9 million, and advertising and promotion costs by $0.8 million.

Q3 2023 costs were $17.7 million or $1.8 million below Q2 2023 expenses of $19.5 million. Refer to the details below for additional commentary.

Cost of Revenues

in thousands	Three Months Ended September 30		Change	Nine Months Ended September 30		Change
	2023	**2022**		**2023**	**2022**	
Employee compensation & benefits	$ 3,887	$ 5,491	$ (1,604)	$ 11,485	$ 16,084	$ (4,599)
Cost of goods sold	65	989	(924)	3,594	5,406	(1,812)
Vehicle & travel	642	1,112	(470)	1,901	4,275	(2,374)
Soil testing costs	379	775	(396)	1,550	2,454	(904)
Other	384	491	(107)	1,029	2,001	(972)
Total costs of revenue	**$ 5,357**	**$ 8,858**	**$ (3,501)**	**$ 19,559**	**$ 30,220**	**$ (10,661)**

The direct cost of revenue includes payroll and related expenses for employees involved in initial customer setup and ongoing customer service needs. It also includes vehicle and travel, shipping and soil testing costs, cost of goods sold related to the Company's e-commerce operations and other expenses necessary to support customer service requirements.

Total costs of revenue for Q3 2023 were $5.4 million (Q3 2022 – $8.9 million), representing a decrease of $3.5 million over the comparative period. The Company's cost reduction program realized significant savings with decreases in quarterly people costs of $1.6 million, cost of goods sold of $0.9 million, vehicle and travel costs of $0.5 million.

Total costs of revenue for Q3 YTD 2023 were $19.6 million (Q3 YTD 2022 — $30.2 million), representing a decrease of $10.6 million over the comparative period. Most of the decrease for the period relates to the reduction of people costs of $4.6 million. Additionally, $2.0 million was related to lower vehicle costs due to a leaner workforce and fleet and $1.8 million is associated with lower costs of sales on lower sales volumes from the Company's ecommerce platform.

Data and technology infrastructure expenses

in thousands	Three Months Ended September 30		Change	Nine Months Ended September 30		Change
	2023	**2022**		**2023**	**2022**	
Total data and technology infrastructure expenses	**$3,479**	**$3,726**	**$(247)**	**$11,635**	**$11,557**	**$78**

Data and technology infrastructure expenses relate to the digital agronomy operations and include satellite imagery costs, cloud hosting services, network data costs for CanPlugs and weather stations, and the costs of certain software licenses.

The data and technology infrastructure expenses for the current period remain in line with those incurred during the second quarter of 2022. An ongoing cloud hosting initiative is currently underway, with anticipated cost-saving benefits anticipated to materialize during the final quarter of this fiscal year. This initiative reflects the company's strategic commitment to optimizing its technological capabilities and infrastructure, enhancing operational efficiency and cost-effectiveness, and bolstering overall financial performance.

Selling and Marketing Expenses

Selling and marketing expenses include commissions paid to third-party sales representatives, the cost of the Company's sales, business development and related management teams, and marketing and advertising costs.

Total selling and marketing expenses for Q3 2023 were $2.5 million (Q3 2022 — $4.2 million). The primary drivers were reductions in people costs of $1.1 million and $0.4 million related to lower commissions.

Total selling and marketing expenses for Q3 YTD 2023 were $8.7 million (Q3 YTD 2022 - $14.6 million), a decrease of $5.9 million. The decrease is primarily the result of $4.0 million in decreased people costs, $0.9 million in lower commissions and $0.4 million in decreased advertising costs.

Product Research and Development Expenses

Product research and development expenses relate to digital agronomy software and operations and consist primarily of employee expenses and outsourcing costs related to the technology and research and development.

Total product research and development expenses for Q3 2023 were $1.6 million (Q3 2022 – $1.3 million), and for Q3 YTD 2023 were $4.9 million (Q3 YTD 2022 - $4.5 million). Product research and development expenses increased nominally due to more activity.

General and Administrative Expenses

General and administrative expenses include the shared employee costs encompassing finance, human resources, legal, internal information technology, and the Company's executive team. These costs also include other professional fees, costs associated with corporate systems, bad debt expenses, and general corporate expenses.

Total general and administrative expenses for Q3 2023 were $4.8 million (Q3 2022 — $6.3 million), reflecting a decrease of $1.5 million. The decrease in general and administrative expenses was mostly due to lower legal fees of $1.3 million.

Total general and administrative expenses for Q3 YTD 2023 were $14.0 million (Q3 YTD 2022 — $19.1 million), reflecting a decrease of $5.1 million. The decrease in general and administrative expenses when compared to Q3 YTD 2022 was primarily a result of a decrease of $2.2 million in legal fees, a decrease in people costs of $1.5 million, and lower bad debt expenses of $0.6 million.

Adjusted EBITDA and Net Loss

in thousands	**Three Months Ended September 30**		**Change**	**Nine Months Ended September 30**		**Change**
	2023	**2022**		**2023**	**2022**	
Adjusted EBITDA (1)	(11,053)	(15,830)	4,777	(38,737)	(51,874)	13,137
Foreign exchange loss	124	52	72	66	594	(528)
Depreciation of property and equipment	1,692	2,506	(814)	5,224	7,542	(2,318)
Amortization of intangible assets	1,516	2,143	(627)	4,367	5,432	(1,065)
Finance costs	1,467	449	1,018	3,876	740	3,136
Other income	(167)	(2,461)	2,294	(1,239)	(5,236)	3,997
Non-recurring items (2)	2,215	2,606	(391)	4,112	5,880	(1,768)
Net loss	**$ (17,900)**	**$ (21,125)**	**$ 3,225**	**$ (55,143)**	**$ (66,826)**	**$ 11,683**

(1) Adjusted EBITDA is a non-GAAP financial measure. See "Key Performance Indicators and Non-GAAP and Other Financial Measures" for more information on each non-GAAP financial measure. This table provides a quantitative reconciliation of Adjusted EBITDA to Net loss, the most directly comparable IFRS financial measure disclosed in our Interim Financial Statements to which Adjusted EBITDA relates.
(2) Non-recurring items include restructuring expenses of $0.7 million and legal fees of $1.5 million in Q3 2023 compared to restructuring expenses of $0.2 million and $2.4 million related to legal fees in Q3 2022. Non-recurring items also include restructuring expenses of $1.0 million and legal fees of $3.1 million in Q3 YTD 2023 compared to $1.4 million in restructuring costs and legal fees of $4.5 million in Q3 YTD 2022.

Adjusted EBITDA for Q3 2023 was a loss of $11.1 million (Q3 2022 — $15.8 million loss), and for Q3 YTD 2023 was $38.7 million loss (Q3 YTD 2022 - $51.9 million loss). Adjusted EBITDA for Q3 2023 improved by $4.7 million and for YTD 2023 by $13.2 million primarily due to lower expenses associated with the Company's cost reduction efforts which was partially offset by lower revenues.

Foreign Exchange Loss

The foreign exchange loss for Q3 2023 was $0.1 million (Q3 2022 – $0.1 million loss), and a $0.1 million loss in Q3 YTD 2023 (Q3 YTD 2022 - $0.6 million loss). The results are presented in Canadian dollars, which is the Company's functional and presentation currency. Foreign exchange losses included above comprise translation differences arising from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in a foreign currency and primarily related to the changes in the U.S. dollar compared to the Canadian dollar.

Depreciation and Amortization

Combined depreciation and amortization expense for Q3 2023 was $3.2 million (Q3 2022 – $4.6 million) and Q3 YTD 2023 was $9.6 million (Q3 YTD 2022 - $13.0 million). The decrease in depreciation is due to management's review and extension of the useful lives of weather stations and CanPlugs equipment in September 2022 which was recorded on a prospective basis. In addition, the Company has reduced its expenditures on property and equipment and disposed of excess property and equipment in 2023.

Finance Costs

Finance costs in Q3 2023 of $1.5 million (Q3 2022 – $0.4 million) and Q3 YTD 2023 of $3.9 million (Q3 YTD 2022 - $0.7 million) includes interest and accretion expenses on the Company's right-of-use assets and long-term debt.

Other Income

Other income for Q3 2023 is $0.2 million compared to $2.5 million in Q3 2022 (Q3 YTD 2023 - $1.2 million; Q3 YTD 2022 - $5.2 million). The decrease in other income is driven primarily by lower government grant revenues.

Income Taxes

The Company has not recorded any current or deferred income tax benefit for tax losses in any reporting periods. The Company had approximately $500 million of accumulated non-capital losses as of December 31, 2022, with expiry dates ranging between 2030 and 2042. These losses may be used to offset future taxable income. In addition, the Company has undeducted Scientific Research and Experimental Development expenditures of approximately $39.0 million which may be carried forward indefinitely and unused investment tax credits of approximately $3.0 million, which expire between 2034 and 2039.

Free Cash Flow

in thousands	Three Months Ended September 30		Change	Nine Months Ended September 30		Change
	2023	**2022**		**2023**	**2022**	
Net loss	$ (17,900)	$ (21,125)	$ 3,225	$ (55,143)	$ (66,826)	$ 11,683
Foreign exchange loss	124	52	72	66	594	(528)
Depreciation of property and equipment	1,692	2,506	(814)	5,224	7,542	(2,318)
Amortization of intangible assets	1,516	2,143	(627)	4,367	5,432	(1,065)
Finance costs	1,467	449	1,018	3,876	740	3,136
Other income excluding government subsidies, and financial assistance	(308)	(1,165)	857	(1,226)	(1,766)	540
Stock-based compensation	189	177	12	624	647	(23)
Additions to property and equipment (net of proceeds)	(641)	(666)	25	(1,218)	(6,435)	5,217
Additions to intangible assets (net of proceeds)	(1,320)	(1,117)	(203)	(4,080)	(3,494)	(586)
Repayment of right-of-use obligations	(565)	(885)	320	(1,851)	(2,700)	849
Non-recurring items [1]	2,215	2,606	(391)	4,112	5,880	(1,768)
Free Cash Flow [2]	**$ (13,531)**	**$ (17,025)**	**$ 3,494**	**$ (45,249)**	**$ (60,386)**	**$ 15,137**
Changes in non-cash working capital	246	1,966	(1,720)	2,899	2,658	241
Adjusted Free Cash Flow Deficiency [2]	**$ (13,285)**	**$ (15,059)**	**$ 1,774**	**$ (42,350)**	**$ (57,728)**	**$ 15,378**

(1) Non-recurring items include restructuring expenses of $0.7 million and legal fees of $1.5 million in Q3 2023 compared to restructuring expenses of $0.2 million and $2.4 million related to legal fees in Q3 2022. Non-recurring items also include restructuring expenses of $1.0 million and legal fees of $3.1 million in Q3 YTD 2023 compared to $1.4 million in restructuring costs and legal fees of $4.5 million in Q3 YTD 2022.

(2) Free Cash Flow and Adjusted Free Cash Flow Deficiency are non-GAAP financial measures. See "Key Performance Indicators and non-GAAP and Other Financial Measures". This table provides a quantitative reconciliation of Free Cash Flow and Adjusted Free Cash Flow Deficiency to Net Loss during the period, the most directly comparable IFRS financial measure disclosed in our Interim Financial Statements to which Free Cash Flow and Adjusted Free Cash Flow Deficiency relates.

The Company's strategic cost cutting initiatives and lower capital expenditures have improved the Adjusted Free Cash Flow Deficiency in Q3 2023 by 12% over the comparable three month period and 27% for the comparable nine-month ended September 30, 2022. See also the Outlook section for further cost reduction initiatives.

INVESTING ACTIVITIES

The Company's investing activities consist of expenditures made for tangible property and intangible assets plus the repayments of right-of-use obligations associated with leased assets. The Company may also receive government funding to support a portion of the costs of its investment in its research and development efforts.

Property and Equipment Additions

The Company had property and equipment purchases in Q3 2023 of $0.9 million (Q3 2022 - $0.9 million) and $1.9 million in Q3 YTD 2023 (Q3 YTD 2022 - $7.3 million). The reduction in costs reflected the utilization of available equipment and reducing capital expenditures as part of its cost reduction strategy. Most of the Company's expenditures are for farm hardware, including CanPlugs, weather stations and other sensors that are installed on customers farms.

Right-of-Use Repayments

The Company's right-of-use repayments relating to leased assets for Q3 2023 were $0.6 million (Q3 2022 – $0.9 million) and $1.9 million in Q3 YTD 2023 (Q3 YTD 2022 - $2.7 million). The assets being leased mainly comprise fleet vehicles, building space for operations team members and warehouse space for farm equipment. The Company continues to reduce its fleet size and overhead costs as part of its broader business strategy and headcount reductions.

Intangible Asset Investments

The Company's intangible assets additions include internal and third-party software development expenses. Additions were $1.3 million for Q3 2023 (Q3 2022 – $1.1 million) and $4.1 million for Q3 YTD 2023 (Q3 YTD 2022 - $3.5 million). The capitalized platform development software costs included refinements made to improve the platform. The amount of capitalized platform development costs will fluctuate from period to period as new features and functions on the platform are designed and developed to create future economic benefits and improve customer satisfaction.

OUTLOOK

The Company is maintaining its focus on growing revenue and reducing the cash burn rate which will require continued Fairfax support over the next couple of years as revenue streams are built.

We are confident that our technology will provide growers and enterprise partners value and are well positioned for future digital agriculture adoption which is expected to be gradual. In the near term, we are intensifying our focus on expanding our laboratory services for soil testing through dedicated sales efforts. Furthermore, we are placing significant emphasis on technology licensing services, with the goal of offering our technology platform to stakeholders in the agriculture community.

The e-commerce business will expand its website offerings to include crop inputs, nutritionals (micronutrients, biologicals, inoculants, adjuvants), grain monitoring systems, equipment, and services like aerial application, lab testing, and agronomy. This expansion will assist North American farmers to have easy access to local retailers and vendors for price comparisons and by employing geo-location technology for precision and inventory availability.

The Company's commitment to enhancing the customer experience remains a top priority. The management team is actively assessing market demands, particularly in digital agronomy, to stay aligned with evolving customer needs and reinforce its industry leadership.

Our partnership with Claro is a significant milestone with the potential to significantly expand our presence and profitability in the Brazilian market. Management is confident that there will be additional enterprise partnerships closing in the near term which will help reduce the cash burn rate.

LIQUIDITY AND CAPITAL RESOURCES

On July 8, 2022, the Company closed a secured $75.0 million credit agreement with Fairfax Financial Holdings Limited and certain of its affiliates (collectively, "Fairfax") (the "Facility"). The Facility bears interest at a rate of 6% per annum and will mature on January 31, 2025. The net proceeds of the Facility are being used for working capital and general corporate purposes. As of September 30, 2023, the Company has drawn $75.0 million against the Facility (see note 8 to the interim financial statements for further information). Fairfax has also committed to provide financial support to the Company for the next twelve months to fund loses as required.

The Company is not subject to any externally imposed capital requirements.

Sources and Uses of Cash

The Company's sources and uses of cash for the three months ended September 30, 2023, and 2022 are summarized below:

in thousands	**Three Months Ended September 30**		**Change**	**Nine Months Ended September 30**		**Change**
	2023	**2022**		**2023**	**2022**	
Proceeds from long-term debt	$13,000	$20,000	$(7,000)	$35,000	$20,000	$15,000
Repayment of long-term debt	(83)	—	(83)	(222)	—	(222)
Payment of transaction costs	(130)	(750)	620	(130)	(750)	620
Repayment of right-of-use obligations	(565)	(885)	320	(1,851)	(2,700)	849
Net cash (used) provided by financing activities	**$12,222**	**$18,365**	**$(6,143)**	**$32,797**	**$16,550**	**$16,247**
Adjusted EBITDA [(1)]	**$(11,053)**	**$(15,830)**	**$4,777**	**$(38,737)**	**$(51,874)**	**$13,137**
Adjusted Free Cash Flow Deficiency[(1)]	**$(13,285)**	**$(15,059)**	**$1,774**	**$(42,350)**	**$(57,728)**	**$15,378**

(1) Adjusted EBITDA and Adjusted Free Cash Flow Deficiency are non-GAAP financial measures. See "Key Performance Indicators and non-GAAP and Other Financial Measures". Quantitative reconciliations of Adjusted EBITDA and Adjusted Free Cash Flow Deficiency to the most directly comparable IFRS financial measure disclosed in our Interim Financial Statements to which they relate are in the "Results of Operations" section of this MD&A.

The factors leading to the Adjusted EBITDA loss and Adjusted Free Cash Flow Deficiency in the current period are described in "*Results of Operations*". The Company used cash on hand in Q3 2023 and the Facility to fund the Adjusted Free Cash Flow Deficiency.

Key Working Capital Items

The Company's cash position as at September 30, 2023, was $9.5 million. The Company's working capital position as at September 30, 2023 and 2022 is summarized below. A nominal amount of working capital is related to e-commerce operations.

in thousands		
as at	**September 30, 2023**	**December 31, 2022**
Accounts Receivable	$3,193	$11,683
Less: Deferred Revenue	(765)	(8,582)
Net	**$2,428**	**$3,101**
Inventories	106	2,766
Prepaid expenses	795	1,494
Accounts payable and accrued liabilities	(11,285)	(12,416)
Net working capital	**$(7,956)**	**$(5,055)**

Credit Facilities and Long-Term Debt

The Company has a $0.7 million demand facility for the funding of its corporate credit card program, secured by a $0.4 million pledge of the Company's cash deposits. As at September 30, 2023, the Company had not drawn on this facility (September 30, 2022 – $nil).

Share Capital

Share capital increased by $0.1 million as 29,994 RSU's vested during Q3 2023.

Contractual Obligations

The following table describes the Company's maturity analysis of the undiscounted cash flows of leases, long-term debt, purchases and other obligations as at September 30, 2023.

in thousands	**As at September 30, 2023**				
	< 1 Year	**1-3 Years**	**4-5 Years**	**> 5 years**	**Total**
Right-of-use obligations	$ 1,952	$ 1,853	$ —	$ —	$ 3,805
Purchase obligations	9,473	19,830	—	—	29,303
Long-term debt	336	75,442	—	—	75,778
Accounts payable and accrued liabilities	11,285	—	—	—	11,285
Total	**$ 23,046**	**$ 97,125**	**$ —**	**$ —**	**$ 120,171**

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as of the date of this MD&A.

RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 11 to the Interim Financial Statements or elsewhere in the MD&A. The related party transactions of the Company include financing, revenue earned with a subsidiary of a shareholder and for the compensation of directors and key management who are designated as related parties.

LEGAL MATTERS

See Note 14 to the Interim Financial Statements for details.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accounting policies of the Company used in the determination of the results for the year ended December 31, 2022, and the comparative period that are discussed in this report are described in detail in Note 3 of the Company's Annual Financial Statements.

The preparation of Interim Financial Statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Interim Financial Statements and the reported amount of revenue and expenses during the reporting period. The Company bases its assumptions on a number of factors including historical experience, current events, actions that the Company may take in the future, and other assumptions it believes are reasonable under the circumstances. Actual results could differ from those estimates under different conditions or assumptions.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were described in detail in Note 4 of the Annual Financial Statements.

DISCLOSURE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR").

DC&P refers to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under securities legislation is recorded, processed, summarized, and reported within the time frame specified in applicable securities legislation.

The ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS. Management, under the supervision of the CEO and recently appointed VP Finance has evaluated the design of our ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

Management, including our CEO and VP Finance, does not expect that our DC&P and ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations, and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to public disclosure filings and financial statement preparation and presentation.

National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") requires our CEO and VP Finance, to certify that they are responsible for establishing and maintaining DC&P and ICFR and that those internal controls have been designed and are effective in providing reasonable assurance regarding public disclosure filings and the reliability of financial reporting and the preparation of Financial Statements in accordance with IFRS. Our CEO and VP Finance are also responsible for disclosing any changes to our internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As at December 31, 2022, and 2021, management assessed the design and operational effectiveness of our ICFR and concluded that the Company's ICFR and DC&P were effective.

There have been no changes in the Company's ICFR during the three and nine months ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

RISK AND UNCERTAINTIES

In addition to the risks identified in this section and elsewhere in this MD&A, a number of factors that could cause actual results to vary significantly from the results discussed herein are noted in the Company's most recent Annual Information Form, a copy of which is available on SEDAR at www.sedar.com. There were no changes to the Company's principal risks and uncertainties from those reported in the Company's Annual Information Form. The occurrence of any of such risks, or other risks not presently known to the Company or that the Company currently believes are immaterial, could materially and adversely affect the Company's results of operations, cash flows or financial condition.

KEY PERFORMANCE INDICATORS & NON-GAAP AND OTHER FINANCIAL MEASURES

Key Performance Indicators ("KPIs")

KPIs are supplementary financial measures that help the Company evaluate its business activities, measure performance, identify key trends affecting the business, formulate business plans and make key strategic decisions. Investors are cautioned that the Company's KPIs should not be viewed as an alternative to measures that are recognized under IFRS. The Company's KPIs may be calculated in a manner different from similar KPIs used by other companies and therefore may not be comparable to such measures.

Digital Agronomy Acres means the aggregate of all Digital Agronomy Acres, including both new and renewal acres as measured at each reporting date. Digital Agronomy Acres are the subject of a contract with a grower and are priced on a per acre basis. The Company views Digital Agronomy Acres as an important metric since these acres are expected to contribute to the future revenue of the Company.

Annual Recurring Revenue ("**ARR**") measures the expected annualized recurring subscription revenue associated with the Company's contracts at the end of a reporting period. ARR is a supplementary financial measure. The recurring nature of the Company's revenue provides visibility into future performance. However, due to the revenue recognition policies under IFRS for Digital Agronomy Acres, new acres may not immediately contribute to quarterly or annual revenues, depending on the timing and type of the new acres signed. The Company assesses its ARR at the end of each reporting period to reflect the expected annualized recurring revenue associated with its committed contracts at a point in time. ARR excludes carbon offsets revenues from acres under contract with the Smart Carbon program. ARR also excludes any sales revenues associated with CommoditAg as these revenues are not based on a subscription model. The impact related to the sale of carbon offsets is $1.5 million at September 30, 2023.

ARR is measured by taking the annual contract value at each period end date and adjusting for any committed recurring discounts or premiums on the contract and excluding any first year discounts, including those under the Progressive Grower program or those that are expected to be recovered upon a sale of carbon offsets. Contracts denominated in a foreign currency are translated to Canadian dollars based on the period end exchange rate. Management believes that ARR is a good predictor of its future revenue streams. Recurring revenue may fluctuate by the amount and timing of acre changes or cancellations on subscribed contracts, and by the foreign exchange impact of contracts held in foreign operations. For Digital Agronomy Acres in the Progressive Grower program, ARR historically excluded the potential future upsell of converting to fertility contracts that would increase recurring revenue and excluded the potential lower recurring revenue as a result of an opt-out option exercised by the grower. The impacts related to the Progressive Grower Program are nil at September 30, 2023 as the program has been eliminated.

Non-GAAP Financial Measures

The information presented within this MD&A includes certain financial measures, including non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow, and Adjusted Free Cash Flow Deficiency. These are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather these measures are provided as additional information to complement IFRS measures by providing a further understanding of the Company's results of operations from management's perspective, and to discuss the Company's financial outlook. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The definitions of these measures will likely differ from those used by other companies.

Adjusted EBITDA is the net loss before income tax expense, other income, finance costs, foreign exchange (gain) loss, depreciation and amortization after adjusting for the effects of any unusual non-recurring items. Adjusted EBITDA is a non-GAAP financial measure and its more directly comparable financial measure that is disclosed in our Interim Financial Statements is net loss. The Company's management and Board use this measure to evaluate consolidated operating results. In addition, this measure is used to make operating decisions as it is an indicator of the performance of the business and how much cash is being used by the Company and assists in determining resource allocation decisions. This measure may not be comparable to similar measures presented by other companies. See reconciliation under "*Results from Operations*".

Free Cash Flow is net loss, adjusted for other income excluding government subsidies and financial assistance, finance costs, foreign exchange (gain) loss, depreciation and amortization as set out in the Company's consolidated statement of operations and comprehensive loss in the Interim Financial Statements, stock-based compensation, net additions to property and equipment and intangible assets, repayment of right-of-use obligations, and any unusual non-recurring items. Free Cash Flow is a non-GAAP financial measure and its more directly comparable financial measure that is disclosed in our Interim Financial Statements is net loss during the period. The Company's management and Board use this measure to assess the availability of the Company's cash. See reconciliation in "*Results of Operations*".

Adjusted Free Cash Flow Deficiency is net loss, adjusted for other income excluding government subsidies and financial assistance, finance costs, foreign exchange (gain) loss, depreciation and amortization as set out in the Company's consolidated statement of operations and comprehensive loss in the Interim Financial Statements, stock-based compensation, net additions to property and equipment and intangible assets, repayment of right-of-use obligations, any unusual non-recurring items and changes in non-cash working capital. Adjusted Free Cash Flow Deficiency is a non-GAAP financial measure and its more directly comparable financial measure that is disclosed in our Interim Financial Statements is net loss during the period. The Company's management and Board use this measure to assess the availability of the Company's cash. See reconciliation in "*Results of Operations*".

Adjusted Free Cash Flow Deficiency is useful as a performance measure to analyze the cash used in operations before the seasonal impact of changes in working capital items or other unusual items.

SELECTED QUARTERLY INFORMATION

The following summary reflects quarterly results of the Company for the past two years:

in thousands, except per share amounts	**2023 Quarters**			**2022 Quarters**				**2021 Quarters**
	Q3	**Q2**	**Q1**	Q4	Q3	Q2	Q1	Q4
Revenues	$4,427	$5,181	$6,298	$10,589	$5,943	$7,678	$8,561	$13,315
Adjusted EBITDA (1)	(11,053)	(13,012)	(14,672)	(7,825)	(15,830)	(18,211)	(17,833)	(15,698)
Net Loss	(17,900)	(18,551)	(18,692)	(20,057)	(21,125)	(23,519)	(22,182)	(19,735)
-per share basic (2)	(0.43)	(0.44)	(0.44)	(0.48)	(0.50)	(0.56)	(0.53)	(0.47)
-per share fully diluted (2)	(0.43)	(0.44)	(0.44)	(0.48)	(0.50)	(0.56)	(0.53)	(0.47)
Adjusted Free Cash Flow Deficiency (1)	$(13,285)	$(13,886)	$(15,180)	$(6,425)	(15,061)	(26,343)	(16,327)	(14,475)

(1) Adjusted EBITDA and Adjusted Free Cash Flow Deficiency are non-GAAP financial measures. See "Key Performance Indicators and Non-GAAP and Other Financial Measures." A reconciliation of these measures to the most directly comparable IFRS financial measures disclosed in our Financial Statements to which they relate are in the "Results of Operations" in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com.

APPENDIX A - CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable securities laws. Particularly, information regarding our expectations of future results of operations, performance, business prospects, and opportunities of the Company, including the planned further expansion into the carbon credit market, and the anticipated benefits therefrom, is forward-looking information. Discussions containing forward-looking information may be found, among other places, under "*Business Overview*", "*Outlook*", "*Liquidity and Capital Resources*" and "*Risk and Uncertainties*". In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "continue", "could", "expect", "intend", "plan", "will" or variations of such words or similar expressions suggesting future conditions or events. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

The forward-looking information contained in this MD&A is based on management's opinions, estimates and assumptions in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe to be appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of our anticipated growth prospects, including growth in new business analytics solutions, such as sales of financial services products and the sale of carbon offsets, the state of the agricultural industry and global economy, and the expected impact and adoption of digital tools by farmers are material factors in preparing the forward-looking information and management's expectations contained in this MD&A.

The forward-looking information contained in this MD&A represents management's expectations as at November 8, 2023 and is subject to change after such date.

Forward-looking information is subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including the factors discussed under "Forward-Looking Information" and "Risk Factors" in the Company's most recent annual information form and under "Risk and Uncertainties" above. The Company cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect the Company's results. Readers are urged to consider the risks, uncertainties and assumptions associated with these statements carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The Company does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws in Canada.

Farmers Edge Inc.

Unaudited Condensed Interim Consolidated Financial Statements

September 30, 2023

Farmers Edge Inc.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

	September 30, 2023	December 31, 2022
Assets		
Cash	$ 9,459	$ 20,788
Accounts receivable	3,193	11,683
Inventories (note 5)	106	2,766
Prepaid expenses and other current assets	795	1,494
Current assets	13,553	36,731
Property and equipment	28,893	33,193
Intangible assets	15,821	15,979
Goodwill	1,115	1,115
	45,829	50,287
Total assets	**$ 59,382**	**$ 87,018**
Liabilities		
Accounts payable and accrued liabilities	$ 11,285	$ 12,416
Deferred revenue	765	8,582
Current portion of right-of-use obligations	1,952	2,836
Current portion of long-term debt (note 8)	336	336
Current portion of other long-term liabilities	335	157
Current liabilities	14,673	24,327
Right-of-use obligations	1,652	3,533
Long-term debt (note 8)	75,341	38,583
Other long-term liabilities	—	86
	76,993	42,202
Total liabilities	**91,666**	**66,529**
Shareholders' equity		
Share capital	614,286	614,005
Contributed surplus	9,571	7,930
Accumulated other comprehensive loss	(1,303)	(1,518)
Long-term incentive plan reserve	1,609	1,376
Deficit	(656,447)	(601,304)
Total shareholders' equity (deficiency)	**(32,284)**	**20,489**
Total liabilities and shareholders' equity	**$ 59,382**	**$ 87,018**

Contingencies (note 14)

Farmers Edge Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Revenues (note 6)	$ 4,427	$ 5,943	$ 15,906	$ 22,182
Operating expenses				
Cost of revenue	5,357	8,858	19,559	30,220
Data and technology infrastructure expenses	3,479	3,726	11,635	11,557
Selling and marketing expenses	2,476	4,176	8,658	14,571
Product research and development expenses	1,623	1,296	4,937	4,468
General and administrative expenses	4,760	6,323	13,966	19,120
Operating loss before foreign exchange, depreciation and amortization	(13,268)	(18,436)	(42,849)	(57,754)
Foreign exchange loss	124	52	66	594
Depreciation of property and equipment	1,692	2,506	5,224	7,542
Amortization of intangible assets	1,516	2,143	4,367	5,432
Operating loss	(16,600)	(23,137)	(52,506)	(71,322)
Finance costs	1,467	449	3,876	740
Other income (expense) (note 7)	(167)	(2,461)	(1,239)	(5,236)
Loss before income tax expense	(17,900)	(21,125)	(55,143)	(66,826)
Income tax expense (note 10)	—	—	—	—
Net loss	**$ (17,900)**	**$ (21,125)**	**$ (55,143)**	**$ (66,826)**
Loss per share - basic and diluted (note 10)	**$ (0.43)**	**$ (0.50)**	**$ (1.31)**	**$ (1.59)**
Other comprehensive loss				
Net loss	(17,900)	(21,125)	(55,143)	(66,826)
Items that are or may be reclassified to profit or loss				
- Foreign currency translation differences of foreign operations, net of tax (nil)	93	1,267	215	2,197
Total comprehensive loss	**$ (17,807)**	**$ (19,858)**	**$ (54,928)**	**$ (64,629)**

Farmers Edge Inc.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Operating activities				
Net loss for the period	$ (17,900)	$ (21,125)	$ (55,143)	$ (66,826)
Items not affecting cash and cash equivalents:				
Depreciation of property and equipment	1,692	2,506	5,224	7,542
Amortization of intangible assets	1,516	2,143	4,367	5,432
Accretion of long-term debt (note 8)	423	58	1,013	69
Amortization of deferred financing costs (note 8)	(90)	—	34	—
Interest on long-term debt (note 8)	1,082	186	2,600	186
Gain on fair value adjustment other long-term liabilities (note 7)	—	(665)	(200)	(665)
Unrealized foreign exchange loss	273	10	200	559
Gain on disposal of property and equipment (note 7)	(324)	(312)	(713)	(599)
Other long-term liabilities	161	59	292	174
Stock-based compensation expense (note 9)	189	177	624	647
	(12,978)	(16,963)	(41,702)	(53,481)
Changes in operating assets and liabilities	246	1,966	2,899	2,658
Net cash used in operating activities	**(12,732)**	**(14,997)**	**(38,803)**	**(50,823)**
Investing activities				
Additions to property and equipment	(921)	(965)	(1,905)	(7,254)
Additions to intangible assets	(1,320)	(1,117)	(4,080)	(3,494)
Proceeds from disposal of property and equipment	280	299	687	819
Net cash used in investing activities	**(1,961)**	**(1,783)**	**(5,298)**	**(9,929)**
Financing activities				
Repayment of right-of-use obligations	(565)	(885)	(1,851)	(2,700)
Repayment of long-term debt	(83)	—	(222)	—
Proceeds from long-term debt (note 8)	13,000	20,000	35,000	20,000
Payment of debt transaction costs (note 8)	(130)	(750)	(130)	(750)
Net cash provided from financing activities	**12,222**	**18,365**	**32,797**	**16,550**
Effect of foreign exchange rate on cash	46	109	(25)	149
Net (decrease) increase in cash during the period	**(2,425)**	**1,694**	**(11,329)**	**(44,053)**
Cash - Beginning of period	11,884	8,973	20,788	54,720
Cash - End of period	**$ 9,459**	**$ 10,667**	**$ 9,459**	**$ 10,667**
Interest paid	$ 56	$ 89	$ 224	$ 254
Income taxes paid	—	—	—	—

Farmers Edge Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency) (Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Long-term incentive plan reserve	Deficit	Total shareholders' equity (deficiency)
Balance as at December 31, 2021	$ 613,773	$ 5,156	$ (3,501)	3,027	$ (514,421)	104,034
Total comprehensive gain (loss)	—	—	2,197	—	(66,826)	(64,629)
Stock-based compensation	232	277	—	138	—	647
Capital contribution (note 8)	—	922	—	—	—	922
Balance as at September 30, 2022	**$ 614,005**	**$ 6,355**	**$ (1,304)**	**3,165**	**$ (581,247)**	**40,974**
Balance as at December 31, 2022	$ 614,005	$ 7,930	$ (1,518)	1,376	$ (601,304)	20,489
Total comprehensive gain (loss)	—	—	215	—	(55,143)	(54,928)
Vested employee RSUs	281	—	—	(281)	—	—
Stock-based compensation (note 9)	—	110	—	514	—	624
Capital contribution (note 8)	—	1,531	—	—	—	1,531
Balance as at September 30, 2023	**$ 614,286**	**$ 9,571**	**$ (1,303)**	**$ 1,609**	**$ (656,447)**	**$ (32,284)**

1. Corporate information

Farmers Edge Inc. ("the Company") was formed on August 21, 2014, under the Manitoba Corporations Act and continued into the jurisdiction of the Canada Business Corporations Act on August 15, 2022. The Company's registered offices are located at 242 Hargrave Street, Suite 1700, Winnipeg, Manitoba, Canada. The Company provides advanced digital tools to growers and other key participants in the agricultural value chain. The Company's technology platform, FarmCommand, integrates remote imagery from satellites with other data sources, including equipment and field sensors, on-farm weather stations, and detailed soil data to provide growers with specific decision tools and insights on their fields. Growers may also access the Company’s e-commerce platform to purchase the Company’s suite of solution products and other crop inputs available through this online marketplace.

2. Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB”).

These unaudited condensed interim consolidated financial statements include the accounts of the Company and all of its subsidiaries as stated in the audited consolidated financial statements as at the year ended December 31, 2022.

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* and do not include all of the information required for full annual consolidated financial statements.

The presentation currency of the condensed interim consolidated financial statement is Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars, unless otherwise stated.

These unaudited condensed interim consolidated financial statements were approved by the Company's Board of Directors on November 8, 2023.

Operating loss before foreign exchange, depreciation and amortization

The Company presents, as an additional IFRS measure, operating loss before foreign exchange, depreciation and amortization in the consolidated statements of operations and comprehensive loss to assist users in assessing financial performance. The Company’s management and the Board use this measure to evaluate consolidated operating results. In addition, this measure is used to make operating decisions as it is an indicator of the performance of the business and how much cash is being used by the Company and assists in determining resource allocation decisions. Operating loss before foreign exchange, depreciation and amortization is referred to as an additional IFRS measure and may not be comparable to similar measures presented by other companies.

(expressed in thousands of Canadian dollars, except as otherwise indicated)

3. Significant accounting policies

These unaudited condensed interim consolidated financial statements follow the same significant accounting policies as described and used in the Company's audited consolidated financial statements for the year ended December 31, 2022, and should be read in conjunction with these statements.

4. Significant accounting estimates and assumptions

Use of estimates and judgements

The preparation of unaudited condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amount of revenue and expenses during the reporting period. The Company bases its assumptions on a number of factors, including historical experience, current events, actions that the Company may take in the future, and other assumptions it believes are reasonable under the circumstances. Actual results could differ from those estimates under different conditions or assumptions. In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2022.

5. Inventories

	September 30, 2023	December 31, 2022
Raw materials	$ —	$ 257
Work in progress	—	72
Goods available for resale	106	2,437
	$ 106	$ 2,766

Cost of inventories recognized as an expense and included in cost of revenue during the three and nine months ended September 30, 2023, was $65 and $3,594, respectively (2022 - $813 and $5,229, respectively).

6. Revenue

The disaggregation of the Company's revenue from contracts with customers was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Digital Ag and Fertility solutions revenue	$ 4,085	$ 4,624	$ 12,753	$ 15,333
Business analytics solutions and Agronomic services	239	694	419	1,325
Crop input sales	103	625	2,734	5,524
Total revenue	$ 4,427	$ 5,943	$ 15,906	$ 22,182

The Company discloses revenue by geographic area in note 13.

Seasonality

Seasonality impacts the Company’s interim results from factors that generally affect the agriculture industry. In North America, harvest traditionally occurs in the last four months of the calendar year and planting typically occurs in the second quarter of the calendar year. Certain subscriptions have revenues recognized in line with those seasonal periods when the service is provided, and others are recognized evenly over the life of the contract. The Company generally experiences increased seasonal labour costs shortly after the harvest is completed. The Company issues sales invoices to its customers semi-annually or annually in advance, in April and October each year for its digital agronomy solution. Fertility solution subscription invoices are issued in either August or December. The accounting for fertility services results in revenue being recognized generally in the fourth quarter and first quarter when these services are completed. Carbon sales are also recorded when the offsets are sold to third parties, which is dependent upon the timing of the serialization and market conditions.

(expressed in thousands of Canadian dollars, except as otherwise indicated)

Performance obligations

The Company discloses its policies for how it identifies, satisfies, and recognizes its performance obligations associated with its contracts with customers in note 3 of the 2022 annual consolidated financial statements. The Company generally expects to recognize the deferred revenue within a year.

7. Other income (expense)

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Government subsidies and financial assistance	$ (141)	$ 1,296	$ 13	$ 3,470
Gain on disposal of property and equipment	324	312	713	599
Gain on fair value adjustment of contingent liability recorded on CommoditAg acquisition adjustment	—	665	200	665
Other	(16)	188	313	502
	167	$ 2,461	$ 1,239	$ 5,236

The Company has fulfilled all conditions set out in the terms of the government funding, and no related contingencies exist.

8. Long-term debt

	September 30, 2023	**December 31, 2022**
Related party loan payable	$ 74,920	$ 37,966
Loan - Western Economic Diversification Canada	757	953
	75,677	38,919
Less: current portion	336	336
	$ 75,341	$ 38,583

On July 8, 2022, the Company entered into a $75,000 credit agreement (the “Facility”) with Fairfax Financial Holdings Limited and certain of its affiliates (collectively, “Fairfax”) which matures on January 31, 2025, and is available for working capital and general corporate purposes. Amounts drawn were $13,000 and $35,000, respectively in the three and nine months ended September 30, 2023. The facility was fully drawn at September 30, 2023.

The Facility bears interest at a rate of 6% per annum and interest is added to the loan balance. As part of the lending agreement, the Company advanced in Q3 2023 $130 (Q3 2022 - $750) relating to an annual commitment fee which was recorded as prepaid transactions costs. The Company determined that the face interest rate per the credit agreement is below the market rate of interest and recorded an initial benefit of $2,430 as contributed capital at December 31, 2022. An additional benefit of the below interest rate of $500 and $1,531 was recorded in the three and nine month period ended September 30, 2023, respectively. These amounts will be expensed over the loan term to bring the loan to face value at maturity and result in an effective interest rate of 8.95%. The amount recorded as deferred transaction costs is presented as an offset to the loan balance within the condensed interim consolidated financial statements and is expensed over the term of the Facility. For the three and nine month period ended September 30, 2023, the Company recorded interest expense of $1,082 and $2,600 (2022 - $186 and $186, respectively), respectively, excluding accretion expense of $419 and $987 (2022 - $52 and $52, respectively).

(expressed in thousands of Canadian dollars, except as otherwise indicated)

Interest accretion for the WEDC loan for the three and nine month period ending September 30, 2023, was $4 and $26, respectively (2022 - $6 and $17, respectively).

9. Stock-based compensation

The Company has a stock option plan which authorizes the issue of common shares to certain directors and employees. The following table summarizes stock options outstanding for the nine months ended September 30, 2023.

	Number of options		Weighted average exercise price ($)
Outstanding, December 31, 2022	872,057	$	8.58
Granted	500,000		0.19
Expired	(653,682)		10.35
Outstanding, September 30, 2023	**718,375**	**$**	**1.13**

The following table summarizes the change in the LTIP balances for the nine months ended September 30, 2023:

Type of grant	Director RSU	Employee PSU	Employee RSU	Total
Outstanding, December 31, 2022	90,000	415,329	231,392	736,721
Granted	—	3,000,000	—	3,000,000
Forfeited	—	(48,608)	(56,824)	(105,432)
Vested	—	—	(79,177)	(79,177)
Outstanding, September 30, 2023	**90,000**	**3,366,721**	**95,391**	**3,552,112**

The total stock-based compensation expense for the three and nine months ended September 30, 2023, was $189 and $624 (2022 - $177 and $647, respectively), which includes stock options expense of $31 and $110 (2022 - $121 and $277, respectively), and PSUs and RSUs expenses of $158 and $514 (2022 - $56 and $370, respectively).

The board of directors granted cash bonuses in lieu of the regular LTIP for 2023. These LTIP bonuses vest over three years and require management to be employed by the Company when they become payable.

On June 28, 2023, the Company granted to the CEO 3,000,000 PSUs to be settled in shares which have various performance conditions to be met over the period to December 31, 2025, based on certain cumulative and annual cash flow targets and the average 30-day share price following the release of the annual 2025 Financial results. This grant had minimal related expense at September 30, 2023.

(expressed in thousands of Canadian dollars, except as otherwise indicated)

10. Loss per share

Diluted loss per share excludes all dilutive potential shares if their effect is anti-dilutive. As a result of net losses incurred in these reported periods, all potentially dilutive securities have been excluded from the calculation of diluted loss per share as including them would be anti-dilutive. No tax benefit has been recorded related to the losses incurred to date of approximately $487,000.

Basic and diluted loss per share are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Net loss	$ (17,900)	$ (21,125)	$ (55,143)	$ (66,826)
Basic weighted average number of common shares outstanding	42,022,490	41,959,882	41,998,631	41,959,882
<u>Effect of dilutive securities:</u>				
RSUs, PSUs, and stock options	—	—	—	—
Diluted basis weight average number of shares	42,022,490	41,959,882	41,998,631	41,959,882
Loss per share - basic and diluted	$ (0.43)	$ (0.50)	$ (1.31)	$ (1.59)

11. Related party transactions

Fairfax has an approximate 61.18% (December 31, 2022 – 61.37%) interest in the Company through ownership of, or control or direction over 25,718,393 (December 31, 2023 - 25,718,393) Common Shares.

On July 8, 2022, the Company entered into a $75,000 credit agreement with Fairfax, the details of which are described in note 8.

The Company expensed for the three and nine months ended September 30, 2023, $37 and $107, respectively (2022 - $30 and $70, respectively) for its Director and Officer liability insurance provided by Allied World, a Fairfax affiliated company.

12. Fair value and risk management

Risk management

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objective of the Company's risk management process is to ensure that risks are properly identified and that the capital base is adequate in relation to these risks. The Company manages capital to ensure an appropriate balance between debt and equity.

The Company's activities expose it to a variety of financial risks as disclosed in note 21 of the audited 2022 financial statements. They include market risk (primarily foreign currency and interest rate risk), credit risk, and liquidity risk. Senior management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary. The following describes the significant changes to risks as at September 30, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and lease obligations. The Company manages its liquidity risk by forecasting cash flows from operations and seeking additional financing for growth and operations, through its credit facility which is described in note 8 and 11. Fairfax has committed to providing financial support to the Company to fund normal business operations for no less than twelve months from the date of approval of these unaudited condensed interim consolidated financial statements. The Company believes that continuing financial support from Fairfax and cash on hand will be sufficient to fund its projected requirements over the next 12 months.

(expressed in thousands of Canadian dollars, except as otherwise indicated)

13. Segment information

The Company has two reportable segments, digital agronomy operations and e-commerce operations. These business units offer different products and services and are managed separately as they require different technology and marketing strategies. For each of these business units, the Company's CEO and VP Finance reviews internal management reports monthly.

The digital agronomy operations derive its revenue from offering a comprehensive suite of digital agronomy solutions to growers and others in the agriculture ecosystem.

The e-commerce operations derived its revenue from selling crop inputs through an online marketplace.

There are no inter-segment revenues. Goodwill is related to the Digital Agronomy segment.

Segment information is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue				
Digital Agronomy Operations	$ 4,324	$ 5,318	$ 13,172	$ 16,658
E-commerce Operations	103	625	2,734	5,524
Consolidated	$ 4,427	$ 5,943	$ 15,906	$ 22,182
Operating expenses				
Digital Agronomy Operations	$ 17,444	$ 23,266	$ 54,820	$ 73,136
E-commerce Operations	251	1,113	3,935	6,800
Consolidated	$ 17,695	$ 24,379	$ 58,755	$ 79,936
Operating loss before foreign exchange, depreciation and amortization				
Digital Agronomy Operations	$ (13,120)	$ (17,948)	$ (41,648)	$ (56,478)
E-commerce Operations	(148)	(488)	(1,201)	(1,276)
Consolidated	$ (13,268)	$ (18,436)	$ (42,849)	$ (57,754)
Net loss				
Digital Agronomy Operations	$ (17,797)	$ (20,070)	$ (54,004)	$ (64,953)
E-commerce Operations	(103)	(1,055)	(1,139)	(1,873)
Consolidated	$ (17,900)	$ (21,125)	$ (55,143)	$ (66,826)

(expressed in thousands of Canadian dollars, except as otherwise indicated)

Supplemental Information	**September 30, 2023**	**December 31, 2022**
Total assets		
Digital Agronomy Operations	$ 58,840	$ 83,948
E-commerce Operations	542	3,070
Consolidated	$ 59,382	$ 87,018
Total liabilities		
Digital Agronomy Operations	$ 91,604	$ 65,773
E-commerce Operations	62	756
Consolidated	$ 91,666	$ 66,529

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2023	**2022**	**2023**	**2022**
Depreciation and Amortization				
Digital Agronomy Operations	$ 3,208	$ 4,246	$ 9,470	$ 12,502
E-commerce Operations	—	403	121	472
Consolidated	$ 3,208	$ 4,649	$ 9,591	$ 12,974
Purchase of Property and Equipment				
Digital Agronomy Operations	$ 921	$ 965	$ 1,905	$ 7,223
E-commerce Operations	—	—	—	31
Consolidated	$ 921	965	$ 1,905	7,254

The Company's property and equipment, intangible assets and goodwill are as follows:

	September 30, 2023		
	Property and equipment	**Intangible assets**	**Goodwill**
Canada	$ 16,131	$ 12,416	$ 1,115
United States	8,154	3,132	—
Brazil	4,608	273	—
	$ 28,893	$ 15,821	$ 1,115

	December 31, 2022		
	Property and equipment	**Intangible assets**	**Goodwill**
Canada	$ 18,406	$ 12,965	$ 1,115
United States	9,893	2,754	—
Brazil	4,894	260	—
	$ 33,193	$ 15,979	$ 1,115

(expressed in thousands of Canadian dollars, except as otherwise indicated)

Geographic revenue based on the allocation of customer contracts are detailed as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Canada	$ 1,761	$ 2,576	$ 5,385	$ 8,004
United States	1,814	2,103	7,247	10,226
Brazil and other	852	1,264	3,274	3,952
Total revenue	$ 4,427	$ 5,943	$ 15,906	$ 22,182

14. Contingencies

The Company is defending various legal claims, including a patent infringement claim and breach of contract counterclaim, filed against the Company. AGI Suretrack LLC ("AGI") (formerly Farmobile, LLC) is seeking damages of approximately $65.2 million plus an unspecified amount after December 2021 in a case that went to trial in Canada in 2022. The ruling is still pending. AGI has also filed a claim in the United States and the trial is scheduled for May 2024. The Company believes that it has a meritorious defense with respect to the patent infringement claims and breach of contract counterclaims and is vigorously pursuing such defense.

Litigation outcomes are inherently unpredictable. It is therefore not possible at this time to predict with certainty the outcome of the proceedings described above. No provisions have been recorded in the consolidated financial statements relating to these claims.