



FARMERS EDGE INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2020

Dated March 29, 2021

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**FARMERS EDGE INC.
ANNUAL INFORMATION FORM**

In this annual information form (“**Annual Information Form**”), references to “Farmers Edge”, the “Company”, “we”, “us” and “our” refer to Farmers Edge Inc. and its subsidiaries, unless the context requires otherwise. Unless otherwise indicated, all references to dollar amounts herein are to Canadian dollars.

All information contained herein is as at December 31, 2020 unless otherwise noted.

FORWARD-LOOKING INFORMATION

Certain statements contained in this Annual Information Form, particularly in the sections below entitled “*Description of The Business*” and “*Risk Factors*”, contain “forward-looking information” within the meaning of applicable securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans, objectives of our Company. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. 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 Annual Information Form 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 ability to expand our network of partnerships in existing and new geographies and verticals and our ability to expand our customer base domestically and internationally; the viability and continuity of our existing commercial partnerships; our ability to build market share; our ability to develop and market additional products and to increase sales from our existing customers through sales of our more premium products; our ability to attract and retain key management and personnel; our anticipated growth prospects; the state of the agricultural industry and global economy; the expected impact and adoption of digital tools by farmers; continued confidence in our products and services; future foreign exchange and interest rates; the impact of competition; changes to trends in the agricultural industry, including verticals in the broader agricultural ecosystem or to global economic factors; changes to laws, rules, regulations and global standards; and our ability to pursue strategic acquisitions are material factors made in preparing the forward-looking information and management’s expectations contained in this Annual Information Form.

The forward-looking information contained in this Annual Information Form represents management’s expectations as at March 29, 2021 or as of the specific date of such forward-looking information and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that management considered appropriate and reasonable as of the date such statements are made and is subject to known and unknown risks, 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 but not limited to those referred to under the heading “*Risk Factors*”

in this Annual Information Form and those identified in our management discussion and analysis for the year ended December 31, 2020, which is available under our profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com.

We caution that the list of risk factors and uncertainties under the heading “*Risk Factors*” is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information in this Annual Information Form and are cautioned not to place undue reliance on such information.

All of the forward-looking information contained in this Annual Information Form is expressly qualified by this cautionary statement.

TRADEMARKS AND TRADE NAMES

This Annual Information Form includes certain trademarks, such as “Farmers Edge”, “FarmCommand” and “CanPlug”, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names appear in this prospectus without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

KEY PERFORMANCE INDICATORS

This Annual Information Form makes reference to certain key performance indicators (“**KPIs**”). These indicators are not recognized measures under International Financial Reporting Standards (“**IFRS**”) and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. This Annual Information Form makes reference to “Subscribed Acres”, which is an operating metric used in our industry. KPIs are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. Our management also uses KPIs in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

Key Performance Indicators

“**Subscribed Acres**” means the aggregate of all digital agronomy solution subscribed acres, including those acres under the Progressive Grower program and all other subscribed acres that are tied to certain imagery and business analytics solution products without a digital agronomy solution subscription, in each case including both new and renewal acres as measured at each reporting date. The Company views Subscribed Acres as an important metric since these acres are contributing to the revenue of the Company.

CORPORATE STRUCTURE

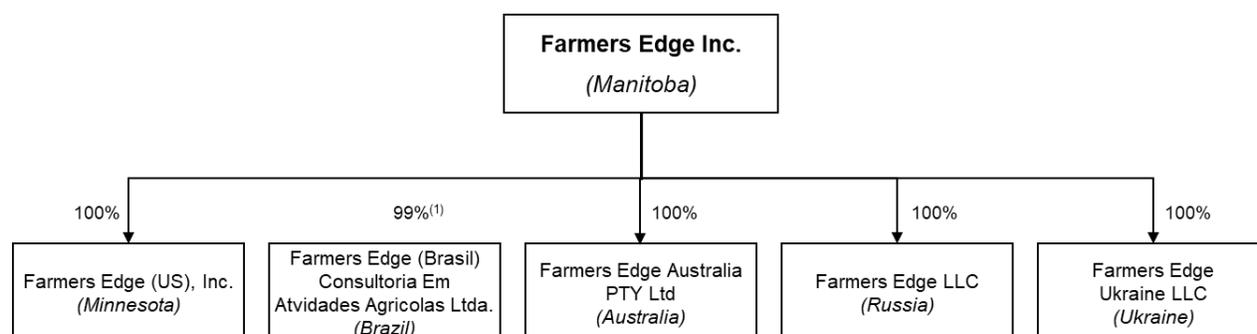
Name, Address and Incorporation

Initially founded in 2005 as an agronomic consulting services company, Farmers Edge was formed by way of an amalgamation of Farmers Edge Precision Consulting Inc. and Farmers Edge International Inc. on August 21, 2014 pursuant to *The Corporations Act* (Manitoba). Our articles were amended on March 27, 2015, July 16, 2015, August 17, 2015 and December 12, 2017, in each case to restate our authorized share capital. Our articles were further amended on March 2, 2021 to, among other things, restate our authorized share capital and consolidate our issued and outstanding shares on a 7:1 basis.

Our head office is located at 25 Rothwell Road, Winnipeg, Manitoba R3P 2M5 and our registered office is located at 242 Hargrave Street, Suite 1700, Winnipeg, Manitoba R3C 0V1.

Intercorporate Relationships

The following chart identifies each of our material, wholly-owned subsidiaries as of the date of this Annual Information Form (including jurisdiction of formation, incorporation or continuance of the various entities):



⁽¹⁾ 7050160 Manitoba Inc., a wholly-owned subsidiary of the Company, owns the remaining 1% of Farmers Edge (Brasil) Consultoria Em Atividades Agricolas Ltda.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Initial Public Offering

On March 3, 2021 (the “**Closing Date**”), we successfully completed our initial public offering (“**IPO**” or the “**Offering**”). The common shares in the capital of our Company (“**Common Shares**”) are listed for trading on the Toronto Stock Exchange (“**TSX**”) under the stock symbol “**FDGE**”.

Prior to the closing of the IPO, the following transactions were completed (collectively, the “**Pre-Closing Capital Changes**”): (i) we filed articles of amendment to restate our authorized share capital as an unlimited number of Common Shares and an unlimited number of one class of preferred shares (the “**Preferred Shares**”), issuable in series, and to consolidate each seven Common Shares into one Common Share; (ii) certain subsidiaries (the “**Fairfax Shareholders**”) of Fairfax Financial Holdings Limited (“**Fairfax**”) converted their secured convertible debentures issued by the Company (the “**Convertible Debentures**”) in the aggregate principal amount of \$225,236,105.93, plus accrued and unpaid interest, into Common Shares, and Osmington Inc. (“**Osmington**”) converted its Convertible Debentures in the aggregate principal amount of \$39,000,000, plus accrued and unpaid interest, into Common Shares; (iv) certain of the Fairfax Shareholders exercised their Common Share purchase warrants (the “**Warrants**”) for Common Shares; and (v) an affiliate of Fairfax acquired Common Shares from Osmington that Osmington received upon the conversion of its Convertible Debentures for a purchase price of \$24,000,000.

The IPO consisted of the offering to the public of 7,353,000 Common Shares at a price of \$17.00 per share for total gross proceeds of \$125,001,000 and an over-allotment option (the “**Over-Allotment Option**”) which the Company granted to a syndicate of underwriters. The Over-Allotment Option was fully exercised after the IPO and closed on March 9, 2021, pursuant to which the underwriters purchased an additional 1,102,950 Common Shares for additional gross proceeds to the Company of \$18,750,150. The sale of the additional Common Shares brought the total gross proceeds of the IPO to \$143,751,150 before deducting the Underwriters’ fee of approximately \$8.6 million and the estimated expenses of the Offering of approximately \$3.0 million.

Concurrently with the closing of the IPO, the Company also closed a direct private placement of 25,735 additional Common Shares (the “**Private Placement Shares**”) to certain directors, officers and employees of the Company residing or located outside Canada for aggregate gross proceeds of \$437,495.

The Company used a portion of the proceeds from the IPO to: (i) repay the amended and restated promissory note dated June 22, 2015 issued by the Company and held by an affiliate of Fairfax in the principal amount of \$3 million, plus accrued and unpaid interest; and (ii) repay the non-convertible grid debenture dated January 5, 2021 issued by the Company to the Fairfax Shareholders in the principal amount of \$11 million, plus accrued and unpaid interest.

On March 3, 2021, the Company adopted a long-term incentive plan (the “**LTIP**”). In conjunction with the closing of the IPO, 90,000 restricted share units (“**RSUs**”) and 680,000 performance share units (“**PSUs**”) were granted under the LTIP to certain directors and officers of the Company.

DESCRIPTION OF THE BUSINESS

Overview

Farmers Edge develops data-driven technologies with the goal of helping make the entire agricultural ecosystem more efficient and successful in improving how food is produced and distributed to a rapidly growing global population. Farmers and their agronomic advisors make crucial decisions every day which impact the yield, and ultimately the profitability of their operations. These decisions have traditionally been made on instinct and experience, along with generic public data. We aim to change this approach by allowing farmers to make these mission critical decisions using our proprietary, high-quality, field-centric data and individualized analytics, delivered seamlessly and in real-time. Farmers Edge was founded by farmers who understand agriculture and want to help growers run efficient, profitable and sustainable operations. Our vision and products have been shaped with a view to one overarching principle: prioritizing the success of our growers and the complete agriculture ecosystem.

FarmCommand is our proprietary, cloud-based analytics software platform that drives informed decision-making with full crop traceability from field to market. Offered as a web-based platform (for the office), mobile app (for the field) and on a universal terminal (for a live experience in the tractor cab), FarmCommand is designed to provide real-time monitoring, alerts, predictive models and sophisticated outcome-based data recommendations. Through data science applications such as machine learning and artificial intelligence we are able to transform data into actionable insights for our growers, their partners and their advisors. FarmCommand assists farmers in making critical decisions related to fertilizer application, seed selection, crop protection applications, fleet management, production planning and risk management through advanced weather analytics, forecasts, field-level analytics, remote sensing and predictive agronomic profitability and benchmarking reports. FarmCommand is engineered to enterprise-level standards but is designed for simplicity and ease-of-use, enabling farmers to remain focused on their operations.

Our Digital Agronomy Solutions

We offer a comprehensive suite of digital agronomy solutions to growers through the FarmCommand platform. We sell these solutions in five principal tiers, and each tier builds on the previous one with additional capabilities. We categorize the five tiers of digital agronomy solutions into two categories: digital contracts and fertility contracts. A digital contract is a subscription product that provides access to the FarmCommand software plus certain other elements, including hardware for certain products, depending on the tier. A fertility contract is a contract that comprises the Smart package plus a fertility service. Our digital contracts include Smart Imagery, Smart Insite and Smart. Our fertility contracts include Smart Nutrient and Smart VR. All our solutions include and are founded on the FarmCommand platform which provides field-level maps displaying analytics on crop health and change detection, field variability and input application, yield and harvest analysis, treatment analysis, performance by zone and overall profitability analysis. We aggregate our data and allow farms to compare and benchmark their results over different

periods and against other regional growers. (Note: Product list prices are stated in Canadian dollars. Other international prices may vary depending on local markets but will reflect similar pricing strategies.)

- *Smart Imagery: In-Season Crop Monitoring Solution.* Powered by high resolution, high frequency satellite imagery to help farmers and their trusted advisors react to crop stress as it emerges and protect yield outcomes. Smart Imagery includes one of the industry's first automatic crop health change detection tools. The digital tool automatically scans imagery and notifies growers and their trusted advisors of changes in their fields and accelerates the speed of decision-making when crop issues are first detected. The unique tool also includes scouting, variation and NDVI (normalized difference vegetation index) maps that pinpoint potential problems, including pests, disease, nutrient deficiencies, inclement weather, missed applications, equipment malfunction, drainage issues and more. Growers have access to the FarmCommand scouting app and the option of setting notification parameters and permissions for others to receive notifications, which makes the sharing of valuable information effortless. The solution allows farmers to cover larger areas in less time, increasing efficiencies and lowering operating costs. Smart Imagery is offered on a 1-year contract typically for \$1.50 per acre per year.
- *Smart Insite: In-Season Crop Monitoring and Digital Agronomy Solution.* Includes a set of digital tools that enables and enhances agronomic decisions through field-centric data capture, analysis and predictive modeling. The solution includes high resolution, high-frequency satellite imagery, easy-to read field maps, on-farm weather stations to track accurate, site-specific data and an analysis of regional trends, the FarmCommand Scouting app, and a suite of predictive crop models and tailored alerts that automatically notify the grower if conditions are susceptible to pests in the field. Smart Insite is offered on a four-year contract at \$2.25 per acre per year.
- *Smart: Integrated Data Solution.* From seed selection, job planning, predictive crop models, in-cab experience and fleet tracking to harvest management and yield data analytics, this solution provides decision support for every stage of the season. All sources of data are automatically gathered, integrated and processed. With a few simple clicks, growers can tap into localized weather conditions for logistical planning and access processed equipment maps, including the following mapping layers: vehicle, productivity, date, speed, fuel usage, elevation, overlap, as-applied (seed, chemical, fertilizer products), variety, moisture, raw yield and yield raster. Leveraging the latest advances in data science, Smart equips farmers with machine learning and artificial intelligence ("AI")-driven agricultural tools to transition from reactive to proactive farm management. Smart is offered on a four-year contract at \$3.00 per acre per year or, as part of the Progressive Grower program, a five-year contract with the option to terminate after the first year of the contract. The Progressive Grower program refers to our program that offers new growers our subscription packages at no cost in the first year of the contract, which also may be referred to as the Elite Grower program.
- *Smart Nutrient: Integrated Data and Agronomy Solution.* Includes the Smart package, together with nutrient management, agronomic planning with soil sampling, and personalized flat-rate fertility recommendations for the entire farm. The product includes composite soil testing in the initial year, supplemented by virtual soil testing ("VST") in subsequent years. VST is a scalable technology that incorporates historical crop, yield and soil data, together with current weather data to predict nutrient levels in the field. With this solution, growers are able to improve their management of nutrients and enhance their operational decisions and yield outcomes. Our in-house agronomist team provides support to growers who subscribe to this package. Smart Nutrient is offered on a four-year contract at \$3.50 per acre per year.
- *Smart VR: Integrated Data and Precision Agronomy Solution.* Includes the Smart package, together with our variable rate ("VR") technology, and can provide farmers with the highest return on investment ("ROI"). Farmers Edge uses field-centric data to develop an advanced agronomic plan matching zone or grid derived productivity areas to yield targets and product requirements. Growers and their trusted advisors choose a soil sampling strategy that is best

for their farming operation. We combine our actual soil testing and VST to power fertility recommendations. Variable rate prescriptions are available for seeding, fertilizing, fungicide and desiccation. Alongside our recommendations, growers can track, plan, predict, evaluate and visualize outcomes on their farms using our profit maps. Smart VR is offered on a four-year contract at \$6.00 per acre per year.

Our Business Analytics Solutions

Our independent, proprietary, anonymized and aggregated dataset is a trusted source in the digital agronomy market. Our data or dataset means our anonymized and aggregated dataset of information derived and developed from the propriety agronomic devices deployed on Subscribed Acres. We believe this will enable long-term growth through the development of a unique portfolio of products under our business analytics solutions that could disrupt large agriculture verticals including the crop insurance and other financial services, carbon offset, and broader agriculture technology industries. With a heightened global focus on supply chain and risk management, our data may also be leveraged to address needs related to sustainability and traceability, required by consumers, retailers, food companies, regulatory bodies, and governments.

The Company has recently launched a new stream of revenue enhancing opportunities under our business analytics solutions, which will expand its scope of market beyond the farm. This area is focused on key participants in the crop insurance industry and carbon offset market. In mid-2019, the Company announced the launch of its new Smart Claim solution.

Crop Insurance

Global crop insurance and reinsurance companies are seeking ways to use agricultural big data and analytics to create new insurance products, improve their underwriting capabilities, enhance their claims management processes, and sell parametric insurance products. Crop insurance partners form part of our go-to-market strategy and we expect them to sell our subscription products to their agriculture customers. Once our program is deployed on the farm by a crop insurance company, Farmers Edge will be able to provide reporting, analytics and predictive modeling to the crop insurance industry players on demand.

Smart Reporting

Using the data generated from our Smart solutions, our crop insurance partners can passively collect the acreage reporting, as-applied data and yield data required to underwrite, monitor and adjust a claim. We are working with Approved Insurance Providers (AIPs) in the United States to deliver data to support and validate their required reporting. In addition, Canadian provincial insurers use data from our Smart solutions to gather similar data to work to automate the data collection process required for crop insurance policies.

Smart Claim

We separately market and sell our Smart Claim software, which allows insurance companies to access our data to enhance policies and reduce claims management costs, on a subscription and price-per-query basis (typically \$1.50 per acre per year). Through Smart Claim, these companies are improving the accuracy of claims adjustments and addressing policy inefficiencies. By automating the claims management process, we enable optimization of the workforce through lower in-field claims management. Growers also have the option to disclose their farm-level data to their insurance provider through the FarmCommand platform, which enables faster adjudication and resolution.

New Products

In collaboration with Munich Reinsurance Company (“**Munich Re**”), one of the largest global reinsurance companies, we have developed parametric crop insurance products as well as index-based products, which provide growers with tailored insurance policies and risk-management strategies created from their own

data to fit the needs of their specific operations. Farmers Edge growers will be able to access these new insurance products through the FarmCommand platform. Our insurance partners pay us subscription fees for enhancing the process for policies underwritten using our products.

Agriculturally Derived Carbon Offset Market

Farmers have the ability to create carbon offsets by implementing new management practices such as nitrogen efficiency, conservation tillage and cover crops. To capitalize on these opportunities, farmers need to provide prospective buyers with a significant amount of data to validate their claims under the applicable carbon protocols. FarmCommand provides growers with the tools they need to capture the required data in an automated format to qualify under these carbon protocols. Our fertility products, Smart VR and Smart Nutrient, support management practices that will qualify for credits in existing carbon protocols. These carbon credits are creating the opportunity for farmers to develop a new source of revenue. Our partnership with Radicle Group Inc. (“**Radicle**”) will provide us superior access to the carbon offset market. Radicle will manage the carbon credit development process, while Farmers Edge will provide the technology for carbon management, to identify which carbon credits that growers can qualify for. The partnership will involve streamlining existing programs in Canada and we intend to evolve the partnership into the U.S. market.

Governments and regulatory bodies are increasingly focusing on carbon-neutrality and the development of carbon credit markets. The Alberta Conservation Cropping Protocol is a compliance agricultural carbon credit program in North America. Farmers Edge is one of only three aggregators under that protocol and Radicle is one of the other two. This unique experience in the compliance carbon credit market supports entry into the emerging voluntary market. In 2020, we verified and earned \$0.4 million of revenue selling carbon credits on behalf of our farmer customers in the Province of Alberta and earned another \$0.5 million of revenue in early 2021.

Agriculture Technology Industry

Farmers Edge has partnered with Google Cloud Canada (“**Google**”) as one of its first partners in agriculture technology. This strategic agreement with Google will allow us to market our services and accelerate the use of AI, machine learning and predictive intelligence in our platform. The partnership forms the basis of a global co-sell initiative and will complement our efforts to enhance our solutions and connect the agriculture ecosystem by providing insurance claims reporting, carbon capture and sustainability reporting, and other services to the agriculture retail and financial services industries. As part of this agreement, we will also have access to Google’s experience and partners in developing new products and services.

Digital Infrastructure

To facilitate the collection of field level data, our software solution is enabled by our comprehensive and often proprietary infrastructure. We bundle our devices with our solutions to add layers of real-time information directly into FarmCommand.

- *On-farm weather stations:* track accurate and site-specific weather data points. A dense network of stations paired with sophisticated forecasts enables insights into regional weather trends. Each station collects real-time conditions, including temperature, rainfall, humidity, wind, and more. In Canada and the U.S., a station covers approximately 2,100 acres of land. This data is made available in FarmCommand, providing real-time conditions, forecasts, enhanced radar, weather alerts and historical weather data.
- *Soil moisture probes:* sit at a subsurface level and measure soil temperature at six different depths, along with moisture levels, all in real-time. Connected by a cellular telemetry module, data is logged and viewed through FarmCommand to allow growers to track water consumption, plan irrigation and application rate requirements and to view analytics on in-season moisture-based yield predictions.

- *CanPlug*: is an in-field telematics device that connects directly to equipment to enable passive data collection and remote monitoring across the entire fleet. This plug-and-play technology eliminates the need for a tablet in the cab and brings exceptional operational management into nearly every tractor, sprayer and harvester, no matter the make, model or age. The CanPlug device streams real-time equipment data to FarmCommand, ensuring critical machine and agronomic data is securely captured and accessible for improved monitoring and simplified reporting.
- *In-Cab terminals*: bring FarmCommand to the field with an in-cab experience, by leveraging nearly any existing monitor in the field (for example those already embedded in certain farm equipment), allowing for plug and play access without the need for a separate mobile device. FarmCommand's universal terminal remotely connects to plan and update jobs, live streams data and mapping, monitors equipment performance and more. With complete visibility, our terminal enables access to the farmers' operational data while on the go.
- *Grain cart weighing devices*: attach to grain carts and connect directly to FarmCommand to provide accurate and reliable harvest results. Powered by Bluetooth, the technology uses total field weights to calibrate yield data for real-time field intelligence, inventory management and post-season analytics.

Artificial Intelligence and Machine Learning Capabilities

FarmCommand's vertically integrated technology leverages advancements made in artificial intelligence and remote sensing with "internet of things" connected machine sensors, hyper-local weather sensors, soil chemistry sensors, crop genetics and operational practices. Analyzing over three billion unique, valuable data points hourly during daylight hours in the crop season with respective global positioning system coordinates, Farmers Edge develops algorithms that identify issues affecting yield potential, logistical inefficiencies, grain marketing and financial services, faster and more accurately than ever before. Our AI-powered technologies are included within numerous elements of FarmCommand, including crop health change and injury detection mapping, crop and pest modeling, yield prediction, directed soil sampling, seed selection recommendations, crop rotation decision making and various other agronomic recommendations, Farmers Edge continues to improve our data architectures in order to support and store our rapidly growing database.

Distribution Channels

Our go-to-market approach leverages commercial partners and is designed to accelerate our market adoption, with a focus on maintaining an efficient cost structure, allowing us to scale quickly and globally. Farmers Edge selects recognizable industry partners who have a need for a comprehensive and competitive digital solutions. These partners include global crop input retailers, seed and crop protection companies, equipment manufacturers, insurers and reinsurers, agriculture technology companies and other large agri-businesses.

Utilizing our existing dataset, as well as regional targeting, we are able to identify key markets and regions to enter with commercial or regional partners to accelerate the adoption of our solutions. In high density markets, we employ a direct sales force, while we canvas lower density or longer-term target geographies with incremental regional partnerships. This approach gives us a significant reach and multiple different paths to each target acre.

Our customer acquisition strategy primarily involves channel partners. We believe the market opportunity in agriculture is so large and regional that these industry partners provide us with the most effective go-to-market strategy. Our partnership network can be segmented into three groups:

- *Agriculture Industry Partnerships*. Our existing agriculture industry commercial partners include Richardson International ("**Richardson**"), CNH Industrial, Titan Machinery, Hefty Seed,

Lindsay Corporation, Sumitomo Corporation, Parrish and Heimbecker and more than a dozen others. These large partners leverage our platform to provide to their existing and new customers as a competitive differentiator. Richardson, one of our largest partners, has an international presence and is Canada's largest agribusiness, operating 93 agricultural business centres across Canada.

- *Regional Partnerships.* These include select partners most often in certain target markets, new geographies where our offering is underrepresented and in markets where there is an opportunity to complement our larger channel partner network. Regional partners include Titan Europe and Orbia, an agribusiness loyalty platform, amongst others.
- *Insurance Partnerships.* We have partnerships in place with numerous insurance and reinsurance providers, including Munich Re, Producers Ag Insurance Group, Hudson Insurance Group and Fairfax Brasil Seguros Corporativos S/A. We have selected these partners to introduce and develop new commercial insurance offerings to our platform. We have partnered with Munich Re to develop new risk management products focused on individualized insurance policy development, weather risk assessment and coverage and parametric weather index products which can be underwritten and delivered to existing Farmers Edge customers and new customers in key agricultural markets.
- *Other Commercial Partnerships.* We also have commercial partnerships with other participants in the crop-derived carbon offset industry, including Radicle, with whom we aim to deliver a new high-tech carbon credit program, and Capital Power, a carbon trading partner. In January 2021, we partnered with Google to launch a global co-sell initiative to deliver the next generation of digital agricultural technology tools to farmers and partners globally.

Competitive Strengths

- *First mover advantage in a large, underserved market.* We were one of the early entrants in the digital agronomy market. This timing advantage has allowed our platform to become one of the industry's leading solutions, one with brand recognition and a trusted source for proprietary and independent analytics.
- *Our platform is comprehensive and end to end.* Most of our competitors focus on narrow point solutions and require the grower to integrate multiple solutions to meet their needs. Rooted in our farming heritage, FarmCommand was designed to be an end-to-end solution interconnecting multiple devices to a cloud-based infrastructure to provide insights across the entire farm.
- *Our platform is independent and can capture data from nearly any device.* FarmCommand integrates data from multiple sources, including both proprietary Farmers Edge devices as well as third-party hardware and equipment already in place on a farm.
- *Our solution provides predictive analytics, and machine learning driven alerts and recommendations.* While most of our competitors offer only simple analytics solutions which summarize or repackage information (for example, from commoditized telematics solution providers), our comprehensive dataset and technology rooted in predictive modeling, artificial intelligence and machine learning can answer specific questions and provide exact recommendations.
- *FarmCommand is simple to use and accessible everywhere.* FarmCommand can be easily integrated into our channel partners current systems to allow for easy connectivity to their farming customers. The platform is available across multiple devices independent of whether the farmer is managing the farm's budget from his or her home or deciding how much fertilizer to apply while in the cab of his or her spreading equipment.

- *Our solutions represent a marginal cost to farmers, but deliver the farmer a meaningful return on their investment.* FarmCommand, at a list price point between \$1.50 and \$6.00 an acre, is a marginal investment for a farmer relative to other inputs and equipment. Once on a farm, our technology has delivered an observable ROI to farmers, multiple times higher than their investment in our technology.
- *FarmCommand supports sustainable farming.* Our Smart recommendation engine can tell a farmer where and how to apply specific inputs required to maximize yields, while minimizing costs. Through these recommendations, Farmers Edge strives to divert unnecessary fertilizer away from acres where it is not required and thereby enhancing the sustainability of farming.
- *The comprehensive nature and quality of our data is a moat which drives our adoption flywheel and strengthens customer loyalty.* We believe our platform benefits from a flywheel effect where our data leads to better recommendations, which leads to a greater ROI for our customers, resulting in greater acre adoption, and more data captured.
- *Our solutions can be used by large agribusinesses.* As large industries providing services to the agriculture industry increasingly seek quality, comprehensive field-level data, our business analytic solutions could include the development of additional products targeting the crop insurance, carbon offset, agriculture technology, lending, retailing and ecommerce markets, amongst others.

Customers

As at December 31, 2020, over 3,000 growers used our solutions, and covered over 23 million Subscribed Acres across six countries. Historically, we have had success attracting large farms, which reflects the ability of our platform to scale and deliver ROI to these large operations. We believe our solution is competitive even for smaller sized operations and can produce valuable insights and attractive yield for smaller operations. Approximately 40% of our Subscribed Acres in Canada are fertility contracts for Smart VR and Smart Nutrient packages (as of December 31, 2020) and we aim to convert existing growers who have subscribed for our base packages to our fertility contracts.

We generally target large-scale crops, including wheat, coarse grains, and oilseed crops, and our customers are concentrated in Canada and the United States, and increasingly in Brazil, Australia and Eastern Europe. Our revenue mix by geography for the 12 months ending December 31, 2020 was as follows: 62% Canada, 25% United States, 9% Brazil, 3% Australia and 1% Eastern Europe.

Research and Development

We are currently developing enhancements to our products, including FarmCommand, that will enable electronic business to business transactions by, and between, farms of all sizes, and agribusinesses, including crop and property and casualty (P&C) insurance providers, farm finance firms, grain marketing firms, carbon and sustainability markets, and input and service providers. We believe these investments will increase the revenue streams we will earn from our grower customers, as well as accelerate the adoption of our platform by agribusinesses seeking ways to engage in business-to-business transactions with farms and other agribusinesses.

Since 2017, we have accelerated our proprietary capabilities and intellectual property related to high-frequency, high-resolution satellite imagery. This allows us to apply remote sensing techniques for change detection analysis and alerts, at a per-acre resolution — which we feel is an industry first. We continually invest in technology to gather quality data to strengthen the capabilities of our analytics platform. The intellectual property we have developed related to our satellite imagery capabilities can work with numerous imagery providers, allowing us the flexibility to choose the best provider for our needs. We recently entered a new multi-year contract with our satellite imagery provider Airbus DS Geo Inc.

Sourcing and Production of High Quality Data

Our ability to collect field-centric, farm data is critical to the success of our platform. We actively collect and analyze over three billion data points hourly during daylight hours in the crop season from sources which include both our proprietary agronomic devices, as well as existing equipment already deployed on the farm. This includes data from weather stations, soil moisture probes, telematics devices, location tracking devices, grain cart weighing devices, soil sampling, irrigation monitoring and satellite imagery. Our proprietary CanPlug devices can capture data from most hardware and equipment already deployed on a grower's farm.

The data we collect from these sources is seamlessly and instantly uploaded to our cloud infrastructure, which allows us to combine multiple unique datasets in one location and derive analytics and outcome-based recommendations for a holistic view of the farm, in real-time. With a focus on security and privacy, we utilize this data to provide individualized insights to our customers.

Our platform relies on us installing certain hardware on Subscribed Acres, including weather stations, CanPlugs and other equipment. Our CanPlugs are manufactured by third party manufacturers, and we acquire weather stations and other equipment from a number of different suppliers.

Seasonality

Although overall, our business is not deeply affected by seasonal changes, growers in North America typically subscribe for our products and services at the beginning of the crop season in the spring, and our Smart VR and Smart Nutrient solutions are primarily sold in the fall months. The agriculture industry is subject to seasonal and weather factors, which can vary unpredictably from period to period.

Competition

While we do not believe that any specific competitor offers the distinct value proposition and integrated capabilities of Farmers Edge, as agriculture technology tools and platforms are evolving and are in the early stages of adoption, our closest competitors include solutions developed by two established agriculture industry vendors, Bayer AG ("**Bayer-Monsanto**") and Deere & Company ("**John Deere**"), as well as smaller and earlier-stage single-point solution providers.

- *Established agriculture industry vendors:* John Deere is one of the largest farm equipment manufacturers and distributors globally and has its own digital solution marketed as Operations Center. Bayer-Monsanto is one of the largest seed suppliers globally and markets Climate as its digital solution. We believe our platform and solutions have significant advantages over these competitive offerings. Since we are in the business of selling technology, we remain unconflicted in the recommendations and insights we provide our farmers. This independence is one reason our customers trust Farmers Edge and why they often deploy our solutions alongside those of John Deere and Bayer-Monsanto, even when those alternative solutions are provided for free.
- *Point and regional solution providers:* these solutions often provide a farm with a narrow vision on improving a very specific variable and/or targets a crop that is grown in a specific region.

We believe our primary competition is the group of established agriculture industry vendors who provide their solution as a secondary offering to their core business. We expect competition to remain intense in the future, particularly as industry adoption continues to rise with growers investing more in software solutions.

We believe we are positioned to compete favourably as our main competitors are focused on providing equipment and crop inputs to farms and use their digital platforms to support the sale of their primary products and services. As a result, we believe they have not made it their focus to develop a

comprehensive, end-to-end platform. Our focus is to develop tools that provide farmers with monitoring insights, recommendations and predictive models. The platform that provides growers with the ability to utilize data to make crucial decisions on all areas of their operations will be invaluable to farmers. We believe that farmers prefer to use one comprehensive platform rather than combining multiple different solutions.

Regulation

We are subject to a number of federal, state, provincial and foreign laws and regulations that apply to companies in Canada and the other jurisdictions in which we conduct business, including privacy and data security requirements, anti-corruption, anti-bribery, anti-money laundering, import and export requirements, competition, intellectual property ownership and infringement and tax. While we monitor changes in these laws and regulations, many are still evolving and it is possible that current or future laws or regulations could be interpreted or applied in a manner that would prohibit, alter, or impair our existing or planned products and services. For more information, see *“Risk Factors — Risks Related to our Business and Industry”*.

We are subject to applicable Canadian and foreign privacy laws regarding the collection, use disclosure and protection of grower, commercial partner and employee data. Among other things, Canada’s federal *Personal Information Protection and Electronic Documents Act* (“**PIPEDA**”) and its provincial counterparts govern the collection, use and disclosure of personal information in the course of commercial activities by private sector organizations in Canada. We have a robust and broad security and privacy program, with a focus on protecting hardware assets, data and intellectual property, whether in the office or remotely located. We strive to meet or exceed the requirements of privacy laws within the jurisdictions in which we operate such as the European General Data Protection Regulations 2016/679 (“**GDPR**”), Brazil’s Lei Geral de Proteção de Dados and PIPEDA. The regulatory framework in respect of cybersecurity and the protection of data and privacy in Canada, the United States, Europe, Brazil, Australia and other jurisdictions is constantly evolving and is likely to remain uncertain for the foreseeable future. For more information, see *“Risk Factors”*.

As a result of our international operations, we are subject to a number of Canadian and foreign laws and regulations relating to economic sanctions and to export and import controls which govern or restrict our business and activities in certain countries and with certain persons, including sanctions regulations administered or enforced by the Office of the Superintendent of Financial Institutions in Canada, the economic sanctions regulations administered by the United States Treasury Department’s Office of Foreign Assets Control and the export control laws administered by the United States Commerce Department’s Bureau of Industry and Security, the United States State Department’s Directorate of Defense Trade Controls and the Canadian Export and Import Controls Bureau. These programs prohibit or restrict transactions to or from, or dealings with, specified countries, their governments, and in certain circumstances, their nationals. Transactions or dealings with individuals and entities that are specially designated nationals of those countries, narcotics traffickers and terrorists or terrorist organizations are also prohibited or restricted.

Intellectual Property

Our intellectual property is important to our business. In accordance with industry practice, we protect our proprietary products and technology through a combination of contractual provisions and intellectual property rights, including rights in trademarks, patents, copyright, and trade secrets.

We generally license our software pursuant to agreements that restrict our customers’ and partners’ ability to use our technology, such as prohibiting reverse engineering, restricting the use of access, and/or use of our source code. We also seek to avoid disclosure of our trade secrets and other confidential and proprietary information by requiring our employees and consultants to execute non-disclosure agreements. We also ensure that the Company owns all intellectual property rights in work product developed by employees and consultants by requiring employees and consultants to sign agreements that require our employees and consultants to assign to us all such intellectual property rights. We enter into non-disclosure

agreements with our business partners, prospective business partners and other relationships where disclosure of proprietary information may be necessary.

We have obtained a number of trademark registrations or have filed trademark applications to protect trademarks that are used in our business in Canada, the United States, Australia, Brazil and other jurisdictions where we conduct business. We also use certain trademarks on an unregistered basis in our business. We have obtained trademark registrations in Canada, the United States, Brazil and Australia for the trademarks “Farmers Edge” and “FarmCommand”. We have also obtained trademark registrations, and have pending trademark applications, for “CanPlug” in the same geographies.

We have obtained a number of patents, and have pending patent applications, in Canada, the United States, Australia, Brazil and Argentina and under the Patent Cooperation Treaty, that cover certain inventions used in our business. We also hold a number of copyright registrations in respect of our software.

Specialized Skill and Knowledge

The Company believes its success is in part dependent on the performance of its management and key employees, many of whom have relationships and specialized experience relating to our products and technology, the agricultural industry and our growers and channel partners.

The Company believes that it has adequate personnel with the specialized skills and knowledge to successfully carry out the Company’s business and operations. See “Risk Factors” for a discussion of the risks of losing such specialized skill and knowledge.

Employees

As of December 31, 2020, we employed 500 individuals across the following geographies:

<u>Location</u>	<u>Number of Employees</u>
Canada	294
United States	123
Brazil	56
Australia	15
Eastern Europe	12
Total	500
<u>Functional Area</u>	<u>Number of Employees</u>
Sales and Marketing	59
Product (Research and Development)	131
Customer Service (Onboarding and Service Operations)	261
General and Administration	49
Total	500

We strive to combine the innovation and agility of a start-up with a history of deep sector experience and operational proficiency. As a founder-led organization, we pride ourselves on helping pioneer new solutions to the agriculture ecosystem, driven by the relentless pursuit of technological innovation and a highly engaged workforce.

Facilities

We are headquartered in Winnipeg, Canada. The following table outlines our regional head office locations, each of which we lease.

<u>Location</u>	<u>Approx. Area (in square feet)</u>	<u>Lease Expiration Date</u>	<u>Use</u>
Winnipeg, Manitoba	16,253	Feb 28, 2025	Office Space
Lincoln, Nebraska	3,000	Mar 1, 2023	Office Space
Ridgehaven, South Australia	2,798	Sept 21, 2021	Office Space
Campinas, Brazil.....	4,817	Jan 14, 2022	Office Space
Kyiv, Ukraine.....	418	Apr 15, 2022	Office Space

We also lease other locations in the jurisdictions in which we operate to serve as sales and operational hubs for certain regional personnel and to provide soil testing labs and warehouse storage for equipment.

Corporate Social Responsibility

Farmers Edge recognizes the importance of the relationship between business, society and the environment. There are many ways that we integrate social, economic and environmental aspects into our business operations and interactions with key stakeholders. At the heart of our work with growers and their trusted advisors is a deep passion for agriculture. We see more than dirt. We see the foundation for growing the legacy of farming, feeding the world's rapidly growing population, and a new revolution of sustainable crop production that means growing more with less. Our mission is to empower our customers and partners to achieve more using ecologically sound and economically viable practices. We are committed to the ongoing development of leading edge technology designed to increase productivity while also supporting our shared future through sustainability. By digitizing and connecting the farm, we ensure that growers and their trusted advisors have the real time insight they need to make decisions in the best interest of economics, environment and from a societal perspective. The Farmers Edge business model incorporates the 4Rs of nutrient stewardship — applying the right fertilizer source at the right rate at the right time and in the right place. This approach demonstrates a commitment to both agricultural innovation and land stewardship.

Farmers Edge is devoted to conducting its business ethically, responsibly and in compliance with the letter and spirit of all applicable laws. Our Code of Conduct and Business Ethics explains our ethical standards, how we apply fair operating practices and how team members conduct business and work with each other in the interests of our customer. We are committed to providing direction for and leadership to our own people through the development and support of employment guidelines, policies and practices designed to benefit our customers, all team members and the company. Farmers Edge multidimensional culture blends diverse backgrounds, cultures, experiences and perspectives. Our collaborative approach creates the environment where all employees feel safe and are encouraged to express their ideas confidently, use their unique talents to achieve career goals and know that they are respected for their contributions and abilities. We recognize the importance of emotional, physical, and financial well being of our employees and their families and focus on promoting human rights and advancing transparency, safety, inclusion, and health of every team member.

RISK FACTORS

The risks described below, as well as those that may be described in our management discussion and analysis and our audited financial statements and related notes thereto, in each case for the year ended December 31, 2020, may not be the only material risk factors facing Farmers Edge and holders of Common Shares ("**Shareholders**"). Additional risks not currently known to Farmers Edge or that it currently deems immaterial may also impair business operations. The business, financial condition, revenues or profitability of Farmers Edge could be materially adversely affected by any of these risks. The trading price of the Common Shares could decline due to any of these risks. This Annual Information Form contains forward-looking information that involves risks and uncertainties. Farmers Edge's actual results could differ materially from those anticipated in such forward-looking information as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Annual Information Form. See "*Forward-Looking Information*".

Risk Factors Related to our Business and Industry

If we are unable to increase sales of subscriptions to our platform to growers, deploy our products on new acres, retain revenue from existing growers and partners and attract new growers and partners, our business, financial condition, and results of operations will suffer.

Subscription-based revenues are principally realized through the sale of bundled packages of subscriptions to growers. Our packages typically have a four-year term (other than Smart Imagery, which has a one-year term and certain Progressive Grower subscriptions, which have a five-year term) following which the subscriptions renew automatically for one-year renewal terms unless earlier terminated. Our Progressive Grower program provides new growers with access to our subscription packages at no cost in the first year of the subscription and the right to cancel at the end of the first year. As a result, even though the number of growers using our platforms has grown rapidly in recent years, there can be no assurance that we will be able to retain growers or sell and convert existing growers to our premium product solutions such as our Smart VR and Smart Nutrient solutions. Our costs associated with subscription renewals are substantially lower than costs associated with generating revenue from new growers, such as the cost of the Progressive Grower program. Therefore, if we are unable to retain revenue from existing growers, increase revenues by selling premium product solutions to existing growers and growers in the Progressive Grower program, retain growers participating in the Progressive Grower program after the first year or sell subscriptions to new growers, it could adversely impact our results of operations. The number of acres retained from the Progressive Grower program as Subscribed Acres after the first year, or converted to premium product solutions that are paid in the first year, cannot be assured.

We also realize revenue through our Smart Claim software and other business analytics solutions. Our Smart Claim software enables the crop insurance and reinsurance partners who have partnered with us to access our data to enhance policies and reduce claims management costs on demand on the acres on which these crop insurance partners have deployed our solutions. Therefore, if we are unable to deploy Smart Claim or other business analytics solutions on new acres or if our crop insurance partners reduce the frequency of accessing our reporting and analytics solution services through the Smart Claim software, it could adversely impact our results of operations.

Our ability to attract new growers, crop insurance partners and other customers of our business analytics solutions, and increase revenue from existing customers, will depend in large part on our ability to successfully develop, bring to market and sell existing and new products and services that effectively respond to grower needs and partner effectively with key players, including our commercial partners, in the agriculture ecosystem. See “— *Our success depends on our ability to continue to enhance products and develop new products and services*”.

Our growth and profitability depend in part on the success of our relationships with commercial partners.

We anticipate that the growth of our business will continue to depend on the acquisition of new acres through our relationships with channel partners who sell and support our products and services to their existing grower base in exchange. In some cases, we pay our partners a referral fee in consideration of such sales and support. We also intend to expand our network of strategic partnerships worldwide to support the growth of our grower base and Subscribed Acres. To the extent we are unable to maintain our existing relationships or to expand our network of channel partners in existing and new geographies, our overall growth and profitability will be adversely affected. Some of our channel partners subsidize the cost of the Progressive Grower program as part of certain joint marketing initiatives, which defrays the cost of that program to us. Certain of our agreements with our channel partners include obligations on our partners to deliver a minimum number of contracted acres by certain dates and to pay cash compensation for any shortfall, but we may not be able to secure such commitments or obligations with new channel partners. Failure of any partner to deliver its committed acres could adversely impact our results of operations, and may not be adequately mitigated by the cash compensation payable on any shortfall.

We operate in a competitive industry. Our failure to compete effectively could adversely affect our market share, revenues and growth prospects.

The markets for our products and services is competitive. Competition in these markets may increase further if economic conditions or other circumstances cause grower bases and grower spending to decrease and service providers to compete for fewer grower resources. Our existing competitors, or future competitors, may have greater name recognition, more significant commercial partner relationships, larger grower bases, better technology or data, lower prices, preferred pricing models, easier access to data, greater user traffic, longer operating histories or greater financial, technical or marketing resources than we have. Our competitors may be able to undertake more effective marketing campaigns, obtain more data, adopt more aggressive pricing policies, make more attractive offers to current and potential employees, commercial partners and growers, or may be able to respond more quickly to new or emerging technologies or changes in grower and partner requirements. If we are unable to retain our commercial partners and existing growers or obtain new commercial partners and growers, our revenues could decline. Increased competition could result in lower revenues and higher expenses, which would adversely impact our results of operations.

We may experience difficulties in maintaining or expanding our sales in our current and targeted international markets.

We intend to continue to forge additional commercial and regional partnerships to accelerate our penetration of acres worldwide. We look to continue to expand our network of channel partners in new geographies by selecting channel partners who have a large presence in the agricultural industry and have a proven record of selling significant acres in their respective markets. In addition to our global channel partners, we also engage with regional partners and direct sales in North America.

There can be no assurance that we will be able, in the future, to continue to transact with such international channel partners on favourable terms or at all. Growth opportunities include the North American market and international markets such as Brazil and other countries across Latin America, Australia, Russia and Eastern Europe. International markets have been, and will continue to be, a focus for sales growth, and over time we intend for international sales to comprise a larger percentage of our total sales. Several factors, including weakened economic conditions in any of our international markets, could adversely affect such growth.

Additionally, our entry into new international markets requires management attention and financial resources that would otherwise be spent on other parts of our business. Some of the countries in which we sell our products and services, or otherwise have an international presence, are to some degree subject to political, economic and/or social instability. Our international sales expose us to risks and expenses inherent in operating or selling products and services in foreign jurisdictions, and developing and emerging markets in particular where the risks may be heightened. These risks and expenses include:

- adverse currency exchange rate fluctuations;
- new and different sources of competition;
- slower adoption of our services by growers;
- risks associated with complying with laws and regulations in the countries in which our products and services are sold, such as requirements to apply for and obtain licenses, permits or other approvals for our products and services, and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing, and often inconsistent enforcement of laws, rules and regulations;

- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, representatives, and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on currency conversion or the transfer of funds or limitations on our ability to repatriate non-Canadian earnings in a tax effective manner;
- the imposition of Canadian and/or international sanctions against a country, company, person or entity with whom we do business that would restrict or prohibit our continued business with the sanctioned country, company, person or entity;
- downward pricing pressure on our products in our international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;
- political, social or economic unrest or instability, terrorist attacks and security concerns in general;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- reduced or varied protection for intellectual property rights and difficulties in enforcing or defending intellectual property rights;
- increased financial accounting and reporting burdens and complexities;
- restricted access to and/or lower levels of use of the internet or cellular networks; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Our international efforts may not produce desired levels of sales. Furthermore, our experience with selling products and services in our current international markets may not be relevant or may not necessarily translate into favourable results if we sell in other international markets. If and when we enter into new markets in the future, we may experience different competitive conditions, less familiarity with our brands and/or different consumer preferences and spending patterns. As a result, we may be less successful than expected in expanding our sales in our current and targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting our overall growth and profitability. To build brand awareness in these new markets, we may need to make greater investments in advertising and promotional activity than originally planned, which could negatively impact the profitability of our sales in those markets. These or one or more of the factors listed above may harm our business, results of operations or financial condition. Any material decrease in our international sales or profitability could also adversely impact our business, results of operations or financial condition.

Furthermore, some of our operations and sales are conducted in parts of the world that experience corruption to some degree. Although we have policies and procedures in place that are designed to promote legal and regulatory compliance, our employees, commercial partners and consultants could take actions that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations of such violations, could have a material adverse effect on our business, results of operations or financial position.

We may not be able to successfully implement our growth strategy on a timely basis or at all.

Our future success depends, in part, on our ability to implement our growth strategy, including to (i) continue to expand the grower base for our digital agronomy solutions (including expansion to new geographies); (ii) overlay crop insurance products over our existing digital agronomy solutions; (iii) develop and market additional products to sell to large agriculture industry service providers; and (iv) selectively pursue acquisitions. We may not be able to achieve some or all of these objectives. Our ability to implement this growth strategy depends, among other things, on various factors, including:

- competitive factors, including the introduction of competing platforms, discount pricing and other strategies that may be implemented by our competitors;
- identification of viable growth opportunities;
- general economic and business conditions;
- our relationships with third parties, including our commercial partners; and
- ability to hire and train qualified management personnel.

There can be no assurance that we can successfully achieve any or all of the above initiatives in the manner or time period that we expect. Further, achieving these objectives will require investments which may result in short-term costs without generating any current revenue and therefore may be dilutive to our earnings. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect our strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition and results of operations.

If we lose the services of members of our management team or employees who possess specialized market knowledge and technical skills, our ability to compete, to manage our operations, or to develop new successful products and services could be compromised.

Many of our senior executives have relationships and specialized experience relating to our industry, products, technology, regulatory environment, growers, commercial partners and business. In addition, many of our senior executives have strong relationships with our commercial partners. The loss of one or more members of our senior management team could result in the loss of technical knowledge, management expertise and knowledge of our operations, and could result in a diversion of management resources away from our business, as the remaining members of management would need to cover the duties of any senior executive who leaves us and would need to spend time usually reserved for managing our business to search for, hire and integrate new members of management. The loss of some or all of our senior executives could negatively affect our ability to develop and execute on our business strategy, which could materially adversely affect our business, results of operations or financial condition.

In addition, our success depends to a large extent upon our ability to retain skilled employees, including sales team members, technology developers and technology specialists. There is intense competition for qualified and skilled employees, and our failure to recruit, train and retain such employees could have a material adverse effect on our business, results of operations or financial condition. In addition, to implement and execute on our business and growth strategies, we must continue to enhance our innovation capabilities, operational effectiveness and efficiency and continue to attract, train, motivate and manage our employees. If we are not successful in doing so, this may have a material adverse effect on our business, results of operations and financial condition.

Our sales cycles can be unpredictable, and our sales efforts require considerable time and expense. As a result, the timing of our revenue and collections are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.

Our results of operations may fluctuate, in part, because of the resource intensive nature of our sales efforts, the length and variability of our sales cycle, and difficulty in adjusting our operating expenses in the short term. The length of our sales cycle, from identification of the opportunity to delivery of access to our platform, can vary from customer to customer, with sales to larger businesses typically taking longer to complete and sales under the Progressive Grower program having revenue deferred for the first year. Our sales cycles are also impacted by seasonal factors, weather and climate change. See “*Risk Factors — Risks associated with seasonal changes and climate change*” below.

To the extent our competitors develop products that our prospective customers view as equivalent or superior to our platform, our average sales cycle may increase. Additionally, if a key sales member leaves our employment or if our primary point of contact at a commercial partner or grower leaves his or her employment, our sales cycle may be further extended or customer opportunities may be lost. Sales may not close as expected or may be delayed in closing. The unpredictability of the timing of customer purchases, particularly large purchases, could cause our revenue and collections to vary from period to period or to fall below expected levels for a given period, which will adversely affect our business, results of operations, and financial condition.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our Farmers Edge brand is critical to expanding our business. Maintaining and enhancing our brand will depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative solutions, which we may not do successfully. Errors, defects, data breaches, disruptions or other performance problems with our platform may harm our reputation and brand. We may introduce new products and services or terms of service that our commercial partners or growers do not like, which may negatively affect our brand. Additionally, if growers have a negative experience using our solutions or third-party solutions integrated with our products and services, such an experience may affect our brand, especially as we continue to attract larger growers and growers in new markets to our platforms.

We receive media coverage globally, including on social media. Any unfavorable coverage or negative publicity about our industry or our Company, including, for example, publicity relating to the quality and reliability of our platform, our privacy and security practices, our product changes, litigation, regulatory activity, or the actions of our representatives, partners or growers, could seriously harm our reputation. Such negative publicity could also adversely affect the size, demographics, engagement, and loyalty of our commercial partners and growers and result in decreased revenue, which could seriously harm our business. Such negative publicity could cause fluctuations in the market price of our Common Shares and harm our business and reputation.

We believe that the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions at competitive prices, successful promotion of our brand will depend on the effectiveness of our marketing efforts. Our efforts to market our brand have involved significant expenses, which we intend to continue. Our marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses we incur in building and maintaining our brand.

Our success depends on our ability to continue to enhance products and develop new products and services.

Our business is subject to changing commercial partner and grower trends and preferences and our business is dependent, in part, on continued commercial partner and grower interest in our new products,

including line extensions and new solutions. There can be no assurance that channel partners or growers will accept any such new products or that we will be able to attain sufficient market share for these products.

Any new products and services and changes to our existing products and services could fail to attain sufficient market acceptance for many reasons, including, without limitation, the following:

- failure to predict market demand accurately and supply products and services that meet this demand in a timely fashion;
- any changes to our existing products and services may not be considered user-friendly;
- reductions in our current or potential growers' or commercial partners' spending levels;
- grower unwillingness to accept any price increases or current pricing;
- our pricing models are not competitive;
- difficulty in adoption and use by growers;
- lack of support for our products by our commercial partners;
- defects, errors or failures in our technology;
- negative publicity about our products and services;
- delays in releasing to the market new services or enhancements to existing products and services; and
- the introduction or anticipated introduction of competing products and services by our competitors.

Any enhancements or new products and services that we develop or acquire may not be introduced to the market in a timely or cost-effective manner and may not achieve the broad market acceptance necessary to generate the revenue required to offset the operating expenses and capital expenditures related to development or acquisition. If we are unable to develop or acquire and sell enhancements and new products and services that keep pace with the industry and grower needs in a timely fashion, our revenue will not grow as expected and we may not be able to meet profitability expectations.

The new products of our competitors may beat our products to market, be more effective, have more features or be less expensive than our products. They may obtain better market acceptance than our products or render our products obsolete. If we do not introduce new products to meet the changing needs of growers in a timely manner and more effectively than our competitors, we may experience declining sales, which could have an adverse effect on our operating results.

We incur expenses and expend resources up front to develop, acquire and market new products, services and technology enhancements to incorporate additional features, improve functionality or otherwise make our products and services more desirable to growers. New products, services or enhancements to existing products and services must achieve high levels of market acceptance at a selling price acceptable to the market in order for us to recoup our investment in developing and bringing them to market. To the extent that we incur expenditures and expend resources to develop, acquire and market new products, services and technology enhancements which do not receive market acceptance, we may be required to write down the value of such expenditures. Efforts to accelerate our innovation capabilities may exacerbate risks associated with innovation. If we are unsuccessful in meeting our objectives with respect to new products, our business' financial condition, reputation and results of operations could be harmed.

Regulatory requirements placed on our products and services could impose increased costs on us, delay or prevent our introduction of new products and services, and impair the function or value of our existing products and services.

Our products and services are currently subject to various regulatory requirements including laws, regulations and policies that govern the amount and type of taxes we are required to collect and remit. We may also be subject to anti-spam laws, regulations and policies. In Canada, the regulatory authority responsible for enforcement of Canada's anti-spam law ("**CASL**") has issued a bulletin that signals broad potential liability for electronic intermediaries (such as hosting providers and "software-as-a-service" providers) for failing to take sufficient steps to stop third parties from using intermediary services and facilities to violate CASL, including prohibitions on sending electronic marketing messages or installing computer programs without consent.

Our business may become subject to increasing regulatory requirements, and as these requirements proliferate, we may be required to change or adapt our products and services to comply. Changing regulatory requirements might render our products and services obsolete or might block us from developing new products and services. This might in turn impose additional costs upon us to comply or to further develop our products and services. It might also make introduction of new products and services more costly or more time-consuming than we currently anticipate and could even prevent introduction by us of new products or services or cause the continuation of our existing products or services to become more costly. Accordingly, such regulatory requirements could have a material adverse effect on our business, financial condition, and results of operations.

We may engage in acquisitions, mergers, or dispositions, which may affect the profit, revenues, profit margins or other aspects of our business and we may not realize the anticipated benefits of future acquisitions, mergers or dispositions to the degree anticipated.

We will continue to pursue strategic acquisitions as they enable us to further broaden and diversify our product and service offerings. We expect that in the future we will further expand our operations and product and service offerings through the acquisition of additional businesses, products or technologies. However, we may not be able to identify suitable acquisition targets and our ability to efficiently integrate large acquisitions may be limited by our lack of experience with them. If we are able to identify suitable targets, we may not be able to acquire these targets on acceptable terms. Also, we may not be able to integrate or profitably manage acquired businesses and may experience substantial expenses, delays or other operational or financial problems associated with the integration of acquired businesses. We may also face substantial expenses, delays or other operational or financial problems if we are unable to sustain the distribution channels and other relationships currently in place at an acquired business. The businesses, products, brands or properties we acquire may not achieve or maintain popularity with consumers, and other anticipated benefits may not be realized immediately or at all. Further, integration of an acquired business may divert the attention of our management from our core business. In cases where we acquire businesses that have key talented individuals, we cannot be certain that those persons will continue to work for us after the acquisition or that they will continue to develop popular and profitable products. Loss of such individuals could materially and adversely affect the value of businesses that we acquire.

Acquisitions also entail numerous other risks, including but not limited to:

- unanticipated costs and liabilities;
- inability to enforce remedies for liabilities covered by vendor representations or warranties;
- adverse effects on our existing business relationships with our suppliers, commercial partners and growers;
- risk of entering markets in which we have limited or no prior experience;

- amortizing any acquired intangible assets; and
- difficulties in maintaining uniform standards, procedures, controls and policies.

Some or all of the foregoing risks could have a material adverse effect on our business, financial condition and performance. In addition, any businesses, products or technologies we may acquire may not achieve anticipated revenues or income and we may not be able to achieve cost savings and other benefits that we would hope to achieve with an acquisition.

Acquisitions could also consume a substantial portion of our available cash, could result in incurring substantial debt which may not be available on favourable terms, and could result in our assumption of contingent liabilities. In addition, if the business, product or technologies we acquire are unsuccessful it would likely result in the incurrence of a write-down of such acquired assets, that could adversely affect our financial performance. Our failure to manage our acquisition strategy could have a material adverse effect on our business, financial condition and performance.

Reduced demand for agricultural products and services could reduce our sales and profitability.

The demand for agricultural products and services is influenced by factors such as:

- the price of agricultural commodities and the ability to competitively export agricultural commodities;
- the profitability of agricultural enterprises, farmers' income and their capitalization;
- the demand for food products; and
- agricultural policies, including aid and subsidies to agricultural enterprises provided by governments and/or supranational organizations, policies impacting commodity prices or limiting the export or import of commodities, and alternative fuel mandates.

Changing worldwide demand for farm outputs to meet the world's growing demand for food products, driven in part by government policies and a growing world population, are likely to result in fluctuating agricultural commodity prices, which directly affect sales of agricultural products and services. Lower farm commodity prices directly affect farm incomes, which could negatively affect our sales. In addition, a change in consumer preferences may result in growers we work with having less relevant crops in place at their farms in the future. Droughts and other unfavorable climatic conditions, especially during the spring and fall, particularly important periods for generating sales orders, could have a negative impact on decisions to buy agricultural products and services and, consequently, on our revenues.

The above factors can significantly influence the demand for agricultural products and services, and consequently, our financial results. Additionally, if demand for our products and services is less than we expect, our profitability will suffer.

Material defects or errors in our Technology Infrastructure could harm our reputation, result in significant costs and impair our ability to sell our services.

"Technology Infrastructure" means our technology, website, applications and network infrastructure. Software developed for our technology can contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced. Despite internal testing, our technology may contain serious errors or defects that cause performance problems or service interruptions, security vulnerabilities or software bugs that we may be unable to successfully correct in a timely manner, or at all, which could result in:

- loss of commercial partners and growers, and other potential liabilities;

- delays in receiving payments, increasing our collection reserve and collection cycle;
- diversion of development resources and associated costs;
- harm to our reputation and brand;
- unanticipated litigation costs; and
- writedown of software development costs included in intangible assets.

Failure to adapt to technological changes may render our technology obsolete or decrease the attractiveness of our services to growers.

If new industry standards and practices emerge, or if competitors introduce new services or technologies, our technology may become obsolete. Our future success will depend on our ability to, amongst other things:

- enhance our existing products and services;
- develop new products, services and technologies that address the needs of our existing and prospective growers; and
- respond to changes in industry standards and practices on a cost-effective and timely basis.

We will continue to enhance the features and functionality of our technology. These initiatives carry the risks associated with any new service development effort, including cost overruns, delays in delivery and performance issues. The effective performance, reliability, availability, security and scalability of our Technology Infrastructure is critical to our reputation and our ability to attract and retain growers. There can be no assurance that we will be successful in developing, marketing and selling new services and services that meet changing demands of growers, and that our Company will not experience difficulties in achieving market acceptance.

As a result, our Company is subject to the risks inherent in the development and integration of new technologies, including defects or undetected errors in technology services or other unanticipated performance, stability and compatibility problems. Any of these problems could result in material delays in the introduction or acceptance of our services, increased costs, decreased grower satisfaction, breach of contract claims, harm to industry reputation and reduced or delayed revenues. In addition, new services or technologies could be developed which make our technology obsolete. If the we are unable to deliver new services or upgrades or other enhancements to our existing services on a timely and cost-effective basis, or develop new products and services to replace our existing offerings, it could result in a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect our intellectual property rights, our ability to compete could be negatively impacted.

The protection of our intellectual property rights, including our technology, is crucial to the success of our business. We rely on a combination of copyright, trademark, patents, and trade secret law and contractual restrictions to protect our intellectual property rights. Our intellectual property rights may provide only limited protection for our technology and may not be sufficient to provide us with a competitive advantage. Despite our efforts to protect our intellectual property or proprietary rights, unauthorized parties may attempt to infringe our intellectual property rights, including by copying aspects of our technology or obtaining and using information that we consider proprietary or confidential. Policing our intellectual property and proprietary rights is difficult and may not always be effective.

Litigation before the courts or proceedings before other governmental authorities and administrative bodies in Canada or any jurisdiction in which we operate may be necessary to enforce and protect our intellectual property rights, protect our patent and copyright rights, trade secrets and domain names and to determine the validity and scope of the intellectual property and proprietary rights of others. Our efforts to enforce or protect our intellectual property and proprietary rights may be ineffective and could result in substantial costs and diversion of resources and could harm our business. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights and may result in the invalidation or cancellation.

If our services or products are found to infringe on the intellectual property or proprietary rights of others, we may be required to change our business practices and may also become subject to significant costs and monetary penalties and damages.

The software and technology industries are characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents, copyright, trademark, and other intellectual property rights. Third parties have in the past asserted and may in the future assert that our platform, solutions, technology, methods or practices infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. Such claims may be made by our competitors seeking to obtain a competitive advantage or by other parties, including patent assertion entities. The risk of infringement claims may increase as the number of solutions that we and our market competitors offer increases and overlaps between such solutions occur. In addition, to the extent that we gain greater visibility and market exposure, we face a higher risk of being the subject of intellectual property infringement claims.

As we continue to develop and expand our services, we may become increasingly subject to infringement claims from third parties. Likewise, if we are unable to maintain adequate controls over how third party software and data are used, we may be subject to claims of infringement. Any claims, whether with or without merit, could:

- be expensive and time consuming to defend;
- cause us to cease making, licensing or using applications that infringe third party intellectual property rights;
- require us to redesign our software applications;
- require us to indemnify growers or commercial partners;
- divert management's attention and resources; and
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technology.

Any one or more of the foregoing outcomes could have a material adverse effect on our business, financial condition and results of operations. Additionally, we may be liable for damages for past infringement if a court determines that our software or technologies infringe upon a third party's intellectual property rights, including patents.

The Company is currently the subject of a patent infringement action in Canada, as set out in the section entitled "*Legal Proceedings and Regulatory Actions*". As is often the case with litigation, the final outcome of such proceeding is uncertain.

Failure to adequately protect our Technology Infrastructure against data corruption, privacy breaches, cyber-based attacks or network breaches could have a material adverse effect on our business.

We are highly dependent on our Technology Infrastructure to securely process, transmit and store electronic information. Certain confidential information resides on third party hosted data center servers and is transmitted over our network. We rely on encryption and authentication technology licensed from third parties to effect secure transmission of confidential information, including personal information and credit card numbers. Advances in computer capabilities, new discoveries in the field of security and cryptography or other developments may result in a compromise or breach of the technology we use to protect confidential information. Servers may also be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our and/or a third party's computer systems, which could lead to a loss of critical data or the unauthorized disclosure of confidential information.

If we are unable to prevent such security or privacy breaches, our operations could be disrupted, we may suffer loss of reputation, financial loss, risk of litigation and other regulatory penalties because of lost or misappropriated information, including sensitive consumer data. We may need to expend significant resources to protect against and remedy any potential security breaches and their consequences. If we are unable to maintain protections and processes at a level commensurate with that required by growers and commercial partners, it could negatively affect our relationships with growers and commercial partners and harm our business.

There are Canadian and foreign laws regarding privacy and the storing, sharing, use, handling, maintenance, disposal, transmittal, disclosure and protection of personally identifiable information and sensitive data. Specifically, personally identifiable information is increasingly subject to legislation and regulations to protect the privacy of personally identifiable information that is collected, processed and transmitted. Any violations of these laws and regulations may require us to change our business practices or operational structure, address legal claims and sustain monetary penalties and/or other harms to our business. In particular, the GDPR applies to any company established in the European Union ("EU") as well as to those outside the EU if they collect and use personal data through the provision of goods or services to individuals in the EU or monitor their behavior. The GDPR enhances data protection obligations of businesses and provides direct legal obligations for service providers processing personal data on behalf of customers, including with respect to cooperation with European data protection authorities, implementation of security measures and keeping records of personal data processing activities. Noncompliance with the GDPR can trigger fines of up to €20 million or 4% of global annual revenues from the preceding financial year, whichever is higher. Separate EU laws and regulations (and member states' implementations thereof) govern the protection of consumers and of electronic communications.

The regulatory framework for privacy issues in Canada and in foreign markets is constantly evolving and is likely to remain uncertain for the foreseeable future. Any changes to the regulatory framework may result in additional compliance costs. The interpretation and application of such laws is often uncertain and such laws may be interpreted and applied in a manner inconsistent with our current policies and practices or require changes to the features of our services. If we or our third party service providers are unable to address any privacy concerns, even if unfounded, or to comply with applicable laws and regulations, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada), it could result in additional costs and liability, damage our Company's reputation and harm our business.

Our ability to deliver our products and services depends on our relationships with key service providers, including imagery and cloud providers, and any disruption in their services could result in an interruption of ours.

The satisfactory performance, reliability and availability of our products and services are critical to our reputation and ability to attract and retain growers and commercial partners. Any system interruption that results in the unavailability of the products and services, including the Technology Infrastructure, or impairs access could result in interruption of business operations, loss of growers or commercial partners, diversion of technical and other resources, negative publicity, loss of data, damage to our reputation and brand and

cause our business and operating results to suffer. Any one or more of the foregoing occurrences could have a material adverse effect on our business, financial condition and results of operations.

We depend on third party service providers, including imagery and cloud providers, to provide continuous and uninterrupted access to the elements of the Technology Infrastructure used to deliver our products and services. We have limited control over their performance, which may make our operations vulnerable to their performance failures. In addition, if for any reason our relationship with any such third party were suspended or terminated, we may not be able to access the files and if accessed, it would require a significant amount of time to transition the hosting of our data to a new third party service provider. In the case of our satellite imagery, disruptions in the services provided by our third party service provider may result in growers no longer being able to access satellite imagery and any replacement service provider may not be able to match the current delivery frequency or geographic coverage. Because we are dependent on third parties for the implementation and maintenance of certain aspects of our systems and because some of the causes of system interruptions may be outside of our control, we may not be able to remedy such interruptions in a timely manner, if at all. As we rely on our servers, computer and communications systems, satellite imagery and the internet and cellular networks to conduct our business, any system disruptions could negatively impact our ability to run our business and either directly or indirectly disrupt growers' or commercial partners' businesses, which could have an adverse effect on our business.

We may experience temporary system interruptions for a variety of reasons, including network failures, power failures, software errors, an overwhelming number of users trying to access our network during periods of strong demand, unauthorized access, computer viruses, human error, natural disasters or acts of sabotage or terrorism. Changes in connectivity from cellular networks could have a material adverse effect on our business, financial condition and results of operation if our hardware is connected to such networks. In addition, our data is hosted in the cloud by third party service providers over which we have limited control.

If we do not maintain the compatibility of our solutions with third-party applications that growers use in their business processes, demand for our solutions could decline.

Our solutions are used within the operating systems selected by growers in their businesses, and incorporate satellite imagery from a third party service provider. If we do not support the continued integration of our solutions with the various operating systems used by growers, or maintain the application programming interfaces that enable data to be transferred readily between our third-party service provider for satellite imagery and our solutions, demand for our solutions could decline, and we could lose sales. We may also be required to make our solutions compatible with new or additional third-party applications that are introduced into the markets that we serve. We may not be successful in making our solutions compatible with these third-party applications, which could reduce demand for our solutions.

Confidentiality agreements with employees and others may not adequately prevent disclosure of the Company's trade secrets and other confidential or proprietary information.

In order to protect our technologies and processes, we rely in part on confidentiality agreements with our employees, licensees, independent contractors, customers, and other advisors. These agreements may not effectively prevent disclosure of our confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. To the extent that our employees, contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to whether we possess the rights to use such intellectual property. The loss of trade secret protection could make it easier for third parties to compete with our services by copying functionality. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret, patents, and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our intellectual property rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our business, results of operations, reputation and competitive position.

Some of the Company's services and technologies may use software licensed under open source license terms, which may restrict how it uses or distributes the Company's products and services or require that the Company release the source code of software relating to the Company's products and services.

Some of the Company's services and technologies may incorporate software licensed under so-called "open source" licenses. In addition to risks related to license requirements, usage of open source software can lead to greater risks, including cybersecurity risks, than use of third party commercial software, as some open source licensors of such open source software do not provide warranties on the performance or quality for the software, or controls on the origin of the software, or security patches for such software. Additionally, some open source licenses can require that source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under the same or similar open source license terms. Certain of these "viral" open source licenses, such as GPL and LGPL, can require proprietary software, when combined in specific ways with the open source software, to become subject to the open source license as a whole. If the Company combines its proprietary software with viral open source software, it could be required to release the source code of its proprietary software. The Company has processes in place to guard against its proprietary software being combined with, or incorporating, open source software in ways that would require its proprietary software to be subject to an open source license. However, relatively few courts have interpreted open source licenses in different jurisdictions, and the manner in which these licenses may be interpreted and enforced is therefore subject to some uncertainty. Additionally, the Company relies on multiple software programmers to design its proprietary software technologies, and although the Company takes steps to prevent its programmers from including open source software in the technologies and software code that they design, write and modify, the Company does not exercise complete control over the development efforts of its programmers, and the Company cannot be certain that its programmers have not incorporated open source software into its proprietary services and technologies or that they will not do so in the future. In the event that portions of the Company's proprietary technology are determined to be subject to a viral open source license, the Company could be required to publicly release the affected portions of its source code, re-engineer all or a portion of its technologies, or otherwise be limited in the licensing of the Company's technologies, each of which could reduce or eliminate the value of its services and technologies and materially and adversely affect the Company's business, results of operations and prospects.

Issues in the use of artificial intelligence in our platform may result in reputational harm or liability.

Our platform uses AI, and we expect to continue building AI into our platform in the future. We envision a future in which AI operates within our cloud-based platform to offer an efficient and effective solution for growers. As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance, utility and effectiveness of AI solutions. These deficiencies could undermine the decisions, predictions, or analysis AI applications produce, subjecting us to competitive harm, legal liability, and brand or reputational harm. Some AI scenarios present ethical issues. If we enable or offer AI solutions that are controversial because of their impact on human rights, privacy, employment, equity, accessibility or other social issues, we may experience brand or reputational harm.

We may be unable to achieve or maintain data transmission capacity.

Growers using our platform often draw significant amounts of data over short periods of time, including from seasonal peaks, which significantly increases the traffic on our servers. Our servers may be unable to achieve or maintain data transmission capacity high enough to handle increased traffic or process requests in a timely manner. Our failure to achieve or maintain high data transmission capacity could significantly reduce demand for our solutions. Further, as growers grow and as we continue to attract larger growers, the volume of transactions processed on our platform will increase, especially if such growers draw significant amounts of data over short periods of time. In the future, we may be required to allocate resources, including spending substantial amounts of money, to upgrade our technology and infrastructure in order to handle the increased load. Our ability to deliver our solutions also depends on the development and maintenance of internet infrastructure by third parties, including the maintenance of reliable networks

with the necessary speed, data capacity and bandwidth. If one of these third parties suffers from capacity constraints, our business may be adversely affected.

Our third party manufacturing partners may fail to support the manufacturing demands for our products.

Our platform relies on us installing weather stations, CanPlugs and other equipment on certain Subscribed Acres. CanPlugs are manufactured by third party manufacturers, and there can be no assurance that our third party manufacturers will continue to reliably manufacture products for us at a reasonable cost and at the levels of quality or in the quantities we require. In the event that any of our third party manufacturers were to become unable or unwilling to continue to provide us with products at a reasonable cost, in required volumes and at suitable quality levels, we would be required to identify and use acceptable replacement third party manufacturers. There is no assurance that we would be able to obtain alternative manufacturing sources on a timely basis. An extended interruption in the supply of products from our third party manufacturers would result in a loss of sales. In addition, any actual or perceived degradation of product quality as a result of our reliance on third party manufacturers may have an adverse effect on our sales and operating results.

Risks associated with seasonal changes and climate change.

Although overall, our business is not deeply affected by seasonal changes, growers in North America typically subscribe for our products and services at the beginning of the crop season in the spring, and our Smart VR and Smart Nutrient solutions are primarily sold in the fall months. The agriculture industry is subject to seasonal and weather factors, which can vary unpredictably from period to period. The impact of climate change on our operations and those of growers remains uncertain. Climate change may increase the frequency or intensity of extreme weather such as storms, floods, heat waves, droughts and other events and change rainfall patterns, availability of water and temperatures, all of which can positively or adversely affect the demand for our products and services. Unseasonable weather or other adverse conditions that delay or intermittently disrupt fieldwork during the planting, growing and harvesting seasons or otherwise place undue financial stress on growers could slow down sales of our premium product solutions related to fertility, or increase cancellations under the Progressive Grower program at the end of the first year. Weather can also have an adverse effect on crop yields, which could lower the income of growers and impair their ability to purchase our products and services. As a result, our quarterly financial results may vary significantly from one year to the next due to weather-related shifts in planting, growing and harvesting schedules and purchasing patterns, and losses due to adverse weather conditions in one quarter may not be recovered in the following season. Additionally, where harvest activities are delayed as a result of weather conditions, commencement of Smart VR or Smart Nutrient solutions may be deferred, which may impact the timing of revenue recognition. Climate change may also affect the availability and suitability of arable land and contribute to unpredictable shifts in the average growing season and types of crops produced which could have a material adverse effect on our business and financial results.

Changes in agriculture and related policies of governments and international organizations may prove unfavourable.

The agricultural landscape continues to evolve at an increasingly fast pace as a result of factors including farm and industry consolidation, agricultural productivity and development and climate change.

In many markets there are various pressures to reduce government subsidies to farmers, which may inhibit the growth in these markets of products used in agriculture. In addition, government programs that create incentives for farmers may be modified or discontinued. However, it is difficult to predict accurately whether, and if so when, such changes will occur. The Company expects that the policies of governments and international organizations will continue to affect the choices made by commercial partners and growers as well as the income available to growers to purchase products used in agriculture and, accordingly, the operating results of the agriculture industry.

We have a history of negative cash flows from operating activities and losses and we may be unable to achieve profitability.

We had negative cash flows from operating activities of \$26.2 million in Fiscal 2020 and \$74.9 million in Fiscal 2019. As at December 31, 2020, we had an accumulated deficit of \$448.1 million. The accumulated deficit has arisen as a result of net losses of \$84.6 million in Fiscal 2020 and losses incurred in previous years of operations. These negative cash flows from operating activities, losses and accumulated deficit are a result of the substantial investments we made to build our technology platform and grow our business and we expect to make significant expenditures to expand our business in the future. We expect to continue our investment in sales and marketing to attract new commercial partners and growers to our platform, both in our existing core geographies and new markets around the world. We will continue our investment in research and development as we introduce new products and services, and extend the features of our existing platform. We intend to continue maintaining our high level of commercial partner and grower service and support, which we consider critical for our continued success. We also expect to incur additional general and administrative expenses as a result of our growth. We plan to continue to selectively pursue acquisitions of, or investments in, other complementary businesses, products or technologies, which require that we incur various expenses and fees of external counsel and other advisors. These increased expenditures will make it harder for us to achieve profitability and we cannot predict whether we will achieve profitability in the near term or at all. If the costs associated with acquiring new commercial partners or growers materially rise in the future, including the costs associated with the Progressive Grower program, our expenses may rise significantly. If we are unable to generate adequate revenue growth from new or existing commercial partners and growers and manage our expenses, we may continue to incur significant losses and may not achieve or maintain profitability.

Our ability to fund any expenditures that may be required for our growth plans will depend on our ability to generate cash in the future. Our capital requirements may vary materially from those currently planned if, for example, our revenues do not reach expected levels or we have to incur unforeseen capital expenditures and make investments to maintain our competitive position. If we do not achieve the levels of profitability or generate the amount of cash that we anticipate or if we expand faster than anticipated, we may need to seek additional debt or equity financing to operate and expand our business.

We may make decisions that would reduce our short-term operating results if we believe those decisions will improve the experiences of growers and commercial partners, and if we believe such decisions will improve our operating results over the long-term. These decisions may not be consistent with the expectations of investors and may not produce the long-term benefits that we expect, in which case our business may be materially and adversely affected.

There may be claims made against us from time to time that could result in litigation, distract management from our business activities and result in significant liability or damage to our brand.

As a growing company with expanding operations, we increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and, in addition to patent infringement claims and commercial disputes, include employee, commercial partner and grower claims and product-oriented allegations. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Litigation and other claims against us, even if we are ultimately successful, could result in unexpected expenses and liabilities, which could materially adversely affect our operations and our reputation. See “*Legal Proceedings and Regulatory Actions*”.

Although we maintain liability insurance to mitigate potential claims, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

We may be adversely affected by currency exchange rate fluctuations.

We are subject to currency exchange rate risks through the sale of our products and services internationally. We do not have foreign exchange hedging contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange hedging contracts in respect of other foreign currencies. Currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency depreciates or appreciates (depending on the direction of the hedge) against Canadian dollars, the use of hedges could result in losses greater than if the hedging had not been used. Also, hedging arrangements may have the effect of limiting or reducing the total returns to us if management's expectations concerning future events or market conditions prove to be incorrect, in which case the costs associated with the hedging strategies may outweigh their benefits. There can be no assurance that our hedging strategies, if any, will be effective in the future or that we will be able to enter into foreign exchange hedging contracts on satisfactory terms.

The reporting currency for the Company's consolidated financial statements is Canadian dollars. Certain of our assets, liabilities, expenses and revenues are denominated in other currencies. Those assets, liabilities, expenses and revenues are translated into Canadian dollars at the applicable exchange rates to prepare the Company's consolidated financial statements. Therefore, increases or decreases in exchange rates between the Canadian dollar and those other currencies affect the value of those items as reflected in the Company's consolidated financial statements, even if their value remains unchanged in their original currency. Substantial fluctuations in the value of the U.S. dollar relative to the Canadian dollar could have a significant impact on our results.

We cannot estimate the duration and severity of business disruptions and financial impacts arising from the outbreak and continuation of the COVID-19 pandemic.

While the effects of COVID-19 are expected to be temporary, their duration and the related business disruptions and financial impact cannot be reasonably estimated at this time. Although management believes that, at this time, these disruptions will not have a long-term impact on our Company's results from operations, we cannot estimate the duration and severity of this outbreak and its financial impact. As such, it is possible that our future results may be negatively impacted.

In addition, the continued impact of the COVID-19 pandemic may have adverse impacts on our Company, including, among others:

- continued disruptions and volatility in the global capital markets, which may increase cost of capital and adversely impact our share price;
- continued impacts on workforces throughout the regions in which COVID-19 is present, which may result in our workforce being unable to work effectively, including because of illness, quarantines, government actions or other restrictions in connection with the COVID-19 pandemic;
- sustained disruptions in global supply chains, which could limit or inhibit our commercial partners' and growers' operations, including their ability to make timely payments to us;
- ability to accelerate the sale of subscriptions or the development of new partnerships given uncertainty in the global economy; and
- cause other unpredictable impacts.

The duration and severity of the COVID-19 pandemic may also have the effect of heightening many of the other risks described herein, such as risks relating to our growth strategy, cybersecurity and data protection, our internal controls and our ability to attract and retain employees.

We continue to work with our stakeholders (including commercial partners, growers, employees and suppliers) to responsibly address this global pandemic. We continue to monitor the situation, to assess further possible implications to our business, supply chain, commercial partners and growers, and to take actions in an effort to mitigate adverse consequences. We cannot at this time predict the long-term impact of the COVID-19 pandemic, but it could have a sustained material adverse effect on our business, financial position and results of operations.

Trade wars and changes in international trade law and policies may have a material adverse effect on our business, financial condition and results of operations.

Trade wars and changes in laws and policy relating to trade or taxes may have an adverse effect on our business, financial condition and results of operations. More specifically, the geopolitical environment of the markets where we operate may influence grower demand for our products and may have an impact on input costs. For instance, any potential changes in the economic and political climate in the United States, such as the potential changes to, or the termination of, trade agreements between the United States and the European Union, or among Canada, the United States and Mexico, or the increased geopolitical uncertainty in Europe, could impact our business and our sales and profitability.

Natural disasters, unusually adverse weather, additional pandemic outbreaks, boycotts and geo-political events could materially adversely affect our business, results of operations or financial condition.

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, additional pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect our business, results of operations or financial condition. These events could result in labour shortages, temporary or long-term disruption in the supply of raw materials and other inputs, disruption in our growers or commercial partners' businesses or our information systems, any of which could have a material adverse effect on our business, results of operations or financial results.

Parties with whom we do business may be subject to insolvency risks or may otherwise become unable or unwilling to fulfill their obligations to us.

We are a party to business relationships, transactions and contracts with various third parties including our commercial partners, pursuant to which such third parties have performance, payment and other obligations to us. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, our rights and benefits in relation to our business relationships, contracts and transactions with such third parties could be terminated, modified in a manner adverse to us, or otherwise impaired. We cannot make any assurances that we would be able to arrange for alternate or replacement business relationships, transactions or contracts on terms as favorable as our existing business relationships, transactions or contracts if at all. Any inability on our part to do so could have a material adverse effect on our business and results of operations.

Uncertainty and adverse changes in general economic conditions may negatively affect business spending, which could have a material adverse effect on our revenue and profitability.

Current and future conditions in the economy have an inherent degree of uncertainty. Negative or uncertain economic conditions that affect the overall agricultural economy may cause growers to lack confidence in the general economic outlook, which may significantly reduce their likelihood of purchasing our products and services. Our budgeting and forecasting are dependent upon estimates of demand for our products and growth or contraction in the markets we serve. Adverse changes in general economic conditions may occur as a result of weakening global economic conditions, tightening of consumer credit, falling consumer confidence, political events or uncertainty, increasing unemployment, declining stock markets or other factors affecting economic conditions generally or in the various countries in which our products are sold. These changes may also adversely impact our commercial partners and their ability to sell acres or support joint sales and marketing initiatives, any of which could have a material and adverse effect on our revenue and profitability.

We are subject to risk related to our insurance coverage.

We maintain director and officer insurance, liability insurance, business interruption and property insurance and our insurance coverage includes deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us. In addition, there are types of losses we may incur but against which cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war or certain natural disasters. If we incur these losses and they are material, our business, operating results and financial condition may be adversely affected. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to such market changes.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, capitalization and impairment of goodwill and intangible assets, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

We may be subject to additional taxes and tax losses may be reduced or restricted.

We may be subject to assessments for additional taxes, including sales taxes, which could reduce our operating results, and available tax losses may be re-determined, reduced or otherwise restricted (e.g., pursuant to certain loss restriction rules that apply following an acquisition of control). In computing our tax obligations in the jurisdictions in which we operate, we are required to take various tax, accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. It is possible that some taxing jurisdictions may attempt to assess additional taxes and penalties on us if the applicable authorities do not agree with our positions. A successful challenge by a tax authority, through asserting either an error in our calculation, or a change in the application of law or an interpretation of the law that differs from ours, could adversely affect the results of operations.

We conduct operations through subsidiaries in various tax jurisdictions pursuant to transfer pricing arrangements with our subsidiaries. If two or more non-arm's length companies (e.g., a parent company and its subsidiary) are located in different countries, the tax laws will generally require the transfer prices be the same as those between companies that deal at arm's length. Our transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length terms and conditions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us.

Risk Factors Related to the Common Shares

The market price of the Common Shares may be volatile and your investment could suffer or decline in value.

The market price of the Common Shares may fluctuate in the future, and it may decline. Some of the factors that may cause the market price of the Common Shares to fluctuate include: volatility in the market price and trading volume of comparable companies; actual or anticipated changes or fluctuations in our operating

results or in the expectations of market analysts; adverse market reaction to any indebtedness we may incur or securities we may issue in the future; short sales, hedging and other derivative transactions in the Common Shares; litigation or regulatory action against us; investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements; publication of research reports or news stories about us, our competitors or our industry; positive or negative recommendations or withdrawal of research coverage by securities analysts; changes in general political, economic, industry and market conditions and trends; sales of the Common Shares by Shareholders; recruitment or departure of key personnel; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and the other risk factors described in this section of this Annual Information Form.

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. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. 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 for a protracted period of time, our operations and the trading price of the Common Shares may be materially adversely affected.

In addition, broad market and industry factors may harm the market price of the Common Shares. Therefore, the price of the Common Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of the Common Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

We do not currently anticipate paying dividends.

Our current policy is to reinvest our earnings to finance the growth of our business. Therefore, we do not anticipate paying any cash dividends on our securities, including the Common Shares, in the foreseeable future. Any future determination to pay dividends on our securities will be at the discretion of the board of directors of Farmers Edge (the "**Board**") and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant. Until the time that we do pay dividends, which we might never do, the Shareholders will not be able to receive a return on the Common Shares unless they sell such Common Shares for a price greater than their acquisition price, and such appreciation may never occur. See "*Dividend Policy*".

Dilution from further equity financing and declining share price.

If the Company raises additional financing through the issuance of equity securities (including securities convertible into or exchangeable for equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of Shareholders and reduce the value of their investment. The market price of the Common Shares could decline as a result of issuances of new equity securities or sales by existing Shareholders of Common Shares in the market or the perception that such sales could occur. We cannot predict the effect, if any, that future public sales of equity securities or the availability of those securities for sale will have on the market price of the Common Shares. If the market price of the Common Shares were to drop as a result, this might impede our ability to raise additional capital and might cause the remaining Shareholders to lose all or part of their investment. Sales

by Shareholders might also make it more difficult for the Company itself to sell equity securities at a time and price that it deems appropriate.

Moreover, certain of our Shareholders will have certain rights under the Investor Rights Agreement (as defined below) to require us to file a prospectus covering their registrable securities or to include their registrable securities in prospectuses that we may file for ourselves or on behalf of other Shareholders. See *"Agreements with Principal Shareholders – Investor Rights Agreement"*.

Our quarterly results of operations may fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our share price to decline.

Our quarterly revenue and results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of our Common Shares could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including:

- demand for and market acceptance of our solutions;
- the mix of services sold during a period;
- our ability to retain and increase sales to customers and attract new customers;
- the timing of product deployment which determines when we can recognize the associated revenue;
- the timing and success of introductions of new solutions or upgrades by us or our competitors;
- changes in global economic conditions;
- changes in our pricing policies or those of our competitors;
- competition, including entry into the industry by new competitors and new offerings by existing competitors;
- network outages or security breaches; and
- the amount and timing of expenditures related to expanding our operations, research and development or introducing new solutions.

Due to the foregoing factors, and the other risks discussed in this Annual Information Form, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for the Common Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us or may cover us in the future downgrade the Common Shares, provide more favourable relative recommendations about our competitors or publish inaccurate or unfavorable research about our business, the trading price of the Common Shares may decline. If any analyst who covers us or may cover us in the future were to cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price or trading volume of our Common Shares to decline.

Shareholders have limited control over our Company's operations.

Shareholders have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. Our Board determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to Shareholders. Generally, our Board may amend or revise these and other policies without a vote of the Shareholders. Shareholders will only have a right to vote, as a class, in the limited circumstances described elsewhere in this Annual Information Form. Our Board's broad discretion in setting policies and the limited ability of Shareholders to exert control over those policies increases the uncertainty and risks of an investment in our Company.

The Fairfax Shareholders beneficially own and control approximately 59.9% of the voting power attached to our outstanding voting Common Shares and both the Fairfax Shareholders and Osmington are entitled to certain director nomination rights under the Investor Rights Agreement. See "*Agreements with Principal Shareholders – Investor Rights Agreement*". The Fairfax Shareholders have significant influence with respect to all matters submitted to the Company's Shareholders for approval, including without limitation the election and removal of directors, amendments to the constating documents of the Company and the approval of certain material transactions.

Financial reporting and other public company requirements.

We are subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are listed, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* and the rules of the TSX. These reporting and other obligations place significant demands on our management, administrative, operational and accounting resources. In order to meet such requirements, we have, among other things, established systems and implemented financial and management controls, reporting systems and procedures. If we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the trading price of the Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Any issuance of Preferred Shares could make it difficult for another company to acquire us or could otherwise adversely affect Shareholders, which could depress the price of the Common Shares.

The Board has the authority to issue Preferred Shares and to determine the preferences, limitations and relative rights of Preferred Shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our Shareholders. Our Preferred Shares could be issued with liquidation, dividend and other rights superior to the rights of the Common Shares. The potential issuance of Preferred Shares may delay or prevent a change in control of the Company,

discourage bids for the Common Shares at a premium over the market price and adversely affect the market price and other rights of the Shareholders.

DIVIDENDS

Dividend Policy

The Company currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the financial condition of the Company, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant. See "*Risk Factors*".

DESCRIPTION OF CAPITAL STRUCTURE

The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our articles.

General

Our authorized share capital consists of (i) an unlimited number of Common Shares and (ii) an unlimited number of Preferred Shares, issuable in series. Except as required by law or as provided for in any special rights or restrictions attaching to any series of Preferred Shares issued from time to time, the holders of Preferred Shares will not be entitled to receive notice of, attend or vote at any meeting of the Shareholders. As at March 9, 2021, there were 41,807,404 Common Shares issued and outstanding and no Preferred Shares issued and outstanding.

Common Shares

Holders of Common Shares are entitled to one vote in respect of each Common Share held at all meetings of holders of shares, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The holders of the Common Shares are entitled to receive any dividend declared by our Board in respect of the Common Shares, subject to the rights of the holders of other classes of shares. The holders of the Common Shares will be entitled to receive, subject to the rights of the holders of other classes of shares, the remaining property and assets of our Company available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of our Company, whether voluntary or involuntary. For a description of our dividend policy, see "*Dividend Policy*" above.

Preferred Shares

The Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of Preferred Shares as may, before the issue thereof, be determined by resolution of our Board. Subject to the provisions of *The Corporations Act (Manitoba)*, our Board may, by resolution, fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any voting rights, any retraction rights and any rights on the liquidation, dissolution or winding up of our Company, any sinking fund or other provisions, the whole to be subject to the issue of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of the series. Except as required by law or as provided for in any special rights or restrictions attaching to any series of Preferred Shares, the holders of Preferred Shares will not be entitled to receive notice of, attend or vote at any meeting of Shareholders.

Generally, Preferred Shares of each series, if and when issued, will, with respect to the payment of dividends, rank on a parity with the Preferred Shares of every other series and be entitled to preference over the Common Shares and any other shares of our Company ranking junior to the Preferred Shares with respect to payment of dividends. If any amount of cumulative dividends (whether or not declared) or any amount payable on any such distribution of assets constituting a return of capital in respect of the Preferred Shares of any series is not paid in full, the Preferred Shares of such series will participate rateably with the Preferred Shares of every other series in respect of all such dividends and amounts.

In the event of liquidation, dissolution or winding up of our Company, whether voluntary or involuntary, the holders of Preferred Shares will generally be entitled to preference with respect to distribution of the property or assets of our Company over the Common Shares and any other shares of our Company ranking junior to the Preferred Shares with respect to the repayment of paid-up capital remaining after payment of all outstanding debts on a *pro rata* basis, and the payment of any and all declared but unpaid cumulative dividends, or any and all declared but unpaid non-cumulative dividends, on the Preferred Shares. We currently anticipate that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of Preferred Shares issued from time to time.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares were not listed on any Canadian or foreign exchange as of December 31, 2020. The Common Shares were listed on the TSX under the symbol “FDGE” as of March 3, 2021.

AGREEMENTS WITH SHAREHOLDERS

Investor Rights Agreement

To the knowledge of the Company, the Fairfax Shareholders and Osmington (collectively, the “**Investors**”) collectively own an aggregate of 28,684,001 Common Shares, which represent an approximate 68.6% ownership interest in the Company on a non-diluted basis.

Upon the closing of the IPO, on March 3, 2021 (the “**Closing Date**”), we entered into an investor rights agreement with the Investors (the “**Investor Rights Agreement**”). The following is a summary of the material attributes and characteristics of the Investor Rights Agreement. This summary is qualified in its entirety by reference to the provisions of that agreement, which contains a complete statement of those attributes and characteristics and which is available under the Company’s profile on SEDAR at www.sedar.com.

Nomination Rights

The Investor Rights Agreement provides that: (a) if the Board consists of seven or eight directors, Fairfax is entitled to nominate (i) four nominees as long as Fairfax owns, controls or directs, directly or indirectly, at least 40% of the issued and outstanding Common Shares (on a non-diluted basis), provided that if the Board consists of seven directors, one nominee will be an “independent director” who is “financially literate” within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), (ii) three nominees as long as it owns, controls or directs, directly or indirectly, at least 20% of the issued and outstanding Common Shares (on a non-diluted basis), and (iii) one nominee as long as it owns, controls or directs, directly or indirectly, at least 5% of the issued and outstanding Common Shares (on a non-diluted basis); and (b) if the Board consists of six or fewer directors, Fairfax is entitled to nominate (i) three nominees as long as Fairfax owns, controls or directs, directly or indirectly, at least 40% of the issued and outstanding Common Shares (on a non-diluted basis), provided that one nominee will be an “independent director” who is “financially literate” within the meaning of NI 52-110, (ii) two nominees as long as it owns, controls or directs, directly or indirectly, at least 20% of the issued and outstanding Common Shares (on a non-diluted basis),

and (iii) one nominee as long as it owns, controls or directs, directly or indirectly, at least 5% of the issued and outstanding Common Shares (on a non-diluted basis). Additionally, as long as Fairfax owns, controls or directs, directly or indirectly, at least 30% of the issued and outstanding Common Shares (on a non-diluted basis), Fairfax is entitled to have one of their nominees (as selected by Fairfax) serve as Chair of the Board, and, subject to applicable law and the rules of the TSX, as long as Fairfax owns, controls or directs, directly or indirectly, at least 20% of the issued and outstanding Common Shares (on a non-diluted basis), have at least one of its nominees (as selected by Fairfax) serve on each committee of the Board, including the Corporate Governance and Compensation Committee (the “**Governance Committee**”) and the audit committee (the “**Audit Committee**”). Pursuant to the Company’s by-laws, the Chair has a second or casting vote.

The Investor Rights Agreement provides that Osmington is entitled to nominate one director as long as Osmington owns, controls or directs, directly or indirectly, at least 5% of the issued and outstanding Common Shares (on a non-diluted basis).

Registration Rights

The Investor Rights Agreement provides the Investors, or affiliates thereof, as applicable, with certain rights in respect of any Common Shares held by them from time to time (the “**Qualifying Securities**”).

At any time following the date that is six months after the Closing Date, Fairfax, on its own behalf and one or more affiliates thereof, so long as Fairfax and its affiliates hold at least 5% of the then-outstanding Common Shares (on a non-diluted basis) may require us to file a Canadian prospectus and/or a registration statement, if applicable, for a public offering in the jurisdiction(s) in Canada where we are a reporting issuer, or in the United States, if applicable, qualifying for distribution no less than \$75 million of Qualifying Securities (a “**Demand Distribution**”) and for which Osmington has certain piggy-back participation rights. We are obligated to effect no more than one Demand Distribution in any calendar year, with at least 90 days between each Demand Distribution.

Notwithstanding any notice for a Demand Distribution, we are entitled to postpone the filing of any offering document for up to 90 days if, in the good faith judgment of our Board, the requested Demand Distribution would materially adversely affect us or require the disclosure of material non-public information that we are preserving as confidential for a *bona fide* business purpose. The number of Qualifying Securities to be qualified by such underwritten offering may be limited, due to marketing reasons, based on the advice of the lead underwriter or underwriters of any underwritten offering, acting in good faith. We also are entitled to postpone any requested Demand Distribution on the advice of an independent investment dealer that such Demand Distribution would adversely affect any proposed financing by the Company for up to 90 days after the completion or abandonment of such financing.

We are required to give prompt notice to each Investor that, together with its affiliates, holds at least 5% of the then-outstanding Common Shares (on a non-diluted basis) of our intention to offer any Common Shares for sale in a public offering. Upon receiving such notice, each Investor, on its own behalf and one or more affiliates thereof, may require that all or a specified part of the Qualifying Securities held by the Investors, or affiliates thereof, as applicable, be included in the proposed issuance (a “**Piggyback Registration**”) in proportion to the number of Qualifying Securities held by each Investor, or affiliates thereof, or in such other proportion as will be mutually agreed to by all Investors.

All expenses incurred in connection with a registration pursuant to a Demand Distribution will be borne by us and the selling Investor, or affiliates thereof, in proportion to the number of securities distributed pursuant to the prospectus and/or registration statement filed in connection with such Demand Distribution. All expenses incurred in connection with a registration pursuant to a Piggyback Registration (excluding the underwriters’ discounts and commissions, if any, which will be borne by the Investors, or affiliates thereof, as applicable), will be borne by us.

We are required to give prompt notice to each Investor that, together with its affiliates, holds at least 5% of the then-outstanding Common Shares (on a non-diluted basis) of our intentions to offer any voting or equity

securities or securities convertible into or exchangeable for Common Shares or other voting or equity securities or an option or other right to acquire any such securities (the “**Issued Securities**”) other than to an affiliate of an Investor. Upon receiving notice, the Investors and the affiliates thereof are entitled to participate in such issuance on a *pro rata* basis (the “**Pre-Emptive Right**”). The Pre-Emptive Right does not apply to issuances in the following circumstances:

- in connection with any grant or exercise of options or other incentive awards issued under the Company’s security-based compensation arrangements, if any;
- in connection with a subdivision of then-outstanding Common Shares into a greater number of Common Shares;
- that are equity securities of the Company in lieu of cash dividends, if any;
- pursuant to a shareholders’ rights plan of the Company, if any;
- pursuant to a dividend reinvestment plan of the Company, if any;
- upon the exercise by a holder of a conversion, exchange or other similar privilege pursuant to the terms of a security outstanding prior to the date hereof or issued in compliance with the terms of Article 3 of the Investor Rights Agreement in respect of which the Investors did not exercise, failed to exercise, or waived its rights under Section 3.1 of the Investor Rights Agreement or in respect of which such pre-emptive rights did not apply;
- to the Company or any subsidiary of the Company;
- in the event that the rights of the Investors under Section 3.1 of the Investor Rights Agreement are waived by such Investors (but only in respect of those Investors);
- pursuant to an over-allotment option granted to the agents or underwriters, as applicable, in connection with an offering of Common Shares;
- pursuant to any take-over bid, arrangement, merger or similar corporate transaction or any share or asset acquisition or similar transaction where the Issued Securities are used to fund all or a portion of the applicable purchase price payable by the Company; or
- pursuant to a registration relating to a transaction effected pursuant to Rule 145 under the United States Securities Act of 1933, as amended.

As a result of the Lock-up Agreements described below, the demand and registration rights granted pursuant to the Investor Rights Agreement are not exercisable by the Investors for a period of at least 180 days after the Closing Date without the prior written consent of the co-lead underwriters in connection with the IPO. Additional information on the Investor Rights Agreement can be found in the Farmers Edge’s prospectus dated February 24, 2021 and filed under the Company’s profile on SEDAR at www.sedar.com.

Lock-up Agreements

In connection with IPO, the Company, our directors, certain management employees, the Fairfax Shareholders, Osmington and Mitsui & Co. Ltd. (“**Mitsui**”) agreed that he, she or it will not, directly or indirectly, without the prior written consent of the co-lead underwriters in connection with the IPO, acting reasonably, issue, sell, offer to sell, grant any option, warrant or other right for the issue or sale of, or otherwise lend, transfer, assign or dispose of, or secure or pledge, any of our Common Shares, or other securities convertible or exchangeable into or otherwise exercisable into our Common Shares or agree or publicly announce any intention to do any of the foregoing starting at Closing and ending (i) in the case of the Fairfax Shareholders, Osmington and Mitsui, 18 months after the Closing Date (subject to the release

mechanism described below), (ii) in the case of the Company and our directors and certain management employees, 180 days after the Closing Date and (iii) in the case of Wade Barnes, 36 months following the Closing Date (subject to the release mechanism described below) (collectively, the “**Lock-up Agreements**”), in all cases, subject to certain limited exceptions, including the issuance of our securities pursuant to or in connection with our equity incentive compensation plans. Holders of approximately 95% of the Common Shares issued and outstanding immediately prior to the closing of the IPO are subject to Lock-up Agreements.

Pursuant to the terms and conditions of their Lock-up Agreements, each of the Fairfax Shareholders, Osmington and Mitsui have the right to sell, offer to sell, grant any option, warrant or other right for the issue or sale of, or otherwise lend, transfer, assign or dispose of, or secure or pledge, in any manner contemplated above (i) up to one third of their Common Shares or other securities convertible or exchangeable or otherwise exercisable into Common Shares as of 180 days after the Closing Date, (ii) up to two thirds of their Common Shares or other securities convertible or exchangeable or otherwise exercisable into Common Shares as of 12 months after the Closing Date, and (iii) any and all of their Common Shares or other securities convertible or exchangeable or otherwise exercisable into Common Shares as of 18 months after the Closing Date.

Pursuant to the terms and conditions of his Lock-up Agreement, Wade Barnes has the right to sell, offer to sell, grant any option, warrant or other right for the issue or sale of, or otherwise lend, transfer, assign or dispose of, or secure or pledge, in any manner contemplated above (i) up to one third of his Common Shares or other securities convertible or exchangeable or otherwise exercisable into Common Shares as of 180 days after the Closing Date and (ii) (a) if his employment with the Company is terminated without cause, (x) up to two thirds of his Common Shares or other securities convertible or exchangeable or otherwise exercisable into Common Shares as of 12 months after the Closing Date, and (y) any and all of his Common Shares or other securities convertible or exchangeable or otherwise exercisable into Common Shares as of 18 months after the Closing Date, or (b) in all other circumstances, any and all of his Common Shares or other securities convertible or exchangeable or otherwise exercisable into Common Shares as of 36 months after the Closing Date.

Additional information on the Lock-up Agreements summarized above can be found in the Underwriting Agreement (as defined below) and Farmers Edge’s prospectus, both dated February 24, 2021 and filed under the Company’s profile on SEDAR at www.sedar.com.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The Company does not have any Common Shares or other securities that are held in escrow.

The following table sets out information on the securities of the Company that are subject to a contractual restriction on transfer:

Designation of Class	Number of securities subject to Lock-up Agreements	Percentage of Class
Common Shares	32,172,412 ⁽¹⁾	76.95% ⁽²⁾

Notes:

- (1) Represents Common Shares held by the Fairfax Shareholders, Osmington, Mitsui, Wade Barnes, the other directors and certain management employees, subject to the Lock-up Agreements.
- (2) This percentage is calculated based on the number of outstanding Common Shares as at March 9, 2021.

See “*Agreements with Principal Shareholders – Lock-up Agreements*” for additional information about the Lock-up Agreements.

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The following table sets out, for each of our directors and executive officers, the person's name, municipality of residence, position(s) with Farmers Edge, principal occupation and, if a director, the date on which the person became a director. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of Shareholders.

<u>Name, Province or State and Country of Residence</u>	<u>Position/Title with the Company</u>	<u>Principal Occupation</u>	<u>Director Since</u>
R. William McFarland ⁽¹⁾ Richmond Hill, Ontario, Canada	Director and Chair of the Board	Corporate Director	2019
Wade Barnes Winnipeg, Manitoba, Canada	Director, Chief Executive Officer	Chief Executive Officer of our Company	2014
Steven Mills ⁽³⁾ St. Louis, Missouri, USA	Director	Corporate Director	2015
Lawrence Zucker ⁽²⁾ Toronto, Ontario, Canada	Director	President and Chief Executive Officer of Osmington Inc.	2015
James Borel ⁽¹⁾⁽⁴⁾ Naples, Florida, USA	Director	Corporate Director	2016
Quinn McLean ⁽²⁾ Toronto, Ontario, Canada	Director	Vice President at Hamblin Watsa Investment Counsel	2017
Natacha Mainville ⁽²⁾ Saint-Leonard, Quebec, Canada	Director	Senior Research Program Manager, Google Brain of Google, Inc.	2021
Anita Wortzman Winnipeg, Manitoba, Canada	President	President of our Company	N/A
David Patrick Winnipeg, Manitoba, Canada	Chief Financial Officer	Chief Financial Officer of our Company	N/A
Aaron Robinson Webster Groves, Missouri, USA	Chief Revenue Officer	Chief Revenue Officer of our Company	N/A
Ron Osborne Omaha, Nebraska, USA	Chief Technology Officer	Chief Technology Officer of our Company	N/A
Trevor Armitage Minitota, Manitoba, Canada	Chief Operating Officer	Chief Operating Officer of our Company	N/A
Marina Barnes Winnipeg, Manitoba, Canada	Chief Marketing Officer	Chief Marketing Officer of our Company	N/A
Colleen Coates Howden, Manitoba, Canada	Vice President, People and Culture	Vice President, People and Culture of our Company	N/A
Darren Peters Winnipeg, Manitoba, Canada	Vice President, Global Insurance	Vice President, Global Insurance of our Company	N/A

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Governance Committee
- (3) Chair of the Audit Committee
- (4) Chair of the Governance Committee

As of March 9, 2021, our directors and executive officers (as a group) beneficially owned, or controlled or directed, directly or indirectly, 1,761,998 Common Shares representing approximately 4.2% of our outstanding Common Shares.

Biographical Information Regarding the Directors of our Company

R. William McFarland, Director (Chair) — R. William McFarland is the Chair of our Board and has served as a member of our Board since July 2019. Mr. McFarland brings significant financial and management experience to our Company. Mr. McFarland was the Chief Executive Officer of PricewaterhouseCoopers Canada from 2011 to 2018. Prior thereto, Mr. McFarland was a member of the executive team at PricewaterhouseCoopers Canada from 2005 to 2011 and led the Greater Toronto Area audit practice from

2002 to 2005. Mr. McFarland is a member of the board of directors, the lead director and Chair of the audit committee of Fairfax, the Chair of the board of directors of Dexterra Group Inc., Chair of the board of directors of The Conference Board of Canada and Chair of the board of directors of AGT Food & Ingredients Inc. Mr. McFarland is a Chartered Professional Accountant, a fellow of the Chartered Professional Accountants of Ontario and a member of the Institute of Corporate Directors. Mr. McFarland holds a Bachelor of Commerce degree from the University of Toronto.

Wade Barnes, Director and Chief Executive Officer — Wade Barnes is the founder and Chief Executive Officer of Farmers Edge, and has served as a member of our Board since formation. His roots began in rural Manitoba, where his passion for agriculture started at an early age. Since founding Farmers Edge, he has quickly become known as a motivational force in the agricultural industry. Facing disruption head on, Mr. Barnes bridged technology with agronomy to lead the development of a fully connected digital agricultural ecosystem in support of global sustainability and food traceability. He is a seasoned leader with an entrepreneurial spirit and deep agronomic roots that keep his sights on the needs of farmers and agribusinesses worldwide. Mr. Barnes has been recognized with numerous industry awards, including World Economic Forum's Top 30 Technology Pioneers, Precision Ag Institute's Entrepreneur of the Year, and Certified Crop Advisor (CCA) of the Year. Prior to founding Farmers Edge, Mr. Barnes held a position as a Territory Manager at United Grain Growers. Mr. Barnes holds an Agribusiness diploma from Assiniboine Community College and has been recognized with their Distinguished Alumni award.

Steven Mills, Director — Steven Mills has served as a member of our Board since April 2015. Mr. Mills has more than 40 years of experience in the fields of accounting, corporate finance, strategic planning, risk management, and mergers and acquisitions. He served as Chief Financial Officer of Amyris, Inc., a renewable products company, from May 2012 to December 2013. Prior to joining Amyris, Inc., Mr. Mills had a 33-year career at Archer-Daniels-Midland Company, one of the world's largest agricultural processors and food ingredient providers. At Archer-Daniels-Midland Company, he held various senior executive roles, including Chief Financial Officer, Controller, and responsibility for leading company strategic efforts globally. Currently, Mr. Mills provides advisory services to Arianna S.A., a European-based specialized investment fund. Mr. Mills serves on the board of directors of Black Hills Corporation, a customer-focused, growth-oriented utility company, where he serves as Chair of the board. Mr. Mills also serves on the boards of Amyris, Inc., Arianna S.A., Illinois College and First Illinois Corporation (along with its wholly-owned banking subsidiary, Hickory Point Bank & Trust). Mr. Mills holds a Bachelor of Science degree in Mathematics from Illinois College.

Lawrence Zucker, Director — Lawrence Zucker has served as a member of our Board since July 2015. Mr. Zucker is Chief Executive Officer of Osmington, an investment company primarily focussed on real estate. He has transacted on more than \$2.5 billion in real estate and has built a portfolio of investments in real estate, hospitality, technology, green energy and entertainment. Among his accomplishments is the joint venture to relocate the Atlanta Thrashers to Winnipeg to become the Winnipeg Jets, and the acquisition and development of the commercial and retail rights for Toronto's Union Station. Prior to joining Osmington, Mr. Zucker practised real estate and land development law in Toronto. He is a member of the Institute of Corporate Directors and sits on a number of private and not for profit boards. Mr. Zucker holds a Bachelor of Arts in Economics degree from McGill University and a Bachelor of Laws degree from the University of British Columbia.

James Borel, Director — James Borel has served as a member of our Board since May 2016. Mr. Borel has over 40 years of experience in the global agriculture and food industry. Mr. Borel currently serves as the Chair of the board of directors and audit committee member of Neogen Corporation, board member, compensation committee member and audit committee member of Renewable Energy Group, Inc., board member of AeroFarms, Inc., and board member, compensation committee member and audit committee member of Eat Just, Inc. (formerly Hampton Creek). Mr. Borel also advises selected agriculture and food ventures and serves on the board of Advisors for Sajjan India Ltd, is a member of the board of trustees of the University of Delaware and the Alpha Gamma Rho Educational Foundation and the Board of Governors of Iowa State University. Mr. Borel is a member of and an accredited Board Leadership Fellow with the National Association of Corporate Directors. Mr. Borel holds a Bachelor of Science degree in Agricultural Business from Iowa State University.

Quinn McLean, Director — Quinn McLean has served as a member of our Board since March 2017. Mr. McLean is a Vice President at Hamblin Watsa Investment Counsel Ltd., a wholly owned subsidiary of Fairfax and has been with such company since 2011. His initial work experience was in the public accounting profession including work in audit and tax. Subsequently, Mr. McLean entered the investment management profession as an investment analyst working for an institutional investment manager in Toronto, Canada focusing on international equities (Europe and Asia). Currently, Mr. McLean is responsible for the Fairfax insurance subsidiary investment portfolios in the Middle East/Turkey/North Africa (Gulf Insurance Group) and South Africa/Botswana (Bryte Insurance). Mr. McLean is currently on the board of Gulf Insurance Group, Helios Fairfax Partners Corporation and Boat Rocker Media Inc. He is a Chartered Accountant and Chartered Financial Analyst. Mr. McLean holds a Bachelor of Arts degree in Accounting and a Master of Business Administration degree from the University of Toronto.

Natacha Mainville, Director — Natacha Mainville has served as a member of our Board since the closing of the IPO. Ms. Mainville is a seasoned engineering executive and a fintech veteran. Ms. Mainville is a Senior Research Program Manager, Google Brain for Google, Inc. Prior to joining Google Brain in 2018, Ms. Mainville was Chief Innovation Officer for TandemLaunch Inc. and worked for nearly a decade with one of Canada's largest insurance companies. She also has held various engineering roles for other financial services companies. Ms. Mainville currently serves as a director of The Institute for Data Valorisation (IVADO) and mentors young founders in the startup community. She holds a Bachelor of Applied Science degree in Computer Engineering from Polytechnique Montréal.

Biographical Information Regarding the Executive Officers of our Company

Anita Wortzman, President — Anita Wortzman has provided services to our Company since 2011, and has served as our President since April 2018. Prior to joining our Company, Ms. Wortzman acted as Chief Executive Officer of Acumen Corporate Development Inc. from 2009 to 2018. She has also served as Chief Operating Officer of Activa Consumer Promotions Corp. and Executive Vice President of Assante Corporation, and, prior to those roles, was a partner of a law firm specializing in tax and mergers and acquisitions. She is currently an active member of the Law Society of Manitoba. Ms. Wortzman holds a Bachelor of Commerce (Honours) degree and a Bachelor of Laws degree from the University of Manitoba.

David Patrick, Chief Financial Officer — David Patrick has served as our Chief Financial Officer since August 2020. He oversees all corporate financial operations, finance teams and investor relations. Mr. Patrick has an extensive background in corporate finance, financial planning and analysis, investor relations, acquisitions and integration, strategic planning and risk management. Prior to joining our Company, Mr. Patrick worked for 13 years at Exchange Income Corporation, a multi-national acquisition oriented diversified corporation, in various roles including Executive Vice President Finance, Chief Operating Officer of the manufacturing segment and Interim Chief Financial Officer. Prior thereto, Mr. Patrick worked at ACE Aviation Holdings (parent of Air Canada brand of companies) and PricewaterhouseCoopers Canada's assurance team with a focus on public company clients. Mr. Patrick is a Chartered Professional Accountant and holds a Bachelor of Commerce degree from the University of Manitoba.

Aaron Robinson, Chief Revenue Officer — Aaron Robinson has served as our Chief Revenue Officer since August 2020, where he is responsible for sales strategy and business development. Mr. Robinson grew up on a livestock and grain farm in West Central Illinois and continues to be involved in the family operation. Prior to joining our Company, Mr. Robinson had an over 20 year career at Monsanto/Bayer where he held various roles in several departments including North America Business Model Strategy, North America Corn Revenue and Product Lead, Sales, Human Resources and Technology Development. Mr. Robinson holds a Bachelor of Arts degree in Biology from Washington University and a Masters in Agriculture from Iowa State University.

Ron Osborne, Chief Technology Officer — Ron Osborne has served as our Chief Technology Officer since August 2020 and helps shape the product, commercial strategy, and technology of the Company. Since joining our Company in January 2015, Mr. Osborne has served as Chief Product Officer, Vice President, Business Development and Vice President, Innovation of our Company. Mr. Osborne focuses on

developing a robust and defensible product portfolio, efficient process engineering, improving key performance indicators, infrastructure and people cost management, sustainable innovation, and reliable service delivery. For 20 years, Mr. Osborne has been an innovator and has helped found and shape emerging technology companies within agribusiness, financial services, and risk management. Mr. Osborne was a General Securities Principal with TD Waterhouse from 2000 to 2003. Mr. Osborne is currently completing a Master in Business Administration degree and a Graduate Certificate in Supply Chain Management at the University of Nebraska, Omaha. Mr. Osborne has held the Series 7, 63 and 24 licenses from the NASD/FINRA from 2000 to 2003 and has completed the Harvard Business School's Launching New Ventures program. He holds a Bachelor of Arts in Political Science degree from the University of Nebraska, Omaha.

Trevor Armitage, Chief Operating Officer — Trevor Armitage has served as our Chief Operating Officer since March 2019, focusing on client service and execution both at the ground level and with the Company's strategic partnerships. Upon joining Farmers Edge North Central, one of our Company's predecessor entities, in July 2006, Mr. Armitage started one of the first new expansion locations of the Company in Western Canada. He has since served as our Company's Vice President, Operation from 2015 to 2017, General Manager in 2017, Head of Global Field Operation from 2017 to 2018 and Vice President, Global Field Operation from 2018 to 2019. During the early years of our Company, Mr. Armitage focused not only on selling and servicing our clients but also had a significant role in operating our business. Mr. Armitage holds a Diploma in Agriculture from the University of Manitoba.

Marina Barnes, Chief Marketing Officer — Marina Barnes has served as our Chief Marketing Officer since May 2019. Ms. Barnes previously held the position of Vice President, Marketing of our Company from 2015 to 2019. She has also served as General Director of Farmers Edge LLC, a wholly-owned subsidiary of our Company operating in Russia, since August 2016. Ms. Barnes has previous experience as an English professor at the Institute of Economics and Law and Kuban State Technological University. Ms. Barnes plays a key role in the advancement of the Company's diverse partner portfolio and development of global growth strategies. Ms. Barnes holds a Doctorate degree in Linguistics from the Kuban State University.

Colleen Coates, Vice President, People and Culture — Colleen Coates has served as our Vice President, People and Culture since March 2020. Prior to joining our Company, Ms. Coates served as Senior Leader, Talent Acquisition and Total Rewards for Princess Auto Ltd. from 2014 to 2020. Ms. Coates has more than 20 years of comprehensive human resources experience in large, mid-sized and global organizations including many years as a senior business consultant focused on bringing solutions to companies' people challenges. Ms. Coates was previously a faculty member with the PACE program at the University of Winnipeg and was a long-standing columnist with the Winnipeg Free Press. As a Certified Compensation Professional, Ms. Coates has established herself as an expert in the field providing advice and guidance to Chief Executive Officers and boards of directors across the country and multiple industries. She currently serves as a director and Chair of the board of directors of Chartered Professionals in Human Resources Manitoba and is a regular community volunteer. Ms. Coates is a Chartered Professional in Human Resources, a Certified Compensation Professional and a Society for Human Resource Management Senior Certified Professional. She holds a Business Administration Certificate from Red River College and a Human Resources Certificate from the University of Manitoba.

Darren Peters, Vice President, Global Insurance — Darren Peters has served as our Vice President, Global Insurance since January 2021. Mr. Peters previously held the position of Manager of Insurtech Solutions of our Company from August 2020 to January 2021. Prior to joining our Company, Mr. Peters served as Business Development Manager and Director, Commercial Insurance for Wawanesa Mutual Insurance. Mr. Peters has over 27 years of experience in the insurance industry, including in ownership of an independent brokerage. He has served on the board of directors of the Professional Liability Agents of North America and on the board of directors of the Insurance Brokers Association of Manitoba, including serving as president for one term for each organization. Mr. Peters holds a Certificate in Risk Management and a Fellowship of Insurance from the Insurance Institute of Canada. He holds a diploma in Business Administration from Red River College.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, is, or has been in the last ten years, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, (a) while that person was acting as a director, chief executive officer or chief financial officer or (b) after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer.

Further, to the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or has been within the last ten years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

- Mr. Zucker has been a director of IP2 Entertainment Holding S.A. (“**IP2 Entertainment**”), a private company, since March 2018. On May 22, 2020, IP2 Entertainment declared bankruptcy as a result of a decline in revenue due to COVID-19.

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder making an investment decision.

Conflicts of Interest

To the knowledge of the Company, no director or executive officer of the Company has an existing or potential material conflict of interest with the Company or any of its subsidiaries.

Committees of the Board

The Board has established two committees: the Audit Committee and the Governance Committee.

Audit Committee

The Audit Committee is comprised of as many directors as the Board may determine, but in any event no fewer than three members, all of whom will be persons determined by our Board to be “independent” and “financially literate” within the meaning of NI 52-110. The Audit Committee is currently comprised of three directors: Steven Mills, as Chair, R. William McFarland and James Borel.

The Audit Committee’s responsibilities include: (i) reviewing, prior to their public release, all material financial information required to be gathered and disclosed by the Company to the public; (ii) overseeing management designed and implemented accounting systems and internal controls and monitoring the integrity of the Company’s financial reporting process and system of internal controls regarding financial

reporting and accounting compliance; (iii) recommending, engaging, supervising and arranging for the compensation and ensuring the independence of the external auditor to the Company; and (iv) monitoring the management of the principal risks that could impact the financial reporting of the Company.

Audit Committee Charter

Our Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. A copy of this charter is attached as Appendix "A" to this Annual Information Form.

Relevant Education and Experience

All members of the Audit Committee have been determined by the Board to be "independent" and "financially literate" for purposes of audit committee membership within the meaning of NI 52-110. Each of the Audit Committee members has an understanding of the accounting principles used to prepare the Company's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The following is the education and experience of each member of the Audit Committee relevant to the performance of his or her duties as a member of the Audit Committee:

Audit Committee Member	Relevant Education and Experience
R. William McFarland	Mr. McFarland brings significant financial and management experience to our Company. Mr. McFarland was the Chief Executive Officer of PricewaterhouseCoopers Canada from 2011 to 2018. Prior thereto, Mr. McFarland was a member of the executive team at PricewaterhouseCoopers Canada from 2005 to 2011 and led the Greater Toronto Area audit practice from 2002 to 2005. Mr. McFarland is a member of the board of directors, the lead director and Chair of the audit committee of Fairfax Financial Holdings Limited, the Chair of the board of directors of Dexterra Group Inc., Chair of the board of directors of The Conference Board of Canada and Chair of the board of directors of AGT Food & Ingredients Inc. Mr. McFarland is a Chartered Professional Accountant, a fellow of the Chartered Professional Accountants of Ontario and a member of the Institute of Corporate Directors. Mr. McFarland holds a Bachelor of Commerce degree from the University of Toronto.
Steven Mills	Mr. Mills has more than 40 years of experience in the fields of accounting, corporate finance, strategic planning, risk management, and mergers and acquisitions. He served as Chief Financial Officer of Amyris, Inc., a renewable products company, from May 2012 to December 2013. Prior to joining Amyris, Inc., Mr. Mills had a 33-year career at Archer-Daniels-Midland Company, one of the world's largest agricultural processors and food ingredient providers. At Archer-Daniels-Midland Company, he held various senior executive roles, including Chief Financial Officer, Controller, and responsibility for leading company strategic efforts globally. Mr. Mills holds a Bachelor of Science degree in Mathematics from Illinois College.
James Borel	Mr. Borel has over 40 years of experience in the global agriculture and food industry. Mr. Borel currently serves as the Chair of the board of directors and audit committee member of Neogen Corporation, board member, compensation committee member and audit committee member of Renewable Energy Group, Inc., board member of AeroFarms, Inc., and board member, compensation committee member and audit committee member of Eat Just, Inc. (formerly Hampton Creek). Mr. Borel is a member of and an accredited Board Leadership Fellow with the National Association of Corporate Directors. Mr. Borel holds a Bachelor of Science degree in Agricultural Business from Iowa State University.

Pre-Approval Policies and Procedures

The Audit Committee reviews and approves all non-audit services performed by our auditors in advance of services being performed.

Auditor Fee Disclosure

For fiscal years ended December 31, 2019 and December 31, 2020, our Company incurred the following fees by our external auditor:

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Audit Fees ⁽¹⁾	\$65,000	\$85,000
Audit Related Fees ⁽²⁾	\$150,687	\$127,673
Tax Fees ⁽³⁾	\$98,535	\$22,750
All Other Fees ⁽⁴⁾	\$96,923	\$551,578
Total Fees Paid	\$411,145	\$787,001

Notes:

- (1) Fees for audit service
- (2) Fees for assurance and related services not included in audit service above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above, including work provided for advice and compliance for certain research and development government claims, and for professional service and local compliance work done in Australia and Eastern Europe.

Corporate Governance and Compensation Committee

The Governance Committee is comprised of four directors who are charged with reviewing, overseeing and evaluating the corporate governance, compensation and nominating policies of our Company. The Governance Committee is comprised of James Borel, as Chair, Lawrence Zucker, Quinn McLean and Natacha Mainville, each of which, other than Mr. McLean, is independent in accordance with applicable Canadian securities laws. No member of the Governance Committee is an officer of our Company, and, as such, the Board believes the Governance Committee is able to conduct its activities in an objective manner.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that, other than the proceedings described in the next paragraph, none of the litigation in which we are currently involved, or have been involved since the beginning of our most recently completed financial year, individually or in the aggregate, could be material to our consolidated financial condition, cash flows or results of operations.

At present, the Company is defending a patent infringement claim filed by Farmobile, LLC ("**Farmobile**") and is prosecuting a breach of contract claim filed against Precision Weather Solutions Inc. ("**PWS**") as well as defending a counterclaim filed by PWS. Farmobile filed a statement of claim dated March 27, 2017 in the Federal Court of Canada seeking damages and an injunction against the Company for infringement of certain claims in Farmobile's Canadian Patent No. 2,888,742 (the "**Farmobile Patent**"), which was filed by certain former employees of Crop Ventures Inc. ("**Crop Ventures**"). Farmobile seeks estimated damages of \$23.5 million. The Company filed a statement of defence and counterclaim on May 11, 2017 on the basis that the Farmobile Patent is invalid, and that there is no infringement or, in the alternative, that the Farmobile Patent cannot be asserted as Crop Ventures owned the alleged invention (in whole or in part), or because the named inventors were employed by Crop Ventures when the alleged invention was conceived and developed and used Crop Ventures' resources to develop the alleged invention, and the Company subsequently acquired Crop Ventures. A trial is scheduled for April 2021. The Company disagrees with Farmobile's position, believes that it has a meritorious defense and is vigorously pursuing such defense.

The Company filed a statement of claim dated December 4, 2015 (amended February 21, 2017) against PWS in the Court of Queen's Bench of Manitoba seeking damages for breaches of certain contracts between the Company and PWS in respect of the purchase of weather stations and associated meteorological services, among other relief. On January 8, 2016, PWS filed a statement of defence and counterclaim (amended March 6, 2017 and re-amended January 6, 2021) seeking judgement for \$1,206,572, damages for breaches of certain contracts between the Company and PWS, breach of trust, infringement of intellectual property, breaches of section 52 of the *Competition Act* (Canada), passing off, a declaration that PWS is the owner of FarmCommand, an accounting and disgorgement of profits, and damages against certain officers of the Company for breach of contract and conspiracy, among other relief all arising in respect of the PWS contracts. The Company currently believes its claims and defences filed in respect of the counterclaims are meritorious. No trial has been scheduled, and certain motions are pending.

The Company filed a statement of claim on September 13, 2019, against PWS in the Court of Queen's Bench of Manitoba seeking judgment for \$431,469 and damages for breach of a consent order made February 18, 2016, among other relief. On October 7, 2019, PWS filed a Statement of Defence and Counterclaim also seeking damages for breach of the same consent order, among other relief. The Company currently believes its claims and defences filed in respect of the counterclaim is meritorious. No trial has been scheduled and no motions are pending.

We are not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against us, nor have we entered into any settlement agreements before a court or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Annual Information Form, there are no material interests, direct or indirect, of any of our directors or executive officers, any Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material agreements of the Company entered into within the last financial year or still in effect, other than contracts entered into in the ordinary course of business:

- Underwriting Agreement. In connection with the Offering, the Company entered into an underwriting agreement dated February 24, 2021 with a syndicate of underwriters (the "**Underwriting Agreement**"), pursuant to which the Company sold and the underwriters purchased on closing of the IPO an aggregate of 7,353,000 Common Shares at a price of \$17.00 per Common Share paid in cash to us against delivery of the Common Shares for aggregate gross proceeds of \$125,001,000 for the Company. The underwriters were also granted the Over-Allotment Option, which was fully exercised after the IPO and closed on March 9, 2021, pursuant to which the underwriters purchased an additional 1,102,950 Common Shares for additional gross proceeds to the Company of \$18,750,150. The sale of the additional Common Shares brought the total gross

proceeds of the IPO to \$143,751,150. In consideration for their services in connection with the Offering, the Company paid the Underwriters a fee equal to \$1.02 per Common Share.

- Investor Rights Agreement. Upon the closing of the IPO, the Company entered into the Investor Rights Agreement. See “*Agreements with Principal Shareholders – Investor Rights Agreement*”.

Copies of the foregoing documents are available under the Company’s profile on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

Names of Experts

The consolidated financial statements of the Company for the year ended December 31, 2020 have been audited by PricewaterhouseCoopers LLP.

Interests of Experts

PricewaterhouseCoopers LLP are the external auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada, including the Chartered Professional Accountants of Manitoba Code of Professional Conduct, and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities, and securities authorized for issuance under equity compensation plans, where applicable, will be contained in our management information circular for our annual meeting of Shareholders that involves the election of directors, and additional financial information is provided in the Company’s comparative financial statements and management discussion and analysis for our most recently completed financial year.

Additional information about the Company is available on the SEDAR at www.sedar.com.

APPENDIX A – AUDIT COMMITTEE CHARTER

PURPOSE

The primary function of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) is to assist the Board in fulfilling its oversight responsibilities:

- (a) by reviewing, prior to their public release, all material financial information required to be gathered and disclosed by the Company, to the public;
- (b) to oversee management designed and implemented accounting systems and internal controls; and
- (c) to recommend, engage, supervise, arrange for the compensation and ensure the independence of the external auditor to the Company.

STRUCTURE AND AUTHORITY

1. The Company, as a reporting issuer, must have a Committee that complies with National Instrument 52-110 (“**NI 52-110**”). The Committee must be comprised of at least three members of the Board to serve at the pleasure of the Board. Each member will at all times be independent and financially literate as those terms are defined in NI 52-110 and possess the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
2. The Committee is required to meet in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Committee.
3. The Chair of the Committee, appointed by the Board will, in consultation with the members, determine the schedule, time and place of meetings, and in consultation with management, establish the agenda for meetings.
4. A quorum for a meeting of the Committee will be a majority of members present in person or by telephone conference call.
5. Notice of the time and place of every meeting will be given in writing, by email or facsimile to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.

DUTIES AND RESPONSIBILITIES

6. The Committee’s primary duties and responsibilities are to:
 - (a) monitor the management of the principal risks that could impact the financial reporting of the Company;
 - (b) monitor the integrity of the Company’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (c) be satisfied and obtain reasonable assurance from the external auditors that effective internal controls and management information systems are in place;
 - (d) ensure that the external auditor reports directly to the Committee.

7. The Committee must have the authority to:
 - (a) inspect any and all of the books and records of the Company, its subsidiaries and affiliates;
 - (b) engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (c) set and instruct the Company to pay the compensation for any advisors employed by the Committee; and
 - (d) communicate directly with the internal and external auditors of the Company.
8. The Committee will, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
9. The Committee will be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of any disagreements between management and the external auditor regarding financial reporting.
10. The Committee will:
 - (a) review the audit plan with the Company's external auditors and with management;
 - (b) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
 - (c) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
 - (d) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (e) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
 - (f) establish a periodic review procedure to ensure that the external auditor compliance with the Canadian Public Accountability regime under National Instrument 52-108 — *Auditor Oversight*;
 - (g) review audited annual financial statements and related documents in conjunction with the report of the external auditors;
 - (h) before release, review and recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and material press releases;

- (i) be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must periodically assess the adequacy of such procedures.
11. The Committee will:
- (a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor, and their compensation, or the discharge of the external auditor when circumstances are warranted;
 - (b) consider the recommendations of management in respect of the appointment of the external auditors;
 - (c) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its external auditors', or the external auditors of the Company's subsidiary entities; and
 - (d) approve the engagement for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors.
12. The Committee will:
- (a) review with management at least annually, the financing strategy and plans of the Company; and
 - (b) review all securities offering documents (including documents incorporated therein by reference) of the Company.
13. The Committee will review the amount and terms of any insurance to be obtained or maintained by the Company with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.
14. Together with the Board, ensure policies and procedures are in place and are effective to maintain the integrity of the Company's internal controls for financial reporting and management information systems.
15. The Committee must establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
16. The Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
17. The Committee will conduct an annual review and assessment of its performance including compliance with this Charter, and its role, duties and responsibilities.