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

INTRODUCTION

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations has been prepared by management to help readers interpret the unaudited condensed interim consolidated financial results of Farmers Edge Inc ("the Company" or Farmers Edge") for the three months ended March 31, 2022 ("**Financial Statements**"). This document should be read in conjunction with the Financial Statements and the Company's audited consolidated financial statements for the year ended December 31, 2021. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

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

This MD&A has been prepared as of May 12, 2022. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated. The Financial Statements presented herein include the accounts of the Company and all of its subsidiaries. All references to the Company include its subsidiaries as applicable.

On March 3, 2021, Farmers Edge completed an initial public offering ("IPO") and its shares began trading on the Toronto Stock Exchange under the symbol "FDGE".

The IPO and the restructuring of the Company's capital along with the Fairfax Financial Holdings credit facility of $75 million discussed in the MD&A provides management the opportunity to execute on its growth strategies and fund negative Adjusted Free Cash Flow from operations in the short term as it scales its business. The growth strategies include adding higher revenue generating subscribed acres to the Company's platform, converting current acres to higher revenue generating acres, enhancing and developing new features on its platform, and expanding its business analytic solution product offerings.

OPERATING HIGHLIGHTS

in thousands, except per share amounts	Three Months Ended	
	2022	**2021**
FINANCIAL PERFORMANCE for periods ended March 31		
Digital Ag and Fertility solutions revenue	$ 5,677	$ 7,385
Add: channel partner subsidies	—	1,512
Digital Ag and Fertility solutions subscriptions	5,677	8,897
Business analytic solutions	220	820
Agronomic services	140	166
Crop input sales	2,524	—
Revenues (1)	$ 8,561	$ 9,883
Operating expenses (2)	$ (28,181)	$ (18,236)
Non-recurring items (3)	1,786	469
Adjusted EBITDA (4)	$ (17,834)	$ (7,884)
Net loss (6)	$ (22,182)	$ (17,264)
Loss per share - basic & diluted (5)	$ (0.53)	$ (0.81)
Adjusted Free Cash Flow (4)	$ (16,327)	$ (16,091)

	March 31, 2022	**December 31, 2021**
FINANCIAL POSITION as at date specified		
Total assets	$ 114,646	$ 135,783
Total liabilities	$ 31,164	$ 31,749
Total equity	$ 83,482	$ 104,034

	March 31, 2022	**December 31, 2021**
KEY PERFORMANCE INDICATORS AND OTHER FINANCIAL MEASURES as at date specified		
Digital Agronomy Acres (6)	15,854	16,503
Other Acres (6)	1,483	2,435
Total Subscribed Acres (6)	17,337	18,938
Annual Recurring Revenue (ARR) (6)	$ 59,470	$ 60,389

(1) Revenues included $1.5 million subsidies revenue related to commercial partner agreements for the three months ended March 31, 2021. There was no similar item in Q1 2022.

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

(3) Non-recurring items include restructuring expenses of $1.0 million and legal fees of $0.8 million in Q1 2022 and $0.5 million in Q1 2021 related to costs incurred to become a public company.

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

(5) Dilutive securities have been excluded from the calculation of diluted loss per share because including them would be anti-dilutive. The loss per share – basic and diluted for the periods ended March 31, 2021 and 2022 have been retrospectively adjusted to reflect the consolidation of common shares on a 7:1 basis, which occurred at the time of the IPO.

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

FIRST QUARTER BUSINESS UPDATE

The Company has a strategy for growth that is centered around the following key objectives:

1. Expand customer base for digital agronomy solutions through:
    - o Expanding number of paid customer acres through channel partnerships;
    - o Expanding the network of channel partners in existing and new geographies; and
    - o Increasing revenue from our current digital and agronomy solutions by moving customers to higher revenue fertility products.
2. Overlay crop insurance, carbon offsets and other products over existing digital agronomy solutions to further leverage the FarmCommand platform and grow Business Analytics solutions revenues.
3. Develop and market additional products to be sold to expand revenue per acre.

The Company's progress report on these initiatives is outlined below.

Objective	Progress to Date
Expand customer base, increase acres and revenues	• New Digital Agronomy acres sold for the quarter ending March 31, 2022 were 1.6 million acres, including 0.9 million PGP acres, most of them with a carbon offering. 0.5 million high value acres were sold in Brazil which was the best quarterly growth experienced to date. Management believes they will exceed fiscal 2021 new acres sold in 2022. • An additional 0.3 million new Subscribed Acres were signed in April. • New Digital Agronomy acres added in the first quarter were offset by discontinued acres of 2.3 million, primarily low-value acres with an ARR value of $0.7 million in the Brazilian market as we are no longer supporting a low value imagery product for sugarcane farmers and 0.3 million paid acres lost upon final closure of the company's Russia and Ukraine operations. • Other acres decreased 0.9 million acres in the quarter, primarily due to the pull-back for the 2022 crop season by an insurance provider as a result of high claim ratios in Brazil. Management believes this is a one year deferral as the insurer intends to expand and diversify its operations. • ARR at March 31, 2022 was slightly lower from the year end. (See also discussion under "*Results of Operations – Annual Recurring Revenue*")
PGP Program	• The Company has implemented steps to continuously improve conversion and retention ratios by refining its business model and is offering a carbon program along with the PGP program. • Conversions of acres from the PGP 21 program with an effective date of April 1, 2022 were 63%. These acres become revenue generating starting in Q2 2022.
Launch new crop insurance & carbon offset products	• Additional 0.5 million carbon acres were added in 2022. • High quality carbon offsets are to be serialized and are expected to be sold starting in Q2, with the majority of the sales in the 2nd half of 2022. Expected revenue will be approximately $13 million. • Launched new crop insurance products in Canada as planned in Q2 2022 including Heat Blast and a Yield product.
CommoditAg	• Q1 e-commerce revenue was $2.5 million. We closely monitored the supply chain and logistical challenges from COVID 19 to meet customer expectations. Volumes were lower as a result with profitability maintained.

	• We continue to work with retailers to execute programs with a defined value proposition to bring in new acres, introduce our digital platform, and expand our carbon and insurance products reach into the retailer market.

BUSINESS OVERVIEW

The Company provides digital tools to growers and other key participants in the agricultural ecosystem. Through FarmCommand, its proprietary, cloud-based analytics software platform, the Company integrates data from multiple field-level sources, and depending on the subscription level, includes data from weather stations, soil moisture probes, telematics devices (specifically its proprietary CanPlug device that can be installed on most hardware and equipment already deployed on a grower's farm to enable passive collection of machine and agronomic data), location tracking devices, grain cart weighing devices, soil sampling, irrigation monitoring and satellite imagery. All data is ingested into the FarmCommand platform to provide growers real-time monitoring and alerts, predictive models, and sophisticated outcome-based data recommendations on their fields to help them make proactive, informed decisions to improve their yields and profitability.

The Company further leverages its data and analytics to develop a unique portfolio of products, disrupting large agriculture verticals including crop insurance and other financial services, carbon offset, and broader agriculture technology industries. The Company focuses on getting acres on subscription with growers, allowing for multiple opportunities with the broader agriculture ecosystem and building partnerships with other agribusinesses who offer our platform alongside their own solutions.

The Company offers a comprehensive suite of digital agronomy solutions to growers sold in five principal tiers of subscriptions and priced on an annual, per acre basis. The Company categorizes the five principal tiers of digital agronomy solutions into two categories: digital contracts and fertility contracts. A digital contract is a subscription package 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.

The Company sells its platform solutions through a network of channel partners, comprised of global crop input manufacturers and retailers, seed and crop protection companies, equipment manufacturers, grain companies, insurance companies and agencies, and food manufacturers. These sales efforts are complemented by smaller regional partners and direct sales teams in North America, Brazil, Australia, and Eastern Europe.

In addition to its digital agronomy solutions, the Company also looks to generate streams of revenue-enhancing opportunities under its business analytics solutions, which contributes to the Company generating multiple revenue streams on the same acre. This strategy expands its market scope beyond the farm and individual grower subscriptions and a focus for 2022 is the sale of insurance products.

The Company's Smart Carbon program launched earlier this year has been developed to help growers who use our platform to validate and serialize carbon offsets already being created through their existing farming practices. Such carbon offsets will be assigned, measured and verified by the Company using our proprietary capabilities, and then aggregated with offsets from multiple growers to be sold into the voluntary marketplace. The Company will share the proceeds with farmers and strategic channel partners. This program contributes to more sustainable farming practices and also creates additional income for the growers to help support their farming operations.

With the acquisition of CommoditAg, LLC, ("CommoditAg") this past summer, the Company is expanding the platform's capabilities for growers into e-commerce in the United States. Beyond the addition of the e-commerce capabilities, through this acquisition, the company has secured connections to a robust retail network in the U.S. to source additional subscription acres and capture revenue upsell opportunities for insurance, carbon and other new products.

In December 2021, the company launched DigiAg Risk Management Inc, a wholly-owned subsidiary of Farmers Edge. This MGA will provide farmers across Canada with innovative parametric insurance products. The company is working closely with prominent players such as Munich Re on product development. DigiAg is focused on delivering a streamlined insurance experience and solution to farmers.

During the period ended March 31, 2022 the Company reassessed the reportable segments and determined that it has two reportable segments, digital agronomy operations and e-commerce operations. These two strategic business units offer different products and services and are managed separately as they require different technology and marketing strategies. The digital agronomy operations derives its revenue (digital ag and fertility solutions subscriptions, business analytic solutions and agronomic services) from offering a comprehensive suite of digital agronomy solutions to growers sold in five principal tiers of subscriptions and priced on an annual, per acre basis and the e-commerce operations derives its revenue (crop input sales) from selling crop inputs through an online marketplace.

Seasonality

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

The CommoditAg business is highly seasonal with most sales expected just prior to or during planting season.

RESULTS OF OPERATIONS

Revenues

in thousands	**Three Months Ended**		**Change**
for the periods ended March 31	**2022**	**2021**	
Digital Ag and Fertility solutions revenue	$5,677	$7,385	$(1,708)
Add: channel partner subsidies	—	1,512	(1,512)
Digital Ag and Fertility solutions subscriptions	5,677	8,897	(3,220)
Business analytic solutions	220	820	(600)
Agronomic services	140	166	(26)
Crop input sales	2,524	—	2,524
Total revenue	**$8,561**	**$9,883**	**$(1,322)**
Digital Agronomy Operations	$6,037	$9,883	$(3,846)
E-commerce Operations	2,524	—	2,524
Total Revenue	**$8,561**	**$9,883**	**$(1,322)**
Annual Recurring Revenue (ARR) (1)	**$59,470**	**$52,230**	**$7,240**

(1) ARR is defined in "Key Performance Indicators and Non-GAAP and other financial measures."

Revenues generated for the three months ended March 31, 2022 ("Q1 2022") were $8.6 million (2021 — $9.9 million).

The Company's digital ag and fertility solutions subscription revenue includes revenue from both digital and fertility solution subscription contracts with growers and represents the majority of the Company's revenue, excluding subsidies which are not part of our Q1 2022 revenue stream. Digital ag and fertility solutions subscription revenue was $5.7 million for Q1 2022 (2021 – $7.4 million), $1.0 million of the decrease resulted from the higher soil testing completion rate for fertility in Q4 2021 compared to the prior year and the reminder related to paid contracts not renewed or discontinued in 2021. The PGP 2021 growth in acres won't generate revenue until converted to paid acres.

Business analytics solutions revenue represents analytic and technology solutions for agribusiness and insurance. For Q1 2022, business analytics solutions revenue was $0.2 million (2021 – $0.8 million) for a decrease of $0.6 million over the comparative period. In Q1 2021, the company had recorded carbon offsets sales of $0.5 million (2022 - $nil).

Crop input sales represent CommoditAg e-commerce revenue which was $2.5 million for Q1 2022 (Q4 2021 - 1.1 million). This increase was due to typical stronger spring season sales but was impacted by product availability. A strong gross margin was maintained.

Annual Recurring Revenue

The Company's ARR declined in the first quarter 2022, primarily as the impact of the new acres sold in Q1 2022 were more than being offset by PGP 2021 acres not converted and discontinued digital agronomy and other acres lost as described earlier.

Cost of Revenues

in thousands	**Three Months Ended**		**Change**
for the periods ended March 31	**2022**	**2021**	
Employee compensation & benefits	$5,023	$4,655	$368
Cost of goods sold	2,197	—	2,197
Vehicle & travel	1,529	1,049	480
Soil testing costs	827	731	96
Other	793	681	112
Total costs of revenue	**$10,369**	**$7,116**	**$3,253**
Digital Agronomy Operations	$8,172	$7,116	$1,056
E-commerce Operations	2,197	—	2,197
Total costs of revenue	**$10,369**	**$7,116**	**$3,253**

Direct cost of revenue includes payroll and related expenses for employees involved in initial customer setup and ongoing customer service needs. Direct cost of revenue also includes vehicle and travel, shipping and soil testing costs, direct costs associated with the Company's carbon program, cost of goods sold related to the Company's consolidation of CommoditAg and other expenses necessary to support customer service requirements.

Total costs of revenue for Q1 2022 were $10.4 million (2021 — $7.1 million), representing increases of $3.3 million over the comparative period. Most of the increase for the quarter relates to the cost of goods sold for crop inputs in CommoditAg of $2.2 million, $0.4 million related to higher vehicle costs as employees began working under reduced COVID restrictions, and a $0.4 million increase in Headcount and associated costs. The vehicle, fuel, field supplies and people costs are also higher in 2022 due to inflation.

Data and technology infrastructure expenses

in thousands	**Three Months Ended**		**Change**
for the periods ended March 31	**2022**	**2021**	
Direct costs	$4,045	$3,158	$887
Total data and technology infrastructure expenses	**$4,045**	**$3,158**	**$887**

Data and technology infrastructure expenses all relate to the digital agronomy operations and includes satellite imagery costs, cloud hosting services, network data costs for CanPlugs and weather stations and the costs of certain software licenses. Total data and technology infrastructure expense for Q1 2022 increased by $0.9 million compared to Q1 2021, partly as a result of a $0.5 million increase in satellite imagery costs and also a $0.4 million increase in one-time cloud hosting transition costs. The Company changed satellite imagery providers during the second quarter of 2021. The current satellite contract is directly tied to usage and acres.

Selling and Marketing Expenses

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

Total selling and marketing expenses for Q1 2022 were $5.0 million (2021 — $2.2 million). The primary driver for the increased costs in the current quarter as compared to Q1 2021 relates to $1.9 million of increased people costs, primarily in the sales function to facilitate accelerated growth and enhance customer service to improve customer retention, which is a key focus area. The changes in the sales team were implemented in Q4 2021. Selling and marketing expenses related to the e-commerce operations were $0.3 million (2021 – nil).

Product Research and Development Expenses

Product research and development expenses all relate to the digital agronomy operations and consist primarily of employee expenses related to the technology and research and development components of the business.

Total product research and development expenses for Q1 2022 were $1.5 million (2021 — $1.4 million). The increase can be attributed to lower people costs of $0.2 million offset by $0.3 million of lower capitalization of qualifying costs related to employee costs on internally generated software and third-party outsourcing costs.

General and Administrative Expenses

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

Total general and administrative expenses for Q1 2022 were $7.3 million (2021 — $4.3 million), reflecting an increase of $3.0 million. The increase in general and administrative expenses when compared to Q1 2021 was primarily a result of higher employee compensation which included; higher labor cost, increased headcount to build up the Carbon and Insurance businesses of $1.0 million, $0.6 million of share-based compensation expense relating to the long-term incentive plan granted near the end the first quarter of 2021 and $0.8 million of severance pay. The remaining increase reflects $0.7 million in legal fees associated with managing existing legal claims. General and administrative expenses related to the e-commerce operations were $0.5 million (2021 – nil).

Adjusted EBITDA and Net Loss

in thousands	**Three Months Ended**		**Change**
for the periods ended March 31	**2022**	**2021**	
Digital Agronomy operations	$(17,356)	$(7,884)	$(9,472)
E-commerce operations	(478)	—	(478)
Adjusted EBITDA (1)	(17,834)	(7,884)	(9,950)
Foreign exchange (gain) loss	334	(1,014)	1,348
Depreciation of property and equipment	2,433	2,486	(53)
Amortization of intangible assets	1,612	1,865	(253)
Finance costs	153	7,348	(7,195)
Other income	(1,970)	(1,774)	(196)
Non-recurring items (2)	1,786	469	1,317
Net loss	**$(22,182)**	**$(17,264)**	**$(4,918)**
Digital Agronomy operations	$(21,733)	$(17,264)	$(4,469)
E-commerce operations	(449)	—	$(449)
Total net loss	**$(22,182)**	**$(17,264)**	**$(4,918)**

(1) Adjusted EBITDA is a non-GAAP financial measure. See "Key Performance Indicators and Non-GAAP and Other Financial Measures" for more information on each non-GAAP financial measure. This table provides a quantitative reconciliation of Adjusted EBITDA to Net loss, the most directly comparable IFRS financial measure disclosed in our financial statements to which Adjusted EBITDA relates.
(2) Non-recurring items include restructuring expenses of $1.0 million and legal fees of $0.8 million in Q1 2022 and $0.5 million in Q1 2021 related to costs incurred to become a public company.

Adjusted EBITDA for Q1 2022 was a loss of $17.8 million (2021 — $7.8 million). Lower Adjusted EBITDA in Q1 2022 compared to Q1 2021 is primarily due to lower revenue and higher expenses described earlier.

Foreign Exchange Gain

The foreign exchange loss for Q1 2022 was $0.3 million (2021 — $1.0 million gain). The Financial Statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Foreign exchange gains or losses included above comprise translation differences arising from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in a foreign currency. The gain in Q1 2021 related primarily to the translation of the satellite imagery payable of U.S. $15 million which was settled in Q2 2021.

Depreciation and Amortization

Combined depreciation and amortization expenses for Q1 2022 were $4.0 million (2021— $4.3 million) a decrease of $0.3 million in the current quarter over the comparable period is a result lower intangible amortization due to decrease in capitalized platform development costs and other intangible assets in 2021. See "*Investing Activities*".

Finance Cost

Finance costs include interest and accretion expense on the Company's former convertible debentures, plus interest expense on the Company's right of use assets and long-term debt. Finance costs for Q1 2022 were $0.2 million (2021 – $7.3 million). As part of the Company's initial public offering on March 3, 2021, all convertible debentures and accrued interest were converted into common shares. As such, interest on the convertible debentures was only incurred for approximately two months in the first quarter of 2021. Interest charges in Q1 2022 relate primarily to right of use assets.

Other Income and Expenses

Other income for 2022 Q1 was $2.0 million compared to $1.8 million in Q1 2021. Other income primarily includes government subsidies and financial assistance of $1.6 million in Q1 2022 (2021 - $1.7 million).

Income Taxes

The Company has not recorded any current or deferred income tax benefit for its tax losses in any of its reporting periods. The Company had $405 million of accumulated non-capital losses as of December 31, 2021, with expiry dates ranging between 2030 and 2041. These losses may be used to offset future taxable income. In addition, the Company has undeducted Scientific Research and Experimental Development expenditures of approximately $39 million which may be carried forward indefinitely and unused investment tax credits of approximately $3 million which expire between 2034 and 2039.

Free Cash Flow

in thousands	Three Months Ended		Change
for the periods ended March 31	**2022**	**2021**	
Net loss	$ (22,182)	$ (17,264)	$ (4,918)
Foreign exchange (gain) loss	334	(1,014)	1,348
Depreciation of property and equipment	2,433	2,486	(53)
Amortization of intangible assets	1,612	1,865	(253)
Finance costs	153	7,348	(7,195)
Other income excluding government subsidies and financial assistance	(414)	(39)	(375)
Stock-based compensation	921	848	73
Additions to property and equipment (net of proceeds)	(4,607)	(2,730)	(1,877)
Additions to intangible assets (net of proceeds)	(1,213)	(1,456)	243
Repayment of right-of-use obligations	(902)	(778)	(124)
Non-recurring items (1)	1,786	469	1,317
Free Cash Flow (2)	**$ (22,079)**	**$ (10,265)**	**$ (11,814)**
Changes in non-cash working capital	5,752	(5,826)	11,578
Adjusted Free Cash Flow (2)	**$ (16,327)**	**$ (16,091)**	**$ (236)**

(1) Non-recurring items include restructuring expenses of $1.0 million and legal fees of $0.8 million in Q1 2022 and $0.5 million in Q1 2021 related to costs incurred to become a public company.

(2) Adjusted Free Cash Flow is a non-GAAP financial measure. See "Key Performance Indicators and Non -GAAP and Other Financial Measures". This table provides a quantitative reconciliation of Adjusted Free Cash Flow to net loss during the period, the most directly comparable IFRS financial measure disclosed in our financial statements to which Adjusted Free Cash Flow relates.

The Company's Adjusted Free Cash Flow deployed for Q1 2022 was $16.3 million (2021 – $16.1 million), a decrease of $0.2 million compared to the comparative period. Adjusted Free Cash Flow traditionally will fluctuate by quarter due to the timing of capital expenditures for both tangible and intangible assets, government subsidies, and the seasonality and timing of revenue recognition and related working capital changes. See "*Investing Activities"* below for a discussion of the cash flow items impacting Adjusted Free Cash Flow.

INVESTING ACTIVITIES

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

Property and Equipment Additions

The Company's property and equipment expenditures, net of disposal proceeds, were $4.6 million for Q1 2022 (2021 — $2.7 million), reflecting an increase of $1.9 million when comparing the additions to Q1 2021. Most of the Company's expenditures are for farm hardware, including CanPlugs, weather stations and other sensors that are installed on the farm and are used to collect and transfer data. The outlay in Q1 2022 was abnormally large as we pre bought equipment to avoid supply chain disruptions. These expenditures will be substantially lower in future quarters.

Right-of-Use Repayments

The Company's right-of-use repayments relating to leased assets for Q1 2022 were $0.9 million (2021 – $0.8 million). The assets being leased mainly comprise fleet vehicles, building space for operations team members and warehouse space for farm equipment. As the fleet size has not varied materially from the prior year, these payments are relatively consistent over the comparable period.

Intangible Asset Investments

The Company's intangible asset additions, which include both internal and third-party software development expenses, were $1.2 million for Q1 2022 (2021 – $1.5 million). The decrease in the current period is a result of lower capitalized platform development software. The overall amount being invested in the platform has been reduced as fewer resources are needed with the maturity of the platform. The amount of capitalized platform development costs will fluctuate as new features and functions on the platform are designed and developed to create future economic benefits.

Government Subsidies and Financial Assistance

Government subsidies and financial assistance includes direct grants. The Company's government subsidies and financial assistance was $1.6 million for Q1 2022 (2021 – $1.7 million).

OUTLOOK

This quarter, the company signed 1.6 million new digital agronomy acres, including 0.5 million carbon acres, primarily in the U.S. market. In total, 3.7 million carbon acres have been signed since our June launch last year.

The company also secured from Fairfax a $75M secured credit facility which should provide the company with financing to build scale with a goal to become cash flow neutral in 2025.

The E-commerce business experienced supply chain and logistic challenges similar to the rest of the agriculture market and expects similar volume and activities in Q2 versus Q1 2022. We are working closely with suppliers to manage the rising costs and delivery timeline. At the same time, we continue to work with retailers to execute programs with a defined value proposition to bring in new acres, introduce our digital platform, and expand our carbon and insurance products reach into the U.S. retailer market.

Building up our insurance market capability was a focus of this quarter despite a challenging crop insurance landscape in Canada and Brazil. We've rolled out a Heat Blast product and a Yield product. We expect these initiatives will help us learn and accelerate the sales of insurance products in 2023.

Management is also reviewing the overall cost structure to find opportunities to gain operational efficiency and effectiveness through cost containment efforts. Actions are being taken to reduce the fixed cost portion of the business. This effort will continue in the coming quarters. To date, management has identified $8.0 million of annual cost-saving opportunities, approximately 60% of which will be realized in 2022 to help reduce the cash burn rate.

During the quarter, the company also made progress to expand partnerships with prominent players across the full spectrum of the agriculture ecosystem. We are working with these partners to create stronger value propositions.

LIQUIDITY AND CAPITAL RESOURCES

The Company's balance sheet and capital structure changed significantly during the first quarter of 2021 with the initial public offering that closed in March 2021, including the overallotment subscription. Since its initial public offering, the Company's cash has largely been deployed to fund an operating deficiency and capital expenditures.

On May 12, 2022, the Company announced it had entered into a credit agreement (the "**Agreement**") with Fairfax Financial Holdings Limited and certain of its affiliates (collectively, "**Fairfax**") in respect of the $75 million secured credit facility (the ''**Facility**"). The Facility bears interest at a rate of 6% per annum and will mature January 31, 2025. The net proceeds of the Facility will be used for working capital and general corporate purposes. The Company has received the conditional acceptance from the Toronto Stock Exchange.

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

Sources and Uses of Cash

The Company's sources and uses of cash for the three months ended March 31, 2022 and 2021 are summarized below:

in thousands	Three Months Ended		Change
for the periods ended March 31	**2022**	**2021**	
Net proceeds from (repayment of) long-term debt	$—	$(3,000)	$3,000
Issue of common shares, net of issuance costs	—	144,776	(144,776)
Repayment of right-of-use obligations	(902)	(778)	(124)
Net cash (used) provided by financing activities	**$(902)**	**$140,998**	**$(141,900)**
Adjusted EBITDA (1)	**$(17,834)**	**$(7,884)**	**$(9,950)**
Adjusted Free Cash Flow (1)	**$(16,327)**	**$(16,091)**	**$(236)**

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

The closing of the initial public offering in the first quarter of 2021 was the contributor to the Company's net cash provided by financing activities for the quarter ended March 31, 2021. The Company used the net proceeds to repay long-term debt, including accrued interest that was outstanding.

The factors leading to decrease in Adjusted EBITDA and Adjusted Free Cash Flow in the current period are described in "*Results of Operations*". The company used cash on hand in Q1 2022 to fund the adjusted free cash flow deficiency.

Key Working Capital Items

The Company's cash position as at March 31, 2022 was $36.8 million. The Company's non-cash working capital position as at March 31, 2022 and December 31, 2021 are summarized below:

in thousands		
as at	**March 31, 2022**	**December 31, 2021**
Accounts Receivable	$12,511	$19,480
Less: Deferred Revenue	(3,709)	(5,805)
Net	**$8,802**	**$13,675**
Inventories	2,965	2,517
Prepaid expenses	3,021	2,241
Accounts payable and accrued liabilities	(19,572)	(17,464)
Non-Cash working capital	**$(4,784)**	**$969**

In comparing the Company's working capital as at March 31, 2022 to December 31, 2021, net cash was generated from the decrease in accounts receivable by $4.9 million, and the increase in accounts payable and accrued liabilities of $2.1 million. These changes were partially offset by the $0.5 million increase in inventories, and $0.8 million increase in prepaid expenses.

The non-cash working capital as at March 31, 2022 was comprised of:

in thousands	Digital Agronomy operations	E-commerce operations	Total
Accounts Receivable	$ 12,321	$ 190	$ 12,511
Less: Deferred Revenue	(3,599)	(110)	(3,709)
Net	8,722	80	8,802
Inventories	390	2,575	$ 2,965
Prepaid expenses	2,976	45	$ 3,021
Accounts payable and accrued liabilities	(16,349)	(3,223)	$ (19,572)
Non-Cash working capital	**$ (4,261)**	**$ (523)**	**$ (4,784)**

Credit Facilities and Long-Term Debt

The Company had a $0.65 million demand facility for the funding of its corporate credit card program, secured by a $0.4 million pledge of the Company's cash deposits. As at March 31, 2022, the Company had not drawn on this facility (December 31, 2021 - $nil). For collateral, the Company has pledged $400 of the Company's cash deposits. See Note 7 in the interim financial statements for March 31, 2022 for other debt details.

Share Capital

There were no changes to share capital during Q1 2022.

Contractual Obligations

The following table describes the Company's maturity analysis of the undiscounted cash flows of leases, long-term debt, purchase and other obligations as at March 31, 2022

in thousands	As at March 31, 2022				
	< 1 Year	1-3 Years	4-5 Years	> 5 years	Total
Right-of-use obligations	$ 2,748	$ 3,349	$ —	$ —	$ 6,097
Purchase obligations	10,630	34,824	—	—	45,454
Long-term debt	84	916	—	—	1,000
Accounts payable and accrued liabilities	19,572	—	—	—	19,572
Total	**$ 33,034**	**$ 39,089**	**$ —**	**$ —**	**$ 72,123**

Off-Balance Sheet Arrangements

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

RELATED PARTY TRANSACTIONS

All related party transactions are described in Note 10 to the Financial Statements or elsewhere in the MD&A. The related party transactions of the Company are in the normal course of operations for financing, revenue earned with a subsidiary of a shareholder and for the compensation of directors and key management who are designated as related parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accounting policies of the Company used in the determination of the results for the first quarter of 2022 and the comparative period that are discussed in this report are described in detail in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2021 and Note 3 of the Financial Statements.

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

In preparing the Financial Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were described in detail in Note 2 of the Financial Statements.

DISCLOSURE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

Our ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our management under the supervision of our CEO and CFO has evaluated the design of our ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

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

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

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

There have been no changes in the Company's ICFR during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

The Company has limited the scope of design of its DC&P and ICFR to exclude controls, policies and procedures of CommoditAg which was acquired on August 12, 2021, the financial performance of which is included in our March 31, 2022 interim financial statements. The scope limitation is in accordance with section 3.3(1)(b) of NI 52-109 which allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days before the end of the fiscal period.

The tables below presents the summary financial information of CommoditAg:

in thousands of Canadian dollars	**As at March 31, 2022**
Current assets	4,460
Non-current assets	508
Current Liabilities	3,334
Non-current Liabilities	1,985
in thousands of Canadian dollars	**Year ended March 31, 2022**
Revenues	2,524
Expenses	2,973
Net loss	(449)

RISK AND UNCERTAINTIES

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

KEY PERFORMANCE INDICATORS & NON-GAAP AND OTHER FINANCIAL MEASURES

Key Performance Indicators ("KPI")

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

Subscribed Acres means the aggregate of all Digital Agronomy Acres and Other Acres, including both new and renewal acres as measured at each reporting date. Digital Agronomy Acres are the subject of a contract with a grower and are priced on a per acre basis. Other Acres typically include specialty products provided for fees that do not always correlate to acres subscribed, and can include those acres under fixed fee arrangements, product offerings that have a term of less than one year, and acres subscribed under its Business Analytics Solutions platform. Subscribed Acres, Digital Agronomy Acres and Other Acres are supplementary financial measures. The Company views Subscribed Acres as an important metric since these acres are expected to contribute to the future revenue of the Company.

Annual Recurring Revenue ("**ARR**") measures the expected annualized subscription revenue associated with the Company's contracts at the end of a reporting period. ARR is a supplementary financial measure. The recurring nature of the Company's revenue provides visibility into future performance. However due to the revenue recognition policies under IFRS for Subscribed Acres, new acres may not immediately contribute to quarterly or annual revenues, depending on the timing and type of the new acres signed. The Company assesses its ARR at the end of each reporting period to reflect the expected annualized revenue associated with its committed contracts at a point in time. ARR includes carbon offset revenues from acres under contract with the Smart Carbon program. The carbon offset revenue potential is added to ARR by using the estimated carbon offsets created on an annual basis at an estimate of the market value for carbon offsets in a voluntary marketplace, excluding any additional years of carbon offsets that may accrue if multiple years are serialized. ARR also excludes any sales revenues associated with CommoditAg and insurance product commissions, as these revenues are not based on a subscription model.

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

Non-GAAP Financial Measures

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

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

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

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

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

SELECTED QUARTERLY INFORMATION

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

in thousands, except per share amounts	**2022 Quarter**		**2021 Quarters**			2020 Quarters		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**$8,561**	$13,315	$6,824	$6,150	$9,883	$19,120	$10,334	$9,053
Adjusted EBITDA (1)	**(17,834)**	(15,698)	(15,964)	(7,999)	(7,884)	(4,597)	(12,190)	(13,515)
Net Loss	**(22,182)**	(19,735)	(19,359)	(9,993)	(17,264)	(17,078)	(19,857)	(18,965)
-per share basic (2)	**(0.53)**	(0.47)	(0.46)	(0.24)	(0.81)	(1.55)	(2.01)	(1.93)
-per share fully diluted (2)	**(0.53)**	(0.47)	(0.46)	(0.24)	(0.81)	(1.55)	(2.01)	(1.93)
Adjusted Free Cash Flow (1)	**(16,327)**	(14,477)	(18,295)	(18,607)	(16,091)	(6,641)	(14,752)	(14,015)

(1) Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP financial measures. See "Key Performance Indicators and Non-GAAP and Other Financial Measures." A reconciliation of these measures to the most directly comparable IFRS financial measures disclosed in our financial statements to which they relate are in the "Results of Operations" in this MD&A.
(2) Adjusted retrospectively to reflect the consolidation of common shares on a 7:1 basis.

ADDITIONAL INFORMATION

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

APPENDIX A - CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

The forward-looking information contained in this MD&A represents management's expectations as at May 12, 2022 and is subject to change after such date.

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

Farmers Edge Inc.

Unaudited Condensed Interim Consolidated Financial Statements

March 31, 2022

Farmers Edge Inc.

Condensed Interim Consolidated Balance Sheets

(unaudited, expressed in thousands of Canadian dollars)

As at	March 31, 2022	December 31, 2021
Assets		
Cash	$ 36,797	$ 54,720
Accounts receivable	12,511	19,480
Inventories (note 4)	2,965	2,517
Prepaid expenses and other current assets	3,021	2,241
Current assets	55,294	78,958
Property and equipment	34,569	31,608
Intangible assets	18,448	18,882
Goodwill	6,335	6,335
	59,352	56,825
Total assets	**$ 114,646**	**$ 135,783**
Liabilities		
Accounts payable and accrued liabilities	$ 19,572	$ 17,464
Deferred revenue	3,709	5,805
Current portion of right-of-use obligations	2,748	2,839
Current portion of other long-term liabilities	322	327
Current liabilities	26,351	26,435
Right-of-use obligations	2,917	3,466
Long-term debt (note 7)	936	930
Other long-term liabilities	960	918
	4,813	5,314
Total liabilities	**31,164**	**31,749**
Shareholders' equity		
Share capital	613,773	613,773
Contributed surplus	5,170	5,156
Accumulated other comprehensive loss	(2,792)	(3,501)
Long-term incentive plan reserve	3,934	3,027
Deficit	(536,603)	(514,421)
Total shareholders' equity	**83,482**	**104,034**
Total liabilities and shareholders' equity	**$ 114,646**	**$ 135,783**

Contingencies (note 13)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Farmers Edge Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

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

	Three Months Ended	
For the periods ended March 31	**2022**	**2021**
Revenues (note 5)	$ 8,561	$ 9,883
Operating expenses		
Cost of revenue (excluding depreciation, amortization and data and technology infrastructure expenses)	10,369	7,116
Data and technology infrastructure expenses	4,045	3,158
Selling and marketing expenses	4,962	2,221
Product research and development expenses	1,503	1,415
General and administrative expenses	7,302	4,326
Operating loss before foreign exchange, depreciation and amortization	(19,620)	(8,353)
Foreign exchange loss (gain)	334	(1,014)
Depreciation of property and equipment	2,433	2,486
Amortization of intangible assets	1,612	1,865
Operating loss	(23,999)	(11,690)
Finance costs	153	7,348
Other income (note 6)	(1,970)	(1,774)
Loss before income tax expense	(22,182)	(17,264)
Income tax expense	—	—
Net loss	**$ (22,182)**	**$ (17,264)**
Loss per share - basic and diluted (note 9)	**$ (0.53)**	**$ (0.81)**
Other comprehensive loss		
Net loss	(22,182)	(17,264)
Items that are or may be reclassified to profit or loss		
- Foreign currency translation differences of foreign operations, net of tax (nil)	709	(1,387)
Total comprehensive loss	**$ (21,473)**	**$ (18,651)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Farmers Edge Inc.

Condensed Interim Consolidated Statements of Cash Flows

(unaudited, expressed in thousands of Canadian dollars)

	Three Months Ended	
For the periods ended March 31	**2022**	**2021**
Operating activities		
Net loss for the period	$ (22,182)	$ (17,264)
Items not affecting cash and cash equivalents:		
Depreciation of property and equipment	2,433	2,486
Amortization of intangible assets	1,612	1,865
Accretion in convertible debentures	—	631
Accretion in long term debt	6	5
Accrued interest on convertible debentures	—	6,481
Unrealized foreign exchange loss (gain)	330	(848)
Gain on disposal of property and equipment	(82)	(26)
Accretion on other long term liabilities	55	—
Stock-based compensation (note 8)	921	848
	(16,907)	(5,822)
Changes in operating assets and liabilities:		
Accounts receivable	6,969	1,635
Prepaid expenses and other current assets	(781)	(1,469)
Inventories	(448)	—
Accounts payable and accrued liabilities	2,107	(1,308)
Deferred revenue	(2,095)	(4,684)
Net cash used in operating activities	**(11,155)**	**(11,648)**
Investing activities		
Additions to property and equipment	(4,869)	(2,756)
Additions to intangible assets	(1,213)	(1,456)
Proceeds from disposal of property and equipment	262	26
Net cash used in investing activities	**(5,820)**	**(4,186)**
Financing activities		
Repayment of right-of-use obligations	(902)	(778)
Repayment of long-term debt	—	(14,000)
Proceeds from long-term debt	—	11,000
Issuance of shares	—	144,776
Share issuance costs	—	(10,730)
Net cash (used) provided from financing activities	**(902)**	**130,268**
Effect of foreign exchange rate on cash	(46)	(77)
Net (decrease) increase in cash during the period	**(17,923)**	**114,357**
Cash - Beginning of period	54,720	6,072
Cash - End of period	**$ 36,797**	**$ 120,429**
Interest paid	$ 92	$ 74
Income taxes paid	—	—

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Farmers Edge Inc.

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

(unaudited, expressed in thousands of Canadian dollars)

	Share capital	Equity component of debentures	Contributed surplus	Accumulated other comprehensive loss	Long-term incentive plan reserve	Deficit	Total shareholders' equity (deficiency)
Balance as at December 31, 2020	$ 129,701	$ 23,411	$ 5,325	$ (1,770)	$ —	$ (448,070)	$ (291,403)
Total comprehensive loss	—	—	—	(1,387)	—	(17,264)	(18,651)
Exercise of stock options	831	—	(246)	—	—	—	585
Stock-based compensation (note 8)	—	—	563	—	285	—	848
Conversion of convertible debentures	339,687	(14,527)	—	—	—	—	325,160
Exercise of warrants	8,886	(8,884)	—	—	—	—	2
Issuance of shares	144,188	—	—	—	—	—	144,188
Share issuance costs	(10,730)	—	—	—	—	—	(10,730)
Balance as at March 31, 2021	**$ 612,563**	**$ -**	**$ 5,642**	**$ (3,157)**	**285**	**$ (465,334)**	**149,999**
Balance as at December 31, 2021	$ 613,773	$ —	$ 5,156	$ (3,501)	3,027	$ (514,421)	104,034
Total comprehensive loss	—	—	—	709	—	(22,182)	(21,473)
Stock-based compensation (note 8)	—	—	14	—	907	—	921
Balance as at March 31, 2022	**$ 613,773**	**$ —**	**$ 5,170**	**$ (2,792)**	**$ 3,934**	**$ (536,603)**	**83,482**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Corporate information

Farmers Edge Inc. ("the Company") was formed on August 21, 2014 under the Manitoba Corporations Act. The Company's registered offices are located at 242 Hargrave Street, Suite 1700, Winnipeg, Manitoba, Canada. The Company provides advanced digital tools to growers and other key participants in the agricultural value chain. The Company's technology platform, FarmCommand, integrates remote imagery from satellites with other data sources including equipment and field sensors, on-farm weather stations, and detailed soils data to provide growers with specific decision tools and insights on their fields. Growers may also access the Company's e-commerce platform to purchase the Company's suite of solution products and other crop inputs available through this online marketplace. The Company has recently launched new revenue streams using the same technology platform focusing on key participants in crop insurance and other financial services, carbon offsets, and broader agriculture technology industries.

On March 3, 2021, the Company completed an initial public offering ("IPO") and its shares began trading on the Toronto Stock Exchange under the symbol "FDGE".

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

The CommoditAg business is highly seasonal with most sales expected just prior to or during spring and fall planting.

2. Basis of presentation

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

These unaudited condensed interim consolidated financial statements include the accounts of the Company and all of its subsidiaries as stated in the audited consolidated financial statements as at the year ended December 31, 2021.

In March of 2022, the Company began the process of winding down operations in Russia and Ukraine and although the legal entities still exist no amounts are included in the consolidated financial statements as at March 31, 2022 relating to these subsidiaries.

Statement of compliance

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

These unaudited condensed interim consolidated financial statements were approved by the Company's Board of Directors on May 12, 2022.

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

Use of estimates and judgments

The preparation of the unaudited condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2021.

Operating loss before foreign exchange, depreciation and amortization

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

3. Significant accounting policies

With the exception of the changes made to the Company's reportable segments (note 12) these unaudited condensed interim consolidated financial statements follow the same significant accounting policies as described and used in the Company's audited consolidated financial statements for the year ended December 31, 2021 and should be read in conjunction with these statements.

4. Inventories

		March 31, 2022		**December 31, 2021**
Raw Materials	$	236	$	240
Work in Progress		66		67
Goods available for resale		2,663		2,210
	$	2,965	$	2,517

Cost of inventories recognized as expense and included in cost of revenue during the period ended March 31, 2022 was $2,197 (2021 - $nil).

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

5. Revenue

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

	Three Months Ended	
For the periods ended March 31	**2022**	**2021**
Digital Ag and Fertility solutions revenue	$ 5,677	$ 7,385
Add: channel partner subsidies	—	1,512
Digital Ag and Fertility solutions subscriptions	5,677	8,897
Business analytics solutions	220	820
Agronomic services	140	166
Crop input sales	2,524	—
Total revenue	$ 8,561	$ 9,883

The Company discloses revenue by geographic area in note 12.

6. Other Income

	Three Months Ended	
For the periods ended March 31	**2022**	**2021**
Government subsidies and financial assistance	$ 1,556	$ 1,735
Gain on disposal of property and equipment	82	26
Other	332	13
	$ 1,970	$ 1,774

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

7. Long-term debt

	March 31, 2022	**December 31, 2021**
Loan - Western Economic Diversification Canada	$ 936	$ 930
Less: current portion	—	—
	$ 936	$ 930

During 2020, the Company received loan proceeds of $1,000 from the Government of Canada's department of Western Economic Diversification Canada. The loan is repayable in monthly instalment payments of $28 commencing January 31, 2023 and matures on December 31, 2025. No interest will be charged if the loan is repaid by the maturity date. The Company discounted the forecasted cash flow by a market rate of interest on setting up the liability and recorded government assistance of $101. Interest accretion for the period ending March 31, 2022 was $6 (2021 – 5).

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

8. Stock-based compensation

The Company has a stock option plan which authorizes the issue of common shares to certain directors and employees. The options outstanding at the time of the IPO expire on March 8, 2023 and most of these stock options vested immediately upon the completion of the IPO.

	Number of options		Weighted average exercise price ($)
Outstanding, December 31, 2021	617,745	$	11.16
Granted	483,950		3.02
Forfeited	(8,832)		(11.69)
Exercised	—		—
Outstanding, March 31, 2022	**1,092,863**	**$**	**7.55**

On March 30, 2022, the Company granted 483,950 options, 198,300 Performance Share Units ("PSUs") and 192,225 Restricted Share Units ("RSUs") under the long-term incentive plan ("LTIP"). These RSUs will vest equally over the next three years and will be paid in common shares, while the PSUs will vest on March 30, 2025 and will also be paid in common shares if the performance criteria is met. At March 31, 2022, the company has 90,000 restricted shares units to directors, 874,550 PSUs and 350,025 RSUs outstanding.

The total stock-based compensation expense for the three months ended March 31, 2022 was $921 (2021 - $848), which includes expense related to stock options for the three months ended March 31, 2022 of $14 (2021 - $563) with the remainder of the total stock based compensation expense relating to PSUs and RSUs. Stock-based compensation expense is included in general and administrative expense in the condensed interim consolidated statement of operations and comprehensive loss and is a non-cash expense.

9. Loss Per Share

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

Basic and diluted loss per share are as follows:

	Three Months Ended			
For the periods ended March 31		**2022**		**2021**
Net loss	$	(22,182)	$	(17,264)
Basic weighted average number of common shares outstanding		41,908,125		21,351,864
<u>Effect of dilutive securities:</u>				
RSUs, PSUs, stock options, convertible debentures, warrants		—		—
Diluted basis weight average number of shares		41,908,125		21,351,864
Loss per share (retrospectively adjusted) - basic and diluted	$	(0.53)	$	(0.81)

10. Related Party Transactions

Fairfax Financial Holdings Limited and certain of its affiliates (collectively, "Fairfax"), have an approximate 61.37% interest in the Company through ownership of, or control or direction over 25,718,393 Common Shares.

Interest expense for the three months ended March 31, 2022 was $nil (2021 - $5,617). The 2021 expense related to Fairfax's portion of the convertible debentures and accrued interest that were converted to common shares on March 2, 2021 and the $14,000 of long-term debt that was repaid on March 3, 2021.

Revenue was recognized for the three months ended March 31, 2022 of $220 (2021 - $368) related to business analytics solutions provided to this same shareholder.

11. Fair value and risk management

Risk management

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

The Company's activities expose it to a variety of financial risks: market risk (primarily foreign currency and interest rate risk), credit risk, and liquidity risk. Senior management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary. The following describes the risk management areas that have significantly changed from those described in the December 31, 2021 audited consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and lease obligations. The Company manages its liquidity risk by forecasting cash flows from operations and seeking additional financing for growth and operations and during the period entered into a credit facility to further manage the Company's liquidity described in note 10.

Fair value

The Company measures the fair value of its financial assets and financial liabilities using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value. The different levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

The Company estimated the fair value of its financial instruments as described below.

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, long-term debt are considered to be equal to their respective carrying values due to their short-term maturities.

Fair value of the debentures were valued using level 3 inputs, based on the present value of estimated cash flows. The discount rate was determined by using a risk-free benchmark bond yield for instruments of similar maturity adjusted for the Company's specific credit risk. In determining the adjustment for credit risk, the Company considered market conditions and other indicators of the Company's credit worthiness. The carrying amount of the debentures was a reasonable approximation of their fair value. During the year there were no transfers of financial instruments between the levels within the fair value hierarchy.

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

12. Segment information

During the period ended March 31, 2022 the Company reassessed the reportable segments and determined that it has two reportable segments, digital agronomy operations and e-commerce operations. These two strategic business units offer different products and services, and are managed separately as they require different technology and marketing strategies. For each of these strategic business units, the Company's President and CEO reviews internal management reports on a monthly basis.

The digital agronomy operations derives its revenue from offering a comprehensive suite of digital agronomy solutions to growers sold in five principal tiers of subscriptions and priced on an annual, per acre basis.

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

There are no inter-segment revenues.

There are no comparative figures provided, as the e-commerce operations began in conjunction with the acquisition of CommoditAg, LLC on August 12, 2021

Segment information is as follows:

	Three Months ended March 31, 2022		
	Digital Agronomy Operations	**E-commerce Operations**	**Total**
Revenue	$ 6,037	$ 2,524	$ 8,561
Expenses	27,770	2,973	30,743
Loss before income tax expense	$ (21,733)	$ (449)	$ (22,182)
Total assets	$ 109,678	$ 4,968	$ 114,646
Total liabilities	$ 27,830	$ 3,334	$ 31,164

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

	March 31, 2022		
	Property and equipment	**Intangible assets**	**Goodwill**
Canada	$ 19,039	$ 14,723	$ 1,115
United States	9,667	3,469	5,220
Brazil	5,045	256	—
Australia	818	—	—
Russia and Ukraine	—	—	—
	$ 34,569	$ 18,448	$ 6,335

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

	December 31, 2021		
	Property and equipment	Intangible assets	Goodwill
Canada	$ 15,806	$ 15,127	$ 1,115
United States	10,557	3,554	5,220
Brazil	4,167	201	—
Australia	874	—	—
Russia and Ukraine	204	—	—
	$ 31,608	$ 18,882	$ 6,335

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

	Three Months Ended	
For the periods ended March 31	**2022**	**2021**
Canada	$ 2,305	$ 4,151
United States	4,543	3,534
Brazil	1,344	1,444
Australia	339	722
Russia and Ukraine	30	32
Total revenue	$ 8,561	$ 9,883

Geographic revenue based on the allocation of the customer and commercial partner contracts less channel partner subsidies of $nil (2021 - $1,512) are detailed as follows:

	Three Months Ended	
For the periods ended March 31	**2022**	**2021**
Canada	$ 2,305	$ 2,639
United States	4,543	3,534
Brazil	1,344	1,444
Australia	339	722
Russia and Ukraine	30	32
Total revenue	$ 8,561	$ 8,371

13. Contingencies

The Company is defending various legal claims, including a patent infringement claim and breach of contract counterclaim, filed against the Company. The Company believes that it has a meritorious defense with respect to the patent infringement claim and breach of contract counterclaim and is vigorously pursuing such defense.

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

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

14. Supplementary Cash Flow information

Information on the change in liabilities for which cash flows have been classified as financing activities in the condensed interim consolidated statement of cash flows is presented below.

		Cash Flows		Non-Cash Changes				
	January 1, 2022	Proceeds	Repayments	New lease obligations	Foreign exchange translation	Accretion in carrying value	New long term liabilities	March 31, 2022
Long-term debt	930	$ —	$ —	$ —	$ —	$ 6	$ —	936
Other long-term liabilities	1,245	—	—	—	(18)	55	—	1,282
Right-of-use obligations	6,305	—	(902)	262	—	—	—	5,665
Total liabilities from financing activities	$ 8,480	$ —	$ (902)	$ 262	$ (18)	$ 61	—	$ 7,883

		Cash Flows		Non-Cash Changes					
	January 1, 2021	Proceeds	Repayments	New lease obligations	Accrued interest	Conversion of debentures	Accretion in carrying value	Portion classified as Government Grant	March 31, 2021
Convertible debentures	$ 318,049	$ —	$ —	$ —	$ 6,481	$ (325,161)	$ 631	$ —	$ -
Long-term debt	3,908	11,000	(14,000)	—	—	—	5	—	913
Right-of-use obligations	6,186	—	(778)	913	—	—	—	—	6,321
Total liabilities from financing activities	$ 328,143	$ 11,000	$ (14,778)	$ 913	$ 6,481	$ (325,161)	$ 636	—	$ 7,234

15. Subsequent Events

On May 12, 2022, the Company entered into a secured $75 million credit agreement with Fairfax (the “Facility”). The Facility bears interest at a rate of 6% per annum and will mature January 31, 2025. The net proceeds of the Facility will be used for working capital and general corporate purposes. The Company will pay an annual commitment fee of 1% of the total undrawn amount of the Facility and has received the conditional acceptance from the Toronto Stock Exchange.