INPUT CAPITAL
THE AGRICULTURE STREAMING COMPANY

Unaudited Condensed Interim

Financial Statements

for the three months ended December 31, 2020

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, Input Capital Corp. discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the three month periods ended December 31, 2020 and 2019.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Note	As at December 31, 2020	As at September 30, 2020
ASSETS			
Current			
Cash		$ 29,466,014	$ 27,234,152
Trade and other receivables		866,071	682,081
Crop interests	5	1,043,983	1,292,949
Other financial assets	4	-	74,540
Assets held for sale	6	6,517,701	5,890,454
Prepaid expenses		130,815	134,661
Right-of-use asset		48,430	121,075
Mortgages and loans receivable	7	966,957	2,460,396
		$ 39,039,971	$ 37,890,308
Non-current			
Crop interests	5	$ 12,285,952	$ 13,103,231
Deferred income tax assets	15	3,397,846	3,681,421
Capital and intangible assets		-	4,405
Mortgages and loans receivable	7	25,548,691	27,221,901
		$ 80,272,460	$ 81,901,266
LIABILITIES			
Current			
Trade and other payables		$ 2,786,419	$ 2,999,639
Other financial liabilities	4	114,552	-
Obligation under capital lease		50,789	126,132
Long-term debt	9	197,674	211,091
		$ 3,149,434	$ 3,336,862
Non-current			
Long-term debt	9	$ 7,536,454	$ 7,536,454
		$ 7,536,454	$ 7,536,454
EQUITY			
Share capital	10	$ 74,648,443	$ 75,799,235
Contributed surplus		4,076,871	4,049,015
Deficit		(9,138,742)	(8,820,300)
		$ 69,586,572	$ 71,027,950
		$ 80,272,460	$ 81,901,266

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

"David H. Laidley", FCPA, FCA, Director

- The accompanying notes are an integral part of these unaudited condensed interim financial statements -

CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Note	Three months ended December 31, 2020		Three months ended December 31, 2019	
Revenue					
Crop	12	$	4,224,132	$	11,624,679
Interest			609,084		1,174,032
Rental			52,221		10,754
		$	4,885,437	$	12,809,465
Expenses					
Corporate administration	14	$	(74,820)	$	931,574
Interest expense	9		85,578		296,378
Purchase of crop and other direct expenses	12		2,333,678		4,074,703
Realization of crop interests	12		1,890,784		7,218,642
		$	4,235,220	$	12,521,297
Other income (loss)					
Gain from settlement of crop interests	13	$	204,461	$	219,128
Gain on sale of asset held for sale			154,753		-
Realized gain on futures and options	5		-		177,276
Other income (loss)			77,144		(4,367,267)
		$	436,358	$	(3,970,863)
Profit (loss) before the undernoted		$	1,086,575	$	(3,682,695)
Impairment and expected credit (loss) recovery	4		(1,366)		43,461
Unrealized market value gain (loss)	4		(62,788)		1,323,260
Net income (loss) before income tax		$	1,022,421	$	(2,315,974)
Income tax (expense) recovery	15		(283,575)		607,411
Net income (loss) and comprehensive income (loss)		$	738,846	$	(1,708,563)
Basic income (loss) per share	11	$	0.01	$	(0.03)
Fully diluted income (loss) per share	11		0.01		(0.03)

- The accompanying notes are an integral part of these unaudited condensed interim financial statements -

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

Cash flow from (applied to)	Note	Three months ended December 31, 2020	Three months ended December 31, 2019
Operating activities			
Net income (loss) for the period		$ 738,846	$ (1,708,563)
Adjustments			
Amortization of capital and intangible assets		4,405	10,554
Deferred share unit expense (recovery)	18	(951,861)	35,315
Income tax expense (recovery)	15	283,575	(607,411)
Interest revenue		(609,084)	(1,174,032)
Interest received		2,293,486	2,374,477
Realization of crop interests	5	2,516,303	7,409,917
Share based payments		27,856	67,651
Gain from settlement of crop interests		(204,461)	(219,128)
Gain from sale of assets held for sale		(154,753)	-
Other (income) loss	6	(10,568)	4,430,689
Realized loss (gain) on crop futures and options		-	(177,276)
Impairment and expected credit loss (recovery)	4	1,366	(43,461)
Unrealized market value (gain) loss	4	62,788	(1,323,260)
Changes in non-cash working capital	16	(352,084)	547,334
Cash generated from operating activities		$ 3,645,814	$ 9,622,806
Investing activities			
Acquisition of crop interests		(1,829,884)	(3,617,804)
Proceeds from buy back of crop interests		446,202	963,278
Proceeds from contracts in restructuring and/or security realization		264,390	465,139
Proceeds from the sale of assets held for sale		327,505	-
Issuance of mortgages and loans receivable		-	1,053,988
Proceeds from repayment of mortgages and loans receivable		1,146,845	184,566
Cash received from (applied to) investing activities		$ 355,058	$ (950,833)
Financing activities			
Dividends paid		(522,004)	(637,518)
Interest expense		85,578	296,378
Interest paid		(168,375)	(508,398)
Repayment on revolving credit facility	8	-	(5,404,008)
Net draws (repayment) on long-term debt	9	(13,417)	17,500
Purchase of common shares		(1,150,792)	(1,343,636)
Cash applied to financing activities		$ (1,769,010)	$ (7,579,682)
Net increase in cash		2,231,862	1,092,291
Cash – beginning of the period		27,234,152	11,439,460
Cash - end of the period		$ 29,466,014	$ 12,531,751

- The accompanying notes are an integral part of these unaudited condensed interim financial statements -

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Note	Share Capital			Contributed Surplus		Deficit		Total
		Number		Amount	Share Options				
At September 30, 2019	12	63,751,757	$	83,034,919	$	3,884,368	$	(6,319,129)	$ 80,600,158
NCIB shares purchased for cancellation		(1,832,000)	$	(1,343,636)	$	-	$	-	$ (1,343,636)
Share based payment – options		-		-		67,651		-	67,651
Dividends		-		-		-		(619,198)	(619,198)
Total comprehensive loss		-		-		-		(1,708,563)	(1,708,563)
At December 31, 2019	12	61,919,757	$	81,691,283	$	3,952,019	$	(8,646,890)	$ 76,996,412
NCIB shares purchased for cancellation		(972,604)	$	(698,968)	$	-	$	-	$ (698,968)
SIB shares purchased for cancellation		(7,418,686)		(5,193,080)		-		-	(5,193,080)
Share based payment – options		-		-		96,996		-	96,996
Dividends		-		-		-		(1,151,222)	(1,151,222)
Total comprehensive income		-		-		-		977,812	977,812
At September 30, 2020	12	53,528,467	$	75,799,235	$	4,049,015	$	(8,820,300)	$ 71,027,950
NCIB shares purchased for cancellation		(1,328,109)	$	(1,150,792)	$	-	$	-	$ (1,150,792)
Share based payment – options		-		-		27,856		-	27,856
Dividends		-		-		-		(1,057,288)	(1,057,288)
Total comprehensive income		-		-		-		738,846	738,846
At December 31, 2020	12	52,200,358	$	74,648,443	$	4,076,871	$	(9,138,742)	$ 69,586,572

1. Nature of operations

Input Capital Corp. (the "Company" or "Input") is a Canadian Grain Commission licensed and bonded grain company that acquires canola from farmers through multi-year canola streaming contracts. In return for providing capital for land financing and/or working capital purposes, the Company receives the right to receive and/or purchase a specified number of tonnes of canola each year over the life of the agreement. The Company's shares are publicly traded on the TSX Venture Exchange, under the symbol "INP".

The head office of the Company is located at 300 – 1914 Hamilton Street, Regina, Saskatchewan, S4P 3N6. The Company's registered and records office is located at 800 – 1801 Hamilton Street, Regina, Saskatchewan, S4P 4B4.

The agriculture industry is subject to a high degree of seasonality. The Company's revenue is received from crop deliveries and sales over several months after the harvest has been completed. The Company normally expects to recognize the majority of its annual revenues during its first and second fiscal quarters.

These unaudited condensed financial statements were authorized for issue by the Board of Directors on February 16, 2020.

2. Basis of presentation

A. STATEMENT OF COMPLIANCE

These unaudited condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last audited annual financial statements as at and for the period ended September 30, 2020.

B. BASIS OF PREPARATION

These unaudited condensed financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 4.
- Share purchase options and deferred share units that are accounted for according to the share-based payments criteria defined in Note 3J.
- Assets held for sale are held at the lower of carrying value and fair value as defined in Note 3E.

C. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The unaudited condensed financial statements are presented in Canadian dollars, the functional currency of the Company, and all values are rounded to the nearest dollar with the exception of share and per share value.

D. USE OF ESTIMATES AND JUDGMENTS

The preparation of unaudited condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ materially from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Significant areas requiring the use of management estimates are further described in the following summary of significant accounting policies and notes:

- Fair value of financial instruments; and
- Expected credit losses.
- Estimates of future taxable income.

Areas of judgement in applying accounting policies that have the most significant effect on the amount recognized in the unaudited condensed financial statements include:

- Classification and measurement of financial instruments including the business model applied;
- Assessing staging of mortgages for purposes of estimating expected credit losses; and
- Recovery of deferred tax assets.

3. Significant accounting policies

Except for changes described in Note 3A, the accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed financial statements.

A. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for future periods. Standards required to be applied and that may have an impact for Input are outlined below:

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

Input is reviewing these standards to determine the potential impact, if any, on its financial statements.

B. CROP INTERESTS

Crop interests are agreements for which settlements are called for in tonnes of crop, the amount of which is determined based on terms in the crop purchase agreements which are capitalized on a contract by contract basis and are recorded at fair value. Under IFRS 9, crop interests do not meet the own-use scope exemption and cash flows are not solely payments of principal and interest. As such, crop interests are carried at fair value through profit or loss. At each reporting date the fair value of each contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the crop, changes in expected costs of realizing on the contract, changes in credit risk, and changes in the risk free interest rate. Subsequent changes in fair value are recognized in profit or loss in unrealized market value gain or loss. Realized gains and losses that result from the sale are recognized in profit or loss in realization of crop interests.

C. REALIZATION OF CROP INTERESTS

The initial upfront payment allocated to crop interests is capitalized. Upfront payments are refundable deposits allocated to crop interests and are recorded as realization of crop interests on a proportionate contractual unit basis as sales are recorded for each specific contract. Crop payments are recorded as realization of crop interests on a unit basis as sales are recorded for each specific contract. Realized market value gains and losses that result from the sale of tonnes of crop are recognized in profit or loss in realization of crop interests. Realized market value gains and losses that result from contract buy backs are recognized in profit or loss as a gain (loss) from settlements of crop interests.

D. OTHER FINANCIAL ASSETS (LIABILITIES)

Other financial assets (liabilities) includes delivery and basis price contracts with grain companies, farmers and canola crushing facilities. These contracts are generally settled by delivery of tonnes or in cash. At each reporting date the fair value of each contract is calculated using current and future pricing provided by independent sources. Subsequent changes in fair value of these financial instruments are recognized in profit or loss in unrealized market value adjustments.

Part of the Company's crop marketing program involves the purchase of crop futures and options contracts to maintain an open pricing position. These contracts are settled in cash and at each reporting date the fair value of open contracts is calculated using current crop pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value adjustments. Realized gains and losses relating to these contracts are recognized in realized gain (loss) on crop futures and options.

E. ASSETS HELD FOR SALE

Assets held for sale consists of land and other assets registered in Input's name resulting from Input enforcing security under contracts being terminated or as a result of contract buy backs. These assets are recorded at the lower of carrying value and fair value less costs to sell based on quoted market prices for similar assets with an offsetting reduction in crop interests. These assets are expected to be sold in the near term. Subsequent changes in the fair value, if any, are recorded in income.

F. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable include mortgages and other loans that contain fixed and determinable payments. Input's business model is to hold the mortgages and loans receivable to collect principal and interest payments. Under IFRS 9, these assets qualify for the solely payments of principal and interest model. Upon initial recognition, these are recognized at fair value. Subsequently these assets are carried at amortized cost less expected credit losses. Interest revenue is recorded on an effective interest basis.

An impairment loss for mortgages and loans receivable measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognized in net earnings or loss. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of a previous impairment loss to reverse or partially reverse, the decrease in impairment is reversed through net earnings or loss.

G. INCOME TAXES

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the statement of net loss and comprehensive loss except to the extent that it relates to items recognized in equity, in which case the tax is recognized directly in equity.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

H. REVENUE RECOGNITION

Crop revenue includes the sale of canola and other crops in Canada to grain elevators and canola crushing facilities. Revenue is recognized when a customer obtains control of the goods or services which occurs when the crop is delivered to and has been accepted on the customers' premises. Revenue is recognized at a point in time and amounts owing are usually paid shortly after delivery. Discounts are only assessed when the quality of the crop delivered does not meet the contracted quality specified.

Interest revenue on mortgages and loans receivable and interest on trade and other receivables is recorded on an effective interest basis.

I. NET SETTLEMENT OF CROP INTERESTS

In addition to regular crop deliveries, crop tonnage obligations outstanding on crop streaming contracts may also be settled by the farm operator directly through payment in cash, through cash proceeds received from crop insurance, through a conventional mortgage receivable with the Company, through a receivable agreement with the Company, or through a land transfer to the Company. These transactions do not result in the title and risk of the crop passing to a purchaser from Input and are considered to be the settlement of a financial asset with the farm operator. As a result, these transactions are not recorded as crop revenue. When cash proceeds are not received as the means of settlement, the transaction is valued at fair value. These transactions are recorded as a gain or loss from settlements of crop interests on the statement of income or loss.

J. SHARE BASED PAYMENTS

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

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

The Company has a Deferred Share Unit Plan (the “DSU Plan”) whereby the Company grants deferred share units ("DSUs") to eligible directors. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing share price at the end of the reporting period.

4. Financial instruments

CAPITAL RISK MANAGEMENT - The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the capital structure. The Company's capital consists of $69,586,572 (September 30, 2020 - $71,027,950) of equity attributable to common shareholders, comprised of issued capital (Note 10), contributed surplus (Note 10), and accumulated deficit.

CREDIT RISK MANAGEMENT - The Company's assets subject to credit risk include cash, trade and other receivables in the ordinary course of business, mortgages and loans receivable and crop interests. Management's view is that the carrying amounts of these assets represent the maximum credit exposure.

The carrying amount of these assets is:

	December 31, 2020	September 30, 2020
Cash	$ 29,466,014	$ 27,234,152
Trade and other receivables	866,071	682,081
Crop interests (Note 5)	13,329,935	14,396,180
Mortgages and loans receivable (Note 7)	26,515,648	29,682,297
	$ 70,177,668	$ 71,994,710

Management has implemented a number of policies and procedures to manage credit risk. These include: assignments of collateral and security; assignment of crop insurance; and use of derivatives. Management also monitors the agriculture environment to ensure that policies, activities and prices are appropriate and relevant.

COMMODITY PRICE RISK - The Company's financial results may be significantly affected by fluctuations in the price of crops. The price of crops is affected by numerous factors beyond the Company's control, including but not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of foreign currencies, global and regional supply and demand, and the political and economic conditions of major countries throughout the world.

LIQUIDITY RISK - The Company manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings. Cash flow forecasting is performed to monitor cash requirements and to manage capital management decisions. Such forecasting takes into account current customers, mortgage amortization schedules, contractual obligations and the Company's expectations. The term and payment dates of the Company's borrowings are generally matched with the timing at which it is expected to receive crop deliveries or payments from it's customers. However, should the timing of payments differ from what is contracted, this does not change the requirement to repay loans from the bank, potentially affecting liquidity. It is due to these timing uncertainties that the Company maintains a high level of cash liquidity on an ongoing basis.

Crop purchase agreements contain obligations in that the Company agrees to purchase crop at a specified price at a future date. A summary of the payments due by period is summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Purchase obligations	$ 4,096,226	$ 2,727,669	$ -	$ -	$ 6,823,895

Financial liabilities and other contractual obligations at December 31, 2020, and their maturities are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Trade and other payables	$ 2,786,419	$ -	$ -	$ -	$ 2,786,419

Right-to-use leases obligations at December 31, 2020 are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Right-to-use lease obligations	$ 51,128	$ -	$ -	$ -	$ 51,128

Long-term debt repayment and interest obligations at December 31, 2020 are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Long-term debt principal and interest repayments	$ 362,463	$ 8,230,560	$ -	$ -	$ 8,593,023

INTEREST RATE RISK - The company has mortgages and loans receivable that are measured at amortized cost and contain a fixed interest rate. There is no variability in cash flow amounts or timing of cash flows with changes in interest rates, however, there are changes in the fair value of these financial assets.

At each reporting date the fair value of each crop interest contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Changes in interest rates impact the fair value of these crop interests.

OTHER RISKS - The Company is not subject to other significant foreign currency, or other price risks.

The ongoing effect of the COVID-19 pandemic and uncertainty within international markets did not impact the Company's financial performance for the three months ended December 31, 2020 but may in the future. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. Given this uncertainty, the financial impact on the Company, if any, cannot be determined at this time.

FAIR VALUE - The following sets forth the Company’s financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by IFRS 9, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Classification	Level	December 31, 2020	September 30, 2020
Cash	Amortized cost	1	$ 29,466,014	$ 27,234,152
Trade and other receivables	Amortized cost	2	866,071	682,081
Other financial assets (liabilities)	Fair value through profit or loss	2	(114,552)	74,540
Crop interests	Fair value through profit or loss	3	13,329,935	14,396,180
Mortgages and loans receivable	Amortized cost	2	26,515,648	29,682,297
Trade and other payables	Other financial liabilities	2	2,786,419	2,999,639
Long-term debt	Other financial liabilities	2	7,734,128	7,747,545

The following table represents the change in fair values recognized in the statement of net loss and comprehensive loss.

	Three months ended December 31, 2020	Three months ended December 31, 2019
Other financial assets (liabilities)	$ 189,092	$ (1,014,231)
Crop interests	(126,304)	(309,029)
Unrealized market value loss (gain)	$ 62,788	$ (1,323,260)

The following table represents expected credit losses and impairment losses recognized in the statement of net loss and comprehensive loss.

	Three months ended December 31, 2020	Three months ended December 31, 2019
Trade and other receivables	$ (25,528)	$ (4,015)
Mortgages and loans receivable	26,894	(39,446)
Expected credit losses and impairment losses (gains)	$ 1,366	$ (43,461)

The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, trade and other receivables, and trade and other payables.

LOANS AND BORROWINGS - The Company had a $25 million credit facility with HSBC Bank Canada. Included in the $25 million is up to $10 million that is secured against the mortgages underlying mortgage streams with Input clients and $15 million in a revolving credit facility. In April 2020, the Company repaid all outstanding principal and interest relating to this facility and the facility was cancelled. As a result there was no balance outstanding as of December 31, 2020. On December 31, 2019 - $9,464,819 was drawn on the $10 million available secured against mortgages and $nil drawn on the $15 million revolving credit facility.

The Company has term debt with Concentra Bank that is secured against the mortgages underlying mortgage streams with Input clients. As December 31, 2020 there was $7,734,128 (September 30, 2020 - $7,747,545) drawn on the $10 million available. The covenants of the term debt include a minimum debt service coverage ratio of 1.5 to 1. At December 31, 2020, the Company met all of its covenants as required by the debt agreement.

The liabilities and obligations of the Company are secured by all property of the Company including an assignment of the rights of the Company under the streaming contracts and any collateral security granted in favour of the Company in connection with each contract.

5. Crop interests and other financial assets (liabilities)

	December 31, 2020	September 30, 2020
Crop interests:		
Opening balance - date	October 1, 2020	October 1, 2019
Opening balance	$ 14,396,180	$ 28,394,845
Acquisition of crop interests - upfront payments	-	-
Acquisition of crop interests - crop payments	1,829,884	5,343,603
Realization of crop interests - upfront payments	(559,381)	(5,913,197)
Realization of crop interests - crop payments	(1,883,634)	(6,229,243)
Realization of crop interests - realized market value adjustment	(73,288)	(279,543)
Settlements on contracts that are in the process of restructuring and or security realization	(264,390)	(2,530,950)
Buy back of crop contracts	(241,741)	(5,416,926)
Market value adjustment	126,305	1,027,591
	$ 13,329,935	$ 14,396,180
Crop interests (including amounts relating to terminated contracts):		
Current	$ 1,043,983	$ 1,292,949
Non-current	12,285,952	13,103,231
	$ 13,329,935	$ 14,396,180

The fair value of each streaming contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the tonnes, changes in expected costs and cash flows associated with the contract, and changes in the risk free interest rate. Included in the market value adjustment as a reduction to the value of crop interests is a cumulative unrealized market value loss of $14,194,820 (September 30, 2020 - loss of $14,137,820) on streaming contracts that are in the process of restructuring and/or security realization relating to changes in the timing and expected net cash flows associated with the settlement of crop delivery obligations.

As at December 31, 2020, there are streaming contracts that are in the process of restructuring and/or security realization. The value of these contracts included in crop interests at December 31, 2020 is $11,620,668 (September 30, 2020 - $11,775,951).

A producer or the Company may negotiate a buy back of a streaming contract. The buy back of crop interests resulted in a gain as disclosed further in Note 13.

Changes in the fair value of other financial assets (liabilities) are recognized in profit or loss in market value adjustment and as follows:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Unrealized market value gain (loss)	$ (189,092)	$ 1,014,231

Part of the Company's crop marketing program may involve the purchase of crop futures and options contracts to maintain an open pricing position. Included in realized gain (loss) on futures and options is a gain of $nil for the three months ended December 31, 2020 (three months ended December 31, 2019 - gain of $177,276).

6. *Assets held for sale*

Assets held for sale result from Input taking ownership of land and associated fixtures as a result of enforcing security on contracts or as a result of contract buy backs. These assets are expected to be sold in the near term. A continuity schedule of the assets held for sale is presented below:

At December 31, 2019	$ 6,450,121
Additions to assets held for sale	17,692
Sale of assets held for sale	(577,359)
At September 30, 2020	5,890,454
Increase as a result of assuming ownership of properties underlying a mortgage	800,000
Sale of assets held for sale	(172,753)
At December 31, 2020	$ 6,517,701

7. *Mortgages and loans receivable*

Mortgages and loans receivable consist of conventional first mortgages and loans secured by land and equipment. A continuity schedule of the mortgages and loans receivable is presented below:

At September 30, 2019	$ 59,243,087
Less repayments on mortgages and loans receivable	(4,677,213)
Less settlements of mortgages and loans receivable	(5,441,191)
Decrease in interest receivable on mortgages and loans receivable	(616,495)
Remeasurement of expected credit losses	39,446
At December 31, 2019	48,547,634
Less repayments on mortgages and loans receivable	(16,059,796)
Less settlements of mortgages and loans receivable	-
Increase in interest receivable on mortgages and loans receivable	27,034
Remeasurement of expected credit losses	(2,832,575)
At September 30, 2020	29,682,297
Less repayments on mortgages and loans receivable	(1,050,450)
Less settlements of mortgages and loans receivable	(1,312,888)
Decrease in interest receivable on mortgages and loans receivable	(764,651)
Remeasurement of expected credit losses	(38,660)
At December 31, 2020	$ 26,515,648

Interest revenue on mortgages and loans receivable for the three months ended December 31, 2020 was $1,499,701 (three months ended December 31, 2019 - $1,924,782).

The allowance for expected mortgage credit losses as at December 31, 2020 is $568,428 (September 30, 2020 - $1,224,123). The Company continues to assess the probability and amount of credit losses at each reporting date.

Details regarding the expected mortgage credit losses are outlined below:

	Performing (stage 1)	Significant increase in credit risk (stage 2)	losses on impaired mortgages (stage 3)	Total
Mortgages and loans receivable - gross carrying value as at September 30, 2020	$ -	$ 27,550,628	$ 3,355,792	$ 30,906,420
Expected credit loss balance on mortgages and loans receivable as at September 30, 2019	-	(3,956)	(2,925,272)	(2,929,228)
Re-measurement	-	3,249	(3,027,253)	(3,024,004)
Recoveries	-	-	282,261	282,261
Transfers to assets held for sale	-	-	4,446,848	4,446,848
Expected credit loss balance on mortgages and loans receivable for the year ended September 30, 2020	-	(707)	(1,223,416)	(1,224,123)
Mortgages and loans receivable - net carrying value as at September 30, 2020	-	27,549,921	2,132,376	29,682,297

	Performing (stage 1)	Significant increase in credit risk (stage 2)	losses on impaired mortgages (stage 3)	Total
Mortgages and loans receivable - gross carrying value as at December 31, 2020	$ -	$ 25,871,019	$ 1,213,057	$ 27,084,076
Expected credit loss balance on mortgages and loans receivable as at September 30, 2020	-	(707)	(1,223,416)	(1,224,123)
Re-measurement	-	426	(39,086)	(38,660)
Recoveries	-	-	-	-
Transfers to assets held for sale	-	-	694,355	694,355
Expected credit loss balance on mortgages and loans receivable as at December 31, 2020	-	(281)	(568,147)	(568,428)
Mortgages and loans receivable - net carrying value as at December 31, 2020	-	25,870,738	644,910	26,515,648

Mortgages and loans receivable principal and interest past due are as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
As at December 31, 2020	$ 107,011	$ 2,457	$ 2,538	$ 271,712	$ 383,718

8. *Revolving credit*

The Company had up to $15 million in a revolving credit facility with HSBC Bank Canada. In April 2020, the Company repaid all outstanding principal and interest relating to this facility and the facility was cancelled. A continuity schedule of the Company's revolving debt is presented below:

At September 30, 2019	$ 5,404,008
Repayments	(5,404,008)
At December 31, 2019, September 30, 2020 and December 31, 2020	$ -

Interest expense relating to the revolving credit facility for the three months ended December 31, 2020 is $nil (three month ended December 31, 2019 - $66,984).

9. *Long-term debt*

The Company has up to $10 million in five year term debt available from Concentra Bank. The term debt bears a fixed interest rate of 4.33% and interest is payable semi-annually. The debt is secured by mortgages underlying mortgage streams with Input clients. A continuity schedule of the Company's term debt with Concentra is presented below:

At September 30, 2019	$	9,769,601
Repayments		-
At December 31, 2019		9,769,601
Repayments		(2,022,056)
At September 30, 2020		7,747,545
Repayments		(13,417)
At December 31, 2020	$	7,734,128

The Company had up to $10 million in revolving debt available from HSBC Bank Canada for mortgage funding purposes. In April 2020, the Company repaid all outstanding principal and interest relating to this facility and the facility was cancelled. A continuity schedule of the Company's mortgage related debt with HSBC is presented below:

At September 30, 2019	$	9,447,319
Advances		17,500
At December 31, 2019	$	9,464,819
Repayments		(9,464,819)
At September 30, 2020	$	-
Advances	$	-
At December 31, 2020	$	-

Interest expense relating to the long-term debt for the three months ended December 31, 2020 is $84,229 (three months ended December 31, 2019 - $224,200). The fair value of the term debt as at December 31, 2020 is $7,306,197 (as at September 30, 2020 - $8,435,431).

10. *Share capital, contributed surplus and retained earnings*

A. SHARES AUTHORIZED

The Company’s authorized share capital consists of an unlimited number of Class “A” common voting shares ("common shares") without par value.

B. SHARES ISSUED AND PURCHASED

	Number of Shares		Share Capital
Common shares - September 30, 2019	63,751,757	$	83,034,919
Shares purchased for cancellation under the normal course issuer bid	(1,832,000)		(1,343,636)
Common shares - December 31, 2019	61,919,757	$	81,691,283
Shares purchased for cancellation under the normal course issuer bid	(972,604)		(698,968)
Shares purchased for cancellation under the substantial issuer bid	(7,418,686)		(5,193,080)
Common shares - September 30, 2020	53,528,467	$	75,799,235
Shares purchased for cancellation under the normal course issuer bid	(1,328,109)		(1,150,792)
Common shares - December 31, 2020	52,200,358	$	74,648,443

On April 16, 2020, Input announced the completion of a substantial issuer bid, in which Input bought back 7,418,686 shares at a price of $0.70 per share, for a total expenditure of $5,193,080.

The Company has a normal course issuer bid for the repurchase of approximately ten percent of the company's public float in a given year. The active normal course issuer bid has been renewed for subsequent years until the earlier of January 3, 2022 and the date by which Input has acquired the maximum shares which may be purchased.

During the three months ended December 31, 2020, the Company bought back 1,328,109 shares under its normal course issuer bid at an average price of $0.85 per share (three months ended December 31, 2019 - 1,832,000 shares at an average price of $0.73). During the three months ended December 31, 2020, the Company cancelled 1,328,109 shares (three months ended December 31, 2019 - 2,016,500).

C. SHARE PURCHASE OPTIONS

The Company has an incentive share purchase option plan (the “Option Plan”) whereby the Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vest over a three year period. Each share option converts into one common share of the Company on exercise.

The following option plans were in existence during the current and prior years:

Option series	Number	Expiry date	Exercise price	Fair value at date of grant
(1) granted on November 28, 2014	37,218	November 28, 2019	$ 2.01	$ 2.01
(2) granted on June 10, 2015	732,100	June 10, 2020	$ 3.05	$ 3.05
(3) granted on November 16, 2015	30,900	November 16, 2020	$ 1.88	$ 1.88
(4) granted on June 8, 2016	912,700	June 8, 2021	$ 2.18	$ 2.18
(5) granted on December 15, 2016	642,900	December 15, 2021	$ 2.00	$ 2.00
(6) granted on December 15, 2017	1,781,000	December 15, 2022	$ 1.54	$ 1.54
(7) granted on December 21, 2018	941,500	December 21, 2023	$ 0.80	$ 0.80

The fair value of the stock options is estimated at the grant date based on the Black-Scholes pricing model using the assumptions below. The assumptions below are for options issued since September 30, 2019 and are based on management's best estimates at the time of issuance.

	Option Series
Inputs into the model	Series 7
Grant date share price	$ 0.80
Exercise price	$ 0.80
Average vesting period from grant date	3.00 years
Volatility	53.02%
Expected life	5.00 years
Dividend yield	5.00%
Risk free interest rate	1.89%

Volatility above is calculated based on the daily historical share price volatility over the expected life of the option.

At December 31, 2020, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding: Vested	Unvested	Exercised	Expired or cancelled	Total
Series 1	0.00	37,218	-	-	37,218	-
Series 2	0.00	732,100	-	-	732,100	-
Series 3	0.00	30,900	-	-	30,900	-
Series 4	0.44	912,700	-	-	139,500	773,200
Series 5	0.96	642,900	-	-	91,000	551,900
Series 6	1.95	1,781,000	123,612	-	348,200	1,556,412
Series 7	2.97	636,265	305,235	-	584,900	356,600
Weighted average	1.53	4,773,083	428,847	-	1,963,818	3,238,112

D. DIVIDENDS

The Company declared the following dividends since October 1, 2018 to the shareholders of record on the following dates.

Record date	Dividend per share	Shares outstanding	Total Dividend
December 31, 2018	$ 0.01	82,550,460	$ 826,482
March 31, 2019	0.01	82,154,460	821,545
June 30, 2019	0.01	82,021,960	820,220
September 30, 2019	0.01	63,751,757	637,518
December 31, 2019	0.01	61,919,757	619,198
March 31, 2020	0.01	61,535,657	615,357
June 30, 2020	0.01	53,586,471	535,865
November 9, 2020	0.01	53,528,467	535,285
December 31, 2020	0.01	52,200,358	522,004

11. *Basic and diluted weighted average number of common shares*

Diluted weighted average number of common shares is based on the following:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Basic weighted average number of shares	53,377,510	63,068,578
Dilutive securities:		
Share options	3,419,100	4,401,800

When there is a net loss and comprehensive loss the share options are anti-dilutive and therefore the diluted loss per share is the same as the basic loss per share.

12. *Crop revenue, purchase of crop and other direct expenses, and realization of crop interests*

Crop revenue, realization of crop interests and other direct expenses for crop sales is presented below:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Crop revenue	$ 4,224,132	$ 11,624,679
Realization of crop interests		
Upfront payments	512,970	3,232,105
Crop payments	1,304,526	3,812,839
Realized market value expense	73,288	173,698
Other direct expenses	2,333,678	4,074,703
Profit (loss) from crop contracts	$ (330)	$ 331,334

13. *Net settlement of crop interests*

The net settlement of crop interests is presented below:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Total cash proceeds received for settlement of current crop interests	$ 754,471	$ 220,527
Amounts applied to the realization of crop interests		
Upfront payments	46,410	93,602
Crop payments	579,109	97,673
Other direct expenses	85	432
Net settlement of current crop interests	$ 128,867	$ 28,820
Gain (loss) on buy-back of non-current crop interests	91,280	(228,466)
Realized market value gain (loss) on buyouts	(15,686)	418,774
Gain from settlements of crop interests	$ 204,461	$ 219,128

14. Corporate administration

The corporate administration expenses (recoveries) of the Company are as follows:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Amortization of capital and intangible assets	$ 4,405	$ 10,554
Board and executive expenses (recovery)	(948,903)	40,354
Contractors, employee salaries and benefits	370,782	453,782
Investor relations and public company costs	8,512	13,545
Licenses, dues and filing fees	14,406	45,979
Mortgage administration and commissions	11,873	9,899
Office expenses	113,281	131,131
Professional fees – legal, accounting, tax and collection	322,968	158,679
Share option based compensation	27,856	67,651
Total corporate administration expense (recovery)	$ (74,820)	$ 931,574

15. Income taxes

The income tax expense differs from the amounts that would result from applying the federal and provincial income tax rate to the net loss before income taxes. These differences result from the following items:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Net loss before income tax	$ 1,022,421	$ (2,315,974)
Canadian federal and provincial tax rates	27.0%	27.0%
Income tax recovery based on the above rates	276,053	(625,314)
Increase due to the tax effect of:		
Non-deductible stock compensation	7,522	17,903
Income tax expense (recovery)	$ 283,575	$ (607,411)

The income tax expense (recovery) consists of the following:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Deferred	$ 283,575	$ (607,411)
Income tax expense (recovery)	$ 283,575	$ (607,411)

The components of deferred income taxes recognized on the statement of financial position are as follows:

	December 31, 2020	September 30, 2020
Deferred income tax assets		
Capital lease obligation	$ 637	$ 1,365
DSU compensation	254,533	511,535
Capital and intangible assets	2,222	1,033
Market value adjustment	2,882,369	2,882,369
Non-capital loss carry forwards	258,085	285,119
Total deferred income tax assets	$ 3,397,846	$ 3,681,421

16. *Supplemental cash flow information*

	Three months ended December 31, 2020	Three months ended December 31, 2019
Change in non-cash working capital items		
Trade and other receivables	$ (639,387)	$ (468,786)
Prepaid expenses	3,846	72,612
Trade and other payables	283,457	943,508
Net increase (decrease) in cash	$ (352,084)	$ 547,334

17. *Key management personnel compensation*

Members of the key management team include the Board of Directors, the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and the Vice-President of Market Development.

	Three months ended December 31, 2020	Three months ended December 31, 2019
Contractors, employee salaries and benefits	$ 117,678	$ 219,117
Share based payments	15,504	67,650
Total key management compensation expense	$ 133,182	$ 286,767

18. *Board compensation*

The Company has a Deferred Share Unit Plan (the "DSU Plan") whereby the Company grants deferred share units ("DSUs") to eligible directors. Each eligible director is given the opportunity to elect, in lieu of cash, to receive all, or a portion of, their annual board retainer or board meeting fees in the form of DSUs. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing stock price at the end of the reporting period. At December 31, 2020 there were 1,105,987 DSUs granted, vested and outstanding (September 30, 2020 - 1,093,684). Included in Trade and other payables at December 31, 2020 is $951,149 (September 30, 2020 - $1,903,010) relating to the valuation of the DSUs. Included in Board and executive expenses under corporate administration expense for the three months ended December 31, 2020 is a recovery of $951,861 (three month ended December 31, 2019 - expense of $35,315) relating to the valuation of the DSUs. During the year ended September 30, 2020, $nil was paid out for DSUs being cash-settled (year ended September 30, 2019 - $nil).

19. Related party transactions

The Company is related to several companies owned and controlled by various officers of the Company as a result of common management. The companies share some common personnel and Input leases furnished office space from a company owned by an officer of the Company. (see Note 20). These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party expenses are summarized in the following table:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Corporate administration	$ 208,725	$ 250,462

20. Commitments and Contingencies

At September 30, 2020 the Company had a contract of insurance in favour of the Canadian Grain Commission in the amount of $1,500,000 from October 1, 2020 to January 31, 2021, decreasing down to $1,000,000 from February 1 to September 30, 2021. The policy can be claimed against by the beneficiary in the event of a producer grain payment default. The policy renews on March 31, 2021.

Lawsuits and claims that have arisen in the normal course of business are pending for and against the Company and provisions have been recorded where appropriate. It is the opinion of management that the final determination of these claims will not have a material adverse effect on the financial position or the results of the Company.

In August 2016, the Company signed a five-year lease that commenced September 1, 2016, ending February 28, 2021 with a Company owned by an officer of the Company. The Company's annual fiscal commitments remaining under the lease are as follows:

Commitments and contingencies	
2021	$ 51,128

21. Subsequent events

On February 1, 2021, the Company closed the previously announced $19.9 million purchase of SRG Security Resource Group Inc. (“SRG”), a company 19.3% owned by Input's Chief Executive Officer. Consideration was paid 50% in cash, and 50% in shares of the Company at a deemed value of $1.12 per share, with any standard working capital adjustments paid in cash. The Company plans to use its balance sheet to back the expansion of SRG’s physical and cyber-security business. For more information on this transaction, see the Company's fillings on SEDAR.