

AgJunction Reports Second Quarter 2016 Earnings Results

HIAWATHA, KS, August 10, 2016 – AgJunction Inc. (TSX: AJX) ("AgJunction" or the "Company"), a leader in automated steering and machine control technology for precision agriculture, reported financial results for the second quarter ended June 30, 2016.

During the fourth quarter of 2015, AgJunction successfully completed a merger with Novariant, Inc. ("Novariant"), Inc., strengthening its position within the OEM precision guidance and machine control markets.

AgJunction's consolidated second quarter 2016 results are presented as a combined entity. However, the comparative second quarter ended June 30, 2015 does not include Novariant's operations.

Second Quarter 2016 Financial Summary vs. Second Quarter 2015 *(where applicable)*

- Total sales increased 54% to \$11.9 million.
- Gross profit increased 47% to \$4.8 million.
- Gross margin was 40.2% compared to 41.9%.
- Net loss was \$1.2 million, or \$(0.01) per share, compared to net income of \$1.0 million, or \$0.01 per share. The second quarter of 2015 included a \$1.6 million one-time gain on the sale of the Company's cloud services business.
- EBITDA was \$(0.7) million compared to \$1.2 million.
- Cash balance of \$15.1 million compared to \$13.0 million at the end of 2015.

Management Commentary

"Despite the current downturn in the agriculture industry, we continued to execute on our stated objectives," said Dave Vaughn, president and CEO of AgJunction. "This includes effective cash management, a sharp focus on the growth of our existing customer base, and the successful integration of Novariant."

"In the first six months of 2016, we generated \$2 million in free cash flow, over twice the amount compared to the same time last year, and we continued to have no debt. Excluding Novariant, we grew second quarter sales in all of our geographic regions by delivering a product portfolio with leading industry features and capabilities, and an explicit focus on customer support. Our integration of Novariant is progressing as planned and we continue to realize various synergies, both financially and competitively. In addition, we have had excellent customer retention with no customer attrition since completion of the merger."

"While long-term industry growth drivers such as population growth and reduced arable land remain strong, low crop prices continue to pressure the capital expenditure budgets of our customers. However, we believe that given our combined product offering, we are well-positioned to grow our revenue base when the industry strengthens."

Second Quarter 2016 Financial Results

Total sales in the second quarter increased 54% to \$11.9 million compared to \$7.7 million in the second quarter of 2015. The increase was primarily driven by the acquisition of Novariant in the fourth quarter of 2015. Sales were also up in all geographies.

Gross profit in the second quarter increased 47% to \$4.8 million compared to \$3.2 million in the second quarter of 2015. Gross margin was 40.2% compared to 41.9% in the second quarter of 2015. The 170 basis point decline was primarily due to inventory write-downs in a slower moving product category.

Total operating expenses were \$6.1 million compared to \$3.8 million for the second quarter of 2015. As a percentage of sales, operating expenses were 50.9% compared to 49.3% in the second quarter of 2015. The 160 basis point increase was primarily driven by incremental expenses associated with accounting for the acquisition of Novariant.

Net loss in the second quarter of 2016 was \$1.2 million, or \$(0.01) per diluted share, compared to net income of \$1.0 million, or \$0.01 per diluted share, in the second quarter of 2015. The second quarter of 2015 included a \$1.6 million one-time gain on the sale of the Company's cloud services business.

EBITDA was \$(0.7) million compared to \$1.2 million in the second quarter of 2015. The decline was primarily driven by the incremental operating expenses discussed above. While EBITDA in the second quarter of 2016 was negative, EBITDA in the first six months of 2016 was slightly positive.

Cash and cash equivalents at the end of the second quarter totaled \$15.1 million, a 16% increase compared to \$13.0 million at the end of 2015. The Company continues to have no debt. Working capital was \$26.8 million, up slightly from \$26.7 million at the end of 2015.

Conference Call

AgJunction will hold a conference call tomorrow at 11:00 a.m. Eastern time to discuss its second quarter 2016 results, followed by a question-and-answer session.

Date: Thursday, August 11, 2016

Time: 11:00 a.m. Eastern time (8:00 a.m. Pacific time)

Toll-free dial-in number: 1-888-231-8191

International dial-in number: 1-647-427-7450

Conference ID: 49651203

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios at 1-949-574-3860.

The conference call will be broadcast live and available for replay via the investor center section of the company's website at www.corp.agjunction.com.

A replay of the conference call will be available after 2:00 p.m. Eastern time on the same day through to August 25, 2016.

Toll-free replay number: 1-855-859-2056

International replay number: 1-416-849-0833

Replay ID: 49651203

About AgJunction

AgJunction (www.agjunction.com) provides innovative hardware and software applications for precision agriculture worldwide. The company holds more than 140 patents and markets its products and services under leading brand names including Novariant, Outback Guidance® and Satloc®. AgJunction is headquartered in Hiawatha, Kansas, with executive offices in Fremont, California, and facilities in Scottsdale, Arizona; Winnipeg, Manitoba; and Brisbane, Queensland, Australia. AgJunction is listed on the Toronto Stock Exchange (TSX) under the symbol "AJX." For more information, please visit www.agjunction.com.

Non-IFRS Measures

This press release uses EBITDA, which is a financial measure that does not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS"). EBITDA is defined as net income before interest and other loss (income), income tax, depreciation and amortization. The Company believes that this non-IFRS measure provides useful information to both management and investors in measuring financial performance. As this measure does not have a standard meaning prescribed by IFRS, it may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with IFRS. This non-IFRS measure is provided as additional information to complement IFRS measures by providing further understanding of operations from management's perspective. Accordingly, non-IFRS measures should never be considered in isolation nor as a substitute to using net income as a measure of profitability or as an alternative to the IFRS consolidated statements of income or other IFRS statements. See "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Reconciliation" herein for additional information.

Forward-Looking Statements

This press release contains forward-looking information and forward-looking statements (collectively, "forward-looking information") within the meaning of applicable securities laws and is based on the expectations, estimates and projections of management of each of AgJunction as of the date of this news release, unless otherwise stated. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this press release contains forward-looking information concerning, but not limited to: management's belief that the Company is well-positioned to grow its revenue base when the industry strengthens; the realization of various synergies, both financially and competitively, from the integration of Novariant; and the Company's future plans. Such forward-looking information is provided for the purpose of providing information about management's current expectations and plans

relating to its current and future operations. Investors are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Accordingly, readers should not place undue reliance on such forward-looking information contained in this press release.

In respect of the forward-looking information, AgJunction has provided such information in reliance on certain assumptions that it believes are reasonable at this time, including, but not limited to, planned synergies, capital efficiencies and cost-savings from the merger with Novariant; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labor and services; that AgJunction's future results of operations will be consistent with management expectations in relation thereto; the continued availability of capital at attractive prices to fund future capital requirements relating to existing and future assets and projects; future operating costs; that counterparties to material agreements will continue to perform in a timely manner; that there are no unforeseen events preventing the performance of contracts; availability of key supplies, components, services, networks and developments; the impact of increasing competition; conditions in general economic, agricultural and financial markets; demand for the Company's products; and the continuity of existing business relationships.

Since forward-looking information addresses future events and conditions, such information by its very nature involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which AgJunction operates; failure to realize the anticipated benefits of the merger and to successfully integrate AgJunction and Novariant; ability to access sufficient capital from internal and external sources; changes in legislation; departure of key personnel or consultants; competition; inability to introduce new technology and new products in a timely manner; legal claims for the infringement of intellectual property and other claims; fluctuation in foreign exchange or interest rates; uncertainties in the global economy; negative conditions in general economic, agricultural and financial markets; availability of key supplies and components; product liability; reduced demand for the Company's products; and changes in the Global Navigation Satellite System and other systems outside of our control. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the Company's operations or financial results, are included in reports of AgJunction on file with applicable securities regulatory authorities, including but not limited to, AgJunction's Annual Information Form for the year ended December 31, 2015 which may be accessed on its SEDAR profile at www.sedar.com.

Forward-looking information contained herein concerning the industry in the countries in which the Company operates and the Company's general expectations concerning this industry are based on data and information from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any material misstatements regarding any industry data presented herein, the agricultural industry involves numerous risks and uncertainties and is subject to change based on various factors. Further, certain information contained herein is based on, or derived from, publicly available information and/or information provided by independent third-party sources. The Company

believes that such information is accurate and that the sources from which it has been obtained are reliable; however, the Company is unable to independently verify such information.

The forward-looking information contained in this press release is made as of the date hereof and each of AgJunction undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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AgJunction Inc.

Condensed Consolidated Statements of Financial Position
(Expressed in U.S. dollars)

	June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,110,144	\$ 13,047,777
Accounts receivable, net of bad debt provisions of \$139,340 and \$184,598 as of June 30, 2016 and December 31, 2015, respectively	6,672,401	8,222,606
Inventories	9,453,552	11,800,917
Prepaid expenses and deposits	917,661	975,018
	<u>32,153,758</u>	<u>34,046,318</u>
Property, plant and equipment, net	3,363,590	3,484,406
Intangible assets, net	11,759,809	12,391,146
Goodwill	11,444,419	11,444,419
	<u>\$ 58,721,576</u>	<u>\$ 61,366,289</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,342,693	\$ 5,970,427
Provisions	552,907	995,938
Current portion of deferred revenue	268,697	342,095
Current portion of finance lease obligation	–	1,160
	<u>5,164,297</u>	<u>7,309,620</u>
Deferred revenue	219,805	203,223
	<u>5,384,102</u>	<u>7,512,843</u>
Shareholders' equity:		
Share capital	148,401,827	147,929,647
Equity reserve	4,644,770	4,669,173
Accumulated deficit	(99,709,123)	(98,745,374)
	<u>53,337,474</u>	<u>53,853,446</u>
	<u>\$ 58,721,576</u>	<u>\$ 61,366,289</u>

AgJunction Inc.

Condensed Consolidated Statements of Profit or Loss

Three and six months ended June 30, 2016 and 2015
(Unaudited - expressed in U.S. dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Sales	\$ 11,894,393	\$ 7,741,075	\$ 27,383,675	\$ 19,837,215
Cost of sales	7,114,112	4,495,913	15,928,872	11,068,489
Gross Profit	4,780,281	3,245,162	11,454,803	8,768,726
Expenses:				
Research and development	2,027,649	895,948	3,976,403	2,408,045
Sales and marketing	1,809,042	1,234,737	3,727,592	2,765,578
General and administrative	2,221,082	1,689,166	4,761,187	3,543,094
	6,057,773	3,819,851	12,465,182	8,716,717
Operating income (loss)	(1,277,492)	(574,689)	(1,010,379)	52,009
Foreign exchange (gain) loss, net	(60,110)	2,112	(36,499)	106,034
Interest and other loss (income)	(39,599)	(924)	(39,772)	(1,893)
(Gain) loss on disposal of property, plant and equipment	28,780	38,876	29,641	38,876
(Gain) on sale of other assets, net of liabilities	—	(1,623,219)	—	(1,623,219)
	(70,929)	(1,583,155)	(46,630)	(1,480,202)
Net Income (loss) before income taxes	(1,206,563)	1,008,466	(963,749)	1,532,211
Income tax	—	—	—	—
Net income (loss)	\$ (1,206,563)	\$ 1,008,466	\$ (963,749)	\$ 1,532,211
Earnings per share:				
Basic and diluted income (loss) per share	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.02

AgJunction Inc.

Condensed Consolidated Statements of Cash Flows

Six months ended June 30, 2016 and 2015
(Unaudited - expressed in U.S. dollars)

	2016	2015
Cash flows from operating activities:		
Net income (loss)	\$ (963,749)	\$ 1,532,211
Items not involving cash:		
Depreciation	365,259	259,514
Amortization	631,337	283,691
Share-based payment transactions	381,837	52,184
Allowance on trade receivables	—	64,513
Net realizable value write down of inventory	442,500	228,001
Loss on disposal of property, plant and equipment	29,641	38,876
(Gain) on sale of other assets, net of liabilities	—	(1,623,219)
Change in non-cash operating working capital, net of effects of business combination:		
Accounts receivable	1,550,205	2,276,479
Inventories	1,904,865	(1,976,399)
Prepaid expenses and deposits	57,357	345,382
Accounts payable and accrued liabilities	(1,627,734)	(33,591)
Provisions	(443,031)	(20,078)
Deferred revenue	(56,816)	(688,594)
Cash flows from operating activities	2,271,671	738,970
Cash flows from (used in) financing activities:		
Payment of finance lease liability	(1,160)	(6,959)
Issue of common shares	65,940	—
Cash flows from (used in) financing activities	64,780	(6,959)
Cash flows from (used in) investing activities:		
Proceeds from the sale of property, plant, and equipment	500	—
Purchase of property, plant and equipment	(274,584)	(121,157)
Intangible asset addition	—	(1,764,870)
R&D expense reimbursement	—	115,494
Proceeds from sale of division	—	2,422,916
Cash flows from (used in) investing activities	(274,084)	652,383
Increase (decrease) in cash position	2,062,367	1,384,394
Cash and cash equivalents, beginning of year	13,047,777	11,223,755
Cash and cash equivalents, end of period	\$ 15,110,144	\$ 12,608,149

AgJunction Inc.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Reconciliation

Three and six months ended June 30, 2016 and 2015
(Unaudited - expressed in U.S. dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net income (loss)	\$ (1,206,563)	\$ 1,008,466	\$ (963,749)	\$ 1,532,211
Interest expense (income)	855	(924)	2,041	(1,788)
Income tax	—	—	—	—
Depreciation	180,721	127,704	365,259	259,514
Amortization	317,775	25,928	631,337	283,691
EBITDA	\$ (707,212)	\$ 1,161,174	\$ 34,888	\$ 2,073,628