

AgJunction Reports Third Quarter 2018 Earnings Results

SCOTTSDALE, AZ, November 12, 2018 – AgJunction Inc. (TSX: AJX) ("AgJunction" or the "Company"), the Autosteering Company™, is reporting financial results for the third quarter ended September 30, 2018. All currency amounts are expressed in U.S. dollars.

Third Quarter 2018 Financial Highlights vs. Third Quarter 2017

- Revenue up 99% to \$17.9 million versus \$9.0 million.
- Gross profit was 35.4% compared to 36.0%.
- Net income improved significantly to \$1.6 million or \$0.01 per share, versus a net loss of \$3.1 million or \$(0.02) per share.
- EBITDA increased 180% to \$2.1 million versus (\$2.6) million.

Year-to-Date 2018 Financial Summary vs. 2017

- Revenue up 29% to \$47.4 million versus \$36.9 million.
- Gross profit was 39.1% compared to 42.2%.
- Net loss was \$1.7 million or \$(0.01) per share, versus a net loss of \$0.0 million or nil per share.
- EBITDA was \$(0.3) million versus \$1.5 million.

Management Commentary

"Our third quarter revenue and profits benefited from shipments made under the bulk purchase order we announced earlier this year," said Dave Vaughn, president and CEO of AgJunction. "The bulk order offset general industry softness as the worldwide agricultural market continues to face uncertainty with higher tariffs and lower grain prices. The continuing demand for our core products are a testament to their ability to assist our farmer customers to drive down costs and to increase crop yields.

"Our Hands-Free Farm initiative continued to gain market traction with the introduction of our revolutionary new Wheelman™ Autosteering product, which we showcased at two major trade shows to rave reviews and significant market interest. We continue to receive excellent feedback on the functionality of the product and the substantially lower price point compared to any other autosteering products on the market, furthering our mission to bring precision ag to millions of smaller farms.

"In order to allow us to focus on our core strategy of growing the market for autosteering, we completed the sale of our Outback Guidance business to Hemisphere GNSS during the quarter, along with a new technology licensing agreement. We also settled the patent infringement lawsuit against Raven Industries and entered into a nonexclusive license with them for a significant portion of AgJunction's extensive patent portfolio. Completing these two initiatives were important steps in bolstering our strategy to expand precision ag and further commercialize our industry-leading intellectual property.

"Looking to the remainder of 2018 and into 2019, we believe our financial results will continue to benefit from the large bulk purchase order. Notwithstanding this, we remain committed to

investing in R&D to expand upon the success we have experienced with our Hands Free Farm initiative and with Wheelman to create revolutionary new products that bring immense value at a reasonable price to millions of small farms across the globe.”

Third Quarter 2018 Financial Results

Total revenue in the third quarter of 2018 increased 99% to \$17.9 million compared to \$9.0 million in the third quarter of 2017. This was primarily driven by an increase in sales in the Company’s Europe, Middle East and Africa (EMEA) region associated with the previously disclosed bulk purchase order.

Gross profit in the third quarter of 2018 increased 96% to \$6.3 million compared to \$3.2 million in the third quarter of 2017. Gross margin was 35.4% compared to 36.0% in the third quarter of 2017. The margin decline was primarily due to a lower margin mix of products associated with the bulk purchase order, partially offset by the reduction of warranty and obsolescence reserves, and compensation costs being allocated to cost of revenue.

Total operating expenses improved to \$5.7 million compared to \$6.3 million in the third quarter of 2017, primarily driven by the capitalization of development costs and a decrease in employee compensation costs. As a percentage of revenue, operating expenses declined significantly to 31.7% compared to 70.0% in the third quarter of 2017 due to the increase in revenue.

Net income in the third quarter increased significantly to \$1.6 million or \$0.01 per share, compared to a net loss of \$3.1 million or \$(0.02) per share in the third quarter of 2017. The improvement was driven by the aforementioned increase in revenue, along with the decrease in total operating expenses.

EBITDA in the third quarter of 2018 increased 180% to \$2.1 million compared to (\$2.6) million in the third quarter of 2017.

Cash and cash equivalents at the end of the third quarter of 2018 totaled \$19.5 million compared to \$13.9 million at the end of 2017. Working capital was \$22.9 million compared to \$20.3 million at the end of 2017. The Company continues to carry no debt and has access to its full \$3.0 million line of credit.

Year-to-Date 2018 Financial Results

Total revenue in the first nine months of 2018 increased 29% to \$47.4 million compared to \$36.9 million in the same period of 2017. This was driven by an increase in sales in the Company’s EMEA region associated with the bulk purchase order.

Gross profit in the first nine months of 2018 increased 19% to \$18.5 million compared to \$15.6 million in the same period of 2017. Gross margin was 39.1% compared to 42.2% in the same period of 2017. The decrease was primarily due to a lower margin mix of products sold versus the prior period.

Total operating expenses increased to \$21.2 million compared to \$18.5 million in the prior year period, primarily due to the rise in R&D costs associated with the Company investing in improving and developing new products. As a percentage of revenue, operating expenses improved to 44.8% compared to 50.2% in the first nine months of 2017.

Net loss in the first nine months of 2018 was \$1.7 million or \$(0.01) per share, compared to a net loss of \$0.0 million or nil per share in the same period of 2017.

EBITDA in the first nine months of 2018 was \$(0.3) million compared to \$1.5 million in the same period of 2017.

Conference Call

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

Date: Tuesday, November 13, 2018

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: 3178816

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 <http://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 November 27, 2018.

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

International replay number: 1-416-849-0833

Replay ID: 3178816

About AgJunction

AgJunction Inc., the Autosteering Company™ is a global leader of advanced guidance and autosteering solutions for precision agriculture applications. Its technologies are critical components in over 30 of the world's leading precision Ag manufacturers and solution providers and it holds over 130 fundamental steering and machine control patents. AgJunction markets its solutions under leading brand names including Novariant®, Wheelman™, Whirl™ and Satloc® and is committed to advance its vision by bringing affordable hands-free farming to every farm, regardless of terrain or size. AgJunction has locations in Silicon Valley, Arizona, and Australia, and is listed on the Toronto Stock Exchange (TSX) under the symbol "AJX." For more information, please go to 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, 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 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. 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. These statements are only predictions and actual events or results may differ materially. Although the Company's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, performance or achievement since such expectations are inherently subject to significant business, economic, competitive and political uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company. In particular, forward-looking statements in this press release include, but are not limited to statements with respect to: the Company's strategy, plans, objective and focus; expectations of the agricultural market; product functionality; and long term benefits of the large bulk purchase order. 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, 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/or 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; 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 which may be accessed on its SEDAR profile at www.sedar.com.

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)

(000's)	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,451	\$ 13,893
Accounts receivable, net of bad debt provisions of \$35 and \$228, respectively	7,552	4,185
Inventories	5,805	7,627
Prepaid expenses and deposits	1,026	990
	<u>33,834</u>	<u>26,695</u>
Contract assets	219	-
Property, plant and equipment, net	1,349	2,899
Intangible assets, net	9,258	9,856
Goodwill	143	143
	<u>\$ 44,803</u>	<u>\$ 39,593</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 9,632	\$ 5,649
Provisions	709	629
Current portion of contract liabilities	153	-
Current portion of deferred revenue	448	149
	<u>10,942</u>	<u>6,427</u>
Contract liabilities, net less current portion	106	-
Deferred revenue, less current portion	2,016	100
Total liabilities	<u>13,064</u>	<u>6,527</u>
Shareholders' equity:		
Share capital	148,496	146,896
Equity reserve	4,810	5,805
Accumulated deficit	(121,567)	(119,635)
	<u>31,739</u>	<u>33,066</u>
	<u>\$ 44,803</u>	<u>\$ 39,593</u>

AgJunction Inc.

Condensed Consolidated Statements of Profit or Loss

Three and nine months ended September 30, 2018 and 2017
(Unaudited - expressed in U.S. dollars)

(000s)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Revenue	\$ 17,862	\$ 8,978	\$ 47,412	\$ 36,892
Cost of sales	11,539	5,749	28,889	21,321
Gross profit	6,323	3,229	18,523	15,571
Expenses:				
Research and development	1,343	1,752	7,331	5,696
Sales and marketing	1,857	2,117	6,006	5,980
General and administrative	2,471	2,418	7,907	6,862
	5,671	6,287	21,244	18,538
Operating (loss) income	652	(3,057)	(2,721)	(2,967)
Foreign exchange loss (gain), net	(35)	43	(56)	17
Interest and other (income) expense	(20)	(20)	(30)	(18)
Other income	—	—	—	(3,000)
(Gain) loss on disposal of property, plant and equipment	—	1	(13)	19
(Gain) on sale of division	(943)	—	(943)	—
	(998)	24	(1,042)	(2,982)
Net (loss) income before income tax	1,650	(3,082)	(1,679)	15
Income tax	—	—	—	19
Net (loss) income	\$ 1,650	\$ (3,082)	\$ (1,679)	\$ (4)
Earnings per share:				
Basic and diluted (loss) income per share	\$ 0.01	\$ (0.02)	\$ (0.01)	\$ 0.00

AgJunction Inc.

Condensed Consolidated Statements of Cash Flows

Nine months ended September 30, 2018 and 2017
(Unaudited - expressed in U.S. dollars)

(000s)	2018	2017
Cash flows provided by operating activities:		
Net (loss) income	\$ (1,679)	\$ (4)
Items not involving cash:		
Depreciation	498	507
Amortization	946	949
Share-based payment transactions	605	562
Allowance loss (gain) on trade receivables	(193)	171
Write (up) down of inventory to net realizable value	(83)	510
(Gain) loss on disposal of property, plant and equipment	(13)	19
(Gain) on sale of division	(943)	—
Change in non-cash operating working capital:		
Accounts receivable	(3,174)	73
Inventories	(1,222)	1,795
Contract assets	(30)	—
Prepaid expenses and deposits	(67)	176
Accounts payable and accrued liabilities	4,016	476
Provisions	217	75
Contract liabilities	(183)	—
Deferred revenue	2,381	(79)
Cash flows provided by operating activities	1,076	5,230
Cash flows (used in) financing activities:		
Purchase and cancellation of common shares	—	(1,767)
Cash flows (used in) financing activities	—	(1,767)
Cash flows provided by (used in) investing activities:		
Purchase of property, plant and equipment	(585)	(285)
Intangible asset addition	(1,040)	—
Proceeds from the sales of property, plant and equipment	107	1
Proceeds from the sale of division	6,000	—
Cash flows provided by (used in) investing activities	4,482	(284)
Increase in cash position	5,558	3,179
Cash and cash equivalents, beginning of year	13,893	12,863
Cash and cash equivalents, end of period	\$ 19,451	\$ 16,042

AgJunction Inc.

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

Three and nine months ended September 30, 2018 and 2017

(Unaudited - expressed in U.S. thousand dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net (loss) income	\$ 1,650	\$ (3,082)	\$ (1,680)	\$ (4)
Interest (income) expense	(20)	(20)	(30)	(18)
Income tax	—	—	—	19
Depreciation	152	168	498	507
Amortization	309	316	946	949
EBITDA	\$ 2,091	\$ (2,618)	\$ (266)	\$ 1,453