



AgJunction Reports First Quarter 2016 Results

HIAWATHA, KS, May 11, 2016 - (TSX: AJX) – AgJunction Inc. ("AgJunction" or the "Company"), a leader in automated steering and machine control technology for precision agriculture, today reported financial results for the first quarter ended March 31, 2016. All currency amounts are expressed in U.S. dollars.

During the fourth quarter of 2015, AgJunction successfully completed a merger with Novariant, Inc. ("Novariant") strengthening its position within the OEM precision guidance and machine control markets. AgJunction's consolidated 2016 first quarter results are presented as a combined entity however the comparative first quarter ended March 31, 2015 does not include Novariant's operations.

For the three months ended March 31, 2016, the Company reported revenue of \$15.5 million, a 28% increase from \$12.1 million in the first quarter of 2015. Total revenue in the Americas for the first quarter was \$7.5 million, up 49% year-over-year due largely to additional sales resulting from the acquisition of Novariant. Sales in Asia Pacific (APAC) increased \$1.1 million or 58% from the first quarter of 2015, of which \$0.7 relates to the acquisition of Novariant. Combined, sales in Europe, Middle East and Africa (EMEA) slightly decreased 3% from the first quarter of 2015 to \$5.0 million, reflecting market conditions. The Americas represented 48% of total revenues in the first quarter of 2016 compared to 41% a year ago. EMEA represented 33% of total first quarter revenues and APAC 19%, as compared to 43% and 16% in the first quarter of 2015, respectively.

"We are pleased to report continued pickup in demand in the America's from the aftermarket Dealers as well as our added reseller (VAR) customer base in North America and EMEA during the first quarter," said Dave Vaughn, CEO of AgJunction. "We believe the continued headwinds faced by the equipment manufactures resulting in slower new equipment sales is helping customers that purchased machines 4 or 5 years ago to go ahead and put steering technology onto the machines that they had hoped to sell last year."

"Despite these headwinds, AgJunction continues working with our OEM partners on integration solutions and has identified and is pursuing regional pockets of opportunity and views the overall long term fundamentals of the global agriculture markets to be compelling. Drivers for agricultural growth include population growth, limited arable land, the need for increased output, and a relatively low global penetration of precision agriculture technologies such as GNSS and automated steering."

"Operationally we are on course to complete our major internal integration projects," added Mr. Vaughn. "Our global team is actively executing on our ambitions of being the world's leading supplier of automated steering and machine control technology for precision agriculture."

Gross margins were \$6.7 million for the quarter, up by \$1.2 million from gross margins of \$5.5 million for the first quarter of 2015. Gross margins, as a percentage of revenue, were 43% in 2016 compared to 46% in 2015. The usage of the remaining \$0.3 million fair value write up of Novariant inventory due to purchase accounting rules reduced gross margin by 2 percentage points in the first quarter.

Total operating expenses were \$6.4 million, or 41.4% of revenue, in the first quarter up \$1.5 million or 31% from \$4.9 million, or 40.4% of revenue, in the first quarter of 2015. Sales and marketing expenses were \$1.9 million, up 27%, or \$0.4 million, from \$1.5 million in the first quarter of 2015, with the increase due to the acquisition of Novariant.

Research and development expenditures of \$1.9 million for the quarter increased from \$1.5 million in the first quarter of 2015 representing an increase of \$0.4 million or 27%. Of this increase, approximately \$0.3 million relates to amortization of the \$11.7 million technology related intangible purchased in the acquisition of Novariant. The remaining \$0.1 million relates to an increase in compensation costs also associated with the acquisition of Novariant.

General and administrative expenses for first quarter of 2016 were \$2.5 million compared to \$1.9 million in the first quarter of 2015 representing an increase of \$0.6 million or 32% due to the acquisition of Novariant.

For the first quarter ended March 31, 2016, the Company reported net income of \$0.2 million, or \$0.00 per share (basic and diluted), compared to net income from continuing operations of \$0.5 million, or \$0.01 per share (basic and diluted), in the first quarter of 2015.

On March 31, 2016, the Company held cash of \$14.6 million compared to cash held of \$13.0 million at the end of 2015. Working capital was \$27.6 million, up from \$26.7 million at December 31, 2015.

As of May 11, 2016, AgJunction has 123,502,788 common shares outstanding and 6,969,823 stock options outstanding. Directors, officers, and other insiders directly or indirectly hold or represent approximately 28% of the outstanding common shares.

Additional information related to AgJunction, including the Company's Annual Information Form, can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") on the internet at www.sedar.com.

Conference Call: Thursday May 12, 2016 at 11:00AM ET

A conference call and webcast has been scheduled for Thursday May 12, 2016 at 11:00 a.m. Eastern Time to review the financial results. To participate in the conference call, please dial +1 (647) 427-7450 or 1-888-231-8191 approximately 10 minutes before the conference call and provide Conference ID: 96091672. A recording of the call will be available through May 26, 2016. Please dial +1(416) 849-0833 and enter passcode 96091672 to listen to the rebroadcast.

A live webcast and archive can be found through <http://www.corp.agjunction.com/InvestorCenter/ConferenceCallsOtherEvents.aspx>

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®. The Company 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 go to www.agjunction.com.

Forward Looking Information

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: AgJunction's ambitions of being the world's leading supplier of automated steering and machine control technology for precision agriculture; AgJunction's beliefs as to the effect on customers of the continued headwinds that the Agriculture equipment manufacturers are facing; the view of AgJunction's management that the long-term fundamentals of its global agriculture markets are compelling; management's beliefs regarding worldwide market demand and the long-term drivers for agricultural growth; the Company's plans to complete major integration projects; 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)

	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,610,935	\$ 13,047,777
Accounts receivable, net of bad debt provisions of \$144,661 and \$184,598 as of March 31, 2016 and December 31, 2015, respectively	9,104,430	8,222,606
Inventories	10,660,712	11,800,917
Prepaid expenses and deposits	734,215	975,018
	<u>35,110,292</u>	<u>34,046,318</u>
Property, plant and equipment, net	3,434,513	3,484,406
Intangible assets, net	12,077,584	12,391,146
Goodwill	11,444,419	11,444,419
	<u>\$ 62,066,808</u>	<u>\$ 61,366,289</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,441,450	\$ 5,970,427
Provisions	738,916	995,938
Current portion of deferred revenue	304,897	342,095
Current portion of finance lease obligation	–	1,160
	<u>7,485,263</u>	<u>7,309,620</u>
Deferred revenue	208,195	203,223
	<u>7,693,458</u>	<u>7,512,843</u>
Shareholders' equity:		
Share capital	148,146,579	147,929,647
Equity reserve	4,729,331	4,669,173
Accumulated deficit	(98,502,560)	(98,745,374)
	<u>54,373,350</u>	<u>53,853,446</u>
	<u>\$ 62,066,808</u>	<u>\$ 61,366,289</u>

AgJunction Inc.

Condensed Consolidated Statements of Profit or Loss

Three months ended March 31, 2016 and 2015

(Unaudited - expressed in U.S. dollars)

	2016	2015
Sales	\$ 15,489,282	\$ 12,096,140
Cost of sales	8,814,760	6,572,576
Gross profit	6,674,522	5,523,564
Expenses:		
Research and development	1,948,754	1,512,097
Sales and marketing	1,918,550	1,530,841
General and administrative	2,540,105	1,853,928
	6,407,409	4,896,866
Operating income	267,113	626,698
Foreign exchange loss, net	23,611	103,922
Interest and other income	(173)	(969)
Loss on sale of property, plant and equipment	861	—
	24,299	102,953
Net income before income tax	242,814	523,745
Income tax	—	—
Net income	\$ 242,814	\$ 523,745
Earnings per share:		
Basic and diluted income per share	\$ 0.00	\$ 0.01

AgJunction Inc.

Condensed Consolidated Statements of Changes in Equity

(Expressed in U.S. dollars)

	Share capital	Equity reserve	Deficit	Total equity	Number of shares
Balance at December 31, 2014	\$ 122,467,464	\$ 5,150,466	\$ (89,606,287)	\$ 38,011,643	72,322,063
Net income	–	–	523,745	523,745	–
Share-based payment transactions	–	26,440	–	26,440	–
Balance at March 31, 2015 (unaudited)	\$ 122,467,464	\$ 5,176,906	\$ (89,082,542)	\$ 38,561,828	72,322,063
Balance at December 31, 2015	\$ 147,929,647	\$ 4,669,173	\$ (98,745,374)	\$ 53,853,446	122,829,219
Net income	–	–	242,814	242,814	–
Share-based payment transactions	–	277,090	–	277,090	–
Issue of restricted stock awards	216,932	(216,932)	–	–	576,171
Balance at March 31, 2016 (unaudited)	\$ 148,146,579	\$ 4,729,331	\$ (98,502,560)	\$ 54,373,350	123,405,390

AGJUNCTION INC.

Condensed Consolidated Statements of Cash Flows

Three months ended March 31, 2016 and 2015

(Unaudited - expressed in U.S. dollars)

	2016	2015
Cash flows from operating activities:		
Net income	\$ 242,814	\$ 523,745
Items not involving cash:		
Depreciation	184,538	131,810
Amortization	313,562	257,763
Share-based payment transactions	277,090	26,440
Allowance on trade receivables	—	58,458
Net realizable value write down of inventory	172,871	129,001
Loss on disposal of property, plant and equipment	861	—
Change in non-cash operating working capital, net of effects of business combination:		
Accounts receivable	(881,824)	(872,503)
Inventories	967,334	(192,739)
Prepaid expenses and deposits	240,803	188,229
Accounts payable and accrued liabilities	471,023	844,208
Provisions	(257,022)	(7,018)
Deferred revenue	(32,226)	(655,802)
Cash flows from operating activities	1,699,824	431,592
Cash flows (used in) financing activities:		
Payment of finance lease liability	(1,160)	(3,479)
Cash flows (used in) financing activities	(1,160)	(3,479)
Cash flows (used in) investing activities:		
Purchase of property, plant and equipment	(135,506)	(43,445)
Intangible asset addition	—	(834,282)
Cash flow (used in) investing activities	(135,506)	(877,727)
Increase (decrease) in cash position	1,563,158	(449,614)
Cash and cash equivalents, beginning of year	13,047,777	11,223,755
Cash and cash equivalents, end of period	\$ 14,610,935	\$ 10,774,141