

AgJunction Reports Fourth Quarter and Full Year 2016 Earnings Results

HIAWATHA, KS, March 23, 2017 – 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 fourth quarter and full year ended December 31, 2016.

On October 15, 2015, AgJunction successfully completed a merger with Novariant, Inc. ("Novariant"), strengthening its position within the original equipment manufacturer (OEM) precision guidance and machine control markets. AgJunction's consolidated fourth quarter and full year 2016 results are presented as a combined entity. However, the comparative fourth quarter of 2015 includes only partial contribution from Novariant's operations.

Fourth Quarter 2016 Financial Summary vs. Fourth Quarter 2015

- Total sales were \$8.2 million compared to \$11.6 million
- Gross margin increased to 35.1% compared to 23.7%
- Net loss was \$(2.9) million or \$(0.02) per share, compared to \$(9.9) million or \$(0.09) per share
- Adjusted EBITDA was \$(2.4) million compared to \$(4.5) million

Full Year 2016 Financial Summary vs. Full Year 2015

- Total sales were \$42.3 million compared to \$39.0 million
- Gross margin increased to 39.1% compared to 38.0%
- Net loss was \$(18.2) million or \$(0.15) per share, compared to \$(9.1) million or \$(0.11) per share
- Adjusted EBITDA was \$(4.9) million compared to \$(2.9) million

Management Commentary

"Our fourth quarter and full year results reflect the weakness in the global agriculture industry," said Dave Vaughn, president and CEO of AgJunction. "We are using this slow-down as an opportunity to reconfigure the Company to best serve the needs of our global customer base so that we are ready with the right products when the market inevitably recovers. In fact, we have assembled a dedicated team to answer the demand from global platform producers for vehicle-specific, AgJunction-engineered aftermarket retrofit kits, and this effort is showing early success with several OEM prospects.

"Our partners continued to integrate our technology 'behind-the-scenes' in the fourth quarter. For example, one of our top OEM customers adopted our new terminal hardware and integrated our latest innovative software functionality on an assortment of their automatic steering systems. Adoption of this software functionality allows both our customers and AgJunction to expand into emerging markets.

“Looking to 2017, we will continue to focus on delivering products and technology that best suit our clients’ needs in both today’s market and in the long-term. We will also continue to utilize our strong patent portfolio to drive creative new business opportunities as we have done with our recent agreement with Reichhardt GmbH. Given our deep industry experience, innovative product development and strong IP, all supported by our strong balance sheet, we believe we are well-positioned to help our customers both today and into the future.”

Fourth Quarter 2016 Financial Results

Total sales in the fourth quarter decreased to \$8.2 million compared to \$11.6 million in the fourth quarter of 2015 due to continued softening in the agriculture market.

Gross profit in the fourth quarter increased slightly to \$2.9 million compared to \$2.8 million in the fourth quarter of 2015. Gross margin increased to 35.1% compared to 23.7% in the fourth quarter of 2015. The fourth quarter of 2015 included one-time reserves of \$0.7 million relating to inventory designated for early market removal, as well as \$0.6 million in additional expenses related to fair value increases of Novariant inventory.

Total operating expenses declined 27% to \$5.7 million compared to \$7.8 million in the fourth quarter of 2015 due to the rationalization of the Company’s workforce since the Novariant acquisition. As a percentage of sales, operating expenses were 69.3% compared to 66.6% in the fourth quarter of 2015.

Net loss in the fourth quarter of 2016 was \$(2.9) million, or \$(0.02) per diluted share, compared to a net loss of (\$9.9) million, or (\$0.09) per diluted share, in the fourth quarter of 2015.

Adjusted EBITDA in the fourth quarter was \$(2.4) million compared to \$(4.5) million in the fourth quarter of 2015.

Cash and cash equivalents at the end of the fourth quarter totaled \$12.9 million compared to \$13.0 million at the end of 2015. The Company continues to carry no debt. Working capital was \$22.4 million, down slightly from \$26.7 million at the end of 2015.

Full Year 2016 Financial Results

Total sales in 2016 increased 8% to \$42.3 million compared to \$39.0 million in 2015. The increase was primarily driven by the acquisition of Novariant.

Gross profit was \$16.5 million compared to \$14.8 million in 2015. Gross margin was 39.1% compared to 38.0% in 2015. The increase in margin was primarily due to fewer overall inventory write-downs on a year-over-year basis and an inventory step-up in 2015 associated with the acquisition of Novariant.

Total operating expenses in 2016 increased to \$23.4 million compared to \$20.6 million in 2015 due to the full year impact of Novariant’s operations in 2016. As a percentage of sales, operating expenses increased to 55.4% compared to 52.7% in 2015 due primarily to sales and marketing costs associated with regional expansion and additions to the global customer care team.

Net loss in 2016 was \$(18.2) million, or \$(0.15) per diluted share, compared to a net loss of (\$9.1) million, or (\$0.11) per diluted share in 2015. Net loss in 2016 included an \$11.3 million goodwill impairment. Excluding this non-cash charge, net loss in 2016 was \$(6.9) million or \$(0.06) per share.

Adjusted EBITDA in 2016 was \$(4.9) million compared to \$(2.9) million in 2015.

Conference Call

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

Date: Friday, March 24, 2017

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: 83599124

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 April 7, 2016.

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

International replay number: 1-416-849-0833

Replay ID: 83599124

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: the Company's strategy to expand into emerging markets; the Company's plans to continue to focus on delivering products that best suit its clients' needs in today's market and in the future and to utilize its strong patent portfolio to drive creative new business opportunities; the Company's belief that given deep industry experience, innovative product development, strong IP, and the support of its strong balance sheet, it is well-positioned to help its customers today and into the future. 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, 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; 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)

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,863,202	\$ 13,047,777
Accounts receivable, net	4,775,737	8,222,606
Inventories	8,225,686	11,800,917
Prepaid expenses and deposits	974,060	975,018
	<u>26,838,685</u>	<u>34,046,318</u>
Property, plant and equipment, net	3,175,628	3,484,406
Intangible assets, net	11,122,812	12,391,146
Goodwill	143,419	11,444,419
	<u>\$ 41,280,544</u>	<u>\$ 61,366,289</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,680,446	\$ 5,970,427
Provisions	544,569	995,938
Current portion of deferred revenue	205,552	342,095
Current portion of finance lease obligation	-	1,160
	<u>4,430,567</u>	<u>7,309,620</u>
Deferred revenue	158,349	203,223
Total liabilities	<u>4,588,916</u>	<u>7,512,843</u>
Shareholders' equity:		
Share capital	148,391,234	147,929,647
Equity reserve	5,264,413	4,669,173
Accumulated deficit	(116,964,019)	(98,745,374)
	<u>36,691,628</u>	<u>53,853,446</u>
	<u>\$ 41,280,544</u>	<u>\$ 61,366,289</u>

AgJunction Inc.

Condensed Consolidated Statements of Profit or Loss
 Three and twelve months ended December 31, 2016 and 2015
 (Expressed in U.S. dollars)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Sales	\$ 8,223,184	\$ 11,644,004	\$ 42,263,738	\$ 39,048,487
Cost of sales	5,339,327	8,881,329	25,735,371	24,220,178
Gross profit	2,883,857	2,762,675	16,528,367	14,828,309
Expenses:				
Research and development	2,003,708	2,896,214	7,735,825	6,728,512
Sales and marketing	1,640,286	1,692,517	6,937,742	5,403,375
General and administrative	2,054,765	3,163,378	8,755,116	8,432,772
	5,698,759	7,752,109	23,428,683	20,564,659
Operating (loss)	(2,814,903)	(4,989,434)	(6,900,316)	(5,736,350)
Intangible assets impairment	–	4,713,670	–	4,713,670
Goodwill impairment	–	–	11,301,000	–
Foreign exchange (gain) loss, net	(2,852)	81,202	(32,732)	203,486
Interest and other (income) expense	(79)	1,169	(60,807)	(23,608)
Loss on sale of property, plant and equipment	86,330	95,646	110,868	132,408
(Gain) on sale of other assets, net of liabilities	–	–	–	(1,623,219)
Net (loss) before income taxes	(2,898,302)	(9,881,121)	(18,218,645)	(9,139,087)
Income tax	–	–	–	–
Net (loss)	\$ (2,898,302)	\$ (9,881,121)	\$ (18,218,645)	\$ (9,139,087)
Earnings per share:				
Basic and diluted (loss) per share	\$ (0.02)	\$ (0.09)	\$ (0.15)	\$ (0.11)

AgJunction Inc.

Condensed Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

(Expressed in U.S. dollars)

	2016	2015
Cash flows from(used in) operating activities:		
Net (loss)	\$ (18,218,645)	\$ (9,139,087)
Items not involving cash:		
Depreciation	706,793	558,810
Amortization	1,271,543	941,799
Share-based payment transactions	969,388	80,049
Allowance on trade receivables	4,715	50,625
Net realizable value write down of inventory	1,043,837	1,547,743
Loss on disposal of property, plant and equipment	110,868	132,408
(Gain) on sale of other assets, net of liabilities	-	(1,623,219)
Intangible assets impairment, net of amortization	-	4,713,670
Goodwill impairment	11,301,000	-
Change in non-cash operating working capital:		
Accounts receivable	3,443,326	(1,121,544)
Inventories	2,531,394	88,895
Prepaid expenses and deposits	958	181,452
Accounts payable and accrued liabilities	(2,289,981)	366,900
Provisions	(451,369)	544,792
Deferred revenue	(181,417)	(931,688)
Income taxes refunded (paid)	-	59,000
Cash flows from(used in) operating activities	242,410	(3,549,395)
Cash flows from(used in) financing activities:		
Payment of finance lease liability	(1,160)	(13,918)
Interest received (paid), net	(1,172)	2,426
Proceeds from the issuance of common shares and stock options exercised	87,439	-
Cash flows from(used in) financing activities	85,107	(11,492)
Cash flows from(used in) investing activities:		
Proceeds from the sale of property, plant and equipment	13,144	5,351
Purchase of property, plant and equipment	(522,027)	(413,109)
Intangible asset addition	(3,209)	(2,130,380)
R&D expense reimbursement	-	1,875,795
Proceeds from the sale of division	-	2,422,916
Cash acquired in business acquisition	-	3,624,336
Cash flow from(used in) investing activities	(512,092)	5,384,909
Increase (decrease) in cash position	(184,575)	1,824,022
Cash and cash equivalents, beginning of year	13,047,777	11,223,755
Cash and cash equivalents, end of year	\$ 12,863,202	\$ 13,047,777

AgJunction Inc.

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

Three and twelve months ended December 31, 2016 and 2015

(Unaudited - expressed in U.S. dollars)

	Three months ended		Twelve months ended	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
Net income (loss)	\$ (2,898,302)	\$ (9,881,121)	\$ (18,218,645)	\$ (9,139,087)
Interest expense (income)	(1,172)	2,426	(1,172)	2,426
Income tax	-	-	-	-
Depreciation	168,073	172,289	706,793	558,810
Amortization	322,122	482,518	1,271,543	941,799
Intangible assets impairment	-	4,713,670	-	4,713,670
Goodwill impairment	-	-	11,301,000	-
Adjusted EBITDA	\$ (2,409,279)	\$ (4,510,218)	\$ (4,940,481)	\$ (2,922,382)