

## AgJunction Reports First Quarter 2017 Earnings Results

**HIAWATHA, KS, May 10, 2017** – AgJunction Inc. (TSX: AJX) ("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, 2017. All currency amounts are expressed in U.S. dollars.

### First Quarter 2017 Financial Summary vs. First Quarter 2016

- Revenue was down to \$14.6 million from \$15.5 million.
- Gross margin increased to 46.8% compared to 43.1%.
- Operating income increased to \$0.6 million from \$0.3 million
- Net income increased significantly to \$3.6 million or \$0.03 per share, from \$0.2 million or \$0.00 per share.
- Adjusted EBITDA increased to \$4.1 million from \$0.7 million.

### Management Commentary

“Our first quarter results demonstrate our ability to drive incremental cash flow despite a continued weak global agriculture industry backdrop,” said Dave Vaughn, president and CEO of AgJunction. “Our strategic agreement with Hemisphere GNSS during the quarter, as well as an improvement in operating margins and continued effective balance sheet management, drove strong free cash flow generation in the seasonally strongest quarter of our year.

“While sales in the quarter remained down slightly on a year-over-year basis, increased order flow that began in late 2016 continued in our first quarter, resulting in sales that exceeded our expectations. This is reflected in our strong inventory reduction and improved working capital position.

“For the remainder of 2017, we will continue to leverage our strong patent portfolio and improved balance sheet to drive creative business opportunities, while delivering products and technology that best suit our clients’ needs. Given this strategy, along with our deep industry expertise, we believe we remain well-positioned to help our customers capitalize on the evolving agriculture market.”

### First Quarter 2017 Financial Results

Total sales in the first quarter of 2017 decreased to \$14.6 million compared to \$15.5 million in the first quarter of 2016 due to continued softness in the agriculture market.

Gross profit in the first quarter of 2017 increased slightly to \$6.8 million compared to \$6.7 million in the first quarter of 2016. Gross margin increased to 46.8% compared to 43.1% in the first quarter of 2016. The increase was due to a Novariant inventory fair value step up expense in the year-ago quarter that did not reoccur, as well as lower year-over-year compensation, freight, supplies and variance account costs.

Total operating expenses declined 3% to \$6.2 million compared to \$6.4 million in the first quarter of 2016 due to lower employee compensation costs. As a percentage of sales, operating expenses were 42.6% compared to 41.4% in the first quarter of 2016.

Net income in the first quarter increased to \$3.6 million or \$0.03 per diluted share, compared to \$0.2 million or \$0.00 per diluted share in the first quarter of 2016. The increase was primarily due to \$3.0 million of interest and other income associated with the Company's entry into a strategic agreement with Hemisphere GNSS, Inc. (Hemisphere), a world-class provider of global navigation satellite systems (GNSS) technology. AgJunction received a one-time payment of \$3.0 million in exchange for releasing Hemisphere from a license restriction that prevented them from selling their GNSS products directly into the global agricultural market.

Adjusted EBITDA in the first quarter of 2017 was \$4.1 million compared to \$0.7 million in the first quarter of 2016.

Cash and cash equivalents at the end of the first quarter of 2017 totaled \$16.0 million compared to \$12.9 million at the end of 2016. The increase was primarily driven by the payment from Hemisphere. The Company continues to carry no debt. Working capital was \$26.7 million, up from \$22.4 million at the end of 2016.

### **Conference Call**

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

Date: Thursday, May 11, 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: 10030958

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](http://www.corp.agjunction.com).

A replay of the conference call will be available after 2:00 p.m. Eastern time on May 11, 2017 through May 25, 2017.

Toll-free replay number: 1-855-859-2056  
International replay number: 1-416-849-0833  
Replay ID: 10030958

### **About AgJunction**

AgJunction ([www.agjunction.com](http://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](http://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, 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 is to drive creative business opportunities 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](http://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.

#### **Contact**

##### **AgJunction**

Michael Manning, CFO

1-785-742-5149

[MManning@agjunction.com](mailto:MManning@agjunction.com)

##### **Investor Relations**

Liolios

Cody Slach, Managing Director

1-949-574-3860

[AJX@liolios.com](mailto:AJX@liolios.com)

# AgJunction Inc.

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

(000's)	March 31, 2017 (Unaudited)	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 15,966	\$ 12,863
Accounts receivable, net of bad debt provisions of \$72 and \$74 as of March 31, 2017 and December 31, 2016, respectively	9,954	4,776
Inventories	5,704	8,226
Prepaid expenses and deposits	956	974
	32,580	26,839
Property, plant and equipment, net	3,050	3,176
Intangible assets, net	10,806	11,123
Goodwill	143	143
	\$ 46,579	\$ 41,281
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,136	\$ 3,680
Provisions	612	545
Current portion of deferred revenue	179	206
	5,927	4,431
Deferred revenue, less current portion	148	158
Total liabilities	6,075	4,589
Shareholders' equity:		
Share capital	148,489	148,391
Equity reserve	5,361	5,265
Accumulated deficit	(113,346)	(116,964)
	40,504	36,692
	\$ 46,579	\$ 41,281

# AgJunction Inc.

Condensed Consolidated Statements of Profit or Loss

Three months ended March 31, 2017 and 2016  
(Unaudited - expressed in U.S. dollars)

(000s)	2017	2016
Sales	\$ 14,573	\$ 15,489
Cost of sales	7,746	8,815
Gross profit	6,827	6,674
Expenses:		
Research and development	2,083	1,949
Sales and marketing	1,903	1,918
General and administrative	2,226	2,540
	6,212	6,407
Operating income	615	267
Foreign exchange (gain) loss, net	(4)	23
Interest expense	1	-
Other income	(3,000)	-
Loss on sale of property, plant and equipment	-	1
	(3,003)	24
Net income before income tax	3,618	243
Income tax	-	-
Net income	\$ 3,618	\$ 243
Earnings per share:		
Basic and diluted income per share	\$ 0.03	\$ 0.00

# AgJunction Inc.

## Condensed Consolidated Statements of Cash Flows

Three months ended March 31, 2017 and 2016  
(Unaudited - expressed in U.S. dollars)

(000s)	2017	2016
Cash flows from operating activities:		
Net income	\$ 3,618	\$ 243
Items not involving cash:		
Depreciation	171	184
Amortization	317	314
Share-based payment transactions	194	277
Allowance on trade receivables	31	—
Net realizable value write down of inventory	189	173
Loss on disposal of property, plant and equipment	—	1
Change in non-cash operating working capital:		
Accounts receivable	(5,209)	(882)
Inventories	2,333	967
Prepaid expenses and deposits	18	241
Accounts payable and accrued expenses	1,456	471
Provisions	67	(257)
Deferred revenue	(37)	(32)
Cash flows from operating activities	3,148	1,700
Cash flows (used in) financing activities:		
Payment of finance lease liability	—	(1)
Cash flows (used in) financing activities	—	(1)
Cash flows (used in) investing activities:		
Purchase of property, plant and equipment	(45)	(136)
Cash flows (used in) investing activities	(45)	(136)
Increase in cash position	3,103	1,563
Cash and cash equivalents, beginning of year	12,863	13,048
Cash and cash equivalents, end of period	\$ 15,966	\$ 14,611

# AgJunction Inc.

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

Three months ended March 31, 2017 and 2016  
(Unaudited - expressed in U.S. dollars)

(000s)	2017	2016
Net income	\$ 3,618	\$ 243
Interest expense	1	—
Income tax	—	—
Depreciation	171	184
Amortization	317	314
EBITDA	\$ 4,107	\$ 741