Condensed Consolidated Interim Financial Statements of

AgJunction®

Three and nine months ended September 30, 2018

(Unaudited - expressed in U.S. dollars)

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
		33,834		26,695
Contract assets		219		–
Property, plant and equipment, net		1,349		2,899
Intangible assets, net		9,258		9,856
Goodwill		143		143
	$	44,803	$	39,593
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued expenses	$	9,632	$	5,649
Warranty Provisions (note 5)		709		629
Current portion of contract liabilities, net**		153		–
Current portion of deferred revenue		448		149
		10,942		6,427
Contract liabilities, net less current portion**		106		–
Deferred revenue, less current portion		2,016		100
Total liabilities		13,064		6,527
Shareholders' equity:				
Share capital (note 3)		148,496		146,896
Equity reserve		4,810		5,805
Accumulated deficit		(121,567)		(119,635)
		31,739		33,066
	$	44,803	$	39,593

* The December 31, 2017 balance sheet figures have been derived from the audited consolidated financial statements as of that date.

** The Company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See note 2.

See accompanying notes to condensed consolidated interim financial statements.

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, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenue (note 4)	$ 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 (note 7)	–	–	–	(3,000)
(Gain) loss on disposal of property, plant and equipment	–	1	(13)	19
(Gain) on sale of division (note 9)	(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

See accompanying notes to condensed consolidated interim financial statements.

AgJunction Inc.

Condensed Consolidated Statements of Changes in Equity

(Expressed in U.S. dollars)

(000s)		Share capital		Equity reserve		Deficit		Total equity	Number of shares
Balance at December 31, 2016	$	148,391	$	5,265	$	(116,964)	$	36,692	124,074
Net loss		–		–		(4)		(4)	–
Purchase and cancellation of common shares		(1,767)		–		–		(1,767)	(7,853)
Share-based payment transactions (note 3(c))		–		562		–		562	–
Issue of restricted share awards, net (note 3(c))		262		(262)		–		–	639
Balance at September 30, 2017 (unaudited)	$	146,886	$	5,565	$	(116,968)	$	35,483	116,860
Balance at December 31, 2017	$	146,896	$	5,805	$	(119,635)	$	33,066	116,879
Impact of change in accounting policy*		–		–		(253)		(253)	–
Balance at January 1, 2018 (unaudited)	$	146,896	$	5,805	$	(119,888)	$	32,813	116,879
Net loss		–		–		(1,679)		(1,679)	–
Share-based payment transactions (note 3(c))		–		605		–		605	–
Issue of restricted share awards, net (note 3(c))		1,600		(1,600)		–		–	2,238
Balance at September 30, 2018 (unaudited)	$	148,496	$	4,810	$	(121,567)	$	31,739	119,117

* The Company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See note 2.

See accompanying notes to condensed consolidated interim financial statements.

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)	$ (1,679)	$ (4)
Items not involving cash:		
Depreciation	498	507
Amortization	946	949
Share-based payment transactions (note 3(c))	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 expenses	4,016	476
Warranty Provisions (note 5)	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

* The Company has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated. See note 2.

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

AgJunction Inc. (the "Company") is a publicly traded company listed on the Toronto Stock Exchange under the ticker symbol "AJX", domiciled in Canada with its primary office located at 9150 E. Del Camino Drive, Suite 109, Scottsdale, Arizona. The condensed consolidated interim financial statements of the Company as of September 30, 2018, and for the three and nine months ended September 30, 2018 and 2017 comprise the accounts of the Company and its subsidiaries (together referred to as the "Company"). AgJunction Inc. is a leading provider of innovative hardware and software solutions for precision agriculture worldwide. The Company holds fundamental steering and machine control patents and markets its products and services under leading brand names and Satloc®. Its autosteering and machine control solutions are critical components in over 30 of the world's leading precision Ag manufacturers and solution providers. The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 6, 2018.

2. Basis of preparation and presentation:

(a) These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34, *Interim Financial Reporting.*

These interim financial statements follow the same accounting policies and methods of application as set out in the consolidated financial statements for the year ended December 31, 2017, except as noted in 2(b) for adoption of new accounting pronouncements. These statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017.

(b) Recently adopted accounting pronouncements

IFRS 9, *Financial Instruments*

In July 2014, the IASB issued IFRS 9, *Financial Instruments*, which clarified how entities are to classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. The standard was adopted as of January 1, 2018 and had no impact on the financial results of the Company.

Amendments to IFRS 2, *Share-based Payment*

In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, which clarified the classification and measurement of share-based payment transactions. The amended standard was adopted as of January 1, 2018 and had negligible impact on the financial results of the Company.

IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

2. Basis of preparation and presentation (continued):

In December 2016, the IASB published IFRIC 22, *Foreign Currency Transactions and Advance Consideration* which was developed by the IFRS Interpretations Committee to clarify the accounting for transactions which include receipt or payment of advance consideration in a foreign currency. The interpretation was adopted as of January 1, 2018 and had negligible impact on the financial results of the Company.

IFRS 15, *Revenue from Contracts with Customers:*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, a new standard related to revenue recognition which was effective January 1, 2018. Under the standard, revenue is recognized when the Company satisfies its performance obligations. Performance obligations are satisfied when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted the new standard effective January 1, 2018. The cumulative effect of initially implementing IFRS 15 under the modified retrospective method as of that date resulted in an adjustment to retained earnings of $253, and adjustment to contract assets of $189 and an adjustment to contract liabilities of ($442). The most significant impact of implementing IFRS 15 relates to our accounting for non-recurring engineering (“NRE”) agreements, which had previously not met the criteria for revenue recognition under past standards.

These NRE agreements fall into one of three categories, software upgrades, equipment prototype design (“hardware”), and feature code development. Revenue generated from software upgrade NRE is recognized upon delivery of the software upgrade to the customer. Revenue generated from equipment prototype design and feature code development NRE is initially deferred and later recognized on a pro-rata basis as new equipment or feature codes connected with those NRE agreements are purchased.

Costs related to NRE agreements under all three categories are capitalized as a contract asset as the expenses are incurred, not to exceed contractual NRE billings. Capitalized expenses include amounts paid to external vendors as well as internal labor costs. Contract assets related to software upgrades are fully expensed upon delivery of the software upgrade to customers. Contract assets related to equipment prototype design and feature code development are expensed on a pro-rata basis as new equipment or feature codes connected with those NRE agreements are purchased. This requires an estimate of future sales of related hardware and feature codes. Capitalized expenses related to these NRE agreements are represented as net contract assets on the Condensed Consolidated Statements of Financial Position and total $219 as of September 30, 2018. These net contract assets relate solely to software NRE agreements.

Under the standard, sales-based or usage-based royalty revenue is recognized when the Company satisfies its performance obligations over the contractual term. In addition, the

2. Basis of preparation and presentation (continued):

standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Royalty revenue is located within the Revenue line of the Condensed Consolidated Statements of Profit or Loss. Royalty revenue recognized in the period ending September 30, 2018 totals $93. Deferred royalty revenue is represented as net contract liabilities on the Condensed Consolidated Statements of Financial Position and total $2,464 as of September 30, 2018.

(c) New standards and interpretations not yet adopted:

In January 2016, the IASB issued IFRS 16, *Leases*, which requires major revisions in the way lessees currently account for leases under IAS 17, *Leases*. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, *Revenue from Contracts with Customers*, has also been applied. The standard allows for full retrospective or modified retrospective implementation along with various options, exemptions and practical expedients that can be elected at implementation. The company is currently evaluating the impact of adopting this standard, however we do not expect the adoption to have a significant impact on the Company's financial results.

In June 2017, the IASB published IFRIC 23, *Uncertainty over Income Tax Treatments* which was developed by the IFRS Interpretations Committee to enhance transparency and to clarify the accounting for income tax treatments that have yet to be accepted by tax authorities. The interpretation is effective for annual periods beginning on or after January 1, 2019, with early application permitted. This standard is not expected to have a significant impact on the Company's financial results.

(d) Financial instruments

The Company classifies its financial instruments measured at fair value using a fair value hierarchy defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of September 30, 2018, and December 31, 2017, the carrying values of all financial assets and liabilities approximate fair value.

3. Share capital:

(a) Authorized:

An unlimited number of common shares and an unlimited number of both first and second preferred shares, issuable in series, are authorized.

(b) Issued:

Issued share capital consists of 119,117 common shares at $148,496.

(c) During the nine months ended September 30, 2018, the Company recorded $605 (2017 – $562) share based compensation expense relating to options and restricted share awards.

Change in the number of options, with their weighted average exercise prices are summarized below:

Three months ended:

(Share price in CAD)	September 30, 2018			September 30, 2017		
	Number Options		Weighted average exercise price	Number options		Weighted average exercise price
Total options outstanding, beginning of period	7,359	$	0.62	7,795	$	0.65
Granted	–		–	1,097		0.51
Exercised	–		–	–		–
Expired or cancelled	(16)		1.12	(1,359)		0.65
Share options outstanding, end of period	7,343	$	0.62	7,533	$	0.63

3. Share capital (continued):

Nine months ended:

(Share price in CAD)	September 30, 2018			September 30, 2017		
	Number Options		Weighted average exercise price	Number options		Weighted average exercise price
Total options outstanding, beginning of period	7,409	$	0.62	7,136	$	0.66
Granted	–		–	1,847		0.50
Exercised	–		–	–		–
Expired or cancelled	(66)		0.94	(1,450)		0.66
Share options outstanding, end of period	7,343	$	0.62	7,533	$	0.63

(Share price in CAD)	Options outstanding				Options exercisable		
Range of exercise prices outstanding	Number outstanding at September 30, 2018	Weighted average remaining contractual life (months)		Weighted average exercise price	Number exercisable at September 30, 2018		Weighted average exercise price
$0.50 – 1.00	7,313	31	$	0.61	3,540	$	0.62
$1.01 – 1.12	30	3	$	1.12	29	$	1.12
$0.50 – 1.12	7,343	31	$	0.61	3,569	$	0.62

3. Share capital (continued):

Change in the number of restricted share awards (RSAs), with their weighted average grant prices are summarized below:

Three months ended:

(Share price in CAD)	September 30, 2018		September 30, 2017	
	Number RSAs	Weighted average grant price	Number RSAs	Weighted average grant price
Total RSAs outstanding, beginning of period	3,962	$ 0.75	2,125	$ 0.54
Granted	–	–	267	0.50
Vested	(168)	0.74	(52)	0.51
Expired or cancelled	(146)	0.85	(50)	0.57
RSAs outstanding, end of period	3,648	$ 0.76	2,290	$ 0.53

Nine months ended:

(Share price in CAD)	September 30, 2018		September 30, 2017	
	Number RSAs	Weighted average grant price	Number RSAs	Weighted average grant price
Total RSAs outstanding, beginning of period	2,280	$ 0.53	4,132	$ 0.60
Granted	2,538	0.87	757	0.52
Vested	(870)	0.53	(2,549)	0.64
Expired or cancelled	(300)	0.69	(50)	0.57
RSAs outstanding, end of period	3,648	$ 0.76	2,290	$ 0.53

The restricted share awards outstanding as of September 30, 2018 have a weighted average remaining vesting life of 30 (2017 – 28) months.

(d) The grant date fair value of share options granted is estimated by using the Black-Scholes call option pricing model. Share options issued in the first three quarters of 2018 were nil.

3. Share capital (continued):

The following assumptions were used in determining the fair value of the January 2017 share option issuances: Company share price at issuance; share option exercise price; weighted average volatility of 56%; interest rate of 0.76%; and weighted average expected life of 4.0 years. The following assumptions were used in determining the fair value of the June 2017 share option issuances: Company share price at issuance; share option exercise price; weighted average volatility of 54%; interest rate of 0.85%; and weighted average expected life of 4.0 years.

The grant date fair value of RSAs granted is estimated by using the Black-Scholes put option pricing model. The following assumptions were used in determining the fair value of the March 2018 RSA grants: Company share price at issuance; weighted average volatility of 57%; interest rate of 1.74%; and weighted average expected life of 3.0 years. Two RSA issuances with differing vesting periods were completed in April 2018. Accordingly, differing assumptions were used in the fair value calculations. The following assumptions were used in the first issuance: Company share price at issuance; weighted average volatility of 51%; interest rate of 1.79%; and weighted average expected life of 1.0 year. The following assumptions were used in the second issuance: Company share price at issuance; weighted average volatility of 56%; interest rate of 1.79%; and weighted average expected life of 3.0 years.

The following assumptions were used in determining the fair value of the January 2017 RSA grants: Company share price at issuance; weighted average volatility of 64%; interest rate of 0.76%; and weighted average expected life of 3.0 years. The following assumptions were used in determining the fair value of the June 2017 grants: Company share price at issuance; weighted average volatility of 57%; interest rate of 0.69%; and weighted average expected life of 3.0 years.

(e) On June 27, 2017, the Company repurchased and returned to treasury for cancellation 7,852,989 of its common shares under an arm's length private transaction for $1,767.

4. Revenue concentration:

Revenue by business unit:

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Agriculture	$ 17,862	$ 8,978	$ 47,412	$ 36,892

Revenue by geographic region:

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Americas	$ 3,923	$ 5,549	$ 19,165	$ 20,888
Asia-Pacific (APAC)	452	222	1,371	2,069
Europe, the Middle East, and Africia (EMEA)	13,487	3,207	26,876	13,935
	17,862	8,978	47,412	36,892

Payment terms associated with revenue recognized in each period shown above are normally 30 days from invoice date, however some payment terms are extended up to 90 days.

5. Warranty Provisions:

	Warranty	Restructuring	Total
Balance at December 31, 2017	$ 613	$ 16	$ 629
Provisions made during the period	717	–	717
Provisions used during the period	(484)	(16)	(500)
Sale of division	(137)	–	(137)
Balance at September 30, 2018	$ 709	$ –	$ 709

6. Related party transactions:

In 2016, Jonathan Ladd, while Chairman of the Board of AgJunction was engaged by the Company to act as a Senior Strategic Advisor to the CEO at an hourly rate plus 800 thousand options as share-based compensation whereby the options vest equally over a 48-month period. Mr. Ladd remains as a Senior Strategic Advisor to the CEO and Board Member of AgJunction though his term as Chairman of the Board ended on May 23, 2018.

For the period January 1, 2018 through September 30, 2018, the Company incurred short term compensation expense in the amount of $67 ($136 in the same period of 2017) for duties performed by Mr. Ladd as well as $17 ($34 in the same period of 2017) in travel and other business-related expenses associated with this service agreement. These expenses are located within the General and administrative line item of the Condensed Consolidated Statement of Profit or Loss. Of these expenses, $2 were unpaid as of September 30, 2018, and are located within the accounts payable and accrued expenses line item of the Condensed Consolidated Statement of Financial Position.

The options issued to Mr. Ladd in connection to his role as Senior Strategic Advisor have a fair value of $144 (209 CAD) as of the options' grant date, January 18, 2016. Related share-based compensation expense recognized within the General and administrative line item of the Condensed Consolidated Statement of Profit or Loss for the nine month period presented totals $19 (24 CAD). The grant date fair value of the options granted was estimated by using the Black-Scholes call option pricing model. The following assumptions were used in determining the fair value: Company share price at issuance; share option exercise price; weighted average volatility of 49%; interest rate of 0.63%; and expected life of 4.0 years.

The terms and conditions of this transaction were no more favorable than those available, or which might reasonably be expected to be available, in similar arrangements with non-key management personnel related to the Company on an arm's length basis.

7. Release of license restriction:

During the first quarter of 2017, the Company entered a strategic agreement with Hemisphere GNSS, Inc. (Hemisphere), a world-class provider of global navigation satellite systems (GNSS) technology, whereby the Company 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. This one-time payment is located within the Other income line of the September 30, 2017 Condensed Consolidated Statements of Profit or Loss.

8. Internally Developed Intangible Assets:

The Company incurs research and development expenses during the general course of business to enhance existing products by increasing and/or extending the functionality and/or performance of existing products or to create new products.

During the three months ended September 30, 2018 the Company capitalized $1,040 in development costs. This capitalization is captured on the Intangible assets line under the assets section on the Condensed Consolidated Statements of Financial Position.

9. Sale of Outback Division:

On August 31, 2018, the Company closed the sale of certain assets and liabilities of its Outback Guidance (Outback) business to Hemisphere GNSS (HGNSS) for $6,000. The transaction will allow AgJunction to focus on its core strategy to grow the market for autosteering.

The sale of Outback includes the Outback Guidance® brand, the REBEL™ autosteering products, and AgJunction's Hiawatha, Kansas and Winnipeg, Canada facilities. HGNSS will take over the relationships with the Outback independent dealer network, and the majority of the Outback workforce are transitioning to HGNSS. Certain assets and liabilities associated with the Outback Guidance business operations sold and are as follows:

	Total
Prepaid expenses	$ 31
Inventories	3,127
Property, plant and equipment, net	1,543
Assets Sold	$ 4,701
Deferred revenue	166
Warranty Provisions	137
Accounts payable and accrued expenses	33
Liabilities Sold	336
Assets Sold, net	$ 4,365

In connection with the sale of Outback, the Company wrote off $692 of intangible assets related to the Outback division that no longer had any future value to the Company. This $692 is included in the gain on sale of division. A gain on the sale of division of $943, was recognized and is reported on the September 30, 2018 Condensed Consolidated Statements of Profit or Loss.