AGI Announces Second Quarter 2022 Results

Winnipeg, MB, Aug 10, 2022 – Ag Growth International Inc. (TSX: AFN) ("AGI", the "Company", "we" or "our") today announced its financial results for the three- and six-month periods ended June 30, 2022[1].

			Three-months ended June 30	
	2022	2021	Change	Change
[thousands of dollars except per share amounts and percentages]	$	$	$	%
Sales	389,943	301,592	88,351	29%
Adjusted EBITDA [1][2]	66,076	46,232	19,844	43%
Adjusted EBITDA Margin % [3]	16.9%	15.3%	1.6%	11%
(Loss) profit before income taxes	(2,262)	16,146	(18,408)	(114%)
(Loss) profit	(4,915)	14,276	(19,191)	(134%)
Diluted (loss) profit per share	(0.26)	0.74	(1.00)	(135%)
Adjusted profit [1][4]	25,158	16,468	8,690	53%
Diluted adjusted profit per share [3][4]	1.20	0.85	0.35	41%

			Six-months ended June 30	
	2022	2021	Change	Change
[thousands of dollars except per share amounts and percentages]	$	$	$	%
Sales	681,974	557,569	124,405	22%
Adjusted EBITDA [1][2]	107,399	85,316	22,083	26%
Adjusted EBITDA Margin % [3]	15.7%	15.3%	0.4%	3%
Profit before income taxes	18,328	34,312	(15,984)	(47%)
Profit	10,256	26,980	(16,724)	(62%)
Diluted profit per share	0.53	1.40	(0.87)	(62%)
Adjusted profit [1][4]	27,454	24,330	3,124	13%
Diluted adjusted profit per share [3][4]	1.38	1.26	0.12	10%

[1] This is a non-IFRS measure. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each non-IFRS measure.
[2] See "Profit before income taxes and Adjusted EBITDA".
[3] This is a non-IFRS ratio. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each non-IFRS ratio.
[4] See "Diluted profit per share and Diluted Adjusted Profit Per Share".

[1] This press release makes reference to certain specified financial measures, including non-IFRS financial measures (historical and forward-looking), non-IFRS ratios and supplementary financial measures. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each specified financial measure.

Consolidated Segment Results Summary

[thousands of dollars except percentages]	2022 $	2021 $	Three-months ended June 30 Change $	Change %
Sales [1]				
Farm	215,405	168,119	47,286	28%
Commercial	163,331	124,929	38,402	31%
Digital	11,207	8,544	2,663	31%
Total	389,943	301,592	88,351	29%

[1] The sales information in this section are supplementary financial measures and are used throughout this press release. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on these supplementary financial measures.

[thousands of dollars except percentages]	2022 $	2021 $	Three-months ended June 30 Change $	Change %
Adjusted EBITDA [1] [2]				
Farm	52,397	42,602	9,795	23%
Commercial	23,785	11,762	12,023	102%
Digital	(1,147)	(1,878)	731	(39%)
Other [3]	(8,959)	(6,254)	(2,705)	43%
Total	66,076	46,232	19,844	43%

[1] This is a non-IFRS measure and is used throughout this press release. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.

[2] See "DETAILED OPERATING RESULTS – Profit (loss) before income taxes and Adjusted EBITDA" and " DETAILED OPERATING RESULTS – Profit (loss) before income taxes and Adjusted EBITDA by Segment" in our Management's Discussion and Analysis for the three- and six-month periods ended June 30, 2022 ("MD&A").

[3] Included in Other is the corporate office, which is not a reportable segment, and which provides finance, treasury, legal, human resources and other administrative support to the segments.

	2022	2021	Three-months ended June 30 Change	Change
Adjusted EBITDA Margin % [1]				
Farm	24%	25%	(0.01)	(4%)
Commercial	15%	9%	0.05	55%
Digital	(10%)	(22%)	0.12	(53%)
Total	17%	15%	0.02	11%

[1] This is a non-IFRS ratio and is used throughout this press release. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS ratio.

AGI continued its strong performance in the second quarter with record sales and Adjusted EBITDA, which increased 29% and 43% year-over-year ('YOY') for the three-months ended June 30, 2022 ("Q2"), respectively. Our record results were supported by strength across nearly all our segments and geographies as we expanded margins despite supply chain issues, regional disruption in Europe, Middle East and Africa ("EMEA"), and continued cost inflation pressure.

Farm segment sales[2] and Adjusted EBITDA[3] increased 28% and 23% YOY, respectively, in Q2 with strong results from Canada, U.S., Asia Pacific, and South America. Commercial segment sales and Adjusted EBITDA increased 31% and 102% YOY, respectively, in Q2 with a significant growth in Canadian sales and continued growth in the U.S. and Asia Pacific markets. The momentum in Brazil continued with sales and Adjusted EBITDA growing 80% and 105% YOY, respectively, in Q2 and India also experienced significant growth in sales and Adjusted EBITDA, growing 38% and 56% YOY, respectively, in Q2.

With strong order intake, our Digital segment sales increased 31% YOY in Q2, despite continued industry-wide component shortages of critical chips required for production which impacted our ability to meet customer demand. Order intake was very strong and outpaced our ability to manufacture due to the component shortages. Adjusted EBITDA also improved YOY from a loss of $1.9 million to a loss of $1.1 million in Q2.

On a consolidated basis, our loss before income taxes for the three-months ended June 30, 2022 was $2.3 million as compared to a profit of $16.1 million in 2021. This result was due to the loss on financial instruments related to the equity swap, the increase of finance costs as a result the increase in borrowings; the increase in borrowing costs; fees associated with the retirement of our series B and series C secured notes; and the amortization of deferred financing fees from the early redemption of the 2018 Debentures (as defined below) [see "Debt Facilities" and "Debentures" in our Management's Discussion and Analysis in our MD&A], the increase in finance expense as a result of the impact of foreign exchange on the valuation of our long-term debt, and the revaluation gains in 2021 offset by the increase in sales and gross profit percentage in 2022 [See "DETAILED OPERATING RESULTS" in our MD&A].

"Our strong results and momentum continued in the second quarter with another record result," noted Tim Close, President & CEO of AGI. "Broad-based strength across our segments and geographies continues to achieve significant growth along with expanding margins. Solid demand across regions and platforms combined with our global strategy to have full systems capabilities in each region continue to deliver strong visibility for continued growth. Our record results year to date combined with this increased visibility going into the second half of the year provides confidence in raising our full-year guidance for Adjusted EBITDA to at least $215 million[4]."

BASIS OF PRESENTATION

For the year ended December 31, 2021, the effect of foreign currency translations arising from the settlement of accounts receivables and payables recorded in a currency other than the Company's functional currency have been presented within finance income (expenses); historically, the foreign exchange impact was presented in sales and a reconciliation was made to trade sales as presented in prior press releases and MD&As. This change in presentation effectively eliminates the need for trade sales and therefore sales is presented in this press release with the reclassification of comparative information.

[2] All sales information in this press release that is presented on a segment or geographic basis is a supplementary financial measure. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each supplementary financial measure.

[3] All adjusted EBITDA information in this press release that is presented on a segment or geographic basis is a non-IFRS measure. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each non-IFRS measure.

[4] Adjusted EBITDA for the year ended December 31, 2021 was $176.3 million. See "Reconciliation of Adjusted EBITDA to profit (loss) before income taxes for the years ended December 31, 2021 and 2020".

The Company's change in presentation in its consolidated financial statements was made in accordance with IAS 1 and IFRS 8. Under IFRS 8, a change in accounting policy is permitted if the change results in the financial statements providing more reliable and relevant information about the effects of transactions on the entity's financial position. In addition, IAS 1 requires an entity to reclassify its comparative information when making such changes in presentation and therefore comparative figures have been restated accordingly.

Description of Business Segments and Platforms

AGI's demand drivers are closely linked to crop production volumes, global grain movement, and global food and feed consumption levels. A relative lack of investment in food infrastructure in developing regions along with required ongoing maintenance capital requirements in developed regions provide positive demand dynamics for AGI. These core demand drivers are further augmented by increasing population, changing dietary trends, and increased focus on food security infrastructure.

Farm Segment

AGI's Farm segment includes the sale of grain, seed, and fertilizer handling equipment, aeration products, grain and fuel storage solutions, and grain management technologies.

Commercial Segment

AGI's Commercial segment includes the sale of larger diameter grain storage bins, high-capacity grain handling equipment, seed and fertilizer storage and handling systems, feed handling and storage equipment, aeration products, automated blending systems, control systems, and food processing solutions.

Food Platform

The AGI Food platform falls within AGI's Commercial segment. The Food platform's end customers are involved in producing processed food and beverages of all types. AGI Food provides full process design engineering, overall project engineering, project management services, and equipment supply. Our process design services result in close partnerships with our customers as we become involved early in the project formation stage. Our project management services include leading the customer project from conception to commissioning and working with our customers to manage all dynamics of the project throughout design and execution. We also manufacture and supply the infrastructure equipment components of these projects. Consistent with our Farm and Commercial segments, our equipment products in the Food platform address the storage, blending, and movement of ingredients involved in each process.

Digital Segment (previously Technology Segment)

AGI's Digital segment (previously Technology Segment) is built on a foundation of our Internet of Things ('IoT') products and technologies. We design, manufacture, and supply IoT hardware that monitors, operates, and automates our equipment and the collection of key operational data for our customers. This operational data is fed into intuitive and rich user interfaces, AGI SureTrack and Plant Manager, to enable our customers to operate and monitor their equipment, record operational activity, manage and market their inventories, and holistically operate their businesses. The IoT product portfolio is a mix of stand-alone hardware including weather stations, soil probes, grain temperature and moisture sensors, and field equipment data (Farmobile PUC) and is further augmented through the digitalization of AGI products. The acquisition of a controlling interest in Farmobile Inc. ("Farmobile") in 2021 further moves AGI into the middle of the data verification space required by the rapidly developing carbon and traceability markets. This strengthens our unique ability to capture machine and agronomic data across the entire farming process – from seeding through to harvest and into the broader grain supply chain. As a result, we have renamed our Technology Segment as the Digital Segment to recognize the digital evolution of this group. In addition, our digital and technology products offer monitoring, operation, measurement and blending controls, automation, hazard monitoring, embedded electronics, farm management, grain marketing and tools for agronomy, and Enterprise Resource Planning

["ERP"] for AGI dealers and agriculture retailers. These products are available both as standalone offerings, as well as in combination with larger farm or commercial systems from AGI.

OPERATING RESULTS and OUTLOOK [5]

Farm Segment

Farm segment sales and Adjusted EBITDA increased 28% and 23% YOY, respectively, in Q2 with strong results from Canada, U.S., Asia Pacific, and South America. The demand for portable farm equipment continues to be very robust as this equipment is critical to ensuring smooth farm operations. High crop demand and prices have resulted in robust crop sales resulting in lower overall storage levels on the farm ahead of the upcoming North American harvest which has consequently led to lower grain bin demand. However, this impact is expected to be temporary as the combination of high crop prices and strong crop volumes drive renewed pressure to install and expand farm storage, supporting both maintenance spend to ensure ongoing functionality and incremental investment in storage and handling equipment to accommodate an expanding overall crop size.

The segment backlogs[6] remains strong, and looking ahead, we anticipate the strong results in our Farm Segment from the first half ("H1") of 2022 will continue into the second half ("H2") of 2022.

Canada

Sales increased 11% while backlogs decreased 6% YOY in Q2 as many parts of Western Canada continue to recover from the extreme drought conditions in 2021 that impacted the demand for storage and handling equipment. We anticipated this impact to the Canadian Farm segment in H1 2022 but noted signs of a rebound towards the end of Q2 2022. Management expects that the Canadian Farm segment will continue to rebound in H2 2022 as dealers begin to move their inventory in the upcoming months.

United States

Sales increased 25% YOY in Q2 as brisk demand for portable equipment continued across many growing regions. Demand for portable equipment remains strong with many dealers continuing to report low inventory levels. Our strategy to expand our U.S. dealer base has helped build demand for AGI products within a key sales channel for the segment. Together, these factors have resulted in a 42% increase in U.S. Farm backlog as compared to June 30, 2021. We continue to expect strong results from the U.S. Farm segment in H2 2022.

International

Farm segment sales increased 127% YOY in Q2, with significant growth in permanent handling equipment in South America and Asia Pacific, supported by favorable macroeconomic conditions. Specifically, Brazil's sales increased 238% YOY in Q2 as strong demand for permanent handling equipment and systems continues in step with expanding crop volume. The results in EMEA have been impacted by the sudden halt to projects affected by the Russia-Ukraine conflict (See "RISKS AND UNCERTAINTIES – Russia-Ukraine Conflict" in our MD&A). However, we have been able to redirect our efforts in other regions thus limiting the disruption on AGI operations and results. Our ability to temporarily pivot away from this region without significantly impacting our overall results highlights the benefit of our diversified growth strategy. With robust quoting pipelines, we anticipate strong results from the various international regions in H2 2022.

---

[5] See "BASIS OF PRESENTATION", "RISKS AND UNCERTAINTIES" AND "FORWARD-LOOKING INFORMATION" in our MD&A.

[6] Backlog is a supplementary financial measure. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each supplementary financial measure.

Commercial Segment

Commercial segment sales and Adjusted EBITDA increased 31% and 102% YOY in Q2, respectively, with a significant rebound in Canadian sales and continued growth in the U.S. and South American markets. Key contributors to the growth included the Food platform which continues to grow in response to strong customer demand with sales increasing 103% YOY, and 57% net of acquisitions [see "2022 ACQUISITION – Eastern Fabricators" in our MD&A], for the three-months ended June 30, 2022. The increase in Adjusted EBITDA is primarily due to price management, cost control, and scaling on an increased revenue base which helped capture incremental gross margin. In addition, the Canadian Commercial platform continued to rebound with sales and backlog up 101% and 12% YOY, respectively, in Q2.

Looking ahead, we anticipate growth to continue in the Commercial segment in H2 2022. Adjusted EBITDA continues to be an area of focus of the Commercial platform, and similar to the Farm segment, securing components on a timely and cost-effective basis amid the supply chain disruptions has been challenging. Many of AGI's Commercial platform contracts include provisions to pass along some or all of the key raw material cost increases and open sales quotes are continuously reviewed and updated for changes in market conditions.

Overall, the Commercial segment is seeing strong demand with backlogs up 22% YOY and the Commercial platform and Food platform backlogs increasing 26% and 6% YOY, respectively, which signal a strong performance in the H2 2022.

Canada

Commercial segment sales increased 112% YOY for the three-months ended June 30, 2022. Specifically:

- The grain terminal and grain processing markets resumed capital spending following a temporary decrease in spending after significant build out from 2015 through 2020. Consequently, the Canadian Commercial platform's backlog is up 12% YOY in Q2.
- Commercial platform sales in Canada increased 101% YOY as increased quoting activities in Q4 2021 and Q1 2022 for grain terminal projects drove a recovery of this sector in H1 2022. We expect the Canadian commercial platform will continue to grow for the remainder of 2022.
- Food platform sales increased 146% YOY, with continued strong demand in Q2 2022 supported by the acquisition of Eastern. The acquisition of Eastern Fabricators ("Eastern") also provided additional production capacity and resources which helped support the Food platform's sales growth in Q2 2022.

Management anticipates the momentum will continue in H2 2022 for the Canadian Commercial platform. We also anticipate strong H2 2022 results from the Canadian Food platform driven by the significant demands and robust quoting pipelines in this region.

United States

Commercial segment sales increased 39% YOY for the three-months ended June 30, 2022. Specifically:

- Commercial platform sales in the U.S. increased 23% YOY, with sales growth driven by the demand in commercial infrastructure and supported by a positive export outlook.
- Food platform sales in the U.S. increased 107% YOY, as a result of continued demand in the petfood market and our efforts to develop strategic relationships with key partners.

With robust quoting pipelines and a sizable backlog as at June 30, 2022, we anticipate strong H2 2022 results from the U.S. Commercial platform. Similarly, the U.S. Food platform is also expected to perform well in H2 2022 based on robust quoting pipelines in this region.

International

Commercial segment sales increased 11% YOY for the three-months ended June 30, 2022. Specifically:

- Commercial platform sales increased 6% YOY with solid growth in the Asia Pacific and South America regions - 14% and 5%, respectively - as favourable macroeconomic conditions continue to stimulate commercial infrastructure investment. The EMEA region remained flat as anticipated as the region has been impacted by the Russia-Ukraine conflict. Nonetheless, the impact was substantially mitigated by our ability to pivot efforts in the region to other geographies and lost volumes have largely been replaced by other projects within the EMEA region. Additional information on the potential impact of the conflict between Russia and Ukraine can be found in "RISKS AND UNCERTAINTIES – Russia-Ukraine Conflict" in our MD&A.
- Results from Brazil and India continue to gain momentum as sales increased 9% and 33% YOY, respectively, in Q2.
    - Brazil continued to see very strong demand for AGI products and systems in the Commercial segment, supported by a favorable macroeconomic environment and a significant backlog in Q2.
    - Sales continued to grow in India as demand for rice milling equipment has continued to increase throughout H1 2022 resulting in a 29% increased backlog YOY in Q2.
    - We anticipate both Brazil and India will be strong contributors to our H2 2022 performance.
- Food platform sales increased 74% YOY in Q2, driven by growth across all regions. Both Asia Pacific and South America are relatively new markets for the Food platform and we expect their performance to fluctuate from period to period. However, we anticipate ongoing sales growth in these regions in the near-term supported by ongoing sales and quoting activities.

Overall, we continue to expect significant growth opportunities within the various international regions for our Commercial and Food platforms in the near-term, particularly Brazil and India, supported by favorable macroeconomic conditions. The Russia-Ukraine conflict may temporarily impact our performance in the EMEA region, but our ability to quickly refocus our sales efforts to other regions has significantly reduced the potential impact. The ongoing quoting activities and backlogs support our positive outlook in H2 2022.

Digital Segment

Digital segment sales increased 31% YOY for the three-months ended June 30, 2022. Sales continue to grow as a result of the initiatives taken in 2021 which included adding dealer channels for Digital products, expanding direct sales channels, automating areas of production, and increasing capacity. We continue to realize the benefits of these initiatives as our Digital segment saw record order intake in H1 2022. The increase in sales volume led to Adjusted EBITDA improving 39% YOY in Q2 from a loss of $1.9 million to a loss of $1.1 million.

Overall, we are seeing increased demand for our Digital offerings as more end customers begin to realize the value and efficiencies of digitizing aspects of their operations. We have made significant progress in expanding product development, sales channels, as well as production capacity and expect the momentum to continue in H2 2022. However, the ongoing chip availability issues remain a risk to our ability to produce some pieces of IoT hardware which may impact the timing of our revenue recognition for the foreseeable future.

Summary

Successful execution of our 5-6-7 strategy led to the diversification of our products, geographies, and customers which provided stability and resilience during the trade wars of 2019, the COVID crisis in 2020, the extreme supply chain environment in 2021, and the inflationary pressure and Russia-Ukraine conflict in 2022. This strategy was critical to setup AGI for record results in 2021, despite the challenges of operating a global business amid difficult conditions, and positions the Company for another record year in 2022.

With backlogs up 19% YOY in Q2 over a strong comparable period, and robust quoting pipelines globally, the Company has increased its expected full year 2022 Adjusted EBITDA guidance to at least $215 million with growth over 2021 to be the most pronounced in the third quarter.

See also, "Risks and Uncertainties" and "Forward-Looking Information" in our MD&A and “Forward-Looking Information” in this press release.

The following table presents YOY changes in the Company’s backlogs[1] as at June 30, 2022:

	Region			
Segments and Platforms [2]	Canada %	United States %	International %	Overall %
Farm	(6%)	42%	(17%)	15%
Commercial				
Commercial Platform	12%	20%	31%	26%
Food Platform	33%	(20%)	107%	6%
Total Commercial Segment	17%	1%	36%	22%
Overall	1%	19%	28%	19%

[1] This is a supplementary financial measure and is used throughout this press release. See “NON-IFRS and OTHER FINANCIAL MEASURES” for more information on this supplementary financial measure.
[2] Backlog for our Digital segment has been excluded as products and services are delivered on a just-in-time basis and therefore backlog is not a relevant indicator of committed sales.

The following table presents YOY changes in the Company’s international backlogs[1] as at June 30, 2022 further segmented by region:

Farm and Commercial Segments [2]	EMEA[3] %	Asia Pacific[4] %	South America[5] %
International by region	(7%)	34%	99%

[1] This is a supplementary financial measure and is used throughout this press release. See “NON-IFRS and OTHER FINANCIAL MEASURES” for more information on this supplementary financial measure.
[2] Backlog for our Digital segment has been excluded as products and services are delivered on a just-in-time basis and therefore backlog is not a relevant indicator of committed sales.
[3] “EMEA” is composed of Europe, Middle East and Africa.
[4] “Asia Pacific” is composed of Southeast Asia, Australia, India, and Rest of World.
[5] “South America” is composed of Latin America and Brazil.

Profit before income taxes and Adjusted EBITDA

The following table reconciles profit before income taxes to Adjusted EBITDA.

[thousands of dollars]	Three-months ended June 30		Six-months ended June 30	
	2022 $	2021 $	2022 $	2021 $
Profit (loss) before income taxes	**(2,262)**	**16,146**	**18,328**	**34,312**
Finance costs	16,182	10,327	27,675	20,647
Depreciation and amortization	19,186	15,655	38,583	29,164
Share of associate's net loss [1]	—	—	—	1,077
Revaluation gains [1]	—	(6,778)	—	(6,778)
Loss (gain) on foreign exchange [2]	12,365	(5,335)	1,637	(4,858)
Share-based compensation [3]	2,897	1,912	5,615	3,843
Loss (gain) on financial instruments [4]	9,435	3,360	755	(7,298)
M&A (recovery) expense [5]	(27)	1,585	667	2,022
Other transaction and transitional costs [6]	7,614	1,862	13,211	5,568
Net loss (gain) on disposal of property, plant and equipment	382	(20)	296	99
Loss on settlement of lease liability	—	18	—	18
Equipment rework	—	7,500	—	7,500
Fair value of inventory from acquisition [7]	304	—	609	—
Impairment charge [8]	—	—	23	—
Adjusted EBITDA [9]	**66,076**	**46,232**	**107,399**	**85,316**

[1] See "Share of associate's net loss and revaluation gains" in our MD&A.
[2] See "Note 13 [e] - Other expenses (income)" in our consolidated financial statements.
[3] The Company's share-based compensation expense pertains to our equity incentive award plan ("EIAP") and directors' deferred compensation plan ("DDCP"). See "Note 12 – Share-based compensation plans" in our consolidated financial statements.
[4] See "Equity swap" in our MD&A.
[5] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[6] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in OCRPS (See "Note 18 [d]" in our consolidated financial statements) and amounts due to vendors.
[7] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost.
[8] Impairment charge is a result of a write-down in intangible assets.
[9] This is a non-IFRS measure. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each non-IFRS measure.

Diluted profit per share and Diluted Adjusted Profit Per Share

The Company's diluted profit per share for the three-months ended June 30, 2022 was a profit of $1.20 compared to a profit of $0.85 in 2021. Profit per share in 2022 and 2021 has been impacted by the items enumerated in the table below, which reconciles profit to adjusted profit.

	Three-months ended June 30		Six-months ended June 30	
[thousands of dollars except per share amounts]	2022 $	2021 $	2022 $	2021 $
Profit (loss)	(4,915)	14,276	10,256	26,980
Diluted profit (loss) per share	(0.26)	0.74	0.53	1.40
Share of associate's net loss [1]	—	—	—	1,077
Revaluation gains [1]	—	(6,778)	—	(6,778)
Loss (gain) on foreign exchange [2]	12,365	(5,335)	1,637	(4,858)
Loss (gain) on financial instruments [3]	9,435	3,360	755	(7,298)
M&A (recovery) expense [4]	(27)	1,585	667	2,022
Other transaction and transitional costs [5]	7,614	1,862	13,211	5,568
Net loss (gain) on disposal of property, plant and equipment	382	(20)	296	99
Loss on settlement of lease liability	—	18	—	18
Equipment rework	—	7,500	—	7,500
Fair value of inventory from acquisition [6]	304	—	609	—
Impairment charge [7]	—	—	23	—
Adjusted profit [8]	**25,158**	**16,468**	**27,454**	**24,330**
Diluted adjusted profit per share [9]	1.20	0.85	1.38	1.26

[1] See "Share of associate's net loss and revaluation gains" in our MD&A.
[2] See "Note 13 [e] - Other expenses (income)" in our consolidated financial statements.
[3] See "Equity swap" in our MD&A.
[4] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[5] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in OCRPS (See "Note 18 [d]" in our consolidated financial statements) and amounts due to vendors.
[6] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost.
[7] Impairment charge is a result of a write-down in intangible assets
[8] This is a non-IFRS measure. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each non-IFRS measure.
[9] This is a non-IFRS ratio. See the "NON-IFRS and OTHER FINANCIAL MEASURES" section of this press release for more information on each non-IFRS ratio.

MD&A and Financial Statements

AGI's consolidated financial statements and MD&A for the three- and six-month periods ended June 30, 2022 can be obtained at https://www.newswire.ca/news-releases/ and will also be available electronically on SEDAR (http://www.sedar.com) and on AGI's website (http://www.aggrowth.com).

Conference Call

AGI management will hold a conference call on Thursday, August 11, 2022, at 8:00am EDT to discuss its results for the three- and six-month periods ended June 30, 2022. To participate in the conference call, please dial 1-800-319-4610. An audio replay of the call will be available for seven days. To access the audio replay, please dial 1-800-319-6413. Please quote passcode 9010 for the audio replay.

Company Profile

AGI is a provider of the physical equipment and digital technology solutions required to support global food infrastructure including grain, fertilizer, seed, feed, and food processing systems. AGI has manufacturing facilities in Canada, the United States, the United Kingdom, Brazil, India, France, and Italy and distributes its product globally.

Further information can be found in the disclosure documents filed by AGI with the securities regulatory authorities, available at www.sedar.com and on AGI's website www.aggrowth.com.

For More Information Contact:
Investor Relations
Andrew Jacklin
1-437-335-1630
investor-relations@aggrowth.com

NON-IFRS AND OTHER FINANCIAL MEASURES

This press release makes reference to certain specified financial measures, including non-IFRS financial measures (historical and forward-looking), non-IFRS ratios and supplementary financial measures. Management uses these financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing our business performance and trends. These specified financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement our financial information reported under IFRS by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use the following (i) non-IFRS financial measures: “adjusted earnings before interest, taxes, depreciation, and amortization" (“Adjusted EBITDA”) (historical and forward-looking) and “Adjusted Profit”; (ii) non-IFRS ratios: “Adjusted EBITDA margin %” and “diluted Adjusted Profit per share”; and (iii) supplementary financial measures: "backlog", "sales by segment" and "sales by geography"; to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also uses non-IFRS financial measures, non-IFRS ratios and supplementary financial measures in order to prepare annual operating budgets and to determine components of management compensation. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not to rely on any single financial measure or ratio.

We use these specified financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These specified financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our IFRS results and, in the case of non-IFRS financial measures, the accompanying reconciliations to the most directly comparable IFRS financial measures may provide a more complete understanding of factors and trends affecting our business.

In this press release, we discuss the specified financial measures, including the reasons that we believe that these measures provide useful information regarding our financial condition, results of operations, cash flows and financial position, as applicable, and, to the extent material, the additional purposes, if any, for which these measures are used. Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures are contained in this press release.

The following is a list of non-IFRS financial measures, non-IFRS ratios and supplementary financial measures that are referenced throughout this press release:

"Adjusted EBITDA" is defined as profit (loss) before income taxes before finance costs, depreciation and amortization, share of associate's net loss, revaluation gains, gain or loss on foreign exchange, non-cash share-based compensation expenses, gain or loss on financial instruments, M&A (recovery) expenses, other transaction and transitional costs, net loss or gain on the sale of property, plant & equipment, loss on settlement of lease liability, equipment rework, fair value of inventory from acquisition and impairment. Adjusted EBITDA is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our consolidated financial statements is profit (loss) before income taxes. Management believes Adjusted EBITDA is a useful measure to assess the performance and cash flow of the Company as it excludes the effects of interest, taxes, depreciation, amortization and expenses that management believes are not reflective of the Company's underlying business performance. Management cautions investors that Adjusted EBITDA should not replace profit or loss as indicators of performance, or cash flows from operating, investing, and financing activities as a measure of the Company's liquidity and cash flows. See "Detailed Operating Results – Profit (loss) before income taxes and Adjusted EBITDA" for the reconciliation of Adjusted EBITDA to profit (loss) before income taxes for the current and comparative periods. Adjusted EBITDA guidance is a forward-looking non-IFRS financial measure. We do not provide a reconciliation of such forward-looking measure to the most directly comparable financial measure calculated and presented in accordance with IFRS due to unknown variables and the uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value that may be inherently difficult to determine without unreasonable efforts. Guidance for Adjusted EBITDA excludes the impacts of finance costs, depreciation and amortization, share of associate's net loss, revaluation gains, gain or loss on foreign exchange, non-cash share-based compensation expenses, gain or loss on financial instruments, M&A (recovery) expenses, other transaction and transitional costs, net loss or gain on the sale of property, plant & equipment, loss on settlement of lease liability, equipment rework, fair value of inventory from acquisition and impairment.

"Adjusted EBITDA margin %" is defined as Adjusted EBITDA divided by sales. Adjusted EBITDA margin % is a non-IFRS ratio because one of its components, Adjusted EBITDA, is a non-IFRS financial measure. Management believes Adjusted EBITDA margin % is a useful measure to assess the performance and cash flow of the Company.

"Adjusted profit" is defined as profit or loss adjusted for the share of associate's net loss, revaluation gains, gain or loss on foreign exchange, gain or loss on financial instruments, M&A (recovery) expenses, other transaction and transitional costs, net gain or loss on sale of property, plant and equipment, loss on settlement of lease liability, equipment rework, fair value of inventory from acquisition and impairment. Adjusted profit is a non-IFRS financial measures and its most directly comparable financial measure that is disclosed in our consolidated financial statements is profit or loss. Management believe adjusted profit is a useful measure to assess the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of our underlying business performances. See "Diluted profit per share and diluted adjusted profit per share" for the reconciliation of adjusted profit to profit for the current and comparative periods.

“Backlogs” are defined as the total value of committed sales orders that have not yet been fulfilled that: (a) have a high certainty of being performed as a result of the existence of a purchase order, an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to the Company or its divisions, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Backlog is a supplementary financial measure.

“Diluted Adjusted Profit Per Share” is defined as Adjusted Profit divided by the total weighted average number of outstanding diluted shares of AGI at the end of the most recently completed quarter for the relevant period. Diluted Adjusted Profit Per Share is a non-IFRS ratio because one of its components, Adjusted Profit, is a non-IFRS financial measure. Management believes Diluted Adjusted Profit Per Share is a useful measure to assess the performance of the Company.

"Sales by Segment and Geography": The sales information in this press release that is presented on a segment or geographic basis are supplementary financial measures and are used to present the Company's sales by segment, product group and geography.

FORWARD-LOOKING INFORMATION

This press release contains forward-looking statements and information [collectively, "forward-looking information"] within the meaning of applicable securities laws that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words “anticipate”, “estimate”, “believe”, “continue”, “could”, “expects”, “intend”, “trend”, “plans”, “will”, “may” or similar expressions suggesting future conditions or events or the negative of these terms are generally intended to identify forward-looking information. Forward-looking information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this press release may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which it is based will occur. In particular, the forward-looking information in this press release includes information relating to: our business and strategy; our outlook for our financial and operating performance in 2022, including by segment and by geographic region, and including our expectations for our future financial results (including our forecast for full year 2022 Adjusted EBITDA (with growth over 2021 to be the most pronounced in the third quarter) and our belief that the successful execution of our strategy positions us for another record year in 2022), industry demand and market conditions, growth prospects (including that our robust growth profile will continue in H2 2022), and the anticipated ongoing impacts of the COVID-19 pandemic on our business (including potential supply chain disruptions and temporary production suspensions), operations and financial results; the estimated costs to the Company that may result from the remediation work associated with the Incident, including the costs of remediation, and the availability of insurance coverage to offset such costs; matters relating to litigation arising as a result of the Incident; the estimated costs to the Company from ongoing equipment rework; our ability to mitigate the impact of inflation; our ability to lessen the seasonality of our business; the factors that may impact our working capital requirements; the sufficiency of our liquidity and capital resources; long-term fundamentals and growth drivers of our business; future payment of dividends and the amount thereof; and with respect to our ability to achieve the expected benefits of recent acquisitions and the contribution therefrom. Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions concerning: the anticipated impacts of the COVID-19 pandemic on our business, operations and financial results; future debt levels; anticipated grain production in our market areas; financial performance; the financial and operating attributes of recently acquired businesses and the anticipated future performance thereof and contributions therefrom; business prospects; strategies; product and input pricing; regulatory developments; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; political events; currency exchange and interest rates; the cost of materials, labour and services; the value of businesses and assets and liabilities assumed pursuant to recent acquisitions; the impact of competition; the general stability of the economic and regulatory environment in which the Company operates; the timely receipt of any required regulatory and third party approvals; the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner; the timing and payment of dividends; the ability of the Company to obtain financing on acceptable terms; the regulatory framework in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its products and services. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking information, including the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the recent COVID-19 pandemic, including the effects on the Company's operations, personnel, and supply chain, the demand for its products and services, its ability to expand and produce in new geographic markets or the timing of such expansion efforts, and on overall economic conditions and customer confidence and spending levels, changes in international, national and local macroeconomic and business conditions, as well as sociopolitical conditions in certain local or regional markets, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, the ability of management to execute the Company's business plan, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange and interest rates, the availability of credit for customers, competition, AGI's failure to achieve the expected benefits of recent acquisitions including to realize anticipated synergies and margin improvements; changes in trade relations between the countries in which the Company does business including between Canada and the United States; cyber security risks; the risk that the assumptions and estimates underlying the provision for remediation related to the Incident and insurance coverage for the Incident will prove to be incorrect as further information becomes available to the Company; and the risk of litigation in respect of equipment or work previously supplied or completed or in respect of other matters and the risk that AGI incurs material liabilities in connection with such litigation that are not covered by insurance in whole or in part. These and other risks and uncertainties are described under "Risks and Uncertainties" in this press release and in our most recently filed Annual Information Form, all of which are available under the Company's profile on SEDAR [www.sedar.com]. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking information. We cannot assure readers that actual results will be consistent with this forward-looking information. Further, AGI cannot guarantee that the anticipated revenue from its backlogs will be realized or, if realized, will result in profits or Adjusted EBITDA. Delays, cancellations and scope adjustments occur from time-to-time with respect to contracts reflected in AGI's backlogs, which can adversely affect the revenue and profit that AGI actually receives from its backlogs. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. These estimates may change, having either a negative or positive effect on profit, as further information becomes available and as the economic environment changes. Without limitation of the foregoing, the provision for remediation related to the Incident required significant estimates and judgments about the scope, nature, timing and cost of work that will be required. It is based on management's assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this press release is made as of the date of this press release and AGI undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

FINANCIAL OUTLOOK

Also included in this press release is an estimate of AGI's 2022 Adjusted EBITDA, which is based on, among other things, the various assumptions disclosed in this news release including under "Forward-Looking Information" and including our assumptions regarding (i) the Adjusted EBITDA contribution that AGI anticipates receiving in 2022 from Eastern Fabricators, which was acquired by AGI on January 4, 2022 (see "2022 ACQUISITION – Eastern Fabricators" in our MD&A for further details regarding the acquisition of

Eastern Fabricators), and (ii) the Adjusted EBITDA contribution that AGI anticipates receiving from revenue growth in 2022 in part from the 19% YOY increase in AGI's backlogs at June 30, 2022. To the extent such estimate constitutes a financial outlook, it was approved by management on August 10, 2022 and is included to provide readers with an understanding of AGI's anticipated Adjusted EBITDA based on the assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

RECONCILIATION OF ADJUSTED EBITDA TO PROFIT (LOSS) BEFORE INCOME TAXES FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

The following table reconciles profit (loss) before income taxes to Adjusted EBITDA for the years ended December 31, 2021 and 2020:

	Year Ended December 31	
	2021	2020
[thousands of dollars]	$	$
Profit (loss) before income taxes	9,383	(80,966)
Finance costs	43,599	46,692
Depreciation and amortization	62,049	55,271
Share of associate's net loss [1]	1,077	4,314
Gain on remeasurement of equity investment [1]	(6,778)	—
Loss on foreign exchange [2]	2,992	1,730
Share-based compensation [3]	8,551	6,428
(Gain) loss on financial instruments [4]	(1,382)	14,502
M&A expense [5]	3,035	1,736
Change in estimate on variable considerations [6]	11,400	—
Other transaction and transitional costs [7]	12,058	14,326
Net loss on disposal of property, plant and equipment	23	187
Gain on settlement of right-of-use assets	(17)	(3)
Gain on disposal of foreign operation	(898)	—
Equipment rework and remediation [8]	26,100	80,000
Impairment charge [9]	5,074	5,111
Adjusted EBITDA [10]	176,266	149,328

[1] See “Share of associate's net loss (gain)” in our management's discussion and analysis and consolidated financial statements for the year ended December 31, 2021 (“2021 Statements”).
[2] See “Note 25 [e] - Other expenses (income)” in our 2021 Statements.
[3] The Company’s share-based compensation expense pertains to our equity incentive award plan and directors’ deferred compensation plan. See “Note 24 – Share-based compensation plans” in our 2021 Statements.
[4] See “Equity swap” in our 2021 Statements.
[5] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[6] The result of a change in management estimate on variable considerations for a one-time sales concessions related to previous sales contracts.
[7] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[8] See “Remediation costs and equipment rework” in our 2021 Statements.
[9] See “Note 12 - Property, plant and equipment” and “Note 15 – Intangible assets” in our 2021 Statements.
[10] This is a non-IFRS measure. See the “NON-IFRS and OTHER FINANCIAL MEASURES” section of this press release for more information on each non-IFRS measure.