AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: March 5, 2025

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and accompanying notes of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") for the year ended December 31, 2024. Results are reported in Canadian dollars unless otherwise stated.

This MD&A is based on the Company's audited consolidated financial statements for the year ended December 31, 2024 ("consolidated financial statements") based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), unless otherwise noted.

This MD&A makes reference to certain specified financial measures, including non-IFRS financial measures, non-IFRS ratios and supplementary financial measures. 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. Please refer to the "NON-IFRS AND OTHER FINANCIAL MEASURES" section of this MD&A for more information on each specified financial measure.

This MD&A contains forward-looking information. Please refer to the cautionary language under the headings "Risks and Uncertainties", "Forward-Looking Information" and "Financial Outlook' in this MD&A and in our most recently filed Annual Information Form, which is available under the Company's profile on SEDAR+ [www.sedarplus.ca].

SUMMARY OF RESULTS

	Three-months ended December 31			
[thousands of dollars except per share amounts, percentages and basis points ("bps")]	2024 $	2023 $	Change $	Change %
Revenue [1]	381,157	379,317	1,840	0%
Adjusted EBITDA [2][3]	78,134	73,076	5,058	7%
Adjusted EBITDA Margin % [4]	20.5%	19.3%	123 bps	6%
Profit (loss) before income taxes	(22,873)	10,529	(33,402)	(317%)
Profit (loss)	(32,639)	11,378	(44,017)	(387%)
Diluted profit (loss) per share	(1.71)	0.58	(2.29)	(395%)
Adjusted profit [2][5]	31,155	36,591	(5,436)	(15%)
Diluted adjusted profit per share [4][5]	1.47	1.70	(0.23)	(14%)

[thousands of dollars except per share amounts, percentages and basis points ("bps")]	Year ended December 31 2024 $	 2023 $	 Change $	 Change %
Revenue [1]	1,404,707	1,526,669	(121,962)	(8%)
Adjusted EBITDA [2][3]	264,788	293,894	(29,106)	(10%)
Adjusted EBITDA Margin % [4]	18.9%	19.3%	(40) bps	(2%)
Profit (loss) before income taxes	(5,326)	86,067	(91,393)	(106%)
Profit (loss)	(20,082)	68,889	(88,971)	(129%)
Diluted profit (loss) per share	(1.05)	3.44	(4.49)	(131%)
Adjusted profit [2][5]	95,234	125,574	(30,340)	(24%)
Diluted adjusted profit per share [4][5]	4.61	5.91	(1.30)	(22%)

[1] See “BASIS OF PRESENTATION”.
[2] This is a non-IFRS measure and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS measure.
[3] See “DETAILED OPERATING RESULTS – Profit (loss) before income taxes and Adjusted EBITDA”.
[4] This is a non-IFRS ratio and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS ratio.
[5] See “DETAILED OPERATING RESULTS – Diluted profit (loss) per share and diluted adjusted profit per share”.

Consolidated Operating Segment Results Summary

[thousands of dollars except percentages]	Three-months ended December 31 2024 $	 2023 $	 Change $	 Change %
Revenue [1][2]				
Farm	133,604	188,855	(55,251)	(29%)
Commercial	247,553	190,462	57,091	30%
Total	**381,157**	**379,317**	**1,840**	**0%**

[thousands of dollars except percentages]	Year ended December 31 2024 $	 2023 $	 Change $	 Change %
Revenue [1][2]				
Farm	701,570	831,951	(130,381)	(16%)
Commercial	703,137	694,718	8,419	1%
Total	**1,404,707**	**1,526,669**	**(121,962)**	**(8%)**

[1] See “BASIS OF PRESENTATION”.
[2] The revenue information in this table are supplementary financial measures and are used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on these supplementary financial measures.

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended December 31 Change $	Change %
Adjusted EBITDA [1] [2] [3]				
Farm	32,182	46,694	(14,512)	(31%)
Commercial	53,365	35,870	17,495	49%
Other [4]	(7,413)	(9,488)	2,075	N/A
Total	**78,134**	**73,076**	**5,058**	**7%**

[thousands of dollars except percentages]	2024 $	2023 $	Year ended December 31 Change $	Change %
Adjusted EBITDA [1] [2] [3]				
Farm	175,873	217,155	(41,282)	(19%)
Commercial	120,724	121,039	(315)	(0%)
Other [4]	(31,809)	(44,300)	12,491	N/A
Total	**264,788**	**293,894**	**(29,106)**	**(10%)**

[1] See "BASIS OF PRESENTATION".

[2] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.

[3] 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".

[4] 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.

	2024 %	2023 %	Three-months ended December 31 Change basis points ("bps")	Change %
Adjusted EBITDA Margin % [1] [2]				
Farm	24.1%	24.7%	(64) bps	(3%)
Commercial	21.6%	18.8%	272 bps	14%
Other [3]	(1.9%)	(2.5%)	56 bps	N/A
Consolidated	20.5%	19.3%	123 bps	6%

	2024 %	2023 %	Year ended December 31 Change basis points ("bps")	Change %
Adjusted EBITDA Margin % [1] [2]				
Farm	25.1%	26.1%	(103) bps	(4%)
Commercial	17.2%	17.4%	(25) bps	(1%)
Other [3]	(2.3%)	(2.9%)	64 bps	N/A
Consolidated	18.9%	19.3%	(40) bps	(2%)

[1] See "BASIS OF PRESENTATION".

[2] This is a non-IFRS ratio and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS ratio.

[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. The Adjusted EBITDA Margin % for Other is calculated based on total revenue since it does not generate revenue without the segments.

Consolidated Results Summary

AGI's fourth quarter ("Q4") consolidated revenue and Adjusted EBITDA of $381 million and $78 million, respectively, represent record fourth quarter revenue and Adjusted EBITDA results for the Company, driven by a strong International Commercial performance. Our strategic focus on International and emerging markets contributed to a strong quarter as well as a growing order book that benefited from further large-scale commercial project wins. The growth in our Commercial segment was partially offset by ongoing softness across the U.S. Farm segment. Elevated inventory levels for portable grain handling products across the dealer channel and a very slow early order program created a steep decline in demand for Farm segment products in the fourth quarter. Despite the extremely challenging conditions in the Farm markets, the Company achieved the second strongest year on record for Adjusted EBITDA, a testament to our diversified and resilient business model as well as the strategic benefits of executing our product transfer and emerging market growth strategies.

Prompted by the uncertain and soft conditions in our Farm segment, the Company proactively focused on a number of manufacturing, supply chain, and organizational efficiency initiatives throughout the year to counteract the margin impact of the industry-wide downturn in our Farm segment. As a result, we achieved record level Adjusted EBITDA Margins of 20.5% for Q4 and were able to generate near-record Adjusted EBITDA Margins of 18.9% for the full year. Benefits from several operational excellence initiatives such as product standardization, supplier consolidation, accelerated centralization efforts, and more structured cost control protocols all contributed to the margin results. In addition, several higher margin turn-key Commercial projects secured in South America had a favourable impact on our margin performance.

Farm Segment Summary

For Q4, Farm segment revenue decreased year-over-year ("YOY") by 29% amid notable softness in the U.S. Farm market. Across the U.S., we continued to observe weak farmer sentiment as the large crop yield was offset by low commodity prices and concerns about decreasing aggregate U.S. farm net cash income levels. This hampered overall demand and compounded the challenging dealer inventory level dynamics. Q4 results for Canada Farm business were favourable as this region worked through orders received earlier in the season. Overall, the Farm segment faced difficult margin headwinds in Q4 and throughout most of the year owing to general volume declines and a significantly lower mix of high margin portable grain handling products. Mitigating actions across both production and administrative levels of the Company were taken to optimize operations, which minimized the margin impact of slow business conditions. Looking ahead to 2025, the slowdown in order intake observed through the second half of 2024, punctuated by the soft early order program across Q4, creates near-term outlook uncertainties for the Farm segment, which we anticipate translating into continued weakness in the North American Farm market for at least the first half of 2025.

Commercial Segment Summary

For Q4, Commercial segment revenue increased YOY by 30% with considerable strength in our international businesses. We are encouraged to see robust activity across all international regions given our multi-year strategic focus on growing in emerging markets and expanding our international catalog through product transfers. Our South American region, specifically Brazil, was successful in winning several large-scale projects in the third and fourth quarters, with most of these projects now fully underway. These projects highlight the broadening of our capabilities and offerings in Brazil which include a full scope of engineering, design, equipment supply, and installation services. In addition to the strong Q4 revenue growth, our Commercial Segment contributed with an expanding Adjusted EBITDA Margin % profile in Q4, supported by these large-scale and higher margin Commercial projects secured in South America.

Order Book Summary

Our consolidated order book[1] ended the year at record levels for the Company, increasing 4% YOY to $737 million, driven by strong momentum in our Commercial segment. Sustained demand for large-scale Commercial projects and engineered solutions in our international regions continue to contribute to the significant overall order book. The Commercial portion of our order book stood at a record level at year-end, up 46% versus the prior year end. The overall strength of our international Commercial order book is attributable to our broadening capabilities, expanding total addressable market as enabled by product transfers, as well as robust demand in emerging markets for grain handling and storage solutions to address capacity deficits. Based on our quoting and pipeline activity across Brazil, EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific), there is potential for this momentum to carry into 2025.

2025 Outlook[2]

Our outlook for 2025 calls for Adjusted EBITDA of at least $225 million. The outlook is supported by strength in the Commercial segment with a record-level order book that includes several large turn-key projects in our international operations. While overall visibility for 2025 revenue is strong in our Commercial segment, conditions and visibility in our Farm segment remain weak given the ongoing industry-wide slowdown. As such, the timing for a meaningful demand recovery in the North America Farm business remains unclear. We expect at least the first half of 2025 to remain challenging for North America Farm as order intake was slow in the fourth quarter and into the first two months of 2025. We will continue to monitor the landscape for both the Farm and Commercial segments.

For Q1 2025, we are targeting Adjusted EBITDA in the range of approximately $25 million to $30 million[3]. This is driven by a meaningful drop in North America Farm results as compared to Q1 2024, which benefited from a normal demand pattern in our early order program. We expect the softness in North America Farm to be partially offset in Q1 2025 by the Commercial segment.

Of note, potential impacts from tariff or trade-related regulations implemented and proposed by the U.S. and Canada are not reflected in the Company's outlook, including but not limited to the tariffs

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[1] This is a supplementary financial measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on this supplementary financial measure.
[2] See "BASIS OF PRESENTATION", "RISKS AND UNCERTAINTIES", "FORWARD-LOOKING INFORMATION", "FINANCIAL OUTLOOK" AND "NON-IFRS AND OTHER FINANCIAL MEASURES".
[3] Adjusted EBITDA for the three months ended March 31, 2024, was $50 million. See "Reconciliation of Adjusted EBITDA to profit (loss) before income taxes for the three months ended March 31, 2024 and 2023".

imposed by the U.S. on Canada effective March 4, 2025. Products manufactured out of our Canadian locations and sold to U.S. customers are potentially subject to the proposed tariffs. In 2025, we expect approximately 10% of total Company revenue from trade between the U.S. and Canada. A significant portion of this revenue exposure is concentrated on our portable grain handling equipment. The main participants in the U.S. portable grain handling market are all located in Canada and will be subject to the same tariff or trade-related regulations. We continue to evaluate and implement mitigating actions to counteract the impact of potential tariffs including inventory stocking, supply chain strategies, and various manufacturing options, among other tactics.

BASIS OF PRESENTATION

The Company has identified its reportable segments as Farm and Commercial, each of which are supported by the corporate office. These segments are strategic business units that offer specific products and services to their respective markets. Certain corporate overheads are allocated to each segment based on revenue as well as applicable cost drivers. Taxes and certain other expenses are managed at a consolidated level and are not allocated to the reportable operating segments.

Revenue is the sale of goods recognized either at (i) a point in time when the Company satisfies a performance obligation and control of the goods is transferred from AGI to its customer or (ii) over time as performance obligations are satisfied based on percentage of completion, which measures progress toward completion using costs incurred as a percentage of the total estimated costs. Revenue from contracts with customers is recognized at an amount that reflects the consideration to which the Company is entitled to in exchange for those goods.

Description of Business Segments

Farm Segment

AGI's Farm segment focuses on the needs of on-farm customers, and its product offerings include: grain, seed, and fertilizer handling equipment; aeration products; grain and fuel storage solutions; and grain management technologies.

Commercial Segment

AGI's Commercial segment focuses on commercial customers such as port facility operators, food processors and elevators. Its product offerings include: larger diameter grain storage bins and high-capacity grain handling equipment; high-capacity seed and fertilizer storage and handling systems; food and feed handling storage and processing equipment; aeration products; automated blending systems and control systems; and project management services and food engineering solutions.

OPERATING RESULTS

Revenue by Geography [4]

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended December 31 Change $	Change %
Canada	87,440	76,678	10,762	14%
U.S.	100,510	155,190	(54,680)	(35%)
International	193,207	147,449	45,758	31%
Total Revenue	**381,157**	**379,317**	**1,840**	**0%**

[thousands of dollars except percentages]	2024 $	2023 $	Year ended December 31 Change $	Change %
Canada	348,934	352,454	(3,520)	(1%)
U.S.	530,665	661,447	(130,782)	(20%)
International	525,108	512,768	12,340	2%
Total Revenue	**1,404,707**	**1,526,669**	**(121,962)**	**(8%)**

Revenue by Segment and Geography [4]

Farm Segment

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended December 31 Change $	Change %
Canada	66,098	60,044	6,054	10%
U.S.	48,415	98,610	(50,195)	(51%)
International	19,091	30,201	(11,110)	(37%)
Total Revenue	**133,604**	**188,855**	**(55,251)**	**(29%)**

[thousands of dollars except percentages]	2024 $	2023 $	Year ended December 31 Change $	Change %
Canada	284,106	275,758	8,348	3%
U.S.	316,914	437,530	(120,616)	(28%)
International	100,550	118,663	(18,113)	(15%)
Total Revenue	**701,570**	**831,951**	**(130,381)**	**(16%)**

[4] The revenue information in this section are supplementary financial measures and are used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on these supplementary financial measures.

Commercial Segment

[thousands of dollars except percentages]	2024 $	2023 $	Change $	Change %
			Three-months ended December 31	
Canada	21,342	16,634	4,708	28%
U.S.	52,095	56,580	(4,485)	(8%)
International	174,116	117,248	56,868	49%
Total Revenue	**247,553**	**190,462**	**57,091**	**30%**

[thousands of dollars except percentages]	2024 $	2023 $	Change $	Change %
			Year ended December 31	
Canada	64,828	76,696	(11,868)	(15%)
U.S.	213,751	223,917	(10,166)	(5%)
International	424,558	394,105	30,453	8%
Total Revenue	**703,137**	**694,718**	**8,419**	**1%**

Order Book

The following table presents YOY changes in the Company's order book[1] as at December 31, 2024:

[thousands of dollars except percentages]	2024 $	2023[2] $	Change $	Change %
			As at December 31	
Order book	736,900	710,183	26,717	4%

[1] This is a supplementary financial measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on this supplementary financial measure.

[2] The order book as at December 31, 2023 has been revised to reflect orders that were outstanding at December 31, 2023 but that were subsequently cancelled in 2024. AGI originally reported an order book as at December 31, 2023 of $747 million. All other order book numbers disclosed in 2024 were adjusted for the cancelled 2023 orders prior to being disclosed. Revisions of this nature occur from time-to-time as part of normal business operations.

Farm Segment

Farm segment's financial performance by separate geographic region is detailed below. For a summary of Farm segment's performance overall see "Farm Segment Summary".

Canada

Farm segment revenue from our Canada region increased YOY primarily on demand for permanent grain handling equipment which helped to alleviate the slowdown in demand for portable grain handling products. Demand for portable grain handling equipment is down relative to last year as the dynamics of high crop yields, low crop prices, and elevated dealer inventory levels, which initially impacted the U.S. Farm market in 2024, have now begun to surface in Canada. Notably, operational excellence initiatives and activities have delivered an increase in permanent equipment margins, which helped offset the impact of a lower proportion of higher margin portable grain handling equipment.

United States

U.S. Farm segment revenue decreased significantly YOY as the region continued to face multiple headwinds. The uncertain conditions faced by the farming community, in combination with higher dealer inventory levels, directly impact demand for our U.S. Farm products. We are seeing our customers continuing to be cautious on capital purchases, as evidenced by an extremely slow early order program in the fourth quarter which has carried into the first two months of 2025. Aggregate dealer inventory levels remain well above average which has created a drop in production levels for equipment suppliers, including AGI. We have been closely monitoring U.S. Farm activity and continue to make adjustments to align our business operations with market conditions.

International

Our Farm segment revenue from international regions decreased YOY in Q4. While our EMEA region was flat versus last year, we saw decreases in both South America and APAC regions. APAC continued to be impacted by Australia, which has dealt with headwinds throughout 2024 as our customers continued to navigate difficult climate-related farming conditions. In South America, demand for Farm segment equipment has fluctuated throughout the year amid high interest rates and lower crop prices. We continue to work with our customers on financing programs to help them through difficult market conditions.

Commercial Segment

Commercial segment's financial performance by separate geographic region is detailed further below. For a summary of Commercial segment's performance overall see "Commercial Segment Summary".

Canada

We are encouraged to see our Canada Commercial business begin to pivot with a strong fourth quarter result following a period of slower activity. Our teams have been focused on rebuilding the sales pipeline, the benefits of which we are now realizing with Canada Commercial posting a strong fourth quarter and a ramp-up in the order book. Project deliveries will continue into 2025 and we anticipate results from this region to maintain a stable growth trajectory in the coming quarters.

United States

Commercial segment revenue from our U.S. region decreased in the fourth quarter given some softness in our traditional grain-focused Commercial business. We realized some positive growth and momentum in our U.S. food platform as we begin to surface the benefits of ongoing reorganization initiatives. Additionally, our order book for the U.S. Commercial business benefitted from several key project wins late in 2024 which will help sustain momentum as we enter 2025. A pick-up in North America Commercial activity will further diversify our business mix amid the challenging U.S. Farm conditions.

International

Commercial segment revenue from our international regions increased significantly in Q4, particularly in Brazil and EMEA. As anticipated, several project wins directly contributed to our growth for the quarter, most notably those secured in Brazil which feature turn-key solutions for large industrial customers. These project wins are the culmination of comprehensive strategic planning efforts by our teams. Our international Commercial business benefits from long-term relationships with key customers in addition to the expanded offering realized through product transfer execution. These South American projects will continue to contribute to results through the first half of 2025. In EMEA, the team executed several meaningful long-term projects across the Middle East and Africa in 2024 and we expect to see this momentum sustained into 2025 as we work through our robust order book. Product transfers remain a key contributor to results with significant wins in India, directly attributable to our new in-region bin and permanent material handling capabilities.

Our order book has seen dramatic improvement across all international regions and reflects the strategic importance of our operations outside of North America in creating an overall resilient and diversified business model. Our product transfer and emerging market expansion strategies are delivering incremental, differentiated growth to AGI and we observe a significant pipeline of future opportunities to continue to build on our successes in 2024.

DETAILED OPERATING RESULTS

[thousands of dollars except per share amounts]	Three-months ended December 31 2024 $	2023 $	Year ended December 31 2024 $	2023 $
Revenue [1]	381,157	379,317	1,404,707	1,526,669
Cost of goods sold				
Cost of inventories	255,074	248,209	919,380	989,085
Equipment rework and remediation	—	3,600	—	24,108
Depreciation and amortization	9,368	9,155	37,336	34,348
	264,442	260,964	956,716	1,047,541
Selling, general and administrative expenses				
Selling, general & administrative expenses	53,184	63,291	244,850	266,908
Transaction, transitional and other costs [2]	29,561	10,975	56,148	27,174
Enterprise Resource Planning ("ERP") system transformation costs [3]	4,838	14,001	17,271	14,001
Accounts receivable reserve (recovery) for Russia/Ukraine conflict ("RUK")	—	(82)	(268)	1,651
Depreciation and amortization	8,428	7,087	33,462	30,968
	96,011	95,272	351,463	340,702
Other operating expense (income)				
Net loss on sale of long-lived assets [4]	224	154	23	454
Net loss (gain) on financial instruments [5]	2,420	1,117	(3,812)	(5,369)
Other	(1,688)	(2,367)	(9,828)	(10,663)
	956	(1,096)	(13,617)	(15,578)
Finance costs	16,264	18,296	70,242	73,667
Finance expense (income)	26,422	(4,786)	42,394	(7,967)
Impairment charge [6]	40	138	2,944	2,237
Share of associate's net profit [7]	(105)	—	(109)	—
Profit (loss) before income taxes	(22,873)	10,529	(5,326)	86,067
Income tax expense (recovery)	9,766	(849)	14,756	17,178
Profit (loss) for the year	(32,639)	11,378	(20,082)	68,889
Profit (loss) per share				
Basic	(1.71)	0.60	(1.05)	3.63
Diluted	(1.71)	0.58	(1.05)	3.44

[1] See "BASIS OF PRESENTATION".
[2] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[3] Expenses incurred in connection with a global multi-year ERP transformation project.
[4] See "Note 11 – Property, plant and equipment" and "Note 16 – Assets held for sale" in our consolidated financial statements.
[5] See "Equity swap".
[6] See "Impairment charge" in our consolidated financial statements.
[7] See "Note 7 – Brazil investments" in our consolidated financial statements.

Gross Profit and Adjusted Gross Margin

[thousands of dollars except percentages]	Three-months ended December 31 2024 $	2023 $	Year ended December 31 2024 $	2023 $
Revenue [1]	381,157	379,317	1,404,707	1,526,669
Cost of goods sold	264,442	260,964	956,716	1,047,541
Gross Profit	**116,715**	**118,353**	**447,991**	**479,128**
Gross Profit as a % of Revenue [2]	30.6%	31.2%	31.9%	31.4%
Equipment rework and remediation	—	3,600	—	24,108
Depreciation and amortization	9,368	9,155	37,336	34,348
Adjusted Gross Margin [3]	126,083	131,108	485,327	537,584
Adjusted Gross Margin as a % of Revenue [4]	33.1%	34.6%	34.6%	35.2%

[1] See “BASIS OF PRESENTATION”.
[2] This is a supplementary financial measure and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each supplementary financial measure.
[3] This is a non-IFRS measure and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS measure.
[4] This is a non-IFRS ratio and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS ratio.

AGI’s adjusted gross margin as a percentage of revenue for the three-months period ended December 31, 2024 decreased slightly YOY primarily due to some product mix headwinds. The implementation of various operational excellence programs, such as supplier consolidation and revenue management, as well as product standardization programs designed to promote manufacturing efficiency helped offset the product mix impact.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The gain and loss on foreign exchange for the three-months and year ended December 31, 2024 was a loss of $26.5 million and loss of $42.8 million, respectively, [2023 – gain of $4.7 million and gain of $7.6 million, respectively]. The loss is primarily due to the effect of non-cash translation of the Company’s U.S. dollar denominated long-term debt as the exchange rate increased from 1.3499 at September 30, 2024 to 1.4389 at December 31, 2024. See also “Financial Instruments – Foreign exchange contracts”.

Revenue and Adjusted EBITDA

The average U.S. dollar rate of exchange for the three-months and year ended December 31, 2024, was $1.40 and $1.37, respectively, [2023 - $1.36 and $1.35, respectively]. A weaker Canadian dollar relative to the U.S. dollar results in higher reported revenue for AGI, as U.S. dollar denominated revenue are translated into Canadian dollars at a higher rate. Similarly, a weaker Canadian dollar results in higher costs for U.S. dollar denominated inputs and SG&A expenses. In addition, a weaker

Canadian dollar may result in higher input costs of certain Canadian dollar denominated inputs, including steel. On balance, Adjusted EBITDA increases when the Canadian dollar weakens relative to the U.S. dollar.

Selling, General and Administrative Expenses ("SG&A")

SG&A expenses for the three-months ended December 31, 2024, excluding merger and acquisition (recovery) expenses ("M&A"), transaction, transitional and other costs, ERP system transformation costs, and depreciation and amortization, were $53.2 million [14.0% of revenue] [Q4 2023 – $63.3 million [16.7% of revenue]]. YOY variances are primarily the result of a $7.6 million decrease in salaries and wages attributed to workforce optimization efforts and a reduction in short-term incentives, $2.0 million decrease in commissions, and $5.3 million decrease in sales and marketing. These reductions were offset by $1.8 million increase in IT expense, $2.5 million increase in bad debt expense, and $3.2 million increase in professional fees. No other individual variance was greater than $1.0 million.

Transaction, transitional and other costs are comprised of 1) transitional costs related to reorganizations; 2) legal costs related to certain litigation matters; and 3) accretion and other movement in amounts due to vendors related to past acquisitions. These costs remained at elevated levels for the quarter and reflect the winding down of notable and strategic cost drivers including:

- fees associated with broad strategic initiatives explored by management and our board of directors;
- legal provisions associated with outstanding litigation matters; and
- charges related to restructuring as we continued to enhance our operations footprint across North America and implement efficiency programs such as product transfers.

While we expect to have some of these costs continue into 2025, we do not foresee them being of the same magnitude.

Other operating expense (income)

Other operating expense (income) for the three-months and year ended December 31, 2024, was expense of $1.0 million and income of $13.6 million, respectively [2023 – income of $1.1 million and $15.6 million, respectively]. Other operating expense (income) includes non-cash gains and losses on financial instruments, including AGI's equity compensation hedge and interest income from customer financing arrangements. The change in other operating expense (income) is mainly attributable to the unrealized change in fair value of the equity swap [see "Equity swap"].

Finance costs

Finance costs, which represent interest incurred, including non-cash interest, on all debt for the three-months and year ended December 31, 2024 were $16.3 million and $70.2 million, respectively, [2023 – $18.3 million and $73.7 million, respectively].

Finance expense (income)

Finance expense (income), which represents interest income earned and foreign exchange on long term debt for the three-months and year ended December 31, 2024, was expense of $26.4 million and $42.4 million, respectively [2023 – income of $4.8 million and $8.0 million, respectively]. The change in finance expense (income) relates primarily to the effect of non-cash translation of the Company's U.S. dollar denominated long-term debt as the exchange rate increased from 1.3499 at September 30, 2024 to 1.4389 at December 31, 2024.

Profit (loss) before income taxes and Adjusted EBITDA

The following tables reconcile profit (loss) before income taxes to Adjusted EBITDA.

	Three-months ended December 31		Year ended December 31	
	2024	2023	2024	2023
[thousands of dollars]	$	$	$	$
Profit (loss) before income taxes	(22,873)	10,529	(5,326)	86,067
Finance costs	16,264	18,296	70,242	73,667
Depreciation and amortization	17,796	16,242	70,798	65,316
Share of associate's net profit [1]	(105)	—	(109)	—
Loss (gain) on foreign exchange [2]	26,816	(4,690)	43,119	(7,571)
Share-based compensation [3]	3,153	2,796	13,758	12,159
Net loss (gain) on financial instruments[4]	2,420	1,117	(3,812)	(5,369)
Transaction, transitional and other costs[5]	29,561	10,975	56,148	27,174
ERP system transformation costs [6]	4,838	14,001	17,271	14,001
Net loss on sale of long-lived assets [7]	224	154	23	454
Equipment rework and remediation	—	3,600	—	24,108
Accounts receivable recovery for RUK	—	(82)	(268)	1,651
Impairment charge [8]	40	138	2,944	2,237
Adjusted EBITDA [9]	**78,134**	**73,076**	**264,788**	**293,894**

[1] See "Note 7 – Brazil investments" in our consolidated financial statements.
[2] See "Note 25[e] – Finance 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 24 – Share-based compensation plans" in our consolidated financial statements.
[4] See "Equity swap".
[5] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[6] Expenses incurred in connection with a global multi-year ERP transformation project.
[7] See "Note 11 – Property, plant and equipment" and "Note 16 – Assets held for sale" in our consolidated financial statements.
[8] See "Impairment charge" in our consolidated financial statements.
[9] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.

Profit (loss) before income taxes and Adjusted EBITDA by Segment

	Three-months ended December 31, 2024			
	Farm	Commercial	Other [11]	Total
[thousands of dollars]	$	$	$	$
Profit (loss) before income taxes	19,256	44,702	(86,831)	**(22,873)**
Finance costs	—	—	16,264	**16,264**
Depreciation and amortization [1]	7,316	8,531	1,949	**17,796**
Share of associate's net profit [2]	—	(105)	—	**(105)**
Loss on foreign exchange [3]	—	307	26,509	**26,816**
Share-based compensation [4]	—	—	3,153	**3,153**
Net loss on financial instruments [5]	—	—	2,420	**2,420**
Transaction, transitional and other costs [6]	5,283	—	24,278	**29,561**
ERP system transformation costs [7]	—	—	4,838	**4,838**
Net loss (gain) on sale of long-lived assets [1] [8]	287	(70)	7	**224**
Impairment charge [9]	40	—	—	**40**
Adjusted EBITDA [10]	**32,182**	**53,365**	**(7,413)**	**78,134**

	Three-months ended December 31, 2023			
	Farm	Commercial	Other [11]	Total
[thousands of dollars]	$	$	$	$
Profit (loss) before income taxes	39,188	28,271	(56,930)	**10,529**
Finance costs	—	—	18,296	**18,296**
Depreciation and amortization [1]	6,946	7,972	1,324	**16,242**
Gain on foreign exchange [3]	—	—	(4,690)	**(4,690)**
Share-based compensation [4]	—	—	2,796	**2,796**
Net loss on financial instruments [5]	—	—	1,117	**1,117**
Transaction, transitional and other costs [6]	—	—	10,975	**10,975**
ERP system transformation costs [7]	—	—	14,001	**14,001**
Net loss (gain) on sale of long-lived assets [1] [8]	560	(429)	23	**154**
Equipment rework and remediation	—	—	3,600	**3,600**
Accounts receivable recovery for RUK	—	(82)	—	**(82)**
Impairment charge [9]	—	138	—	**138**
Adjusted EBITDA [10]	**46,694**	**35,870**	**(9,488)**	**73,076**

[thousands of dollars]	Farm $	Commercial $	Other [11] $	Total $
				Year ended December 31, 2024
Profit (loss) before income taxes	133,995	87,263	(226,584)	**(5,326)**
Finance costs	—	—	70,242	**70,242**
Depreciation and amortization [1]	29,442	33,809	7,547	**70,798**
Share of associate's net profit [2]	—	(109)	—	**(109)**
Loss on foreign exchange [3]	—	307	42,812	**43,119**
Share-based compensation [4]	—	—	13,758	**13,758**
Net gain on financial instruments [5]	—	—	(3,812)	**(3,812)**
Transaction, transitional and other costs [6]	9,188	—	46,960	**56,148**
ERP system transformation costs [7]	—	—	17,271	**17,271**
Net loss (gain) on sale of long-lived assets [1] [8]	381	(355)	(3)	**23**
Accounts receivable recovery for RUK	—	(268)	—	**(268)**
Impairment charge [9]	2,867	77	—	**2,944**
Adjusted EBITDA [10]	**175,873**	**120,724**	**(31,809)**	**264,788**

[thousands of dollars]	Farm $	Commercial $	Other [11] $	Total $
				Year ended December 31, 2023
Profit (loss) before income taxes	187,477	89,336	(190,746)	**86,067**
Finance costs	—	—	73,667	**73,667**
Depreciation and amortization [1]	26,867	30,219	8,230	**65,316**
Gain on foreign exchange [3]	—	—	(7,571)	**(7,571)**
Share-based compensation [4]	—	—	12,159	**12,159**
Net gain on financial instruments [5]	—	—	(5,369)	**(5,369)**
Transaction, transitional and other costs [6]	—	—	27,174	**27,174**
ERP system transformation costs [7]	—	—	14,001	**14,001**
Net loss (gain) on sale of long-lived assets [1] [8]	712	(305)	47	**454**
Equipment rework and remediation	—	—	24,108	**24,108**
Accounts receivable reserve for RUK	—	1,651	—	**1,651**
Impairment charge [9]	2,099	138	—	**2,237**
Adjusted EBITDA [10]	**217,155**	**121,039**	**(44,300)**	**293,894**

[1] Allocated based on the segment of the underlying asset's cash generating unit ("CGU").
[2] See "Note 7 – Brazil investments" in our consolidated financial statements.
[3] See "Note 25[e] – Finance expenses (income)" in our consolidated financial statements.
[4] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 24 – Share-based compensation plans" in our consolidated financial statements.

[5] See "Equity swap".
[6] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[7] Expenses incurred in connection with a global multi-year ERP transformation project.
[8] See "Note 11 – Property, plant and equipment" and "Note 16 – Assets held for sale" in our consolidated financial statements.
[9] See "Impairment charge" in our consolidated financial statements.
[10] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[11] 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.

Profit (loss) before income taxes and Adjusted EBITDA by Geography

	Three-months ended December 31, 2024				
	Canada	US	International	Other [11]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	17,244	11,529	35,179	(86,825)	**(22,873)**
Finance costs	—	—	—	16,264	16,264
Depreciation and amortization [1]	4,947	6,181	4,724	1,944	17,796
Share of associate's net profit [2]	—	—	(105)	—	(105)
Loss on foreign exchange [3]	—	307	—	26,509	26,816
Share-based compensation [4]	—	—	—	3,153	3,153
Net loss on financial instruments [5]	—	—	—	2,420	2,420
Transaction, transitional and other costs [6]	—	5,284	—	24,277	29,561
ERP system transformation costs [7]	—	—	—	4,838	4,838
Net loss (gain) on sale of long-lived assets [1] [8]	129	171	(83)	7	224
Impairment charge [9]	40	—	—	—	40
Adjusted EBITDA [10]	**22,360**	**23,472**	**39,715**	**(7,413)**	**78,134**

	Three-months ended December 31, 2023				
	Canada	US	International	Other [11]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	13,076	32,598	21,775	(56,920)	10,529
Finance costs	—	—	—	18,296	18,296
Depreciation and amortization [1]	5,134	5,362	4,431	1,315	16,242
Gain on foreign exchange [3]	—	—	—	(4,690)	(4,690)
Share-based compensation [4]	—	—	—	2,796	2,796
Net loss on financial instruments [5]	—	—	—	1,117	1,117
Transaction, transitional and other costs [6]	—	—	—	10,975	10,975
ERP system transformation costs [7]	—	—	—	14,001	14,001
Net loss (gain) on sale of long-lived assets [1] [8]	573	(394)	(47)	22	154
Equipment rework and remediation	—	—	—	3,600	3,600
Accounts receivable recovery for RUK	—	—	(82)	—	(82)
Impairment charge [9]	138	—	—	—	138
Adjusted EBITDA [10]	**18,921**	**37,566**	**26,077**	**(9,488)**	**73,076**

	Year ended December 31, 2024				
	Canada	US	International	Other [11]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	62,379	93,680	65,159	(226,544)	(5,326)
Finance costs	—	—	—	70,242	70,242
Depreciation and amortization [1]	20,211	25,050	18,022	7,515	70,798
Share of associate's net profit [2]	—	—	(109)	—	(109)
Loss on foreign exchange [3]	—	307	—	42,812	43,119
Share-based compensation [4]	—	—	—	13,758	13,758
Net gain on financial instruments [5]	—	—	—	(3,812)	(3,812)
Transaction, transitional and other costs [6]	—	9,188	—	46,960	56,148
ERP system transformation costs [7]	—	—	—	17,271	17,271
Net loss (gain) on sale of long-lived assets [1] [8]	70	142	(178)	(11)	23
Accounts receivable recovery for RUK	—	—	(268)	—	(268)
Impairment charge [9]	140	2,804	—	—	2,944
Adjusted EBITDA [10]	**82,800**	**131,171**	**82,626**	**(31,809)**	**264,788**

					Year ended December 31, 2023
	Canada	US	International	Other [11]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	65,526	144,519	66,733	(190,711)	86,067
Finance costs	—	—	—	73,667	73,667
Depreciation and amortization [1]	20,015	20,821	16,286	8,194	65,316
Gain on foreign exchange [3]	—	—	—	(7,571)	(7,571)
Share-based compensation [4]	—	—	—	12,159	12,159
Net gain on financial instruments [5]	—	—	—	(5,369)	(5,369)
Transaction, transitional and other costs [6]	—	—	—	27,174	27,174
ERP system transformation costs [7]	—	—	—	14,001	14,001
Net loss (gain) on sale of long-lived assets [1] [8]	564	(229)	71	48	454
Equipment rework and remediation	—	—	—	24,108	24,108
Accounts receivable reserve for RUK	—	—	1,651	—	1,651
Impairment charge [9]	2,047	190	—	—	2,237
Adjusted EBITDA [10]	**88,152**	**165,301**	**84,741**	**(44,300)**	**293,894**

[1] Allocated based on the geographical region of the facilities with the exception of expenses noted in Other.

[2] See "Note 7 – Brazil investments" in our consolidated financial statements.

[3] See "Note 25[e] – Finance expenses (income)" in our consolidated financial statements.

[4] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 24 – Share-based compensation plans " in our consolidated financial statements.

[5] See "Equity swap".

[6] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.

[7] Expenses incurred in connection with a global multi-year ERP transformation project.

[8] See "Note 11 – Property, plant and equipment" and "Note 16 – Assets held for sale" in our consolidated financial statements.

[9] See "Impairment charge" in our consolidated financial statements.

[10] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.

[11] Included in Other is the corporate office which provides finance, treasury, legal, human resources and other administrative support to the geographical regions.

AGI's Adjusted EBITDA for the three-months ended December 31, 2024 increased to $78.1 million from $73.1 million for the same period in 2023. This was largely due to the anticipated growth in the Commercial segment, driven by large-scale turnkey solutions for customers in our international regions. This growth was partially offset by US Farm as the segment was impacted by a combination of lower commodity prices, higher production costs, and a reduction in farmer cash income which served to dampen customer demand. Refer to pages [4-9] for further information.

Depreciation and amortization

Depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets are categorized in the income statement in accordance with the function to which the underlying asset is related. Depreciation and amortization expense for the three-months and year ended December 31, 2024 was expense of $17.8 million and $70.8 million, respectively [2023 – $16.2 million and $65.3 million, respectively]. The increase in depreciation and amortization expense for the quarter relates to additions during the periods and the commencement of amortization of certain tradenames in 2024.

Income tax expense

Current income tax expense

Current income tax expense for the three-months and year ended December 31, 2024 was $6.3 million and $14.6 million, respectively [2023 – $4.3 million and $13.4 million].

Deferred income tax expense (recovery)

Deferred income tax expense (recovery) for the three-months and year ended December 31, 2024, was an expense of $3.4 million and $0.1 million, respectively [2023 – recovery of $5.2 million and expense of $3.7 million]. The deferred income tax recovery in 2024 relates to the recognition of temporary differences between the accounting and tax treatment of property, plant and equipment, intangible assets and debentures.

[thousands of dollars except percentages]	Three-months ended December 31 2024 $	2023 $	Year ended December 31 2024 $	2023 $
Current tax expense	6,334	4,324	14,647	13,442
Deferred tax expense (recovery)	3,431	(5,173)	109	3,736
Total tax expense (recovery)	**9,765**	**(849)**	**14,756**	**17,178**
Profit (loss) before income taxes	(22,873)	10,529	(5,326)	86,067
Effective income tax rate	(42.7%)	(8.1%)	(277.1%)	20.0%

The effective tax rate in 2024 was impacted by items that were included in the calculation of profit (loss) before income taxes for accounting purposes but were not included or deducted for tax purposes. The decreased effective tax rate from the statutory rate of 26.7% for the three-months ended December 31, 2024 was specifically attributable to unrealized foreign exchange gains and (losses), and non-deductible expenses, as well as the reversal of previously recognized non-capital losses.

Diluted profit (loss) per share and diluted adjusted profit per share

The Company's diluted adjusted profit per share for the three-months and year ended December 31, 2024, was a profit of $1.47 and $4.61 per share, respectively [2023 – profit of $1.70 and $5.91 per share, respectively]. Diluted adjusted profit per share has been impacted by the items enumerated in the table below, which reconciles profit (loss) to adjusted profit.

	Three-months ended December 31		Year ended December 31	
[thousands of dollars except per share amounts]	2024 $	2023 $	2024 $	2023 $
Profit (loss)	(32,639)	11,378	(20,082)	68,889
Diluted profit (loss) per share	(1.71)	0.58	(1.05)	3.44
Share of associate's net profit [1]	(105)	—	(109)	—
Loss (gain) on foreign exchange [2]	26,816	(4,690)	43,119	(7,571)
Net loss (gain) on financial instruments [3]	2,420	1,117	(3,812)	(5,369)
Transaction, transitional and other costs [4]	29,561	10,975	56,148	27,174
ERP system transformation costs [5]	4,838	14,001	17,271	14,001
Net loss on sale of long-lived assets [6]	224	154	23	454
Equipment rework and remediation	—	3,600	—	24,108
Accounts receivable reserve (recovery) for RUK	—	(82)	(268)	1,651
Impairment charge [7]	40	138	2,944	2,237
Adjusted profit [8]	31,155	36,591	95,234	125,574
Diluted adjusted profit per share [9]	1.47	1.70	4.61	5.91

[1] See "Note 7 – Brazil investments" in our consolidated financial statements.
[2] See "Note 25[e] – Finance expenses (income)" in our consolidated financial statements.
[3] See "Equity swap".
[4] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[5] Expenses incurred in connection with a global multi-year ERP transformation project.
[6] See "Note 11 – Property, plant and equipment" and "Note 16 – Assets held for sale" in our consolidated financial statements.
[7] See "Impairment charge" in our consolidated financial statements.
[8] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[9] This is a non-IFRS ratio and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS ratio.

QUARTERLY FINANCIAL INFORMATION

[thousands of dollars other than per share amounts and exchange rate]:

2024					
	Average USD/CAD Exchange Rate	Revenue [1] $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q1	1.35	314,596	1,939	0.10	0.10
Q2	1.35	351,781	(7,394)	(0.39)	(0.39)
Q3	1.36	357,173	18,012	0.94	0.89
Q4	1.40	381,157	(32,639)	(1.71)	(1.71)
FY 2024	**1.37**	**1,404,707**	**(20,082)**	**(1.05)**	**(1.05)**

2023					
	Average USD/CAD Exchange Rate	Revenue [1] $	Profit $	Basic Profit per Share $	Diluted Profit per Share $
Q1	1.37	347,016	16,357	0.86	0.82
Q2	1.36	390,269	16,095	0.85	0.81
Q3	1.35	410,067	25,059	1.32	1.21
Q4	1.36	379,317	11,378	0.60	0.58
FY 2023	**1.35**	**1,526,669**	**68,889**	**3.63**	**3.44**

[1] See “BASIS OF PRESENTATION”.

The following factors impact the comparison between periods in the table above:

- Revenue, gain (loss) on foreign exchange, profit (loss), and basic and diluted profit (loss) per share in all periods are impacted by the rate of exchange between the Canadian and U.S. dollars.
- Certain quarters include items that management believes do not necessarily arise as part of the Company’s day-to-day operations; see “Profit (loss) before income taxes and Adjusted EBITDA” for such items.

LIQUIDITY AND CAPITAL RESOURCES

AGI’s financing requirements are subject to variations due to the seasonal and cyclical nature of its business. Revenues historically have been higher in the second and third calendar quarters compared with the first and fourth quarters and cash flow has been lower in the first half of each calendar year. However, the Company’s geographic diversity has increased over time leading to a more balanced distribution of revenue and corresponding collections throughout the year. Internally generated funds are supplemented, when necessary, from external sources, primarily the Company’s senior credit facilities, to fund the Company’s working capital requirements, capital expenditures, acquisitions, dividends and other items. The Company believes that the senior credit facilities and debentures described under “Capital Resources”, together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements.

CASH FLOW AND LIQUIDITY

[thousands of dollars]	Three-months ended December 31 2024 $	2023 $	Year ended December 31 2024 $	2023 $
Profit (loss) before tax	(22,873)	10,529	(5,326)	86,067
Items not involving current cash flows	55,044	17,065	126,892	68,722
Cash flows provided by operations	32,171	27,594	121,566	154,789
Net change in working capital balances related to operations	26,902	58,237	14,493	(15,029)
Transfer from (to) restricted cash	(574)	110	(3,412)	417
Proceeds from settlement of financial instrument	—	—	7,008	—
Change in non-current accounts receivable	(13,472)	1,853	(12,069)	(5,647)
Change in long-term payables	71	(8)	141	300
Settlement of equity incentive award plan obligation	(478)	(158)	(7,685)	(14,373)
Post-combination payments	—	(350)	(1,699)	(3,040)
Income tax paid	(6,174)	(3,586)	(7,520)	(11,790)
Cash provided by operating activities	38,446	83,692	110,823	105,627
Cash used in investing activities	(9,982)	(19,941)	(36,539)	(43,115)
Cash used in financing activities	(42,253)	(66,061)	(82,433)	(34,114)
Net increase (decrease) in cash during the period	(13,789)	(2,310)	(8,149)	28,398
Cash, beginning of period	93,682	90,352	88,042	59,644
Cash, end of period	**79,893**	**88,042**	**79,893**	**88,042**

Cash provided by operating activities for the three-months ended December 31, 2024 as compared to the 2023 periods decreased due to net changes in working capital balances and non-current accounts receivable. Cash provided by operating activities for the year ended December 31, 2024 increased due to net changes in working capital balances and proceeds from settlement of financial instruments [see "Equity swap"] offset by changes in non-current accounts receivable.

Cash used in investing activities for the three-months and year ended December 31, 2024 decreased primarily due to a decrease in capital expenditures and development of internally generated intangibles. For the year ended December 31, 2024 an investment in associate of $7.1 million related to the credit rights investment fund ("FIDC") was included as a cash use [See Note 7 in our consolidated financial statements].

Cash used in financing activities for the three-months ended December 31, 2024, excluding the impact of foreign exchange, relates primarily to a net increase in the balance outstanding on our senior credit facilities of $68.8 million in Q4 2024 [Q4 2023 – net decrease of $55.1 million], net of fees, and changes in interest accrual. The draw from the Company's credit facility was used to repay its senior debentures that matured on December 31, 2024.

Cash used in financing activities for the year ended December 31, 2024, excluding the impact of foreign exchange, relates primarily to a net increase in the balance outstanding on our senior credit facilities of $125.0 million in 2024 [2023 – net decrease of $15.5 million], net of fees, and changes in interest accrual. A total draw of $172.5 million from the Company's credit facilities was made during the year ended December 31, 2024 and was used to repay its senior debentures that matured on June 30th and December 31st, 2024.

Cash used in financing activities for the three-months and year ended December 31, 2024 includes $11.0 million paid related to our normal course issuer bid ("NCIB").

Free Cash Flow

Free cash flow demonstrates AGI's cash generation capabilities. Free cash flow is defined as cash provided by operating activities less capital expenditures (or acquisition of property, plant and equipment) and intangible asset investments (or development and purchase of intangible assets). This measure represents cash generated by AGI's business that could be directed to fund ongoing and prospective strategic initiatives, reduce debt, or pursue other initiatives to enhance shareholder value after investing in capital expenditures that are required to maintain and grow the Company. Management monitors and discloses free cash flow to highlight AGI's operational efficiency and financial flexibility.

	Three-months ended December 31		Year ended December 31	
	2024	2023	2024	2023
[thousands of dollars]	$	$	$	$
Cash provided by operating activities	38,446	83,692	110,823	105,627
Less: acquisition of property, plant and equipment	(8,393)	(25,103)	(23,045)	(43,025)
Less: development and purchase of intangibles	(1,999)	1,367	(8,626)	(13,655)
Free cash flows [1]	**28,054**	**59,956**	**79,152**	**48,947**

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

For the three-months period ended December 31, 2024, free cash flow was $27.9 million [2023 – $60.0 million]. The decrease in free cash flow was primarily driven by a substantial decrease in cash provided by operations of $38.4 million as compared to $83.7 million in Q4 2023 as discussed further above.

For the year ended December 31, 2024, free cash flow increased to $79.0 million from $48.9 million in the prior year. This increase is primarily attributed to a reduction in investment in property, plant, and equipment and intangible asset development during the year coupled with higher cash provided by operations.

Working Capital Requirements

Interim period working capital requirements typically reflect the seasonality of the business. AGI's collections of accounts receivable in North America are weighted towards the third and fourth quarters. This collection pattern, combined with historically high revenue in the second and third quarters that result from seasonality, typically lead to accounts receivable levels in North America increasing throughout the year and peaking in the third quarter. Inventory levels in North America typically increase in the first and second quarters and then begin to decline in the third or fourth quarter as revenue levels exceed production offset by the seasonality of our operations in India that is opposite of that described above. In addition, our business in Brazil is less seasonal due to the existence of two growing seasons in the country and the increasing importance of Commercial business in the region. Growth in overall international business which typically has longer payment terms than North America may result in an increase in the number of days accounts receivable remain outstanding and may result in increased usage of working capital in certain quarters.

Capital Expenditures

	Three-months ended December 31		Year ended December 31	
	2024	2023	2024	2023
[thousands of dollars except percentages]	$	$	$	$
Maintenance capital expenditures [1]	5,269	6,209	13,563	14,470
Non-maintenance capital expenditures [1]	3,124	18,894	9,482	28,555
Acquisition of property plant and equipment	**8,393**	**25,103**	**23,045**	**43,025**
Maintenance capital expenditures as % of Revenue	1.4%	1.6%	1.0%	0.9%

[1] This is a supplementary financial measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.

The acquisition of property, plant and equipment in the three-months and year ended December 31, 2024, was $8.4 million and $23.0 million, respectively [2023 – $25.1 million and $43.0 million, respectively].

Maintenance capital expenditures in the three-months and year ended December 31, 2024, were $5.3 million and $13.6 million, respectively; 1.4% and 1.0% of revenue [2023 – $6.2 million and $14.5 million; 1.7% and 0.9% of revenue]. Maintenance capital expenditures in Q4 2024 relate primarily to purchases of manufacturing equipment and building repairs and historically have approximated 1.0% - 1.5% of revenue.

AGI had non-maintenance capital expenditures in the three-months and year ended December 31, 2024, of $3.1 million and $9.5 million, respectively [2023 – $18.9 million and $28.6 million]. In 2024, expenditures relating primarily to multi-year capital projects in India and Brazil decreased as projects continue to move towards completion.

The acquisition of property, plant and equipment and its components of maintenance and non-maintenance capital expenditures in Q4 2024 were financed through equipment financing programs, cash on hand, or through the Company's senior credit facilities [see "Capital Resources"].

CONTRACTUAL OBLIGATIONS

The following table shows, as at December 31, 2024, the Company's contractual obligations for the periods indicated:

[thousands of dollars]	Total $	2025 $	2026 $	2027 $	2028 $	2029+ $
2020 Debentures	**85,000**	—	85,000	—	—	—
2021 Convertible Debentures [1]	**114,995**	—	—	114,995	—	—
2022 Convertible Debentures	**103,900**	—	—	103,900	—	—
Long-term Debt [2][3]	**569,830**	283	220	216	569,111	—
Lease liability [2]	**60,317**	13,256	11,386	8,892	6,356	20,427
Due to vendor [2]	**4,718**	4,689	29	—	—	—
Purchase obligations [4]	**5,007**	5,007	—	—	—	—
Total obligations	**943,767**	**23,235**	**96,635**	**228,003**	**575,467**	**20,427**

[1] During the year ended December 31, 2023, a holder of the 2021 Convertible Debentures converted $0.005 million of the principal amount outstanding into common shares of AGI ("Common Shares").
[2] Undiscounted.
[3] On July 3, 2024, the maturity date of the senior credit facilities was extended from May 11, 2026 to July 3, 2028 [see "Debt Facilities"].
[4] Net of deposit.

The debentures relate to the aggregate principal amount of the debentures [see "Capital Resources – Debentures"] and long-term debt is comprised of the Company's senior credit facilities [see "Capital Resources – Debt Facilities"].

CAPITAL RESOURCES

Assets and Liabilities

[thousands of dollars]	December 31, 2024 $	December 31, 2023 $
Total assets	1,666,630	1,654,976
Total liabilities	1,368,192	1,336,992

Cash

The Company's cash balance as at December 31, 2024 was $79.9 million [December 31, 2023 - $88.0 million].

Debt Facilities

As at December 31, 2024:

[thousands of dollars except interest rate]	Currency	Maturity	Total Facility [CAD][1][2] $	Amount Drawn[1] $	Effective Interest Rate
Senior Credit Facilities	CAD / USD	2028[3]	845,698	568,904	6.56%
Equipment Financing	various	various	920	920	various
Total			**846,618**	**569,824**	

[1] USD denominated amounts translated to CAD at the rate of exchange in effect on December 31, 2024 of $1.4389.
[2] Excludes the $200 million accordion available under AGI's credit facility.
[3] On July 3, 2024, the maturity date of the senior credit facilities was extended from May 11, 2026 to July 3, 2028 [see "Debt Facilities"].

AGI's senior credit facilities of $450 million and U.S. $275 million are inclusive of amounts that may be allocated to the Company's swingline facilities and can be drawn in Canadian or U.S. funds. AGI has swing-line facilities of $50 million and U.S. $10 million. On March 11, 2024, the Company amended its senior credit facilities to transition from the Canadian Dollar Offered Rate ["CDOR"] to the Canadian Overnight Repo average Rate ["CORRA"]. The senior credit facilities bear interest at CORRA/SOFR ["Secured Overnight Financing Rate"] plus 1.2% – 2.75% and prime plus 0.2% – 1.75% per annum based on performance calculations. As at December 31, 2024, there was $262.7 million [December 31, 2023 – $149.9 million] and U.S. $212.8 million [December 31, 2023 – U.S. $205.8 million] outstanding under the facilities. As at December 31, 2024, the portion of drawings from the senior credit facilities recorded on the swingline was $18.1 million [December 31, 2023 – $20.1 million].

On July 3, 2024, the Company and its lenders completed an amendment to the senior credit facilities. The amendment extended the maturity date of the senior credit facilities from May 11, 2026 to July 3, 2028.

On December 16, 2024, the Company and its lenders completed an amendment to the senior credit facilities to increase the senior credit facilities in the amount of $100 million.

A total draw of $172.5 million from the Company's credit facilities was made during the year ended December 31, 2024 and was used to repay its senior debentures that matured on June 30 and December 31, 2024.

Debentures

Convertible Unsecured Subordinated Debentures

The following table summarizes the key terms of the convertible unsecured subordinated debentures [the "Convertible Debentures"] of the Company that were outstanding as at December 31, 2024:

Year Issued / TSX Symbol	Aggregate Principal Amount $	Coupon	Conversion Price $	Maturity Date	Redeemable at Par[1]
2021 [AFN.DB.I]	114,995,000 [2]	5.00%	45.14	Jun 30, 2027	Jun 30, 2025[3]
2022 [AFN.DB.J]	103,900,000	5.20%	70.50	Dec 31, 2027	Dec 31, 2025[4]

[1] At the option of the Company, at par plus accrued and unpaid interest.

[2] During the year ended December 31, 2023, a holder of the 2021 Convertible Debentures converted $0.005 million of the principal amount outstanding into Common Shares.

[3] On and after June 30, 2025 and prior to June 30, 2026, the 2021 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the conversion price. On and after June 30, 2026, the 2021 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount, plus accrued and unpaid interest, regardless of the trading price of the Common Shares.

[4] On and after December 31, 2025 and prior to December 31, 2026, the 2022 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the conversion price. On and after December 31, 2026, the 2022 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the Common Shares.

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Convertible Debentures by issuing and delivering Common Shares. The Company may also elect to satisfy its obligation to pay interest on the Convertible Debentures by delivering sufficient Common Shares to the trustee of the Convertible Debentures to be sold, with the proceeds used to satisfy the obligation to pay interest. The Company does not expect to exercise the option to satisfy its obligations to pay the principal amount or interest by delivering Common Shares. The number of Common Shares issued would be determined based on market prices at the time of issuance.

Senior Unsecured Subordinated Debentures

The following table summarizes the key terms of the Senior Unsecured Subordinated Debentures [the "Senior Debentures"] that were outstanding as at December 31, 2024:

Year Issued / TSX Symbol	Aggregate Principal Amount $	Coupon	Maturity Date
2020 March [AFN.DB.H]	85,000,000	5.25 %	December 31, 2026

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Senior Debentures by issuing and delivering Common Shares. The Company may also elect to satisfy its obligation to pay interest on the Senior Debentures by delivering sufficient Common Shares to the trustee of the Senior Debentures to be sold, with the proceeds used to satisfy the obligation to pay interest. The number of Common Shares issued would be determined based on market prices at the time of issuance. The Company's 5.40% and 5.25% senior unsecured subordinated debentures issued in 2019 matured on June 30, 2024, and December 31, 2024, respectively.

COMMON SHARES

The following number of Common Shares were issued and outstanding at the dates indicated:

	# Common Shares
December 31, 2023	**19,005,846**
Settlement of EIAP obligations	66,883
Settlement of directors' deferred compensation plan obligations	9,596
Normal course issuer bid – shares repurchased and cancelled	(201,400)
December 31, 2024	**18,880,925**
Normal course issuer bid – shares repurchased and cancelled	(224,900)
March 5, 2025	**18,656,025**

At March 5, 2025:

- 18,656,025 Common Shares are outstanding;
- 2,265,000 Common Shares are available for issuance under the Company's equity-settled Equity Incentive Award Plan [the "EIAP"], of which 1,173,320 Common Shares have been issued under the EIAP, 624,089 Common Shares are issuable on the settlement of outstanding awards and 467,591 Common Shares are reserved for issuance on the settlement of awards that are available for grant;
- 120,000 deferred grants of Common Shares have been granted under the Company's Directors' Deferred Compensation Plan, of which 29,384 Common Shares have been issued;
- 4,021,279 Common Shares are issuable on conversion of the outstanding Convertible Debentures, of which there are an aggregate principal amount of $218.9 million outstanding; and
- In 2024, the board of directors authorized the Company to initiate a normal course issuer bid ("NCIB"), in accordance with the requirements of the TSX. The NCIB allows AGI to purchase

up to 1,888,505 common shares over a period of 12 months commencing on November 11, 2024. In 2024, the Company repurchased and cancelled 201,400 Common Shares for total cash consideration of $11.0 million. In 2025, the Company repurchased and cancelled 224,900 Common Shares for total cash consideration of $9.4 million.

AGI's Common Shares trade on the TSX under the symbol AFN.

DIVIDENDS

AGI declared dividends of $2.8 million or $0.15 per Common Share [Q4 2023 – $2.9 million or $0.15 per Common Share] in the three-months period ended December 31, 2024. The dividend declared in Q4 2024 was paid on January 15, 2025 to common shareholders of record at the close of business on December 31, 2024. Dividends paid to common shareholders of $2.9 million [Q4 2023 – $2.9 million] during the three-months period ended December 31, 2024 were financed from cash on hand.

The Company's board of directors reviews financial performance and other factors when assessing dividend levels. An adjustment to dividend levels may be made at such time as the board determines an adjustment to be appropriate. Dividends in a fiscal year are typically funded entirely through cash from operations, although due to seasonality dividends may be funded on a short-term basis by the Company's senior credit facilities.

FINANCIAL INSTRUMENTS

Interest rate swaps contracts

The Company has entered into interest rate swap contracts to manage its exposure to fluctuations in interest rates.

	Currency	Effective	Maturity	Amount of Swap [000's] $	Fixed Rate [1]
Interest rate hedge – CORRA	CAD	June 11, 2023	2026	75,000	3.707 %

[1] Excludes performance adjustment.

On June 16, 2022, the Company entered into a forward interest rate swap contract effective June 11, 2023 and expiring on May 11, 2026. On March 11, 2024, the Company amended its interest rate swap contract to transition from CDOR to CORRA. The fixed rate on the Company's interest rate swap changed from 3.972% to 3.707%. The Company receives interest based on the variable rates from the counterparty and pays interest based on a fixed rate. The notional amounts are $75 million in aggregate, resetting each month. The Company has elected to apply hedge accounting for this contract and, therefore, unrealized gains (losses) are recognized in other comprehensive income (loss) to the extent that it has been assessed to be effective. During the three-months and year ended December 31, 2024, an unrealized gain of $0.07 million and loss of $0.2 million, respectively [2023 – loss of $1.8 million and gain of $0.9 million] was recorded in other comprehensive income (loss) and a realized gain of $0.07 million and $0.8 million, respectively [2023 – gain of $0.3 million and $0.5 million] was recorded in finance costs. As at December 31, 2024, the fair value of the interest rate swap was a liability of $0.9 million [December 31, 2023 – asset of $0.06 million].

Equity swap

The Company has an equity swap agreement with a financial institution to manage the cash flow exposure due to fluctuations in its share price related to the EIAP. During the year ended December 31, 2024, AGI reduced the size of its equity hedge position by 300,000 shares resulting in proceeds of $7.0 million and a realized gain of $3.5 million. In addition, the Company also extended the maturity date of the swap agreement from May 7, 2024 to May 5, 2026. As at December 31, 2024, the equity swap agreement covered 422,000 Common Shares at a price of $38.76. During the three-months and year ended December 31, 2024, an unrealized loss of $1.4 million and gain of $0.1 million [2023 – loss of $2.0 million and gain of $5.2 million] was recorded in loss (gain) on financial instruments in other operating expense (income). As at December 31, 2024, the fair value of the equity swap is an asset of $5.1 million [December 31, 2023 – asset of $8.5 million].

Foreign exchange contracts

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollars and to a lesser extent to variations in exchange rates between the Euro and the Canadian dollar. AGI may enter into foreign exchange contracts to partially mitigate its foreign exchange risk.

In 2023, the Company entered into a series of short-term forward contracts with notional amounts of U.S. $10.8 million in aggregate with maturities up to May 30, 2025. During the three-months and year ended December 31, 2024, an unrealized loss of $0.5 million and $0.6 million, respectively [2023 – gain of $0.4 million and $0.1 million] was recorded in loss (gain) on financial instruments. As at December 31, 2024, the fair value of the forward contracts is a liability of $0.5 million [December 31, 2023 – asset of $0.1 million].

Debenture put options

In March 2020, the Company issued $85 million of senior unsecured subordinated debentures with an option of early redemption beginning December 31, 2022. At the time of issuance, the Company's redemption option resulted in an embedded derivative with a fair value of $0.8 million. During the three-months and year ended December 31, 2024, an unrealized loss of $0.5 million and gain of $0.8 million [2023 – gain of $0.5 million and gain of $0.09 million] were recorded in gain on financial instruments in other operating expense (income). As at December 31, 2024, the fair value of the embedded derivative is an asset of $1.4 million [December 31, 2023 – asset of $0.6 million].

OTHER RELATIONSHIPS

A law firm in which a Director of AGI is a partner provides legal services to the Company. During the three-months and year ended December 31, 2024, the total cost of these legal services was $0.1 million and $0.6 million, respectively [2023 – $0.2 million and $0.6 million], and $0.8 million is included in accounts payable and accrued liabilities as at December 31, 2024 [2023 – $1.1 million].

These transactions are measured at the exchange amount and were incurred during the normal course of business.

CRITICAL ACCOUNTING ESTIMATES

Described in the notes to the Company's 2024 consolidated financial statements are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 to the 2024 consolidated financial statements for a discussion of the significant accounting judgments, estimates and assumptions. No changes to the accounting policies and estimates have been made as of December 31, 2024.

RISKS AND UNCERTAINTIES

The Company and its business are subject to numerous risks and uncertainties which are described in this MD&A and the Company's most recent Annual Information Form, which is available under the Company's profile on SEDAR+ [www.sedarplus.ca]. These risks and uncertainties include but are not limited to the following: the risk that (i) the tariffs imposed by the U.S. on Canada effective March 4, 2025 and the retaliatory tariffs announced by Canada against the US remain in place for an extended period of time and have a material adverse impact on our operations and financial results, (ii) the U.S. and/or Canada increases the rate or scope of existing tariffs, or imposes new tariffs on the import of goods from one country to the other, (iii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, and (iv) the tariffs imposed by the U.S. on other countries and responses thereto could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the agricultural industry and AGI; general economic and business conditions and changes in international, national and local macroeconomic and business conditions, as well as sociopolitical conditions in certain local or regional markets, including as a result of conflicts in the Middle East and the conflict between Russia and Ukraine and the responses thereto from other countries and institutions (including trade sanctions and financial controls), which has created volatility in the global economy and could continue to adversely impact economic and trade activity; the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the coronavirus (COVID-19) pandemic; the ability of management to execute the Company's business plan; fluctuations in agricultural and other commodity prices, interest rates, inflation rates and currency exchange rates; crop planting, crop conditions and crop yields; weather patterns, the timing of harvest and conditions during harvest; volatility of production costs, including the risk of production cost increases that may arise as a result of elevated inflation rates and/or supply chain disruptions and/or labour actions, and the risk that we may not be able to pass along all or any portion of increased costs to customers; governmental regulation of the agriculture and manufacturing industries, including environmental and climate change regulation; actions taken by governmental authorities, including increases in taxes, changes in government regulations and incentive programs, and actions taken in connection with local or global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the COVID-19 pandemic; risks inherent in marketing operations; credit risk; the availability of credit for customers; seasonality and industry cyclicality; potential delays or changes in plans with respect to capital expenditures; the cost and availability of sufficient financial resources to fund the Company's capital expenditures; failure of the Company to realize the benefits of its operational excellence initiatives; incorrect assessments of the value of acquisitions, failure of the Company to realize the anticipated benefits of acquisitions, including to realize anticipated synergies and margin improvements, and the assumption of liabilities associated with acquisitions and/or the provision of indemnities to vendors in respect of any such assumed liabilities or otherwise; volatility in the stock markets including the market price of the Common Shares; competition for, among other things, customers, supplies, acquisitions, capital and skilled personnel; the availability of capital on acceptable terms; dependence on suppliers; changes in labour costs and the labour market, including the risk of labour cost increases that may arise as a result of elevated inflation rates and/or a scarcity of labour and/or labour activities; the impact of climate change and related laws and regulations; changes in trade relations between the countries in which the Company does business, including between Canada and the United States, including as a result of the tariffs imposed by the United States and Canada on one another; cyber security risks; adjustments to and delays or cancellation of one or more orders comprising our order book; the requirement to re-supply equipment or re-complete work previously supplied or completed at AGI's cost, and the risk that AGI's assumptions and estimates made in respect of such costs and underlying the provision for warranty accrual and remediation in our consolidated financial statements related thereto and insurance coverage therefor will prove to be incorrect as further information becomes available to AGI; and the risk of litigation or unsuccessful defense 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 risks and uncertainties are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial also may impair operations. If any of these risks actually occur, our business, results of operations and financial condition, and the amount of cash available for dividends could be materially adversely affected.

U.S. Tariffs

In early February 2025, the U.S. government announced a 25% broad-based tariff on goods exported out of Canada into the U.S., other than energy products, which would be subject to a 10% tariff. In response, the Canadian government announced that it would impose a 25% tariff on $155.0 billion of goods imported from the U.S. The U.S. also announced a 25% tariff on goods imported from Mexico and a 10% tariff on goods imported from China. Representatives of the U.S. government have also publicly stated that they are considering imposing tariffs on goods imported from other countries and on specific products. On March 4, 2025, the U.S. implemented its broad-based tariff on goods imported from Canada and Mexico and increased the tariff on goods imported from China to 20%. These tariffs, and any changes to these tariffs or imposition of any new tariffs, taxes or import or export restrictions or prohibitions, could have a material adverse effect on the U.S. and Canadian economies, the North American agricultural industry and AGI. Furthermore, there is a risk that the tariffs imposed by the U.S. on other countries will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the global agricultural industry and AGI. See also "2025 Outlook" above.

CHANGES IN ACCOUNTING STANDARDS AND FUTURE ACCOUNTING CHANGES

Adoption of accounting policies

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, amendments were issued to IAS 1, *Presentation of Financial Statements* ["IAS 1"], which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and
- Disclosures.

The amendments must be applied retrospectively for annual periods beginning after January 1, 2024. The Company's adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

International tax reform—Pillar Two model rules – Amendments to IAS 12

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules ["Pillar Two model rules"] apply to multinational enterprises ["MNEs"] with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax [the "Minimum Tax"]:

- The Qualified Domestic Minimum Top-up Tax ["QDMTT"]
- The Income Inclusion Rule ["IIR"]
- The Under Taxed Payments/Profits Rule ["UTPR"]
- The Subject to Tax Rule ["STR"]

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The QDMTT, IIR and UTPR do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis under the Pillar Two model rules, is below a 15% minimum rate.

The STR is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

On May 23, 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12* [the "Amendments"]. The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Company has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

On June 20, 2024, Canada enacted Pillar Two Legislation, the Global Minimum Tax Act, which imposes a 15% global minimum tax. According to these rules, the Company is considered a MNE to which the Pillar Two rules shall be applied.

Standards issued but not yet effective

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, *Presentation and Disclosure in Financial Statements* ["IFRS 18"] was issued. IFRS 18 replaces IAS 1. This new standard:

- Introduces new categories and subtotals in the statement of profit or loss where all income and expenses are categorized into one of five categories: operating, investing, financing, income taxes and discontinued operations.
- Requires disclosure of management-defined performance measures ["MPM"]. MPM is a subtotal of income and expenses that a company uses in public communications outside financial statements. IFRS 18 requires disclosure of information for all of the company's MPMs within a single note to the financial statements that includes a description of each MPM, how the measure is calculated and a reconciliation to the most comparable line item in the statement of profit or loss.
- Introduces a principle for presentation of information in the primary financial statements versus the financial statement notes including the aggregation and disaggregation of such information.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027 and must be applied retrospectively. Early adoption is permitted. The Company is assessing the impact of adopting IFRS 18 and does not expect to early adopt.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including AGI's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management has concluded that disclosure controls and procedures were effective as at December 31, 2024.

Management of AGI is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS. Management has evaluated the design and operating effectiveness of the Company's internal controls over financial reporting as at December 31, 2024 and has concluded that they are effective.

There have been no changes in AGI's internal controls over financial reporting that occurred in the three-months period ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

NON-IFRS AND OTHER FINANCIAL MEASURES

This MD&A makes reference to certain specified financial measures, including non-IFRS financial measures, 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")", "adjusted gross margin", "free cash flow", and "adjusted profit"; (ii) non-IFRS ratios: "Adjusted EBITDA margin %", "adjusted gross margin as a % of revenue", "gross profit as a % of revenue", and "diluted adjusted profit per share"; and (iii) supplementary financial measures: "order book", "revenue by geography", "revenue by segment and geography", "maintenance capital expenditures", "maintenance capital expenditures as % of revenue", and "non-maintenance capital expenditures"; 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 MD&A, 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 MD&A.

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

"Adjusted EBITDA" is defined as profit (loss) before income taxes before finance costs, depreciation and amortization, share of associate's net profit, gain or loss on foreign exchange, non-cash share-based compensation expenses, net gain or loss on financial instruments, transaction, transitional and other costs, ERP system transformation costs, net gain or loss on long lived assets, equipment rework and remediation, accounts receivable reserve (recovery) for Russia/Ukraine conflict, and impairment charge. 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 is calculated in the same manner as described above for historical Adjusted EBITDA, as applicable.

"Adjusted EBITDA margin %" is defined as Adjusted EBITDA divided by revenue. 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 gross margin" is defined as gross profit before equipment rework and remediation, and depreciation and amortization. Adjusted gross margin is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our consolidated financial statements is gross profit. Management believes that adjusted gross margin is a useful measure to assess the performance of the Company as it excludes the effects of non-cash expenses related to equipment rework and remediation, and depreciation and amortization. See "Detailed Operating Results – Gross Profit and Adjusted Gross Margin" for the reconciliation of adjusted gross margin to gross profit for the current and comparative periods.

"Adjusted Gross Margin as a % of revenue" is defined as adjusted gross margin divided by revenue. Adjusted gross margin as a % of revenue is a non-IFRS ratio because one of its components, adjusted gross margin, is a non-IFRS financial measure. Management believes adjusted gross margin as a % of revenue is a useful measure to assess the performance of the Company.

“Adjusted profit” is defined as profit or loss adjusted for share of associate’s net profit, gain or loss on foreign exchange, net gain or loss on financial instruments, transaction, transitional and other costs, ERP system transformation costs, net gain or loss on long lived assets, equipment rework and remediation, accounts receivable reserve (recovery) for Russia/Ukraine conflict, and impairment charge (recovery). Adjusted profit is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our consolidated financial statements is profit or loss. Management believes 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 “Detailed Operating Results – Diluted profit (loss) per share and diluted adjusted profit per share” for the reconciliation of adjusted profit to profit (loss) for the current and comparative periods.

“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.

“Free cash flow” is defined as cash provided by operating activities less acquisition of property, plant and equipment and less development and purchase of intangible assets. Free cash flow is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our consolidated financial statements is cash provided by operating activities. Management believes that free cash flow provides useful information about the Company’s ability to generate available cash that can be used to fund ongoing and prospective strategic initiatives, reduce debt, or pursue other initiatives to enhance shareholder value after investing in capital expenditures that are required to maintain and grow the Company. Management uses free cash flow to help monitor the operational efficiency and financial flexibility of the Company. See “Free Cash Flow” above for a reconciliation of free cash flow to cash provided by operating activities for the current and comparative periods.

“Gross Profit as a % of revenue” is defined as gross profit divided by revenue. Gross profit as a % of revenue is a supplementary financial measure.

“Maintenance capital expenditures” and “non-maintenance capital expenditures” are both components of the Company’s “Acquisition of property, plant and equipment”. Management defines maintenance capital expenditures as cash outlays required to maintain plant and equipment at current operating capacity and efficiency levels and non-maintenance capital expenditures as other investments, including cash outlays required to increase operating capacity or improve operating efficiency. Both “maintenance capital expenditures” and “non-maintenance capital expenditures” are supplementary financial measures. Management believes that in addition to acquisition of property, plant and equipment, maintenance capital expenditures and non-maintenance capital expenditures provide a useful supplemental measure in evaluating the Company’s performance. See “Cash Flow and Liquidity – Capital Expenditures” for the reconciliation of maintenance capital expenditures and non-maintenance capital expenditures to acquisition of property plant and equipment for the current and comparative periods. “Maintenance capital expenditures as % of revenue” is a supplementary financial measure that is calculated by dividing maintenance capital expenditures for the period by revenue for the period.

"Order book" is 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. Order book is a supplementary financial measure.

"Revenue by Geography" and "Revenue by Segment and Geography": The revenue information presented under "Revenue by Geography" and "Revenue by Segment and Geography" are supplementary financial measures used to present the Company's revenue by geography and by segment and geography.

Reconciliation of Adjusted EBITDA to profit (loss) before income taxes for the three months ended March 31, 2024 and 2023

	Three-months ended March 31	
	2024	2023
[thousands of dollars]	$	$
Profit (loss) before income taxes	3,849	21,626
Finance costs	18,951	17,681
Depreciation and amortization	17,145	16,040
Loss (gain) on foreign exchange [1]	5,418	(2,617)
Share-based compensation [2]	4,416	4,268
Gain on financial instruments [3]	(7,816)	(13,204)
Transaction, transitional and other costs [4]	4,450	3,929
Enterprise Resource Planning ("ERP") system transformation costs [5]	4,125	—
Net loss on sale of long-lived assets [6]	(206)	199
Accounts receivable reserve for RUK	(268)	—
Impairment charge [7]	—	190
Adjusted EBITDA	**50,064**	**48,112**

[1] See "Note 11[e] – Finance expenses (income)" in our 2024 Q1 consolidated financial statements

[2] The Company's share-based compensation expense pertains to our equity incentive award plan ("EIAP") and directors' deferred compensation plan ("DDCP"). See "Note 10 – Share-based compensation plans" in our 2024 Q1 consolidated financial statements.

[3] See "Equity swap".

[4] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.

[5] Expenses incurred in connection with a global multi-year ERP transformation project.

[6] See "Note 6 – Assets held for sale" in our 2024 Q1 consolidated financial statements.

[7] Impairment charge related to property, plant, and equipment, right-of-use assets, goodwill, intangible assets and assets held for sale. See "Note 6 – Assets held for sale" in our 2024 Q1 consolidated financial statements.

FORWARD-LOOKING INFORMATION

This MD&A 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 MD&A 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 MD&A includes information relating to: our belief that the slowdown in order intake observed through the second half of 2024 creates near-term outlook uncertainties for the Farm segment and will translate into continued weakness in the North American Farm market for at least the first half of 2025; our belief that our large-scale projects in our South American region highlight the broadening of our capabilities and offerings in Brazil which include a full scope of engineering, design, equipment supply, and installation services; that based on our quoting and pipeline activity, we expect momentum with respect to our international Commercial order book to carry into 2025; our full year 2025 Adjusted EBITDA outlook and our belief that such outlook is supported by strength in the Commercial segment; our belief that while overall visibility for 2025 revenue is strong in our Commercial segment, conditions and visibility in our Farm segment remain weak given the ongoing industry-wide slowdown; our belief that the timing for a meaningful demand recovery in the North America Farm business remains unclear and our expectation that at least the first half of 2025 will remain challenging for North American Farm; our Q1 2025 targeted Adjusted EBITDA; our expectation that the softness in North America Farm will be partially offset in Q1 2025 by the Commercial segment; our expectation that in 2025, approximately 10% of revenue from trade between the U.S. and Canada; the main participants in the U.S. portable grain handling market are all located in Canada and will be subject to the same tariff or trade-related regulations; our belief that we will continue to evaluate and implement mitigating actions to counteract the financial impact of potential tariffs, including inventory stocking, supply chain strategies, and various manufacturing options, among other tactics; that we will continue to make adjustments to align our business operations with market conditions based on U.S. Farm activity; that we will continue to work with our customers on financing programs to help them through difficult market conditions; our expectation that project deliveries will continue into 2025 and our anticipated results from Canada to maintain a stable growth trajectory in the coming quarters; our expectations with respect to our order book for the U.S. Commercial business, including with respect to key project wins late in 2024 helping sustain momentum into 2025; our belief that a pick-up in North America commercial activity will further diversify our business mix amid the challenging U.S. Farm conditions; our expectation that certain South American projects will continue to contribute to results through the first half of 2025; our expectation that momentum will be sustained into 2025 across the Middle East and Africa; our expectations regarding future opportunities with respect to our product transfer and emerging market expansion strategies; our expectation that a weaker Canadian dollar may result in higher input costs of certain Canadian dollar denominated inputs, including steel; our belief that our senior credit facilities and debentures, together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements; our expectation that growth in overall international business may result in an increase in the number of days accounts receivable remain outstanding and may result in increased usage of working capital in certain quarters; our expectations with respect to the Convertible Debentures; our expectations regarding the factors that may impact our working capital requirements; our dividend policy and how dividend payments may be funded; our outlook for our financial and operating performance for 2025, including by segment, product type and geographic region, and including our expectations for our future financial results, industry demand, market conditions, and industry and market trends; our business strategies and strategic priorities; the long-term fundamentals and growth drivers of our business; and the estimated costs to the Company that may result from the remediation work and/or equipment rework described herein under “Remediation costs and equipment rework”. Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions concerning: that other than the tariffs imposed by the U.S. on Canada effective March 4, 2025 and the retaliatory tariffs announced by Canada against the US, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, or imposes new tariffs, on the import of goods from one country to the other, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other; anticipated crop yields and production in our market areas; the financial and operating attributes of acquired businesses and the anticipated future performance thereof; the value of acquired businesses and assets and the liabilities assumed (and indemnities provided) by AGI in connection therewith; anticipated financial performance; future debt levels; business prospects and strategies, including the success of our operational excellence initiatives; product and input pricing; the scope, nature, timing and cost of re-supplying certain equipment and re-completing certain work that has previously been supplied or completed pursuant to warranty obligations or otherwise; regulatory developments; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; currency exchange rates, inflation rates and interest rates; the cost of materials, labour and services and the impact of inflation rates and/or supply chain disruptions and/or labour activity thereon; the impact of competition; the general stability of the economic and regulatory environments 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 amount and timing of the dividends that we expect to pay; the amount of funds that we expect to invest in the repurchase of our Common Shares under our NCIB and the timing thereof; the ability of the Company to obtain financing on acceptable terms; the regulatory framework in the jurisdictions in which the Company operates; the ability of the Company to successfully market its products and services; and that a pandemic or other public health emergency will not have a material impact on our business, operations, and financial results going forward. 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. These risks and uncertainties are described under “Risks and Uncertainties” in this MD&A and in our most recently filed Annual Information Form, which is available under the Company’s profile on SEDAR+ [www.sedarplus.ca]. 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 order book 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 order book, which can adversely affect the revenue and profit that AGI actually receives from its order book. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities. These estimates and related assumptions may change, having either a negative or positive effect on profit or loss, as further information becomes available and as the economic environment changes. Without limitation of the foregoing, the provisions for equipment rework and remediation disclosed herein required significant estimates, judgments and assumptions about the scope, nature, timing and cost of work that will be required. It is based on management’s estimates, judgments and assumptions 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 MD&A is made as of the date of this MD&A 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 MD&A are estimates of AGI's Q1 and full-year 2025 Adjusted EBITDA and the potential negative impact that the tariffs proposed by the U.S. and Canada could have on our 2025 revenue, which are based on, among other things, the various assumptions disclosed in this MD&A including under "Forward-Looking Information" and including our assumptions regarding the Adjusted EBITDA contribution that AGI anticipates receiving from revenue growth in 2025 in part as a result of the 4% YOY increase in AGI's order book as of December 31, 2024 and the benefits of operational excellence initiatives. To the extent such estimates constitute financial outlooks, they were approved by management on March 5, 2025, and are included to provide readers with an understanding of AGI's anticipated Q1 and full-year 2025 Adjusted EBITDA and the potential impact that the proposed tariffs could have on our 2025 revenue based on the assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

ADDITIONAL INFORMATION

Additional information relating to AGI, including AGI's most recent Annual Information Form, is available under the Company's profile on SEDAR+ [www.sedarplus.ca].

Consolidated financial statements

Ag Growth International Inc.

December 31, 2024

Independent auditor's report

To the Shareholders of
Ag Growth International Inc.

Opinion

We have audited the consolidated financial statements of **Ag Growth International Inc.** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"] as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment test for indefinite life intangible assets	
The Group has brand names that are classified as indefinite life intangible assets, with a carrying value of $100.8 million at December 31, 2024. These indefinite life intangible assets do not generate largely independent cash flows and are therefore tested as part of the cash generating units ["CGUs"] to which they belong. CGUs that contain indefinite life intangible assets are tested for impairment annually and whenever there is an indication of impairment. A value in use model was used by management to calculate the recoverable amount of each CGU. The value in use model requires the use of significant judgment and estimation in respect of management's assumptions in determining future cash flow forecasts, especially revenue growth rates, terminal growth rates, gross margins and discount rates. This matter has been considered a key audit matter due to the significant judgment and subjectivity involved in evaluating management's estimates and assumptions, specifically revenue growth rates, terminal growth rates, gross margins and discount rates, in determining the recoverable amount of each CGU. Refer to notes 3, 4, 14 and 15 in the consolidated financial statements for the Group's disclosures related to its indefinite life intangible assets impairment testing.	Our approach to testing the recoverable amount of the CGUs included the assistance of our valuation specialists to perform the following procedures, among others: We evaluated the appropriateness of the value in use model methodology and recalculated its mathematical accuracy. We performed a retrospective analysis and compared the 2024 actual results to the Board approved 2024 budget to assess management's ability to forecast and agreed the 2025 forecast to the Board approved budget for 2025. We evaluated the reasonableness of the CGUs' revenue growth rates, terminal growth rates and gross margins by comparing the significant assumptions to externally available industry and economic trends data and historical results. We evaluated the discount rate by comparing it against a discount rate range that was independently developed using publicly available market data for comparable entities. We performed sensitivity analysis on the revenue growth rates, terminal growth rates, gross margins and discount rates to evaluate changes in the recoverable amount of the CGU that would result from changes in these assumptions. We assessed the adequacy of the disclosures included in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Blake Langill.

Ernst & Young LLP

Chartered Professional Accountants

Winnipeg, Canada
March 5, 2025

Ag Growth International Inc.

Consolidated statements of financial position

[in thousands of Canadian dollars]

As at December 31

	2024 $	2023 $
Assets		
Current assets		
Cash and cash equivalents	79,893	88,042
Restricted cash	6,247	2,619
Accounts receivable *[note 8]*	283,951	265,604
Inventory *[note 9]*	187,509	214,763
Prepaid expenses and other assets *[note 26]*	89,854	65,584
Notes receivable *[note 10]*	6,248	5,849
Current portion of derivative instruments	—	8,621
Income taxes recoverable	11,301	11,357
	665,003	662,439
Non-current assets		
Property, plant and equipment, net *[note 11]*	338,927	344,386
Right-of-use assets, net *[note 12]*	38,701	32,810
Goodwill *[note 13]*	348,924	339,607
Intangible assets, net *[note 14]*	193,647	211,117
Non-current accounts receivable *[note 8]*	63,832	51,763
Investment in associate *[note 7]*	6,998	—
Derivative instruments *[note 30]*	6,550	700
Deferred income tax asset *[note 27]*	2,530	10,086
	1,000,109	990,469
Assets held for sale *[note 16]*	1,518	2,068
Total assets	1,666,630	1,654,976
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities *[note 17]*	264,337	252,941
Customer deposits	108,516	88,068
Dividends payable	2,833	2,851
Income taxes payable	10,718	4,371
Financial liability *[note 7]*	1,206	—
Current portion of derivative instruments *[note 30]*	485	—
Current portion of EIAP liability *[note 24[a]]*	240	—
Current portion of due to vendor	4,689	4,447
Current portion of lease liability *[note 19]*	12,218	6,711
Current portion of long-term debt *[note 20]*	281	549
Current portion of senior unsecured subordinated debentures *[note 22]*	—	171,249
Provisions *[note 18]*	26,989	16,813
	432,512	548,000
Non-current liabilities		
Other financial liabilities	1,061	863
Derivative instruments *[note 30]*	919	—
EIAP liability *[note 24[a]]*	468	1,540
Due to vendor	29	1,459
Lease liability *[note 19]*	36,061	34,960
Long-term debt *[note 20]*	565,612	419,908
Convertible unsecured subordinated debentures *[note 21]*	197,019	190,064
Senior unsecured subordinated debentures *[note 22]*	83,965	83,507
Deferred income tax liability *[note 27]*	50,546	56,691
	935,680	788,992
Total liabilities	1,368,192	1,336,992
Shareholders' equity *[note 23]*		
Common shares	12,985	10,303
Accumulated other comprehensive income	33,436	12,229
Equity component of convertible debentures	22,868	22,868
Contributed surplus	502,182	499,217
Deficit	(273,033)	(226,633)
Total shareholders' equity	298,438	317,984
Total liabilities and shareholders' equity	1,666,630	1,654,976

See accompanying notes

On behalf of the Board of Directors:

(signed) Janet Giesselman
Director

(signed) David A. White, CA, ICD.D
Director

Ag Growth International Inc.

Consolidated statements of income (loss)

[in thousands of Canadian dollars, except per share amounts]

Years ended December 31

	2024	2023
	$	$
Revenue *[note 6]*	1,404,707	1,526,669
Cost of goods sold *[note 25[a]]*	956,716	1,047,541
Gross profit	447,991	479,128
Expenses		
Selling, general and administrative *[note 25[b]]*	351,463	340,702
Other operating income *[note 25[c]]*	(13,617)	(15,578)
Impairment charge *[notes 11, 12, 14 and 16]*	2,944	2,237
Finance costs *[note 25[d]]*	70,242	73,667
Finance expense (income) *[note 25[e]]*	42,394	(7,967)
Share of associate's net profit *[note 7]*	(109)	—
	453,317	393,061
Profit (loss) before income taxes	(5,326)	86,067
Income tax expense *[note 27]*		
Current	14,647	13,442
Deferred	109	3,736
	14,756	17,178
Profit (loss) for the year	(20,082)	68,889
Profit (loss) per share *[note 28]*		
Basic	(1.05)	3.63
Diluted	(1.05)	3.44

See accompanying notes

Ag Growth International Inc.

Consolidated statements of comprehensive income

[in thousands of Canadian dollars]

Years ended December 31

	2024	2023
	$	$
Profit (loss) for the year	(20,082)	68,889
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of derivatives designated as cash flow hedges gain (loss) *[note 30]*	(206)	920
Realized gains on derivatives designated as cash flow hedges recognized in net earnings *[note 30]*	(769)	(512)
Income tax effect on cash flow hedges	260	(108)
Exchange differences on translation of foreign operations	21,383	(3,415)
	20,668	(3,115)
Items that will not be reclassified to profit or loss		
Actuarial gain on defined benefit plans	735	311
Income tax effect on defined benefit plans	(196)	(83)
	539	228
Other comprehensive income (loss) for the year	21,207	(2,887)
Total comprehensive income for the year	1,125	66,002

See accompanying notes

Ag Growth International Inc.

Consolidated statements of changes in shareholders' equity

[in thousands of Canadian dollars]

Year ended December 31, 2024

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Foreign currency translation reserve $	Cash flow hedge reserve $	Defined benefit plan reserve $	Equity investment $	Total shareholders' equity $
As at January 1, 2024	10,303	22,868	499,217	(226,633)	10,352	41	2,736	(900)	317,984
Loss for the year	—	—	—	(20,082)	—	—	—	—	(20,082)
Other comprehensive income (loss)	—	—	—	—	21,383	(715)	539	—	21,207
Share-based payment transactions *[note 23[a][b]]*	2,816	—	2,965	—	—	—	—	—	5,781
Dividends paid and payable to shareholders *[note 23[d]]*	—	—	—	(11,414)	—	—	—	—	(11,414)
Dividends on share-based compensation awards *[note 23[d]]*	—	—	—	(414)	—	—	—	—	(414)
Excess from recognition of call option over minority shareholders *[note 7]*	—	—	—	(3,640)	—	—	—	—	(3,640)
Share repurchase under normal course issuer bid *[note 23[a]]*	(134)	—	—	(10,850)	—	—	—	—	(10,984)
As at December 31, 2024	12,985	22,868	502,182	(273,033)	31,735	(674)	3,275	(900)	298,438

See accompanying notes

Ag Growth International Inc.

Consolidated statements of changes in shareholders' equity

[in thousands of Canadian dollars]

Year ended December 31, 2023

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Foreign currency translation reserve $	Cash flow hedge reserve $	Defined benefit plan reserve $	Equity investment $	Total shareholders' equity $
As at January 1, 2023	9,644	22,851	501,741	(283,682)	13,767	(259)	2,508	(900)	265,670
Profit for the year	—	—	—	68,889	—	—	—	—	68,889
Other comprehensive income (loss)	—	—	—	—	(3,415)	300	228	—	(2,887)
Share-based payment transactions *[note 23[a][b]]*	654	—	(2,524)	—	—	—	—	—	(1,870)
Dividends paid and payable to shareholders *[note 23[d]]*	—	—	—	(11,396)	—	—	—	—	(11,396)
Dividends on share-based compensation awards *[note 23[d]]*	—	—	—	(444)	—	—	—	—	(444)
Conversion of 2021 convertible debentures *[note 21]*	5	17	—	—	—	—	—	—	22
As at December 31, 2023	10,303	22,868	499,217	(226,633)	10,352	41	2,736	(900)	317,984

See accompanying notes

Ag Growth International Inc.

Consolidated statements of cash flows

[in thousands of Canadian dollars]

Years ended December 31

	2024	2023
	$	$
Operating activities		
Profit (loss) before income taxes	(5,326)	86,067
Add (deduct) items not affecting cash		
Depreciation of property, plant and equipment	28,682	28,787
Depreciation of right-of-use assets	9,468	7,424
Amortization of intangible assets	30,555	27,130
Loss on sale of property, plant and equipment	527	682
Gain on sale of assets held for sale	(314)	(314)
Loss (gain) on settlement of lease liability	(190)	86
Impairment charge	2,944	2,237
Share of associate's net profit	(109)	—
Non-cash component of interest expense	10,154	10,041
Non-cash movement in derivative instruments	(3,812)	(5,369)
Non-cash investment tax credits	(104)	(1,720)
Share-based compensation expense	13,758	12,159
Defined benefit plan expense (income)	275	(25)
Other	12,474	(6,754)
Translation loss (gain) on foreign exchange	22,584	(5,642)
	121,566	154,789
Net change in working capital balances related to operations *[note 29[a]]*	14,493	(15,029)
Transfer from (to) restricted cash	(3,412)	417
Proceeds from settlement of financial instruments *[note 30[a]]*	7,008	—
Non-current accounts receivable	(12,069)	(5,647)
Long-term payables	141	300
Settlement of EIAP obligation	(7,685)	(14,373)
Post-combination payments	(1,699)	(3,040)
Income taxes paid	(7,520)	(11,790)
Cash provided by operating activities	110,823	105,627
Investing activities		
Investment in associate *[note 7]*	(7,092)	—
Acquisition of property, plant and equipment	(23,045)	(43,025)
Proceeds from sale of property, plant and equipment	1,312	2,082
Proceeds from sale of assets held for sale	857	11,483
Development and acquisition of intangible assets	(8,626)	(13,655)
Sublease income, net of costs	55	—
Cash used in investing activities	(36,539)	(43,115)
Financing activities		
Increase (decrease) in senior credit facilities, net of costs	124,992	(15,513)
Repayment of financial liability *[note 7]*	(3,374)	—
Repayment of obligation under lease liability	(9,135)	(7,043)
Issuance of convertible unsecured subordinated debentures, net of costs	—	(178)
Repayment of senior unsecured subordinated debentures, net of costs	(172,500)	—
Share repurchase under normal course issuer bid *[note 23[a]]*	(10,984)	—
Dividends paid in cash *[note 23[d]]*	(11,432)	(11,380)
Cash used in financing activities	(82,433)	(34,114)
Net increase (decrease) in cash during the year	(8,149)	28,398
Cash and cash equivalents, beginning of year	88,042	59,644
Cash and cash equivalents, end of year	79,893	88,042
Supplemental cash flow information		
Interest paid	58,662	63,440

See accompanying notes

Notes to consolidated financial statements

[in thousands of Canadian dollars, except where otherwise noted and per share data]

December 31, 2024

1. Organization

The consolidated financial statements of Ag Growth International Inc. ["AGI" or the "Company"] for the year ended December 31, 2024 were authorized for issuance in accordance to a resolution of the Board of Directors on March 5, 2025. AGI is a listed company incorporated and domiciled in Canada, whose shares are publicly traded on the Toronto Stock Exchange. The registered office is located at 198 Commerce Drive, Winnipeg, Manitoba, Canada.

2. Operations

AGI is a provider of equipment solutions for agriculture bulk commodities, including seed, fertilizer, grain, rice, feed, and food processing systems. AGI has manufacturing facilities in Canada, the United States, Brazil, Italy, France, and India and distributes its product globally.

3. Summary of material accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

Basis of preparation

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. All values are rounded to the nearest thousand. They are prepared on the historical cost basis, except for derivative financial instruments, assets held for sale, and optionally convertible redeemable preferred shares resulting from business combinations, which are measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of Ag Growth International Inc. and its subsidiaries, including Ag Growth Holdings Corp.; Westfield Distributing (North Dakota) Inc.; Hansen Manufacturing Corp.; Airlanco Inc.; Euro-Tramco B.V.; AGI EMEA S.R.L.; AGI Brasil Industria e Comercio S.A.; Yargus Manufacturing, Inc.; Global Industries Inc.; Sabe S.A.S.; Milltec Machinery Private Limited; AGI SureTrack LLC; and Ag Growth International (Thailand) Ltd. Subsidiaries are consolidated from the date of acquisition or creation, it being the date on which AGI obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances, income and expenses and unrealized gains and losses resulting from intercompany transactions are eliminated in full.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, and equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations are expensed and included in selling, general and administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition.

Goodwill is initially measured at cost, being the excess of the cost of the business combination over AGI's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of income (loss). If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition ["measurement period"].

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of AGI's cash-generating units ["CGUs"] or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those CGUs. Where goodwill forms part of a CGU or group of CGUs and part of the operating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. If the Company reorganizes its reporting structure in a way that changes the composition of one or more CGUs or groups of CGUs to which goodwill has been allocated, the goodwill is reallocated to the units affected. Goodwill disposed of or reallocated in these cases is measured based on the relative values of the operation disposed of and the portion of the CGU retained, or the relative fair value of the part of a CGU allocated to a new CGU compared to the part remaining in the old organizational structure.

In a business combination achieved in stages, previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income ["OCI"], as appropriate. Any previously recognized changes in the value of the equity interest recorded in OCI are recognized in the consolidated statement of income (loss) on the same basis as would be required had the Company disposed directly of the previously held equity interest.

Foreign currency translation

Each of AGI's subsidiaries determines its own functional currency. Transactions in foreign currencies [i.e., a currency other than the functional currency] are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary items are translated at the functional currency spot rate as of the reporting date. Exchange differences from monetary items are recognized in the consolidated statements of income (loss). Non-monetary items that are not carried at fair value are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The Company's foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date, and their statements of income (loss) are translated at the monthly rates of exchange. The exchange differences arising on the translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the consolidated statements of income (loss) when the gain or loss on disposal is recognized.

Cash and cash equivalents

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

Restricted cash

Restricted cash is the Company's cash that is not available for general use and is accounted for as a separate line item on the consolidated statements of financial position.

Inventory

Inventory comprises raw materials, work in progress and finished goods. Inventory is valued at the lower of cost and net realizable value, at average cost. For finished goods, costs include all direct costs incurred in production, including direct labour and materials, freight, directly attributable manufacturing overhead costs based on normal operating capacity and property, plant and equipment depreciation.

Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When the circumstances that previously caused inventory to be written down below cost no longer exist, or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of any accumulated depreciation and any impairment losses determined. Cost includes the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary and, where relevant, the present value of all dismantling and removal costs. Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately. AGI recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, and if it is probable that the future economic benefits embodied with the item can be reliably measured. All other repair and maintenance costs are recognized in the consolidated statements of income (loss) as an expense when incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	5–60 years
Manufacturing equipment	1–20 years
Computer hardware	3–5 years
Leasehold improvements	Over the lease period
Furniture and fixtures	3–15 years
Vehicles	2–16 years
Grounds	1–25 years

An item of property, plant and equipment, and any material part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of income (loss) when the asset is derecognized.

The assets' useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. No depreciation is taken on construction in progress until the asset is placed in use. Amounts representing direct costs incurred for major overhauls are capitalized and depreciated over the estimated useful lives of the different components replaced.

Assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. To qualify as assets held for sale, the sale must be highly probable, assets must be available for immediate sale in their present condition and management must be committed to a plan to sell assets that should be expected to close within one year from the date of classification. Assets classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell and are not depreciated. The fair value measurement of assets held for sale is categorized within Level 2 of fair value hierarchy.

Leases

At inception of a contract, AGI assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component on the basis of their relative stand-alone prices. For leases of land and buildings, the lease and non-lease components are accounted for as a single lease component as permitted within IFRS 16.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in rates, the amount expected to be payable under a residual value guarantee, or the Company's assessment of whether it will exercise a purchase, extension or termination option. Upon remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded the consolidated statements of income (loss) if the carrying amount of the right-of-use asset has been reduced to zero.

For material short-term leases [12 months or less] and leases of low-value assets, the Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time, which AGI considers to be 12 months or more, to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income (loss) in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives, which include brand names, are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Internally generated intangible assets are capitalized when the product or process is technically and commercially feasible and AGI has sufficient resources to complete development. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Amortization of the internally generated intangible assets begins when the development is complete, and the asset is available for use and it is amortized over the period of expected future benefit. Amortization is recorded in the consolidated statements of income (loss) in the expense category consistent with its function.

For cloud computing costs, if the costs do not give rise to an intangible asset that is separate from the software, or if the received services are distinct from the software, the costs are expensed as incurred. Configuration, customization, and other related costs in cloud computing arrangements that fail to meet the asset recognition criteria are recognized as an expense in the period they are incurred.

Finite-life intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets as follows:

Patents	1–20 years
Distribution networks and customer relationships	8–25 years
Development projects	2–15 years
Software	1–10 years
Brand names [finite lives]	3–5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income (loss) when the asset is derecognized.

Impairment of non-financial assets

AGI assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, or when annual testing for an asset is required, AGI estimates the asset's recoverable amount. The recoverable amount of goodwill as well as indefinite-lived intangible assets is estimated at least annually on October 1 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU group to which the goodwill relates. Where the recoverable amount of the CGU group is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested either individually or at the CGU group level, as appropriate, and when circumstances indicate that the carrying value may be impaired. The recoverable amount is the higher of an asset's or CGU group's fair value less costs to sell and its value in use.

Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The recoverable amount of assets that do not generate independent cash flows is determined based on the CGU group to which the asset belongs.

AGI bases its impairment calculation on detailed budgets and forecast calculations that are prepared separately for each of AGI's CGU groups to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For periods after five years, a terminal value approach is used.

An impairment loss is recognized in the consolidated statements of income (loss) if an asset's carrying amount or that of the CGUs to which it is allocated is higher than its recoverable amount. Impairment losses of a CGU group are first charged against the carrying value of the goodwill balance included in the CGU group and then against the value of the other assets, in proportion to their carrying amount. In the consolidated statements of income (loss), the impairment losses are recognized in those expense categories consistent with the function of the impaired asset.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, AGI estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Such a reversal is recognized in the consolidated statements of income (loss).

Financial instruments

Financial assets

AGI classifies its financial assets as [i] amortized cost, [ii] financial assets at fair value through profit or loss ["FVTPL"] or [iii] fair value through other comprehensive income ["FVTOCI"]. Appropriate classification of financial assets is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Certain derivatives are designated as hedging instruments and hedge accounting is applied, as appropriate.

All financial instruments are recognized initially at fair value plus, in the case of instruments not at FVTPL, directly attributable transaction costs. Financial instruments are recognized on the trade date, which is the date on which AGI commits to purchase or sell the asset.

Amortized cost

Financial assets are measured at amortized cost if [i] the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and [ii] the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Assets in this category include cash and cash equivalents, restricted cash, accounts receivable and notes receivable and are measured at amortized cost using the effective interest method less any impairment. The effective interest amortization is included in finance costs in the consolidated statements of income (loss). The losses arising from impairment are recognized in the consolidated statements of income (loss) in finance costs.

Fair value through other comprehensive income [debt securities]

Debt securities are measured at FVTOCI if [i] the financial asset is held within a business model whose object is achieved by both collecting contractual cash flows and selling financial assets and [ii] the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company does not hold any debt securities measured at FVTOCI.

Fair value through other comprehensive income [equity investments]

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under IAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other operating expenses/income in the consolidated statements of income (loss) when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL unless they are measured at amortized cost or at FVTOCI. Assets in this category include financial assets designated upon initial recognition at FVTPL and derivative instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IFRS 9, *Financial Instruments* ["IFRS 9"]. Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value, with changes in the fair value recognized in finance income or finance costs in the consolidated statements of income (loss).

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash of the combined instrument varies in a way similar to a stand-alone derivative. Derivatives embedded in a financial asset within the scope of IFRS 9 are assessed in their entirety, and the asset as a whole is measured at FVTPL. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if the host asset is not within the scope of IFRS 9 [e.g., lease contracts]. These embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated statements of income (loss). Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Impairment

The Company recognizes an allowance for expected credit losses ["ECLs"] for debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Under the general approach, ECLs are recognized in two stages: [i] for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months; [ii] for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default [a lifetime ECL].

For accounts receivable, AGI applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are measured at amortized cost, using the effective interest rate method, except for financial liabilities designated at initial recognition at FVTPL and those required to be FVTPL. Liabilities measured at amortized cost include accounts payable and accrued liabilities, dividends payable, due to vendor, long-term debt, convertible unsecured subordinated debentures, and senior unsecured subordinated debentures. Long-term debt, convertible unsecured subordinated debentures, and senior unsecured subordinated debentures are initially measured at fair value, which is the consideration received, net of transaction costs incurred, and net of the equity component, if any. Transaction costs related to those instruments are netted against in the carrying value of the instruments and amortized using the effective interest rate method. The effective interest expense is included in finance costs in the consolidated statements of income (loss). Financial liabilities measured at FVTPL include contingent consideration resulting from business combinations and derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

AGI has not designated any financial liabilities upon initial recognition as FVTPL.

Derecognition

A financial asset is derecognized when the contractual rights to receive cash flows from the asset have expired or when AGI has transferred its rights to receive cash flows from the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income (loss).

Derivative financial instruments and hedge accounting

AGI uses derivative financial instruments such as forward currency contracts, interest rate swaps and equity swaps to hedge its foreign currency risk, interest rate risk and market risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

AGI analyzes all its contracts, of both a financial and non-financial nature, to identify the existence of any “embedded” derivatives. Any gains or losses arising from changes in the fair value of derivatives are recorded directly in the consolidated statements of income (loss), except for the effective portion of cash flow hedges, which is recognized in OCI.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

The Company applies IFRS 9 for hedge accounting, whereby at the inception of a hedge relationship, AGI formally designates and documents the hedge relationship to which AGI wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements [including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined].

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that Company actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statements of income (loss) in other operating income or expenses. Amounts recognized as OCI are transferred to the consolidated statements of income (loss) when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated statements of income (loss). If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in OCI remains in OCI until the forecast transaction or firm commitment affects profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

Fair value is the estimated amount that AGI would pay or receive to dispose of these contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions

Provisions are recognized when AGI has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where AGI expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income (loss), net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs relate to assurance-type warranties and are recognized when the product is sold or service provided. Initial recognition is based on historical experience. Additional provisions for unexpected warranty events are recorded when probable and can be estimated. The initial estimate of warranty-related costs is revised at each reporting period.

Profit (loss) per share

The computation of profit (loss) per share is based on the weighted average number of shares outstanding during the period. Diluted profit (loss) per share is computed in a similar way to basic profit (loss) per share except that the weighted average shares outstanding are increased to include additional shares assuming the exercise of share options, share appreciation rights and convertible debt options, if dilutive.

Revenue recognition

Revenue from the sale of goods is primarily recognized at a point in time when the Company satisfies a performance obligation and control of the goods is transferred from seller to buyer. A performance obligation is a good or a series of goods that are distinct. A contract with various distinct goods is considered to have multiple performance obligations for which revenue is recognized as each performance obligation is satisfied. If a promised good is not distinct, the good is combined with other promised goods until a bundle of goods is distinct, resulting in accounting for all the goods promised in a contract as a single performance obligation. In determining satisfaction of the performance obligation and point of revenue recognition, the Company considers the terms of the underlying contracts including, but not limited to, shipping terms, transfer of title and risk of loss, and acceptance/performance testing. All costs incurred or to be incurred in connection with the sale, including assurance-type warranty costs and sales incentives, are charged to cost of goods sold or recorded as a deduction from revenue at the time revenue is recognized.

Revenue from contracts with customers is recognized at an amount that reflects the consideration to which the Company is entitled to in exchange for those goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

AGI applies bill and hold sales accounting in specific situations provided all the following conditions are met as of the reporting date: [i] there is a substantive reason for the arrangement; [ii] the goods are separately identified as belonging to the customer; [iii] AGI is no longer able to use the goods or direct the goods to another customer; and [iv] the goods are currently ready for physical transfer to the customer.

For contracts where it has been determined that performance obligations are satisfied over time, revenue on these projects is recognized progressively based on the percentage of completion method by reference to costs incurred as a percentage of the total estimated costs. Payment terms are usually based on set milestones as outlined in the contract. Typically, amounts are received in advance of work performed and are recorded as customer deposits.

Contract assets represent revenue recognized prior to invoicing; these assets are recorded in accounts receivable when the right to receive the consideration becomes unconditional. Any foreseeable losses on such projects are recognized immediately in profit or loss as identified.

Contract liabilities include customer deposits, which represent cash received from the customer before satisfaction of the performance obligation. Contract liabilities are subsequently recognized in revenue when AGI satisfies the performance obligation, which typically occurs within 12 months or less of contract signing. AGI has elected to use the practical expedient to not disclose the Company's remaining performance obligations as those obligations are part of contracts that have an original expected duration of less than one year.

The Company has also elected to apply the practical expedient of expensing the incremental costs of obtaining a contract when incurred as the amortization period of the asset that would be recognized is one year or less.

Income taxes

AGI and its subsidiaries are generally taxable under the statutes of their country of incorporation.

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where AGI operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of income (loss). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

AGI follows the liability method of accounting for deferred taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the consolidated statements of financial position and their respective tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in the consolidated statements of income (loss), OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill if it occurred during the measurement period or in profit or loss, when it occurs subsequent to the measurement period.

Income tax provisions, including current and deferred income tax assets and liabilities, and income tax filing positions require estimates and interpretations of federal and provincial income tax rules and regulations, and judgments as to their interpretation and application to AGI's specific situation. The amount and timing of reversals of temporary differences will also depend on AGI's future operating results, acquisitions and dispositions of assets and liabilities. The business and operations of AGI are complex, and AGI has executed a number of significant financings, acquisitions, reorganizations and business combinations over the course of its history. The computation of income taxes payable as a result of these transactions involves many complex factors, as well as AGI's interpretation of and compliance with relevant tax legislation and regulations. While AGI believes that its tax filing positions are probable to be sustained, there are a number of tax filing positions that may be the subject of review by taxation authorities. Therefore, it is possible that additional taxes could be payable by AGI, that the ultimate value of AGI's income tax assets and liabilities could change in the future, and that changes to these amounts could have a material effect on these consolidated financial statements.

There are no income tax consequences to the Company attached to the payment of dividends in either 2024 or 2023 by the Company to its shareholders.

Sales tax

Revenue, expenses and assets are recognized net of the amount of sales tax, except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable and where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

Organization for Economic Co-operation and Development's base erosion and profit shifting Pillar Two rules

The Company is within the scope of the Organization for Economic Co-operation and Development's ["OECD"] base erosion and profit shifting Pillar Two rules. Pillar Two legislation was enacted in Canada, the jurisdiction in which the Company is incorporated, and came into effect from January 1, 2024 onward.

The Company applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12, *Income Taxes* ["IAS 12"] issued in May 2023.

Under the legislation, the Company is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Model Rules effective tax rate per jurisdiction and the 15% minimum rate. The Company has determined that it will not be subject to Pillar Two taxes based on the transitional safe harbour rules.

Share-based compensation plans

Employees of AGI may receive remuneration in the form of share-based payment transactions, whereby employees render services and receive consideration in the form of equity instruments such as equity-settled transactions or share award incentive plan and directors' deferred compensation plan. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date and are capitalized or expensed as appropriate.

Equity-settled transactions

The cost of equity-settled transactions is determined using the grant date fair value and is recognized, together with a corresponding increase in other capital reserves, in equity, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and AGI's best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in the consolidated statements of income (loss) in the respective function line. When options and other share-based compensation awards are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to shareholders' equity. The amount of cash, if any, received from participants is also credited to shareholders' equity.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation and any expense not yet recognized for the award [being the total expense as calculated at the grant date] is recognized immediately. This includes any award where vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Cash-settled transactions

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Employee benefits

Certain employees are covered by defined benefit pension plans, and certain former employees are also entitled to other post-employment benefits such as life insurance. The Company's defined benefit plan asset (obligation) is actuarially calculated by a qualified actuary at the end of each annual reporting period using the projected unit credit method and management's best estimates of the discount rate, the rate of compensation increase, retirement rates, termination rates and mortality rates. The discount rate used to value the defined benefit obligation for accounting purposes is based on the yield on a portfolio of high-quality corporate bonds denominated in the same currency with cash flows that match the terms of the defined benefit plan obligations. Past service costs (credits) arising from plan amendments are recognized in operating income in the year that they arise. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in interest cost for the defined benefit plan. Actual post-employment benefit costs incurred may differ materially from management estimates.

The fair values of plan assets are deducted from the defined benefit plan obligations to arrive at the net defined benefit plan asset (obligation). When the plan has a net defined benefit asset, the recognized asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan [the "asset ceiling"]. If it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements for future service, the net defined benefit asset is reduced to the amount of the asset ceiling. When the payment in the future of minimum funding requirements related to past service would result in a net defined benefit surplus or an increase in a surplus, the minimum funding requirements are recognized as a liability to the extent that the surplus would not be fully available as a refund or a reduction in future contributions.

Remeasurements including actuarial gains and losses and the impact of any minimum funding requirements are recognized through OCI.

Post-retirement benefit plans

AGI contributes to retirement savings plans subject to maximum limits per employee. AGI accounts for such defined contributions as an expense in the period in which the contributions are required to be made.

Research and development expenses

Research expenses, net of related tax credits, are charged to the consolidated statements of income (loss) in the period they are incurred. Development costs are charged to operations in the period of the expenditure unless they satisfy the condition for recognition as an internally generated intangible asset.

Investment tax credits

Federal and provincial investment tax credits are accounted for as a reduction of the cost of the related assets or expenditures in the year in which the credits are earned and when there is reasonable assurance that the credits can be used to recover taxes.

Adoption of new accounting standards

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, amendments were issued to IAS 1, *Presentation of Financial Statements* ["IAS 1"], which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and
- Disclosures.

The amendments must be applied retrospectively for annual periods beginning after January 1, 2024. The Company's adoption of these amendments did not have a material impact on the Company's audited consolidated financial statements.

International tax reform—Pillar Two model rules – Amendments to IAS 12

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules ["Pillar Two model rules"] apply to multinational enterprises ["MNEs"] with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax [the "Minimum Tax"]:

- The Qualified Domestic Minimum Top-up Tax ["QDMTT"]
- The Income Inclusion Rule ["IIR"]
- The Under Taxed Payments/Profits Rule ["UTPR"]
- The Subject to Tax Rule ["STR"]

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The QDMTT, IIR and UTPR do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis under the Pillar Two model rules, is below a 15% minimum rate.

The STR is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

On May 23, 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12* [the "Amendments"]. The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Company has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

On June 20, 2024, Canada enacted Pillar Two Legislation, the Global Minimum Tax Act, which imposes a 15% global minimum tax. According to these rules, the Company is considered a MNE to which the Pillar Two rules shall be applied.

4. Critical accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis of making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Further, in February and March 2025, the United States implemented broad-based tariffs on imports from Canada, Mexico and China. The United States also proposed implementing additional tariffs on imports from other countries and imports of specific products. The impact of the tariffs that have been implemented and proposed on the Company's financial condition, cash flows and operations are currently uncertain and cannot be fully quantified. Management will continue to monitor and assess the impact of the tariffs that have been implemented and proposed on its judgments, estimates, and amounts recognized in the Company's consolidated financial statements.

Impairment of non-financial assets

AGI's impairment test is based on the higher of value-in-use calculations that use a discounted cash flow model or fair value less cost to sell. The cash flows are derived from the forecast for the next five years and do not include restructuring activities to which AGI has not yet committed or significant future investments that will enhance the asset's performance of the CGU being tested. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market presence and trends, obsolescence factors, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions regarding future cash flows and the appropriate discount rate. Obsolescence factors include both economic and functional obsolescence including development costs, maintenance costs and amortization rate. The recoverable amount is most sensitive to the discount rate, as well as the forecasted adjusted gross margins and revenue growth rate used for extrapolation purposes. A change in any of the critical assumptions or estimates used to evaluate goodwill and other non-financial assets could result in a material change to the results of operations. The key assumptions used to determine the recoverable amount for the different CGUs are further explained in note 15.

CGUs are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the nature of products, the way in which management allocates resources and other relevant factors.

Impairment of financial assets

Assessments about the recoverability of financial assets, including accounts receivable, require critical judgment in determining whether there is objective evidence that a loss event has occurred and estimates of the amount and timing of future cash flows. The Company estimates ECLs resulting from any inability to collect on its trade receivables. A portion of the Company's revenues are generated in overseas markets, including in emerging markets such as countries in Eastern Europe, South America, Africa, and Asia.

Emerging markets are subject to various additional risks, including currency exchange rate fluctuations, economic conditions and foreign business practices. One or more of these factors could have a material effect on the future collectability of such receivables.

In assessing whether objective evidence of impairment exists at each reporting date, the Company uses a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns [i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance]. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 30[b]. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and considered in the calculation of impairment. The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Future collections of accounts receivable that differ from the Company's current estimates would affect the results of the Company's operations in future periods as well as the Company's trade receivables and general and administrative expenses, and amounts may be material.

Development costs

Development costs are capitalized in accordance with the accounting policy described in note 3. Initial capitalization of costs is based on management's judgment that technical and economic feasibility is confirmed, usually when a project has reached a defined milestone according to an established project management model.

Useful lives of key property, plant and equipment and intangible assets

The depreciation and amortization methods and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by AGI. Refer to note 3 for the estimated useful lives.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, it is determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Contingent considerations resulting from business combinations are valued at fair value at the acquisition date as part of the business combination and subsequently fair valued.

Share-based payments

AGI measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of equity instruments at the grant date, whereas the fair value of cash-settled share-based payments is remeasured at every reporting date. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of these instruments, which is dependent on the terms and conditions of the grant.

The payout multiplier is estimated throughout the year based on management's forecasts and judgments with respect to the achievement of performance targets. These values are locked in at the end of their respective performance periods based on actual results.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses already recorded. AGI establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective company's domicile. As AGI assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in leases; therefore, it uses its incremental borrowing rate ["IBR"] to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available [such as subsidiaries that do not enter into financing transactions] or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates, when available and is required to make certain entity-specific estimates [such as a subsidiary's stand-alone credit rating].

Revenue recognition

For contracts where it has been determined that the performance obligation is satisfied over time, the Company uses judgment on the estimated costs to complete the project. These costs are reviewed at each reporting period and may give rise to income volatility. The use of estimates involves risks, including volatility within the supply chain that can lead to inflation to the price of inputs, the extent of which is sometimes not determinable until after the project has been completed.

5. Standards issued but not yet effective

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, *Presentation and Disclosure in Financial Statements* ["IFRS 18"] was issued. IFRS 18 replaces IAS 1. This new standard:

- Introduces new categories and subtotals in the statement of profit or loss where all income and expenses are categorized into one of five categories: operating, investing, financing, income taxes and discontinued operations.
- Requires disclosure of management-defined performance measures ["MPM"]. MPM is a subtotal of income and expenses that a company uses in public communications outside financial statements. IFRS 18 requires disclosure of information for all of the company's MPMs within a single note to the financial statements that includes a description of each MPM, how the measure is calculated and a reconciliation to the most comparable line item in the statement of profit or loss.
- Introduces a principle for presentation of information in the primary financial statements versus the financial statement notes including the aggregation and disaggregation of such information.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027 and must be applied retrospectively. Early adoption is permitted. The Company is assessing the impact of adopting IFRS 18 and does not expect to early adopt.

6. Reportable business segments

The Company has identified its reportable segments as Farm and Commercial, the same as its operating segments, each of which is supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. The operating segments are being reported based on the financial information provided to the Chief Executive Officer, who has been identified as the Chief Operating Decision Maker ["CODM"] in monitoring segment performance and allocating resources between segments. Discrete financial information, which includes revenue, operating expenses, and assets, is only available at the segments level to the CODM for the purpose of reviewing performance and in determining how resources should be allocated. Certain corporate overheads are included in the segments based on revenue. Taxes and certain other expenses are managed at a consolidated level and are not allocated to the reportable operating segments. The CODM assesses segment performance based on adjusted earnings before interest, taxes, depreciation, and amortization ["Adjusted EBITDA"], which is measured differently than profit (loss) from operations in the consolidated financial statements.

The Company's reportable segments can be described as follows:

- Farm: AGI's Farm business includes the sale of grain and fertilizer handling equipment, aeration products and storage bins, primarily to farmers where on-farm storage practices are conducive to the sale of portable handling equipment and smaller diameter storage bins for grain and fertilizer. Included in Farm are grain, seed, and fertilizer handling equipment; aeration products; grain and fuel storage solutions; and grain management technologies.

- Commercial: AGI's Commercial business includes the sale of larger diameter storage bins, high-capacity stationary grain handling equipment, fertilizer storage and handling systems, feed handling and storage equipment, aeration products, hazard monitoring systems, automated blending systems, control systems and food processing solutions. AGI's Commercial customers include large multi-national agri-businesses, grain handlers, regional cooperatives, contractors, food and animal feed manufacturers, and fertilizer blenders and distributors. Commercial equipment is used at port facilities for both the import and export of grains and other agricultural commodities, inland grain terminals, corporate farms, fertilizer distribution sites, ethanol production, oilseed crushing, commercial feed mills, rice mills and flour mills.

The following tables set forth information by segment:

	2024	2023
	$	$
Farm	**701,570**	831,951
Commercial	**703,137**	694,718
Revenue	**1,404,707**	1,526,669

[in thousands of Canadian dollars, except where otherwise noted and per share data]

During the year ended December 31, 2024, revenue of $365 million [2023 – $293 million] was recognized over time in the Commercial segment.

	2024			
	Farm $	Commercial $	Other[1] $	Total $
Profit (loss) before income taxes	133,995	87,263	(226,584)	(5,326)
Finance costs	—	—	70,242	70,242
Depreciation and amortization	29,442	33,809	7,547	70,798
Share of associate's net profit *[note 7]*	—	(109)	—	(109)
Loss on foreign exchange *[note 25[e]]*	—	—	42,812	42,812
Share-based compensation *[note 24]*	—	—	13,758	13,758
Gain on financial instruments *[note 30[a]]*	—	—	(3,812)	(3,812)
Transaction, transitional and other costs[2]	9,188	—	46,960	56,148
Enterprise Resource Planning system transformation costs[3]	—	—	17,271	17,271
Net loss (gain) on sale of property, plant and equipment[4]	695	(158)	(10)	527
Net gain on sale of assets held for sale *[note 16]*	(314)	—	—	(314)
Net loss (gain) on sublease	—	(197)	7	(190)
Foreign exchange reclassification on disposal of foreign operation	—	307	—	307
Accounts receivable reserve for Russia and Ukraine	—	(268)	—	(268)
Impairment charge *[notes 11, 12, 14 and 16]*	2,867	77	—	2,944
Adjusted EBITDA[5]	175,873	120,724	(31,809)	264,788

Notes to consolidated financial statements

[in thousands of Canadian dollars, except where otherwise noted and per share data]

December 31, 2024

	2023			
	Farm	Commercial	Other[1]	Total
	$	$	$	$
Profit (loss) before income taxes	187,477	89,336	(190,746)	86,067
Finance costs	—	—	73,667	73,667
Depreciation and amortization	26,867	30,219	8,230	65,316
Gain on foreign exchange *[note 25[e]]*	—	—	(7,571)	(7,571)
Share-based compensation *[note 24]*	—	—	12,159	12,159
Gain on financial instruments *[note 30[a]]*	—	—	(5,369)	(5,369)
Mergers and acquisitions expense	—	—	50	50
Transaction, transitional and other costs[2]	—	—	27,124	27,124
Enterprise Resource Planning system transformation costs[3]	—	—	14,001	14,001
Net loss on sale of property, plant and equipment[4]	712	9	47	768
Net gain on sale of assets held for sale *[note 16]*	—	(314)	—	(314)
Equipment rework *[note 18]*	—	—	7,900	7,900
Remediation *[note 18]*	—	—	16,208	16,208
Accounts receivable reserve for Russia and Ukraine	—	1,651	—	1,651
Impairment charge *[notes 12 and 16]*	2,099	138	—	2,237
Adjusted EBITDA[5]	217,155	121,039	(44,300)	293,894

[1] 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.

[2] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition-related transition costs, as well as the accretion and other movement in amounts due to vendors.

[3] Expenses incurred in connection with a global multi-year ERP transformation project.

[4] Includes loss (gain) on settlement of lease liability.

[5] The CODM uses Adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Company's segments. Adjusted EBITDA is defined as net income before depreciation and amortization, financial expenses, operational restructuring costs and other, and income taxes. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The Company operates within three geographical areas: Canada, the United States and International. The following table details the revenue, property, plant and equipment, right-of-use assets, goodwill, intangible assets, and investment in associate by geographical area, reconciled to the Company's consolidated financial statements:

	Revenue		Property, plant and equipment, right-of-use assets, goodwill, intangible assets, investment in associate	
	2024	2023	2024	2023
	$	$	$	$
Canada	**348,934**	352,454	**438,031**	433,331
United States	**530,665**	661,447	**227,134**	234,661
International	**525,108**	512,768	**262,032**	259,928
	1,404,707	1,526,669	**927,197**	927,920

The revenue information above is based on the location of the customer. The Company has no single customer that represents 10% or more of the Company's revenue.

7. Brazil investments

During the year, AGI, through its Brazil subsidiary, entered into an agreement with a civil construction company to leverage their industrial construction project experience. This arrangement, in addition to similar strategies established by AGI during the year, was formed for the development and sale of turnkey, large-scale agriculture projects.

AGI determined that it has control, as defined under IFRS 10, *Consolidated Financial Statements*, over each of these arrangements, and they are consolidated into the Company's financial statements. One of the agreements included a call option whereby AGI had the ability to purchase the shares held by the partner. This call option gave AGI in-substance ownership of the partner's share. As a result, there was no non-controlling interest. In November 2024, the Company purchased the shares held by the partner for $3.4 million as allowed by the call option. The financial liability on the consolidated statements of financial position for this arrangement was reduced by the purchase. The call option did not meet the definition of a derivative as defined by IFRS 9.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

Additionally, AGI's Brazilian subsidiary and two third parties launched a credit rights investment fund ["FIDC"] in 2024. The FIDC provides AGI customers access to the credit required to finance the purchase of grain handling and storage equipment. AGI has a 29.5% interest in the FIDC.

AGI's equity interest in the FIDC represents an investment subject to significant influence that is accounted for using the equity method. The investment was initially recorded at cost, and adjustments were made to include the Company's share of the FIDC's net profit or loss. As at December 31, 2024, the carrying value of the investment in associate was $7.0 million. During the year ended December 31, 2024, AGI's share of associate's net profit of $0.1 million has been recorded in the consolidated statements of income (loss).

8. Accounts receivable

As is typical in the agriculture sector, AGI may offer extended terms on its accounts receivable to match the cash flow cycle of its customer. The following table sets forth details of the age of trade accounts receivable that are not overdue, as well as an analysis of overdue amounts and the related ECLs:

	2024 $	2023 $
Total current accounts receivable	291,994	272,159
Less expected credit loss	(8,043)	(6,555)
	283,951	265,604
Non-current accounts receivable	63,832	51,763
Total accounts receivable, net	347,783	317,367
Of which		
Not past due	307,885	276,833
Past the due date as follows		
Within 30 days	16,665	22,073
31 to 60 days	5,409	7,626
61 to 90 days	5,044	2,318
Over 90 days	20,823	15,072
Expected credit loss	(8,043)	(6,555)
Total accounts receivable, net	347,783	317,367

Non-current accounts receivable include the present value of asset-backed receivables. These receivables are backed by customers' crop pledge and/or property, plant and equipment.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The expenses associated with the ECL provision are included in selling, general and administrative expenses. The movement in the Company's ECL for the years ended December 31, 2024 and December 31, 2023 was as follows:

	2024 $	2023 $
Balance, beginning of year	**6,555**	5,552
Additional provision recognized	**1,338**	1,500
Amounts reversed (written off)	**45**	(734)
Exchange differences	**105**	237
Balance, end of year	**8,043**	6,555

9. Inventory

	2024 $	2023 $
Raw materials	**85,686**	106,262
Work in progress	**13,343**	18,560
Finished goods	**88,480**	89,941
	187,509	214,763

In relation to the closure of the Company's Nebraska facility, inventory was written down by $5.5 million to net realizable value.

10. Notes receivable

Included in notes receivable is a promissory note in the amount of $6.2 million due from a third party. The note receivable bears interest at 5% per annum payable quarterly.

Notes to consolidated financial statements

[in thousands of Canadian dollars, except where otherwise noted and per share data]

December 31, 2024

11. Property, plant and equipment

	Land	Grounds	Buildings	Leasehold improvements	Furniture and fixtures	Vehicles	Computer hardware	Manufacturing equipment	Construction in progress	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance, January 1, 2024	43,022	7,315	166,942	14,174	8,698	17,870	17,823	241,576	10,795	528,215
Additions	—	419	1,600	1,470	2,464	202	1,463	13,606	1,698	22,922
Disposals	—	—	(99)	—	(561)	(2,834)	(1,692)	(3,916)	—	(9,102)
Impairment	—	—	—	—	(209)	(513)	(1,368)	(6,922)	—	(9,012)
Exchange differences	1,775	(242)	2,192	103	459	516	254	3,994	(98)	8,953
Balance, December 31, 2024	44,797	7,492	170,635	15,747	10,851	15,241	16,480	248,338	12,395	541,976
Depreciation										
Balance, January 1, 2024	—	3,121	35,134	6,284	4,106	11,911	11,805	111,468	—	183,829
Depreciation	—	391	5,013	1,557	815	1,441	2,202	17,263	—	28,682
Disposals	—	—	(82)	—	(533)	(1,716)	(1,662)	(3,270)	—	(7,263)
Impairment	—	—	—	—	(168)	(483)	(1,104)	(4,486)	—	(6,241)
Exchange differences	—	(41)	1,100	61	121	399	182	2,220	—	4,042
Balance, December 31, 2024	—	3,471	41,165	7,902	4,341	11,552	11,423	123,195	—	203,049
Net book value, December 31, 2024	44,797	4,021	129,470	7,845	6,510	3,689	5,057	125,143	12,395	338,927

[in thousands of Canadian dollars, except where otherwise noted and per share data]

	Land	Grounds	Buildings	Leasehold improvements	Furniture and fixtures	Vehicles	Computer hardware	Manufacturing equipment	Construction in progress	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance, January 1, 2023	32,096	5,655	162,514	13,345	8,392	19,082	16,674	229,313	8,658	495,729
Additions	12,787	1,611	7,060	844	427	395	1,571	16,316	2,014	43,025
Transfer to assets held for sale	(496)	(11)	(3,343)	(13)	—	—	—	—	—	(3,863)
Disposals	—	—	—	(6)	(45)	(1,418)	(404)	(3,780)	—	(5,653)
Exchange differences	(1,365)	60	711	4	(76)	(189)	(18)	(273)	123	(1,023)
Balance, December 31, 2023	43,022	7,315	166,942	14,174	8,698	17,870	17,823	241,576	10,795	528,215
Depreciation										
Balance, January 1, 2023	—	2,387	31,141	4,944	3,395	11,273	9,827	96,377	—	159,344
Depreciation	—	727	4,860	1,350	762	1,715	2,390	16,983	—	28,787
Transfer to assets held for sale	—	(1)	(645)	(13)	—	—	—	—	—	(659)
Disposals	—	—	—	—	(31)	(967)	(373)	(1,518)	—	(2,889)
Exchange differences	—	8	(222)	3	(20)	(110)	(39)	(374)	—	(754)
Balance, December 31, 2023	—	3,121	35,134	6,284	4,106	11,911	11,805	111,468	—	183,829
Net book value, December 31, 2023	43,022	4,194	131,808	7,890	4,592	5,959	6,018	130,108	10,795	344,386

[in thousands of Canadian dollars, except where otherwise noted and per share data]

12. Right-of-use assets

	Buildings $	Furniture and fixtures $	Vehicles $	Manufacturing equipment $	Total $
Balance, January 1, 2023	22,529	270	7,472	1,089	31,360
Additions	1,876	361	4,085	3,568	9,890
Transfer to sublease	(541)	—	—	—	(541)
Impairment	(138)	—	—	—	(138)
Depreciation	(3,583)	(191)	(2,475)	(1,175)	(7,424)
Exchange differences	(279)	(25)	209	(242)	(337)
Balance, December 31, 2023	19,864	415	9,291	3,240	32,810
Additions	3,980	64	8,668	2,713	15,425
Termination	(52)	2	(380)	(2)	(432)
Impairment	(77)	—	—	—	(77)
Depreciation	(3,864)	(160)	(3,776)	(1,668)	(9,468)
Exchange differences	1,049	14	(466)	(154)	443
Balance, December 31, 2024	20,900	335	13,337	4,129	38,701

13. Goodwill

	2024 $	2023 $
Balance, beginning of year	339,607	342,983
Exchange differences	9,317	(3,376)
Balance, end of year	348,924	339,607

[in thousands of Canadian dollars, except where otherwise noted and per share data]

14. Intangible assets

	Distribution networks and customer relationships $	Brand names $	Patents $	Software $	Development projects $	CIP intangibles $	Total $
Cost							
Balance, January 1, 2024	170,796	127,186	3,753	11,629	75,741	2,914	392,019
Internal development	—	—	—	273	2,980	5,509	8,762
Disposals	—	—	—	(146)	(1,359)	—	(1,505)
Impairment	—	—	—	—	(119)	(24)	(143)
Exchange differences	4,593	3,478	82	441	1,215	15	9,824
Balance, December 31, 2024	175,389	130,664	3,835	12,197	78,458	8,414	408,957
Amortization							
Balance, January 1, 2024	117,775	6,323	2,891	8,462	45,451	—	180,902
Amortization	13,342	6,310	10	843	10,050	—	30,555
Disposals	—	—	—	(144)	(1,359)	—	(1,503)
Impairment	—	—	—	—	(61)	—	(61)
Exchange differences	3,947	329	107	35	999	—	5,417
Balance, December 31, 2024	135,064	12,962	3,008	9,196	55,080	—	215,310
Net book value, December 31, 2024	40,325	117,702	827	3,001	23,378	8,414	193,647

[in thousands of Canadian dollars, except where otherwise noted and per share data]

	Distribution networks and customer relationships $	Brand names $	Patents $	Software $	Development projects $	CIP intangibles $	Total $
Cost							
Balance, January 1, 2023	179,376	128,156	3,628	12,075	66,509	46	389,790
Internal development	—	—	158	715	9,911	2,871	13,655
Disposals	(7,209)	—	—	(458)	—	—	(7,667)
Retirements	—	—	—	(700)	(556)	—	(1,256)
Exchange differences	(1,371)	(970)	(33)	(3)	(123)	(3)	(2,503)
Balance, December 31, 2023	170,796	127,186	3,753	11,629	75,741	2,914	392,019
Amortization							
Balance, January 1, 2023	111,766	3,644	2,755	8,278	37,468	—	163,911
Amortization	14,330	2,612	165	1,280	8,743	—	27,130
Disposals	(7,209)	—	—	(389)	—	—	(7,598)
Retirements	—	—	—	(700)	(556)	—	(1,256)
Exchange differences	(1,112)	67	(29)	(7)	(204)	—	(1,285)
Balance, December 31, 2023	117,775	6,323	2,891	8,462	45,451	—	180,902
Net book value, December 31, 2023	53,021	120,863	862	3,167	30,290	2,914	211,117

The Company is continuously working on research and development projects. Development costs capitalized include the development of new products and the development of new applications of existing products and prototypes. Research costs and development costs that are not eligible for capitalization have been expensed and are recognized in selling, general and administrative expenses.

Intangible assets include patents acquired through business combinations, which have a remaining life between two and seven years. Included within intangible assets are brand names with a carrying amount of $100,829 [2023 – $117,522] that have been classified as indefinite-life intangible assets, as the Company expects to maintain these brand names and currently no end point of the useful lives of these brand names can be determined. As at December 31, 2024, definite-life brand names with a carrying amount of $16,873 [2023 – $3,341] and remaining life of one to four years are included within intangible assets. The Company assesses the assumption of an indefinite useful life at least annually.

Intangible assets and research and development expenses for the year ended December 31, 2024, are net of combined federal and provincial scientific research and experimental development ["SR&ED"] tax credits in the amounts of $26 and $78, respectively. A number of specific criteria must be met in order to qualify for federal and provincial SR&ED investment tax credits. As at December 31, 2024, the Company had federal investment tax credit carryforwards in the amount of $309 [2023 – $309], federal SR&ED investment tax credit carryforwards in the amount of $2,616 [2023 – $2,543], provincial SR&ED investment tax credit carryforwards in the amount of $992 [2023 – $979] and provincial manufacturing or processing tax credits in the amount of $230 [2023 – $170]; these begin expiring in 2026.

Other material intangible assets are the distribution network and customer relationships of the Company. The distribution network and customer relationships were acquired in past business combinations and reflect the Company's dealer network in North America and its international customer base. The remaining amortization period for the distribution network and customer relationships ranges from one to five years.

15. Impairment testing

The recoverable amount of the Company's group of CGUs has been determined based on value in use using cash flow projections covering a five-year period. The Company performs its indefinite-life intangible assets impairment test as at October 1; the indefinite-life intangible assets are tested at the individual CGU level.

The pre-tax discount rates applied to the cash flow projections for Farm and Commercial were 11.1% and 11.2%, respectively [2023 – 13.1% and 13.2%], and cash flows beyond the five-year period are extrapolated using a 3% growth rate [2023 – 3%], which is management's estimate of long-term inflation and productivity growth in the industry and geographies in which it operates.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The Company's group of CGUs, goodwill and indefinite-life intangible assets allocated thereto are as follows, which represents how goodwill is monitored by management.

	2024 $	2023 $
Farm		
Goodwill	**132,574**	132,411
Intangible assets with indefinite lives	**73,556**	77,934
Commercial		
Goodwill	**216,350**	207,196
Intangible assets with indefinite lives	**27,273**	39,588
Total		
Goodwill	**348,924**	339,607
Intangible assets with indefinite lives	**100,829**	117,522

The values of material indefinite-life intangible assets are the Westfield and Westeel brand names, the values of which are $19,000 and $43,300, respectively.

Key assumptions used in valuation calculations

The calculation of value in use is most sensitive to the following assumptions:

- Gross margins;
- Discount rates; and
- Revenue growth rate used to extrapolate cash flows beyond the budget period.

Gross margins

Forecasted gross margins are based on actual gross margins achieved in the years preceding the forecast period and adjusted for future plans as required. Margins are kept constant over the forecast period and the terminal period unless management has started an efficiency improvement process.

Discount rates

Discount rates reflect the current market assessment of the risks specific to each CGU or group of CGUs. The discount rate was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the CGU or group of CGUs for which future estimates of cash flows have not been adjusted.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

Revenue and terminal growth rate estimates

Revenue and terminal growth rates are based on approved budgets, published research and the terminal growth rate primarily derived from the long-term Consumer Price Index expectations for the markets in which AGI operates. Management considers the Consumer Price Index to be a conservative indicator of the long-term growth expectations for the agricultural industry.

16. Assets held for sale

In 2022, in the Farm segment, buildings, land, grounds, and equipment in Saskatchewan relating to a facility that closed in 2022 met the definition of assets held for sale and were recorded at the lower of cost and fair value less cost to sell. An impairment charge of $1,909 was recorded in 2023. As at December 31, 2024, the carrying amount of the assets held for sale is $1,518.

In 2023, in the Farm segment, a building in Nebraska met the definition of assets held for sale and was recorded at the lower of cost and fair value less cost to sell. An impairment charge of $190 was recorded in 2023. The carrying amount of $453 was recorded as assets held for sale. During the year ended December 31, 2024, the building was sold, resulting in a gain of $325.

17. Accounts payable and accrued liabilities

	2024 $	2023 $
Trade payables	**148,243**	121,608
Other payables	**76,123**	62,469
Personnel-related accrued liabilities	**39,971**	68,864
	264,337	252,941

Trade payables and other payables are non-interest bearing and are normally settled on 30- or 60-day terms. Other payables also include accruals for professional services provided by third-party consultants. Personnel-related accrued liabilities include primarily vacation accruals, bonus accruals, payroll accruals and overtime benefits.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

18. Provisions

Provisions consist of the Company's warranty and other provisions. A provision is recognized for expected claims on products sold based on past experience of the level of repairs and returns. It is expected that these costs will be paid within the next 12 months. Assumptions used to calculate the provision for warranties are based on current revenue levels and current information available about returns.

	2024 $	2023 $
Balance, beginning of year	**16,813**	75,233
Additional provisions recognized	**20,080**	32,163
Amounts utilized	**(9,904)**	(90,583)
Balance, end of year	**26,989**	16,813

Equipment rework

The provision for equipment rework relates to previously identified issues with equipment designed and supplied to one commercial facility. As at December 31, 2024, the warranty provision for the equipment rework is nil [2023 – $2.0 million].

19. Lease liability

	Maturity	2024 $	2023 $
Current	2025	**12,218**	6,711
Non-current	2026–2038	**36,061**	34,960
Lease liability		**48,279**	41,671

Material leases have an incremental borrowing rate range of 2.1%–17.2%. The Company has various lease contracts that have not yet commenced as at December 31, 2024. The future lease payments for the non-cancellable lease contracts are $119 within one year and $356 within five years.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

20. Long-term debt

	Effective interest rate %	Maturity	2024 $	2023 $
Current portion of long-term debt				
Equipment financing	Nil	Various	281	549
Non-current portion of long-term debt				
Equipment financing	Nil	Various	639	797
Senior credit facilities	6.5–9.1	2028	568,904	422,134
			569,543	422,931
Less deferred financing costs			(3,931)	(3,023)
			565,612	419,908
Long-term debt			565,893	420,457

[a] Long-term debt

AGI's senior credit facilities of $450 million and U.S. $275 million are inclusive of amounts that may be allocated to the Company's swingline facilities and can be drawn in Canadian or U.S. funds. AGI has swingline facilities of $50 million and U.S. $10 million.

On March 11, 2024, the Company amended its senior credit facilities to transition from the Canadian Dollar Offered Rate ["CDOR"] to the Canadian Overnight Repo Rate Average ["CORRA"]. The senior credit facilities bear interest at CORRA or the Secured Overnight Financing Rate plus 1.2%–2.75% and prime plus 0.2%–1.75% per annum based on performance calculations. As at December 31, 2024, there is $262.7 million [2023 – $149.9 million] and U.S. $212.8 million [2023 – U.S. $205.8 million] outstanding under the facilities. As at December 31, 2024, the portion of drawings from the senior credit facilities recorded on the swingline is $18.1 million [2023 – $20.1 million].

On July 3, 2024, the Company and its lenders completed an amendment to the senior credit facilities to extend the maturity date of the senior credit facilities from May 11, 2026 to July 3, 2028.

On December 16, 2024, the Company and its lenders completed an amendment to the senior credit facilities to increase the senior credit facilities in the amount of $100 million.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

[b] Covenants

AGI is subject to certain financial covenants in its senior credit facilities that must be maintained to avoid acceleration of the termination of the agreement. The financial covenants require AGI to maintain a debt to Consolidated EBITDA ratio, as defined in the senior credit facilities, of less than 3.75, the calculation of which excludes the convertible unsecured subordinated debentures and the senior unsecured subordinated debentures from debt, and to provide debt service coverage of a minimum of 1.0. In the event of an acquisition in respect of which the aggregate consideration is $75,000 or greater, the debt to Consolidated EBITDA ratio requirement increases to 4.25 or less for the financial quarter in which the acquisition occurred and the immediately succeeding three financial quarters, and to 4.0 for the immediately succeeding financial quarter.

As at December 31, 2024 and December 31, 2023, AGI was in compliance with all financial covenants.

21. Convertible unsecured subordinated debentures

	2024	2023
	$	$
Non-current portion of convertible unsecured subordinated debentures		
Principal amount	**218,895**	218,895
Remaining unamortized discount and fees	**(21,876)**	(28,831)
Convertible unsecured subordinated debentures	**197,019**	190,064

Year issued	Aggregate principal amount	Coupon	Conversion price	Conversion rate	Number of Common Shares reserved for issuance upon conversion	Maturity date	Redeemable at par [1]
	$		$				
2021	114,995[2]	5.00%	45.14	22.1533	2,547,520	30-Jun-27	30-Jun-25[3]
2022	103,900	5.20%	70.50	14.1844	1,473,759	31-Dec-27	31-Dec-25[4]

[1] At the option of the Company, at par plus accrued and unpaid interest.

[2] During the year ended December 31, 2023, a holder of the 2021 Convertible Debentures converted $5 of the principal amount outstanding into Common Shares of AGI.

[3] On and after June 30, 2025 and prior to June 30, 2026, the Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading

[in thousands of Canadian dollars, except where otherwise noted and per share data]

price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the Conversion Price. On and after June 30, 2026, the Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount, plus accrued and unpaid interest, regardless of the trading price of the Common Shares.

[4] On and after December 31, 2025 and prior to December 31, 2026, the Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the Conversion Price. On and after December 31, 2026, the Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the Common Shares.

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Convertible Debentures by issuing and delivering Common Shares of AGI ["Common Shares"]. The Company may also elect to satisfy its obligation to pay interest on the Convertible Debentures by delivering sufficient Common Shares to the trustee of the Convertible Debentures to be sold, with the proceeds used to satisfy the obligation to pay interest. The Company does not expect to exercise the option to satisfy its obligations to pay the principal amount or interest by delivering Common Shares. The number of Common Shares issued would be determined based on market prices at the time of issuance.

During the years ended December 31, 2024 and 2023, the Company recorded accretion of the equity component discount, non-cash interest expense related to the amortization of deferred financing costs, and the coupon interest expense as follows:

	2024		
Year issued	Accretion $	Non-cash interest expense $	Coupon interest expense $
2021	2,827	777	5,750
2022	2,685	666	5,403

	2023		
Year issued	Accretion $	Non-cash interest expense $	Coupon interest expense $
2021	2,628	732	5,750
2022	2,485	613	5,403

[in thousands of Canadian dollars, except where otherwise noted and per share data]

22. Senior unsecured subordinated debentures

	2024 $	2023 $
Current portion of senior unsecured subordinated debentures	—	171,249
Non-current portion of senior unsecured subordinated debentures		
Principal amount	85,000	85,000
Remaining unamortized discount and fees	(1,035)	(1,493)
	83,965	83,507
Senior unsecured subordinated debentures	83,965	254,756

Year issued	Aggregate principal amount $	Coupon %	Maturity date	Redeemable
2019 March	86,250	5.40%	30-Jun-24	30-Jun-22[1][4]
2019 November	86,250	5.25%	31-Dec-24	31-Dec-22[2][4]
2020 March	85,000	5.25%	31-Dec 26	31-Dec-22[3][4]

[1] On and after June 30, 2022 and prior to June 30, 2023, the 2019 March Debentures may be redeemed at the Company's option at a price equal to 102.70% of their principal amount plus accrued and unpaid interest. On or after June 30, 2023, the 2019 March Debentures will be redeemable at the Company's option at a price equal to their principal amount plus accrued and unpaid interest.

[2] On and after December 31, 2022 and prior to December 31, 2023, the 2019 November Debentures may be redeemed at the Company's option at a price equal to 102.625% of their principal amount plus accrued and unpaid interest. On or after December 31, 2023, the 2019 November Debentures will be redeemable at the Company's option at a price equal to their principal amount plus accrued and unpaid interest.

[3] On and after December 31, 2022 and prior to December 31, 2023, the 2020 Debentures may be redeemed at the Company's option at a price equal to 103.9375% of their principal amount plus accrued and unpaid interest. On and after December 31, 2023 and prior to December 31, 2024, the 2020 Debentures may be redeemed at the Company's option at a price equal to 102.625% of their principal amount plus accrued and unpaid interest. On and after December 31, 2024 and prior to December 31, 2025, the 2020 Debentures may be redeemed at the Company's option at a price equal to 101.3125% of their principal amount plus accrued and unpaid interest. On and after December 31, 2025 and prior to maturity, the 2020 Debentures will be redeemable at the Company's option at a price equal to their principal amount plus accrued and unpaid interest. The 2020 Debentures will not be convertible into Common Shares of the Company at the option of the holders at any time.

[4] The Company will have the option to satisfy its obligation to repay the principal amount of the Debentures due at redemption or maturity by issuing and delivering that number of freely tradeable Common Shares in accordance with the terms of the Indenture.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The Company's redemption option for the 2020 Debentures resulted in recognition of an embedded derivative with a fair value of $754 at time of issuance *[note 30[a]]*. An offsetting and equal amount was recorded to senior unsecured subordinated debentures and is being amortized over the term of the 2020 Debentures.

The Company's 5.40% and 5.25% senior unsecured subordinated debentures issued in 2019 matured on June 30, 2024 and December 31, 2024, respectively.

During the year ended December 31, 2024, the Company recorded non-cash interest expense related to the amortization of deferred financing costs of $1,821 [2023 – $2,117] and coupon interest expense of $11,319 [2023 – $13,648], offset by amortization of the embedded derivative of $112 [2023 – $112].

23. Shareholders' equity

[a] Common Shares

Authorized

Unlimited number of voting Common Shares without par value

Issued

18,880,925 Common Shares

	Shares \#	Amount $
Balance, January 1, 2023	18,900,958	9,644
Settlement of EIAP obligation	104,778	654
Conversion of convertible unsecured subordinated debentures	110	5
Balance, December 31, 2023	19,005,846	10,303
Settlement of EIAP obligation	76,479	2,816
Normal course issuer bid – shares repurchased and cancelled	(201,400)	(134)
Balance, December 31, 2024	18,880,925	12,985

Normal course issuer bid ["NCIB"]

The Board of Directors has authorized the Company to initiate a NCIB, in accordance with the requirements of the Toronto Stock Exchange, to purchase up to 1,888,505 Common Shares over the 12-month period between November 11, 2024 and November 10, 2025. Common Shares purchased under the NCIB will be cancelled.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

In connection with the NCIB, the Company also entered an automatic share purchase plan ["ASPP"] in which a designated broker may purchase Common Shares under the NCIB during the regularly scheduled quarterly trading blackout periods of the Company. The repurchases made under the ASPP will be made in accordance with certain purchasing parameters and will continue until the earlier of the date in which the Company has acquired the maximum limit of Common Shares pursuant to the ASPP or upon the date of expiry of the NCIB.

During the year ended December 31, 2024, under the ASPP, the Company repurchased 201,400 Common Shares, which were cancelled, for total cash consideration of $11.0 million. The repurchase was recorded to Common Shares, with the excess of $10.9 million charged to retained earnings.

Under the ASPP, the non-cancellable conditions do not exist at the reporting date, and therefore no liability due to the designated broker was recorded as at December 31, 2024.

[b] Contributed surplus

	2024 $	2023 $
Balance, beginning of year	**499,217**	501,741
Dividends on EIAP	**414**	444
Obligation under EIAP *[note 24[a]]*	**12,755**	9,969
Settlement of EIAP obligation	**(10,204)**	(12,937)
Balance, end of year	**502,182**	499,217

[c] Accumulated other comprehensive income

Accumulated other comprehensive income comprises the following:

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationship incurred as at the reporting date.

Defined benefit plan reserve

The defined benefit plan reserve is used to record changes in the pension liability including actuarial gains and losses and the impact of any minimum funding requirements.

[d] Dividends paid and payable

In the year ended December 31, 2024, the Company declared dividends of $11,414 or $0.60 per common share [2023 – $11,396 or $0.60 per common share] and dividends on share compensation awards of $414 [2023 – $444]. In the year ended December 31, 2024, dividends paid to shareholders of $11,432 [2023 – $11,380] were financed from cash on hand.

AGI's dividend policy is to pay cash dividends on or about the 15th of the month following each quarter end to shareholders of record on the last business day of the quarter-end month. The Company's current quarterly dividend rate is $0.15 per common share, and accordingly the dividend of $0.15 per share relates to the months of October, November, and December 2024. The dividend accrued is payable on January 15, 2025 to common shareholders of record at the close of business on December 31, 2024.

[e] Shareholder protection rights plan

On December 20, 2010, the Company's Board of Directors adopted a Shareholders' Protection Rights Plan [the "Rights Plan"]. Specifically, the Board of Directors has implemented the Rights Plan by authorizing the issuance of one right [a "Right"] in respect of each Common Share of the Company. If a person or a company, acting jointly or in concert, acquires [other than pursuant to an exemption available under the Rights Plan] beneficial ownership of 20% or more of the Common Shares, Rights [other than those held by such acquiring person, which will become void] will separate from the Common Shares and permit the holder thereof to purchase that number of Common Shares having an aggregate market price [as determined in accordance with the Rights Plan] on the date of consummation or occurrence of such acquisition of Common Shares equal to four times the exercise price of the Rights for an amount in cash equal to the exercise price. The exercise price of the Rights pursuant to the Rights Plan is $150 per Right.

[f] Preferred shares

On May 14, 2014, the shareholders of AGI approved the creation of two new classes of preferred shares, each issuable in one or more series without par value and each with such rights, restrictions, designations and provisions as the Company's Board of Directors may, at any time from time to time, determine, subject to an aggregate maximum number of authorized preferred shares.

As at December 31, 2024 and December 31, 2023, no preferred shares were issued or outstanding.

24. Share-based compensation plans

[a] Equity incentive award plan [the "EIAP"]

On May 11, 2012, the shareholders of AGI approved an EIAP, which authorizes the Board to grant Restricted Awards ["RSUs"] and Performance Awards ["PSUs"] [collectively, the "Awards"] to persons who are officers, employees or consultants of the Company and its affiliates. Awards may not be granted to non-management Directors.

As at December 31, 2024, 2,265,000 shares are reserved for issuance under the EIAP [2023 – 2,265,000 shares]. At the discretion of the Board, the EIAP provides for cumulative adjustments to the number of Common Shares to be issued pursuant to, or the value of, Awards on each date that dividends are paid on the Common Shares. The EIAP provides for accelerated vesting in the event of a change in control, retirement, death or termination without cause.

Each equity-settled RSU will entitle the holder to be issued the number of Common Shares designated in the RSU. The Company has an obligation to settle any amount payable in respect of a RSU by Common Shares issued from treasury of the Company.

Each cash-settled RSU will entitle the holder to receive cash payment equal to the amount of the share price on the date of the settlement.

Each PSU requires the Company to deliver to the holder at the Company's discretion either the number of Common Shares designated in the PSU multiplied by a Payout Multiplier or the equivalent amount in cash. The Payout Multiplier is determined based on an assessment of the achievement of pre-defined measures in respect of the applicable period. In 2024, these measures included adjusted free cash flow [50% weighting] and return on invested capital [50% weighting], evaluated in three separate performance periods: one-third 2024 performance, one-third 2025 performance, and one-third 2026 performance. The value of each tranche will be locked in at the end of its respective performance period. The Payout Multiplier may not exceed 200%.

As at December 31, 2024, 2,265,000 Common Shares are available for issuance under the Company's equity-settled EIAP, of which 1,173,320 Common Shares have been issued under the EIAP, 624,089 Common Shares are issuable on the settlement of outstanding Awards and 467,591 Common Shares are reserved for issuance on the settlement of Awards that are available for grant.

During the year ended December 31, 2024, AGI expensed $11,923 for the EIAP [2023 – $10,138].

[in thousands of Canadian dollars, except where otherwise noted and per share data]

A summary of the status of the options under the equity-settled EIAP is presented below:

	EIAP	
	RSUs #	PSUs #
Balance, January 1, 2023	360,738	336,891
Granted	174,471	124,762
Vested	(135,818)	(193,909)
Modified	3,394	346
Forfeited	(54,116)	(27,463)
Balance, December 31, 2023	348,669	240,627
Granted	143,251	100,393
Vested	(90,298)	(58,025)
Forfeited	(56,402)	(4,126)
Balance, December 31, 2024	345,220	278,869

There is no exercise price on the EIAP awards.

[b] Deferred Share Unit Plan [the "DSU Plan"]

Effective January 1, 2022, the Company adopted a cash-settled DSU Plan for non-employee directors. Under the DSU Plan, each non-management Director [other than the prior Board Chair] shall be paid U.S. $90,000 of the base annual retainer payable to such Director in respect of a calendar year in the form of deferred share units ["DSUs"]. Effective July 1, 2024, the Company approved an increase in the base annual retainer of U.S. $30,000 payable, increasing the base annual retainer to U.S. $120,000 to each Director in the form of DSUs. In addition, a non-management Director has the right, but not obligation, to elect to receive greater than the Minimum Deferred Compensation in the form of DSUs. The Company will redeem all DSUs held by a Director on the Director's "Redemption Date", which is: [1] for a Director who is not a U.S. Director, the date elected by the Director that shall not be earlier than the date the Director ceases to be a director and that shall not be later than December 15 of the year following the year in which the Director ceases to be a Director; and [2] for a U.S. Director, the 30th day following the day on which the U.S. Director ceases to be a Director. Upon the death of a Director, AGI will redeem all the DSUs held by such Director.

During the year ended December 31, 2024, $1,835 [2023 – $2,021] was recorded for the share grants in selling, general, and administrative expense and accounts payable and accrued liabilities related to the DSU Plan. The share grants were measured with the contractual agreed amount of service fees for the respective period.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

[c] Directors' deferred compensation plan ["DDCP"]

The Company ceased making grants of DSUs under its DDCP to non-management Directors effective December 31, 2021. A Director will not be entitled to receive the Common Shares he or she has been granted until a period of three years has passed since the date of grant or until the Director ceases to be a Director, whichever is earlier.

The total number of Common Shares issuable pursuant to the DDCP shall not exceed 120,000, subject to adjustment in lieu of dividends, if applicable. As at December 31, 2024, a total of 120,000 [2023 – 120,000] Common Shares had been granted under the DDCP and 29,384 [2023 – 19,788] Common Shares had been issued.

[d] Summary of expenses recognized under share-based payment plans

For the year ended December 31, 2024, an expense of $13,758 [2023 – $12,159] was recognized for employee and Director services rendered.

25. Disaggregated expenses (income)

	2024 $	2023 $
[a] Cost of goods sold		
Depreciation of property, plant and equipment	26,861	26,604
Depreciation of right-of-use assets	4,011	2,613
Amortization of intangible assets	6,464	5,131
Warranty expense	12,880	32,163
Cost of inventory recognized as an expense	906,500	981,030
	956,716	1,047,541
[b] Selling, general and administrative expenses		
Depreciation of property, plant and equipment	3,914	4,158
Depreciation of right-of-use assets	5,457	4,811
Amortization of intangible assets	24,091	21,999
Transaction, transitional and other costs	56,148	27,174
Enterprise Resource Planning system transformation costs	17,271	14,001
Selling, general and administrative	244,582	268,559
	351,463	340,702
[c] Other operating expense (income)		
Net loss on sale of property, plant and equipment	527	682
Net gain on sale of assets held for sale	(314)	(314)
Net loss (gain) on settlement of lease liability	(190)	86
Gain on financial instruments	(3,812)	(5,369)
Other	(9,828)	(10,663)
	(13,617)	(15,578)

[in thousands of Canadian dollars, except where otherwise noted and per share data]

		2024 $	2023 $
[d]	**Finance costs**		
	Interest on overdrafts and other finance costs	3,029	3,506
	Effective interest, including non-cash interest, on leases	3,292	2,938
	Effective interest, including non-cash interest, on debts and borrowings	32,785	33,954
	Effective interest, including non-cash interest, on senior and convertible unsecured subordinated debentures *[notes 21 and 22]*	31,136	33,269
		70,242	73,667
[e]	**Finance expense (income)**		
	Interest income	(418)	(396)
	Loss (gain) on foreign exchange	42,812	(7,571)
		42,394	(7,967)
[f]	**Employee benefits expense**		
	Wages and salaries	309,081	349,511
	Share-based compensation expense *[note 24]*	13,758	12,159
	Pension costs	9,822	9,831
		332,661	371,501
	Included in cost of goods sold	201,205	219,255
	Included in selling, general and administrative expense	131,456	152,246
		332,661	371,501

26. Retirement benefit plans

Group retirement savings plan

AGI contributes to group retirement savings plans subject to maximum limits per employee. The expense recorded during the year ended December 31, 2024 was $9,822 [2023 – $9,831]. AGI expects to contribute $10,216 for the year ending December 31, 2025.

Defined benefit plan

The Company has a defined benefit plan providing pension benefits to certain of its union employees and former employees. Enrolment in the defined benefit pension plan was closed in 2017, and all benefits earned by employees up to that date remained in place. As such, the Company continues to manage any residual obligation for past service consistent with the plan text and applicable legislation and will continue to account for the residual obligations based on IAS 19, *Employee Benefits*. The Company expects to make nil contributions to the defined benefit plan in 2025.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

As at December 31, the net accrued benefit asset was as follows:

	2024 $	2023 $
Plan assets		
Fair value of plan assets, beginning of year	13,929	13,103
Interest income on plan assets	623	650
Actual return on plan assets	628	891
Surplus utilization	(276)	—
Benefits paid	(750)	(715)
Fair value of plan assets, end of year	14,154	13,929
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	10,593	10,103
Current service cost	150	125
Interest cost	473	500
Actuarial gains from changes in demographic assumptions	(55)	—
Actuarial losses from changes in financial assumptions	—	580
Actuarial gains from experience adjustments	(53)	—
Benefits paid	(750)	(715)
Accrued benefit obligation, end of year	10,358	10,593
Net accrued benefit asset	3,796	3,336

The net accrued benefit asset of $3,796 [2023 – $3,336] is included in other assets in the consolidated statements of financial position.

The major categories of plan assets for each category are as follows:

	2024		2023	
	$	%	$	%
Canadian equity securities	—	0.0	4,179	30.0
U.S. equity securities	—	0.0	2,424	17.4
International equity securities	—	0.0	2,437	17.5
Fixed-income securities	14,154	100.0	4,889	35.1
	14,154	100.0	13,929	100.0

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The following assumptions were used to determine the periodic pension expense and the net present value of the accrued pension obligations:

	2024 %	2023 %
Expected long-term rate of return on plan assets	**4.60**	5.10
Discount rate on benefit costs	**4.60**	5.10
Discount rate on accrued pension and post-employment obligations	**4.60**	4.60
Rate of compensation increases	**n/a**	n/a

Compensation increases were not included in the valuation of the accrued pension obligation because the accrued benefit is not a function of salary. All members receive a fixed benefit rate monthly for each year of credited service. This same benefit rate is received by all plan members regardless of salary level.

The weighted average duration of the defined benefit obligation as of December 31, 2024 is 11.8 years [2023 – 12.7 years].

The following table outlines the sensitivity of changes in key assumptions on the defined benefit plan obligation. The sensitivity analysis is hypothetical and should be used with caution where changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	Increase in assumption $	Decrease in assumption $
Impact of 0.5% increase/decrease in discount rate assumption	(541)	595
Impact of one-year increase/decrease in life expectancy assumption	298	(304)

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are asset volatility, change in fixed-income security yields, and life expectancy.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

27. Income taxes

The major components of income tax expense for the years ended December 31, 2024 and 2023 are as follows:

Consolidated statements of income (loss)

	2024 $	2023 $
Current income tax expense		
Current income tax expense	**14,647**	13,442
Deferred income tax expense		
Origination and reversal of temporary differences	**109**	3,736
Income tax expense reported in the consolidated statements of income (loss)	**14,756**	17,178

The reconciliation between tax expense and the product of accounting profit multiplied by the Company's domestic tax rate for the years ended December 31, 2024 and 2023 is as follows:

	2024 $	2023 $
Profit (loss) before income taxes	**(5,326)**	86,067
At the Company's statutory income tax rate of 26.7% [2023 – 26.8%]	**(1,422)**	23,066
Tax rate changes	**446**	1,081
Additional deductions allowed in a foreign jurisdiction	**(1,163)**	(1,629)
Tax losses not recognized (recognized) as a deferred tax asset	**8,703**	(3,126)
Foreign rate differential	**(5,607)**	(2,009)
Unrealized foreign exchange loss	**2,720**	62
Withholding tax incurred on foreign dividends	**2,174**	407
Non-deductible interest expense	**8,243**	—
Permanent differences and others	**662**	(674)
Income tax expense	**14,756**	17,178

Notes to consolidated financial statements

[in thousands of Canadian dollars, except where otherwise noted and per share data]

December 31, 2024

Deferred tax relates to the following:

	Consolidated statements of financial position		Consolidated statements of income (loss)	
	2024	2023	2024	2023
	$	$	$	$
Other assets	(2,183)	(2,516)	(333)	(127)
Property, plant and equipment	(33,434)	(35,005)	(1,571)	(1,250)
Intangible assets	(36,847)	(38,833)	(1,986)	(4,267)
Deferred financing costs	(707)	(1,177)	(470)	145
Accruals and long-term provisions	13,278	12,912	(562)	12,649
Tax loss carryforwards starting to expire in 2039	14,669	24,025	9,356	(7,560)
Capitalized development expenditures	(4,722)	(4,820)	(98)	321
Convertible debentures	(4,605)	(6,070)	(1,465)	(1,263)
EIAP liability	5,507	5,009	(51)	2,906
Right-of-use assets	(10,397)	(8,857)	1,540	549
Lease liability	12,920	11,190	(1,730)	(842)
Equity swap	(1,740)	(2,448)	(708)	1,423
Other comprehensive income	245	(15)	—	—
Other items	—	—	(1,813)	1,052
Deferred income tax expense			109	3,736
Deferred income tax liabilities, net	(48,016)	(46,605)		
Reflected in the consolidated statements of financial position as follows				
Deferred income tax asset	2,530	10,086		
Deferred income tax liability	(50,546)	(56,691)		
Deferred income tax liabilities, net	(48,016)	(46,605)		

[in thousands of Canadian dollars, except where otherwise noted and per share data]

Reconciliation of deferred income tax liabilities, net

	2024 $	2023 $
Balance, beginning of year	**(46,605)**	(45,813)
Deferred tax expense during the year recognized in profit or loss	**(109)**	(3,736)
Deferred tax expense during the year recognized in equity component of convertible debentures	**—**	(6)
Deferred tax recovery during the year recognized in contributed surplus	**447**	2,089
Deferred tax recovery (expense) during the year recognized in other comprehensive income (loss)	**(1,749)**	861
Balance, end of year	**(48,016)**	(46,605)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences and loss carryforwards become deductible. Based on the analysis of taxable temporary differences and future taxable income, management of the Company is of the opinion that there is convincing evidence available for the probable realization of all deductible temporary differences of the Company's tax entities incurred, other than the following temporary differences:

- Canadian operations of $17,767 in capital loss carryforwards [2023 – $17,767], no expiry;
- Brazil operations of 93,445 BRL [2023 – nil], no expiry; and
- US operations of U.S. $46,911 [2023 – U.S. $35,905], no expiry.

Accordingly, the Company has recorded a deferred tax asset for all other deductible temporary differences as at December 31, 2024 and as at December 31, 2023.

The temporary differences associated with investments in subsidiaries and associate, for which a deferred tax asset has not been recognized, aggregate to nil [2023 – nil].

The Company has performed an assessment of its potential exposure to Pillar Two income taxes based on its 2023 country-by-country reporting and 2024 financial information for the constituent entities in the Company. The Company has determined that it will not be subject to Pillar Two taxes based on the transitional safe harbour rules. The Company continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

28. Profit (loss) per share

Profit (loss) per share is based on the consolidated profit (loss) for the year divided by the weighted average number of shares outstanding during the year. Diluted profit (loss) per share is computed in accordance with the treasury stock method and based on the weighted average number of shares and dilutive share equivalents.

The following reflects the income and share data used in the basic and diluted profit (loss) per share computations:

	2024 $	2023 $
Profit (loss) attributable to shareholders for basic profit (loss) per share	(20,082)	68,889
Convertible debentures	—	6,696
Profit (loss) attributable to shareholders for diluted profit (loss) per share	(20,082)	75,585
Basic weighted average number of shares	19,050,516	18,982,319
Dilutive effect of DDCP	—	100,212
Dilutive effect of RSUs	—	336,708
Dilutive effect of 2021 Debentures	—	2,547,630
Diluted weighted average number of shares	19,050,516	21,966,869
Profit (loss) per share		
Basic	(1.05)	3.63
Diluted	(1.05)	3.44

The DDCP, RSUs, 2021 Debentures and 2022 Debentures were excluded from the calculation of diluted profit (loss) per share in the year ended December 31, 2024, because their effect is anti-dilutive.

The 2022 Debentures were excluded from the calculation of diluted profit (loss) per share in the year ended December 31, 2023, because their effect is anti-dilutive.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

29. Consolidated statements of cash flows

[a] Net change in working capital

Cash and cash equivalents as at the date of the consolidated statements of financial position and for the purpose of the consolidated statements of cash flows relate to cash at banks and cash on hand. Cash at banks earns interest at floating rates based on daily bank deposit rates.

The net change in the working capital balances related to continuing operations is calculated as follows:

	2024 $	2023 $
Accounts receivable	(18,347)	(44,743)
Inventory	22,637	63,366
Prepaid expenses and other assets	(22,978)	(3,551)
Accounts payable and accrued liabilities	2,366	20,313
Customer deposits	20,448	8,055
Provisions	10,367	(58,469)
	14,493	(15,029)

Notes to consolidated financial statements

[in thousands of Canadian dollars, except where otherwise noted and per share data]

December 31, 2024

[b] Reconciliation of liabilities arising from financing activities

			Non-cash changes					
	December 31, 2023 $	Cash flows $	Additions $	Foreign exchange $	Accretion $	Amortization $	Other $	December 31, 2024 $
Long-term debt	420,457	124,992	—	19,180	—	1,514	(250)	565,893
Convertible unsecured subordinated debentures	190,064	—	—	—	5,513	1,442	—	197,019
Senior unsecured subordinated debentures	254,756	(172,500)	—	—	(112)	1,821	—	83,965
Lease liability	41,671	(9,135)	15,425	752	—	—	(434)	48,279
Total liabilities from financing activities	906,948	(56,643)	15,425	19,932	5,401	4,777	(684)	895,156

[in thousands of Canadian dollars, except where otherwise noted and per share data]

			Non-cash changes						
	December 31, 2022 $	Cash flows $	Additions $	Conversion $	Foreign exchange $	Accretion $	Amortization $	Other $	December 31, 2023 $
Long-term debt	440,938	(15,513)	—	—	(6,544)	—	1,308	268	420,457
Convertible unsecured subordinated debentures	183,481	(178)	—	(4)	—	5,113	1,345	307	190,064
Senior unsecured subordinated debentures	252,750	—	—	—	—	(112)	2,118	—	254,756
Lease liability	39,147	(7,043)	9,890	—	(587)	—	—	264	41,671
Total liabilities from financing activities	916,316	(22,734)	9,890	(4)	(7,131)	5,001	4,771	839	906,948

30. Financial instruments and financial risk management

[a] Management of risks arising from financial instruments

AGI's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has deposits, trade and other receivables and cash and short-term deposits that are derived directly from its operations. The Company also holds investments and enters into derivative transactions.

The Company's activities expose it to a variety of financial risks: market risk [including foreign exchange risk and interest rate risk], credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to mitigate certain risk exposures. The Company does not purchase any derivative financial instruments for speculative purposes. Risk management is the responsibility of the corporate finance function, which has the appropriate skills, experience and supervision. The Company's domestic and foreign operations, along with the corporate finance function, identify, evaluate and, where appropriate, mitigate financial risks. Material risks are monitored and are regularly discussed with the Audit Committee of the Board of Directors. The Audit Committee reviews and monitors the Company's financial risk-taking activities and the policies and procedures that were implemented to ensure that financial risks are identified, measured and managed in accordance with Company policies.

The risks associated with the Company's financial instruments are as follows:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Components of market risk to which AGI is exposed are discussed below. Financial instruments affected by market risk include investments and derivative financial instruments.

Foreign currency risk

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures and the resulting volatility of the Company's earnings. Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure.

In 2023, the Company entered into a series of short-term forward contracts with notional amounts of U.S. $10,832 in aggregate with maturities up to May 30, 2025. During the year ended December 31, 2024, an unrealized loss of $582 [2023 – gain of $105] was recorded in gain on financial instruments. As at December 31, 2024, the fair value of the forward contracts is a liability of $485 [2023 – asset of $104].

A material part of the Company's revenues is transacted in U.S. dollars and euros and, as a result, fluctuations in the rate of exchange between the U.S. dollar, the euro and the Canadian dollar can have a significant effect on the Company's cash flows and reported results. To mitigate exposure to the fluctuating rate of exchange, AGI borrows a portion of its debt in U.S. dollars. As at December 31, 2024, AGI's U.S. dollar denominated debt totalled U.S. $213 million [2023 – U.S. $206 million].

AGI's revenues denominated in U.S. dollars for the year ended December 31, 2024 were U.S. $466 million [2023 – U.S. $577 million], and the total of its cost of goods sold and its selling, general and administrative expenses denominated in that currency was U.S. $311 million [2023 – U.S. $364 million]. Accordingly, a 10% increase or decrease in the value of the U.S. dollar relative to its Canadian counterpart would result in a $46.6 million increase or decrease in revenues and a total increase or decrease of $31.1 million in its cost of goods sold and its selling, general and administrative expenses.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Furthermore, as AGI regularly reviews the denomination of its borrowings, the Company is subject to changes in interest rates that are linked to the currency of denomination of the debt. AGI's convertible unsecured subordinated debentures and senior unsecured subordinated debentures outstanding at December 31, 2024 and December 31, 2023 are at a fixed rate of interest.

Interest rate swap contracts

The Company enters into interest rate swap contracts to manage its exposure to fluctuations in interest rates on its core borrowings. On June 16, 2022, the Company entered into a forward interest rate swap contract starting June 11, 2023 and expiring on May 11, 2026. On March 11, 2024, the Company amended its interest rate swap contract to transition from CDOR to CORRA. The fixed rate on the Company's interest rate swap changed from 3.972% to 3.707%. The Company receives interest based on the variable rates from the counterparty and pays interest based on a fixed rate. The notional amounts are $75,000 in aggregate, resetting each month. The Company has elected to apply hedge accounting for this contract and, therefore, unrealized gains (losses) are recognized in other comprehensive income (loss) to the extent that it has been assessed to be effective. During the year ended December 31, 2024, an unrealized loss of $206 [2023 – gain of $920] was recorded in other comprehensive income (loss) and a realized gain of $769 [2023 – gain of $512] was recorded in finance costs. As at December 31, 2024, the fair value of the interest rate swap is a liability of $919 [2023 – asset of $56].

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The open interest rate swap contracts as at December 31, 2024 are as follows, for which hedge accounting is applied:

	Maturity date	Contract rate %	Notional amount $	Fair value $
Canadian dollar contracts	May 2026	3.707%	75,000	(919)

The open interest rate swap contracts as at December 31, 2023 are as follows, for which hedge accounting is applied:

	Maturity date	Contract rate %	Notional amount $	Fair value $
Canadian dollar contracts	May 2026	3.972%	75,000	56

Equity swap

The Company has an equity swap agreement with a financial institution to manage the cash flow exposure due to fluctuations in its share price related to the EIAP. Pursuant to this agreement, the counterparty has agreed to pay the Company the total return of the defined underlying Common Shares, which includes both the dividend income they may generate and any capital appreciation. In return, the Company has agreed to pay the counterparty a funding cost calculated daily based on a floating rate option [CORRA] plus a spread of 1.3% and any administrative fees or expenses that are incurred by the counterparty directly. The Company has not elected to apply hedge accounting and, therefore, unrealized gains and losses are recorded to the consolidated statements of income (loss).

During the year ended December 31, 2024, AGI reduced the size of its equity hedge position by 300,000 shares, resulting in proceeds of $7,008 and a realized gain of $3,481. In addition, the Company also extended the maturity date of the swap agreement from May 7, 2024 to May 5, 2026. As at December 31, 2024, the equity swap agreement covered 422,000 Common Shares of the Company at a price of $38.76. During the year ended December 31, 2024, an unrealized gain of $127 [2023 – gain of $5,177] was recorded in gain on financial instruments in other operating expense (income). As at December 31, 2024, the fair value of the equity swap is an asset of $5,120 [2023 – asset of $8,517].

Debenture put options

On March 5, 2020, the Company issued the 2020 Debentures with an option of early redemption beginning on and after December 31, 2022. At the time of issuance, the Company's redemption option resulted in an embedded derivative with a fair value of $754. During the year ended December 31, 2024, an unrealized gain of $786 [2023 – gain of $87] was recorded in gain on financial instruments in other operating expense (income). As at December 31, 2024, the fair value of the embedded derivative was an asset of $1,430 [2023 – asset of $644].

Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due, causing a financial loss.

A substantial portion of AGI's accounts receivable is with customers in the agriculture industry and is subject to normal industry credit risks. A portion of the Company's revenues and related accounts receivable are also generated from transactions with customers in overseas markets, several of which are in emerging markets such as countries in South America, Eastern Europe and Asia. It is often common business practice for international customers to pay invoices over an extended period of time. Accounts receivable are subject to credit risk exposure, and the carrying values reflect management's assessment of the associated maximum exposure to such credit risk. The Company regularly monitors customers for changes in credit risk. The Company's credit exposure is mitigated through the use of credit practices that limit transactions according to the customer's credit quality and due to the accounts receivable being spread over a large number of customers. Certain trade receivables from international customers are insured for events of non-payment through third-party export insurance, or the Company secures asset-backed receivables to mitigate against credit risk. In cases where the credit quality of a customer does not meet the Company's requirements, a cash deposit or letter of credit is received before goods are shipped.

Assessments about the recoverability of financial assets, including accounts receivable, require critical judgment in determining whether there is objective evidence that a loss event has occurred and estimates of the amount and timing of future cash flows. The Company estimates ECLs resulting from any inability to collect on its trade receivables, which is netted against the accounts receivable on the consolidated statements of financial position. Emerging markets are subject to various additional risks including currency exchange rate fluctuations, foreign economic conditions and foreign business practices. One or more of these factors could have a material effect on the future collectability of such receivables. In assessing whether objective evidence of impairment exists at each reporting period, the Company considers its past experience of collecting payments, historical loss experience, customer credit ratings and financial data as available, collateral on amounts owing including insurance coverage from export credit agencies, as well as observable changes in national or local economic conditions.

The requirement for an impairment provision is analyzed at each reporting date based on the ECL model. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company does not believe that any single customer group represents a significant concentration of credit risk.

The Company's interest rate swap contract, equity swap agreement and foreign exchange forward contracts are also exposed to the credit risk of its counterparties. The Company only enters into agreements with major financial institutions that meet or exceed its credit rating requirements, and the Company regularly monitors for changes in the credit risk of its counterparties.

As at December 31, 2024, the Company's credit risk exposure consists of the carrying amounts in cash and cash equivalents, accounts receivable and derivative instruments. Cash and cash equivalents are deposited with major financial institutions or may be invested in highly liquid short-term investments with major financial institutions.

Liquidity risk

Liquidity risk is the risk that AGI will encounter difficulties in meeting its financial liability obligations. AGI manages its liquidity risk through cash and debt management. In managing liquidity risk, AGI has access to committed short- and long-term debt facilities as well as to equity markets, the availability of which is dependent on market conditions. AGI believes it has sufficient funding through the use of these facilities to meet foreseeable cash flow requirements.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

The tables below summarize the undiscounted contractual payments of the Company's financial liabilities as at December 31, 2024 and 2023:

December 31, 2024	Total $	2025 $	2026 $	2027 $	2028 $	2029 $
Accounts payable and accrued liabilities	264,337	264,337	—	—	—	—
Dividends payable	2,833	2,833	—	—	—	—
Due to vendor	4,718	4,689	29	—	—	—
Lease liability	60,317	13,256	11,386	8,892	6,356	20,427
Long-term debt	925,531	282,698	220,103	215,911	206,819	—
Convertible unsecured subordinated debentures [includes interest]	252,354	11,153	11,153	230,048	—	—
Senior unsecured subordinated debentures [includes interest]	93,926	4,463	89,463	—	—	—
Total financial liability payments	1,604,016	583,429	332,134	454,851	213,175	20,427

December 31, 2023	Total $	2024 $	2025 $	2026 $	2027 $	2028 $
Accounts payable and accrued liabilities	252,941	252,941	—	—	—	—
Dividends payable	2,851	2,851	—	—	—	—
Due to vendor	6,496	4,447	2,049	—	—	—
Lease liability	53,702	9,837	9,235	7,635	5,969	21,026
Long-term debt	423,494	438	291	422,350	212	203
Convertible unsecured subordinated debentures [includes interest]	263,507	11,153	11,153	11,153	230,048	—
Senior unsecured subordinated debentures [includes interest]	289,259	186,148	13,648	89,463	—	—
Total financial liability payments	1,292,250	467,815	36,376	530,601	236,229	21,229

[in thousands of Canadian dollars, except where otherwise noted and per share data]

[b] Fair value

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments that are carried in the consolidated financial statements, as well as their level on the fair value hierarchy:

		December 31, 2024		December 31, 2023	
	Level	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets					
Amortized cost:					
Cash and cash equivalents	1	79,893	79,893	88,042	88,042
Restricted cash	1	6,247	6,247	2,619	2,619
Accounts receivable	2	283,951	283,951	265,604	265,604
Notes receivable	2	6,248	6,248	5,849	5,849
Fair value through profit or loss:					
Derivative instruments	2	6,550	6,550	9,265	9,265
Fair value through other comprehensive income:					
Derivative instruments	2	—	—	56	56
Financial liabilities					
Amortized cost:					
Interest-bearing loans and borrowings	2	565,893	559,071	420,457	420,457
Accounts payable and accrued liabilities	2	264,337	264,337	252,941	252,941
Dividends payable	2	2,833	2,833	2,851	2,851
Due to vendor	2	4,718	4,718	5,906	5,906
Convertible unsecured subordinated debentures	2	197,019	220,786	190,064	187,513
Senior unsecured subordinated debentures	2	83,965	83,331	254,756	247,548
Fair value through profit or loss:					
Derivative instruments	2	485	485	—	—
Fair value through other comprehensive income:					
Derivative instruments	2	919	919	—	—

During the reporting years ended December 31, 2024 and December 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, restricted cash, accounts receivable, dividends payable, accounts payable and accrued liabilities, due to vendor, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of unquoted instruments and loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The Company enters into derivative financial instruments with financial institutions with investment-grade credit ratings. Derivatives include interest rate swaps, equity swaps and foreign exchange forward contracts that are marked-to-market at each reporting period. The fair values of derivatives are determined by the derivative counterparty using a discounted cash flow technique, which incorporates various inputs including the related interest rate swap curves and/or the Company's stock price for the equity swaps.

Fair value [“FV”] hierarchy

AGI uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices for identical assets or liabilities.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, and for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly, are classified as Level 2 in the FV hierarchy.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy.

31. Capital disclosure and management

The Company's capital structure comprises shareholders' equity and long-term debt. AGI's objectives when managing its capital structure are to maintain and preserve its access to capital markets, continue its ability to meet its financial obligations, including the payment of dividends, and finance future organic growth and acquisitions.

AGI manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to any externally imposed capital requirements other than financial covenants in its credit facilities, and as at December 31, 2024 and December 31, 2023, all of these covenants were complied with *[note 20[b]]*.

The Board of Directors does not establish quantitative capital structure targets for management but rather promotes sustainable and profitable growth. Management monitors capital using non-GAAP financial metrics, primarily total debt to the trailing 12 months EBITDA and net debt to total shareholders' equity. There may be instances where it would be acceptable for total debt to trailing EBITDA to temporarily fall outside of the normal targets set by management, such as in financing an acquisition to take advantage of growth opportunities or industry cyclicality. This would be a strategic decision recommended by management and approved by the Board of Directors with steps taken in the subsequent period to restore the Company's capital structure based on its capital management objectives.

32. Related party disclosures

Burnet, Duckworth & Palmer LLP provides legal services to the Company, and a Director of AGI is a partner of Burnet, Duckworth & Palmer LLP. During the year ended December 31, 2024, the total cost of these legal services related to general matters was $677 [2023 – $678] and included in accounts payable and accrued liabilities and provisions as at December 31, 2024 is $797 [2023 – $1,102].

These transactions are measured at the exchange amount and were incurred during the normal course of business.

[in thousands of Canadian dollars, except where otherwise noted and per share data]

Compensation of key management personnel of AGI

AGI's key management consists of its CEO, CFO, its Officers and other senior management, divisional general managers and its Directors.

	2024 $	2023 $
Salaries	**18,263**	14,058
Short-term employee benefits	**180**	167
Contributions to defined contribution plans	**290**	305
Share-based payments	**6,085**	5,864
Total compensation paid to key management personnel	**24,818**	20,394

33. Commitments and contingencies

[a] Contractual commitment for the purchase of property, plant and equipment

As of the reporting date, the Company has commitments to purchase property, plant and equipment of $5,007 [2023 – $4,245].

[b] Letters of credit

As at December 31, 2024, the Company has outstanding letters of credit in the amount of $42,467 [2023 – $35,027].

[c] Legal actions

Due to the size, complexity and nature of the Company's operations, various legal matters are pending. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management and by active management of these matters. The Company has considered the advice of legal counsel in assessing the likely outcome of these matters, recognizing provisions where appropriate. The timing of cash outflows related to these provisions is uncertain and will depend on the progress of legal proceedings. While the Company believes that these provisions are adequate based on currently available information, the final amounts required to settle these matters may differ. During the three-month period ended December 31, 2024, the Company recognized an expense related to these legal matters, net of insurance recoveries, of $4.9 million. The Company does not expect the resolution of these legal matters to have a material adverse effect on its financial position or results of operations. The Company has insurance coverage for certain legal matters and has recognized a reimbursement asset of $7.2 million, which is included in other assets on the consolidated statements of financial position. Due to the active nature of these ongoing legal proceedings, the Company has aggregated the disclosures.