AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: April 29, 2024

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated comparative financial statements and accompanying notes of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") for the year ended December 31, 2023 the MD&A of the Company for the year ended December 31, 2023 and the unaudited interim condensed consolidated comparative financial statements of the Company and accompanying notes for the three-month period ended March 31, 2024. Results are reported in Canadian dollars unless otherwise state.

This MD&A is based on the Company's unaudited interim condensed consolidated comparative financial statements for the three-month period ended March 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, all of which is available under the Company's profile on SEDAR+ [www.sedarplus.ca].

SUMMARY OF RESULTS

[thousands of dollars except per share amounts and percentages]	Three-months ended March 31			
	2024	2023	Change	Change
	$	$	$	%
Revenue [1]	314,596	347,016	(32,420)	(9%)
Adjusted EBITDA [2][3]	50,064	48,112	1,952	4%
Adjusted EBITDA Margin % [4]	15.9%	13.9%	205 bps	15%
Profit before income taxes	3,849	21,626	(17,777)	(82%)
Profit	1,939	16,357	(14,418)	(88%)
Diluted profit per share	0.10	0.82	(0.72)	(88%)
Adjusted profit [2][5]	7,642	4,854	2,788	57%
Diluted adjusted profit per share [4][5]	0.39	0.25	0.14	56%

[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 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 per share and diluted adjusted profit per share”.

Consolidated Operating Segment Results Summary

			Three-months ended March 31	
	2024	2023	Change	Change
[thousands of dollars except percentages]	$	$	$	%
Revenue [1][2]				
Farm	188,986	182,382	6,604	4%
Commercial	125,610	164,634	(39,024)	(24%)
Total	**314,596**	**347,016**	**(32,420)**	**(9%)**

[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.

			Three-months ended March 31	
	2024	2023	Change	Change
[thousands of dollars except percentages]	$	$	$	%
Adjusted EBITDA [1] [2] [3]				
Farm	45,008	38,452	6,556	17%
Commercial	13,218	21,878	(8,660)	(40%)
Other [4]	(8,162)	(12,218)	4,056	N/A
Total	**50,064**	**48,112**	**1,952**	**4%**

[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 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.

			Three-months ended March 31	
	2024	2023	Change	Change
	%	%	basis points (“bps”)	%
Adjusted EBITDA Margin % [1] [2]				
Farm	23.8%	21.1%	273 bps	13%
Commercial	10.5%	13.3%	(277) bps	(21%)
Other [3]	(2.6%)	(3.5%)	93 bps	N/A
Consolidated	**15.9%**	**13.9%**	**205 bps**	**15%**

[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.

AGI’s first quarter (“Q1”) results demonstrate the diversity and resiliency of our business as well as the benefits from substantial operational improvements implemented throughout 2023. While consolidated revenue in Q1 decreased 9% year-over-year (“YOY”), Adjusted EBITDA increased 4% YOY given the strong margin performance. Revenue decreased due to timing of large-scale projects with 2024 Commercial segment revenue biased to the second half of the year. Partially offsetting Commercial segment timing was a strong Q1 Farm segment performance driven by stable results in North America and completion of several Farm segment projects in Brazil. Overall, adjusted EBITDA margin % increased 205 basis points (“bps”) YOY to 15.9% as our progress in steadily embedding greater efficiencies throughout all areas of the Company continues to take hold. We expect to sustain our new margin levels in 2024 on a full year basis and, in combination with an order book[1] near record levels, we see the opportunity for another strong year for AGI in 2024.

Farm segment revenue and Adjusted EBITDA grew by 4% and 17% YOY, respectively, in Q1. Revenue growth was primarily driven by international markets as our Brazilian operations completed several key projects for customers. Adjusted EBITDA margin % increased 273 bps to 23.8% YOY, in Q1, benefiting from manufacturing efficiency initiatives, effective revenue management, and a revenue mix weighted towards higher margin portable grain handling equipment. We are closely monitoring the conditions in each region and are adjusting operations as appropriate.

Commercial segment revenue and Adjusted EBITDA decreased 24% and 40% YOY, respectively, in Q1. The decrease in revenue was primarily a result of our international markets as well as Canada. Internationally, performance was impacted by timing with 2024 revenue biased to the second half of the year and a strong Q1 2023 comparable period. In Canada, a general slowdown in the pace of customer activity persisted through the quarter. The overall decrease in revenue directly impacted Adjusted EBITDA margin % moving to 10.5% from 13.3% YOY. The current order book for our Commercial segment is up significantly YOY, particularly due to strength in International regions and sets up a strong second half as current efforts are focused on completing upfront engineering and manufacturing activities.

As of the end of Q1, our order book is up 12% YOY to $729 million, with significant strength in the International regions of our Commercial segment. With high activity levels across most areas of the Company, we are closely monitoring areas within the Farm segment where pockets of cautious purchasing behaviour persisted through the first quarter.

Looking forward, the combination of our success in implementing margin expanding operational excellence initiatives across the Company and a near all-time record order book provide support for

[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.

our confidence in reaffirming the full year 2024 Adjusted EBITDA outlook of at least $310 million[2]. While our overall outlook for the full year has not changed, we have observed a trend in Commercial project timing which has further shifted expected deliveries into the second half of the year. As a result, we expect all of the full year 2024 Adjusted EBITDA growth over 2023 to occur in the second half of 2024, with first half 2024 Adjusted EBITDA results generally expected to be down relative to first half 2023.

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. Financial information for the comparative period has been restated to reflect the new presentation.

During the year ended December 31, 2023, AGI replaced the term "sales" with "revenue"; however there has been no change to the underlying calculation. Revenue is the sale of goods primarily recognized at a point in time when the Company satisfies a performance obligation and control of the goods is transferred from AGI to its customer. 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. Additionally, we have simplified the disclosure on revenue to Canada, U.S., and International; removing further regional breakdown. Financial information for the comparative period has been restated to reflect the new presentation.

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 (see "BASIS OF PRESENTATION").

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 (see "BASIS OF PRESENTATION").

---

[2] Adjusted EBITDA for the year ended December 31, 2023 was $293.9 million. See "Reconciliation of Adjusted EBITDA to profit (loss) before income taxes for the years ended December 31, 2023 and 2022", See "BASIS OF PRESENTATION", "RISKS AND UNCERTAINTIES", "FORWARD-LOOKING INFORMATION", "FINANCIAL OUTLOOK" and "NON-IFRS AND OTHER FINANCIAL MEASURES.

OPERATING RESULTS

Revenue by Geography [3]

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended March 31 Change $	Change %
Canada	78,964	87,143	(8,179)	(9%)
U.S.	148,319	150,345	(2,026)	(1%)
International	87,313	109,528	(22,215)	(20%)
Total Revenue	**314,596**	**347,016**	**(32,420)**	**(9%)**

Revenue by Segment and Geography [4]

Farm Segment

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended March 31 Change $	Change %
Canada	66,720	67,742	(1,022)	(2%)
U.S.	94,545	94,994	(449)	(0%)
International	27,721	19,646	8,075	41%
Total Revenue	**188,986**	**182,382**	**6,604**	**4%**

Commercial Segment

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended March 31 Change $	Change %
Canada	12,244	19,401	(7,157)	(37%)
U.S.	53,774	55,351	(1,577)	(3%)
International	59,592	89,882	(30,290)	(34%)
Total Revenue	**125,610**	**164,634**	**(39,024)**	**(24%)**

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

[thousands of dollars except percentages]	2024 $	2023 $	As at March 31 Change $	Change %
Order book	728,989	649,135	79,854	12%

[3] 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.

[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.

[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.

Farm Segment

Farm segment's financial performance by separate geographic region is detailed below. For a summary of Farm segment's performance overall, please see page 3.

Canada

Farm segment revenue from our Canada region decreased 2% YOY in Q1 against a strong performance in Q1 2023 as revenue had increased 88% compared to Q1 of 2022. The Canada Farm order book increased marginally YOY and we see a continued shift in revenue mix towards higher margin portable grain handling equipment. Entering into the second quarter of 2024, Canada Farm has a healthy order book heading into the growing season.

United States

Farm segment revenue from our U.S. region was flat YOY in Q1. The U.S. Farm order book decreased YOY primarily due to timing of shipments as a result of the early order program in late 2023. As a potential offset, the usual cadence of dealer in-season inventory replenishment is expected to provide momentum to the U.S. Farm business. We continue to closely monitor US Farm sales activity, anticipating the U.S. Farm market to moderate relative to prior years given generally cautious customer purchasing behavior.

International

Farm segment revenue from our International regions increased 41% YOY in Q1 with a strong contribution from South America, demonstrating our ability to navigate difficult market conditions in the region and the high-level of overall customer interest in our permanent grain storage solutions across the region. The increase in South America was slightly offset by weakness in Asia Pacific ("APAC") resulting from a decrease in activity across Australia. Early in Q1, we introduced new financing options to Farm-level customers in Brazil. We expect these options will provide demand support for the rest of 2024.

Commercial Segment

Commercial segment's financial performance by separate geographic region is detailed below. For a summary of Commercial segment's performance overall, please see page 3.

Canada

Commercial segment revenue from our Canada region decreased 37% YOY in Q1. We are continuing our efforts to rebuild the order book, nurturing new commercial offerings and existing customer relationships. We anticipate activity in 2024 to moderate relative to prior years, though management is actively building sales pipelines across all areas of our Commercial business and anticipates any pause in customer investment to be temporary.

United States

Commercial segment revenue from our U.S. region decreased marginally 3% YOY in Q1. Revenue increased primarily across our grain handling and storage as well as our fertilizer equipment lines. We are seeing an increase in activity across the fertilizer sector due to improvements in affordability and overall export activity. The strength in grain and fertilizer equipment was offset by a reduction in the food platform business in Q1 YOY, which is expected to gather momentum across Q2 and into the second half of 2024.

International

Commercial segment revenue from our international regions declined 34% YOY in Q1, as anticipated, given the strong weighting towards second half deliveries. We expect activity and results to pick-up in the second half of 2024 as we see the benefits of large-scale projects currently underway in all regions, most notably in APAC and in Europe, the Middle East and Africa (“EMEA”). The EMEA region continues to secure meaningful long-term project work from emerging geographies, reflecting success in our strategic planning and execution. Meanwhile in our APAC region, significant wins in India and new long-term project awards were directly attributable to product transfer activities and will contribute to growth throughout the next several quarters.

DETAILED OPERATING RESULTS

	Three-months ended March 31	
	2024	2023
[thousands of dollars except per share amounts]	$	$
Revenue [1]	314,596	347,016
Cost of goods sold		
Cost of inventories	204,511	232,464
Depreciation and amortization	8,970	8,118
	213,481	240,582
Selling, general and administrative expenses		
Selling, general & administrative expenses [2]	67,429	72,928
Mergers and acquisitions expense [3]	—	50
Transaction, transitional and other costs [4]	4,450	3,879
Enterprise Resource Planning ("ERP") system transformation costs [5]	4,125	—
Accounts receivable recovery for RUK	(268)	—
Depreciation and amortization	8,175	7,922
	83,911	84,779
Other operating expense (income)		
Net loss on disposal of property, plant and equipment	125	174
Net loss (gain) on sale of assets held for sale [6]	(325)	25
Net gain on settlement of leases	(6)	—

Net gain on financial instruments [7]	(7,816)	(13,204)
Other	(2,842)	(2,135)
	(10,864)	(15,140)
Finance costs	18,951	17,681
Finance expense (income)	5,268	(2,702)
Impairment charge [8]	—	190
Profit before income taxes	3,849	21,626
Income tax expense	1,910	5,269
Profit for the year	1,939	16,357
Profit per share		
Basic	0.10	0.86
Diluted	0.10	0.82

[1] See "BASIS OF PRESENTATION".
[2] Includes minimum lease payments recognized as lease expense. See "Note 11 [b] – Selling, general and administrative expenses" in our consolidated financial statements.
[3] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[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 consolidated financial statements.
[7] See "Equity swap".
[8] Impairment charge related to assets held for sale. See "Note 6 – Assets held for sale" in our consolidated financial statements.

Gross Profit and Adjusted Gross Margin

	Three-months ended March 31	
	2024	2023
[thousands of dollars except percentages]	$	$
Revenue [1]	314,596	347,016
Cost of goods sold	213,481	240,582
Gross Profit	**101,115**	**106,434**
Gross Profit as a % of Revenue [2]	32.1%	30.7%
Depreciation and amortization	8,970	8,118
Adjusted Gross Margin [3]	110,085	114,552
Adjusted Gross Margin as a % of Revenue [4]	35.0%	33.0%

[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.

The increase in AGI's adjusted gross margin as a percentage of revenue for the three-month period ended March 31, 2024 is the continued result of operational excellence initiatives put in place throughout 2023. These initiatives include the effective management of input costs through centralized procurement strategies and manufacturing efficiencies. In addition, ongoing demand for AGI's products as well as product mix played a role in the higher adjusted gross margin this quarter.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The gain and loss on foreign exchange for the three-month period ended March 31, 2024 was a loss of $5.4 million [2023 – gain of $2.6 million]. The loss is primarily comprised of non-cash items related to the translation of the Company's U.S. dollar denominated long-term debt at the rate of exchange in effect as of March 31, 2024. See also "Financial Instruments – Foreign exchange contracts".

Revenue and Adjusted EBITDA

The average U.S. dollar rate of exchange for the three-month period ended March 31, 2024, was $1.35 [2023 - $1.37]. 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.

Remediation costs and equipment rework

Remediation costs

Over the period of 2019–2020, AGI entered into agreements to supply 35 large hopper bins for installation by third parties on two grain storage projects. In 2020, a bin at one of the customer facilities collapsed during commissioning, and legal claims related to the incident were initiated against AGI. In 2023, the terms of a settlement agreement were finalized. As at March 31, 2024, the warranty provision for remediation costs was $0.02 million [December 31, 2023 – $0.1 million].

Equipment rework

The provision for equipment rework relates to previously identified issues with equipment designed and supplied to one commercial facility. As at March 31, 2024, the warranty provision for the equipment rework is $0.2 million [December 31, 2023 – $2.0 million].

Selling, General and Administrative Expenses ["SG&A"]

SG&A expenses for the three-months ended March 31, 2024 excluding merger and acquisition (recovery) expenses ["M&A"], transaction, transitional and other costs, ERP system transformation costs, accounts receivable reserve for the conflict between Russia and Ukraine ("RUK"), and depreciation and amortization, were $67.4 million [21.4% of revenue], versus $72.9 million [21.0% of revenue] in Q1 of 2023. YOY variances are primarily the result of the following items:

- $1.6 million decrease in salaries and wages due to the continuing impact of workforce optimization efforts.
- $2.5 million decrease in sales and marketing expense as a result of operational efficiency initiatives.
- No other individual variance was greater than $1.0 million.

Transaction, transitional and other expense is comprised of 1) legal costs related to our defense of our Farmobile PUC patent and other litigation; 2) accretion and other movement in amounts due to vendors related to past acquisitions; and 3) transitional costs related to reorganizations.

Finance costs

Finance costs which represent interest incurred, including non-cash interest, on all debt for the three-month period ended March 31, 2024 were $19.0 million versus $17.7 million in Q1 2023. Finance costs have increased in 2024 as a result of a higher effective interest rate as compared to 2023.

Finance expense (income)

Finance expense (income) which represents interest income earned and foreign exchange on long term debt for the three-month period ended March 31, 2024, was expense of $5.3 million versus income of $2.7 million in Q1 2023. The change in finance 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 1.3226 at December 31, 2023 to 1.3550 at March 31, 2024.

Other operating expense (income)

Other operating expense (income) for the three-month period ended March 31, 2024, was income of $10.9 million versus income of $15.1 million in Q1 2023. 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. A portion of the increase relates to the unrealized change in fair value of the equity swap, which was $4.6 million during the first quarter of 2024 compared to $13.0 million in the first quarter of 2023. Additionally, the company recognized a realized gain of $3.5 million related to the reduced size of its equity swap position by 300,000 shares during the quarter [see "Equity swap"].

Profit before income taxes and Adjusted EBITDA

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

[thousands of dollars]	Three-months ended March 31 2024 $	 2023 $
Profit 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)
Mergers and acquisition expense [4]	—	50
Transaction, transitional and other costs [5]	4,450	3,879
Enterprise Resource Planning ("ERP") system transformation costs [6]	4,125	—
Net loss on disposal of property, plant and equipment	125	174
Net loss (gain) on assets held for sale [7]	(325)	25
Net gain on settlement of lease liability	(6)	—
Accounts receivable recovery for RUK	(268)	—
Impairment charge [8]	—	190
Adjusted EBITDA [9]	**50,064**	48,112

[1] See "Note 11[e] – Finance expenses (income)" in our 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 consolidated financial statements.
[3] See "Equity swap".
[4] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.
[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 6 – Assets held for sale" in our consolidated financial statements.
[8] Impairment charge related to assets held for sale. See "Note 6 – Assets held for sale" 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 March 31, 2024
	Farm	Commercial	Other [11]	Total
[thousands of dollars]	$	$	$	$
Profit (loss) before income taxes	38,258	5,154	(39,563)	**3,849**
Finance costs	—	—	18,951	**18,951**
Depreciation and amortization [1]	6,964	8,326	1,855	**17,145**
Loss on foreign exchange [2]	—	—	5,418	**5,418**
Share-based compensation [3]	—	—	4,416	**4,416**
Gain on financial instruments [4]	—	—	(7,816)	**(7,816)**
Transaction, transitional and other costs [6]	—	—	4,450	**4,450**
Enterprise Resource Planning ("ERP") system transformation costs [7]	—	—	4,125	**4,125**
Net loss on disposal of property, plant and equipment [1]	111	12	2	**125**
Net gain on assets held for sale [8]	(325)	—	—	**(325)**
Net gain on settlement of lease liability	—	(6)	—	**(6)**
Accounts receivable recovery for RUK	—	(268)	—	**(268)**
Adjusted EBITDA [10]	**45,008**	**13,218**	**(8,162)**	**50,064**

				Three-months ended March 31, 2023
	Farm	Commercial	Other [11]	Total
[thousands of dollars]	$	$	$	$
Profit (loss) before income taxes	31,646	14,447	(24,467)	**21,626**
Finance costs	—	—	17,681	**17,681**
Depreciation and amortization [1]	6,538	7,310	2,192	**16,040**
Gain on foreign exchange [2]	—	—	(2,617)	**(2,617)**
Share-based compensation [3]	—	—	4,268	**4,268**
Gain on financial instruments [4]	—	—	(13,204)	**(13,204)**
Mergers and acquisition expense [5]	—	—	50	**50**
Transaction, transitional and other costs [6]	—	—	3,879	**3,879**
Net loss on disposal of property, plant and equipment [1]	78	96	—	**174**
Net loss on assets held for sale [8]	—	25	—	**25**
Impairment charge [9]	190	—	—	**190**
Adjusted EBITDA [10]	**38,452**	**21,878**	**(12,218)**	**48,112**

[1] Allocated based on the segment of the underlying asset's cash generating unit ("CGU").
[2] See "Note 11[e] – Finance expenses (income)" in our consolidated financial statements.
[3] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 10 – Share-based compensation plans" in our consolidated financial statements.
[4] See "Equity swap".
[5] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.
[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 6 – Assets held for sale” in our consolidated financial statements.
[9] Impairment charge related to assets held for sale. See “Note 6 – Assets held for sale” 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 March 31, 2024				
	Canada	US	International	Other [11]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	12,152	30,111	1,140	(39,554)	**3,849**
Finance costs	—	—	—	18,951	18,951
Depreciation and amortization [1]	4,846	6,118	4,335	1,846	17,145
Loss on foreign exchange [2]	—	—	—	5,418	5,418
Share-based compensation [3]	—	—	—	4,416	4,416
Gain on financial instruments [4]	—	—	—	(7,816)	(7,816)
Transaction, transitional and other costs [6]	—	—	—	4,450	4,450
Enterprise Resource Planning ("ERP") system transformation costs [7]	—	—	—	4,125	4,125
Net loss on disposal of property, plant and equipment [1]	28	85	10	2	125
Net gain on assets held for sale [1][8]	—	(325)	—	—	(325)
Net gain on settlement of lease liability [1]	—	(6)	—	—	(6)
Accounts receivable recovery for RUK	—	—	(268)	—	(268)
Adjusted EBITDA [10]	**17,026**	**35,983**	**5,217**	**(8,162)**	**50,064**

	Three-months ended March 31, 2023				
	Canada	US	International	Other [11]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	11,726	22,626	11,731	(24,457)	21,626
Finance costs	—	—	—	17,681	17,681
Depreciation and amortization [1]	4,864	5,162	3,832	2,182	16,040
Gain on foreign exchange [2]	—	—	—	(2,617)	(2,617)
Share-based compensation [3]	—	—	—	4,268	4,268
Gain on financial instruments [4]	—	—	—	(13,204)	(13,204)
Mergers and acquisition expense [5]	—	—	—	50	50
Transaction, transitional and other costs [6]	—	—	—	3,879	3,879
Net (gain) loss on disposal of property, plant and equipment [1]	(15)	89	100	—	174
Net loss on assets held for sale [8]	—	25	—	—	25
Impairment charge [9]	—	190	—	—	190
Adjusted EBITDA [10]	**16,575**	**28,092**	**15,663**	**(12,218)**	**48,112**

[1] Allocated based on the geographical region of the facilities with the exception of expenses noted in Other.
[2] See "Note 11[e] – Finance expenses (income)" in our consolidated financial statements.
[3] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 10– Share-based compensation plans" in our consolidated financial statements.
[4] See "Equity swap".
[5] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.
[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 6 – Assets held for sale" in our consolidated financial statements.
[9] Impairment charge related to assets held for sale. See "Note 6 – Assets held for sale" 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 March 31, 2024 increased 4% over the same period in 2023. The Farm segment's Adjusted EBITDA increased 17% in the first quarter of 2024, YOY, while the Commercial segment decreased 40%. In the Farm segment, the increase in Adjusted EBITDA was due to an increase in revenue from international markets in combination with manufacturing efficiency initiatives across the segment. Commercial segment Adjusted EBITDA was impacted by lower revenue internationally and Canada as timing of project completions are back ended to the second half of 2024. For further details, on both segments, refer to pages 3-7 of this MD&A.

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. The increase of $1.1 million compared to Q1 2023 relates largely to the amortization of tradename, which began in the first quarter of 2024.

Income tax expense

Current income tax expense

Current income tax expense for the three-month period ended March 31, 2024 was $2.0 million versus $4.9 million in Q1 2023.

Deferred income tax expense

Deferred income tax expense for the three-month period ended March 31, 2024, was a recovery of $0.1 million versus an expense of $0.4 million in Q1 2023. The deferred tax expense in Q1 2024 related to the recognition of temporary differences between the accounting and tax treatment of EIAP liability, accruals and long-term provisions and tax loss carry forwards.

[thousands of dollars except percentages]	Three-months ended March 31 2024 $	 2023 $
Current tax expense	2,016	4,878
Deferred tax expense (recovery)	(106)	391
Total tax expense	**1,910**	**5,269**
Profit before income taxes	3,849	21,626
Effective income tax rate	49.6%	24.4%

The effective tax rate in Q1 2024 was impacted by items that were included in the calculation of profit before income taxes for accounting purposes but were not included or deducted for tax purposes. The increased effective tax rate from the statutory rate of 26.8% for the three-month period ended March 31, 2024, was specifically attributable to unrealized foreign exchange gains (losses) as well as differences in tax rates and deductions allowed in foreign jurisdictions.

Diluted profit per share and diluted adjusted profit per share

The Company's diluted profit per share for the three-month period ended March 31, 2024, was a profit of $0.10 compared to a profit of $0.82 in Q1 2023. Profit per share in Q1 2024 and Q1 2023 has been impacted by the items enumerated in the table below, which reconciles profit to adjusted profit.

[thousands of dollars except per share amounts]	Three-months ended March 31 2024 $	 2023 $
Profit	1,939	16,357
Diluted profit per share	0.10	0.82
Loss (gain) on foreign exchange [1]	5,418	(2,617)
Gain on financial instruments [2]	(7,816)	(13,204)
Mergers and acquisition expense [3]	—	50
Transaction, transitional and other costs [4]	4,450	3,879
Enterprise Resource Planning ("ERP") system transformation costs [5]	4,125	—
Net loss on disposal of property, plant and equipment	125	174
Net loss (gain) on sale of assets held for sale	(325)	25
Net gain on settlement of lease liability	(6)	—
Accounts receivable recovery for RUK	(268)	—
Impairment charge [7]	—	190
Adjusted profit [8]	7,642	4,854
Diluted adjusted profit per share [9]	0.39	0.25

[1] See “Note 11[e] – Finance expenses (income)” in our consolidated financial statements.
[2] See “Equity swap”.
[3] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.
[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 consolidated financial statements.
[7] Impairment charge related to assets held for sale. See “Note 6 – Assets held for sale” 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 $	Basic Profit per Share $	Diluted Profit per Share $
Q1	1.35	314,596	1,939	0.10	0.10
YTD	**1.35**	**314,596**	**1,939**	**0.10**	**0.10**

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**

2022					
	Average USD/CAD Exchange Rate	Revenue [1] $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q2	1.27	389,943	(4,915)	(0.26)	(0.26)
Q3	1.29	402,074	6,972	0.37	0.36
Q4	1.36	374,034	(67,811)	(3.59)	(3.59)
FY 2022	**1.30**	**1,458,082**	**(50,583)**	**(2.68)**	**(2.68)**

[1] See “BASIS OF PRESENTATION”.

The following factor impacts 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 before income taxes and Adjusted EBITDA" for such items.

Interim period revenue and profit historically reflect seasonality. The second and third quarters are typically the strongest primarily due to the timing of construction of commercial grain and fertilizer projects and higher in-season demand at the farm level. The seasonality of AGI's business may be impacted by several factors including weather and the timing and quality of harvest in North America. In the longer-term, AGI's continued expansion internationally as well as into the seed, fertilizer, feed and food verticals should lessen the seasonality related to annual grain volumes and harvest conditions.

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 and dividends. 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

	Three-months ended March 31	
	2024	2023
[thousands of dollars]	$	$
Profit before tax	3,849	21,626
Items not involving current cash flows	21,015	13,297
Cash provided by operations	24,864	34,923
Net change in non-cash working capital	(36,312)	(31,377)
Transfer from (to) restricted cash	(81)	762
Proceeds from settlement of financial instruments	7,008	—
Non-current accounts receivable and other	(4,613)	1,131
Other assets	(1,819)	—
Long-term payables	85	222
Settlement of equity incentive award plan obligation	(4,202)	(9,208)
Post-combination payments	(1,699)	(1,000)
Income tax paid	(1,406)	(8,150)

Cash used in operating activities	(18,175)	(12,697)
Cash used in investing activities	(4,707)	(3,599)
Cash provided by financing activities	24,151	29,504
Net increase in cash during the period	1,269	13,208
Cash, beginning of period	88,042	59,644
Cash, end of period	**89,311**	**72,852**

The primary drivers for the increase in cash flow used in operating activities for the three-month period ended March 31, 2024 as compared to 2023 are lower profit before income taxes, changes in non-cash working capital balances, and change in non-current accounts receivable offset by proceeds from settlement of financial instruments [see "Equity swap"].

Cash provided by investing activities for the three-month period ended March 31, 2024 relates primarily to our investments through capital expenditures and internally generated intangibles.

Cash provided by financing activities for the three-month period ended March 31, 2024, excluding the impact of foreign exchange, relates primarily to a net increase in senior credit facilities of $22.7 million [Q1 2023 – net increase of $27.9 million], net of fees, and changes in interest accrual.

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

[thousands of dollars except percentages]	Three-months ended March 31 2024 $	 2023 $
Maintenance capital expenditures [1]	1,626	3,791
Non-maintenance capital expenditures [1]	1,887	2,841
Acquisition of property plant and equipment	**3,513**	**6,632**
Maintenance capital expenditures as % of Revenue[1]	0.5%	1.1%

[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-month period ended March 31, 2024, was $3.5 million as compared to $6.6 million in Q1 2023.

Maintenance capital expenditures in the three-month period ended March 31, 2024, were $1.6 million [0.5% of revenue] versus $3.8 million [1.1% of revenue] in Q1 2023. Maintenance capital expenditures in Q1 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-month period ended March 31, 2024 of $1.9 million versus $2.8 million in Q1 2023. The Q1 2024 expenditures relate primarily to capital projects in India and Brazil.

The acquisition of property, plant and equipment and its components of maintenance and non-maintenance capital expenditures in Q1 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 March 31, 2024, the Company's contractual obligations for the periods indicated:

[thousands of dollars]	Total $	2024 $	2025 $	2026 $	2027 $	2028+ $
2019 Debentures – 1	**86,250**	86,250	—	—	—	—
2019 Debentures – 2	**86,250**	86,250	—	—	—	—
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]	**453,186**	299	277	452,195	212	203
Lease liability [2]	**53,115**	7,663	9,647	7,730	6,094	21,981
Short term and low value leases [2]	**11**	4	3	2	1	1
Due to vendor [2]	**4,910**	2,861	2,049	—	—	—
Purchase obligations [3]	**3,020**	3,020	—	—	—	—
Total obligations	**990,637**	**186,347**	**11,976**	**544,927**	**225,202**	**22,185**

[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.

[2] Undiscounted.

[3] 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]	March 31 2024 $	March 31 2023 $
Total assets	1,683,618	1,662,897
Total liabilities	1,355,817	1,381,829

Cash

The Company's cash balance at March 31, 2024 was $89.3 million [March 31, 2023 - $72.9 million].

Debt Facilities

As at March 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	2026	722,625	451,979	6.95%
Equipment Financing	various	various	1,194	1,194	various
Total			**723,819**	**453,173**	

[1] USD denominated amounts translated to CAD at the rate of exchange in effect on March 31, 2024 of $1.3550.
[2] Excludes the $300 million accordion available under AGI's credit facility.

AGI's senior credit facilities of $350 million and U.S. $275 million are inclusive of amounts that may be allocated to the Company's swing-line 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 Rate ("CORRA"). The senior credit facilities bear interest at adjusted CORRA/SOFR plus 1.2% – 2.75% and prime plus 0.2% – 1.75% per annum based on performance calculations. As at March 31, 2024, there was $156.9 million [March 31, 2023 – $192.9 million] and U.S. $217.8 million [March 31, 2023 – U.S. $205.8 million] outstanding under the facilities. As at March 31, 2024, the portion of drawings from the senior credit facilities recorded on the swing-line was $25.5 million [March 31, 2023 - $30.1 million]. In Q1 2024, total long-term debt, excluding deferred financing costs, decreased by $20.0 million YOY.

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 March 31, 2024:

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

[1] 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 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.

[2] 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 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 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.

[3] 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.

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 the Company ("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 March 31, 2024:

Year Issued / TSX Symbol	Aggregate Principal Amount $	Coupon	Maturity Date
2019 March [AFN.DB.F]	86,250,000	5.40 %	June 30, 2024
2019 November [AFN.DB.G]	86,250,000	5.25 %	December 31, 2024
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 2019 Senior Debentures will mature in June 2024, however the Company has various options available for settlement including use of its senior credit facilities.

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	57,045
March 31, 2024 and April 29, 2024	**19,062,891**

At April 29, 2024:

- 19,062,891 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 1,163,482 Common Shares have been issued under the EIAP, 666,197 Common Shares are issuable on the settlement of outstanding awards and 435,321 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 21,998 Common Shares have been issued and;
- 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.

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

DIVIDENDS

AGI declared dividends of $2.9 million or $0.15 per common share [Q1 2023 – $2.8 million or $0.15 per common share] in the three-month period ended March 31, 2024. The dividend declared in Q1 2024 was paid on April 15, 2024 to common shareholders of record at the close of business on March 28, 2024. Dividends paid to common shareholders of $2.9 million [Q1 2023 – $2.8 million] during the three-month period ended March 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.

CASH PROVIDED BY OPERATIONS, FUNDS FROM OPERATIONS AND PAYOUT RATIOS

[thousands of dollars except percentages]	Three-months ended March 31		Last Twelve-months ended March 31	
	2024	2023	2024	2023
	$	$	$	$
Cash provided by operations	24,864	34,923	144,730	165,140
Items not involving current cashflows	(21,015)	(13,297)	(76,440)	(209,417)
Profit (loss) before income taxes	**3,849**	**21,626**	**68,290**	**(44,277)**
Combined adjustments to Adjusted EBITDA [1]	46,215	26,486	227,556	285,749
Adjusted EBITDA [2]	**50,064**	**48,112**	**295,846**	**241,472**
Interest expense	(18,951)	(17,681)	(74,937)	(67,255)
Non-cash interest	2,516	2,294	10,263	9,496
Cash taxes	(1,406)	(8,150)	(5,046)	(15,140)
Maintenance capital expenditures [3]	(1,626)	(3,791)	(12,305)	(14,865)
Funds from operations [2]	**30,597**	**20,784**	**213,821**	**153,708**
Dividends	2,851	2,835	11,396	11,331
Payout Ratio [3] **from cash provided by operations**	**11%**	8%	**8%**	7%
Payout Ratio [4] **from funds from operations**	**9%**	14%	**5%**	7%

[1] See "Profit (loss) before income taxes and Adjusted EBITDA".

[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] 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.

[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.

FINANCIAL INSTRUMENTS

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, which mature on October 31, 2024. During the three-month period ended March 31, 2024, an unrealized loss of $0.2 million [2023 – gain of $0.1 million] was recorded in loss (gain) on financial instruments. As at March 31, 2024, the fair value of the forward contracts was a liability of $0.1 million [March 31, 2023 – asset of $0.1 million].

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]
Canadian dollar contracts	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 3.97% to 3.71%. 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-month period ended March 31, 2024, an unrealized gain of $0.3 million [March 31, 2023 – loss of $0.4 million] was recorded in other comprehensive income (loss) and a realized gain of $0.3 million [March 31, 2023 – nil] was recorded in finance costs. As at March 31, 2024, the fair value of the interest rate swap was an asset of $0.7 million [March 31, 2023 – liability of $0.7 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 three-month ended March 31, 2024, AGI reduced the size of its equity hedge position by 300,000 shares resulting in proceeds of $7.0 million and realized gain of $3.5 million. As at March 31, 2024, the equity swap agreement covered 422,000 common shares of the Company at a price of $38.76. During the three-month ended

March 31, 2024, the Company also extended the maturity date of the swap agreement from May 7, 2024 to May 5, 2026. During the three-month period ended March 31, 2024, an unrealized gain of $4.6 million [March 31, 2023 – gain of $13.0 million] was recorded in gain on financial instruments in other operating expense (income) [see “Other operating expense (income)”]. As at March 31, 2024, the fair value of the equity swap was an asset of $9.6 million [March 31, 2023 – asset of $16.3 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-month period ended March 31, 2024, the Company recorded an unrealized loss of $0.02 [2023 – gain of $0.1 million], on financial instruments in other operating income. As at March 31, 2024, the fair value of the embedded derivative was an asset of $0.6 million [March 31, 2023 – asset of $0.7 million].

OTHER RELATIONSHIPS

A law firm in which a Director of AGI is a partner provides legal services to the Company. During the three-month period ended March 31, 2024, the total cost of these legal services was $0.4 million [2023 – $0.4 million], and $0.8 million is included in accounts payable and accrued liabilities as at March 31, 2024.

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 2023 consolidated financial statements are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 to the 2023 consolidated financial statements for a discussion of the significant accounting judgments, estimates and assumptions.

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: 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 recent coronavirus (COVID-19) pandemic, including on our operations, our personnel, our supply chain, the demand for our products and services, our ability to expand and produce in new geographic markets or the timing of such expansion efforts, and on overall economic conditions and customer confidence and spending levels; 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 ongoing high 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 recent 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 and in market valuations; 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 ongoing high 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; 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 (including for the matters disclosed herein under "Remediation costs and equipment rework") 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.

ADOPTION OF NEW ACCOUNTING POLICIES

Amendments to IAS 1

In January 2020 and October 2022, amendments were issued to 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 unaudited interim condensed consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in AGI's internal controls over financial reporting that occurred in the three-month period ended March 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", "funds from operations", and "adjusted profit"; (ii) non-IFRS ratios: "Adjusted EBITDA margin %", "adjusted gross margin as a % of revenue", "gross profit as a % of revenue", "diluted adjusted profit per share" and "payout ratio from funds from operations"; and (iii) supplementary financial measures: "order book", "revenue by geography", "revenue by segment and geography", "maintenance capital expenditures", "maintenance capital expenditures as % of revenue", "non-maintenance capital expenditures" and "payout ratio from cash provided by operations"; 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 loss, revaluation gains, gain or loss on foreign exchange, non-cash share-based compensation expenses, gain or loss on financial instruments, M&A recovery or expenses, transaction, transitional and other costs, ERP system transformation costs, net gain or loss on the sale of property, plant & equipment, net gain or loss on assets held for sale, net gain or loss on settlement of lease liability, equipment rework, remediation, accounts receivable reserve for RUK, non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost 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 before income taxes and Adjusted EBITDA" for the reconciliation of Adjusted EBITDA to profit 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, remediation, fair value of inventory from acquisitions 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, the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost 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 loss, gain or loss on foreign exchange, gain or loss on financial instruments, M&A recovery or expenses, transaction, transitional and other costs, ERP system transformation costs, net gain or loss on the sale of property, plant & equipment, net gain or loss on the sale of assets held for sale, net gain or loss on the settlement of lease liability, equipment rework, remediation, accounts receivable reserve for RUK, non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost and impairment charge. 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 per share and diluted adjusted profit per share" for the reconciliation of adjusted profit to profit 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.

"Funds from operations" is defined as cash provided by operations adjusted for items not involving current cashflows, combined adjustments to Adjusted EBITDA, interest expense, non-cash interest, cash taxes and maintenance capital expenditures. Funds from operations 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 operations. Management believes that, in addition to cash provided by operations, funds from operations provides a useful supplemental measure in evaluating the Company's performance and liquidity. The definition excludes changes in working capital as they are necessary to drive organic growth and have historically been financed by the Company's operating facility [See "Capital Resources"]. Funds from operations should not be construed as an alternative to cash flows from operating, investing, and financing activities as a measure of the Company's liquidity and cash flows. See "CASH PROVIDED BY OPERATIONS, FUNDS FROM OPERATIONS AND PAYOUT RATIOS" for the reconciliation of funds from operations to cash provided by operations for the current and comparative periods and see also “Adjusted EBITDA” above and “Detailed Operating results – Profit before income taxes and Adjusted EBITDA” for the “combined adjustments to Adjusted EBITDA” 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. AGI previously used the term ‘backlogs’ instead of ‘order book”, however there has been no change to the definition or underlying calculation.

“Payout ratio” is defined as either cash provided by operations or funds from operations for the relevant period divided into the dividends declared during such period. “Payout ratio from cash provided by operations” is a supplementary financial measure. “Payout ratio from funds from operations” is a non-IFRS ratio because one of its components, funds from operations, is a non-IFRS financial measure. Management believes payout ratio is a useful measure to assess the performance and liquidity of the Company and as an indicator of the sustainability of AGI’s dividend.

“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.

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: that 2024 Commercial segment revenue is biased to the second half of the year; that we expect to sustain our new margin levels in aggregate across 2024 and, in combination with an order book near record levels, we see the opportunity for another strong year for AGI in 2024; that the current order book for our Commercial segment, particularly for international regions, is up significantly YOY and sets up a strong second half; that the combination of our success in implementing margin expanding operational excellence initiatives across the Company and a near all-time record order book provide support for our confidence in reaffirming the full year 2024 Adjusted EBITDA outlook of at least $310 million; the trend in Commercial project timing which has further shifted expected deliveries into the second half of the year; that we expect all of the full year 2024 Adjusted EBITDA growth over 2023 to occur in the second half of 2024; that heading into the second quarter of 2024, Canada Farm has a strong order book and an optimistic outlook for the growing season; that the usual cadence of dealer in-season inventory replenishment is expected to provide momentum to the U.S. Farm business; that we anticipate the U.S. Farm market to moderate relative to prior years given generally cautious customer purchasing behavior; that our introduction of new financing options to Farm-level customers in Brazil is expected to provide demand support for the rest of 2024; that we anticipate activity in the Commercial segment in Canada in 2024 to moderate relative to prior years, though management anticipates any pause in customer investment to be temporary; that the Food platform business in the U.S. is expected to strengthen across Q2 and the second half of 2024; that we expect activity and results in our international commercial segment to pick-up in the second half of 2024; that in our APAC region, we expect growth in our commercial segment over the next several quarters; that in the longer-term, AGI's continued expansion into the seed, fertilizer, feed and food verticals should lessen the seasonality related to annual grain volumes and harvest conditions; that AGI's 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 outlook for our financial and operating performance in 2024, 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; 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"; the factors that may impact our working capital requirements; and our dividend policy and how dividend payments may be funded. Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions concerning: 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 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, as further information becomes available and as the economic environment changes. Without limitation of the foregoing, the provisions for remediation and equipment rework 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 is an estimate of AGI’s 2024 Adjusted EBITDA, which is 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 2024 in part as a result of the 12% YOY increase in AGI’s order book as of March 31, 2024. To the extent such estimate constitutes a financial outlook, it was approved by management on April 29, 2024, and is included to provide readers with an understanding of AGI's anticipated 2024 Adjusted EBITDA based on the assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

RECONCILIATION OF ADJUSTED EBITDA TO PROFIT (LOSS) BEFORE INCOME TAXES FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022 AND THE LAST TWELVE-MONTH ENDED MARCH 31, 2024 AND 2023.

The following table reconciles profit (loss) before income taxes to Adjusted EBITDA for the years ended December 31, 2023, and 2022:

	Year ended December 31	
	2023	2022
[thousands of dollars]	$	$
Profit (loss) before income taxes	86,067	(45,313)
Finance costs	73,667	61,067
Depreciation and amortization	65,316	76,945
Loss (gain) on foreign exchange [1]	(7,571)	8,941
Share-based compensation [2]	12,159	15,620
Gain on financial instruments [3]	(5,369)	(9,629)
Mergers and acquisition expense (recovery) [4]	50	(144)
Transaction, transitional and other costs [5]	27,124	44,301
ERP system transformation costs [6]	14,001	—
Net loss on disposal of property, plant and equipment [7]	768	340
Net gain on assets held for sale [8]	(314)	—
Equipment rework [9]	7,900	6,100
Remediation [9]	16,208	—
Accounts receivable reserve for RUK	1,651	—
Fair value of inventory from acquisition [10]	—	609
Impairment charge [11]	2,237	75,846
Adjusted EBITDA [12]	**293,894**	**234,683**

[1] See "Note 25[e] – Finance expenses (income)" in our consolidated financial statements for the years ended December 31, 2023 ("2023 Statements") and 2022 ("2022 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 24 – Share-based compensation plans" in our 2023 Statements.

[3] See "Equity swap".

[4] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.

[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] Includes loss (gain) on settlement of lease liabilities. See "Note 11 – Property, plant and equipment" in our 2023 Statements.

[8] See "Note 16 – Assets held for sale" in our 2023 Statements.

[9] See "Remediation costs and equipment rework"; includes legal fees associated with remediation settlement in our 2023 Statements.

[10] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher

than manufacturing cost.

[11] Impairment charge related to property, plant, and equipment, right-of-use assets, goodwill, intangible assets and assets held for sale. See "Note 11 – Property, plant and equipment", "Note 12 – Right-of-use assets", "Note 13 – Goodwill", "Note 14 – Intangible assets" and "Note 16 – Assets held for sale" in our 2023 Statements.

[12] 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.

The following table reconciles profit (loss) before income taxes to Adjusted EBITDA and Funds from Operations for the last twelve-month ended March 31, 2024, and 2023:

	Last Twelve-months ended March 31	
[thousands of dollars]	2024 $	2023 $
Profit (loss) before income taxes	68,290	(44,277)
Finance costs	74,937	67,255
Depreciation and amortization	66,421	73,588
Loss on foreign exchange [1]	464	17,052
Share-based compensation [2]	12,307	17,170
Loss (gain) on financial instruments [3]	19	(14,153)
Mergers and acquisitions recovery [4]	—	(788)
Transaction, transitional and other costs [5]	27,695	42,583
Enterprise Resource Planning ("ERP") system transformation costs [6]	18,126	—
Net loss on sale of property, plant and equipment [7]	633	599
Net loss (gain) on assets held for sale [7]	(664)	25
Net loss on settlement of lease liability	80	1
Equipment rework [8]	7,900	6,100
Remediation [8]	16,208	—
Accounts receivable reserve for RUK	1,383	—
Fair value of inventory from acquisitions [9]	—	304
Impairment charge [10]	2,047	76,013
Adjusted EBITDA [11]	**295,846**	**241,472**
Interest expense	(74,937)	(67,255)
Non-cash interest	10,263	9,496
Cash taxes	(5,046)	(15,140)
Maintenance capital expenditures [12]	(12,305)	(14,865)
Funds from Operations [11]	**213,821**	153,708

[1] See "Finance expenses (income)" in our consolidated financial statements and consolidated financial statements for the years ended December 31, 2023 ("2023 Statements") and 2022 ("2022 Statements").

[2] The Company's share-based compensation expense pertains to our equity incentive award plan ("EIAP") and directors' deferred compensation plan ("DDCP").

[3] See "Equity swap".

[4] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.

[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 "Property, plant, and equipment" and "Assets held for sale" in our consolidated financial statements, 2023 Statements and 2022 Statements.

[8] See "Remediation costs and equipment rework" in our consolidated financial statements, 2023 Statements and 2022 Statements.

[9] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing costs.
[10] Impairment charge related to property, plant and equipment, right-of-use assets, goodwill, intangible assets and assets held for sale. See our consolidated financial statements, 2023 Statements and 2022 Statements.
[11] 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.
[12] 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.

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].

Unaudited interim condensed consolidated financial statements

Ag Growth International Inc.

March 31, 2024

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of financial position

[in thousands of Canadian dollars]

As at

	March 31, 2024 $	December 31, 2023 $
Assets		
Current assets		
Cash and cash equivalents	89,311	88,042
Restricted cash	2,757	2,619
Accounts receivable	262,788	265,604
Inventory	239,605	214,763
Prepaid expenses and other assets	66,023	65,584
Current portion of notes receivable	5,795	5,658
Current portion of derivative instruments	—	8,621
Income taxes recoverable	10,864	11,357
	677,143	662,248
Non-current assets		
Property, plant and equipment, net	343,760	344,386
Right-of-use assets, net	34,317	32,810
Goodwill	342,955	339,607
Intangible assets, net	207,410	211,117
Derivative instruments *[note 15[c]]*	10,853	700
Non-current accounts receivable	56,376	51,763
Notes receivable	194	191
Deferred tax asset	8,995	10,086
	1,004,860	990,660
Assets held for sale *[note 6]*	1,615	2,068
Total assets	1,683,618	1,654,976
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	232,333	252,941
Customer deposits	98,763	88,068
Dividends payable	2,859	2,851
Derivative instruments *[note 15[c]]*	113	—
Income taxes payable	4,450	4,371
Current portion of EIAP liability	784	—
Current portion of due to vendor	3,665	4,447
Current portion of lease liability	6,916	6,711
Current portion of long-term debt *[note 8]*	385	549
Current portion of senior unsecured subordinated debentures	171,660	171,249
Provisions *[note 7]*	14,107	16,813
	536,035	548,000
Non-current liabilities		
Other financial liabilities	965	863
EIAP liability	1,060	1,540
Due to vendor	754	1,459
Lease liability	36,445	34,960
Long-term debt *[note 8]*	449,675	419,908
Convertible unsecured subordinated debentures *[note 15]*	191,756	190,064
Senior unsecured subordinated debentures *[note 15]*	83,618	83,507
Deferred tax liability	55,509	56,691
	819,782	788,992
Total liabilities	1,355,817	1,336,992
Shareholders' equity *[note 9]*		
Common shares	12,115	10,303
Accumulated other comprehensive income	23,769	12,229
Equity component of convertible debentures	22,868	22,868
Contributed surplus	496,690	499,217
Deficit	(227,641)	(226,633)
Total shareholders' equity	327,801	317,984
Total liabilities and shareholders' equity	1,683,618	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.

Unaudited interim condensed consolidated statements of income

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

	Three-month period ended	
	March 31, 2024	March 31, 2023
	$	$
Sales *[note 5]*	314,596	347,016
Cost of goods sold *[note 11[a]]*	213,481	240,582
Gross profit	101,115	106,434
Expenses		
Selling, general and administrative *[note 11[b]]*	83,911	84,779
Other operating income *[note 11[c]]*	(10,864)	(15,140)
Impairment charge	—	190
Finance costs *[note 11[d]]*	18,951	17,681
Finance expense (income) *[note 11[e]]*	5,268	(2,702)
	97,266	84,808
Profit before income taxes	3,849	21,626
Income tax expense (recovery) *[note 12]*		
Current	2,016	4,878
Deferred	(106)	391
	1,910	5,269
Profit for the period	1,939	16,357
Profit per share *[note 13]*		
Basic	0.10	0.86
Diluted	0.10	0.82

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of comprehensive income

[in thousands of Canadian dollars]

	Three-month period ended	
	March 31, 2024	March 31, 2023
	$	$
Profit for the period	1,939	16,357
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 *[note 15[c]]*	342	(359)
Realized gains on derivatives designated as cash flow hedges recognized in net earnings *[note 15[c]]*	265	—
Income tax effect on cash flow hedges	(163)	95
Exchange differences on translation of foreign operations	10,570	6,488
	11,014	6,224
Items that will not be reclassified to profit or loss		
Actuarial gain on defined benefit plans	719	242
Income tax effect on defined benefit plans	(193)	(64)
	526	178
Other comprehensive income for the period	11,540	6,402
Total comprehensive profit for the period	13,479	22,759

See accompanying notes

Unaudited interim condensed consolidated statement of changes in shareholders' equity

[in thousands of Canadian dollars]

Three-month period ended March 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
Profit for the period	—	—	—	1,939	—	—	—	—	1,939
Other comprehensive income	—	—	—	—	10,570	444	526	—	11,540
Share-based payment transactions *[notes 9[a] and [b]]*	1,812	—	(2,527)	—	—	—	—	—	(715)
Dividends paid and payable to shareholders *[note 9[c]]*	—	—	—	(2,859)	—	—	—	—	(2,859)
Dividends on share-based compensation awards *[note 9[c]]*	—	—	—	(88)	—	—	—	—	(88)
As at March 31, 2024	12,115	22,868	496,690	(227,641)	20,922	485	3,262	(900)	327,801

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statement of changes in shareholders’ equity

[in thousands of Canadian dollars]

Three-month period ended March 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 period	—	—	—	16,357	—	—	—	—	16,357
Other comprehensive income (loss)	—	—	—	—	6,488	(264)	178	—	6,402
Share-based payment transactions *[notes 9[a] and [b]]*	1,184	—	(5,629)	—	—	—	—	—	(4,445)
Dividends paid and payable to shareholders *[note 9[c]]*	—	—	—	(2,843)	—	—	—	—	(2,843)
Dividends on share-based compensation awards *[note 9[c]]*	—	—	—	(95)	—	—	—	—	(95)
Conversion of 2021 convertible debentures *[note 9[a]]*	5	17	—	—	—	—	—	—	22
As at March 31, 2023	10,833	22,868	496,112	(270,263)	20,255	(523)	2,686	(900)	281,068

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of cash flows

[in thousands of Canadian dollars]

	Three-month period ended	
	March 31, 2024 $	March 31, 2023 $
Operating activities		
Profit before income taxes	3,849	21,626
Add (deduct) items not affecting cash		
Depreciation of property, plant and equipment	7,216	7,153
Depreciation of right-of-use assets	1,982	1,680
Amortization of intangible assets	7,440	6,739
Loss on sale of property, plant and equipment	125	174
Loss (gain) on sale of assets held for sale	(325)	25
Gain on settlement of lease liability	(6)	—
Impairment charge	—	190
Non-cash component of interest expense	2,516	2,294
Non-cash movement in derivative instruments	(7,816)	(13,204)
Non-cash investment tax credits	(11)	(103)
Share-based compensation expense	4,416	4,268
Defined benefit plan expense (income)	41	(6)
Due to vendor, and transaction cost payable	(3,778)	1,811
Translation loss on foreign exchange	9,215	2,276
	24,864	34,923
Changes in non-cash working capital balances related to operations *[note 14]*	(36,312)	(31,377)
Transfer from (to) restricted cash	(81)	762
Proceeds from settlement of financial instruments *[note 15[c]]*	7,008	—
Non-current accounts receivable	(4,613)	1,131
Other assets	(1,819)	—
Long-term payables	85	222
Settlement of EIAP obligation	(4,202)	(9,208)
Post-combination payments	(1,699)	(1,000)
Income taxes paid	(1,406)	(8,150)
Cash used in operating activities	(18,175)	(12,697)
Investing activities		
Acquisition of property, plant and equipment	(3,513)	(6,632)
Proceeds from sale of property, plant and equipment	244	92
Proceeds from sale of assets held for sale *[note 6]*	778	8,820
Development and purchase of intangible assets	(2,168)	(5,879)
Sublease income, net of costs	(48)	—
Cash provided by (used in) investing activities	(4,707)	(3,599)
Financing activities		
Increase (decrease) from senior credit facilities	22,692	27,871
Repayment of obligation under lease liabilities	(1,890)	(1,554)
Change in interest accrued	6,200	6,200
Issuance of convertible unsecured subordinated debentures, net of costs	—	(178)
Dividends paid in cash *[note 9[c]]*	(2,851)	(2,835)
Cash provided by financing activities	24,151	29,504
Net increase in cash during the period	1,269	13,208
Cash and cash equivalents, beginning of period	88,042	59,644
Cash and cash equivalents, end of period	89,311	72,852
Supplemental cash flow information		
Interest paid	7,354	8,979

See accompanying notes

March 31, 2024

1. Organization

Ag Growth International Inc. ["AGI" or the "Company"] and its subsidiaries are providers of equipment solutions for bulk agriculture 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. 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. Statement of compliance and basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ["IAS"] 34, *Interim Financial Reporting* ["IAS 34"] as issued by the International Accounting Standards Board and using the same accounting policies and methods as were used for the Company's consolidated financial statements and the notes thereto for the year ended December 31, 2023.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company, AGI. All values are rounded to the nearest thousand. They are prepared on the historical cost basis, except for derivative financial instruments resulting from business combinations and assets held for sale, which are measured at fair value.

These unaudited interim condensed consolidated financial statements include only significant events and transactions occurring since the Company's last fiscal year-end and do not include all the information and notes required by International Financial Reporting Standards ["IFRS"] for annual financial statements and, therefore, should be read in conjunction with the audited annual consolidated financial statements and notes for the Company's fiscal year ended December 31, 2023, which are available on SEDAR at www.sedar.com.

The unaudited interim condensed consolidated financial statements of AGI for the three-month period ended March 31, 2024 were authorized for issuance in accordance with a resolution of the Directors on April 29, 2024.

3. Seasonality of business

Interim period sales and earnings historically reflect some seasonality as the agricultural equipment business is highly seasonal, which causes the Company's quarterly results and its cash flow to fluctuate during the year. Farmers generally purchase agricultural equipment in the spring and fall in conjunction with the major planting and harvesting seasons; as a result, the second and third quarters are typically the strongest for sales primarily due to the timing of construction projects and higher in-season demand at the farm level. The Company's collections of accounts receivable are weighted towards the third and fourth quarters. This collection pattern, combined with seasonally high sales in the second and third quarters, results in accounts receivable peaking, typically, in the second and third quarter. In addition, the Company's products include various materials and components purchased from others, some or all of which may be subject to wide price variation. Consistent with industry practice, the Company seeks to manage its exposure to material and component price volatility by planning and negotiating significant purchases on an annual basis and through the alignment of material input pricing with the terms of contractual sales commitments, resulting in significant working capital requirements in the first and second quarters. Historically, the Company's use of its operating facilities is typically highest in the first and second quarters and declines in the third and fourth quarters as collections of accounts receivable increase.

4. Adoption of new accounting policies

Amendments to IAS 1

In January 2020 and October 2022, amendments were issued to 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 unaudited interim condensed consolidated financial statements.

5. Reportable business segments

The Company has identified its reportable segments as Farm and Commercial, 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 segments. The CODM assesses segment performance based on adjusted earnings before interest, taxes, depreciation, and amortization ["Adjusted EBITDA"], a non-IFRS measure, which is measured differently than profit (loss) from operations in the unaudited interim condensed 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.

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

The following tables set forth information by segment:

	Sales	
	2024	2023
	$	$
Farm	188,986	182,382
Commercial	125,610	164,634
	314,596	347,016

	2024			
	Farm	Commercial	Other[1]	Total
	$	$	$	$
Profit (loss) before income taxes	38,258	5,154	(39,563)	3,849
Finance costs	—	—	18,951	18,951
Depreciation and amortization	6,964	8,326	1,855	17,145
Loss on foreign exchange	—	—	5,418	5,418
Share-based compensation	—	—	4,416	4,416
Gain on financial instruments	—	—	(7,816)	(7,816)
Transaction, transitional and other costs [2]	—	—	4,450	4,450
Enterprise Resource Planning ["ERP"] system transformation costs	—	—	4,125	4,125
Net loss on sale of property, plant and equipment	111	12	2	125
Net gain on assets held for sale	(325)	—	—	(325)
Net gain on settlement of lease liability	—	(6)	—	(6)
Accounts receivable reserve for RUK	—	(268)	—	(268)
Adjusted EBITDA [4]	45,008	13,218	(8,162)	50,064

Notes to unaudited interim condensed consolidated financial statements

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

March 31, 2024

	2023			
	Farm $	Commercial $	Other [1] $	Total $
Profit (loss) before income taxes	31,646	14,447	(24,467)	21,626
Finance costs	—	—	17,681	17,681
Depreciation and amortization	6,538	7,310	2,192	16,040
Gain on foreign exchange	—	—	(2,617)	(2,617)
Share-based compensation	—	—	4,268	4,268
Gain on financial instruments	—	—	(13,204)	(13,204)
Mergers and acquisitions expense	—	—	50	50
Transaction, transitional and other costs[2]	—	—	3,879	3,879
Net loss on sale of property, plant and equipment	78	96	—	174
Net loss on assets held for sale	—	25	—	25
Impairment charge	190	—	—	190
Adjusted EBITDA [4]	38,452	21,878	(12,218)	48,112

[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] 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 profit (loss) 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's operations are geographically diverse, summarized within three areas: Canada, the United States and International. The following table details the sales by geographical area, reconciled to the Company's unaudited interim condensed consolidated financial statements:

	Sales	
	2024	2023
	$	$
Canada	**78,964**	87,143
United States	**148,319**	150,345
International	**87,313**	109,528
	314,596	347,016

The sales 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 sales.

6. Assets held for sale

In 2023, in the Farm segment, a building in Illinois met the definition of assets held for sale and was recorded at the lower of cost and fair value less cost to sell. In 2023, an impairment charge of $190 was recorded and the asset held for sale was sold for proceeds of $501.

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. The carrying amount of $453 was recorded as assets held for sale. During the three-month period ended March 31, 2024, the building was sold, resulting in a gain of $325.

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

7. 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 most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current revenue levels and current information available about returns, with the exception of the equipment rework and remediation costs.

	March 31, 2024 $	December 31, 2023 $
Balance, beginning of period	**16,813**	75,233
Additional provisions recognized	**2,242**	32,163
Amounts utilized	**(4,948)**	(90,583)
Balance, end of period	**14,107**	16,813

Remediation costs

Over the period of 2019–2020, AGI entered into agreements to supply 35 large hopper bins for installation by third parties on two grain storage projects. In 2020, a bin at one of the customer facilities collapsed during commissioning, and legal claims related to the incident were initiated against AGI. In 2023, the Company reached a settlement agreement with the customer at the site where the bin collapsed for its claims related to the incident and the terms of the settlement agreement were finalized. As at March 31, 2024, the warranty provision for remediation costs is $0.02 million [December 31, 2023 – $0.1 million].

Equipment rework

The provision for equipment rework relates to previously identified issues with equipment designed and supplied to one commercial facility. As at March 31, 2024, the warranty provision for the equipment rework is $0.2 million [December 31, 2023 – $2.0 million], with $1.8 million of the provision having been utilized during the period.

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

8. Long-term debt

	Effective interest rate %	Maturity	March 31, 2024 $	December 31, 2023 $
Current portion of long-term debt				
Equipment financing	various	various	385	549
			385	549
Non-current portion of long-term debt				
Equipment financing	various	various	809	797
Senior credit facilities	6.8-9.5	2026	451,979	422,134
			452,788	422,931
Less deferred financing costs			(3,113)	(3,023)
			449,675	419,908
Long-term debt			450,060	420,457

AGI's senior credit facilities of $350 million and U.S. $275 million are inclusive of amounts that may be allocated to the Company's swing-line 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 Rate ["CORRA"]. The senior credit facilities bear interest at CORRA/SOFR plus 1.2% – 2.75% and prime plus 0.2% – 1.75% per annum based on performance calculations. As at March 31, 2024, there was $156.9 million [December 31, 2023 – $164.7 million] and U.S. $217.8 million [December 31, 2023 – U.S. $205.8 million] outstanding under the facilities. As at March 31, 2024, the portion of drawings from the senior credit facilities recorded on the swing-line was $25.5 million [December 31, 2023 – $20.1 million].

9. Shareholders' equity

[a] 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	57,045	1,812
Balance, March 31, 2024	19,062,891	12,115

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

[b] Contributed surplus

	March 31, 2024 $	December 31, 2023 $
Balance, beginning of period	**499,217**	501,741
Dividends on EIAP	**88**	444
Obligation under EIAP *[note 10[a]]*	**2,803**	9,969
Settlement of EIAP obligation	**(5,418)**	(12,937)
Balance, end of period	**496,690**	499,217

[c] Dividends paid and declared

In the three-month period ended March 31, 2024, the Company declared dividends of $2,859 or $0.15 per common share [2023 – $2,843 or $0.15 per common share] and dividends on share-based compensation awards of $88 [2023 – $95]. In the three-month period ended March 31, 2024, dividends paid to common shareholders of $2,851 [2023 – $2,835] were financed from cash on hand.

The dividend was payable on April 15, 2024 to common shareholders of record at the close of business on March 28, 2024.

10. Share-based compensation plans

[a] Equity Incentive Award Plan ["EIAP"]

During the three-month period ended March 31, 2024, 126,490 [2023 – 152,317] Restricted Awards ["RSUs"] were granted and 82,753 [2023 – 72,760] Performance Awards ["PSUs"] were granted. The fair values of the RSUs and the PSUs were based on the share price as at the grant date and the assumption that there will be no forfeitures associated with employee terminations, resignations, or retirements. As at March 31, 2024, 666,196 awards have been granted and are outstanding under the EIAP.

During the three-month period ended March 31, 2024, AGI expensed $3,106 for the EIAP [2023 – $3,055].

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

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

	EIAP	
	Restricted Awards #	Performance Awards #
Balance, beginning of period	348,669	240,627
Granted	126,490	82,753
Vested	(75,668)	(49,278)
Forfeited	(7,397)	—
Balance, end of period	392,094	274,102

There is no exercise price on the EIAP awards.

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

For the three-month period ended March 31, 2024, expenses of $1,310 [2023 – $524] were recorded for the cash-settled DDCP for non-employee directors in selling, general and administrative expenses and accounts payable and accrued liabilities. 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]

11. Other expenses (income)

	Three-month period ended March 31, 2024 $	March 31, 2023 $
[a] Cost of goods sold		
Depreciation of property, plant and equipment	6,673	6,516
Depreciation of right-of-use assets	789	470
Amortization of intangible assets	1,508	1,132
Warranty expense	2,242	2,247
Cost of inventory recognized as an expense	202,269	230,217
	213,481	240,582
[b] Selling, general and administrative expenses		
Depreciation of property, plant and equipment	1,050	1,105
Depreciation of right-of-use assets	1,193	1,210
Amortization of intangible assets	5,932	5,607
Minimum lease payments recognized as lease expense	2	3
Transaction costs and post-combination expense	4,450	3,929
ERP system transformation costs	4,125	—
Selling, general and administrative	67,159	72,925
	83,911	84,779
[c] Other operating income		
Net loss on sale of property, plant and equipment	125	174
Net loss (gain) on sale of assets held for sale	(325)	25
Net gain on settlement of lease liability	(6)	—
Gain on financial instruments	(7,816)	(13,204)
Other	(2,842)	(2,135)
	(10,864)	(15,140)
[d] Finance costs		
Interest on overdrafts and other finance costs	1,994	1,075
Interest, including non-cash interest, on leases	769	631
Interest, including non-cash interest, on debts and borrowings	7,774	7,725
Interest, including non-cash interest, on senior and convertible unsecured subordinated debentures	8,414	8,250
	18,951	17,681
[e] Finance expense (income)		
Interest income	(150)	(85)
Loss (gain) on foreign exchange	5,418	(2,617)
	5,268	(2,702)

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

12. Income taxes

The Company's effective tax rate for the three-month period ended March 31, 2024 was 49.6% [2023 – 24.4%]. The difference between the effective tax rate and the Company's domestic statutory tax rate of 26.8% [2023 – 26.5%] is attributable to unrealized foreign exchanges gains (losses) as well as differences in tax rates and deductions allowed in foreign tax jurisdictions.

13. Profit per share

The following reflects the profit and share data used in the basic and diluted profit per share computations:

	Three-month period ended	
	March 31, 2024 $	March 31, 2023 $
Profit attributable to shareholders for basic profit per share	1,939	16,357
2021 convertible debentures	—	1,658
Profit attributable to shareholders for diluted profit per share	1,939	18,015
Basic weighted average number of shares	19,021,062	18,936,934
Dilutive effect of DDCP	100,042	100,212
Dilutive effect of RSU	358,208	315,551
Dilutive effect of 2021 convertible debentures	—	2,547,630
Diluted weighted average number of shares	19,479,312	21,900,327
Profit per share		
Basic	0.10	0.86
Diluted	0.10	0.82

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

The 2021 and 2022 convertible debentures were excluded from the calculation of diluted profit per share in the three-month period ended March 31, 2024 and the 2022 convertible debentures were excluded from the calculation of diluted profit per share in the three-month period ended March 31, 2023, because their effect is anti-dilutive.

14. Statement of cash flows

Net change in non-cash working capital

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

	Three-month period ended	
	March 31, 2024 $	March 31, 2023 $
Accounts receivable	2,816	(14,737)
Inventory	(24,842)	8,800
Prepaid expenses and other assets	2,296	9,458
Accounts payable and accrued liabilities	(24,599)	(24,489)
Customer deposits	10,695	(4,134)
Provisions	(2,678)	(6,275)
	(36,312)	(31,377)

15. Financial instruments and financial risk management

The Company's financial assets and liabilities recorded at fair value in the unaudited interim condensed consolidated financial statements have been categorized into three categories based on a fair value hierarchy. Financial assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data. During the three-month period ended March 31, 2024 and year ended December 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

The following methods and assumptions were used to estimate the fair value of financial instruments:

[a] Short-term financial instruments

Cash and cash equivalents, restricted cash, accounts receivable, notes receivable, dividends payable, accounts payable and accrued liabilities and due to vendor approximate their carrying amounts largely due to the short-term maturities of these instruments.

[b] Long-term financial 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 valuation is determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data for substantially the full term of the liability. The carrying amount and fair value of the Company's long-term debt are as follows:

	March 31, 2024		December 31, 2023	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Interest-bearing loans and borrowings	**450,060**	**450,060**	420,457	420,457
Convertible unsecured subordinated debentures[1]	**191,756**	**195,872**	190,064	187,513
Senior unsecured subordinated debentures	**255,278**	**251,470**	254,756	247,548

[1] Convertible unsecured subordinated debentures, net of deferred fees and equity component.

[c] Derivative financial instruments

Derivatives are marked-to-market at each reporting period and changes in fair value are recognized as a loss (gain) on financial instruments in other operating expense (income). The fair values of interest rate swaps, equity swaps and foreign exchange contracts are determined using discounted cash flow techniques, using Level 2 inputs, including interest rate swap curves, the Company's stock price and foreign exchange rates, respectively. The fair value of the embedded derivative related to the senior unsecured subordinated debentures is determined by the Company's consultants using valuations models, which incorporate various Level 2 inputs including the contractual contract terms, market interest rates and volatility.

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 3.97% to 3.71%. The Company receives interest based on the variable rates from the counterparty and pay interest based on a fixed rate. The notional amounts are $75,000 in aggregate, resetting the last business day of 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-month period ended March 31, 2024, an unrealized gain of $342 [2023 – loss of $359] was recorded in other comprehensive income (loss) and a realized gain of $265 [2023 – nil] was recorded in finance costs. As at March 31, 2024, the fair value of the interest rate swap was an asset of $663 [December 31, 2023 – asset of $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. During the three-month period ended March 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. As at March 31, 2024, the equity swap agreement covered 422,000 common shares of the Company at a price of $38.76. In addition, the Company also extended the maturity date of the swap agreement from May 7, 2024 to May 5, 2026. During the three-month period ended March 31, 2024, an unrealized gain of $4,575 million [2023 – gain of $12,974 million] were recorded in gain on financial instruments in other operating expense (income). As at March 31, 2024, the fair value of the equity swap was an asset of $9,569 [December 31, 2023 – asset of $8,517].

Foreign exchange contracts

To mitigate exposure to the fluctuating rate of exchange, AGI may enter into foreign exchange forward contracts and denominate a portion of its debt in U.S. dollars. As at March 31, 2024, AGI's U.S. dollar denominated debt totaled U.S. $217.8 million [December 31, 2023 – U.S. $205.8 million].

In 2023, the Company entered into a series of short-term forward contracts with notional amounts of U.S. $10,832 in aggregate, which mature on October 31, 2024. During the three-month period ended March 31, 2024, an unrealized loss of $217 [2023 – gain of $117] was recorded in loss (gain) on financial instruments. As at March 31, 2024, the fair value of the forward contracts was a liability of $113 [December 31, 2023 – asset of $104].

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 time of issuance, the Company's redemption option resulted in an embedded derivative with fair value of $754. During the three-month period ended March 31, 2024, an unrealized loss of $23 [2023 – gain of $113] was recorded in loss (gain) on financial instruments in other operating expense (income). As at March 31, 2024, the fair value of the embedded derivative was an asset of $621 [December 31, 2023 – asset of $644].

16. 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 three-month period ended March 31, 2024, the total cost of these legal services was $404 [2023 – $397], and $768 is included in accounts payable and accrued liabilities as at March 31, 2024.

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

17. Commitments and contingencies

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

As at March 31, 2024, the Company has commitments to purchase property, plant and equipment of $3,020 [December 31, 2023 – $4,245].

[b] Letters of credit

As at March 31, 2024, the Company has outstanding letters of credit in the amount of $34,702 [December 31, 2023 – $35,027].

[c] Legal actions

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.