AG GROWTH INTERNATIONAL INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
Dated: March 25, 2020

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, 2019.

The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards [“IFRS”]. All dollar amounts are expressed in Canadian currency, unless otherwise noted.

Throughout this MD&A, references are made to "trade sales", "EBITDA", “adjusted EBITDA”, “gross margin”, “funds from operations”, "payout ratio", “adjusted profit” and “diluted adjusted profit per share”. A description of these measures and their limitations are discussed below under "Non-IFRS Measures".

This MD&A contains forward-looking information. Please refer to the cautionary language under the heading "Risks and Uncertainties" and "Forward-Looking Information" in this MD&A and in our most recently filed Annual Information Form, all of which are available under the Company's profile on SEDAR [www.sedar.com].

SUMMARY OF RESULTS

(thousands of dollars except per share amounts)	Three Months Ended December 31 2019 $	2018 $	Year Ended December 31 2019 $	2018 $
Trade Sales (1)(2)	229,591	214,195	999,935	934,063
Adjusted EBITDA (1)(3)	23,196	28,014	144,279	148,195
(Loss) Profit	(8,286)	(11,861)	14,633	26,618
Diluted (loss) profit per share	(0.44)	(0.66)	0.77	1.56
Adjusted (loss) profit (1)	(1,180)	11,766	41,559	58,148
Diluted adjusted (loss) profit per share (1)(4)	(0.06)	0.66	2.20	3.38

[1] See “Non-IFRS Measures”.
[2] See “OPERATING RESULTS – YEAR ENDED DECEMBER 31, 2019 – Trade Sales” and “OPERATING RESULTS – THREE MONTHS ENDED DECEMBER 31, 2019 – Trade Sales”.
[3] See “OPERATING RESULTS – YEAR ENDED DECEMBER 31, 2019 – EBITDA and Adjusted EBITDA” and “OPERATING RESULTS – THREE MONTHS ENDED DECEMBER 31, 2019 – EBITDA and Adjusted EBITDA”.
[4] See “OPERATING RESULTS – YEAR ENDED DECEMBER 31, 2019 - Diluted profit per share and diluted adjusted profit per share” and “OPERATING RESULTS – THREE MONTHS ENDED DECEMBER 31, 2019 - Diluted loss per share and diluted adjusted profit (loss) per share”.

AGI results in Q4 2019 were mixed as strong demand for portable grain handling and drying equipment, a solid performance in India and significantly improved results in Brazil were offset by a combination of factors that resulted in a decrease in Q4 2019 adjusted EBITDA compared to the prior year. In 2019, AGI demonstrated the success of its AGI SureTrack subscription model as demand exceeded our capacity and retail equivalent sales increased by 70%. In the fourth quarter of 2019, AGI increased its investment in sales, marketing and technical resources at AGI SureTrack to address capacity and accelerate the future pace of new user additions, resulting in negative Q4 2019 adjusted EBITDA at AGI SureTrack of $2.7 million. Secondly, a very wet and late harvest in the United States and a continuation of the weak macro environment negatively impacted AGI's grain storage systems business, resulting in lower adjusted EBITDA compared to Q4 2018. Lastly, at the request of our customers, several Commercial projects in Canada and offshore were postponed into 2020, resulting in a deferral of sales and earnings. Adjusted EBITDA as a percentage of sales in AGI's seasonally weak Q4 decreased to 10% in 2019 from 13% in the prior year due to the investment in AGI SureTrack, the impact of poor growing conditions in the United States in 2019 and the negative effect of trade disruption. In Q4 2019, adjusted loss and adjusted loss per share decreased from the prior year, largely due to lower adjusted EBITDA and higher finance costs, while loss and loss per share improved as the Company recorded non-cash losses on foreign exchange and the equity compensation swap in Q4 2018, compared against non-cash gains in Q4 2019.

BASIS OF PRESENTATION - ACQUISITIONS

When comparing 2019 results to 2018, we have in some cases noted the impact of acquisitions made in 2019 and 2018. When noted, both the 2019 and 2018 periods exclude results from acquisitions made in those years, namely Danmare Group Inc. and its affiliate Danmare, Inc. [collectively, "Danmare"] [February 22, 2018], Cobalt Investissement and its wholly owned subsidiaries [collectively "Sabe"] [July 26, 2018], Improtech Ltd. ["Improtech"] [January 18, 2019], IntelliFarms, LLC ["IntelliFarms"] [March 5, 2019], and Milltec Machinery Limited ["Milltec"] [March 28, 2019].

In the disclosure that follows, Danmare, Sabe, Improtech and Milltec are categorized as Commercial divisions. IntelliFarms is categorized as a Farm division.

OUTLOOK

COVID-19

The emergence of COVID-19 will have a significant adverse impact on AGI's business, including the disruption of production, its supply chain and product delivery. The extent, duration and ultimate impact of COVID-19 and governmental and societal responses thereto is unknown, and accordingly management is unable to provide specific guidance on its impact on AGI. We can comment on the business fundamentals as they stand today to provide context to the very uncertain period going forward. Multiple state and provincial governments have declared manufacturers of agriculture equipment and infrastructure as essential services highlighting the continuing need for AGI's products and services through this period.

As it stands, AGI has suspended manufacturing at its plants in Italy, India, France and Brazil due to government mandated shutdowns and/or regional requirements. These shutdowns are scheduled to last 2-3 weeks. Interruptions are possible in North America over the coming weeks as the crisis evolves. Engineering, design and quoting activity is continuing in each of these businesses which will support resumption of operations. We are utilizing vacation time, leave, and government programs to mitigate the impact of these short suspensions. The impact on AGI would be more pronounced should the duration extend. We do not currently have enough information to gauge the likelihood of longer suspensions.

As a relevant data point, Brazil, France and Italy currently have record level backlogs, and India has robust back logs. Although AGI's business will be substantially impacted by these disruptions in production, management believes that post crisis demand will be positively impacted as the world builds additional redundancy into the global food infrastructure to account for similar events in the future.

Q4 2019

Despite strength across many of AGI's businesses, sales and adjusted EBITDA in the fourth quarter of 2019 were negatively impacted by historically poor growing and harvesting conditions in the U.S. and by the impact of trade disputes and tariffs. Consistent with recent commentary, management expects those factors were poised to negatively impact the first and second quarters of 2020 but that AGI's Farm business was anticipated to gain momentum along with the planting season in Q2 2020. On the Commercial side of AGI's business trade uncertainty in 2019 resulted in late customer commitments and a backlog that is more weighted towards the second half of 2020. Accordingly, management expected sales and adjusted EBITDA in 2020 to be weighted toward the second half of 2020 as compared to prior years.

Q1 2020

Much of the first quarter was completed prior to broad impacts of COVID-19, which were restricted mostly to our European operations. Consistent with management expectations pre-COVID-19, adjusted EBITDA in the first quarter of 2020 will be below the strong results of Q1 2019. We do not expect overall organic growth in the first quarter of 2020 due largely to the timing considerations noted above, but also because the first quarter of 2019 included a large contribution from Canadian Commercial projects and a strong contribution from Brazil. Although management anticipates results in Brazil in 2020 will exceed those of the prior year, AGI Brazil reported positive EBITDA in the first quarter of 2019 and accordingly there is not a significant year-over-year delta in Q1 2020. Results at Milltec in Q1 2020 have been directionally consistent with expectations, however there was a small negative impact related to timing of the monsoon and banking liquidity. The first quarter of Q1 2020 includes an investment in our growing AGI SureTrack platform of approximately $2 million and other technology and marketing initiatives of approximately $1 million. Finally, results in Q1 2020 were negatively impacted by the outbreak of COVID-19 as our operations in EMEA were impacted by supply chain, delivery and production disruptions. In summary, management expects adjusted EBITDA in Q1 of 2020 to approximate Q4 2019 results.

Going Forward

While COVID-19 is raising substantial uncertainties, we will outline current fundamentals across the business to add context to operating during this crisis. Prior to the outbreak of COVID-19, our internal metrics and traditional external reference points exiting Q1 2020 appeared favourable:

Farm

- Farmers are currently preparing for planting season leading to input and required equipment purchases. Current order intake trends are at normal levels.
- The underlying demand drivers for AGI Farm equipment were expected to remain strong, and management expected demand for Farm products to increase with the new planting season in the second quarter of 2020 due to:
    - An anticipated increase in U.S. planted acres, including a significant increase in corn acres.
    - Improved weather conditions compared to historically poor conditions in 2019.
    - Better farmer economics and sentiment should the U.S. and China fully implement Phase 1 of a trade agreement.
    - Backlog (February 29, 2020) - Despite a tough 2019, our Farm backlog in the U.S. is 14% higher than the prior year, with increases in most product categories including portable grain handling and grain storage systems. Overall, our Farm

    backlog is consistent with the strong backlog at the same time in 2019 as gains in the U.S. are offset by lower backlogs in Canada that have resulted partially from strong deal pull-through and the timing off preseason order programs.
  - The extent and duration of the COVID-19 crisis will determine the impact on our Farm business.

Commercial North America

- In the United States, Commercial Grain handling activity has been stable but for the last number of years has been restrained by depressed agricultural markets and international trade disputes. The potential of an improved trade environment, increased crop production and an improved ag sector may benefit Commercial sales in 2020. AGI's sales order backlog in the United States is higher than the prior year due to progress in the Fertilizer and Food categories.
- In Canada, the Commercial market has been very active due to continued investment in grain infrastructure, however the Canadian Commercial backlog has decreased compared against the very high levels of a year ago.
- Backlog (February 29, 2020) - Overall, our North American Commercial backlog is 7% lower than a year ago.

Commercial International

- The pace of customer commitments accelerated in the second half of 2019. As many contracts were finalized later in 2019, sales related to many of these orders are expected to be recognized in the second half of 2020.
- AGI Brazil has made progress both in manufacturing efficiencies and market development. The backlog in Brazil is at a record high and is currently 28% higher than at the same time in 2019.
- Performance at Milltec, our platform acquisition in India, has met expectations and is well positioned for long-term growth.
- Backlog (February 29, 2020) - Overall, excluding Milltec because their backlog is not included in the 2019 comparative (acquisition date of March 29, 2019), our international backlog is 30% higher than at the same time in 2019.
- Capital decisions related to Commercial projects, particularly in international markets, appear to be slowing due to the uncertainty surrounding COVID-19. The extent and duration of the crisis will impact the ongoing pace of development of our project pipeline.

Technology

- In 2019, AGI demonstrated the success of its AGI SureTrack subscription model as demand exceeded our capacity and we increased retail equivalent sales by 70%. In the first quarter of 2020, we expect the increase in retail equivalent sales to approximate 200% year over year growth.
- Continued growth in the SureTrack platform is expected to deepen AGI's relationships with processors, merchandisers, grain buyers and producers throughout North America and provide a significant opportunity for equipment cross-sales.

Summary

Activity in the first quarter of 2020, absent COVID-19, has been consistent with management expectations, and results in the second quarter, to a lesser degree, are expected to be impacted by similar factors, namely the carryover impact of very poor conditions in the U.S. in 2019 and the timing of international orders. AGI entered 2020 with expectations that adjusted EBITDA would grow significantly over 2019, and we expected that growth over the prior year would occur primarily in the second half fiscal 2020. Positive Farm sentiment and an improving trade environment, evidenced by strong Farm and Commercial backlogs, supported our expectations. The emergence of COVID-19, discussed above, has created substantial uncertainly and is expected to have negative impacts in the short-term and management is focused on mitigating its impact. Management remains optimistic with respect to the business of AGI and its longer-term growth prospects.

Trade sales and adjusted EBITDA will be influenced by, among other factors, the extent, duration and impact of the COVID-19 outbreak, weather patterns, crop conditions, the timing of harvest and conditions during harvest and changes in input prices, including steel. The Company endeavors to mitigate its exposure to higher input costs through strategic procurement of steel, sales price increases and limiting the length of time commercial quotes remain valid; however, the pace and volatility of input price increases may negatively impact financial results. Other factors that may impact results include the impact of existing and potential future trade actions, the ability of our customers to access capital, the rate of exchange between the Canadian and U.S. dollars, changes in global macroeconomic factors as well as sociopolitical factors in certain local or regional markets, and the timing of Commercial customer commitments and deliveries.

Amendment and extension of credit facility

On March 20, 2020, AGI announced it had amended and extended its credit facility with a syndicate of five Canadian banks, led by the Canadian Imperial Bank of Commerce and including TD Bank, National Bank of Canada, HSBC Bank Canada and the Bank of Nova Scotia. The facility was extended to March 20, 2025 and the amendments include an increase in the maximum senior debt leverage ratio to 3.75x for the balance of 2020 and an improved pricing grid. As at December 31, 2019, AGI's senior debt leverage ratio, as defined in the Company's credit agreement, was 2.65x.

IFRS 16, Leases ["IFRS 16"]

In 2019, the Company adopted IFRS 16 and recorded a right-of-use asset and a lease liability of $9.1 million as at January 1, 2019. The Company applied IFRS 16 using the modified retrospective approach and accordingly comparative information has not been restated. In the comparative three- and twelve-month periods ended December 31, 2018, adjusted EBITDA included expenses related to operating leases of $1.0 million and $3.7 million of which $0.7 million and $2.7 million would have related to right-of-use assets under IFRS 16. In the three- and twelve-month periods ended December 31, 2019 under IFRS 16, these payments are not categorized as an operating expense and instead AGI has recorded depreciation expense of $0.8 million and $3.0 million related to its right-of-use assets.

OPERATING RESULTS – YEAR ENDED DECEMBER 31, 2019

Trade Sales [see "Non-IFRS Measures" and "Basis of Presentation - Acquisitions"]

[thousands of dollars]	2019 $	Year Ended December 31 2018 $	Change $
Trade sales	999,935	934,063	65,872
Foreign exchange loss [1]	(4,148)	(2,399)	(1,749)
Total Trade Sales	**995,787**	**931,664**	**64,123**

[1] A portion of foreign exchange gains and losses are allocated to sales.

Trade Sales by Geography

[thousands of dollars]	2019 $	Year Ended December 31 2018 $	Change $
Canada, excluding acquisitions	318,371	326,680	(8,309)
Acquisitions	6,710	3,098	3,612
Total Canada	325,081	329,778	(4,697)
U.S., excluding acquisitions	399,679	378,886	20,793
Acquisitions	26,129	4,482	21,647
Total U.S.	425,808	383,368	42,440
International, excluding acquisitions	184,631	213,634	(29,003)
Acquisitions	64,415	7,283	57,132
Total International	249,046	220,917	28,129
Total excluding acquisitions	902,681	919,200	(16,519)
Total acquisitions	97,254	14,863	82,391
Total Trade Sales [1]	**999,935**	**934,063**	**65,872**

[1] See "Non-IFRS Measures".

Trade Sales by Category

[thousands of dollars]	2019 $	Year Ended December 31 2018 $	Change $
Farm	465,994	449,267	16,727
Farm – acquisitions	12,522	-	12,522
Total Farm	478,516	449,267	29,249
Commercial	436,687	469,933	(33,246)
Commercial - acquisitions	84,732	14,863	68,869
Total Commercial	521,419	484,796	36,623
Total Trade Sales [1]	**999,935**	**934,063**	**65,872**

[1] See "Non-IFRS Measures".

The movement in trade sales for the year ended December 31, 2019 compared to the prior year is summarized below:

Canada

- Trade sales in Canada, excluding acquisitions, decreased 3% from 2018:
    - Farm sales increased as gains in dryer market share and wet harvest conditions in western Canada resulted in higher sales of aeration and drying equipment. These gains were partially offset by lower storage sales that resulted from a challenging growing and harvest season in western Canada.
    - Commercial sales decreased as strong sales of Commercial grain handling and storage equipment were offset by lower sales of fertilizer equipment, as 2018 included several large, lower margin, fertilizer projects and there were no similar projects in the current year.
- Sales from acquisitions relate primarily to Danmare and Improtech.

United States

- Trade sales in the U.S., excluding acquisitions, increased 5% over 2018:
    - Farm sales increased compared to 2018 as demand for portable grain handling equipment remained strong despite poor growing and harvest conditions and wet harvest conditions stimulated demand for drying and aeration equipment.
    - Sales of Commercial equipment in 2019 were level with the prior year as higher sales of fertilizer equipment were offset by lower Commercial grain handling sales, which were negatively impacted by a poor growing season and challenging macro conditions, including trade uncertainties.
- Trade sales from acquisitions in the United States increased as a result of Danmare, Sabe and IntelliFarms.

International

- International trade sales, excluding acquisitions, decreased 14% over 2018:
    - Sales in Brazil increased over the prior year due to increasing brand and product awareness and improving economic conditions in the country.
    - International Farm sales decreased from 2018 due to poor growing conditions in Europe and Australia.
    - International sales in 2019 were negatively impacted by global economic uncertainties, including trade disputes. Consistent with recent commentary, our international sales order backlog is currently higher than at the same time in 2019.
- International sales from acquisitions relate primarily to Milltec sales in India and France based Sabe.

Gross Margin [see "Non-IFRS Measures"]

	Year Ended December 31	
	2019	**2018**
[thousands of dollars]	**$**	**$**
Trade sales [1]	999,935	934,063
Cost of inventories [1]	688,764	642,284
Gross margin [1]	**311,171**	**291,779**
Gross margin as a % of trade sales	**31.1%**	**31.2%**

[1] See "Non-IFRS measures".

Gross margin percentages remained consistent with the prior year as a strong operational performance in India and improving results in Brazil were offset by the impact of poor conditions in the U.S.

EBITDA and Adjusted EBITDA [see "Non-IFRS Measures"]

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

	Year Ended December 31	
	2019	**2018**
[thousands of dollars]	**$**	**$**
Profit before income taxes	**18,404**	**38,564**
Finance costs	44,793	37,067
Depreciation and amortization	48,188	33,031
Share of associate's net loss	2,352	-
EBITDA	**113,737**	**108,662**
Loss (gain) on foreign exchange	(2,534)	19,004
Share based compensation	5,968	8,003
Loss on financial instruments [2]	1,503	2,061
M&A expenses	1,588	2,283
Other transaction and transitional costs [3]	11,562	6,582
Loss on sale of PP&E	260	185
Fair value of inventory from acquisitions [4]	1,962	1,183
Equipment rework (5)	10,000	-
Impairment [6]	233	232
Adjusted EBITDA [1]	**144,279**	**148,195**

[1] See "Non-IFRS Measures".
[2] See "Equity compensation hedge".
[3] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[4] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost.
[5] To record the pre-tax charge for the estimated cost of rework for equipment supplied to two distinct projects. The charge relates to additional, time, material and services.
[6] To record assets held for sale at estimated fair value.

DETAILED OPERATING RESULTS

	Year Ended December 31	
	2019	**2018**
[thousands of dollars]	**$**	**$**
Sales		
Trade sales	999,935	934,063
Foreign exchange loss	(4,148)	(2,399)
	995,787	931,664
Cost of goods sold		
Cost of inventories	688,764	642,284
Fair value of inventory from acquisitions	1,962	1,183
Equipment rework	10,000	-
Depreciation /amortization	27,321	20,038
	728,047	663,505

Selling, general and administrative expenses		
SG&A expenses	177,096	154,056
M&A expenses	1,588	2,283
Other transaction and transitional costs [1]	11,562	6,582
Depreciation /amortization	20,867	12,993
	211,113	175,914
Other operating expense (income)		
Net loss on disposal of PP&E	260	185
Net loss on financial instruments	1,503	2,061
Other	(4,001)	(2,267)
	(2,238)	(21)
Impairment charge	233	232
Finance costs	44,793	37,067
Finance (income) expense	(6,917)	16,403
Share of associate's net loss	2,352	-
Profit before income taxes	**18,404**	38,564
Income tax expense	3,771	11,946
Profit for the period	**14,633**	**26,618**
Profit per share		
Basic	0.79	1.58
Diluted	0.77	1.56

[1] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The 2019 loss (gain) on foreign exchange in finance expense (income) was a non-cash loss (gain) and related primarily to the translation of the Company's U.S. dollar denominated long-term debt at the rate of exchange in effect at the end of the year ended December 31, 2019. As at December 31, 2019, AGI has no outstanding foreign exchange contracts. See also "Financial Instruments – Foreign exchange contracts".

Sales and Adjusted EBITDA

AGI's average rate of exchange for the year ended December 31, 2019 was $1.33 [2018 - $1.29]. A weaker Canadian dollar relative to the U.S. dollar results in higher reported sales for AGI, as U.S. dollar denominated sales are translated into Canadian dollars at a higher rate. Similarly, a weaker Canadian dollar results in higher costs for U.S. dollar denominated inputs and SG&A expenses. In addition, a weaker Canadian dollar may result in higher input costs of certain Canadian dollar denominated inputs, including steel. On balance, adjusted EBITDA increases when the Canadian dollar weakens relative to the U.S. dollar.

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

SG&A expenses for the year ended December 31, 2019 excluding M&A expenses, other transaction and transitional expenses and depreciation/amortization, were $156.2 million [17.3% of trade sales] versus $154.1 million [16.5% of trade sales] in 2018.

Excluding acquisitions, SG&A expenses for the year ended December 31, 2019 were $156.3 million [15.6% of trade sales] versus $152.0 million [16.5% of trade sales] in 2018. Variances to the prior year include the following:

- Sales & marketing expenses increased $4.3 million as AGI continued to invest in market growth initiatives including further investment in branding initiatives and its digital platform.
- Share based compensation expense decreased $2.0 million due to a change in anticipated achievement levels.
- No other individual variance greater was than $1.0 million.

Finance costs

Finance costs for the year ended December 31, 2019 were $44.8 million versus $37.1 million in 2018. In 2019, finance costs have increased due to new debt drawn in conjunction with new investments, most significantly the March 2019 acquisition of Milltec.

Finance (income) expense

Finance (income) expenses for the year ended December 31, 2019 were $(6.9) million versus $16.4 million in 2018. The (income) expense in both periods relates primarily to non-cash translation of the Company's U.S. dollar denominated long-term debt at the rate of exchange in effect at the end of the year.

Share of associate's net loss

Share of associate's net loss for the year ended December 31, 2019 was $2.4 million versus nil in 2018. The net loss relates to AGI's proportionate share of the net loss of the associate, since the date of AGI's investment.

Other operating income

Other operating income for the year ended December 31, 2019 was $2.2 million versus $0.1 million in 2018. Other operating income includes non-cash gains and losses on financial instruments, including AGI's equity compensation hedge [see "Equity compensation hedge"], and interest income.

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 in the year ended December 31, 2019 primarily relates to the acquisitions of Milltec, Danmare, Sabe, Improtech and IntelliFarms as well as depreciation of right-of-use assets totaling $3.0 million in the year ended December 31, 2019, that resulted from the adoption of IFRS 16. Included in amortization in the year ended December 31, 2019 is an expense of approximately $1.8 million related to the amortization of the backlog intangible recorded upon the acquisition of Milltec, which was fully amortized in Q3 2019.

Income tax expense

Current income tax expense

Current tax expense in 2019 was $5.5 million [2018 - $10.5 million]. Current tax expense relates primarily to AGI's U.S., India and France subsidiaries.

Deferred income tax (recovery) expense

Deferred tax recovery in 2019 was $1.8 million [2018 – expense of $1.4 million). Deferred tax recovery in 2019 relates to the increase of deferred tax assets plus a decrease in deferred tax liabilities that relate to recognition of temporary differences between the accounting and tax treatment of Intangible Assets, Accruals and long-term provisions, and tax loss carryforwards.

Effective tax rate

	Year Ended December 31	
	2019	**2018**
[thousands of dollars]	**$**	**$**
Current tax expense	5,521	10,517
Deferred tax (recovery) expense	(1,750)	1,429
Total tax	**3,771**	**11,946**
Profit before income taxes	18,404	38,564
Total tax %	20.5%	31.0%

The effective tax rate in 2019 was impacted by items that were included in the calculation of earnings before tax for accounting purposes but were not included or deducted for tax purposes. Significant items are included in the tables under "Diluted profit per share and diluted adjusted profit per share". The effective tax rate in 2019 was also impacted by the India corporate income tax rate decrease.

Diluted profit per share and diluted adjusted profit per share

Diluted profit per share for the year ended December 31, 2019 was $0.77 versus $1.56 in 2018. Profit per share in 2019 and 2018 has been impacted by the items enumerated in the table below, which reconciles profit to adjusted profit.

	Year Ended December 31	
	2019	**2018**
[thousands of dollars except per share amounts]	**$**	**$**
Profit	14,633	26,618
Diluted profit per share	0.77	1.56
Loss (gain) on foreign exchange	(2,534)	19,004
Fair value of inventory from acquisition [2]	1,962	1,183
M&A expenses	1,588	2,283
Other transaction and transitional costs [3]	11,562	6,582
Loss on financial instruments	1,503	2,061
Loss on sale of PP&E	260	185
Impairment charge [4]	233	232
Equipment rework [5]	10,000	-
Share of associate's net loss	2,352	-
Adjusted profit [1]	**41,559**	**58,148**
Diluted adjusted profit per share [1]	2.20	3.38

[1] See "Non-IFRS Measures".

[2] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost.
[3] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[4] To record assets held for sale at estimated fair value.
[5] To record pre-tax charge for the estimated cost of rework for equipment supplied to two distinct projects. The charge relates to additional time, material and services.

Selected Annual Information (thousands of dollars, other than per share amounts and payout ratio) [2]

	Year Ended December 31		
	2019	**2018**	**2017**
	$	**$**	**$**
Sales [2]	995,787	931,664	749,397
EBITDA [1][2]	113,737	108,662	110,850
Adjusted EBITDA [1][2]	144,279	148,195	121,797
Profit from continuing operations [2]	14,633	26,618	33,623
Basic profit per share from continuing operations [2]	0.79	1.58	2.11
Fully diluted profit per share from continuing operations [2]	0.77	1.56	2.08
Profit [2]	14,633	26,618	33,664
Basic profit per share [2]	0.79	1.58	2.11
Fully diluted profit per share [2]	0.77	1.56	2.08
Funds from operations [1][2]	81,267	96,067	72,933
Payout ratio [1][2]	55%	42%	53%
Dividends declared per Common Share	2.40	2.40	2.40
Total assets [2]	1,462,980	1,233,559	1,139,173
Total long-term liabilities [2]	833,979	570,684	568,373

[1] See "Non-IFRS Measures".
[2] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 million and $1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. For purposes of comparability, where applicable, these amounts have been adjusted for in the 2017 figures in the above table.

The following factors impact comparability between years in the table above:

- Acquisitions in 2018 and 2019 (see "Basis of Presentation – Acquisitions") and the 2017 acquisitions of Global Industries, Inc., CMC Industrial Electronics Ltd. And CMC Industrial Electronics USA, Inc. and Junge Control, Inc. significantly impact information in the table above.
- Sales, gain (loss) on foreign exchange, profit and profit per share are significantly impacted by the rate of exchange between the Canadian and U.S. dollars.

QUARTERLY FINANCIAL INFORMATION

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

2019					
	Average USD/CAD Exchange Rate	Sales $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q1	1.33	215,035	13,222	0.71	0.70
Q2	1.34	291,938	12,516	0.68	0.67
Q3	1.32	260,198	(2,819)	(0.15)	(0.15)
Q4	1.32	228,616	(8,286)	(0.44)	(0.44)
YTD	**1.33**	**995,787**	**14,633**	**0.79**	**0.77**

2018					
	Average USD/CAD Exchange Rate	Sales $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q1	1.26	213,666	4,943	0.30	0.30
Q2	1.29	260,155	12,792	0.78	0.75
Q3	1.31	242,166	20,744	1.26	1.14
Q4	1.31	215,677	(11,861)	(0.66)	(0.66)
YTD	**1.29**	**931,664**	**26,618**	**1.58**	**1.56**

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

- AGI's acquisitions of Danmare [Q1 2018], Sabe [Q3 2018], Improtech [Q1 2019], IntelliFarms [Q1 2019] and Milltec [Q1 2019] significantly impacts comparisons between periods of assets, liabilities and operating results. See "Basis of Presentation - Acquisitions".
- Sales, gain (loss) on foreign exchange, profit (loss), and profit (loss) per share in all periods are impacted by the rate of exchange between the Canadian and U.S. dollars.

Interim period sales 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. AGI's continued expansion into the seed, fertilizer, feed and food verticals should lessen the seasonality related to annual grain volumes and harvest conditions.

OPERATING RESULTS – THREE MONTHS ENDED DECEMBER 31, 2019

Trade Sales [see "Non-IFRS Measures" and "Basis of Presentation - Acquisitions"]

	Three Months Ended December 31		
[thousands of dollars]	2019 $	2018 $	Change $
Trade sales	229,591	214,195	15,396
Foreign exchange loss [1]	(975)	1,482	(2,457)
Total Trade Sales	**228,616**	**215,677**	**12,939**

[1] A portion of foreign exchange gains and losses are allocated to sales.

Trade Sales by Geography

[thousands of dollars]	Three Months Ended December 31 2019 $	 2018 $	 Change $
Canada, excluding acquisitions	58,055	74,717	(16,662)
Acquisitions	2,396	919	1,477
Total Canada	60,451	75,636	(15,185)
U.S., excluding acquisitions	89,588	76,848	12,740
Acquisitions	7,236	1,521	5,715
Total U.S.	96,824	78,369	18,455
International, excluding acquisitions	45,212	55,471	(10,259)
Acquisitions	27,104	4,719	22,385
Total International	72,316	60,190	12,126
Total excluding acquisitions	192,855	207,036	(14,181)
Total acquisitions	36,736	7,159	29,577
Total Trade Sales [1]	**229,591**	**214,195**	**15,396**

[1] See "Non-IFRS Measures".

Trade Sales by Category

[thousands of dollars]	Three Months Ended December 31 2019 $	 2018 $	 Change $
Farm	94,057	89,569	4,488
Farm – acquisitions	2,846	-	2,846
Total Farm	96,903	89,569	7,334
Commercial	98,798	117,467	(18,669)
Commercial - acquisitions	33,890	7,159	26,731
Total Commercial	132,688	124,626	8,062
Total Trade Sales [1]	**229,591**	**214,195**	**15,396**

[1] See "Non-IFRS Measures".

The movement in the three months ended December 31, 2019 trade sales compared to the prior year is summarized below:

Canada

- Trade sales in Canada, excluding acquisitions, decreased 22% over Q4 2018:
    - Farm sales decreased as strong demand for drying and aeration equipment were more than offset by lower sales of storage equipment that were negatively impacted by a challenging growing and harvest season.
    - Commercial sales decreased as Q4 2018 included a large fertilizer project and there was no similar project in the current year, and sales related to large grain

    - storage and handling projects were lower than the very strong sales that were recognized in Q4 2018.
- Sales from acquisitions relate primarily to Danmare and Improtech.

United States

- Trade sales in the U.S., excluding acquisitions, increased 17% over Q4 2018:
    - Farm sales in Q4 2019 were higher than the prior year due to robust demand across most product lines, including drying, aeration and portable grain handling equipment.
    - Sales of Commercial equipment in Q4 2019 increased due to higher fertilizer and controls sales compared to the prior year.
- Trade sales from acquisitions in the United States increased as a result of Danmare, Sabe and IntelliFarms.

International

- International trade sales, excluding acquisitions, decreased 18% over a strong Q4 2018 comparative:
    - Q4 2018 was a very strong quarter with sales increasing 69% over 2017.
    - Sales in Brazil in the fourth quarter were strong and slightly higher than a strong Q4 2018.
    - International sales in 2019 have been negatively impacted by global economic uncertainties, including trade disputes. Consistent with recent commentary, our sales order backlog in 2020 is higher than at the same time in the prior year.
- International sales from acquisitions relate primarily to Milltec and Sabe.

Gross Margin [see "Non-IFRS Measures"]

	Three Months Ended December 31	
	2019	**2018**
[thousands of dollars]	**$**	**$**
Trade sales [1]	229,591	214,195
Cost of inventories [1]	163,375	149,518
Gross margin [1]	**66,216**	**64,677**
Gross margin as a % of trade sales	**28.8%**	**30.2%**

[1] See “Non-IFRS measures”.

Gross margin percentages declined compared to the prior year as a strong operational performance in India and improving results in Brazil were offset by the impact of poor conditions in the U.S.

Selling, General and Administrative Expenses [“SG&A”]

SG&A expenses for the three months ended December 31, 2019 excluding M&A expenses, other transaction and transitional expenses and depreciation/amortization, were $45.9 million [20.0% of trade sales] versus $38.6 million [18.0% of trade sales] in 2018.

Excluding acquisitions, SG&A expenses for the three months ended December 31, 2019 were $38.7 million [20.0% of trade sales] versus $37.3 million [18.0% of trade sales] in 2018. Variances to the prior year include the following:

- Salaries and wages decreased $1.0 million as the Company's bonus accrual was adjusted downwards to reflect a change in anticipated achievement levels.
- No other individual variance greater was than $0.5 million.

EBITDA and Adjusted EBITDA [see "Non-IFRS Measures"]

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

	Three Months Ended December 31	
	2019	**2018**
[thousands of dollars]	**$**	**$**
Loss before income taxes	**(8,487)**	**(14,397)**
Finance costs	11,329	8,968
Depreciation and amortization	11,922	8,798
Share of associate's net loss	1,564	-
EBITDA	**16,328**	**3,369**
Loss (gain) on foreign exchange	(121)	9,084
Share based compensation	1,326	1,018
Loss (gain) on financial instruments [2]	(1,557)	10,562
M&A expenses (recovery)	(1,458)	833
Other transaction and transitional costs [3]	5,135	3,108
Loss on sale of PP&E	136	40
Fair value of inventory from acquisitions [4]	220	-
Equipment rework (5)	3,000	-
Impairment [6]	187	-
Adjusted EBITDA [1]	**23,196**	**28,014**

[1] See "Non-IFRS Measures".
[2] See "Equity Compensation Hedge".
[3] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[4] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost.
[5] To record the pre-tax charge for the estimated cost of rework for equipment supplied to two distinct projects. The charge relates to additional, time, material and services.
[6] To record assets held for sale at estimated fair value.

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

Diluted loss per share for the three months ended December 31, 2019 was $(0.23) versus $(0.66) in 2018. Loss per share in 2019 and 2018 has been impacted by the items enumerated in the table below, which reconciles loss to adjusted profit.

[thousands of dollars except per share amounts]	Three Months Ended December 31 2019 $	 2018 $
Loss	(8,286)	(11,861)
Diluted loss per share	(0.44)	(0.66)
Loss (gain) on foreign exchange	(121)	9,084
Fair value of inventory from acquisition [2]	220	-
M&A expenses (recovery)	(1,458)	833
Other transaction and transitional costs [3]	5,135	3,108
Loss (gain) on financial instruments	(1,557)	10,562
Loss on sale of PP&E	136	40
Impairment charge [4]	187	-
Equipment rework [5]	3,000	-
Share of associate's net loss	1,564	-
Adjusted profit (loss)[1]	**(1,180)**	**11,766**
Diluted adjusted profit (loss) per share [1]	(0.06)	0.66

[1] See "Non-IFRS Measures".
[2] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost.
[3] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[4] To record assets held for sale at estimated fair value.
[5] To record pre-tax charge for the estimated cost of rework for equipment supplied to two distinct projects. The charge relates to additional time, material and services.

LIQUIDITY AND CAPITAL RESOURCES

AGI's financing requirements are subject to variations due to the seasonal and cyclical nature of its business. Sales 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. Internally generated funds are supplemented when necessary from external sources, primarily the Credit Facility [as defined below], to fund the Company's working capital requirements, capital expenditures, acquisitions and dividends. The Company believes that the debt facilities and debentures described under "Capital Resources", together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements.

CASH FLOW AND LIQUIDITY

[thousands of dollars]	Year Ended December 31 2019 $	 2018 $
Profit before tax	18,404	38,564
Items not involving current cash flows	56,107	81,794
Cash provided by operations	74,511	120,358
Net change in non-cash working capital	(13,585)	(63,017)
Non-current accounts receivable and other	(8,060)	(3,942)
Long-term payables	-	(280)
Settlement of EIAP obligation	(2,553)	(1,953)
Income tax paid	(9,894)	(9,975)
Cash flows provided by operating activities	40,419	41,191

Cash used in investing activities	(223,134)	(88,635)
Cash provided by financing activities	197,526	17,073
Net increase (decrease) in cash during the period	14,811	(30,371)
Cash, beginning of period	33,610	63,981
Cash, end of period	**48,421**	**33,610**

Cash provided by operating activities in 2019 approximated 2018 levels as an improvement in cash used by working capital was offset by lower net income, adjusted for non-cash items. Cash used in investing activities relates primarily to the acquisitions of Improtech, IntelliFarms and Milltec. Cash provided by financing activities relates to bond issuances offset by the redemption of debentures, debt repayments and dividends paid.

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 sales 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 sales levels exceed production. The recent expansion of AGI's fertilizer business has had the effect of increasing working capital requirements in Q4 and Q1, and Milltec's seasonality is opposite of that described above. In addition, AGI's growing 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 has resulted in an increase in the number of days accounts receivable remain outstanding and may result in increased usage of working capital in certain quarters. Overall, requirements for AGI in 2019 are expected to be generally consistent with historical patterns.

Capital Expenditures

Maintenance capital expenditures in 2019 were $14.8 million [1.5% of trade sales] versus $11.3 million [1.2% of trade sales] in 2018. Maintenance capital expenditures in 2019 relate primarily to purchases of manufacturing equipment and building repairs.

AGI defines maintenance capital expenditures as cash outlays required to maintain plant and equipment at current operating capacity and efficiency levels. Non-maintenance capital expenditures encompass other investments, including cash outlays required to increase operating capacity or improve operating efficiency. AGI had non-maintenance capital expenditures in 2019 of $33.7 million versus $25.3 million in 2018. In 2019, non-maintenance capital expenditures relate primarily to the purchase of manufacturing equipment and facility expansions.

Management generally anticipates maintenance capital expenditures in a fiscal year to approximate 1.0% - 1.5% of sales. Non-maintenance capital expenditures are expected to decrease in 2020 compared to 2019. Maintenance and non-maintenance capital expenditures in 2020 are anticipated to be financed through bank indebtedness, cash on hand or through the Company's Credit Facility [see "Capital Resources"].

CONTRACTUAL OBLIGATIONS

The following table shows, as at December 31, 2019 the Company's contractual obligations for the periods indicated:

[thousands of dollars]	**Total $**	**2020 $**	**2021 $**	**2022 $**	**2023 $**	**2024 $**	**2025+ $**
2015 Debentures[1]	75,000	75,000	-	-	-	-	-
2017 Debentures	86,225	-	-	86,225	-	-	-
2018 Debentures	86,250	-	-	86,250	-	-	-
2019 March Debentures	86,250	-	-	-	-	86,250	-
2019 November Debentures	86,250	-	-	-	-	86,250	-
Long-term debt[2]	395,862	722	348	208	115	106	394,363
Lease liability	9,932	2,798	2,102	1,652	1,028	759	1,593
Short term and low value leases	49	34	9	5	1	-	-
Due to vendor	8,370	4,541	3,066	763	-	-	-
Contingent consideration	5,270	5,270	-	-	-	-	-
Preferred shares liability	30,258	-	18,155	12,103	-	-	-
Purchase obligations [3]	8,488	8,488	-	-	-	-	-
Leases committed not yet commenced	8,342	485	869	884	776	787	4,541
Total obligations	**886,546**	**97,338**	**24,549**	**188,090**	**1,920**	**174,152**	**400,497**

[1] The 2015 Debentures were redeemed in January 2020.
[2] Updated to reflect amended Credit Facilities, see SUBSEQUENT EVENTS
[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 Credit Facility and non-amortizing notes [see "Capital Resources – Debt Facilities"].

CAPITAL RESOURCES

Assets and Liabilities

(thousands of dollars)	**December 31 2019 $**	**December 31 2018 $**
Total assets	1,462,980	1,233,559
Total liabilities	1,089,585	799,360

Cash

The Company's cash balance at December 31, 2019 was $48.4 million [2018 - $33.6 million].

Debt Facilities

[thousands of dollars]	Currency	Maturity	Total Facility [CAD][1][2] $	Amount Drawn[1] $	Effective Interest Rate
Canadian Swing Line	CAD	2025	40,000	345	4.91%
Canadian Revolver Tranche A[4]	CAD	2025	135,000	90,511	4.91%
Canadian Revolver Tranche B	USD	2025	51,952	50,000	4.98%
U.S. Revolver [3][5]	USD	2025	227,209	196,379	5.20%
Series B Notes [6]	CAD	2025	25,000	25,000	4.44%
Series C Notes [6]	USD	2026	32,470	32,470	3.70%
Equipment Financing [6]	various	2025	1,121	1,121	Various
Total			**512,752**	**395,826**	

(1) USD denominated amounts translated to CAD at the rate of exchange in effect on December 31, 2019 of $1.2988.
(2) Excludes the $200 million accordion available under AGI's credit facility.
(3) Inclusive of USD $10 million swing-line facility.
(4) Interest rate fixed for $40 Million via interest rate swaps. See "Interest Rate Swaps".
(5) Interest rate fixed for USD $38 Million via interest rate swaps. See "Interest Rate Swaps".
(6) Fixed interest rate.

The Company has a credit facility [the "Credit Facility"] with a syndicate of Canadian chartered and other banks that includes committed revolver facilities of CAD $175 million and USD $215 million. AGI amended and extended its facility in March 2020 and amounts drawn under the Credit Facility now bear interest at BA or LIBOR plus 1.20% to BA or LIBOR plus 2.5% and prime plus 0.20% to prime plus 1.5% per annum based on performance calculations.

The Company has issued USD $25.0 million and CAD $25.0 million aggregate principal amount of secured notes through a note purchase and private shelf agreement [the "Series B and Series C Notes"]. The Series B and C Notes are non-amortizing.

AGI is subject to certain financial covenants, including a maximum leverage ratio of 3.75 as at December 31, 2019 and in 2020 (3.25 in 2021 and forward), and a minimum debt service ratio of 1.0, and is in compliance with all financial covenants. See SUBSEQUENT EVENTS.

Debentures

Convertible Debentures

The following table summarizes the key terms of the convertible unsecured subordinated debentures of the Company that were outstanding as at December 31, 2019:

Year Issued / TSX Symbol	Aggregate Principal Amount $	Coupon	Conversion Price $	Maturity Date	Redeemable at Par (1)(2)
2015 [AFN.DB.C]	75,000,000	5.00%	60.00	Dec 31, 2020	Jan 1, 2020
2017 [AFN.DB.D]	86,225,000	4.85%	83.45	Jun 30, 2022	Jun 30, 2021
2018 [AFN.DB.E]	86,250,000	4.50%	88.15	Dec 31, 2022	Jan 1, 2022

[1] At the option of the Company, at par plus accrued and unpaid interest. AGI redeemed its 2015 Debentures, AFN.DB.C above, in January 2020.

[2] In the twelve-month period prior to the date on which the Company may, at its option, redeem any series of convertible debentures at par plus accrued and unpaid interest, such convertible debentures may be redeemed, in whole or in part, at the option of the Company 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 ("Common Shares") of the Company during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price.

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Debentures by issuing and delivering common shares. The Company may also elect to satisfy its obligation to pay interest on the Debentures by delivering sufficient common shares. 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 shares issued will be determined based on market prices at the time of issuance.

The Company redeemed its 2014 Debentures on April 2, 2019. Upon redemption, AGI paid to the holders of the 2014 Debentures $52,435,000 equal to the outstanding principal amount of the 2014 Debentures redeemed including all accrued and unpaid interest up to but excluding the redemption date, less taxes deducted or withheld. Consequently, the Company expensed the remaining unamortized balance of $425,000 of deferred fees related to the 2014 Debentures. The expense was recorded to finance costs in the consolidated statements of income.

Debentures

On March 19, 2019, the Company closed the offering of $75 million aggregate principal amount of senior subordinated unsecured debentures and on March 26, 2019, closed the over-allotment option of $11.25 million. On November 19, 2019, the Company closed the offering of $75 million aggregate principal amount of senior subordinated unsecured debentures and on November 22, 2019, closed the over-allotment option of $11.25 million.

The following table summarizes the key terms of the Debentures that were outstanding as at December 31, 2019:

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

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the 5.40% Debentures by issuing and delivering common shares. The Company may also elect to satisfy its obligation to pay interest on the 5.40% Debentures by delivering sufficient common shares. The number of shares issued would be determined based on market prices at the time of issuance.

COMMON SHARES

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

	# Common Shares
December 31, 2018	18,363,780
Settlement of EIAP obligation	294,400
Conversion of convertible unsecured subordinated debentures	299
December 31, 2019	**18,658,479**
Settlement of EIAP obligations	39,381
March 25, 2020	**18,697,860**

At March 25, 2020

- 18,697,860 Common Shares are outstanding;
- 1,215,000 Common Shares are available for issuance under the Company's Equity Award Incentive Plan [the "EIAP"], of which 1,156,560 have been granted and 58,440 remain unallocated;
- 87,946 deferred grants of Common Shares have been granted under the Company's Directors' Deferred Compensation Plan and 18,436 Common Shares have been issued; and
- 3,261,698 Common Shares are issuable on conversion of the outstanding convertible debentures, of which there are an aggregate principal amount of $248 million outstanding.

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

DIVIDENDS

AGI declared dividends to shareholders in the year ended December 31, 2019 of $44.7 million versus $40.1 million in 2018. AGI's policy is to pay monthly dividends. 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 operating lines. In the year ended December 31, 2019 dividends paid to shareholders of $44.7 million [2018 – $39.3 million] were financed from cash on hand and nil [2018 – $1.4 million] by the DRIP. AGI suspended its DRIP in Q2 2018.

FUNDS FROM OPERATIONS AND PAYOUT RATIO [see "Non-IFRS Measures"]

Funds from operations ["FFO"], defined under "Non-IFRS Measures", is adjusted EBITDA less cash taxes, cash interest expense, realized losses on foreign exchange and maintenance capital expenditures. The objective of presenting this measure is to provide a measure of free cash flow. 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.

[thousands of dollars]	Year Ended December 31 2019 $	2018 $
Adjusted EBITDA	144,279	148,195
Interest expense	(44,793)	(37,067)
Non-cash interest	6,485	6,206
Cash taxes	(9,894)	(9,975)
Maintenance CAPEX	(14,810)	(11,292)
Funds from operations [1]	**81,267**	**96,067**
Dividends	44,705	40,650
Payout Ratio	**55%**	**42%**

[1] See "Non-IFRS Measures".

The increase in payout ratio is partially related to the acquisition of Milltec. Milltec's sales and adjusted EBITDA reflect agricultural seasonality in India, and historically approximately 70% of their sales have occurred in the first and fourth calendar quarters. Milltec was acquired on March 29, 2019 and accordingly the table above does not include Milltec's seasonally high Q1. In addition, AGI added 1.9 million common shares in Q4 2018, the proceeds of which contributed to funding the acquisition of Milltec on March 28, 2019.

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. AGI has no foreign exchange contracts outstanding as at December 31, 2019.

Interest Rate Swaps

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

	Currency	Maturity	Amount of Swap [000's] $	Fixed Rate [1]
Canadian dollar contracts	CAD	2022	40,000	3.6 – 4.1%
U.S. dollar contracts	USD	2020	38,000	3.8%

[1] With performance adjustments.

The interest rate swap contracts are derivative financial instruments and changes in the fair value were recognized as a gain (loss) on financial instruments in other operating income. Through these contracts, the Company agreed to receive interest based on the variable rates from the counterparty and pay interest based on fixed rates between 3.6% and 4.1%. The notional amounts are $89.4 million in aggregate, resetting the last business day of each month. The contracts expire between November 2020 and May 2022.

During the year ended December 31, 2019, a loss of $1.5 million [2018 - loss of $78,000] was recorded in gain (loss) on financial instruments.

Equity compensation hedge

The Company is party to an equity swap agreement with a financial institution to manage the Company's cash flow exposure due to fluctuations in its share price related to the EIAP. As at December 31, 2019, the equity swap agreement covered 722,000 Common Shares at a weighted average price of $38.76 and the maturity date of the agreement is April 6, 2021.

As at December 31, 2019, the unrealized gain on the equity swap was $5.6 million, and in the three-months and fiscal year-ended December 31, 2019, the Company recorded a gain (loss) in the consolidated statements of income of $1.4 million and $(9.8) million [2018 – gain of $4.5 million and $5.7 million].

2018 ACQUISITIONS

Danmare

In February 2018, AGI acquired 100% of the shares of Danmare. Danmare provides engineering solutions and project management services to the food industry, with a specialization in automated systems for pet food, rice and pasta, confectionery, ready-to-eat foods, sauces and meat processing. Sales and adjusted EBITDA for Danmare in its fiscal year-ended August 2017 were $6.4 million and $1.7 million, respectively.

Sabe

In July 2018, AGI acquired 100% of the outstanding shares of Sabe. Based in France, Sabe offers design, manufacturing, installation and commissioning of turnkey solutions to the food industry. The acquisition further evolves AGI's ability to provide complete solutions to a broad customer base. Sales and adjusted EBITDA for Sabe in its fiscal year-ended May 2018 were €16.4 million and €2.2 million, respectively.

2019 ACQUISITIONS

Improtech

In January 2019, AGI acquired 100% of the outstanding shares of Improtech. Improtech is a professional engineering services firm specializing in providing engineering design, project management and integration of new machinery and processes within the food and beverage industry. The acquisition further evolves AGI's ability to provide complete solutions to a broad customer base.

IntelliFarms

In March 2019, AGI acquired IntelliFarms, a provider of hardware and software solutions that benefit grain growers, processors, and other participants in the agriculture market. IntelliFarms was founded in 2001 and is headquartered in Archie, Missouri. Sales at IntelliFarms for the year ended December 31, 2018 were approximately $11.0 million USD.

Milltec

In March 2019, AGI acquired 100% of the outstanding shares of Milltec. The purchase price for Milltec was $113.1 million, plus the potential for up to an additional $30.8 million based on the achievement of EBITDA targets. Milltec is headquartered in Bangalore, India, and is a market leading manufacturer of rice milling and processing equipment in India. For the twelve months ended January 31, 2019, Milltec's sales and EBITDA were $56.2 million and $10.1 million, respectively.

SUBSEQUENT EVENTS

On January 2, 2020, the Company redeemed its 5.00% convertible unsecured subordinated debentures due December 31, 2020 ["2015 Debentures"] in accordance with the terms of the supplemental trust indenture dated September 29, 2015 [note 21].

On January 16, 2020, the Company acquired 100% of the shares outstanding of Affinity Management Ltd. ["Affinity"]. The transaction was funded from the Company's operating facilities. Affinity, headquartered in Oakville, Ontario, is a provider of software solutions to the agriculture industry under the brand name Compass® and includes a comprehensive Enterprise Resource Planning ["ERP"] system for growers and ag retailers, as well as an agronomy tool. The Compass® product suite is highly complementary to AGI's current offering and will be a key component of the full AGI SureTrack platform.

On February 13, 2020, the Company entered an agreement with a syndicate of underwriters, pursuant to which AGI will issue on a "bought deal" basis, subject to regulatory approval, $85 million aggregate principal amount of senior subordinated unsecured debentures [the "2020 Debentures"] at a price of $1,000 per Debenture (the "Offering"). On March 5, 2020, the Company closed the offering of the 2020 Debentures. AGI has also granted to the Underwriters an over-allotment option, exercisable in whole or in part for a period expiring 30 days following closing, to purchase up to an additional $12,750,000 aggregate principal amount of Debentures at the same price. If the over-allotment option is fully exercised, the total gross proceeds from the Offering to AGI will be $97.75 million.

The net proceeds of the Offering will be used to repay indebtedness and for general corporate purposes.

The Debentures bear interest at 5.25% per annum, payable semi-annually in arrears on June 30 and December 31 each year commencing June 30, 2020. The Debentures have a maturity date of December 31, 2026.

The Debentures are not be redeemable by the Company before December 31, 2022, except upon the occurrence of a change of control of the Company in accordance with the terms of the indenture [the "Indenture"] governing the Debentures. On and after December 31, 2022 and prior to December 31, 2023, the Debentures may be redeemed at the Company's option at a price equal to 103.9375% of their principal amount plus accrued and unpaid interest. On and after December 31, 2023 and prior to December 31, 2024, the Debentures may be redeemed at the Company's option at a price equal to 102.625% of their principal amount plus accrued and unpaid interest. On and after December 31, 2024 and prior to December 31, 2025, the Debentures may be redeemed at the Company's option at a price equal to 101.3125% of their principal amount plus accrued and unpaid interest. On and after December 31, 2025 and prior to maturity, the Debentures will be redeemable at the Company's option at a price equal to their principal amount plus accrued and unpaid interest.

The Company has the option to satisfy its obligation to repay the principal amount of the Debentures due at redemption or maturity by issuing and delivering that number of freely tradeable common shares in accordance with the terms of the Indenture.

The Debentures are not convertible into common shares of the Company at the option of the holders at any time.

On March 20, 2020, the Company amended and extended the Credit Facility. Under the amended and extended Credit Facility, the revolving facilities bear interest at bankers' acceptance (BA) or London Interbank Offered Rate (LIBOR) plus 1.20% to BA or LIBOR plus 2.50%, and the swing lines bear interest at prime plus 0.20% to prime plus 1.5% per annum, in each case based on certain performance calculations. The Credit Facility matures on March 20, 2025. Collateral for the Credit Facility ranks pari passu with the collateral for the Series B and Series C Secured Notes and includes a general security agreement over all assets, first position collateral mortgages on land and buildings, assignments of rents and leases and security agreements for patents and trademarks.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

OTHER RELATIONSHIPS

Burnet, Duckworth & Palmer LLP provides legal services to the Company, and a Director of AGI is a partner of Burnet, Duckworth & Palmer LLP. During the year ended December 31, 2019, the total cost of these legal services related to general matters was $0.4 million [2018 – $1.4 million], and $0.5 million is included in accounts payable and accrued liabilities as at December 31, 2019.

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 2019 audited annual consolidated financial statements are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 to the audited consolidated financial statements for the year ended December 31, 2019 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 are available under the Company's profile on SEDAR [www.sedar.com]. These risks and uncertainties include but are not limited to the following: general economic and business conditions and changes in such conditions locally, in North America, South America, South Asia and globally; 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, 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 and interest 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; governmental regulation of the agriculture and manufacturing industries, including environmental regulation; actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs; 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; the availability of credit for customers, incorrect assessments of the value of acquisitions and failure of the Company to realize the anticipated benefits of acquisitions; 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; and climate change risks. 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.

CHANGES IN ACCOUNTING STANDARDS AND FUTURE ACCOUNTING CHANGES

New accounting policies

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

AGI's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statements of income reflect the Company's share of the results of operations of the associate. Any change in OCI of the associate is presented as part of AGI's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the consolidated statements of changes in shareholders' equity. Unrealized gains and losses resulting from transactions between AGI and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the consolidated statements of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of AGI.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within share of associate's net income (loss) in the consolidated statements of income.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Adoption of new accounting standards

IFRS 16, Leases ["IFRS 16"]

The Company has applied IFRS 16 using the modified retrospective approach, and therefore the comparative information has not been restated and continues to be reported under IAS 17, *Leases*, ["IAS 17"] and IFRIC 4, *Determining whether an Arrangement contains a Lease* ["IFRIC 4"].

For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset.

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at January 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company has also elected not to recognize right-of-use assets and lease liabilities for short-term leases [12 months or less] and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a result of adoption of IFRS 16, the Company recorded a right-of-use asset and a lease liability of $9,071 as at January 1, 2019 on the consolidated statements of financial position. On adoption of IFRS 16, AGI used the incremental borrowing rate as required by the standard.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as at December 31, 2018 as follows:

	$
Operating lease commitments as at December 31, 2018	**11,059**
Weighted average incremental borrowing rate as at January 1, 2019	5.02%
Discounted operating lease commitments at January 1, 2019	10,841
Less:	
Commitments relating to short-term and low-value leases	(1,770)
Lease liabilities as at January 1, 2019	**9,071**

IAS 19, Employee Benefits ["IAS 19"]

The Company adopted the amendments to IAS 19 with a date of application of January 1, 2019. The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

These amendments are applied prospectively to any future plan amendments, curtailments, or settlements of the Company; as at December 31, 2019, there were no such amendments.

IFRIC 23 – Uncertainty Over Income Tax Treatments

The Company adopted IFRIC 23 with a date of application of January 1, 2019. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Company's adoption of IFRIC 23 did not have a significant impact on the Company's consolidated financial statements.

Standards issued but not yet effective

Amendments to IFRS 3, *Business Combinations* [“IFRS 3”]

The IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on January 1, 2020 with earlier application permitted. Consequently, transactions that occurred in prior periods do not need to be reassessed. The Company’s assessment did not identify significant classification, recognition or measurement differences. The Company will adopt the amendments to IFRS 3 as at January 1, 2020.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including AGI’s Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management of AGI is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Subsequent to December 31, 2018, AGI acquired Improtech, IntelliFarms and Milltec. See “Basis of Presentation - Acquisitions”. Management has not completed its review of internal controls over financial reporting or disclosure controls and procedures for these acquired businesses. Since the acquisitions occurred within 365 days of the end of the reporting period, management has limited the scope of design, and subsequent evaluation, of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of these acquisitions, as permitted under Section 3.3 of National Instrument 52-109 - *Certification of Disclosure in Issuer’s Annual and Interim Filings*. For the period covered by this MD&A, management has undertaken specific procedures to satisfy itself with respect to the accuracy and completeness of the financial information of Improtech, IntelliFarms and Milltec. The following is the summary financial information pertaining to Improtech, IntelliFarms and Milltec that was included in AGI’s consolidated financial statements for the year ended December 31, 2019:

[thousands of dollars]	Improtech/IntelliFarms/Milltec $
Revenue [1]	60,046
Loss[1]	(13,070)
Current assets [1][2]	44,793
Non-current assets [1][2]	149,229
Current liabilities [1][2]	34,379
Non-current liabilities [1][2]	31,070

[1] Net of intercompany
[2] Statement of financial position as at December 31 2019

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

NON-IFRS MEASURES

In analyzing our results, we supplement our use of financial measures that are calculated and presented in accordance with IFRS with a number of non-IFRS financial measures including "trade sales", "EBITDA", "Adjusted EBITDA", "gross margin", "funds from operations", "payout ratio", "adjusted profit", and "diluted adjusted profit per share". A non-IFRS financial measure is a numerical measure of a company's historical performance, financial position or cash flow that excludes [includes] amounts, or is subject to adjustments that have the effect of excluding [including] amounts, that are included [excluded] in the most directly comparable measures calculated and presented in accordance with IFRS. Non-IFRS financial measures are not standardized; therefore, it may not be possible to compare these financial measures with other companies' non-IFRS financial measures having the same or similar businesses. 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.

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

In this MD&A, we discuss the non-IFRS 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.

Management believes that the Company's financial results may provide a more complete understanding of factors and trends affecting our business and be more meaningful to management, investors, analysts and other interested parties when certain aspects of our financial results are adjusted for the gain (loss) on foreign exchange and other operating expenses and income. These measurements are non-IFRS measurements. Management uses the non-IFRS adjusted financial results and non-IFRS financial measures to measure and evaluate the performance of the business and when discussing results with the Board of Directors, analysts, investors, banks and other interested parties.

References to “EBITDA” are to profit before income taxes, finance costs, depreciation, amortization and share of associate’s net loss. References to “adjusted EBITDA” are to EBITDA before the gain or loss on foreign exchange, non-cash share based compensation expenses, gain or loss on financial instruments, M&A expenses, other transaction and transitional costs, gain or loss on the sale of property, plant & equipment, gain or loss on disposal of assets held for sale and fair value of inventory from acquisitions, equipment rework costs and impairment. Management believes that, in addition to profit or loss, EBITDA and adjusted EBITDA are useful supplemental measures in evaluating the Company’s performance. Management cautions investors that EBITDA and 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 “Operating Results - EBITDA and Adjusted EBITDA” for the reconciliation of EBITDA and Adjusted EBITDA to profit before income taxes.

References to “trade sales” are to sales net of the gain or loss on foreign exchange. Management cautions investors that trade sales should not replace sales as an indicator of performance. See "Operating Results - Trade Sales" for the reconciliation of trade sales to sales.

References to “gross margin” are to trade sales less cost of inventories, and thereby exclude depreciation, amortization, fair value of inventory from acquisitions and equipment rework from cost of sales. Management believes that gross margin provides a useful supplemental measure in evaluating its performance. See "Operating Results– Gross Margin" for the calculation of gross margin.

References to “funds from operations” are to adjusted EBITDA less IFRS 15 adjustment, interest expense, non-cash interest, cash taxes and maintenance capital expenditures. Management believes that, in addition to cash provided by (used in) operating activities, funds from operations provide a useful supplemental measure in evaluating its performance. References to “payout ratio” are to dividends declared as a percentage of funds from operations. See "Funds from Operations and Payout Ratio" for the calculation of funds from operations and payout ratio.

References to “adjusted profit” and “diluted adjusted profit per share” are to profit for the period and diluted profit per share for the period adjusted for the gain or loss on foreign exchange, fair value of inventory from acquisitions, M&A expenses or recoveries, other transaction and transitional costs, gain or loss on financial instruments, gain or loss on sale of property, plant and equipment impairment charges, cost of equipment rework and share of associate’s net loss. See "Detailed Operating Results – Diluted profit (loss) per share and diluted adjusted profit per share” for the reconciliation of diluted profit per share and diluted adjusted profit per share to profit.

In addition, the financial information in this MD&A relating to Milltec's sales and EBITDA for periods prior to its acquisition by AGI was derived from Milltec's financial statements, which are prepared in accordance with generally accepted accounting principles in India, which differ in some material respects from IFRS, and accordingly may not be comparable to the financial statements of AGI or other Canadian public companies.

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”, “believe”, “continue”, “could”, “expects”, “intend”, “plans”, "postulates", "predict", “will” or similar expressions suggesting future conditions or events or the negative of these terms are generally intended to identify forward-looking information. Forward-looking information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which it is based will occur. In particular, the forward-looking information in this MD&A includes information relating to our business and strategy, including our outlook for our financial and operating performance including our expectations for our future financial results including sales, EBITDA and adjusted EBITDA, industry demand and market conditions, the anticipated impacts of the coronavirus (COVID-19) outbreak on our business, operations and financial results; and with respect to our ability to achieve the expected benefits of recent acquisitions and the contribution therefrom including from purchasing and personnel synergies and margin improvement initiatives. Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions concerning: the anticipated impacts of the coronavirus (COVID-19) outbreak on our business, operations and financial results; anticipated grain production in our market areas; financial performance; the financial and operating attributes of recently acquired businesses and the anticipated future performance thereof and contributions therefrom; business prospects; strategies; product and input pricing; regulatory developments; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; political events; currency exchange and interest rates; the cost of materials; labour and services; the value of businesses and assets and liabilities assumed pursuant to recent acquisitions; the impact of competition; the general stability of the economic and regulatory environment in which the Company operates; the timely receipt of any required regulatory and third party approvals; the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner; the timing and payment of dividends; the ability of the Company to obtain financing on acceptable terms; the regulatory framework in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its products and services. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking information, including the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the recent coronavirus (COVID-19) pandemic, including the effects on the Company's operations, personnel, and supply chain, the demand for its products and services, its ability to expand and produce in new geographic markets or the timing of such expansion efforts, and on overall economic conditions and customer confidence and spending levels, changes in international, national and local macroeconomic and business conditions, as well as sociopolitical conditions in certain local or regional markets, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, the ability of management to execute the Company’s business plan, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange and interest rates, the availability of credit for customers, competition, AGI’s failure to achieve the expected benefits of recent acquisitions including to realize anticipated synergies and margin improvements; and changes in trade relations between the countries in which the Company does business including between Canada and the United States. These risks and uncertainties are described under “Risks and

Uncertainties" in this MD&A, our annual MD&A and in our most recently filed Annual Information Form, all of which are available under the Company's profile on SEDAR [www.sedar.com]. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking information. We cannot assure readers that actual results will be consistent with this forward-looking information. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. These estimates may change, having either a negative or positive effect on profit, as further information becomes available and as the economic environment changes. 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.

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.sedar.com].