# AG GROWTH INTERNATIONAL INC.
# MANAGEMENT'S DISCUSSION AND ANALYSIS
## Dated: November 10, 2021

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, 2020, the Management's Discussion and Analysis (the "Annual MD&A") of the Company for the year ended December 31, 2020 and the unaudited interim condensed consolidated comparative financial statements of the Company and accompanying notes for the three- and nine-month periods ended September 30, 2021. Results are reported in Canadian dollars unless otherwise stated.

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", "diluted adjusted profit per share" and "backlogs". 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 September 30 | | | |
|---|---|---|---|---|
| | 2021 $ | 2020 $ | Change $ | Change % |
| Trade sales [1][2] | 313,859 | 282,450 | 31,409 | 11% |
| Adjusted EBITDA [1][3] | 46,298 | 51,769 | (5,471) | (11%) |
| Adjusted EBITDA Margin % [1][3] | 15% | 18% | (3%) | (17%) |
| Profit (loss) | (73) | (12,261) | 12,188 | n/a |
| Diluted profit (loss) per share | (0.00) | (0.66) | 0.66 | n/a |
| Adjusted profit [1] | 19,784 | 32,276 | (12,492) | (39%) |
| Diluted adjusted profit per share [1][4] | 1.02 | 1.62 | (0.60) | (37%) |

[1] See "Non-IFRS Measures".
[2] See "OPERATING RESULTS – Trade Sales".
[3] See "OPERATING RESULTS – EBITDA and Adjusted EBITDA".
[4] See "OPERATING RESULTS – Diluted profit (loss) per share and diluted adjusted profit per share".

Strong demand for AGI's products across most regions resulted in consolidated trade sales increasing 11% year-over-year ('YOY') for the three-months ended September 30, 2021. As anticipated, the rise in input costs impacted adjusted EBITDA resulting in a 11% decline YOY for the three-months ended September 30, 2021. Consolidated backlogs continued to remain strong and were up 99% over September 30, 2020, with broad-based strength across all segments and geographies.

Farm segment trade sales grew 11% while adjusted EBITDA declined 8% YOY, respectively, for the three-months ended September 30, 2021, as we continue to see strong demand for both portable and permanent handling equipment. Commercial segment trade sales and adjusted EBITDA grew 10% and declined 19% YOY, respectively, for the three-months ended September 30, 2021, with strength in the U.S., Asia Pacific, and South America markets.

The decrease in adjusted EBITDA margins was fully expected given the rapid rise in input costs and constricted supply chain for all inputs throughout 2021. Active and substantial price increases, contract modifications, and shorter quoting periods served to significantly mitigate the full extent of the supply chain issues.

The demand for Farm segment equipment continues to be very robust as customers focus on securing critical products based on the increase in crop volumes and the potential for supply chain disruption. Farm backlog is up 202% over prior year as of September 30, 2021, with considerable strength across all geographies including the U.S. as well as Brazil.

The Commercial segment is also seeing strong demand as backlogs are up 76% YOY with the Commercial platform and Food platform contributing 62% and 153% increases, respectively, signaling a strong outlook for Q4 2021 and Q1 2022.

Within the Farm and Commercial segments, we had notable strength in the quarter from our Brazilian operations. Brazil continued to gain momentum with trade sales and adjusted EBITDA growing 128% and 70% YOY, respectively, for the three-months ended September 30, 2021. The Food platform is also gaining scale and was a notable contributor to the Commercial segment with trade sales increasing 46% YOY, led by the U.S. market with 118% YOY trade sales growth for the three-months ended September 30, 2021.

In our Technology segment, the third quarter was marked by continued progress on a variety of strategic priorities to facilitate sales growth and margin stability. Technology segment trade sales increased 41% and 49% YOY for the three and nine-months ended September 30, 2021.

With backlogs up 99% at the end of September and very robust quoting pipelines globally we expect a strong finish to 2021 with positive dynamics heading into 2022.

## UPDATE ON REMEDIATION WORK

Progress on advancing the remediation work as it relates to the previously disclosed grain bin incident continued in the quarter with remediation work nearly complete at one of the two customer sites. At the second customer site, the site of the grain bin incident, the customer has decided to remediate themselves and with other suppliers. To-date, the Company has spent approximately $41.0 million of the $77.5 million total accrual.

Earlier in 2021, two legal claims related to the bin collapse were initiated against the Company for a cumulative amount in excess of $190 million. The investigation into the cause of and responsibility for the collapse remains ongoing. The Company is in the process of assessing these claims and has a number of legal and contractual defenses to each claim. No further provisions have been recorded for these claims. The Company will fully and vigorously defend itself. In addition, the Company continues to believe that any financial impact will be partially offset by insurance coverage. AGI is working with insurance providers and external advisors to determine the extent of this cost offset. Insurance recoveries, if any, will be recorded when received.

Additional information on the provision for remediation can also be found in "OPERATING RESULTS – – Remediation Costs".

## COVID-19

The emergence of COVID-19 had an adverse impact on AGI's business, including the disruption of production, our supply chain, and product delivery. While AGI experienced temporary production suspension early in the pandemic in 2020, there has not been any significant production suspension or interruptions in 2021 as a result of COVID-19.

AGI operations were identified as essential services in many regions throughout North America, highlighting the important role the Company plays in the global food supply chain. Although AGI's business has been impacted by the COVID-19 related disruptions, management continues to believe 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.

AGI is currently fully operational across all manufacturing locations globally, with no loss of productive capacity owing to COVID-19 during Q3 2021. However, headwinds stemming from the pandemic have impacted the availability and cost of raw materials required for production. Various disruptions in the supply chain including steel supply and logistics have caused significant delays on a number of projects which impacted the timing of revenue recognition in Q3 2021. In addition, potential restrictions and lockdowns in countries such as Brazil and India that have been severely impacted by COVID-19 may cause supply chain disruptions and temporary production suspensions. Our 2021's results remain subject to the effect of COVID-19 on our manufacturing facilities, markets, and customers.

Additional information on the impacts of COVID-19 can also be found in "OUTLOOK" and "OPERATING RESULTS - Trade Sales."

## BASIS OF PRESENTATION

On January 1, 2021, the Company reorganized its business segments to better reflect changes in its operations and management structure. As a result of those changes, the Company identified three reportable segments: Farm, Commercial, and Technology, each supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. Certain corporate overheads are included in the segments based on revenue. Taxes and certain other expenses are managed at a consolidated level and are not allocated to the reportable operating segments. Financial information for the comparative period has been restated to reflect the new presentation. In the segment disclosure that follows, we have also included product platforms in order to provide additional information within a segment that may be useful to the reader. Specifically, our Commercial segment includes the Commercial and Food product platforms.

### Description of Business Segments and Platforms

#### *Farm Segment*

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

*Commercial Segment*

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

*Food Platform*

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

*Technology Segment*

AGI's Technology segment is built on a foundation of our Internet of Things ('IoT') products. We design, manufacture, and supply IoT hardware that monitors, operates, and automates our equipment and the collection of key operational data for our customers. This operational data is fed into intuitive and rich user interfaces, AGI SureTrack Farm and Pro, to enable our customers to operate and monitor their equipment, record operational activity, manage and market their inventories, and holistically operate their businesses. The IoT product portfolio is a mix of stand-alone hardware including weather stations, soil probes, grain temperature and moisture sensors, field equipment data (Farmobile PUC) and is further augmented through the digitalization of AGI products. In addition, our technology products offer monitoring, operation, measurement and blending controls, automation, hazard monitoring, embedded electronics, farm management, grain marketing and tools for agronomy, and Enterprise Resource Planning ["ERP"] for Agriculture retailers and grain buyers. These products are available both as standalone offerings, as well as in combination with larger farm or commercial systems from AGI.

## OUTLOOK

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

### Farm Segment

Farm backlog increased substantially, 202% over prior year as of September 30, 2021, as inventory levels remain low at many of our dealers as a result of a strong crop yield in many parts of the U.S. and Brazil. These factors have resulted in Farm backlogs increasing 185% in the U.S., and 438% in International, over prior year as of September 30, 2021. Notwithstanding potential supply chain impact on production and delivery of our products, Management is anticipating a strong finish to Q4 2021 and trending towards a strong start to 2022 in the U.S. While certain areas in the Canadian Prairies experienced drought conditions in 2021, a strong crop yield in Eastern Canada resulted in increased demand for our Farm products leading to a YOY increase of 121% of our overall Farm backlog in Canada. We anticipate there will be an impact to the Canadian Farm segment in H1 2022 but note the current demand and backlog in the U.S. should more than offset any potential impact from the drought conditions in Canada. Supply chain challenges will continue to have a relatively small impact on margins in the Farm segment in Q4 2021.

## Commercial Segment

### *Commercial Platform*

Overall, management anticipates continued growth in the Commercial segment with notable strength in the International segment in 2021 and beyond as supported by the positive macroeconomic fundamentals.

Margins in the Commercial platform are a focus as, similar to the Farm segment, securing steel and other components on a timely and cost-effective basis amid the supply chain disruptions has been challenging. Many of AGI's Commercial platform contracts include provisions to pass along some or all of the key raw material cost increases. Open sales quotes are continuously reviewed and updated for changes in market conditions. Ongoing disruption of raw material, freight, and labour could lead to ongoing pressure on gross margin performance of the platform.

*Canada*

While COVID-19 had a substantial impact on project activity, quoting, project development, and project progression across North America, the impact on projects in western Canada continues to be more severe than in the U.S. as many growth projects continue to be placed on hold in favor of essential maintenance.

The Canadian Commercial platform backlog was down 1% over prior year as of September 30, 2021. However, the increase in quoting across the grain terminal and grain processing markets have resulted in an increased backlog subsequent to September 30, 2021.

*United States*

Sales continue to improve in the U.S. Commercial platform as demand for commercial grain infrastructure continues to move higher with the increase in corn and soybean exports. The U.S. Commercial platform backlogs have increased 91% over prior year as of September 30, 2021 signaling a strong Q4 2021 and H1 2022.

*International*

The International Commercial platform also has strong demand across all regions which underpins an 81% YOY increase in backlogs.

- EMEA: Momentum for EMEA remains strong with backlogs up 106% YOY. This YOY increase in part relates to some projects being deferred to future quarters due to minor supply chain interruptions, customer's on-site availability and project readiness.
- Asia Pacific: This is a relatively new platform for AGI and we have focused on building the foundation for our regional team and capabilities with significant progress in 2021. The region saw a 20% increase in backlog YOY as we begin to see the impact of our regional development.
- South America: The macro environment continues to be supportive for investment in the South America region with record crop sizes and substantial global demand for grain exports from

this region. As we grow our presence in these robust markets, we see sequential increases in our quoting and sales activity leading to substantial growth in backlogs. YOY backlog is up 151% over the prior year as of September 30, 2021, and it continues to grow as we move into Q4 2021.

*Food Platform*

Food platform backlogs increased 153% YOY driven by a combination of robust demand from the food and beverage end markets, repeat business from existing strategic customers, and onboarding of new customers. As with all our segments, increasing prices of raw materials, labour, and foreign exchange fluctuations are closely monitored and we constantly evaluate all quotes and current projects to manage margins.

Technology Segment

Prior to the onset of the COVID-19 pandemic, the Technology segment's strongest source of sales leads and conversion was industry tradeshows. With the widespread cancellation of tradeshow activity throughout the 2021 growing season, direct interaction with growers has been restricted which has hampered the pace of sales growth for the segment. As conditions normalize and tradeshow activity resumes, we expect this to have a positive impact on Technology segment sales and growth.

In addition, the Technology segment has substantially completed several initiatives to position the business for continued growth heading into Q4 2021 and 2022 including onboarding additional dealers, expanding distribution channels, automating areas of production, and increasing capacity. In response to ongoing customer feedback, a new subscription model for SureTrack's IoT hardware will be introduced in Q4 2021.

Given the ongoing changes to channel and sales, which will be a blend of software and hardware subscriptions, bundled hardware sales and stand-alone IoT sales, we have discontinued use of the retail equivalent metric which added complexity to our disclosure.

Summary

AGI's 5-6-7 strategy has led to diversification of our products, geographies, and customers which provided stability and resilience during the trade wars of 2019, the COVID crisis in 2020 and in 2021 and is now demonstrating positive growth dynamics. The growth in 2021 YTD sales and adjusted EBITDA will be enhanced with a strong Q4 2021, supported by backlogs at record levels which increased 99% YOY as at September 30, 2021. Management continues to expect full year adjusted EBITDA to be at least $170 million, representing strong growth over 2020.

See also, "Risks and Uncertainties" and "Forward-Looking Information".

The following table presents YOY changes in the Company's backlogs [see "Non-IFRS Measures"]:

| | Region | | | |
|---|---|---|---|---|
| Segments and Platforms[1] | Canada % chg | United States % chg | International % chg | Total % chg |
| Farm | 121% | 185% | 438% | 202% |
| Commercial | | | | |
| Commercial Platform | (1%) | 91% | 63% | 62% |
| Food Platform | 11% | 271% | 43% | 153% |
| Total Commercial Segment | 1% | 149% | 61% | 76% |
| **Overall** [1] | **50%** | **160%** | **81%** | **99%** |

[1] Backlog for Technology segment has been excluded as products and services are delivered on a just-in-time basis and therefore backlog is not a relevant indicator of committed sales.

The following table presents YOY changes in the Company's international backlogs [see "Non-IFRS Measures"] further segmented by region:

| Farm and Commercial Segments [1] | EMEA % chg[2] | Asia Pacific % chg [3] | South America % chg [4] |
|---|---|---|---|
| International by region [1] | 106% | 20% | 151% |

[1] Backlog for Technology has been excluded as products and services are delivered on a just-in-time basis and therefore backlog is not a relevant indicator of committed sales.
[2] "EMEA" composed of Europe, Middle East and Africa
[3] "Asia Pacific" composed of South East Asia, Australia, India, and Rest of World
[4] "South America" composed of Latin America and Brazil

## OPERATING RESULTS

**Trade Sales** [see "Non-IFRS Measures"]

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| [thousands of dollars] | $ | $ | $ | $ |
| Trade sales | 313,859 | 282,450 | 871,428 | 772,745 |
| Foreign exchange loss[1] | (166) | (1,042) | (1,358) | (4,292) |
| **Total Sales** | **313,693** | **281,408** | **870,070** | **768,453** |

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

Trade Sales by Segment and Geography [see “Basis of Presentation” and "Non-IFRS Measures"]

Farm Segment

| | | | Three-months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | Change | Change |
| [thousands of dollars] | $ | $ | $ | % |
| Canada | 61,263 | 60,190 | 1,073 | 2% |
| U.S. | 89,684 | 80,168 | 9,516 | 12% |
| International | | | | |
| EMEA | 1,484 | 2,643 | (1,159) | (44%) |
| Asia Pacific | 6,816 | 7,003 | (187) | (3%) |
| South America | 13,934 | 6,252 | 7,682 | 123% |
| Total International | 22,234 | 15,898 | 6,336 | 40% |
| Total Trade Sales | 173,181 | 156,256 | 16,925 | 11% |

| | | | Nine-months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | Change | Change |
| [thousands of dollars] | $ | $ | $ | % |
| Canada | 180,057 | 163,115 | 16,942 | 10% |
| U.S. | 242,062 | 211,936 | 30,126 | 14% |
| International | | | | |
| EMEA | 9,358 | 10,800 | (1,442) | (13%) |
| Asia Pacific | 16,468 | 16,414 | 54 | 0% |
| South America | 28,307 | 16,069 | 12,238 | 76% |
| Total International | 54,133 | 43,283 | 10,850 | 25% |
| Total Trade Sales | 476,252 | 418,334 | 57,918 | 14% |

Commercial Segment

| | | | Three-months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | Change | Change |
| [thousands of dollars] | $ | $ | $ | % |
| Canada | 17,335 | 19,072 | (1,737) | (9%) |
| U.S. | 47,660 | 45,032 | 2,628 | 6% |
| International | | | | |
| EMEA | 19,539 | 20,572 | (1,033) | (5%) |
| Asia Pacific | 25,102 | 21,156 | 3,946 | 19% |
| South America | 20,290 | 12,734 | 7,556 | 59% |
| Total International | 64,931 | 54,462 | 10,469 | 19% |
| Total Trade Sales | 129,926 | 118,566 | 11,360 | 10% |

| [thousands of dollars] | 2021<br>$ | 2020<br>$ | Nine-months Ended September 30<br>Change<br>$ | Change<br>% |
|---|---|---|---|---|
| Canada | 39,862 | 59,065 | (19,203) | (33%) |
| U.S. | 137,474 | 116,621 | 20,863 | 18% |
| International | | | | |
| EMEA | 66,573 | 73,020 | (6,447) | (9%) |
| Asia Pacific | 69,802 | 51,827 | 17,975 | 35% |
| South America | 55,425 | 36,345 | 19,080 | 52% |
| Total International | 191,800 | 161,192 | 30,608 | 19% |
| **Total Trade Sales** | **369,136** | **336,878** | **32,258** | **10%** |

We have included product groups in the table below in order to provide additional information that may be useful to the reader. The Commercial segment includes the Commercial platform and Food platform.

| | Commercial Platform<br>Three-months Ended September 30 | | | | Food Platform<br>Three-months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| [thousands of dollars] | 2021<br>$ | 2020<br>$ | Change<br>$ | Change<br>% | 2021<br>$ | 2020<br>$ | Change<br>$ | Change<br>% |
| Canada | 13,743 | 15,753 | (2,010) | (13%) | 3,592 | 3,319 | 273 | 8% |
| U.S. | 36,106 | 39,725 | (3,619) | (9%) | 11,554 | 5,307 | 6,247 | 118% |
| International | | | | | | | | |
| EMEA | 15,883 | 17,792 | (1,909) | (11%) | 3,656 | 2,780 | 876 | 32% |
| Asia Pacific | 25,002 | 19,586 | 5,416 | 28% | 100 | 1,570 | (1,470) | (94%) |
| South America | 20,290 | 12,734 | 7,556 | 59% | 0 | 0 | 0 | n/a |
| Total International | 61,175 | 50,112 | 11,064 | 22% | 3,756 | 4,350 | (594) | (14%) |
| Total Trade Sales | 111,024 | 105,590 | 5,434 | 5% | 18,902 | 12,976 | 5,926 | 46% |

| | Commercial Platform<br>Nine-months Ended September 30 | | | | Food Platform<br>Nine-months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| [thousands of dollars] | 2021<br>$ | 2020<br>$ | Change<br>$ | Change<br>% | 2021<br>$ | 2020<br>$ | Change<br>$ | Change<br>% |
| Canada | 30,263 | 49,472 | (19,209) | (39%) | 9,599 | 9,593 | 6 | 0% |
| U.S. | 108,218 | 101,536 | 6,682 | 7% | 29,256 | 15,085 | 14,171 | 94% |
| International | | | | | | | | |
| EMEA | 52,469 | 63,464 | (10,995) | (17%) | 14,104 | 9,556 | 4,548 | 48% |
| Asia Pacific | 69,564 | 48,402 | 21,162 | 44% | 238 | 3,425 | (3,187) | (93%) |
| South America | 55,425 | 36,345 | 19,080 | 52% | 0 | 0 | 0 | n/a |
| Total International | 177,458 | 148,211 | 29,247 | 20% | 14,342 | 12,981 | 1,361 | 10% |
| Total Trade Sales | 315,939 | 299,219 | 16,720 | 6% | 53,197 | 37,659 | 15,538 | 41% |

Technology Segment

| [thousands of dollars] | 2021<br>$ | 2020<br>$ | Three-months Ended September 30<br>Change<br>$ | Change<br>% |
|---|---|---|---|---|
| Canada | 518 | 383 | 135 | 35% |
| U.S. | 10,238 | 7,195 | 3,043 | 42% |
| International | | | | |
| EMEA | 0 | 17 | (17) | (100%) |
| Asia Pacific | (5) | 0 | (5) | n/a |
| South America | 1 | 33 | (32) | (97%) |
| Total International | (4) | 50 | (54) | (108%) |
| **Total Trade Sales** | **10,752** | **7,628** | **3,124** | **41%** |

| [thousands of dollars] | 2021<br>$ | 2020<br>$ | Nine-months Ended September 30<br>Change<br>$ | Change<br>% |
|---|---|---|---|---|
| Canada | 1,106 | 1,264 | (158) | (13%) |
| U.S. | 24,857 | 16,016 | 8,841 | 55% |
| International | | | | |
| EMEA | 3 | 118 | (115) | (97%) |
| Asia Pacific | 68 | 0 | 68 | n/a |
| South America | 6 | 135 | (129) | (96%) |
| Total International | 77 | 253 | (176) | (70%) |
| **Total Trade Sales** | **26,040** | **17,533** | **8,507** | **49%** |

Trade Sales by Geography [see "Non-IFRS Measures"]

| [thousands of dollars] | 2021<br>$ | 2020<br>$ | Three-months Ended September 30<br>Change<br>$ | Change<br>% |
|---|---|---|---|---|
| Canada | 79,116 | 79,645 | (529) | (1%) |
| U.S. | 147,582 | 132,395 | 15,187 | 11% |
| International | | | | |
| EMEA | 21,023 | 23,232 | (2,209) | (10%) |
| Asia Pacific | 31,913 | 28,159 | 3,754 | 13% |
| South America | 34,225 | 19,019 | 15,206 | 80% |
| Total International | 87,161 | 70,410 | 16,751 | 24% |
| **Total Trade Sales** | **313,859** | **282,450** | **31,409** | **11%** |

| [thousands of dollars] | 2021<br>$ | 2020<br>$ | Nine-months Ended September 30<br>Change<br>$ | Change<br>% |
|---|---|---|---|---|
| Canada | 221,025 | 223,444 | (2,419) | (1%) |
| U.S. | 404,393 | 344,573 | 59,820 | 17% |
| International | | | | |
| EMEA | 75,934 | 83,938 | (8,004) | (10%) |
| Asia Pacific | 86,338 | 68,241 | 18,097 | 27% |
| South America | 83,738 | 52,549 | 31,189 | 59% |
| Total International | 246,010 | 204,728 | 41,282 | 20% |
| **Total Trade Sales** | **871,428** | **772,745** | **98,683** | **13%** |

Canada

- Trade sales in Canada decreased 1% from Q3 2020:
    - Farm segment trade sales were up 2% as a result of continued demand for portable and permanent handling equipment. Continued strong order intake throughout Q3 2021 resulted in a 121% YOY increase in backlogs. We anticipate that the drought in western Canada will have an impact on H1 2022 which will be mitigated by growth in eastern Canada and an expectation for increased in-season sales with any positive development of the 2022 crop cycle.
    - Technology segment trade sales increased 35% as we continue to expand our Technology products in the Canadian market. We anticipate continued growth in Canada for the Technology segment.
    - Commercial segment trade sales decreased 9%. Specifically:
        - Commercial platform trade sales in Canada were down 13% as COVID-19 continues to impact projects of all sizes in both grain terminal and fertilizer sectors. Significant increases in recent quoting activities for grain terminal projects have helped backlogs climb to levels approximately in-line with September 30, 2020. Management expects more customer projects to re-launch towards the end of 2021 supporting the outlook for further growth.
        - Food platform trade sales were up 8% as large projects continue to be released into production. Canada Food platform demand in Canada remains active supporting an 11% YOY increase in backlog.

United States

- Trade sales in the U.S. increased 11% from Q3 2020:
    - Farm segment trade sales increased 12% as a result of continued demand for storage and portable equipment. Demand for storage and portable equipment remains strong with many dealers reporting low inventory levels which has resulted in a 185% YOY increase in U.S. Farm backlog.
    - U.S. Technology segment trade sales increased 42% as SureTrack continues to expand its dealer network.
    - U.S. Commercial segment trade sales increased 6%. Specifically:
        - Commercial platform trade sales decreased 9% YOY largely due to timing on key projects. We anticipate trade sales growth to catch up in Q4 2021 as projects are completed due to supply chain delays, resulting in overall growth for 2021.
        - U.S. Food platform trade sales grew 118% as a result of the release of planned food and beverage projects into production. In addition, demand in the petfood market continues to remain very strong contributing to a 271% YOY increase in this backlog. Our efforts to develop strategic relationships with key partners for the past several years are now crystalizing with larger projects wins in this group.

International

- International trade sales increased 24% from Q3 2020:
  - Farm segment trade sales increased 40% with South America continuing to see the largest increases in portable and permanent handling products.
  - Commercial segment trade sales increased 19%. Specifically:
    - ¤ Commercial platform trade sales increased 22% despite the impact of COVID-19 causing project delays. Both Asia Pacific and South America regions continue to see significant increases, 28% and 59% respectively, over prior year as favourable macroeconomic conditions continue to stimulate commercial infrastructure investment. This was offset by a decrease in the EMEA region which was largely attributable to timing on larger projects; and
    - ¤ Food platform trade sales decreased 14% from Q3 2020 mainly due to timing of projects as continued demand has driven up the backlog by 43% YOY.
    - Trade sales in EMEA decreased 10% for both three- and nine-months ended 2021 as a result of timing of projects. Momentum continues to be strong with backlogs up 106% YOY. In part, this YOY increase in part relates projects being deferred to future quarters due to minor supply chain interruptions, customer's on-site availability and project readiness.
  - Trade sales in Brazil and India increased 128% and 7%, respectively, from Q3 2020 supported by a strong backlog that is up 116% and 45% YOY.

Gross Margin [see "Non-IFRS Measures"]

| [thousands of dollars] | Three Months Ended September 30<br>2021<br>$ | <br>2020<br>$ | Nine Months Ended September 30<br>2021<br>$ | <br>2020<br>$ |
|---|---|---|---|---|
| Trade sales | 313,859 | 282,450 | 871,428 | 772,745 |
| Cost of inventories | 219,105 | 187,372 | 601,404 | 521,800 |
| Gross margin [1] | 94,754 | 95,078 | 270,024 | 250,945 |
| Gross margin as a % of trade sales | 30.2% | 33.7% | 31.0% | 32.5% |

[1] See “Non-IFRS measures”.

AGI's gross margin percentages for the three- and nine-months ended of September 30, 2021, decreased over the prior year. The lower gross margins are attributed to the higher input costs including steel, components, freight and labour in the quarter.

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

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

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| [thousands of dollars] | $ | $ | $ | $ |
| Profit (loss) before income taxes | (3,229) | (18,717) | 31,083 | (57,916) |
| Finance costs | 11,004 | 11,740 | 31,651 | 34,754 |
| Depreciation and amortization | 16,511 | 13,820 | 45,675 | 41,315 |
| Share of associate's net loss | — | 1,060 | 1,077 | 3,367 |
| Gain on remeasurement of equity investment | — | — | (6,778) | — |
| EBITDA[1] | 24,286 | 7,903 | 102,708 | 21,520 |
| Loss (gain) on foreign exchange | 7,639 | (5,333) | 2,781 | 10,663 |
| Share based compensation | 2,155 | 389 | 5,998 | 5,205 |
| Loss (gain) on financial instruments [2] | 7,845 | (290) | 547 | 16,477 |
| M&A expenses | 52 | 75 | 2,073 | 1,346 |
| Other transaction and transitional costs [3] | 1,726 | 3,927 | 7,295 | 11,077 |
| Loss (gain) on sale of PP&E | (16) | (10) | 83 | 119 |
| Loss (gain) on settlement of lease liability | (7) | (3) | 11 | (5) |
| Gain on disposal of operation | (898) | — | (898) | — |
| Equipment rework and remediation [4] | — | 40,000 | 7,500 | 50,000 |
| Impairment | 3,516 | 5,111 | 3,516 | 5,111 |
| Adjusted EBITDA [1] | 46,298 | 51,769 | 131,614 | 121,513 |

[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] To record the pre-tax charge for the estimated cost of rework including time, material and services.

Adjusted EBITDA by Segment [see "Non-IFRS Measures"]

| | Three-months Ended September 30 | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | Change | Change |
| [thousands of dollars] | $ | %[1] | $ | %[1] | $ | % |
| Farm | 36,050 | 21% | 38,991 | 25% | (2,941) | (8%) |
| Technology | 321 | 3% | (405) | n/a | 726 | n/a |
| Commercial | 16,520 | 13% | 20,352 | 17% | (3,832) | (19%) |
| Other[2] | (6,593) | n/a | (7,169) | n/a | 576 | (8%) |
| Total Adjusted EBITDA | 46,298 | 15% | 51,769 | 18% | (5,471) | (11%) |

| [thousands of dollars] | 2021 $ | %[1] | 2020 $ | %[1] | Change $ | Change % |
|---|---|---|---|---|---|---|
| | | | | | | Nine-months Ended September 30 |
| Farm | 112,779 | 24% | 96,809 | 23% | 15,970 | 16% |
| Technology | (2,977) | (11%) | (3,426) | (20%) | 449 | (13%) |
| Commercial | 42,435 | 11% | 43,926 | 13% | (1,491) | (3%) |
| Other[2] | (20,623) | n/a | (15,796) | n/a | (4,827) | 31% |
| **Total Adjusted EBITDA** | **131,614** | **15%** | **121,513** | **16%** | **10,101** | **8%** |

[1] As a percentage of Trade Sales.
[2] Included in Other is the corporate office, which is not a reportable segment, and which provides finance, treasury, legal, human resources and other administrative support to the segments.

### Adjusted EBITDA by Geography [see "Non-IFRS Measures"]

| [thousands of dollars] | 2021 $ | %[1] | 2020 $ | %[1] | Change $ | Change % |
|---|---|---|---|---|---|---|
| | | | | | | Three-months Ended September 30 |
| Canada | 12,749 | 16% | 16,855 | 21% | (4,106) | (24%) |
| U.S. | 27,241 | 18% | 28,244 | 21% | (1,003) | (4%) |
| International | 12,901 | 15% | 13,840 | 20% | (939) | (7%) |
| Other[2] | (6,593) | | (7,170) | | 577 | n/a |
| **Total Adjusted EBITDA** | **46,298** | **15%** | **51,769** | **18%** | **(5,471)** | **(11%)** |

| [thousands of dollars] | 2021 $ | %[1] | 2020 $ | %[1] | Change $ | Change % |
|---|---|---|---|---|---|---|
| | | | | | | Nine-months Ended September 30 |
| Canada | 42,144 | 19% | 44,225 | 20% | (2,081) | (5%) |
| U.S. | 75,321 | 19% | 62,370 | 18% | 12,951 | 21% |
| International | 34,772 | 14% | 30,709 | 15% | 4,063 | 13% |
| Other[2] | (20,623) | | (15,791) | | (4,832) | n/a |
| **Total Adjusted EBITDA** | **131,614** | **15%** | **121,513** | **16%** | **10,101** | **8%** |

[1] As a percentage of Trade Sales.
[2] Included in Other is the corporate office, which is not a reportable segment, and which provides finance, treasury, legal, human resources and other administrative support to the segments.

As expected, AGI's adjusted EBITDA for the three-month period ended September 30, 2021, decreased 11% over 2020. The Farm segment's adjusted EBITDA decreased 8% over 2020 for the three-month period ended September 30, 2021, as a result of anticipated impact of increased input costs. The Commercial segment's adjusted EBITDA 19% decrease is largely due to timing of international projects in addition to the impact of rising input costs including materials, labour, and freight. Updated procedures and countermeasures enacted have mitigated the impact of input cost inflation going forward.

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

The Company's diluted profit (loss) per share for the three and nine-month periods ended September 30, 2021, was loss of $0.00 and profit of $1.40, respectively, versus loss of $(0.66) and loss of $(2.49), respectively in 2020. Profit (loss) per share in 2021 and 2020 has been impacted by the items enumerated in the table below, which reconciles profit (loss) to adjusted profit.

| [thousands of dollars except per share amounts] | Three-months Ended September 30 | | Nine-months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $ | $ | $ | $ |
| Profit (loss) | (73) | (12,261) | 26,907 | (46,633) |
| Diluted profit (loss) per share | (0.00) | (0.66) | 1.40 | (2.49) |
| Loss (gain) on foreign exchange | 7,639 | (5,333) | 2,781 | 10,663 |
| M&A expenses | 52 | 75 | 2,073 | 1,346 |
| Other transaction and transitional costs [2] | 1,726 | 3,927 | 7,295 | 11,077 |
| Loss (gain) on financial instruments | 7,845 | (290) | 547 | 16,477 |
| Loss (gain) on sale of PP&E | (16) | (10) | 83 | 119 |
| Loss (gain) on settlement of leases | (7) | (3) | 11 | (5) |
| Gain on disposal of operation | (898) | — | (898) | — |
| Equipment rework and remediation [3] | — | 40,000 | 7,500 | 50,000 |
| Share of associate's net loss | — | 1,060 | 1,077 | 3,367 |
| Revaluation gains | — | — | (6,778) | — |
| Impairment | 3,516 | 5,111 | 3,516 | 5,111 |
| **Adjusted profit [1]** | **19,784** | **32,276** | **44,114** | **51,522** |
| Diluted adjusted profit per share [1] | 1.02 | 1.62 | 2.29 | 2.70 |

[1] See “Non-IFRS Measures”.
[2] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[3] To record the pre-tax charge for the estimated cost of rework including additional time, material and services.

## DETAILED OPERATING RESULTS

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| [thousands of dollars] | $ | $ | $ | $ |
| **Sales** | | | | |
| Trade sales | 313,859 | 282,450 | 871,428 | 772,745 |
| Foreign exchange loss | (166) | (1,042) | (1,358) | (4,292) |
| | 313,693 | 281,408 | 870,070 | 768,453 |
| **Cost of goods sold** | | | | |
| Cost of inventories | 219,105 | 187,372 | 601,404 | 521,800 |
| Equipment rework | — | 40,000 | 7,500 | 50,000 |
| Depreciation /amortization | 9,082 | 7,181 | 24,404 | 21,287 |
| | 228,187 | 234,553 | 633,308 | 593,087 |
| **Selling, general and administrative expenses** | | | | |
| SG&A expenses | 51,492 | 44,647 | 148,456 | 137,675 |
| M&A expenses | 52 | 75 | 2,073 | 1,346 |
| Other transaction and transitional costs [1] | 1,726 | 3,927 | 7,295 | 11,077 |
| Depreciation /amortization | 7,429 | 6,639 | 21,271 | 20,028 |

| | | | | |
|---|---|---|---|---|
| | 60,699 | 55,288 | 179,095 | 170,126 |
| **Other operating expense (income)** | | | | |
| Net loss on disposal of PP&E | (16) | (10) | 83 | 119 |
| Net gain on settlement of leases | (7) | (3) | 11 | (5) |
| Net loss (gain) on financial instruments | 7,845 | (290) | 547 | 16,477 |
| Net gain on disposal of foreign operation | (898) | — | (898) | — |
| Other | (765) | (814) | (3,738) | (2,732) |
| | 6,159 | (1,117) | (3,995) | 13,859 |
| Finance costs | 11,004 | 11,740 | 31,651 | 34,754 |
| Finance expense (income) | 7,357 | (6,510) | 1,113 | 6,065 |
| Share of associate's net loss | — | 1,060 | 1,077 | 3,367 |
| Gain on remeasurement of equity investment | — | — | (6,778) | — |
| Impairment | 3,516 | 5,111 | 3,516 | 5,111 |
| **Profit (loss) before income taxes** | **(3,229)** | **(18,717)** | **31,083** | **(57,916)** |
| Income tax expense (recovery) | (3,156) | (6,456) | 4,176 | (11,283) |
| **Profit (loss) for the period** | **(73)** | **(12,261)** | **26,907** | **(46,633)** |
| | | | | |
| **Profit (loss) per share** | | | | |
| Basic | 0.00 | (0.66) | 1.43 | (2.49) |
| Diluted | 0.00 | (0.66) | 1.40 | (2.49) |

[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 2021 loss on foreign exchange in finance expense are primarily non-cash items related to the translation of the Company's U.S. dollar denominated long-term debt at the rate of exchange in effect as at September 30, 2021. See also "Financial Instruments – Foreign exchange contracts".

*Sales and Adjusted EBITDA*

AGI's average rate of exchange for the three- and nine-month periods ended September 30, 2021 was $1.25 [2020 $1.34] and $1.25 [2020 - $1.35]. A stronger Canadian dollar relative to the U.S. dollar results in lower reported sales for AGI, as U.S. dollar denominated sales are translated into Canadian dollars at a lower rate. Similarly, a stronger Canadian dollar results in lower costs for U.S. dollar denominated inputs and SG&A expenses. In addition, a stronger Canadian dollar may result in lower input costs of certain Canadian dollar denominated inputs, including steel. On balance, adjusted EBITDA decreases when the Canadian dollar strengthen relative to the U.S. dollar.

### Remediation Costs

Over the period of 2019–2020, AGI entered into agreements to supply 35 large hopper bins for installation by third parties on two grain storage projects. In 2020, a bin at one of the customer facilities collapsed during commissioning, and as a result, the Company recorded a provision of $70 million in 2020 and during the nine-month ended September 30, 2021, the Company recorded an additional provision of $7.5 million. As at September 30, 2021, the warranty provision for remediation costs is $36.2 million [December 31, 2020 – $69.7 million], with $41.0 million of the provision having been utilized in 2021 and $0.3 million in 2020 as the remediation is underway.

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

SG&A expenses for the three and nine-month periods ended September 30, 2021 excluding M&A expenses, other transaction and transitional expenses and depreciation/amortization, were $51.5 million [16.4% of trade sales] and $148.4 million [17.0% of trade sales], respectively, versus $44.6 million [15.8% of trade sales] and $137.7million [17.8% of trade sales], respectively, in 2020. Year-to-date variances from the prior year include the following:

- $3.6 million increase in consulting expense of which $3.3 million is related to AGI SureTrack for the work to assist with sales strategy and product enhancements.
- $3.0 million increase in Engineering and IT Expense where $1.2 million is related to increase in engineering services throughout the company and $1.3 million is related to additional IT security investments with remainder to enhance support of a complex IT infrastructure.
- $1.8 million increase in sales and marketing as a result of sales and marketing activities return to normal.
- No other individual variance was greater than $1.5 million.

### Finance costs

Finance costs which represent interest incurred on all debt for the three and nine-months ended September 30, 2021, were $11.0 million and $31.7 versus $11.7 million and $34.8 in 2020. Finance costs have decreased in 2021 as a result of a lower effective interest rate as compared to 2020.

### Finance expense (income)

Finance expense (income) which represents interest income earned and foreign exchange on long term debt for the three and nine-months ended September 30, 2021, was expense of $7.4 million and expense of $1.1 million versus income of $6.5 million and expense of $6.1 million in 2020. The income in 2021 and Q3 2020 relates primarily to non-cash translation of the Company’s U.S. dollar denominated long-term debt as the exchange rate fell from 1.2732 as at December 31, 2020 to 1.2741 at September 30, 2021.

| Date | Spot FX Rate | USD Denominated Debt |
|---|---|---|
| December 31, 2019 | 1.2988 | USD $196.8 million |
| September 30, 2020 | 1.3339 | USD $204.8 million |
| December 31, 2020 | 1.2732 | USD $204.8 Million |
| September 30, 2021 | 1.2741 | USD $204.8 Million |

### Share of associate's net loss (gain) and revaluation gains

Share of associate’s net loss (gain) for the three and nine-months ended September 30, 2021 was nil and loss of $1.1 million, respectively, versus loss of $1.1 million and $3.4 million, respectively, in 2020. The Company acquired the remaining outstanding shares of Farmobile in Q2 2021 [See 2021

Acquisition - Farmobile] and recognized a gain of $6.8 Million in Q2 2021 as a result of the remeasurement of its previously held equity investment at its acquisition-date fair value.

### Other operating expense (income)

Other operating expense (income) for the three and nine-months ended September 30, 2021, was expense of $6.2 million and income of $4.0 million versus income of $1.1 million and expense of $13.9 million in 2020. Other operating expense (income) includes non-cash gains and losses on financial instruments, including AGI's equity compensation hedge [see "Equity compensation hedge"], and interest income customer financing arrangements. The expense amount in Q3 2021 relates largely to a non-cash loss on the equity compensation hedge.

### Depreciation and amortization

Depreciation of property, plant and equipment; depreciation of right-of-use assets and amortization of intangible assets are categorized in the income statement in accordance with the function to which the underlying asset is related. Depreciation and amortization are consistent with prior year.

### Income tax (recovery) expense

*Current income tax expense*

Current tax expense for the three and nine-month periods ended September 30, 2021, was $1.1 million and $5.2 million, respectively, versus $1.5 million and $3.5 million, respectively, in 2020.

*Deferred income tax recovery*

Deferred tax recovery for the three and nine-month periods ended September 30, 2021 was a recovery of $4.2 million and $1.0 million, respectively, versus a recovery of $8.0 million and $14.8 million, respectively, in 2020. The deferred tax recovery in 2021 related to the recognition of temporary differences between the accounting and tax treatment of intangible assets and non- capital loss carryforwards.

*Effective tax rate*

| [thousands of dollars] | Three Months Ended September 30 2021 $ | 2020 $ | Nine Months Ended September 30 2021 $ | 2020 $ |
|---|---|---|---|---|
| Current tax expense | 1,087 | 1,521 | 5,165 | 3,496 |
| Deferred tax recovery | (4,243) | (7,977) | (989) | (14,779) |
| Total tax | (3,156) | (6,456) | 4,176 | (11,283) |
| | | | | |
| Profit (loss) before income taxes | (3,229) | (18,717) | 31,083 | (57,916) |
| Total tax % | 97.7% | 34.5% | 13.4% | 19.5% |

The effective tax rate in 2021 was impacted by the current period recognition of previously unrecognized deferred tax assets in Brazil and 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 (loss) per share and diluted adjusted profit per share".

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

| 2021 | | | | | |
|---|---|---|---|---|---|
| | Average USD/CAD Exchange Rate | Sales $ | Profit (Loss) $ | Basic Profit (Loss) per Share $ | Diluted Profit (Loss) per Share $ |
| Q1 | 1.27 | 253,702 | 12,704 | 0.68 | 0.66 |
| Q2 | 1.23 | 302,675 | 14,276 | 0.76 | 0.74 |
| Q3 | 1.25 | 313,693 | (73) | 0.00 | 0.00 |
| YTD | 1.25 | 870,070 | 26,907 | 1.43 | 1.40 |

| 2020 | | | | | |
|---|---|---|---|---|---|
| | Average USD/CAD Exchange Rate | Sales $ | Profit (Loss) $ | Basic Profit (Loss) per Share $ | Diluted Profit (Loss) per Share $ |
| Q1 | 1.32 | 229,107 | (48,844) | (2.61) | (2.61) |
| Q2 | 1.40 | 257,938 | 14,472 | 0.77 | 0.76 |
| Q3 | 1.34 | 281,408 | (12,261) | (0.66) | (0.66) |
| Q4 | 1.32 | 225,577 | (15,015) | (0.80) | (0.80) |
| YTD | 1.34 | 994,030 | (61,648) | (3.30) | (3.31) |

| 2019 | | | | | |
|---|---|---|---|---|---|
| | Average USD/CAD Exchange Rate | Sales $ | Profit (Loss) $ | Basic Profit (Loss) per Share $ | Diluted Profit (Loss) per Share $ |
| Q4 | 1.32 | 228,616 | (8,286) | (0.44) | (0.44) |

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

- AGI's acquisitions of Affinity [Q1 2020] and Farmobile [Q2 2021] impact comparisons between periods of assets, liabilities and operating results.
- Sales, gain (loss) on foreign exchange, profit (loss), and diluted profit (loss) per share in all periods are impacted by the rate of exchange between the Canadian and U.S. dollars.
- Profit (loss) and Diluted Profit (loss) per share from 2019 Q4 to 2020 Q4 were negatively impacted by the Company's estimated remediation costs [see – "Remediation Costs"].

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. The emergence of COVID-19 may impact historical seasonality patterns. In the longer-term, AGI's continued expansion into the seed, fertilizer, feed and food verticals should lessen the seasonality related to annual grain volumes and harvest conditions.

## 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

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| [thousands of dollars] | $ | $ | $ | $ |
| Profit (loss) before tax | (3,229) | (18,717) | 31,083 | (57,916) |
| Items not involving current cash flows | 37,406 | 16,943 | 54,324 | 82,576 |
| Cash provided by operations | 34,177 | (1,774) | 85,407 | 24,660 |
| Net change in non-cash working capital | 8,658 | 32,962 | (57,160) | 16,816 |
| Non-current accounts receivable and other | (1,011) | 741 | (10,222) | (1,197) |
| Long-term payables | 24 | 28 | (32) | 189 |
| Settlement of EIAP | (412) | (917) | (769) | (2,796) |
| Post-combination payments | (18,916) | — | (21,552) | — |
| Income tax paid | (2,599) | (1,526) | (5,409) | (3,278) |
| Cash flows provided by (used in) operating activities | 19,921 | 29,514 | (9,737) | 34,394 |
| Cash used in investing activities | (3,964) | (12,499) | (37,546) | (53,042) |
| Cash provided by (used in) financing activities | (22,522) | 9,079 | 33,437 | 45,052 |
| Net increase (decrease) in cash during the period | (6,565) | 26,094 | (13,846) | 26,404 |
| Cash, beginning of period | 55,175 | 48,731 | 62,456 | 48,421 |
| Cash, end of period | 48,610 | 74,825 | 48,610 | 74,825 |

Cash provided by and used in operating activities for the three- and nine-months ended September 30, 2021, respectively, as compared to 2020 largely due to net change in non-cash working capital. The change in non-cash working capital is largely due to the higher cost of steel, sales mix towards to the Farm segment and the reduction in warranty provision as equipment rework and remediation work continues [see - "Equipment rework" and "Remediation costs"]. Cash used in investing activities relates primarily to the acquisition of Farmobile [see "2021 Acquisition – Farmobile"], capital expenditures ["CAPEX"] and internally generated intangibles. Cash provided by (used in) financing activities relate to movement in long-term debt 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 offset by Milltec's seasonality that 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 which typically has longer payment terms than North America may result in an increase in the number of days accounts receivable remain outstanding and may result in increased usage of working capital in certain quarters. The continuation of the COVID-19 pandemic may impact the Company's working capital requirements.

## Capital Expenditures

Maintenance capital expenditures in the three and nine-month periods ended September 30, 2021, were $1.9 million [0.6% of trade sales] and $7.9 million [0.9% of trade sales], respectively versus 0.7 million [0.3% of trade sales] and $5.1 million [0.7% of trade sales], respectively, in 2020. Maintenance capital expenditures in 2021 relate primarily to purchases of manufacturing equipment and building repairs and historically have approximated 1.0% - 1.5% of sales.

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 the three and nine-month periods ended September 30, 2021, of $2.5 million and $10.5 million, respectively versus $3.8 million and $17.5 million, respectively in 2020. The non-maintenance CAPEX items in 2021 relate to manufacturing capacity expansions in AGI SureTrack, EMEA, Brazil and at certain plants in North America and the addition of manufacturing equipment to support key business units.

Maintenance and non-maintenance capital expenditures in 2021 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 September 30, 2021 the Company's contractual obligations for the periods indicated:

| [thousands of dollars] | Total $ | 2021 $ | 2022 $ | 2023 $ | 2024 $ | 2025 $ | 2026+ $ |
|---|---|---|---|---|---|---|---|
| 2017 Debentures[1] | 86,225 | - | 86,225 | - | - | - | - |
| 2018 Debentures | 86,250 | - | 86,250 | - | - | - | - |
| 2019 Debentures – 1 | 86,250 | - | - | - | 86,250 | - | - |
| 2019 Debentures – 2 | 86,250 | - | - | - | 86,250 | - | - |
| 2020 Debentures | 85,000 | - | - | - | - | - | 85,000 |
| Long-term debt[2] | 452,267 | 113 | 349 | 258 | 227 | 419,463 | 31,857 |
| Lease liability [2] | 23,191 | 1,473 | 5,299 | 3,671 | 2,849 | 2,611 | 7,288 |
| Short term and low value leases | 12 | 2 | 6 | 2 | 2 | - | - |
| Due to vendor | 7,699 | - | 5,131 | 892 | 892 | 892 | (108) |
| Preferred shares liability[2] [3] | 11,732 | - | 11,732 | - | - | - | - |
| Purchase obligations [4] | 5,397 | 5,397 | - | - | - | - | - |
| Total obligations | 930,273 | 6,985 | 194,992 | 4,823 | 176,470 | 422,966 | 124,037 |

[1] Subsequent to September 30, 2021, the Company announced its intention to redeem the 2017 Debentures effective on November 16, 2021 [see "Capital Resources – Debentures"].
[2] Undiscounted
[3] Related to optionally convertible redeemable preferred shares as part of the Milltec Machinery Inc. acquisition.
[4] Net of deposit.

The Debentures relate to the aggregate principal amount of the debentures [see "Capital Resources - Debentures"] and long-term debt is comprised of the Credit Facility and non-amortizing notes [see "Capital Resources – Debt Facilities"].

## CAPITAL RESOURCES

### Assets and Liabilities

| (thousands of dollars) | September 30 2021 $ | September 30 2020 $ |
|---|---|---|
| Total assets | 1,611,315 | 1,556,828 |
| Total liabilities | 1,330,530 | 1,258,905 |

### Cash

The Company's cash balance at September 30, 2021 was $48.6 million [2020 $74.8 million].

### Debt Facilities

As at September 30, 2021:

| [thousands of dollars] | Currency | Maturity | Total Facility [CAD][1][2] $ | Amount Drawn[1] $ | Effective Interest Rate |
|---|---|---|---|---|---|
| Canadian Swing Line | CAD | 2025 | 40,000 | - | 2.99% |
| USD Swing Line | USD | 2025 | 12,741 | - | 2.24% |
| Canadian Revolver Tranche A[3] | CAD | 2025 | 235,000 | 141,546 | 2.99% |
| Canadian Revolver Tranche B[4] | USD | 2025 | 50,964 | 50,000 | 2.26% |
| U.S. Revolver | USD | 2025 | 210,227 | 202,837 | 2.24% |
| Series B Notes[5] | CAD | 2025 | 25,000 | 25,000 | 4.44% |
| Series C Notes[5] | USD | 2026 | 31,853 | 31,853 | 3.70% |
| Equipment Financing | various | 2025 | 996 | 996 | Various |
| Total | | | 606,781 | 452,232 | |

[1] USD denominated amounts translated to CAD at the rate of exchange in effect on September 30, 2021 of $1.2394.
[2] Excludes the $150 million accordion available under AGI's Credit Facility.
[3] Interest rate fixed for $40 Million via interest rate swaps. See "Interest Rate Swaps".
[4] Amounts were drawn in CAD with a 105% overdraft limit on FX fluctuation.
[5] Fixed interest rate.

AGI has swing line facilities of $40 million and U.S. $10 million as at September 30, 2021. The facilities bear interest at prime plus 0.2% to prime plus 1.5% per annum based on performance calculations. As at September 30, 2021, there was $nil [2020 – $33,171] outstanding under the swing line.

AGI's revolver facilities of $275 million and U.S. $215 million are inclusive of amounts that may be allocated to the Company's swing line and can be drawn in Canadian or U.S. funds. The facilities bear interest at BA or LIBOR plus 1.2% to BA or LIBOR plus 2.5% and prime plus 0.2% to prime plus 1.5% per annum based on performance calculations.

The Company has issued U.S. $25 million and CAD $25 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.

### Debentures

*Convertible Unsecured Subordinated Debentures*

The following table summarizes the key terms of the convertible unsecured subordinated debentures [the "Convertible Debentures"] of the Company that were outstanding as at September 30, 2021:

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

[1] 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,
[2] Subsequent to December 31, 2020 and prior to December 31, 2021, the Company may, at its option, redeem the 2018 Convertible Debentures at a redemption price equal to the 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 Convertible Debentures by issuing and delivering Common Shares. The Company may also elect to satisfy its obligation to pay interest on the Convertible Debentures by delivering sufficient Common Shares. 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.

On October 14, 2021, AGI entered into an agreement with a syndicate of underwriters pursuant to which AGI issued on November 3, 2021 on a "bought deal" basis $100 million aggregate principal amount of convertible unsecured subordinated debentures [the "Debentures"] at a price of $1,000 per Debenture [the "Offering"]. On November 9, 2021, AGI issued an additional $15 million aggregate principal amount of Debentures at the same price pursuant to the exercise of the over-allotment option granted by AGI to the Underwriters. With the full exercise of the over-allotment option, the total gross proceeds from the Offering to AGI were $115 million. [see "SUBSEQUENT EVENTS – Convertible Unsecured Subordinated Debentures"]. Concurrent with the Offering, AGI announced that it has given notice of its intention to redeem its 4.85% convertible unsecured subordinated debentures due June 30, 2022 [the "2017 Debentures"] in accordance with the terms of the supplemental trust indenture governing the 2017 Debentures. The redemption of the 2017 Debentures will be effective on November 16, 2021 (the "Redemption Date"). [see "SUBSEQUENT EVENTS – Redemption of 2017 Debentures"]

*Senior Unsecured Subordinated Debentures*

The following table summarizes the key terms of the Senior Unsecured Subordinated Debentures [the "Senior Debentures"] that were outstanding as at September 30, 2021:

| Year Issued / TSX Symbol | Aggregate Principal Amount $ | Coupon | Maturity Date |
|---|---|---|---|
| 2019 March [AFN.DB.F] | 86,250,000 | 5.40 % | June 30, 2024 |
| 2019 November [AFN.DB.G] | 86,250,000 | 5.25 % | December 31, 2024 |
| 2020 March [AFN.DB.H] | 85,000,000 | 5.25 % | December 31, 2026 |

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Senior Debentures by issuing and delivering Common Shares. The Company may also elect to satisfy its obligation to pay interest on the Senior Debentures by delivering sufficient Common Shares. 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, 2020** | **18,718,415** |
| Settlement of EIAP obligations | 71,767 |
| **September 30, 2021** | **18,790,182** |
| Settlement of EIAP obligations | 2,886 |
| Conversion of 2017 Debentures | 502 |
| **November 10, 2021** | **18,793,570** |

At Nov 10, 2021:

- 18,793,570 Common Shares are outstanding;
- 1,565,000 Common Shares are available for issuance under the Company's Equity Award Incentive Plan [the "EIAP"], of which 1,462,571 have been granted and 102,429 remain unallocated;
- 120,000 deferred grants of Common Shares have been granted under the Company's Directors' Deferred Compensation Plan and 19,788 Common Shares have been issued; and
- 4,558,825 Common Shares are issuable on conversion of the outstanding Convertible Debentures, of which there are an aggregate principal amount of $287 million outstanding.

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

## DIVIDENDS

AGI declared dividends to shareholders in the three- and nine-month periods ended September 30, 2021 of $2.8 million and $8.5 million, respectively, versus $2.8 million and $16.8 million, in the same period in 2020. On April 14, 2020, AGI announced a reduction of its dividend to an annual level of $0.60 and at the same time moved the dividend from monthly to quarterly payments. 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.

## 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] | Nine-Months Ended September 30 2021 $ | 2020 $ | Last Twelve Months Ended September 30 2021 $ | 2020 $ |
|---|---|---|---|---|
| Adjusted EBITDA | 131,614 | 121,513 | 159,431 | 144,709 |
| Interest expense | (31,651) | (34,754) | (43,589) | (46,083) |
| Non-cash interest | 3,988 | 3,709 | 5,360 | 5,777 |
| Cash taxes | (5,409) | (3,278) | (5,144) | (5,088) |
| Maintenance CAPEX | (7,885) | (5,131) | (10,895) | (9,466) |
| Funds from operations | 90,657 | 82,059 | 105,163 | 89,849 |
| Dividends | 8,451 | 16,827 | 11,260 | 28,028 |
| Payout Ratio | 9% | 21% | 11% | 31% |

## 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 September 30, 2021.

### 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 | 4.1 % |

[1] With performance adjustment.

The interest rate swap contract is a derivative financial instrument and changes in the fair value were recognized as a gain (loss) on financial instruments in other operating income. Through this contract, the Company agreed to receive interest based on the variable rates from the counterparty and pay interest based on fixed rate of 4.1%. The notional amount is $40.0 million, resetting the last business day of each month and the contract expires May 2022.

During the three- and nine-months period ended September 30, 2021, the Company recorded an unrealized gain $0.1 million and $0.4 million, respectively, versus an unrealized gain of $0.3 million and a loss $1.2 million, respectively, in 2020.

### Equity swap

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 and the Company signed an amending agreement on March 4, 2021 to extend the maturity date to May 7, 2024.

As at September 30, 2021, the equity swap agreement covered 722,000 Common Shares at a weighted average price of $38.76 and the fair value of the equity swap was a $7.5 million liability [2020 – $8.4 million liability]. During the three- and nine-month periods ended September 30, 2021, the Company recorded, in the consolidated statements of income (loss) an unrealized loss of $7.4 million and $1.1 million, respectively, compared to an unrealized loss of $0.2 million and a loss of $14.0 million, respectively in 2020.

### Debenture redemption options

In March 2020, the Company issued $85 million of senior unsecured subordinated debentures with an option of early redemption beginning December 31, 2023. At time of issuance, the Company's redemption option resulted in an embedded derivative with fair value of $0.8 million During the three- and nine-month periods ended September 30, 2021, the Company recorded a loss of $0.6 million and a gain of $0.1 million, respectively, as compared to a gain of $0.2 million and a loss of $0.6 million, respectively in 2020, on financial instruments in other operating expense.

## 2020 ACQUISITION

### Affinity

In January 2020, the Company acquired 100% of the outstanding shares of Affinity. Based in Canada, Affinity is a provider of software solutions to the agriculture industry under the brand name Compass. The Compass product suite is highly complementary to AGI's current offering and will be a key component of the full AGI SureTrack platform.

## 2021 ACQUISITION

### Farmobile

Effective April 16, 2021, AGI acquired additional outstanding shares of Farmobile, Inc. ["Farmobile"] for approximately $11 million USD pursuant to Stock Purchase agreements. The terms of the agreements facilitate acquisition of all outstanding shares of Farmobile, building on AGI's initial minority equity investment made in Farmobile in 2019. Farmobile brings the market-leading, two-way, field data management device along with a robust platform for data standardization and management. The Farmobile PUC™ enables the real-time automation and standardization of critical data collection from equipment used in the field. This acquisition builds on AGI's robust IoT product portfolio as an addition to the AGI SureTrack platform.

## SUBSEQUENT EVENTS

### Convertible Unsecured Subordinated Debentures

On October 14, 2021, AGI entered into an agreement with a syndicate of underwriters pursuant to which AGI issued on November 3, 2021 on a "bought deal" basis $100 million aggregate principal amount of the Debentures at a price of $1,000 per Debenture. On November 9, 2021, AGI issued an additional $15 million aggregate principal amount of Debentures at the same price pursuant to the exercise of the over-allotment option granted by AGI to the Underwriters. With the full exercise of the over-allotment option, the total gross proceeds from the Offering to AGI were $115 million.

The Debentures bear interest from the date of issue at 5.00% per annum, payable semi-annually in arrears on June 30 and December 31 each year, commencing June 30, 2022. The Debentures have a maturity date of June 30, 2027.

The Debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and the date specified by AGI for redemption of the Debentures into fully paid and non-assessable Common Shares of the Company at a conversion price of $45.14 per Common Share [the "Conversion Price"], being a conversion rate of approximately 22.1533 Common Shares for each $1,000 principal amount of Debentures.

The Debentures are not redeemable by the Company before June 30, 2025. On and after June 30, 2025 and prior to June 30, 2026, the Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the Conversion Price. On and after June 30, 2026, the Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount, plus accrued and unpaid interest, regardless of the trading price of the Common Shares.

The net proceeds of the Offering will be used to partially repay outstanding indebtedness under the Company's revolving credit facilities, a portion of which will then be redrawn to fund the redemption of the Company's 2017 Debentures due June 30, and for general corporate purposes.

### Redemption of 2017 Debentures

Concurrent with the Offering, AGI announced that it has given notice of its intention to redeem its 2017 Debentures in accordance with the terms of the supplemental trust indenture governing the 2017 Debentures. The redemption of the 2017 Debentures will be effective on November 16, 2021 [the "Redemption Date"]. Upon redemption, AGI will pay to the holders of 2017 Debentures the redemption price equal to the outstanding principal amount of the 2017 Debentures to be redeemed, together with all accrued and unpaid interest thereon up to but excluding the Redemption Date, less any taxes required to be deducted or withheld.

### Production reorganization

Subsequent to the nine-month period ended September 30, 2021, the Company announced plans to reorganize and consolidate a number of its commercial production facilities resulting in the closure of two production plants. Management is in the process of assessing the impact of this reorganization on the consolidated financial results of the Company in future periods and no provision has been recorded as at September 30, 2021.

## 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 three- and nine-month periods ended September 30, 2021, the total cost of these legal services related to general matters was $0.1 million and $0.7 million [2020 – $0.2 million and $0.8 million], and $0.2 million is included in accounts payable and accrued liabilities as at September 30, 2021.

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 2020 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, 2020 for a discussion of the significant accounting judgments, estimates and assumptions. In addition, the provision for remediation [see – "Remediation Costs"] required significant estimates and judgments about the scope, timing and cost of work that will be required. It is based on management's assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

## 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; 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; product liability; contract liability; climate change risks; adjustment to and delays or cancellation of backlogs; and the risk that the assumptions and estimates underlying the provision for remediation related thereto and insurance coverage for the Incident will prove to be incorrect as further information becomes available to the Company. 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

### Adoption of new accounting standards and policies

*Interest Rate Benchmark Reform – Phase 2*

In August 2020, the IASB published amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement ["IAS 39"], IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.

The amendments address issues that arise from implementation of IBOR reform, where IBORs are replaced with alternative benchmark rates. For financial instruments at amortized cost, the amendments introduce a practical expedient such that if a change in the contractual cash flows is as a result of IBOR reform and occurs on an economically equivalent basis, the change will be accounted for by updating the effective interest rate with no immediate gain or loss recognized. The amendments also provide additional temporary relief from applying specific IAS 39 hedge accounting requirements to hedging relationships affected by IBOR reform.

The amendments are effective for fiscal years beginning on or after January 1, 2021. The Company adopted the amendment on January 1, 2021, electing to apply the practical expedient; the adoption of this standard had no impact on the Company's unaudited interim condensed consolidated financial statements.

### Standards issued but not yet effective

*Amendments to IAS 1 – Presentation of Financial Statements ["IAS 1"]*

In January 2020, amendments were issued to IAS 1, which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

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

The amendments must be applied retrospectively for annual periods beginning after January 1, 2023. The Company will assess the impact, if any, of adoption of the amendment.

*Amendments to IAS 1 and IFRS Practice Statement ["PS"] 2 Making Materiality Judgements*

In February 2021, amendments were issued to IAS 1 and IFRS PS 2, which provides guidance and examples to help entities apply materiality judgment to accounting policy disclosures. Specifically, the amendments aim to:

- replace the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- add guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual periods beginning after January 1, 2023. The Company will assess the impact, if any, of adoption of the amendment.

## 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.

AGI acquired Farmobile. Management has not completed its review of internal controls over financial reporting or disclosure controls and procedures for this acquired business. Since the acquisition 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 this acquisition, 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 Farmobile. The following is the summary financial information pertaining to Farmobile that was included in AGI's consolidated financial statements for the nine-month period ended September 30, 2021:

| [thousands of dollars] | Farmobile<br>$ |
|---|---|
| Revenue [1] | 703 |
| Loss[1] | 7,309 |
| Current assets [1][2] | 2,069 |
| Non-current assets [1][2] | 38,652 |
| Current liabilities [1][2] | 2,710 |
| Non-current liabilities [1][2] | 6,431 |

[1] Net of intercompany
[2] Statement of financial position as at September 30, 2021

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended September 30, 2021, 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", "adjusted EBITDA margin, "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 share of associate’s net loss and gain on remeasurement of equity investment. 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 settlement of lease liability, gain on disposal of operation, cost of equipment rework and remediation and impairment. References to “adjusted EBITDA margin” are to adjusted EBITDA as a percentage of trade sales. 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 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 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, M&A expenses, other transaction and transitional costs, gain or loss on financial instruments, gain or loss on sale of property, plant and equipment, gain or loss on settlement of leases, cost of equipment rework and remediation, share of associate’s net loss, revaluation gains and impairment. See "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.

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

## FORWARD-LOOKING INFORMATION

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