AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: March 8, 2022

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, 2021. Results are reported in Canadian dollars unless otherwise stated.

This MD&A is based on the Company's audited consolidated financial statements for the year ended December 31, 2021 ("consolidated financial statements") based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), unless otherwise noted.

This MD&A 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].

NON-IFRS AND OTHER FINANCIAL MEASURES

This MD&A makes reference to certain specified financial measures, including non-IFRS financial measures, non-IFRS ratios or supplementary financial measures. Management uses these financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing our business performance and trends. These specified financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement our financial information reported under IFRS by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We use the following (i) non-IFRS financial measures: "adjusted earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA")", "adjusted gross margin", "funds from operations", and "adjusted profit"; (ii) non-IFRS ratios: "adjusted EBITDA margin %", "adjusted gross margin as a % of sales", "gross profit as a % of sales", "diluted adjusted profit per share" and "payout ratio"; and (iii) supplementary financial measures: "backlog", "sales by segment" and "sales by geography", "maintenance capital expenditures" and "non-maintenance capital expenditures"; to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also uses non-IFRS financial measures, non-IFRS ratios and supplementary financial measures in order to prepare annual operating budgets and to determine components of management compensation. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not to rely on any single financial measure or ratio.

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

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

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

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

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

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

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

“Adjusted profit” is defined as profit or loss adjusted for the gain or loss on foreign exchange, M&A expenses, other transaction and transitional costs, gain or loss on financial instruments, change in estimate on variable considerations, net loss on sale of property, plant and equipment, gain or loss on settlement of right-of-use assets, equipment rework and remediation, share of associate’s net loss, gain on remeasurement of equity investment, gain on disposal of foreign operations and impairment. Adjusted profit is a non-IFRS financial measures and its most directly comparable financial measure that is disclosed in our consolidated financial statements is profit or loss. Management believe adjusted profit is a useful measure to assess the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective or our underlying business performances. See "Operating Results – Diluted profit (loss) per share and diluted adjusted profit per share” for the reconciliation of adjusted profit to profit (loss) for the current and comparative periods.

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

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

“Funds from operations” is defined as cash provided by operations adjusted for items not involving current cashflows, combined adjustments to adjusted EBITDA, interest expense, non-cash interest, cash taxes and maintenance capital expenditures. Funds from operations is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our consolidated financial statements is cash provided by operations. Management believes that, in addition to cash provided by operations, funds from operations provide a useful supplemental measure in evaluating the Company's performance and liquidity. The definition excludes changes in working capital as they are necessary to drive organic growth and have historically been financed by the Company’s operating facility [See “Capital Resources”]. Funds from operations should not be construed as an alternative to cash flows from operating, investing, and financing activities as a measure of the Company’s liquidity and cash flows. See “Operating Results – CASH PROVIDED BY OPERATIONS, FUNDS FROM OPERATIONS AND PAYOUT RATIOS” for the reconciliation of funds from operations to cash provided by operations for the current and comparative periods and see also “Adjusted EBITDA” above and “Operating results – Profit (loss) before income taxes and Adjusted EBITDA” for the "combined adjustments to Adjusted EBITDA" for the current and comparative periods.

"Gross Profit as a % of sales" is defined as gross profit divided by sales. Gross profit as a % of sales is a supplementary financial measure.

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

"Payout ratio" is defined as either cash provided by operations or funds from operations for the year divided into the dividends declared during the most recently completed financial year. "Payout ratio from cash provided by operations" is a supplementary financial measure. "Payout ratio from funds from operations" is a non-IFRS ratio because one of its components, funds from operations, is a non-IFRS financial measure. Management believes payout ratio is a useful measure to assess the performance and liquidity of the company and as an indicator of the sustainability of AGI's dividend.

"Sales by Segment and Geography": The sales information presented under "Sales by Segment and Geography" are supplementary financial measures used to present the Company's sales by segment, product group and geography.

SUMMARY OF RESULTS

	Three-months Ended December 31			
[thousands of dollars except per share amounts]	2021 $	2020 $	Change $	Change %
Sales	327,095	227,385	99,710	44%
Adjusted EBITDA [1][2]	44,651	27,816	16,835	61%
Adjusted EBITDA Margin % [3]	14%	12%	N/A	2%
Loss before income taxes	(21,701)	(23,049)	1,348	N/A
Loss	(16,350)	(15,014)	(1,336)	N/A
Diluted loss per share	(0.87)	(0.80)	(0.07)	N/A
Adjusted profit [1][4]	19,127	8,734	10,393	119%
Diluted adjusted profit per share [1][4]	0.89	0.46	0.43	93%

	Year Ended December 31			
[thousands of dollars except per share amounts]	2021 $	2020 $	Change $	Change %
Sales	1,198,523	1,000,130	198,393	20%
Adjusted EBITDA [1][2]	176,266	149,328	26,938	18%
Adjusted EBITDA Margin % [3]	15%	15%	(0)	0%
Profit (loss) before income taxes	9,383	(80,966)	90,349	N/A
Profit (loss)	10,558	(61,648)	72,206	N/A
Diluted profit (loss) per share	0.50	(3.30)	3.80	N/A
Adjusted profit [1][4]	63,242	60,255	2,987	5%
Diluted adjusted profit per share [1][4]	2.90	3.17	(0.27)	(9%)

[1] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[2] See "OPERATING RESULTS – Profit (loss) before income taxes and Adjusted EBITDA".
[3] This is a non-IFRS ratio and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS ratio.
[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 sales and Adjusted EBITDA increasing 44% and 61% year-over-year ('YOY'), respectively, for the three-months ended December 31, 2021. Consolidated backlogs continued to remain strong and were up 47% over December 31, 2020, with broad-based demand for AGI products across all segments and geographies.

Farm segment sales grew 28% while Adjusted EBITDA increased 78% YOY, respectively, for the three-months ended December 31, 2021, as we continue to see strong demand for both portable and permanent equipment. 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. The potential for supply chain disruption continues to impact some dealers' propensity to order equipment earlier than prior years to ensure certainty of supply. Farm backlog is up 48% over the prior year as of December 31, 2021, with considerable strength across all geographies including the U.S. and Brazil.

Commercial segment sales and Adjusted EBITDA increased 60% and 64% YOY, respectively, for the three-months ended December 31, 2021, with particular strength in the U.S., Europe, Middle East and Africa ("EMEA"), and South America markets. The Food platform continues to grow in response to strong customer demand with sales increasing 13% YOY for the three-months ended December 31, 2021. Overall, the Commercial segment is seeing strong demand as backlogs are up 46% YOY with the Commercial platform and Food platform contributing 23% and 212% increases, respectively, signaling a strong outlook for 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 sales and Adjusted EBITDA growing 271% and 639% YOY, respectively, for the three-months ended December 31, 2021. The adjusted gross margin profile for the Brazilian operation is now in-line with global corporate averages, a key milestone in the evolution of this business.

In our Digital segment (previously Technology segment, see "Description of Business Segments and Platforms"), the fourth quarter was marked by continued progress on a variety of strategic priorities intended to facilitate sales growth and adjusted gross margin stability, including production related initiatives and sales channel development. Digital segment sales increased 27% and 43% YOY for the three-months and year ended December 31, 2021.

With backlogs up 47% at the end of December 2021 and very robust quoting pipelines globally, the Company expects the strong pace of growth to continue into 2022. As a result, full year 2022 Adjusted EBITDA is expected to be at least $200 million, representing continued growth and expansion over a record 2021 result.

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 completed at one of the two customer sites. The completed site is fully commissioned and operational. At the second customer site, the site of the grain bin incident, the customer has decided to remediate themselves and with other suppliers. As at the end of December 31, 2021, the Company has spent approximately $43.4 million of the $86.1 million total accrual, which was increased by $8.6 million in the quarter to reflect an updated view of the costs to resolve the issue.

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 Company's assessment of these claims and our legal and contractual defenses to each claim has resulted in no further provisions being recorded for these claims. The Company will fully and vigorously defend against these claims. 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.

Following a thorough technical review, the previously disclosed rework accrual was increased in the quarter by $10 million, totalling $30 million to-date. The rework accrual is unrelated to the grain bin incident, as noted above, but it is located at the same customer site. This increase was made to supplement certain aspects of structural work that became apparent as the site was moved back into operation. This site is now operational and will remain in operation as we work directly with this customer over the next three months to complete the final remediation to the site. This increase accounts for the final work to remedy all deficiencies at this site and put this issue behind AGI.

Additional information on the provision for remediation and equipment rework can also be found in "OPERATING RESULTS — Remediation costs and equipment rework".

COVID-19

The emergence of COVID-19 has had an adverse impact on AGI's business, including the disruption of production, our supply chain, and product delivery. While AGI experienced temporary production suspensions early in the pandemic in 2020, there were no significant production suspension or interruptions in 2021 as a result of COVID-19.

AGI operations were considered "essential services" in many regions throughout North America, highlighting the important role the Company plays in the global food supply chain. Management continues to believe post pandemic 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 the fourth quarter ("Q4") of 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 Q4 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 2022 results remain subject to the effect of COVID-19 on our manufacturing facilities, markets, and customers as management continues to monitor for any emerging risks associated with COVID-19.

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

EMERGING CONFLICT BETWEEN RUSSIA AND UKRAINE

AGI's exposure to Russia and Ukraine varies year-to-year, but the region generally contributes about 3% of AGI's consolidated sales annually. AGI has no production facilities in either country. Given the contributions of Brazil, India, and the rest of the EMEA region, AGI is more diversified from the region than we were in years past. While the region is important to AGI, any negative impacts would not be material to AGI overall.

AGI has identified all contracts and counterparties related to the Russia and Ukraine region. We have engaged our U.S.-based external sanctions counsel to assist in navigating the situation. Currently, we are compiling a list of customers, projects, scope of work, and contracts with a view to vetting these through the Canadian, U.S., and E.U. sanctions. We will continue to update and monitor as these sanctions evolve in the near-term. Of note, AGI contracts in the Russia/Ukraine region have built-in force majeure provisions that provide specifically for the potential of military action, government action, and/or sanctions.

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 Digital. These segments are strategic business units that offer different products and services. Certain corporate overheads are allocated to the segments based on revenue as well as applicable cost drivers. Taxes and certain other expenses are managed at a consolidated level and are not allocated to the reportable operating segments. Financial information for the comparative period has been restated to reflect the new presentation. 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.

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

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

Description of Business Segments and Platforms

Farm Segment

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

Commercial Segment

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

Food Platform

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

Digital Segment (previously Technology Segment)

AGI's Digital segment (previously Technology Segment) is built on a foundation of our Internet of Things ('IoT') products and technologies. We design, manufacture, and supply IoT hardware that monitors, operates, and automates our equipment and the collection of key operational data for our customers. This operational data is fed into intuitive and rich user interfaces, AGI SureTrack 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, CO2 sensors, grain temperature and moisture sensors, and field equipment data (Farmobile PUC) and is further augmented through the digitalization of AGI products. The acquisition of a controlling interest in Farmobile Inc. ("Farmobile") in 2021 further moves AGI into the middle of the data verification space required by the rapidly developing carbon and traceability markets. This strengthens our unique ability to capture machine and agronomic data across the entire farming process – from seeding through to harvest and into the broader grain supply chain. As a result, we have renamed our Technology Segment as the Digital Segment to recognize the digital evolution of this group. In addition, our digital and technology products offer monitoring, operation, measurement and blending controls, automation, hazard monitoring, embedded electronics, farm management, grain marketing and tools for agronomy, and Enterprise Resource Planning ["ERP"] for 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, 48% over prior year as of December 31, 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 114% in the U.S., and 52% in International, over prior year as of December 31, 2021. Notwithstanding potential supply chain impact on production and delivery of our products, AGI is anticipating a strong start to 2022 in the U.S. The Canadian Prairies experienced drought conditions in 2021 resulting in a reduction of 27% in Farm backlog in Canada. We anticipate there will be an impact to the Canadian Farm segment in the first six months ("H1") of 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 and logistics could have a potential impact on adjusted gross margins in the Farm segment in H1 2022.

Commercial Segment

Commercial Platform

Overall, growth continued in the Commercial segment in Q4 2021 with notable strength in the International segment with a 105% increase in sales over Q4 2020.

Adjusted gross 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 adjusted gross margin performance of the platform.

Canada

While COVID-19 had a substantial impact on project activity, quoting, development, and 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. Despite the challenges, quoting and project activities across the grain terminal and grain processing markets increased in Q4 2021 and the Canadian Commercial platform's backlog is up 153% over the prior year as of December 31, 2021. Management is cautiously optimistic that this market is set up for a sustained rebound in activity and results throughout 2022.

United States

Sales continue to improve in the U.S. Commercial segment as demand for commercial grain infrastructure continues to move higher with the increase in corn and soybean exports. The U.S. Commercial segment's backlogs have increased 7% over prior year as of December 31, 2021.

International

The International Commercial platform also has strong demand resulting in a 17% YOY increase in backlogs.

- EMEA: Momentum for EMEA remains strong with backlogs up 66% 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. We note that a portion of EMEA's backlogs is from the Russia-Ukraine region. Additional information of the potential impact of the emerging conflict between Russia and Ukraine can be found in "EMERGING CONFLICT BETWEEN RUSSIA AND UKRAINE".
- Asia Pacific: Backlog is down 17% YOY due to a large project landing in the prior year. This is a relatively new region for AGI and we expect lumpy results as we build the pipeline of small, medium, and large projects. This lumpy ramp up is expected and similar to our entry into other markets.
- South America: Backlog is down 10% due to the completion of a few large projects but a very active quoting pipeline, strong market fundamentals, and market share growth across both the Farm and Commercial segments all reinforce our positive outlook for this region.

Food Platform

Food platform backlogs increased 212% 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. Subsequent to the year ended December 31, 2021, AGI announced the acquisition of Eastern Fabricators ("Eastern"). Eastern specializes in the engineering, design, fabrication, and installation of high-quality stainless-steel equipment. Eastern operates three facilities in Canada with two in Prince Edward Island and one in Ontario and serves a range of customers across North America. Adding Eastern to the Food platform will increase capacity to help enable growth and satisfy very strong customer demand.

Digital Segment

Prior to the onset of the COVID-19 pandemic, the Digital 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. In addition, ongoing chip availability issues restricted our ability to produce some pieces of IoT hardware, further restricting sales. As conditions normalize and tradeshow activity resumes, we expect this to have a positive impact on Digital segment sales and growth.

The Digital segment substantially completed several initiatives to position the business for continued growth in 2022 and diversify our sales channels to provide scalability and reduce the impact of tradeshow disruptions. In the year, we built our dealer channel for Digital products, expanded direct sales channels, automated areas of production, and increased capacity. In response to ongoing customer feedback, a new subscription model for SureTrack's IoT hardware was introduced in Q4 2021.

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 and the COVID crisis in 2020 and 2021. This strategy was critical in setting up AGI to generate record results in 2021 despite the challenges of operating a global business amid difficult conditions. With backlogs up 47% at the end of December 2021 and very robust quoting pipelines globally, the Company expects the strong pace of growth to continue into 2022. As a result, full year 2022 Adjusted EBITDA is expected to be at least $200 million, representing continued growth and expansion over a record 2021 result.

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

The following table presents YOY changes in the Company's backlogs[1]:

	Region			
Segments and Platforms[2]	Canada %	United States %	International %	Overall %
Farm	(27%)	114%	52%	48%
Commercial				
Commercial Platform	153%	7%	17%	23%
Food Platform	(9%)	379%	84%	212%
Total Commercial Segment	123%	81%	22%	46%
Overall [2]	(3%)	100%	26%	47%

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

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

The following table presents YOY changes in the Company's international backlogs[1] further segmented by region:

Farm and Commercial Segments [2]	EMEA[3] $	Asia Pacific[4] $	South America[5] $
International by region [1]	58%	(1%)	5%

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

OPERATING RESULTS [see "BASIS OF PRESENTATION']

Sales by Segment and Geography [1]

Farm Segment

[thousands of dollars]	2021 $	2020 $	Three-months Ended December 31 Change $	Change %
Canada	35,635	42,616	(6,981)	(16%)
U.S.	68,283	53,201	15,082	28%
International				
EMEA	6,008	2,590	3,418	132%
Asia Pacific	11,043	3,790	7,253	191%
South America	17,526	6,253	11,273	180%
Total International	34,577	12,633	21,944	174%
Total Sales	**138,495**	**108,450**	**30,045**	**28%**

[thousands of dollars]	2021 $	2020 $	Year Ended December 31 Change $	Change %
Canada	215,692	205,731	9,961	5%
U.S.	310,345	265,137	45,208	17%
International				
EMEA	15,366	13,390	1,976	15%
Asia Pacific	27,511	20,204	7,307	36%
South America	45,833	22,322	23,511	105%
Total International	88,710	55,916	32,794	59%
Total Sales	**614,747**	**526,784**	**87,963**	**17%**

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

Commercial Segment

[thousands of dollars]	2021 $	2020 $	Three-months Ended December 31 Change $	Change %
Canada	10,624	15,989	(5,365)	(34%)
U.S.	53,174	39,905	13,269	33%
International				
EMEA	45,951	18,043	27,908	155%
Asia Pacific	31,367	28,938	2,429	8%
South America	40,402	10,489	29,913	285%
Total International	117,720	57,470	60,250	105%
Total Sales	**181,518**	**113,364**	**68,154**	**60%**

[thousands of dollars]	2021 $	2020 $	Year Ended December 31 Change $	Change %
Canada	50,486	75,054	(24,568)	(33%)
U.S.	190,648	156,526	34,122	22%
International				
EMEA	112,524	91,063	21,461	24%
Asia Pacific	101,169	80,765	20,404	25%
South America	95,827	46,834	48,993	105%
Total International	309,520	218,662	90,858	42%
Total Sales	**550,654**	**450,242**	**100,412**	**22%**

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 Three-months Ended December 31				Food Platform Three-months Ended December 31			
[thousands of dollars]	2021 $	2020 $	Change $	Change %	2021 $	2020 $	Change $	Change %
Canada	8,863	12,690	(3,827)	(30%)	1,761	3,299	(1,538)	(47%)
U.S.	38,784	27,689	11,095	40%	14,390	12,216	2,174	18%
International								
EMEA	40,969	14,147	26,822	190%	4,982	3,896	1,086	28%
Asia Pacific	30,295	28,606	1,689	6%	1,072	332	740	223%
South America	40,354	10,489	29,865	285%	48	-	48	n/a
Total International	111,618	53,242	58,376	110%	6,102	4,228	1,874	44%
Total Sales [1]	**159,265**	**93,621**	**65,644**	**70%**	**22,253**	**19,743**	**2,510**	**13%**

[thousands of dollars]	Commercial Platform Year Ended December 31 2021 $	2020 $	Change $	Change %	Food Platform Year Ended December 31 2021 $	2020 $	Change $	Change %
Canada	39,126	62,161	(23,035)	(37%)	11,360	12,893	(1,533)	(12%)
U.S.	147,002	129,228	17,774	14%	43,646	27,298	16,348	60%
International								
EMEA	93,438	77,611	15,827	20%	19,086	13,452	5,634	42%
Asia Pacific	99,859	77,009	22,850	30%	1,310	3,756	(2,446)	(65%)
South America	95,779	46,834	48,945	105%	48	-	48	n/a
Total International	289,076	201,454	87,622	43%	20,444	17,208	3,236	19%
Total Sales [1]	**475,204**	**392,843**	**82,361**	**21%**	**75,450**	**57,399**	**18,051**	**31%**

[1] The aggregate of the Total Sales from the Commercial Platform and Food Platform equal the Total Sales of the Commercial Segment.

Digital Segment

[thousands of dollars]	Three-months Ended December 31 2021 $	2020 $	Change $	Change %
Canada	471	353	118	33%
U.S.	6,593	5,134	1,459	28%
International				
EMEA	6	3	3	100%
Asia Pacific	10	-	10	n/a
South America	2	81	(79)	(98%)
Total International	18	84	(66)	(79%)
Total Sales	**7,082**	**5,571**	**1,511**	**27%**

[thousands of dollars]	Year Ended December 31 2021 $	2020 $	Change $	Change %
Canada	1,577	1,617	(40)	(2%)
U.S.	31,450	21,150	10,300	49%
International				
EMEA	9	121	(112)	(93%)
Asia Pacific	78	-	78	n/a
South America	8	216	(208)	(96%)
Total International	95	337	(242)	(72%)
Total Sales	**33,122**	**23,104**	**10,018**	**43%**

Sales by Geography

[thousands of dollars]	2021 $	2020 $	Three-months Ended December 31 Change $	Change %
Canada	46,730	58,958	(12,228)	(21%)
U.S.	128,050	98,240	29,810	30%
International				
EMEA	51,965	20,636	31,329	152%
Asia Pacific	42,420	32,728	9,692	30%
South America	57,930	16,823	41,107	244%
Total International	152,315	70,187	82,128	117%
Total Sales	**327,095**	**227,385**	99,710	44%

[thousands of dollars]	2021 $	2020 $	Year Ended December 31 Change $	Change %
Canada	267,755	282,402	(14,647)	(5%)
U.S.	532,443	442,813	89,630	20%
International				
EMEA	127,899	104,574	23,325	22%
Asia Pacific	128,758	100,969	27,789	28%
South America	141,668	69,372	72,296	104%
Total International	398,325	274,915	123,410	45%
Total Sales	**1,198,523**	**1,000,130**	198,393	20%

Canada

- Sales in Canada decreased 21% and 5% YOY for the three-months and year ended December 31, 2021, respectively
  - Farm segment sales decreased 16% and increased 5% YOY for the three-months and year ended December 31, 2021, respectively, as result of a change in management estimate on variable considerations on a number of contracts. Backlog in Canada decreased 27% YOY as at December 31, 2021 as many parts of Western Canada experienced drought conditions in 2021 that impacted demand for storage and handling equipment. We anticipate that the drought in Western Canada will have an impact on H1 2022 which will be mitigated by growth in Eastern Canada.
  - Digital segment sales increased 33% but decreased 2% YOY for the three-months and year ended December 31, 2021, respectively, as we continue to expand our Digital products in the Canadian market. We anticipate continued growth in Canada for the Digital segment.
  - Commercial segment sales decreased 34% and 33% YOY for the three-months and year ended December 31, 2021, respectively. Specifically:
    - Commercial platform sales in Canada were down 30% and 37% YOY for the three-months and year ended December 31, 2021, respectively, as COVID-19 continues to impact projects of all sizes in both grain terminal and fertilizer sectors. Increased quoting activities in Q4 2021 for grain terminal projects have increased backlogs significantly as compared to December 31, 2020. Management anticipates further recovery in the Canadian commercial platform in 2022.

- Food platform sales were down 47% and 12%YOY for the three-months and year ended December 31, 2021, respectively, as resources were shifted to support the demands in the US and International markets.

United States

- Sales in the U.S. increased 30% and 20% YOY, for the three-months and year ended December 31, 2021 respectively:
  - Farm segment sales increased 28% and 17% YOY for the three-months and year ended December 31, 2021, respectively 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. In addition, a sustained focus on expanding our U.S. dealer base has also helped build demand for AGI products within a key sales channel for the segment. Together, these factors have resulted in a 114% increase in U.S. Farm backlog as compared to December 31, 2020.
  - U.S. Digital segment sales increased 28% and 49%YOY for the three-months and year ended December 31, 2021, respectively, as SureTrack continues to expand its dealer network.
  - U.S. Commercial segment sales increased 33% and 22% YOY for the three-months and year ended December 31, 2021, respectively. Specifically:
    - Commercial platform sales increased 40% in Q4 YOY largely due to timing on key projects. We anticipated this sales growth due to the release of projects that were impacted by supply chain delays. This resulted in 14% overall growth for the year ended December 31, 2021.
    - U.S. Food platform sales grew 18% in Q4 YOY as a result of continued demand in the petfood market a contributor to overall growth of 60% growth in 2021. 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 sales increased 117% and 45% YOY, for the three-months and year ended December 31, 2021 respectively:
  - Farm segment increased 174% and 59%YOY for the three-months and year ended December 31, 2021, respectively, with Asia Pacific and South America experiencing the largest increases in portable and permanent handling products.
  - Commercial segment sales increased 105% and 42% YOY for the three-months and year ended December 31, 2021, respectively. Specifically:
    - Commercial platform sales increased 110% and 43% YOY for the three-months and year ended December 31, 2021, respectively, despite the impact of COVID-19 causing project delays. Both EMEA and South America regions continue to see significant sales increases, 190% and 285% respectively, over Q4 2020 as favourable macroeconomic conditions continue to stimulate commercial infrastructure investment; and
    - Food platform sales increased 44% and 19% YOY for the three-months and year ended December 31, 2021, respectively, mainly due to timing of projects as continued demand has driven up the backlog by 84% YOY.
  - Sales in Brazil and India increased 271% and 3%, respectively, from Q4 2020.
    - Brazil continued to see very strong demand for AGI products and systems across both the Farm and Commercial segments.
    - Sales continue to grow in India and are up 10% YOY for the year ended December 31, 2021.

DETAILED OPERATING RESULTS

[thousands of dollars]	Three-months Ended December 31 2021 $	2020 $	Year Ended December 31 2021 $	2020 $
Sales	327,095	227,385	1,198,523	1,000,130
Cost of goods sold				
Cost of inventories	232,998	157,013	834,402	678,813
Equipment rework and remediation	18,600	30,000	26,100	80,000
Depreciation and amortization	9,602	7,240	34,006	28,527
	261,200	194,253	894,508	787,340
Selling, general and administrative expenses				
Selling, general & administrative expenses [1]	64,752	45,338	213,208	183,013
Mergers and acquisitions expense [2]	962	390	3,035	1,736
Other transaction and transitional costs [3]	4,763	3,249	12,058	14,326
Depreciation and amortization	6,772	6,716	28,043	26,744
	77,249	55,693	256,344	225,819
Other operating expense (income)				
Net loss on disposal of property, plant and equipment	(60)	68	23	187
Net (gain) loss on settlement of lease liability	(28)	2	(17)	(3)
Net gain on disposal of foreign operations	-	-	(898)	-
Net (gain) loss on financial instruments	(1,929)	(1,975)	(1,382)	14,502
Other	(1,287)	(1,420)	(5,025)	(4,152)
	(3,304)	(3,325)	(7,299)	10,534
Finance costs	11,948	11,938	43,599	46,692
Finance expense	145	(9,072)	2,615	1,286
Impairment charge [4]	1,558	-	5,074	5,111
Share of associate's net loss [5]	-	947	1,077	4,314
Gain on remeasurement of equity investment [5]	-	-	(6,778)	-
Profit (loss) before income taxes	(21,701)	(23,049)	9,383	(80,966)
Income tax recovery	(5,351)	(8,035)	(1,175)	(19,318)
Profit (loss) for the year	**(16,350)**	**(15,014)**	**10,558**	**(61,648)**
Profit (loss) per share				
Basic	(0.87)	(0.80)	0.56	(3.30)
Diluted	(0.87)	(0.80)	0.50	(3.30)

[1] Includes minimum lease payments recognized as lease expense. See “Note 25 [b] - Other expenses (income)” in our consolidated financial statements.
[2] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[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] Impairment charge is a result of a write-down in property, plant and equipment ($1,558) and intangible of assets ($3,516). See “Note 12 - Property, plant and equipment and Note 15 – Intangible assets in our consolidated financial statements.
[5] See “Share of associate's net loss (gain) and revaluation gains”.

Gross Profit and Adjusted Gross Margin

[thousands of dollars]	Three-months Ended December 31 2021 $	2020 $	Year Ended December 31 2021 $	2020 $
Sales	327,095	227,385	1,198,523	1,000,130
Cost of goods sold	261,200	194,253	894,508	787,340
Gross Profit	**65,895**	**33,132**	**304,015**	**212,790**
Gross Profit as a % of sales [1]	20.1%	14.6%	25.4%	21.3%
Equipment rework and remediation	18,600	30,000	26,100	80,000
Depreciation and amortization	9,602	7,240	34,006	28,527
Adjusted Gross Margin [2]	**94,097**	**70,372**	**364,121**	**321,317**
Adjusted Gross Margin as a % of sales [1]	28.8%	30.9%	30.4%	32.1%

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

AGI's gross profit as a percentage of sales for the year ended December 31, 2021, increased over the prior year as a result of the reduction in cost of equipment rework and remediation. The adjusted gross margin as a percentage of sales for the year ended December 31, 2021 decreased over the prior year, which is partially attributable to higher input costs including steel, components, freight, and labour in the year in addition to the impact of sales mix on consolidated adjusted gross margins.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The 2021 loss on foreign exchange in finance expense is primarily comprised of non-cash items related to the translation of the Company's U.S. dollar denominated long-term debt at the rate of exchange in effect as at December 31, 2021. See also "Financial Instruments – Foreign exchange contracts".

Sales and Adjusted EBITDA

AGI's average rate of exchange for the three-months and year ended December 31, 2021 was $1.27 [2020 - $1.32] and $1.25 [2020 - $1.34]. 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 and equipment rework

Remediation costs

As previously disclosed, over the period of 2019-2020, AGI entered into agreements to supply 35 large hopper bins [the "Bins"] for installation by third parties on two grain storage projects. In 2020, one of the Bins erected at one of these projects ["Customer A"] collapsed during commissioning [the

"Incident"]. The Incident did not result in any injuries and AGI immediately issued a demand to suspend use of the Bins at both projects. A total of 15 Bins are located at Customer A's site and 20 Bins are located at the second site ["Customer B"].

AGI agreed on a remediation plan with Customer B and completed extensive product revisions, remediation and testing during 2021. Subsequent to year-end, AGI announced the successful completion of the remediation at Customer B's site.

Customer A has proceeded to conduct remediation of the Bins themselves by replacing the Bins with another equipment solution.

In 2021, two legal claims related to the Incident were initiated against AGI for a cumulative amount in excess of $190 million. The claim by Customer A is in excess of $80 million. In addition, claims have been made by a second claimant [a customer of Customer A with respect to the Incident site] seeking damages of $110 million against AGI. AGI had no contractual relationship with the second claimant and is defending the claims as being remote, not proximate and without merit. AGI has legal and contractual defenses to these legal claims, has filed defenses and will fully and vigorously defend itself.

Customer A has also made a separate legal claim against its own insurance broker over coverage they allege the broker failed to put in place, causing Customer A to suffer damages and uninsured losses. Customer A was required to maintain this insurance coverage under the Customer A's contract with AGI and was required to name AGI as an additional insured.

During the year ended December 31, 2021, an additional provision of $16.1 million was recorded for revised cost estimates in the audited consolidated financial statements. As at December 31, 2021, the warranty provision for the estimated remediation costs is $42.4 million [December 31, 2020 – $69.7 million], with $43.4 million of the provision having been utilized during the year ended December 31, 2021.

The provision for remediation at Customer A's site requires significant estimates and judgments about the scope, nature, timing and cost of investigation and remediation work required. It is based on management's assumptions and estimates at the current date with the cause and determination of responsibility an area of significant estimation uncertainty as the investigation has not been completed and causation has not been determined.

AGI, in consultation with its advisors, has estimated various probability weighted scenarios, including investigation and remediation costs, at the Incident site. Key assumptions included, the degree of liability if any, the estimated number of third-party investigation and legal hours, estimated volume of materials and materials costs, estimated internal and external labour hours, equipment costs and third-party construction costs. As investigation of the incident continues, the provision is subject to revision in the future as further information becomes available, the impact of which could be material.

The provision is based on management's assessment of the remaining scope, nature, and timing of the work outstanding and has been revised based on experience gained and lessons learned from the successful completion and costs incurred in the reinforcement and commissioning of Customer B's site during the year. In addition, management has considered the merits of related legal claims and have taken them into consideration in assessing its exposure.

AGI continues to believe that any financial impact will be, at least, 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.

Equipment rework

The provision for equipment rework relates to previously identified issues with equipment designed and supplied to a customer's commercial facility. During the year ended December 31, 2021, an additional provision of $10 million was recorded as result of revised cost estimates. As at December 31, 2021, the warranty provision for the equipment rework is $11.8 million [2020 – $4.5 million], with $2.7 million of the provision having been utilized during the year.

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

SG&A expenses for the year ended December 31, 2021 excluding merger and acquisition expenses ["M&A"], other transaction and transitional expenses and depreciation / amortization, were $213.2 million [17.8% of sales], versus $183.0 million [18.3% of sales] in 2020. Year-to-date variances from the prior year include the following:

- $8.8 million increase in sales and marketing as a result of sales and marketing activities return to normal in 2021.
- $8.4 million increase in salaries, wages and share-based compensation related to performance-based awards.
- $5.2 million increase in Engineering and IT Expense where $1.5 million is related to increase in engineering services throughout the Company and $1.3 million is related to additional IT security investments with the remainder to enhance support of a complex IT infrastructure.
- $3.5 million increase in consulting expense of which $3.4 million is related to AGI SureTrack for the work to assist with sales strategy and product enhancements.
- No other individual variance was greater than $2.0 million.

Finance costs

Finance costs which represent interest incurred on all debt for the twelve-months ended December 31, 2021 were $43.6 million versus $46.7 million 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 year ended December 31, 2021, was expense of $2.6 million versus $1.3 million in 2020. The expense in 2021 relates primarily to the effect of foreign currency translations arising from the settlement of accounts receivables and payables recorded in a currency other than the Company's functional currency (see "BASIS OF PRESENTATION") and 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 1.2678 at December 31, 2021.

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

Share of associate's net loss for the twelve-months ended December 31, 2021 was a loss of $1.1 million versus $4.3 million in 2020. The Company acquired a controlling interest of Farmobile in Q2 2021 [See 2021 Acquisition - Farmobile] and recognized a gain on remeasurement of equity investment 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 twelve-months ended December 31, 2021, was income of $7.3 million versus expense of $10.5 million in 2020. Other operating expense (income) includes non-cash gains and losses on financial instruments, including AGI's equity compensation hedge [see "Equity swap"], and interest income from customer financing arrangements. A significant portion of the increase relates to the unrealized change in fair value of the equity swap.

Profit (loss) before income taxes and Adjusted EBITDA

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

	Three-months Ended December 31		Year Ended December 31	
	2021	2020	2021	2020
[thousands of dollars]	$	$	$	$
Profit (loss) before income taxes	**(21,701)**	**(23,049)**	**9,383**	**(80,966)**
Finance costs	11,948	11,938	43,599	46,692
Depreciation and amortization	16,374	13,956	62,049	55,271
Share of associate's net loss [1]	-	947	1,077	4,314
Gain on remeasurement of equity investment [1]	-	-	(6,778)	-
Loss (gain) on foreign exchange [2]	211	(8,933)	2,992	1,730
Share-based compensation [3]	2,553	1,223	8,551	6,428
(Gain) loss on financial instruments [4]	(1,929)	(1,975)	(1,382)	14,502
M&A expense [5]	962	390	3,035	1,736
Change in estimate on variable considerations [6]	11,400	-	11,400	-
Other transaction and transitional costs [7]	4,763	3,249	12,058	14,326
Net loss on disposal of property, plant and equipment	(60)	68	23	187
Loss (gain) on settlement of right-of-use assets	(28)	2	(17)	(3)
Gain on disposal of foreign operation	-	-	(898)	-
Equipment rework and remediation [8]	18,600	30,000	26,100	80,000
Impairment charge [9]	1,558	-	5,074	5,111
Adjusted EBITDA [10]	**44,651**	**27,816**	**176,266**	**149,328**

[1] See "Share of associate's net loss (gain) and revaluation gains".
[2] See "Note 25 [e] - Other expenses (income)" in our consolidated financial statements.
[3] The Company's share-based compensation expense pertains to our equity incentive award plan ("EIAP") and directors' deferred compensation plan ("DDCP"). See "Note 24 – Share-based compensation plans" in our consolidated financial statements.
[4] See "Equity swap".
[5] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[6] The result of a change in management estimate on variable considerations for a one-time sales concessions related to previous sales contracts.
[7] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[8] See "Remediation costs and equipment rework"
[9] Impairment charge is a result of a write-down in property, plant and equipment ($1,558) and intangible of assets ($3,516). See "Note 12 - Property, plant and equipment" and "Note 15 – Intangible assets in our consolidated financial statements.
[10] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.

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

			Year Ended December 31, 2021		
	Farm	Commercial	Digital	Other[12]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	**116,987**	**38,192**	**(19,850)**	**(125,946)**	**9,383**
Finance costs	-	-	-	43,599	43,599
Depreciation and amortization [1]	20,250	23,292	12,354	6,153	62,049
Share of associate's net loss [2]	-	-	-	1,077	1,077
Gain on remeasurement of equity investment [2]	-	-	-	(6,778)	(6,778)
Loss (gain) on foreign exchange [3]	-	-	-	2,992	2,992
Share-based compensation [4]	-	-	-	8,551	8,551
(Gain) loss on financial instruments [5]	-	-	-	(1,382)	(1,382)
M&A expense [6]	-	-	-	3,035	3,035
Change in estimate on variable considerations [7]	11,400	-	-		11,400
Other transaction and transitional costs [8]	-	-	-	12,058	12,058
Net loss on disposal of property, plant and equipment [1]	(189)	213	(2)	1	23
Loss (gain) on settlement of right-of-use assets [1]	11	-	-	(28)	(17)
Gain on disposal of foreign operation	-	-	-	(898)	(898)
Equipment rework and remediation [9]	-	-	-	26,100	26,100
Impairment charge [10]	-	5,074	-		5,074
Adjusted EBITDA [11]	**148,459**	**66,771**	**(7,498)**	**(31,466)**	**176,266**

			Year Ended December 31, 2020		
	Farm	Commercial	Digital	Other[12]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	**96,762**	**33,700**	**(10,320)**	**(201,108)**	**(80,966)**
Finance costs	-	-	-	46,692	46,692
Depreciation and amortization [1]	19,994	25,070	5,063	5,144	55,271
Share of associate's net loss [2]	-	-	-	4,314	4,314
Gain on remeasurement of equity investment [2]	-	-	-	-	-
Loss (gain) on foreign exchange [3]	-	-	-	1,730	1,730
Share-based compensation [4]	-	-	-	6,428	6,428
(Gain) loss on financial instruments [5]	-	-	-	14,502	14,502
M&A expense [6]	-	-	-	1,736	1,736
Change in estimate on variable considerations [7]	-	-	-	-	-
Other transaction and transitional costs [8]	-	-	-	14,326	14,326
Net loss on disposal of property, plant and equipment [1]	82	37	49	19	187
Loss (gain) on settlement of right-of-use assets [1]	(1)	(2)	-	-	(3)
Gain on disposal of foreign operation	-	-	-	-	-
Equipment rework and remediation [9]	-	-	-	80,000	80,000
Impairment charge [10]	-	-	-	5,111	5,111
Adjusted EBITDA [11]	**116,837**	**58,805**	**(5,208)**	**(21,106)**	**149,328**

[thousands of dollars]	Farm $	Commercial $	Digital $	Other[12] $	Total $
	Three-Months Ended December 31, 2021				
Profit (loss) before income taxes	**19,326**	**16,917**	**(8,428)**	**(49,516)**	**(21,701)**
Finance costs	-	-	-	11,948	11,948
Depreciation and amortization [1]	5,212	5,663	3,907	1,592	16,374
Share of associate's net loss [2]	-	-	-	-	-
Gain on remeasurement of equity investment [2]	-	-	-	-	-
Loss (gain) on foreign exchange [3]	-	-	-	211	211
Share-based compensation [4]	-	-	-	2,553	2,553
(Gain) loss on financial instruments [5]	-	-	-	(1,929)	(1,929)
M&A expense [6]	-	-	-	962	962
Change in estimate on variable considerations [7]	11,400	-	-		11,400
Other transaction and transitional costs [8]	-	-	-	4,763	4,763
Net loss on disposal of property, plant and equipment [1]	(258)	198			(60)
Loss (gain) on settlement of right-of-use assets [1]	-	-	-	(28)	(28)
Gain on disposal of foreign operation	-	-	-	-	-
Equipment rework and remediation [9]	-	-	-	18,600	18,600
Impairment charge [10]	-	1,558	-		1,558
Adjusted EBITDA [11]	**35,680**	**24,336**	**(4,521)**	**(10,844)**	**44,651**

[thousands of dollars]	Farm $	Commercial $	Digital $	Other[12] $	Total $
	Three-Months Ended December 31, 2020				
Profit (loss) before income taxes	**15,068**	**8,683**	**(3,315)**	**(43,485)**	**(23,049)**
Finance costs	-	-	-	11,938	11,938
Depreciation and amortization [1]	4,954	6,194	1,488	1,320	13,956
Share of associate's net loss [2]	-	-	-	947	947
Gain on remeasurement of equity investment [2]	-	-	-	-	-
Loss (gain) on foreign exchange [3]	-	-	-	(8,933)	(8,933)
Share-based compensation [4]	-	-	-	1,223	1,223
(Gain) loss on financial instruments [5]	-	-	-	(1,975)	(1,975)
M&A expense [6]	-	-	-	390	390
Change in estimate on variable considerations [7]	-	-	-	-	-
Other transaction and transitional costs [8]	-	-	-	3,249	3,249
Net loss on disposal of property, plant and equipment [1]	6	-	45	17	68
Loss (gain) on settlement of right-of-use assets [1]	-	2	-	-	2
Gain on disposal of foreign operation	-	-	-	-	-
Equipment rework and remediation [9]	-	-	-	30,000	30,000
Impairment charge [10]	-	-	-	-	-
Adjusted EBITDA [11]	**20,028**	**14,879**	**(1,782)**	**(5,309)**	**27,816**

[1] Allocated based on the segment of the underlying asset's cash generating unit ("CGU").
[2] See "Share of associate's net loss (gain) and revaluation gains".
[3] See "Note 25 [e] - Other expenses (income)" in our consolidated financial statements.
[4] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 24 – Share-based compensation plans" in our consolidated financial statements.
[5] See "Equity swap".
[6] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[7] The result of a change in management estimate on variable considerations for a one-time sales concessions related to previous sales contracts.
[8] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[9] See "Remediation costs and equipment rework"
[10] Impairment charge is a result of a write-down in property, plant and equipment ($1,558) and intangible of assets ($3,516). See "Note 12 - Property, plant and equipment" and "Note 15 – Intangible assets in our consolidated financial statements.
[11] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[12] Included in Other is the corporate office, which is not a reportable segment, and which provides finance, treasury, legal, human resources and other administrative support to the segments.

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

			Year Ended December 31, 2021		
	Canada	US	International	Other[12]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	**29,757**	**60,701**	**44,871**	**(125,946)**	**9,383**
Finance costs	-	-	-	43,599	43,599
Depreciation and amortization [1]	12,487	24,832	18,577	6,153	62,049
Share of associate's net loss [2]	-	-	-	1,077	1,077
Gain on remeasurement of equity investment [2]	-	-	-	(6,778)	(6,778)
Loss (gain) on foreign exchange [3]	-	-	-	2,992	2,992
Share-based compensation [4]	-	-	-	8,551	8,551
(Gain) loss on financial instruments [5]	-	-	-	(1,382)	(1,382)
M&A expense [6]	-	-	-	3,035	3,035
Change in estimate on variable considerations [7]	11,400	-	-		11,400
Other transaction and transitional costs [8]	-	-	-	12,058	12,058
Net loss on disposal of property, plant and equipment [1]	5	10	7	1	23
Loss (gain) on settlement of right-of-use assets [1]	2	5	4	(28)	(17)
Gain on disposal of foreign operation	-	-	-	(898)	(898)
Equipment rework and remediation [9]	-	-	-	26,100	26,100
Impairment charge [10]	-	5,074	-		5,074
Adjusted EBITDA [11]	**53,651**	**90,622**	**63,459**	**(31,466)**	**176,266**

	Year Ended December 31, 2020				
	Canada	US	International	Other[12]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	**39,785**	**53,869**	**26,488**	**(201,108)**	**(80,966)**
Finance costs	-	-	-	46,692	46,692
Depreciation and amortization [1]	14,154	22,194	13,779	5,144	55,271
Share of associate's net loss [2]	-	-	-	4,314	4,314
Gain on remeasurement of equity investment [2]	-	-	-	-	-
Loss (gain) on foreign exchange [3]	-	-	-	1,730	1,730
Share-based compensation [4]	-	-	-	6,428	6,428
(Gain) loss on financial instruments [5]	-	-	-	14,502	14,502
M&A expense [6]	-	-	-	1,736	1,736
Change in estimate on variable considerations [7]	-	-	-	-	-
Other transaction and transitional costs [8]	-	-	-	14,326	14,326
Net loss on disposal of property, plant and equipment [1]	47	74	47	19	187
Loss (gain) on settlement of right-of-use assets [1]	(1)	(1)	(1)	-	(3)
Gain on disposal of foreign operation	-	-	-	-	-
Equipment rework and remediation [9]	-	-	-	80,000	80,000
Impairment charge [10]	-	-	-	5,111	5,111
Adjusted EBITDA [11]	**53,985**	**76,136**	**40,313**	**(21,106)**	**149,328**

	Three-Months Ended December 31, 2021				
	Canada	US	International	Other[12]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	**(1,995)**	**7,980**	**21,830**	**(49,516)**	**(21,701)**
Finance costs	-	-	-	11,948	11,948
Depreciation and amortization [1]	2,112	5,787	6,883	1,592	16,374
Share of associate's net loss [2]	-	-	-	-	-
Gain on remeasurement of equity investment [2]	-	-	-	-	-
Loss (gain) on foreign exchange [3]	-	-	-	211	211
Share-based compensation [4]	-	-	-	2,553	2,553
(Gain) loss on financial instruments [5]	-	-	-	(1,929)	(1,929)
M&A expense [6]	-	-	-	962	962
Change in estimate on variable considerations [7]	11,400	-	-		11,400
Other transaction and transitional costs [8]	-	-	-	4,763	4,763
Net gain on disposal of property, plant and equipment [1]	(9)	(23)	(28)		(60)
Loss (gain) on settlement of right-of-use assets [1]	-	-	-	(28)	(28)
Gain on disposal of foreign operation	-	-	-	-	-
Equipment rework and remediation [9]	-	-	-	18,600	18,600
Impairment charge [10]	-	1,558	-		1,558
Adjusted EBITDA [11]	**11,508**	**15,302**	**28,685**	**(10,844)**	**44,651**

[thousands of dollars]	Three-Months Ended December 31, 2020 Canada $	 US $	 International $	 Other[12] $	 Total $
Profit (loss) before income taxes	**6,469**	**8,282**	**5,685**	**(43,485)**	**(23,049)**
Finance costs	-	-	-	11,938	11,938
Depreciation and amortization [1]	3,277	5,458	3,901	1,320	13,956
Share of associate's net loss [2]	-	-	-	947	947
Gain on remeasurement of equity investment [2]	-	-	-	-	-
Loss (gain) on foreign exchange [3]	-	-	-	(8,933)	(8,933)
Share-based compensation [4]	-	-	-	1,223	1,223
(Gain) loss on financial instruments [5]	-	-	-	(1,975)	(1,975)
M&A expense [6]	-	-	-	390	390
Change in estimate on variable considerations [7]	-	-	-	-	-
Other transaction and transitional costs [8]	-	-	-	3,249	3,249
Net loss on disposal of property, plant and equipment [1]	13	22	16	17	68
Loss (gain) on settlement of right-of-use assets [1]	1	1	-	-	2
Gain on disposal of foreign operation	-	-	-	-	-
Equipment rework and remediation [9]	-	-	-	30,000	30,000
Impairment charge [10]	-	-	-	-	-
Adjusted EBITDA [11]	**9,760**	**13,763**	**9,602**	**(5,309)**	**27,816**

[1] Allocated based on the geographical region sales with the exception of expenses noted in Other.
[2] See "Share of associate's net loss (gain) and revaluation gains".
[3] See "Note 25 [e] - Other expenses (income)" in our consolidated financial statements.
[4] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 24 – Share-based compensation plans" in our consolidated financial statements.
[5] See "Equity swap".
[6] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[7] The result of a change in management estimate on variable considerations for a one-time sales concessions related to previous sales contracts.
[8] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
[9] See "Remediation costs and equipment rework"
[10] Impairment charge is a result of a write-down in property, plant and equipment ($1,558) and intangible of assets ($3,516). See "Note 12 - Property, plant and equipment" and "Note 15 – Intangible assets in our consolidated financial statements.
[11] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[12] Included in Other is the corporate office which provides finance, treasury, legal, human resources and other administrative support to the geographical regions.

As expected, AGI's Adjusted EBITDA for the year ended December 31, 2021, increased 18% over 2020. The Farm segment's Adjusted EBITDA increased 27% over 2020 for the year ended December 31, 2021, largely due to solid demand owing to a strong crop year and low dealer inventories. The Commercial segment's 14% Adjusted EBITDA increase 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.

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 the prior year.

Income tax (recovery) expense

Current income tax expense

Current tax expense for the three-month and year ended December 31, 2021, was $4.3 million and $9.4 million, respectively, versus $3.6 million and $7.1 million, respectively, in 2020.

Deferred income tax recovery

Deferred tax recovery for the three-month and year ended December 31, 2021 was a recovery of $9.6 million and $10.6 million, respectively, versus $11.6 million and $26.4 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.

	Three-months Ended December 31		Year Ended December 31	
	2021	2020	2021	2020
[thousands of dollars]	$	$	$	$
Current tax expense	4,280	3,593	9,445	7,089
Deferred tax recovery	(9,631)	(11,628)	(10,620)	(26,407)
Total tax	**(5,351)**	**(8,035)**	**(1,175)**	**(19,318)**
Profit (loss) before income taxes	(21,701)	(23,049)	9,383	(80,966)
Effective income tax rate	24.7%	34.9%	(12.5%)	23.9%

The effective income 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”.

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

The Company’s diluted profit (loss) per share for the three-months and year ended December 31, 2021, were loss of $0.87 and profit of $0.50 compares to a loss of $0.80 and $3.30 in 2020, respectively. 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 December 31 2021 $	2020 $	Year Ended December 31 2021 $	2020 $
Profit (loss)	(16,350)	(15,014)	10,558	(61,648)
Diluted profit (loss) per share	(0.87)	(0.80)	0.50	(3.30)
Loss (gain) on foreign exchange [1]	211	(8,933)	2,992	1,730
M&A expense [2]	962	390	3,035	1,736
Other transaction and transitional costs [3]	4,763	3,249	12,058	14,326
(Gain) loss on financial instruments [4]	(1,929)	(1,975)	(1,382)	14,502
Change in estimate on variable considerations [5]	11,400	-	11,400	-
Net loss on disposal of property, plant and equipment	(60)	68	23	187
Loss (gain) on settlement of right-of-use assets	(28)	2	(17)	(3)
Impairment charge [6]	1,558	-	5,074	5,111
Equipment rework and remediation [7]	18,600	30,000	26,100	80,000
Gain on disposal of foreign operation	-	-	(898)	-
Share of associate's net loss [8]	-	947	1,077	4,314
Gain on remeasurement of equity investment [8]	-	-	(6,778)	-
Adjusted profit [9]	**19,127**	**8,734**	**63,242**	**60,255**
Diluted adjusted profit per share [10]	0.89	0.46	2.90	3.17

[1] See "Note 25 [e] - Other expenses (income)" in our consolidated financial statements.
[2] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[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] See "Equity swap".
[5] The result of a change in management estimate on variable considerations for a one-time sales concessions related to previous sales contracts.
[6] Impairment charge is a result of a write-down in property, plant and equipment ($1,558) and intangible of assets ($3,516). See "Note 12 - Property, plant and equipment and Note 15 – Intangible assets in our consolidated financial statements.
[7] See "Remediation costs and equipment rework"
[8] See "Share of associate's net loss (gain) and revaluation gains".
[9] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[10] This is a non-IFRS ratio and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS ratio.

QUARTERLY FINANCIAL INFORMATION

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

2021	Average USD/CAD Exchange Rate	Sales(1) $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q1	1.27	255,977	12,704	0.68	0.66
Q2	1.23	301,592	14,276	0.76	0.74
Q3	1.25	313,859	(73)	0.00	0.00
Q4	1.27	327,095	(16,349)	(0.87)	(0.87)
YTD	1.25	1,198,523	10,558	0.56	0.50

2020					
	Average USD/CAD Exchange Rate	Sales[1] $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q1	1.32	228,875	(48,844)	(2.61)	(2.61)
Q2	1.40	261,420	14,472	0.77	0.76
Q3	1.34	282,450	(12,262)	(0.66)	(0.66)
Q4	1.32	227,385	(15,014)	(0.80)	(0.80)
YTD	1.34	1,000,130	(61,648)	(3.30)	(3.30)

[1] See “BASIS OF PRESENTATION”

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

- AGI’s acquisitions of Affinity [Q1 2020] and a controlling interest in 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 2020 and 2021 were negatively impacted by the Company’s estimated remediation costs [see – “Remediation costs and equipment rework”].

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 Company’s credit facility, to fund the Company’s working capital requirements, capital expenditures, acquisitions and dividends. The Company believes that the debt facilities and debentures described under “Capital Resources”, together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements.

CASH FLOW AND LIQUIDITY

[thousands of dollars]	Three-months Ended December 31 2021 $	2020 $	Year Ended December 31 2021 $	2020 $
Profit (loss) before tax	(21,701)	(23,049)	9,383	(80,966)
Items not involving current cash flows	19,056	1,063	73,379	83,640
Cash provided by operations	(2,645)	(21,986)	82,762	2,674
Net change in non-cash working capital	36,209	63,243	(20,951)	80,059
Transfer from(to) restricted cash	-	-	7,068	-
Non-current accounts receivable and other	(5,337)	(1,804)	(15,559)	(3,001)
Long-term payables	24	144	(8)	333
Settlement of EIAP	(48)	(86)	(817)	(2,882)
Post-combination payments	-	-	(4,154)	-
Income tax paid	(3,817)	265	(9,226)	(3,013)
Cash flows provided by (used in) operating activities	24,386	39,776	39,115	74,170
Cash used in investing activities	(13,306)	(9,656)	(75,318)	(62,698)
Cash provided by (used in) financing activities	1,617	(42,489)	35,054	2,563
Net increase (decrease) in cash during the period	12,697	(12,369)	(1,149)	14,035
Cash, beginning of period	48,610	74,825	62,456	48,421
Cash, end of period	**61,307**	**62,456**	**61,307**	**62,456**

The decrease in cash provided by operating activities for the three-months ended December 31, 2021, as compared to 2020 is due to net change in non-cash working capital offset by changes in items not involving current cash flows, non-current accounts receivables, post combination expenses and income tax paid whereas the decrease in cash provided by operating activities for the year ended December 31, 2021, as compared to 2020 is due to net change in non-cash working capital, increase in non-current accounts receivable, post combination payments and income taxes paid.

The change in non-cash working capital is largely due to the higher cost of steel, sales mix towards the Farm segment and the reduction in warranty provision as equipment rework and remediation work continues [see “Remediation costs and equipment rework”]. Cash used in investing activities relates primarily to the acquisition of a controlling interest in Farmobile [see “2021 Acquisition – Farmobile”], capital expenditures and internally generated intangibles. Cash provided by (used in) financing activities relates to issuance of the 2021 convertible unsecured subordinated debentures net of redemption of the 2017 convertible unsecured subordination debentures.

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

	Three-months Ended December 31		Year Ended December 31	
	2021	2020	2021	2020
[thousands of dollars]	$	$	$	$
Maintenance capital expenditures [1]	2,488	2,295	10,374	8,141
Non-maintenance capital expenditures [1]	7,691	2,460	18,302	19,922
Acquisition of property plant and equipment	**10,179**	**4,755**	**28,676**	**28,063**

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

The acquisition of property, plant and equipment in the three-months and year ended December 31, 2021 were $10.2 million and $28.7 million respectively as compared to $4.8 million and $28.1 million, respectively, in 2020.

Maintenance capital expenditures in the three-months and year ended December 31, 2021, were $2.5 million [0.8% of sales] and $10.4 million [0.9% of sales], respectively versus $2.3 million [1.0% of sales] and $8.1 million [0.8% of 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 had non-maintenance capital expenditures in the three-months and year ended December 31, 2021, of $7.7 million and $18.3 million, respectively versus $2.5 million and $19.9 million, respectively in 2020. $3.9 million of the $18.3 million of non-maintenance capital expenditures were relating to investment in equipment leasing with the remaining amounts 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.

The acquisition of property, plant and equipment and its components of maintenance and non-maintenance capital expenditures in 2021 were financed through bank indebtedness, cash on hand or through the Company's credit facility [see "Capital Resources"].

CONTRACTUAL OBLIGATIONS

The following table shows, as at December 31, 2021 the Company's contractual obligations for the periods indicated:

[thousands of dollars]	Total $	2022 $	2023 $	2024 $	2025 $	2026+ $
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
2021 Debentures	115,000	-	-	-	-	115,000
Long-term debt[1]	437,294	552	461	430	403,536	32,315
Lease liability [1]	27,098	6,155	4,412	3,537	3,273	9,721
Short term and low value leases	10	6	2	2	-	-
Due to vendor	6,836	5,269	667	500	400	-
Preferred shares liability[1] [2]	11,690	11,690	-	-	-	-
Purchase obligations [3]	3,204	3,204	-	-	-	-
Total obligations	944,882	113,126	5,542	176,969	407,209	242,036

[1] Undiscounted
[2] Related to optionally convertible redeemable preferred shares as part of the Milltec Machinery Inc. acquisition.
[3] Net of deposit.

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

CAPITAL RESOURCES

Assets and Liabilities

(thousands of dollars)	December 31 2021 $	December 31 2020 $
Total assets	1,593,654	1,479,179
Total liabilities	1,324,903	1,216,042

Cash

The Company's cash balance at December 31, 2021 was $61.3 million [2020 - $62.5 million].

Debt Facilities

As at December 31, 2021:

[thousands of dollars]	Currency	Maturity	Total Facility [CAD][1][2] $	Amount Drawn[1] $	Effective Interest Rate
Canadian Swing Line	CAD	2025	40,000	—	2.83%
USD Swing Line	USD	2025	12,678	—	2.20%
Canadian Revolver Tranche A[3]	CAD	2025	235,000	126,417	2.98%
Canadian Revolver Tranche B[4]	USD	2025	50,712	50,000	2.50%
U.S. Revolver	USD	2025	209,187	201,834	2.20%
Series B Notes[5]	CAD	2025	25,000	25,000	4.44%
Series C Notes[5]	USD	2026	31,695	31,695	3.70%
Equipment Financing	various	2025	2,306	2,306	Various
Total			**606,578**	**437,252**	

[1] USD denominated amounts translated to CAD at the rate of exchange in effect on December 31, 2021 of $1.2678.
[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 December 31, 2021. The facilities bear interest at prime plus 0.2% to prime plus 1.5% per annum based on performance calculations. As at December 31, 2021, there was $nil [2020 – $nil] 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 December 31, 2021:

Year Issued / TSX Symbol	Aggregate Principal Amount $	Coupon	Conversion Price $	Maturity Date	Redeemable at Par (1)
2018 [AFN.DB.E]	86,250,000	4.50%	88.15	Dec 31, 2022	Jan 1, 2022
2021 [AFN.DB.I]	115,000,000	5.00%	45.14	Jun 30, 2027	Jun 30, 2025

[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] Such Convertible Debentures may be redeemed, in whole or in part, at the option of the Company 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 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 of the Company ("Common Shares"). The Company may also elect to satisfy its obligation to pay interest on the Convertible Debentures by delivering sufficient Common Shares to the trustee the Convertible Debentures to be sold, with the proceeds used to satisfy the obligation to pay interest. The Company does not expect to exercise the option to satisfy its obligations to pay the principal amount or interest by delivering Common Shares. The number of Common Shares issued would be determined based on market prices at the time of issuance.

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.

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 "Maturity Date"].

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 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 were used to partially repay outstanding indebtedness under the Company's revolving credit facilities, a portion of which were then redrawn to fund the redemption of the Company's 4.85% convertible unsecured subordinated debentures due June 30, 2022 and for general corporate purposes.

On November 16, 2021, the Company redeemed its 4.85% convertible unsecured subordinated debentures due June 30, 2022 ["2017 Debentures"] in accordance with the terms of the supplemental trust indenture governing such debentures. Upon redemption, AGI paid to the holders of the 2017 Debentures the aggregate redemption price of $87.8 million equal to the outstanding principal amount of the 2017 Debentures redeemed including accrued and unpaid interest up to but excluding the redemption date, less taxes deducted or withheld. A loss of $0.7 million was recorded to loss on financial instruments, and the equity component of the 2017 Debentures was reclassified to contributed surplus.

The Company expensed the remaining unamortized balance of $0.6 million of deferred fees related to the 2017 Debentures. The expense was recorded to finance costs in the consolidated statements of income (loss).

Senior Unsecured Subordinated Debentures

The following table summarizes the key terms of the Senior Unsecured Subordinated Debentures [the "Senior Debentures"] that were outstanding as at December 31, 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 to the trustee of the Senior Debentures to be sold, with the proceeds used to satisfy the obligation to pay interest. The number of Common Shares issued would be determined based on market prices at the time of issuance.

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	74,653
Conversion of 2017 Debentures	502
December 31, 2021	**18,793,570**
Settlement of EIAP obligations	**26,959**
March 8, 2022	**18,820,529**

At March 8, 2022:

- 18,820,529 Common Shares are outstanding;
- 1,565,000 Common Shares are available for issuance under the Company's Equity Incentive Award Plan [the "EIAP"], of which 1,412,129 have been granted and 152,571 remain unallocated;
- 500,000 Common Shares are available for issuance under the Company's Stock Option Plan, of which, 500,000 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
- 3,526,075 Common Shares are issuable on conversion of the outstanding Convertible Debentures, of which there are an aggregate principal amount of $200 million outstanding.

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

DIVIDENDS

AGI declared dividends to shareholders in the three-month period and year ended December 31, 2021 of $2.8 million and $11.3 million, respectively, versus $2.8 million and $19.6 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.

CASH PROVIDED BY OPERATIONS, FUNDS FROM OPERATIONS AND PAYOUT RATIOS

	Year Ended December 31	
	2021	2020
[thousands of dollars]	$	$
Cash provided by operations	82,762	2,674
Items not involving current cashflows	(73,379)	(83,640)
Profit (loss) before income taxes	**9,383**	**(80,966)**
Combined adjustments to Adjusted EBITDA [1]	166,883	230,294
Adjusted EBITDA [2]	176,266	149,328
Interest expense	(43,599)	(46,692)
Non-cash interest	6,034	5,081
Cash taxes	(9,226)	(3,013)
Maintenance capital expenditures [2]	(10,374)	(8,141)
Funds from operations [2]	119,101	96,563
Dividends	11,271	19,635
Payout Ratio [3] from cash provided by operations	**14%**	**734%**
Payout Ratio [4] from funds from operations	**9%**	**20%**

[1] See "Profit (loss) before income taxes and Adjusted EBITDA"
[2] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[3] This is a supplementary financial measure and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each supplementary financial measure.
[4] This is a non-IFRS ratio and is used throughout this MD&A. See "NON-IFRS and OTHER FINANCIAL MEASURES" for more information on each non-IFRS ratio.

FINANCIAL INSTRUMENTS

Foreign exchange contracts

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollars and to a lesser extent to variations in exchange rates between the Euro and the Canadian dollar. AGI may enter into foreign exchange contracts to partially mitigate its foreign exchange risk. AGI has no foreign exchange contracts outstanding as at December 31, 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-month period and year ended December 31, 2021, the Company recorded an unrealized gain $0.2 million and $0.6 million, respectively, versus an unrealized gain of $0.2 million and a loss $1.0 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 Common 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 December 31, 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 $5.0 million liability [2020 – $6.4 million liability]. During the three-month period and year ended December 31, 2021, the Company recorded, in the consolidated statements of income (loss) an unrealized gain of $2.4 million and $1.4 million, respectively, compared to an unrealized gain of $1.9 million and a loss of $12.0 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 $0.3 million. During the three-month period and year ended December 31, 2021, the Company recorded an unrealized gain of $0.1 million and $0.3 million, respectively, as compared to a loss of $0.2 million and $0.8 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 for approximately $11 million USD pursuant to stock purchase agreements. AGI now owns 100% of the preferred stock and approximately 76% of the common stock of Farmobile. The terms of the agreements will facilitate the 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

Eastern Fabricators Acquisition

On January 4, 2022, AGI announced that it had acquired Eastern Fabricators ("Eastern"). Eastern specializes in the engineering, design, fabrication, and installation of high-quality stainless-steel equipment and systems for food processors. Eastern operates three facilities in Canada with two in Prince Edward Island and one in Ontario. Eastern serves a range of customers across North America and has developed strong relationships with some of the world's largest multinational food processors. Consideration for the acquisition included an upfront purchase price of $29.25 million paid on closing plus the potential for an additional $15.75 million in earn out payments based on the achievement of financial targets in future years. The acquisition was funded primarily through AGI's senior debt facilities.

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-month period and year ended December 31, 2021, the total cost of these legal services related to general matters was $0.3 million and $1.0 million [2020 – $0.1 million and $0.9 million], and $0.5 million is included in accounts payable and accrued liabilities as at December 31, 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 2021 consolidated financial statements are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 to the consolidated financial statements 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 requirement to re-supply equipment or re-complete work previously supplied or completed at AGI's costs, and the risk that AGI's assumptions and estimates made in respect of such costs and underlying the provision for warranty accrual and remediation in our consolidated financial statements related thereto and insurance coverage therefor (including for the 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

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; and
- 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, 2024. 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 provide 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 has concluded that disclosure controls and procedures were effective as at December 31, 2021.

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 consolidated financial statements for external purposes in accordance with IFRS. Management has evaluated the design and operating effectiveness of the Company’s internal controls over financial reporting as at December 31, 2021 and has concluded that the internal controls over financial reporting are effective.

AGI acquired a controlling interest in Farmobile in 2021. 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:

[thousands of dollars]	Farmobile $
Revenue [1]	1,111
Loss[1]	10,434
Current assets [1][2]	2,493
Non-current assets [1][2]	34,951
Current liabilities [1][2]	2,874
Non-current liabilities [1][2]	4,083

[1] Net of intercompany
[2] Statement of financial position as at December 31, 2021

There have been no changes in AGI's internal controls over financial reporting that occurred in the three-month period ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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; our outlook for our financial and operating performance in 2022, including our expectations for our future financial results (including our forecast for full year 2022 adjusted EBITDA), industry demand and market conditions, growth prospects, and 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 associated with the Incident, including the costs of remediation, and the availability of insurance coverage to offset such costs; matters relating to litigation arising as a result of the Incident; the estimated costs to the Company from ongoing equipment rework; our ability to mitigate the impact of inflation; our ability to lessen the seasonality of our business; the factors that may impact our working capital requirements; the sufficiency of our liquidity; long-term fundamentals and growth drivers of our business; future payment of dividends and the amount thereof; and with respect to our ability to achieve the expected benefits of recent acquisitions and the contribution therefrom. Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions concerning: the anticipated impacts of the COVID-19 pandemic on our business, operations and financial results; future debt levels; anticipated grain production in our market areas; financial performance; the financial and operating attributes of recently acquired businesses and the anticipated future performance thereof and contributions therefrom; business prospects; strategies; product and input pricing; regulatory developments; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; political events; currency exchange and interest rates; the cost of materials; labour and services; the value of businesses and assets and liabilities assumed pursuant to recent acquisitions; the impact of competition; the general stability of the economic and regulatory environment in which the Company operates; the timely receipt of any required regulatory and third party approvals; the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner; the timing and payment of dividends; the ability of the Company to obtain financing on acceptable terms; the regulatory framework in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its products and services. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking information, including the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the recent COVID-19 pandemic, including the effects on the Company's operations, personnel, and supply chain, the demand for its products and services, its ability to expand and produce in new geographic markets or the timing of such expansion efforts, and on overall economic conditions and customer confidence and spending levels, changes in international, national and local macroeconomic and business conditions, as well as sociopolitical conditions in certain local or regional markets, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, the ability of management to execute the Company’s business plan, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange and interest rates, the availability of credit for customers, competition, AGI’s failure to achieve the expected benefits of recent acquisitions including to realize anticipated synergies and margin improvements; changes in trade relations between the countries in which the Company does business including between Canada and the United States; cyber security risks; the risk that the assumptions and estimates underlying the provision for remediation related to the Incident and insurance coverage for the Incident will prove to be incorrect as further information becomes available to the Company; and the risk of litigation in respect of equipment or work previously supplied or completed or in respect of other matters and the risk that AGI incurs material liabilities in connection with such litigation that are not covered by insurance in whole or in part. These 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 Incident required significant estimates and judgments about the scope, nature, timing and cost of work that will be required. It is based on management’s assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this MD&A is made as of the date of this MD&A and AGI undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

FINANCIAL OUTLOOK

Also included in this MD&A is an estimate of AGI's 2022 Adjusted EBITDA, which is based on, among other things, the various assumptions disclosed in this news release including under "Forward-Looking Information" and including our assumptions regarding (i) the adjusted EBITDA contribution that AGI anticipates receiving in 2022 from Eastern, which was acquired by AGI on January 4, 2022 (see “SUBSEQUENT EVENTS – Eastern Fabricators Acquisition” in our MD&A for further details regarding the acquisition of Eastern), and (ii) the adjusted EBITDA contribution that AGI anticipates receiving from revenue growth in 2022 as a result of the 47% YOY increase in AGI's backlogs at December 31, 2021. To the extent such estimate constitutes a financial outlook, it was approved by management on March 8, 2022 and is included to provide readers with an understanding of AGI's anticipated Adjusted EBITDA based on the assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

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].