AGI Announces Update To 2024 Outlook

Winnipeg, MB, January 13, 2025 – Ag Growth International Inc. (TSX: AFN) ("AGI", "us", "we", "our", or the "Company") today announced an update to the outlook for our 2024 financial performance.

The Company anticipates full year 2024 results to include Adjusted EBITDA[1] of approximately $260 million with Adjusted EBITDA margins[2] of approximately 18.5%[3].

"Our updated guidance is the result of several factors coming together over recent weeks," commented Paul Householder, President & CEO of AGI. "The U.S. and broader North American farm market continues to be soft with a noticeable slowdown in early order program activity relative to our expectations. In addition, engineering and procurement delays on certain Commercial segment projects in Brazil will push some of the financial contributions we were expecting in 2024 into early 2025. Based on order intake trends and overall market conditions across the North American Farm segment, we are cautious about the potential for a meaningful rebound in our overall results in 2025. We are monitoring the situation carefully and continue to make tactical adjustments to ensure we are well positioned to maintain our strong margin profile in all operating conditions."

The Company intends to release fourth quarter and full year 2024 results on March 5, 2025. Details on how to participate in the conference call or webcast will be distributed closer to the release date.

Company Profile
AGI is a provider of the equipment and solutions required to support the efficient storage, transport, and processing of food globally. AGI has manufacturing facilities in Canada, the United States, Brazil, India, France, and Italy and distributes its product worldwide.

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[1] Forward-looking non-IFRS financial measure. See "Non-IFRS and Other Financial Measures".
- For the year ended December 31, 2023, Adjusted EBITDA was $294.0 million and profit before income taxes was $86.1 million.

[2] Forward-looking non-IFRS ratio. See "Non-IFRS and Other Financial Measures".
[3] See "AGI Guidance Information".

AGI GUIDANCE INFORMATION

The Company has updated its guidance for 2024 Adjusted EBITDA to approximately $260 million and for 2024 Adjusted EBITDA margin to approximately 18.5%. The table below sets forth our current 2024 guidance alongside our previous 2024 guidance.

	Previous 2024 Guidance[(1)]	**Updated 2024 Guidance**
2024 full year Adjusted EBITDA	Approximately $280 million	Approximately $260 million
2024 full year Adjusted EBITDA margin	Approximately 19.0%	Approximately 18.5%

Note:
(1) As of November 5, 2024.

NON-IFRS AND OTHER FINANCIAL MEASURES

This press release makes reference to certain non-IFRS financial measures and non-IFRS ratios. These specified financial measures are not recognized measures under International Financial Reporting Standards ("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 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.

"Adjusted EBITDA" (adjusted earnings before interest, taxes, depreciation, and amortization) 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 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. Adjusted EBITDA guidance is a forward-looking non-IFRS financial measure. For additional information regarding Adjusted EBITDA, see the information under the headings "Non-IFRS and Other Financial Measures" in AGI's management's discussion and analysis for the three and nine months ended September 30, 2024 (the "**Q3 2024 MD&A**") and the year ended December 31, 2023 ("**2023 Annual MD&A**") (which information is incorporated by reference herein to the extent it relates to Adjusted EBITDA), which documents are available on SEDAR+ at www.sedarplus.ca. The following table provides a reconciliation of Adjusted EBITDA to profit (loss) before income taxes for the years ended December 31, 2023 and 2022:

	Year ended December 31	
	2023	**2022**
[thousands of dollars]	**$**	**$**
Profit (loss) before income taxes	86,067	(45,313)
Finance costs	73,667	61,067
Depreciation and amortization	65,316	76,945
Loss (gain) on foreign exchange [1]	(7,571)	8,941
Share-based compensation [2]	12,159	15,620
Loss (gain) on financial instruments [3]	(5,369)	(9,629)
Mergers and acquisition expense (recovery) [4]	50	(144)
Transaction, transitional and other costs [5]	27,124	44,301
Enterprise Resource Planning ("ERP") system transformation costs [6]	14,001	—
Net loss (gain) on disposal of property, plant and equipment [7]	768	340
Net gain on assets held for sale [8]	(314)	—
Equipment rework [9]	7,900	6,100
Remediation [9]	16,208	—

Accounts receivable reserve for RUK	1,651	—
Fair value of inventory from acquisition [10]	—	609
Impairment charge [11]	2,237	75,846
Adjusted EBITDA	**293,894**	**234,683**

[1] See “Note 25[e] – Finance expenses (income)” in our Q4 2023 and year-end consolidated financial statements.
[2] The Company’s share-based compensation expense pertains to our equity incentive award plan (“EIAP”) and directors’ deferred compensation plan (“DDCP”). See “Note 24 – Share-based compensation plans” in our Q4 2023 and year-end consolidated financial statements.
[3] See “Note 30[a] – Financial instruments and financial risk management” in our Q4 2023 and year-end consolidated financial statements.
[4] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.
[5] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[6] Expenses incurred in connection with a global multi-year ERP transformation project.
[7] Includes loss (gain) on settlement of lease liabilities. See “Note 11 – Property, plant and equipment” in our Q4 2023 and year-end consolidated financial statements.
[8] See “Note 16 – Assets held for sale” in our Q4 2023 and year-end consolidated financial statements.
[9] See “Note 18 - Provisions” in our Q4 2023 and year-end consolidated financial statements; includes legal fees associated with remediation settlement.
[10] Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost.
[11] Impairment charge related to property, plant, and equipment, right-of-use assets, goodwill, intangible assets and assets held for sale. See “Note 11 – Property, plant and equipment”, “Note 12 – Right-of-use assets”, “Note 13 – Goodwill”, “Note 14 – Intangible assets” and “Note 16 – Assets held for sale” in our Q4 2023 and year-end consolidated financial statements.

"Adjusted EBITDA margin %" is defined as Adjusted EBITDA divided by revenue. Adjusted EBITDA margin % is a non-IFRS ratio because one of its components, Adjusted EBITDA, is a non-IFRS financial measure. For additional information regarding Adjusted EBITDA margin %, see the information under the headings "Non-IFRS and Other Financial Measures" in AGI's Q3 2024 MD&A and 2023 Annual MD&A (which information is incorporated by reference herein to the extent it relates to Adjusted EBITDA margin %).

FORWARD-LOOKING INFORMATION

This press release contains forward-looking statements and information [collectively, "forward-looking information"] within the meaning of applicable securities laws that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words “anticipate”, “estimate”, “believe”, “continue”, “could”, “expects”, “intend”, "trend", “plans”, “will”, “may” or similar expressions suggesting future conditions or events or the negative of these terms are generally intended to identify forward-looking information. Forward-looking information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. 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 press release includes information relating to: our Adjusted EBITDA and Adjusted EBITDA margin % guidance for full year 2024; that the U.S. and broader North American farm economy continues to be soft; that engineering and procurement delays on certain Commercial segment projects in Brazil will push some of the financial contributions we were expecting this year into early 2025; that we are cautious about the potential for a meaningful rebound in our overall results in 2025; and that we continue to make tactical adjustments to ensure we are well positioned to maintain our strong margin profile in all operating conditions. 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 size of our current order book; anticipated crop yields and production in our market areas; anticipated financial performance; future debt levels; business prospects and strategies, including the success of our operational excellence initiatives; product and input pricing; the scope, nature, timing and cost of re-supplying certain equipment and re-completing certain work that has previously been supplied or completed pursuant to warranty obligations or otherwise; regulatory developments; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; currency exchange rates, inflation rates and interest rates; the cost of materials, labour and services and the impact of inflation rates and/or supply chain disruptions and/or labour activity thereon; the impact of competition; the general stability of the economic and regulatory environments in which the Company operates; the timely receipt of any required regulatory and third party approvals; the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner; the amount and timing of the dividends that we expect to pay and the common shares that we expect to repurchase under our normal course issuer bid; the ability of the Company to obtain financing on acceptable terms; the regulatory framework in the jurisdictions in which the Company operates; the ability of the Company to successfully market its products and services; and that a pandemic or other public health emergency will not have a material impact on our business, operations, and financial results going forward. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking information. These risks and uncertainties include but are not limited to the following: general economic and business conditions and changes in international, national and local macroeconomic and business conditions, as well as sociopolitical conditions in certain local or regional markets, including as a result of conflicts in the Middle East and the conflict between Russia and Ukraine and the responses thereto from other countries and institutions (including trade sanctions and financial controls), which has created volatility in the global economy and could continue to adversely impact economic and trade activity; the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the coronavirus (COVID-19) pandemic; the ability of management to execute the Company's business plan; fluctuations in agricultural and other commodity prices, interest rates, inflation rates and currency exchange rates; crop planting, crop conditions and crop yields; weather patterns, the timing of harvest and conditions during harvest; volatility of production costs, including the risk of production cost increases that may arise as a result of high inflation rates and/or supply chain disruptions and/or labour actions, and the risk that we may not be able to pass along all or any portion of increased costs to customers; governmental regulation of the agriculture and manufacturing industries, including environmental and climate change regulation; actions taken by governmental authorities, including increases in taxes, changes in government regulations and incentive programs, and actions taken in connection with local or global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the COVID-19 pandemic; risks inherent in marketing operations; credit risk; the availability of credit for customers; seasonality and industry cyclicality; potential delays or changes in plans with respect to capital expenditures; the cost and availability of sufficient financial resources to fund the Company's capital expenditures; failure of the Company to realize the benefits of its operational excellence initiatives; competition for, among other things, customers, supplies, acquisitions, capital and skilled personnel; the availability of capital on acceptable terms; dependence on suppliers; changes in labour costs and the labour market, including the risk of labour cost increases that may arise as a result of high inflation rates and/or a scarcity of labour and/or labour activities; the impact of climate change and related laws and regulations; changes in trade relations between the countries in which the Company does business, including between Canada and the United States; the risk that the new U.S. administration imposes tariffs on Canadian goods, including the Company's products, and that such tariffs (and/or the response of the Canadian federal government and/or provincial governments to such tariffs) adversely affect the demand and/or market price for the Company's products and/or otherwise adversely affects the Company; cyber security risks; adjustments to and delays or cancellation of one or more orders comprising our order book; the requirement to re-supply equipment or re-complete work previously supplied or completed at AGI's cost, and the risk that AGI's assumptions and estimates made in respect of such costs and underlying the provision for warranty accrual and remediation in our consolidated financial statements related thereto and insurance coverage therefor will prove to be incorrect as further information becomes available to AGI; and the risk of litigation or unsuccessful defense of litigation in respect of equipment or work previously supplied or completed or in respect of other matters and the risk that AGI incurs material liabilities in connection with such litigation that are not covered by insurance in whole or in part. These risks and uncertainties are described under "Risks and Uncertainties" in the Q3 2024 MD&A and 2023 Annual MD&A and in our most recently filed Annual Information Form, all of which are available under the Company's profile on SEDAR+ [www.sedarplus.ca]. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking information. We cannot assure readers that actual results will be consistent with this forward-looking information. Further, AGI cannot guarantee that the anticipated revenue from its order book will be realized or, if realized, will result in profits or Adjusted EBITDA. Delays, cancellations and scope adjustments occur from time-to-time with respect to contracts reflected in AGI's order book, which can adversely affect the revenue and profit that AGI actually receives from its order book. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this press release is made as of the date of this press release 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 press release are estimates of AGI's 2024 full year Adjusted EBITDA and Adjusted EBITDA margin %, which are based on, among other things, the various assumptions disclosed in this press release including under "Forward-Looking Information" and including our assumptions that 2024 full year Adjusted EBITDA and Adjusted EBITDA margin % will be impacted by the U.S. and broader North American farm market continuing to be soft and engineering and procurement delays on certain Commercial segment projects in Brazil, pushing some of the financial contributions we were expecting this year into early 2025. To the extent such estimates constitute financial outlooks, they were approved by management on January 13, 2025, and are included to provide readers with an understanding of AGI's anticipated 2024 full year Adjusted EBITDA and Adjusted EBITDA margin % based on the assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.