AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: November 5, 2024

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and accompanying notes of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") for the year ended December 31, 2023, the MD&A of the Company for the year ended December 31, 2023 and the unaudited interim condensed consolidated financial statements of the Company and accompanying notes for the three- and nine-month periods ended September 30, 2024. Results are reported in Canadian dollars unless otherwise stated.

This MD&A is based on the Company's unaudited interim condensed consolidated financial statements for the three- and nine-month periods ended September 30, 2024 ("consolidated financial statements") based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), unless otherwise noted.

This MD&A makes reference to certain specified financial measures, including non-IFRS financial measures, non-IFRS ratios and supplementary financial measures. These specified financial measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement our financial information reported under IFRS by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Please refer to the "NON-IFRS AND OTHER FINANCIAL MEASURES" section of this MD&A for more information on each specified financial measure.

This MD&A contains forward-looking information. Please refer to the cautionary language under the headings "Risks and Uncertainties", "Forward-Looking Information" and "Financial Outlook" in this MD&A and in our most recently filed Annual Information Form, which is available under the Company's profile on SEDAR+ [www.sedarplus.ca].

SUMMARY OF RESULTS

	Three-months ended September 30			
[thousands of dollars except per share amounts, percentages and basis points ("bps")]	2024 $	2023 $	Change $	Change %
Revenue [1]	357,173	410,067	(52,894)	(13%)
Adjusted EBITDA [2][3]	68,548	84,532	(15,984)	(19%)
Adjusted EBITDA Margin % [4]	19.2%	20.6%	(142) bps	(7%)
Profit before income taxes	21,348	35,844	(14,496)	(40%)
Profit	18,012	25,059	(7,047)	(28%)
Diluted profit per share	0.89	1.21	(0.32)	(26%)
Adjusted profit [2][5]	26,273	34,734	(8,461)	(24%)
Diluted adjusted profit per share [4][5]	1.26	1.62	(0.36)	(22%)

[thousands of dollars except per share amounts, percentages and basis points ("bps")]	Nine-months ended September 30			
	2024	2023	Change	Change
	$	$	$	%
Revenue [1]	1,023,550	1,147,352	(123,802)	(11%)
Adjusted EBITDA [2][3]	186,654	220,818	(34,164)	(15%)
Adjusted EBITDA Margin % [4]	18.2%	19.2%	(101) bps	(5%)
Profit before income taxes	17,547	75,538	(57,991)	(77%)
Profit	12,557	57,511	(44,954)	(78%)
Diluted profit per share	0.64	2.85	(2.21)	(78%)
Adjusted profit [2][5]	64,079	88,983	(24,904)	(28%)
Diluted adjusted profit per share [4][5]	3.14	4.21	(1.07)	(25%)

[1] See “BASIS OF PRESENTATION”.
[2] This is a non-IFRS measure and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS measure.
[3] See “DETAILED OPERATING RESULTS – Profit before income taxes and Adjusted EBITDA”.
[4] This is a non-IFRS ratio and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS ratio.
[5] See “DETAILED OPERATING RESULTS – Diluted profit per share and diluted adjusted profit per share”.

Consolidated Operating Segment Results Summary

[thousands of dollars except percentages]	Three-months ended September 30			
	2024	2023	Change	Change
	$	$	$	%
Revenue [1][2]				
Farm	184,525	227,276	(42,751)	(19%)
Commercial	172,648	182,791	(10,143)	(6%)
Total	**357,173**	**410,067**	**(52,894)**	**(13%)**

[thousands of dollars except percentages]	Nine-months ended September 30			
	2024	2023	Change	Change
	$	$	$	%
Revenue [1][2]				
Farm	567,966	643,096	(75,130)	(12%)
Commercial	455,584	504,256	(48,672)	(10%)
Total	**1,023,550**	**1,147,352**	**(123,802)**	**(11%)**

[1] See “BASIS OF PRESENTATION”.
[2] The revenue information in this table are supplementary financial measures and are used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on these supplementary financial measures.

[thousands of dollars except percentages]	2024 $	2023 $	Change $	Change %
			Three-months ended September 30	
Adjusted EBITDA [1] [2] [3]				
Farm	45,447	61,923	(16,476)	(27%)
Commercial	30,893	34,352	(3,459)	(10%)
Other [4]	(7,792)	(11,743)	3,951	34%
Total	**68,548**	**84,532**	**(15,984)**	**(19%)**

[thousands of dollars except percentages]	2024 $	2023 $	Change $	Change %
			Nine-months ended September 30	
Adjusted EBITDA [1] [2] [3]				
Farm	143,691	170,461	(26,770)	(16%)
Commercial	67,359	85,169	(17,810)	(21%)
Other [4]	(24,396)	(34,812)	10,416	30%
Total	**186,654**	**220,818**	**(34,164)**	**(15%)**

[1] See "BASIS OF PRESENTATION".
[2] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[3] See "DETAILED OPERATING RESULTS – Profit before income taxes and Adjusted EBITDA" and "DETAILED OPERATING RESULTS – Profit (loss) before income taxes and Adjusted EBITDA by Segment".
[4] Included in Other is the corporate office, which is not a reportable segment, and which provides finance, treasury, legal, human resources and other administrative support to the segments.

	2024 %	2023 %	Change basis points ("bps")	Change %
			Three-months ended September 30	
Adjusted EBITDA Margin % [1] [2]				
Farm	24.6%	27.2%	(262) bps	(10%)
Commercial	17.9%	18.8%	(90) bps	(5%)
Other [3]	(2.2%)	(2.9%)	68 bps	24%
Consolidated	**19.2%**	**20.6%**	**(142) bps**	**(7%)**

	2024 %	2023 %	Change basis points ("bps")	Change %
			Nine-months ended September 30	
Adjusted EBITDA Margin % [1] [2]				
Farm	25.3%	26.5%	(121) bps	(5%)
Commercial	14.8%	16.9%	(210) bps	(12%)
Other [3]	(2.4%)	(3.0%)	65 bps	21%
Consolidated	**18.2%**	**19.2%**	**(101) bps**	**(5%)**

[1] See “BASIS OF PRESENTATION”.
[2] This is a non-IFRS ratio and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS ratio.
[3] Included in Other is the corporate office, which is not a reportable segment, and which provides finance, treasury, legal, human resources and other administrative support to the segments. The Adjusted EBITDA Margin % for Other is calculated based on total revenue since it does not generate revenue without the segments.

Consolidated Results Summary

AGI’s third quarter (“Q3”) consolidated revenue and Adjusted EBITDA were $357 million and $69 million, respectively, lower than the prior year’s record performance. While many business units within AGI continue to perform well or have strong visibility to fourth quarter performance, the reduction in overall year-over-year (“YOY”) results for Q3 is largely attributable to ongoing softness in the U.S. Farm segment where customers have been notably impacted by low commodity prices, high production costs, and net cash income dropping relative to the last few seasons.

Despite the near-term headwinds facing our U.S. Farm segment, our overall business continues to be resilient. Our order book[1] is up 36% YOY and at a record level for this time of year. Continued order book strength across the international areas of our Commercial segment was bolstered by several recent long-term projects secured in Brazil which provides a strong setup for fourth quarter and momentum heading into 2025. The overall strength of our international Commercial segment order book is attributable to our expanding capabilities, enabled by product transfers, as well as robust demand in emerging markets for grain handling and storage solutions to address capacity deficits.

While the U.S. Farm result has a negative impact on our margin mix, our Adjusted EBITDA Margin % in Q3 remains at near record levels. Structural benefits from several operational excellence initiatives such as supplier consolidation, revenue management, and more structured cost control protocols were all key contributors to this favorable result. In addition, manufacturing efficiencies, including our product standardization program, enables consolidation across our North American facilities which also supports margins trending towards higher levels than achieved in the past. To further support full year profitability objectives, new operational excellence and cost control initiatives were launched in the third quarter to further improve organizational efficiencies and reduce expenses.

Farm Segment Summary

The Canadian Farm segment revenue grew impressively over a record third quarter last year. This performance was more than offset by sustained softness across the U.S. market, with overall Farm segment revenue and Adjusted EBITDA lower than prior year. The early signs of improvement in U.S. market conditions noted last quarter, including the beginning of a positive trend in inventory turns, did not accelerate through the remainder of the third quarter. The ongoing harvest and realization of a large U.S. crop yield was offset by generally low commodity prices which hampered near-term farmer sentiment and demand. As the crop works through the supply chain, dealer inventories of portable equipment will continue to decline, gradually returning to more balanced levels. This will be supportive of a recovery in our U.S. Farm business, an area we will continue to monitor closely.

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[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.

Commercial Segment Summary

In our Commercial segment, activity across all international markets remains robust, with EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific) helping to stabilize overall third quarter Commercial segment performance. In Canada and the U.S., we continue to navigate slower overall activity while our South American region, specifically Brazil, was successful in winning several largescale projects late in the quarter which are now fully underway. These projects highlight the broadening of our capabilities and offerings in Brazil and includes a full scope of engineering, design, equipment supply, and installation services. Overall, we are encouraged to see sustained increases in activity within our international markets, with meaningful contributions across all regions directly supported by our product transfer and emerging market strategic growth initiatives.

Order Book Summary

Our consolidated order book increased 36% YOY to $665 million, representing a record level for the Company at the end of the third quarter. Sustained demand for large-scale Commercial projects and engineered solutions in our international regions continues to contribute to the significant overall order book growth. The signing of several significant customer contracts in Brazil, for a combined value of approximately $105 million, bolsters strong order book activity in EMEA and APAC, notably India, demonstrating clear demand across all our international regions. The significant order book will support fourth quarter ("Q4") results and complements a highly active Commercial pipeline which we envision carrying strong momentum across 2025.

Outlook

The broad-based momentum throughout the international regions of our Commercial segment and positive trends in most businesses within AGI is offset by near-term headwinds in the U.S. Farm market, where tepid sentiment continues to dampen demand in the region. Against this backdrop, AGI has updated its full year 2024 Adjusted EBITDA outlook to approximately $280 million with 2024 Adjusted EBITDA margins of approximately 19%[2].

Our outlook calls for a near-record annual performance, despite challenging conditions in the key U.S. Farm market. Our ability to deliver a consistently strong and stable margin performance while managing the U.S. Farm mix impact is a clear sign of the step-change we have achieved in realizing sustainably higher margin levels. The strong margin profile, a sizable order book, and accelerating Commercial activity across our international regions supports our fourth quarter and overall 2025 performance expectations.

BASIS OF PRESENTATION

The Company has identified its reportable segments as Farm and Commercial, each of which are supported by the corporate office. These segments are strategic business units that offer specific products and services to their respective markets. Certain corporate overheads are allocated to each

[2] Our previous outlook was for a full year 2024 Adjusted EBITDA range of $300 to $310 million and Adjusted EBITDA margins of greater than 19%. Adjusted EBITDA for the year ended December 31, 2023 was $293.9 million. See "Reconciliation of Adjusted EBITDA to profit (loss) before income taxes for the years ended December 31, 2023 and 2022", "BASIS OF PRESENTATION", "RISKS AND UNCERTAINTIES", "FORWARD-LOOKING INFORMATION", "FINANCIAL OUTLOOK" and "NON-IFRS AND OTHER FINANCIAL MEASURES".

segment based on revenue as well as applicable cost drivers. Taxes and certain other expenses are managed at a consolidated level and are not allocated to the reportable operating segments. Financial information for the comparative period has been restated to reflect the new presentation.

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

Description of Business Segments

Farm Segment

AGI's Farm segment focuses on the needs of on-farm customers, and its product offerings include: grain, seed, and fertilizer handling equipment; aeration products; grain and fuel storage solutions; and grain management technologies (see "BASIS OF PRESENTATION").

Commercial Segment

AGI's Commercial segment focuses on commercial customers such as port facility operators, food processors and elevators. Its product offerings include: larger diameter grain storage bins and high-capacity grain handling equipment; high-capacity seed and fertilizer storage and handling systems; food and feed handling storage and processing equipment; aeration products; automated blending systems and control systems; and project management services and food engineering solutions (see "BASIS OF PRESENTATION").

OPERATING RESULTS

Revenue by Geography [3]

			Three-months ended September 30	
[thousands of dollars except percentages]	2024 $	2023 $	Change $	Change %
Canada	88,166	85,797	2,369	3%
U.S.	135,470	184,481	(49,011)	(27%)
International	133,537	139,789	(6,252)	(4%)
Total Revenue	**357,173**	**410,067**	**(52,894)**	**(13%)**

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

[thousands of dollars except percentages]	2024 $	2023 $	Nine-months ended September 30 Change $	Change %
Canada	261,494	275,776	(14,282)	(5%)
U.S.	430,155	506,257	(76,102)	(15%)
International	331,901	365,319	(33,418)	(9%)
Total Revenue	**1,023,550**	**1,147,352**	**(123,802)**	**(11%)**

Revenue by Segment and Geography [3]

Farm Segment

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended September 30 Change $	Change %
Canada	73,492	65,184	8,308	13%
U.S.	79,642	123,764	(44,122)	(36%)
International	31,391	38,328	(6,937)	(18%)
Total Revenue	**184,525**	**227,276**	**(42,751)**	**(19%)**

[thousands of dollars except percentages]	2024 $	2023 $	Nine-months ended September 30 Change $	Change %
Canada	218,008	215,714	2,294	1%
U.S.	268,499	338,920	(70,421)	(21%)
International	81,459	88,462	(7,003)	(8%)
Total Revenue	**567,966**	**643,096**	**(75,130)**	**(12%)**

Commercial Segment

[thousands of dollars except percentages]	2024 $	2023 $	Three-months ended September 30 Change $	Change %
Canada	14,674	20,613	(5,939)	(29%)
U.S.	55,828	60,717	(4,889)	(8%)
International	102,146	101,461	685	1%
Total Revenue	**172,648**	**182,791**	**(10,143)**	**(6%)**

[thousands of dollars except percentages]	2024 $	2023 $	Nine-months ended September 30 Change $	Change %
Canada	43,486	60,062	(16,576)	(28%)
U.S.	161,656	167,337	(5,681)	(3%)
International	250,442	276,857	(26,415)	(10%)
Total Revenue	**455,584**	**504,256**	**(48,672)**	**(10%)**

The following table presents YOY changes in the Company's order book[1] as at September 30, 2024:

[thousands of dollars except percentages]	2024 $	2023 $	As at September 30 Change $	Change %
Order book	664,668	489,389	175,279	36%

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

Farm Segment

Farm segment's financial performance by separate geographic region is detailed below. For a summary of Farm segment's performance overall see "Farm Segment Summary".

Canada

Farm segment revenue from our Canada region increased 13% YOY as a result of a significant YOY increase in demand for permanent equipment and a moderate increase in higher margin portable grain handling equipment. We expect demand to remain strong for the rest of 2024 and are developing tactics to sustain the momentum in 2025.

United States

U.S. Farm segment revenue continues to face headwinds as our customers are impacted by low commodity prices, high production costs, and net cash income dropping relative to the last few seasons. These challenges are impacting demand in the U.S. Farm segment as the farming community remains cautious on capital purchases. Aggregate dealer inventory levels continue to decline but remain well above average, creating near-term challenges for equipment suppliers. We continue to closely monitor U.S. Farm activity and make adjustments to our business operations to align with market conditions.

International

Farm segment revenue from our international regions decreased 18% YOY in Q3. This decrease is primarily due to South America and Australia, the latter of which has contributed to headwinds throughout 2024 as our customers continued to navigate challenging farming conditions. In South

America, demand for Farm segment equipment has fluctuated throughout the year, amid high interest rates and lower crop prices. That said, we are encouraged to see notable margin benefits for our permanent equipment as a result of our operational efficiency initiatives made at the manufacturing-level which will help enhance results as volume picks back up. Our confidence in the near and longer-term outlook for Brazil is strong and AGI is extremely well positioned within this strategically vital market.

Commercial Segment

Commercial segment's financial performance by separate geographic region is detailed below. For a summary of Commercial segment's performance overall see "Commercial Segment Summary".

Canada

Commercial segment revenue from our Canada region decreased in the third quarter, inline with trends we observed throughout 2023 and into 2024. With a focus on rebuilding the pipeline and order book, Canada is poised for an uptick in results as the order book has begun to trend favourably with year-over-year growth for the second quarter in a row. With order delivery scheduled for Q4 and into 2025, we anticipate results from this segment to begin trending upwards in coming quarters.

United States

Commercial segment revenue from our U.S. region decreased in the third quarter given some softness in our traditional grain-focused Commercial business. Labor shortages in certain facilities are creating delays in shipping which would have otherwise contributed to third quarter results. Overall, the U.S. Commercial business is on pace for a steady performance for the full year.

International

Commercial segment revenue from our international regions increased marginally in Q3, supported by solid performances in the EMEA and APAC regions. With several recent marquee project wins secured in South America, we anticipate results to notably accelerate into Q4 and the first half of 2025. Emerging markets continue to support international commercial segment growth. Our EMEA team progresses execution of meaningful long-term projects secured across the Middle East and Africa, while APAC experiences ongoing momentum across South East Asia. Product transfers continue to be a key contributor to results with significant wins in India directly attributable to our new in-region bin and permanent material handling in-region capabilities. Our order book has seen dramatic improvement across all international regions and reflects the strategic importance of our operations outside of North America.

DETAILED OPERATING RESULTS

[thousands of dollars except per share amounts]	Three-months ended September 30 2024 $	 2023 $	Nine-months ended September 30 2024 $	 2023 $
Revenue [1]	357,173	410,067	1,023,550	1,147,352
Cost of goods sold				
Cost of inventories	233,629	265,148	664,306	740,876
Equipment rework [2]	—	—	—	4,900
Remediation [2]	—	—	—	15,608
Depreciation and amortization	8,994	8,540	27,968	25,193
	242,623	273,688	692,274	786,577
Selling, general and administrative expenses				
Selling, general & administrative expenses	60,968	66,711	191,666	203,617
Mergers and acquisitions expense [3]	—	—	—	50
Transaction, transitional and other costs [4]	10,208	3,475	26,587	16,149
Enterprise Resource Planning ("ERP") system transformation costs [5]	3,383	—	12,433	—
Accounts receivable reserve (recovery) for RUK	—	—	(268)	1,733
Depreciation and amortization	8,557	8,063	25,034	23,881
	83,116	78,249	255,452	245,430
Other operating expense (income)				
Net loss (gain) on sale of property, plant and equipment	(5)	94	318	312
Net gain on assets held for sale [6]	—	—	(325)	—
Net gain on settlement of lease liability	—	(5)	(194)	(12)
Gain on financial instruments [7]	(2,228)	(1,466)	(6,232)	(6,486)
Other	(2,454)	(3,141)	(8,140)	(8,296)
	(4,687)	(4,518)	(14,573)	(14,482)
Impairment charge (recovery)[8]	(187)	1,308	2,904	2,099
Finance costs	17,967	19,353	53,978	55,371
Finance expense (income)	(3,003)	6,143	15,972	(3,181)
Share of associate's net profit [9]	(4)	—	(4)	—
Profit before income taxes	21,348	35,844	17,547	75,538
Income tax expense	3,336	10,785	4,990	18,027
Profit for the year	18,012	25,059	12,557	57,511
Profit per share				
Basic	0.94	1.32	0.66	3.03
Diluted	0.89	1.21	0.64	2.85

[1] See “BASIS OF PRESENTATION”.
[2] See “Remediation costs and equipment rework”.
[3] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[4] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.

[5] Expenses incurred in connection with a global multi-year ERP transformation project.
[6] See “Note 8 – Assets held for sale” in our consolidated financial statements.
[7] See “Equity swap”.
[8] See “Note 9 – Impairment charge” in our consolidated financial statements.
[9] See “Note 7 – Brazil investments” in our consolidated financial statements.

Gross Profit and Adjusted Gross Margin

[thousands of dollars except percentages]	Three-months ended September 30 2024 $	2023 $	Nine-months ended September 30 2024 $	2023 $
Revenue [1]	357,173	410,067	1,023,550	1,147,352
Cost of goods sold	242,623	273,688	692,274	786,577
Gross Profit	**114,550**	**136,379**	**331,276**	**360,775**
Gross Profit as a % of Revenue [2]	32.1%	33.3%	32.4%	31.4%
Equipment rework [3]	—	—	—	4,900
Remediation [3]	—	—	—	15,608
Depreciation and amortization	8,994	8,540	27,968	25,193
Adjusted Gross Margin [4]	123,544	144,919	359,244	406,476
Adjusted Gross Margin as a % of Revenue [5]	34.6%	35.3%	35.1%	35.4%

[1] See “BASIS OF PRESENTATION”.
[2] This is a supplementary financial measure and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each supplementary financial measure.
[3] See “Remediation costs and equipment rework”.
[4] 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.
[5] 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 adjusted gross margin as a percentage of revenue for the three-month period ended September 30, 2024 was relatively flat YOY. The implementation of various operational excellence programs, such as supplier consolidation and revenue management, as well as product standardization programs designed to promote manufacturing efficiency served to offset some of the mix-related impact within U.S. Farm.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The gain and loss on foreign exchange for the three- and nine-month periods ended September 30, 2024 was a gain of $2.9 million and loss of $16.3 million, respectively, [2023 – loss of $6.3 million and gain of $2.9 million]. The loss is primarily comprised of non-cash items related to the translation of the Company’s U.S. dollar denominated long-term debt at the rate of exchange in effect as of September 30, 2024. See also “Financial Instruments – Foreign exchange contracts”.

Revenue and Adjusted EBITDA

The average U.S. dollar rate of exchange for the three- and nine-month periods ended September 30, 2024, was $1.36 and $1.36, respectively, [2023 - $1.35 and $1.35]. A weaker Canadian dollar relative to the U.S. dollar results in higher reported revenue for AGI, as U.S. dollar denominated revenue are translated into Canadian dollars at a higher rate. Similarly, a weaker Canadian dollar results in higher costs for U.S. dollar denominated inputs and SG&A expenses. In addition, a weaker Canadian dollar may result in higher input costs of certain Canadian dollar denominated inputs, including steel. On balance, Adjusted EBITDA increases when the Canadian dollar weakens relative to the U.S. dollar.

Remediation costs and equipment rework

Remediation costs

Over the period of 2019–2020, AGI entered into agreements to supply 35 large hopper bins for installation by third parties on two grain storage projects. In 2020, a bin at one of the customer facilities collapsed during commissioning, and legal claims related to the incident were initiated against AGI. In 2023, the terms of a settlement agreement were finalized. As at September 30, 2024, the warranty provision for remediation costs is nil [December 31, 2023 – $0.1 million].

Equipment rework

The provision for equipment rework relates to previously identified issues with equipment designed and supplied to one commercial facility. As at September 30, 2024, the warranty provision for the equipment rework is nil [December 31, 2023 – $2.0 million].

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

SG&A expenses for the three-months ended September 30, 2024, excluding merger and acquisition (recovery) expenses [“M&A”], transaction, transitional and other costs, ERP system transformation costs, and depreciation and amortization, were $61.0 million [17.1% of revenue] [Q3 2023 – $66.7 million [16.3% of revenue]]. YOY variances are primarily the result of a $3.7 million decrease in sales and marketing expense, $2.5 million decrease in salaries and wages attributed to workforce optimization efforts and a reduction in short-term incentives, $1.3 million decrease in IT expense, and $1.0 million decrease in bad debt expense, offset by a $1.4 million decrease in research and development tax credits and $1.4 million increase in professional fees. No other individual variance was greater than $1.0 million.

Transaction, transitional and other costs is comprised of 1) transitional costs related to reorganizations; 2) legal costs related to certain litigation matters; and 3) accretion and other movement in amounts due to vendors related to past acquisitions.

Other operating expense (income)

Other operating expense (income) for the three- and nine-month periods ended September 30, 2024, was income of $4.7 million and $14.6 million, respectively [2023 – income of $4.5 million and $14.5 million]. Other operating expense (income) includes non-cash gains and losses on financial instruments, including AGI's equity compensation hedge, and interest income from customer financing arrangements. The change in other operating expense (income) is mainly attributable to the unrealized change in fair value of the equity swap [see "Equity swap"].

Finance costs

Finance costs, which represent interest incurred, including non-cash interest, on all debt for the three- and nine-month periods ended September 30, 2024 were $18.0 million and $54.0 million, respectively, [2023 – $19.4 million and $55.4 million].

Finance expense (income)

Finance expense (income), which represents interest income earned and foreign exchange on long term debt for the three- and nine-month periods ended September 30, 2024, was income of $3.0 million and expense of $16.0 million, respectively [2023 – expense of $6.1 million and income of $3.2 million]. The change in finance expense (income) relates primarily to the effect of non-cash translation of the Company's U.S. dollar denominated long-term debt as the exchange rate decreased from 1.3687 at June 30, 2024 to 1.3499 at September 30, 2024.

Profit before income taxes and Adjusted EBITDA

The following tables reconcile profit before income taxes to Adjusted EBITDA.

	Three-months ended September 30		Nine-months ended September 30	
	2024	2023	2024	2023
[thousands of dollars]	$	$	$	$
Profit before income taxes	21,348	35,844	17,547	75,538
Finance costs	17,967	19,353	53,978	55,371
Depreciation and amortization	17,551	16,603	53,002	49,074
Share of associate's net profit [1]	(4)	—	(4)	—
Loss (gain) on foreign exchange [2]	(2,906)	6,269	16,303	(2,881)
Share-based compensation [3]	3,421	3,057	10,605	9,363
Gain on financial instruments [4]	(2,228)	(1,466)	(6,232)	(6,486)
Mergers and acquisition expense [5]	—	—	—	50
Transaction, transitional and other costs [6]	10,208	3,475	26,587	16,149
ERP system transformation costs [7]	3,383	—	12,433	—
Net loss (gain) on sale of property, plant and equipment	(5)	94	318	312
Net gain on assets held for sale [8]	—	—	(325)	—
Net gain on settlement of lease liability	—	(5)	(194)	(12)
Equipment rework [9]	—	—	—	4,900
Remediation [9]	—	—	—	15,608
Accounts receivable reserve (recovery) for RUK	—	—	(268)	1,733
Impairment charge (recovery) [10]	(187)	1,308	2,904	2,099
Adjusted EBITDA [11]	**68,548**	**84,532**	**186,654**	**220,818**

[1] See “Note 7 – Brazil investments” in our consolidated financial statements.
[2] See “Note 14[e] – Finance 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 13 – 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] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[7] Expenses incurred in connection with a global multi-year ERP transformation project.
[8] See “Note 8 – Assets held for sale” in our consolidated financial statements.
[9] See “Remediation costs and equipment rework”.
[10] See “Note 9 – Impairment charge” 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.

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

	Three-months ended September 30, 2024			
	Farm	Commercial	Other [13]	Total
[thousands of dollars]	$	$	$	$
Profit (loss) before income taxes	38,288	22,497	(39,437)	**21,348**
Finance costs	—	—	17,967	**17,967**
Depreciation and amortization [1]	7,273	8,371	1,907	**17,551**
Share of associate's net profit [2]	—	(4)	—	**(4)**
Gain on foreign exchange [3]	—	—	(2,906)	**(2,906)**
Share-based compensation [4]	—	—	3,421	**3,421**
Gain on financial instruments [5]	—	—	(2,228)	**(2,228)**
Transaction, transitional and other costs [7]	120	—	10,088	**10,208**
ERP system transformation costs [8]	—	—	3,383	**3,383**
Net loss (gain) on sale of property, plant and equipment [1]	(47)	29	13	**(5)**
Impairment recovery [11]	(187)	—	—	**(187)**
Adjusted EBITDA [12]	**45,447**	**30,893**	**(7,792)**	**68,548**

[thousands of dollars]	Farm $	Commercial $	Other [13] $	Three-months ended September 30, 2023 Total $
Profit (loss) before income taxes	53,879	26,841	(44,876)	**35,844**
Finance costs	—	—	19,353	**19,353**
Depreciation and amortization [1]	6,659	7,512	2,432	**16,603**
Loss on foreign exchange [3]	—	—	6,269	**6,269**
Share-based compensation [4]	—	—	3,057	**3,057**
Gain on financial instruments [5]	—	—	(1,466)	**(1,466)**
Transaction, transitional and other costs [7]	—	—	3,475	**3,475**
Net loss on sale of property, plant and equipment [1]	75	6	13	**94**
Net gain on settlement of lease liability	—	(5)	—	**(5)**
Impairment charge (recovery) [11]	1,310	(2)	—	**1,308**
Adjusted EBITDA [12]	**61,923**	**34,352**	**(11,743)**	**84,532**

[thousands of dollars]	Farm $	Commercial $	Other [13] $	Nine-months ended September 30, 2024 Total $
Profit (loss) before income taxes	114,739	42,561	(139,753)	**17,547**
Finance costs	—	—	53,978	**53,978**
Depreciation and amortization [1]	22,126	25,278	5,598	**53,002**
Share of associate's net profit [2]	—	(4)	—	**(4)**
Loss on foreign exchange [3]	—	—	16,303	**16,303**
Share-based compensation [4]	—	—	10,605	**10,605**
Gain on financial instruments [5]	—	—	(6,232)	**(6,232)**
Transaction, transitional and other costs [7]	3,905	—	22,682	**26,587**
ERP system transformation costs [8]	—	—	12,433	**12,433**
Net loss (gain) on sale of property, plant and equipment [1]	419	(91)	(10)	**318**
Net gain on assets held for sale [9]	(325)	—	—	**(325)**
Net gain on settlement of lease liability	—	(194)	—	**(194)**
Accounts receivable recovery for RUK	—	(268)	—	**(268)**
Impairment charge [11]	2,827	77	—	**2,904**
Adjusted EBITDA [12]	**143,691**	**67,359**	**(24,396)**	**186,654**

[thousands of dollars]	Nine-months ended September 30, 2023 Farm $	Commercial $	Other [13] $	Total $
Profit (loss) before income taxes	148,289	61,065	(133,816)	**75,538**
Finance costs	—	—	55,371	**55,371**
Depreciation and amortization [1]	19,921	22,247	6,906	**49,074**
Gain on foreign exchange [3]	—	—	(2,881)	**(2,881)**
Share-based compensation [4]	—	—	9,363	**9,363**
Gain on financial instruments [5]	—	—	(6,486)	**(6,486)**
Mergers and acquisition expense [6]	—	—	50	**50**
Transaction, transitional and other costs [7]	—	—	16,149	**16,149**
Net loss on sale of property, plant and equipment [1]	150	138	24	**312**
Net loss (gain) on settlement of lease liability	2	(14)	—	**(12)**
Equipment rework [10]	—	—	4,900	**4,900**
Remediation [10]	—	—	15,608	**15,608**
Accounts receivable reserve for RUK	—	1,733	—	**1,733**
Impairment charge [11]	2,099	—	—	**2,099**
Adjusted EBITDA [12]	**170,461**	**85,169**	**(34,812)**	**220,818**

[1] Allocated based on the segment of the underlying asset's cash generating unit ("CGU").
[2] See "Note 7 – Brazil investments" in our consolidated financial statements.
[3] See "Note 14[e] – Finance expenses (income)" in our consolidated financial statements.
[4] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 13 – 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] 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.
[8] Expenses incurred in connection with a global multi-year ERP transformation project.
[9] See "Note 8 – Assets held for sale" in our consolidated financial statements.
[10] See "Remediation costs and equipment rework".
[11] See "Note 9 – Impairment charge" in our consolidated financial statements.
[12] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[13] Included in Other is the corporate office, which is not a reportable segment, and which provides finance, treasury, legal, human resources and other administrative support to the segments.

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

	Three-months ended September 30, 2024				
	Canada	US	International	Other [13]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	**15,502**	**26,477**	**18,789**	**(39,420)**	**21,348**
Finance costs	—	—	—	17,967	17,967
Depreciation and amortization [1]	4,700	6,464	4,490	1,897	17,551
Share of associate's net profit [2]	—	—	(4)	—	(4)
Gain on foreign exchange [3]	—	—	—	(2,906)	(2,906)
Share-based compensation [3]	—	—	—	3,421	3,421
Gain on financial instruments [5]	—	—	—	(2,228)	(2,228)
Transaction, transitional and other costs [7]	—	119	—	10,089	10,208
ERP system transformation costs [8]	—	—	—	3,383	3,383
Net loss (gain) on sale of property, plant and equipment [1]	(56)	16	30	5	(5)
Impairment charge (recovery) [11]	23	(210)	—	—	(187)
Adjusted EBITDA [12]	**20,169**	**32,866**	**23,305**	**(7,792)**	**68,548**

	Three-months ended September 30, 2023				
	Canada	US	International	Other [13]	Total
[thousands of dollars]	$	$	$	$	$
Profit (loss) before income taxes	15,209	45,617	19,886	(44,868)	35,844
Finance costs	—	—	—	19,353	19,353
Depreciation and amortization [1]	5,011	5,119	4,051	2,422	16,603
Loss on foreign exchange [3]	—	—	—	6,269	6,269
Share-based compensation [4]	—	—	—	3,057	3,057
Gain on financial instruments [5]	—	—	—	(1,466)	(1,466)
Transaction, transitional and other costs [7]	—	—	—	3,475	3,475
Net loss on sale of property, plant and equipment [1]	45	19	15	15	94
Net gain on settlement of lease liability	—	(5)	—	—	(5)
Impairment charge (recovery) [11]	1,310	—	(2)	—	1,308
Adjusted EBITDA [12]	**21,575**	**50,750**	**23,950**	**(11,743)**	**84,532**

[thousands of dollars]	Canada $	US $	International $	Other [13] $	Total $
					Nine-months ended September 30, 2024
Profit (loss) before income taxes	**45,135**	**82,151**	**29,980**	**(139,719)**	**17,547**
Finance costs	—	—	—	53,978	53,978
Depreciation and amortization [1]	15,264	18,869	13,298	5,571	53,002
Share of associate's net profit [2]	—	—	(4)	—	(4)
Loss on foreign exchange [3]	—	—	—	16,303	16,303
Share-based compensation [4]	—	—	—	10,605	10,605
Gain on financial instruments [5]	—	—	—	(6,232)	(6,232)
Transaction, transitional and other costs [7]	—	3,904	—	22,683	26,587
ERP system transformation costs [8]	—	—	—	12,433	12,433
Net loss (gain) on sale of property, plant and equipment [1]	129	302	(95)	(18)	318
Net gain on assets held for sale [9]	—	(325)	—	—	(325)
Net gain on settlement of lease liability	(188)	(6)	—	—	(194)
Accounts receivable recovery for RUK	—	—	(268)	—	(268)
Impairment charge [11]	100	2,804	—	—	2,904
Adjusted EBITDA [12]	**60,440**	**107,699**	**42,911**	**(24,396)**	**186,654**

[thousands of dollars]	Canada $	US $	International $	Other [13] $	Total $
					Nine-months ended September 30, 2023
Profit (loss) before income taxes	52,450	111,921	44,958	(133,791)	75,538
Finance costs	—	—	—	55,371	55,371
Depreciation and amortization [1]	14,881	15,459	11,855	6,879	49,074
Gain on foreign exchange [3]	—	—	—	(2,881)	(2,881)
Share-based compensation [4]	—	—	—	9,363	9,363
Gain on financial instruments [5]	—	—	—	(6,486)	(6,486)
Mergers and acquisition expense [6]	—	—	—	50	50
Transaction, transitional and other costs [7]	—	—	—	16,149	16,149
Net loss (gain) on sale of property, plant and equipment [1]	(9)	177	118	26	312
Net gain on settlement of lease liability	—	(12)	—	—	(12)
Equipment rework [10]	—	—	—	4,900	4,900
Remediation [10]	—	—	—	15,608	15,608
Accounts receivable reserve for RUK	—	—	1,733	—	1,733
Impairment charge [11]	1,909	190	—	—	2,099
Adjusted EBITDA [12]	**69,231**	**127,735**	**58,664**	**(34,812)**	**220,818**

[1] Allocated based on the geographical region of the facilities with the exception of expenses noted in Other.
[2] See "Note 7 – Brazil investments" in our consolidated financial statements.
[3] See "Note 14[e] – Finance expenses (income)" in our consolidated financial statements.
[4] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 13– 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] 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.
[8] Expenses incurred in connection with a global multi-year ERP transformation project.
[9] See "Note 8 – Assets held for sale" in our consolidated financial statements.
[10] See "Remediation costs and equipment rework".
[11] See "Note 9 – Impairment charge" in our consolidated financial statements.
[12] This is a non-IFRS measure and is used throughout this MD&A. See "NON-IFRS AND OTHER FINANCIAL MEASURES" for more information on each non-IFRS measure.
[13] Included in Other is the corporate office which provides finance, treasury, legal, human resources and other administrative support to the geographical regions.

AGI's Adjusted EBITDA for the three-month period ended September 30, 2024 decreased to $68.5 million from $84.5 million for the same period in 2023. This was largely due to the anticipated softness in the Farm segment, driven by US Farm. The pressure in US Farm, as explained further in pages [4-9] of this MD&A, is driven by a combination of lower commodity prices, higher production costs, and a reduction in farmer cash income which serves to dampen customer demand. In addition, elevated dealer-level inventory levels of certain products also impacted the third quarter results.

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 expense for the three- and nine-month periods ended September 30, 2024, was expense of $17.5 million and $53.0 million, respectively [2023 – $16.1 million and $47.6 million]. The increase in depreciation and amortization expense relates to additions during the periods and the amortization of tradename, which began in 2024.

Income tax expense

Current income tax expense

Current income tax expense for the three- and nine-month periods ended September 30, 2024 was $3.1 million and $8.3 million, respectively [2023 – $3.1 million and $9.1 million].

Deferred income tax expense (recovery)

Deferred income tax expense (recovery) for the three- and nine-month periods ended September 30, 2024, was an expense of $0.2 million and recovery of $3.3 million, respectively [2023 – expense of $7.7 million and $8.9 million]. The deferred income tax recovery in 2024 relates to the recognition of temporary differences between the accounting and tax treatment of EIAP liability, equity swap, and accruals and long-term provisions.

[thousands of dollars except percentages]	Three-months ended September 30 2024 $	2023 $	Nine-months ended September 30 2024 $	2023 $
Current tax expense	3,117	3,055	8,313	9,118
Deferred tax expense (recovery)	219	7,730	(3,323)	8,909
Total tax	**3,336**	**10,785**	**4,990**	**18,027**
Profit before income taxes	21,348	35,844	17,547	75,538
Effective income tax rate	15.6%	30.1%	28.4%	23.9%

The effective tax rate in 2024 was impacted by items that were included in the calculation of profit before income taxes for accounting purposes but were not included or deducted for tax purposes. The decreased effective tax rate for the three-month period ended September 30, 2024 was specifically attributable to unrealized foreign exchange gains and (losses), as well as differences in tax rates and deductions allowed in foreign jurisdictions.

Diluted profit per share and diluted adjusted profit per share

The Company's diluted adjusted profit per share for the three- and nine-month periods ended September 30, 2024, was a profit of $1.26 and $3.14 per share, respectively [2023 – profit of $1.62 and $4.21 per share]. Diluted adjusted profit per share has been impacted by the items enumerated in the table below, which reconciles profit to adjusted profit.

[thousands of dollars except per share amounts]	Three-months ended September 30 2024 $	2023 $	Nine-months ended September 30 2024 $	2023 $
Profit	18,012	25,059	12,557	57,511
Diluted profit per share	0.89	1.21	0.64	2.85
Share of associate's net profit [1]	(4)	—	(4)	—
Loss (gain) on foreign exchange [2]	(2,906)	6,269	16,303	(2,881)
Gain on financial instruments [3]	(2,228)	(1,466)	(6,232)	(6,486)
Mergers and acquisition expense [4]	—	—	—	50
Transaction, transitional and other costs [5]	10,208	3,475	26,587	16,149
ERP system transformation costs [6]	3,383	—	12,433	—
Net loss (gain) on sale of property, plant and equipment	(5)	94	318	312
Net gain on assets held for sale [7]	—	—	(325)	—
Net gain on settlement of lease liability	—	(5)	(194)	(12)
Equipment rework [8]	—	—	—	4,900
Remediation [8]	—	—	—	15,608
Accounts receivable reserve (recovery) for RUK	—	—	(268)	1,733
Impairment charge (recovery) [9]	(187)	1,308	2,904	2,099
Adjusted profit [10]	26,273	34,734	64,079	88,983
Diluted adjusted profit per share [11]	1.26	1.62	3.14	4.21

[1] See “Note 7 – Brazil investments” in our consolidated financial statements.
[2] See “Note 14[e] – Finance expenses (income)” in our consolidated financial statements.
[3] See “Equity swap”.
[4] Transaction costs associated with completed and ongoing mergers and acquisitions activities.
[5] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[6] Expenses incurred in connection with a global multi-year ERP transformation project.
[7] See “Note 8 – Assets held for sale” in our consolidated financial statements.
[8] See “Remediation costs and equipment rework”.
[9] See “Note 9 – Impairment charge” in our consolidated financial statements.
[10] This is a non-IFRS measure and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS measure.
[11] This is a non-IFRS ratio and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS ratio.

QUARTERLY FINANCIAL INFORMATION

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

2024					
	Average USD/CAD Exchange Rate	Revenue [1] $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q1	1.35	314,596	1,939	0.10	0.10
Q2	1.35	351,781	(7,394)	(0.39)	(0.39)
Q3	1.36	357,173	18,012	0.94	0.89
YTD	**1.36**	**1,023,550**	**12,557**	**0.66**	**0.64**

2023					
	Average USD/CAD Exchange Rate	Revenue [1] $	Profit $	Basic Profit per Share $	Diluted Profit per Share $
Q1	1.37	347,016	16,357	0.86	0.82
Q2	1.36	390,269	16,095	0.85	0.81
Q3	1.35	410,067	25,059	1.32	1.21
Q4	1.36	379,317	11,378	0.60	0.58
FY 2023	**1.35**	**1,526,669**	**68,889**	**3.63**	**3.44**

2022					
	Average USD/CAD Exchange Rate	Revenue [1] $	Loss $	Basic Loss per Share $	Diluted Loss per Share $
Q4	1.36	374,034	(67,811)	(3.59)	(3.59)
FY 2022	**1.30**	**1,458,082**	**(50,583)**	**(2.68)**	**(2.68)**

[1] See “BASIS OF PRESENTATION”.

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

- Revenue, gain (loss) on foreign exchange, profit (loss), and basic and diluted profit (loss) per share in all periods are impacted by the rate of exchange between the Canadian and U.S. dollars.
- Certain quarters include items that management believes do not necessarily arise as part of the Company's day-to-day operations; see "Profit before income taxes and Adjusted EBITDA" for such items.

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

LIQUIDITY AND CAPITAL RESOURCES

AGI's financing requirements are subject to variations due to the seasonal and cyclical nature of its business. Revenues historically have been higher in the second and third calendar quarters compared with the first and fourth quarters and cash flow has been lower in the first half of each calendar year. However, the Company's geographic diversity has increased over time, leading to a more balanced distribution of revenue and corresponding collections throughout the year. Internally generated funds are supplemented, when necessary, from external sources, primarily the Company's senior credit facilities, to fund the Company's working capital requirements, capital expenditures, acquisitions, dividends and other items. The Company believes that the senior credit facilities and debentures described under "Capital Resources", together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements.

CASH FLOW AND LIQUIDITY

	Three-months ended September 30		Nine-months ended September 30	
	2024	2023	2024	2023
[thousands of dollars]	$	$	$	$
Profit before tax	21,348	35,844	17,547	75,538
Items not involving current cash flows	16,057	27,737	71,848	51,657
Cash flows provided by operations	37,405	63,581	89,395	127,195
Net change in working capital balances related to operations	22,228	(37,913)	(12,409)	(73,266)
Transfer from (to) restricted cash	1,498	(621)	(2,838)	307
Proceeds from settlement of financial instrument	—	—	7,008	—
Change in non-current accounts receivable	(856)	(2,768)	1,403	(7,500)
Change in long-term payables	(48)	34	70	308
Settlement of equity incentive award plan obligation	(260)	(206)	(7,207)	(14,215)
Post-combination payments	—	(291)	(1,699)	(2,690)

Income tax paid	(1,741)	(1,149)	(1,346)	(8,204)
Cash provided by operating activities	58,226	20,667	72,377	21,935
Cash used in investing activities	(12,085)	(14,060)	(26,557)	(23,174)
Cash provided by (used in) financing activities	(38,368)	13,062	(40,180)	31,947
Net increase in cash during the period	7,773	19,669	5,640	30,708
Cash, beginning of period	85,909	70,683	88,042	59,644
Cash, end of period	**93,682**	**90,352**	**93,682**	**90,352**

Cash provided by operating activities for the three-month and nine-month periods ended September 30, 2024 as compared to the 2023 periods increased due to net changes in working capital balances. In addition, cash provided by operating activities for the nine-month period ended September 30, 2024 was due to the change in non-current accounts receivable and proceeds from settlement of financial instruments [see “Equity swap”].

Cash used in investing activities for the three-month period ended September 30, 2024 decreased primarily due to a decrease in capital expenditures and development of internally generated intangibles but increased YOY for the nine-month period ended September 30, 2024. In addition, in Q3 2024, an investment in associate of $7.1 million related to the credit rights investment fund (“FIDC”) was made [See Note 7 in our consolidated financial statements].

Cash provided by (used in) financing activities for the three- and nine-month periods ended September 30, 2024, excluding the impact of foreign exchange, relates primarily to a net decrease in the balance outstanding on our senior credit facilities of $38.3 million in Q3 2024 [Q3 2023 – net increase of $11.5 million], net of fees, and changes in interest accrual. A draw of $86.3 million from the Company’s credit facilities was made during the nine-month period ended September 30, 2024 and was used to repay its 5.40% senior debentures that matured on June 30, 2024.

Free Cash Flow

Free cash flow demonstrates AGI’s cash generation capabilities. Free cash flow is defined as cash provided by operating activities less capital expenditures (or acquisition of property, plant and equipment) and intangible asset investments (or development and purchase of intangible assets). This measure represents cash generated by AGI’s business that could be directed to fund ongoing and prospective strategic initiatives, reduce debt, or pursue other initiatives to enhance shareholder value after investing in capital expenditures that are required to maintain and grow the Company. Management monitors and discloses free cash flow to highlight AGI’s operational efficiency and financial flexibility.

	Three-months ended September 30		Last Twelve-months ended September 30	
	2024	2023	2024	2023
[thousands of dollars]	$	$	$	$
Cash provided by operating activities	58,226	20,667	156,069	125,513
Less: acquisition of property, plant and equipment	(3,187)	(8,402)	(39,755)	(32,686)

Less: development and purchase of intangibles	(2,371)	(5,792)	(5,260)	(20,057)
Free cash flow [1]	**52,668**	**6,473**	**111,054**	**72,770**

[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.

For the three-month period ended September 30, 2024, free cash flow improved to $52.7 million from $6.5 million in the same period last year. This growth was primarily driven by a substantial increase in cash provided by operations, which rose to $58.2 million from $20.7 million as discussed further above.

For the twelve-month period ended September 30, 2024, free cash flow increased to $111.1 million from $72.8 million in the prior year. This increase is attributed to higher cash provided by operations in the current period, which increased to $156.1 million from $125.5 million coupled with a reduction in intangible asset development. Partially offsetting these factors was an increase in strategic investment in property, plant, and equipment in the current period to drive long-term growth.

Working Capital Requirements

Interim period working capital requirements typically reflect the seasonality of the business. AGI's collections of accounts receivable in North America are weighted towards the third and fourth quarters. This collection pattern, combined with historically high revenue in the second and third quarters that result from seasonality, typically lead to accounts receivable levels in North America increasing throughout the year and peaking in the third quarter. Inventory levels in North America typically increase in the first and second quarters and then begin to decline in the third or fourth quarter as revenue levels exceed production offset by the seasonality of our operations in India that is opposite of that described above. In addition, our business in Brazil is less seasonal due to the existence of two growing seasons in the country and the increasing importance of Commercial business in the region. Growth in overall international business which typically has longer payment terms than North America may result in an increase in the number of days accounts receivable remain outstanding and may result in increased usage of working capital in certain quarters.

Capital Expenditures

	Three-months ended September 30		Nine-months ended September 30	
	2024	2023	2024	2023
[thousands of dollars except percentages]	$	$	$	$
Maintenance capital expenditures [1]	2,355	2,515	8,294	8,261
Non-maintenance capital expenditures [1]	832	5,887	6,358	9,661
Acquisition of property plant and equipment	**3,187**	**8,402**	**14,652**	**17,922**
Maintenance capital expenditures as % of Revenue	0.7%	0.6%	0.8%	0.7%

[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- and nine-month periods ended September 30, 2024, was $3.2 million and $14.7 million, respectively [2023 – $8.4 million and $17.9 million].

Maintenance capital expenditures in the three- and nine-month periods ended September 30, 2024, were $2.4 million and $8.3 million, respectively; 0.7% and 0.8% of revenue [2023 – $2.5 million and $8.3 million; 0.6% and 0.7% of revenue]. Maintenance capital expenditures in Q3 2024 relate primarily to purchases of manufacturing equipment and building repairs and historically have approximated 1.0% - 1.5% of revenue.

AGI had non-maintenance capital expenditures in the three- and nine-month periods ended September 30, 2024, of $0.8 million and $6.4 million, respectively [2023 – $5.9 million and $9.7 million]. The Q3 2024 expenditures relate primarily to capital projects in India and Brazil.

The acquisition of property, plant and equipment and its components of maintenance and non-maintenance capital expenditures in Q3 2024 were financed through equipment financing programs, cash on hand, or through the Company's senior credit facilities [see "Capital Resources"].

CONTRACTUAL OBLIGATIONS

The following table shows, as at September 30, 2024, the Company's contractual obligations for the periods indicated:

[thousands of dollars]	Total $	2024 $	2025 $	2026 $	2027 $	2028+ $
2019 Debentures – 2	**86,250**	86,250	—	—	—	—
2020 Debentures	**85,000**	—	—	85,000	—	—
2021 Convertible Debentures [1]	**114,995**	—	—	—	114,995	—
2022 Convertible Debentures	**103,900**	—	—	—	103,900	—
Long-term Debt [2][3]	**487,170**	101	273	222	218	486,356
Lease liability [2]	**57,392**	3,610	12,004	9,813	7,965	24,000
Short term and low value leases [2]	**70**	63	3	2	1	1
Due to vendor [2]	**4,854**	2,805	2,049	—	—	—
Purchase obligations [4]	**7,628**	7,628	—	—	—	—
Total obligations	**947,259**	**100,457**	**14,329**	**95,037**	**227,079**	**510,357**

[1] During the year ended December 31, 2023, a holder of the 2021 Convertible Debentures converted $0.005 million of the principal amount outstanding into common shares of AGI.
[2] Undiscounted.
[3] On July 3, 2024, the maturity date of the senior credit facilities was extended from May 11, 2026 to July 3, 2028 [see "Debt Facilities"].
[4] Net of deposit.

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

CAPITAL RESOURCES

Assets and Liabilities

[thousands of dollars]	September 30, 2024 $	September 30, 2023 $
Total assets	1,642,496	1,711,119
Total liabilities	1,320,525	1,395,074

Cash

The Company's cash balance as at September 30, 2024 was $93.7 million [September 30, 2023 - $90.4 million].

Debt Facilities

As at September 30, 2024:

[thousands of dollars except interest rate]	Currency	Maturity	Total Facility [CAD][1][2] $	Amount Drawn[1] $	Effective Interest Rate
Senior Credit Facilities	CAD / USD	2028[3]	721,223	486,147	6.67%
Equipment Financing	various	various	1,026	1,026	various
Total			**722,249**	**487,173**	

[1] USD denominated amounts translated to CAD at the rate of exchange in effect on September 30, 2024 of $1.3499.
[2] Excludes the $300 million accordion available under AGI's credit facility.
[3] On July 3, 2024, the maturity date of the senior credit facilities was extended from May 11, 2026 to July 3, 2028 [see "Debt Facilities"].

AGI's senior credit facilities of $350 million and U.S. $275 million are inclusive of amounts that may be allocated to the Company's swing-line facilities and can be drawn in Canadian or U.S. funds. AGI has swing-line facilities of $50 million and U.S. $10 million. On March 11, 2024, the Company amended its senior credit facilities to transition from the Canadian Dollar Offered Rate ("CDOR") to the Canadian Overnight Repo Rate ("CORRA"). The senior credit facilities bear interest at CORRA/SOFR ("Secured Overnight Financing Rate") plus 1.2% – 2.75% and prime plus 0.2% – 1.75% per annum based on performance calculations. As at September 30, 2024, there was $196.2 million [September 30, 2023 – $205.0 million] and U.S. $214.8 million [September 30, 2023 – U.S. $205.8 million] outstanding under the facilities. As at September 30, 2024, the portion of drawings from the senior credit facilities recorded on the swing-line was $17.5 million [September 30, 2023 - $18.2 million]. Debt facilities noted above, excluding deferred financing costs, increased by $2.9 million as compared to Q3 2023. The increase was driven by re-financing activity. On June 30, 2024, the Company's 5.40% senior unsecured subordinated debentures issued in 2019 matured. The Company drew from its senior credit facilities to repay the principal amount of $86.3 million due at maturity.

On July 3, 2024, the Company and its lenders completed an amendment to the senior credit facilities. The amendment extended the maturity date of the senior credit facilities from May 11, 2026 to July 3, 2028.

Debentures

Convertible Unsecured Subordinated Debentures

The following table summarizes the key terms of the convertible unsecured subordinated debentures [the "Convertible Debentures"] of the Company that were outstanding as at September 30, 2024:

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

[1] During the year ended December 31, 2023, a holder of the 2021 Convertible Debentures converted $0.005 million of the principal amount outstanding into common shares of AGI.

[2] On and after June 30, 2025 and prior to June 30, 2026, the 2021 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the conversion price. On and after June 30, 2026, the 2021 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount, plus accrued and unpaid interest, regardless of the trading price of the Common Shares.

[3] On and after December 31, 2025 and prior to December 31, 2026, the 2022 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the conversion price. On and after December 31, 2026, the 2022 Convertible Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the Common Shares.

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Convertible Debentures by issuing and delivering common shares of the Company ("Common Shares"). The Company may also elect to satisfy its obligation to pay interest on the Convertible Debentures by delivering sufficient Common Shares to the trustee of the Convertible Debentures to be sold, with the proceeds used to satisfy the obligation to pay interest. The Company does not expect to exercise the option to satisfy its obligations to pay the principal amount or interest by delivering Common Shares. The number of Common Shares issued would be determined based on market prices at the time of issuance.

Senior Unsecured Subordinated Debentures

The following table summarizes the key terms of the Senior Unsecured Subordinated Debentures [the “Senior Debentures”] that were outstanding as at September 30, 2024:

Year Issued / TSX Symbol	Aggregate Principal Amount $	Coupon	Maturity Date
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. On June 30, 2024, the Company’s 5.40% senior unsecured subordinated debentures issued in 2019 matured. See “Debt Facilities” above.

COMMON SHARES

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

	# Common Shares
December 31, 2023	**19,005,846**
Settlement of EIAP obligations	69,093
September 30, 2024 and November 5, 2024	**19,074,939**

At November 5, 2024:

- 19,074,939 Common Shares are outstanding;
- 2,265,000 Common Shares are available for issuance under the Company’s equity-settled Equity Incentive Award Plan [the “EIAP”], of which 1,175,530 Common Shares have been issued under the EIAP, 629,678 Common Shares are issuable on the settlement of outstanding awards and 459,792 Common Shares are reserved for issuance on the settlement of awards that are available for grant;
- 120,000 deferred grants of Common Shares have been granted under the Company’s Directors’ Deferred Compensation Plan, of which 21,998 Common Shares have been issued and;
- 4,021,279 Common Shares are issuable on conversion of the outstanding Convertible Debentures, of which there are an aggregate principal amount of $218.9 million outstanding.

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

DIVIDENDS

AGI declared dividends of $2.9 million or $0.15 per common share [Q3 2023 – $2.9 million or $0.15 per common share] in the three-month period ended September 30, 2024. The dividend declared in Q3 2024 was paid on October 15, 2024 to common shareholders of record at the close of business on September 27, 2024. Dividends paid to common shareholders of $2.9 million [Q3 2023 – $2.9 million] during the three-month period ended September 30, 2024 were financed from cash on hand.

The Company's Board of Directors reviews financial performance and other factors when assessing dividend levels. An adjustment to dividend levels may be made at such time as the Board determines an adjustment to be appropriate. Dividends in a fiscal year are typically funded entirely through cash from operations, although due to seasonality dividends may be funded on a short-term basis by the Company's senior credit facilities.

FINANCIAL INSTRUMENTS

Interest rate swaps contracts

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

	Currency	Effective	Maturity	Amount of Swap [000's] $	Fixed Rate [1]
Canadian dollar contracts	CAD	June 11, 2023	2026	75,000	3.707 %

[1] Excludes performance adjustment.

On June 16, 2022, the Company entered into a forward interest rate swap contract effective June 11, 2023 and expiring on May 11, 2026. On March 11, 2024, the Company amended its interest rate swap contract to transition from CDOR to CORRA. The fixed rate on the Company's interest rate swap changed from 3.972% to 3.707%. The Company receives interest based on the variable rates from the counterparty and pays interest based on a fixed rate. The notional amounts are $75 million in aggregate, resetting each month. The Company has elected to apply hedge accounting for this contract and, therefore, unrealized gains (losses) are recognized in other comprehensive income (loss) to the extent that it has been assessed to be effective. During the three- and nine-month periods ended September 30, 2024, an unrealized loss of $1.1 million and $0.3 million, respectively [2023 – gain of $0.9 million and $2.7 million] was recorded in other comprehensive income (loss) and a realized gain of $0.2 million and $0.7 million, respectively [2023 – gain of $0.2 million and 0.2 million] was recorded in finance costs. As at September 30, 2024, the fair value of the interest rate swap was a liability of $0.9 million [December 31, 2023 – asset of $0.06 million].

Equity swap

The Company has an equity swap agreement with a financial institution to manage the cash flow exposure due to fluctuations in its share price related to the EIAP. During the nine-month period ended

September 30, 2024, AGI reduced the size of its equity hedge position by 300,000 shares resulting in proceeds of $7.0 million and a realized gain of $3.5 million. In addition, the Company also extended the maturity date of the swap agreement from May 7, 2024 to May 5, 2026. As at September 30, 2024, the equity swap agreement covered 422,000 common shares of the Company at a price of $38.76. During the three- and nine-month periods ended September 30, 2024, an unrealized gain of $0.7 million and gain of $1.5 million [2023 – gain of $1.9 million and gain of $7.1 million] was recorded in loss (gain) on financial instruments in other operating expense (income). As at September 30, 2024, the fair value of the equity swap is an asset of $6.5 million [December 31, 2023 – asset of $8.5 million].

Foreign exchange contracts

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollars and to a lesser extent to variations in exchange rates between the Euro and the Canadian dollar. AGI may enter into foreign exchange contracts to partially mitigate its foreign exchange risk.

In 2023, the Company entered into a series of short-term forward contracts with notional amounts of U.S. $10.8 million in aggregate, which matured on October 31, 2024. During the three- and nine-month periods ended September 30, 2024, an unrealized gain of $0.3 million and loss of $0.05 million, respectively [2023 – loss of $0.4 million and $0.3 million] was recorded in loss (gain) on financial instruments. As at September 30, 2024, the fair value of the forward contracts is an asset of $0.05 million [December 31, 2023 – asset of $0.1 million].

Debenture put options

In March 2020, the Company issued $85 million of senior unsecured subordinated debentures with an option of early redemption beginning December 31, 2022. At the time of issuance, the Company's redemption option resulted in an embedded derivative with a fair value of $0.8 million. During the three- and nine-month periods ended September 30, 2024, an unrealized gain of $1.3 million and $1.3 million [2023 – gain of $0.04 million and loss of $0.4 million] were recorded in gain on financial instruments in other operating expense (income). As at September 30, 2024, the fair value of the embedded derivative is an asset of $1.9 million [December 31, 2023 – asset of $0.6 million].

OTHER RELATIONSHIPS

A law firm in which a Director of AGI is a partner provides legal services to the Company. During the three- and nine-month periods ended September 30, 2024, the total cost of these legal services was $0.1 million and $0.6 million, respectively [2023 – $0.03 million and $0.4 million], and $0.4 million is included in accounts payable and accrued liabilities as at September 30, 2024.

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

CRITICAL ACCOUNTING ESTIMATES

Described in the notes to the Company's 2023 consolidated financial statements are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 to the 2023 consolidated financial statements for a discussion of the significant accounting judgments, estimates and assumptions. No changes to the accounting policies and estimates have been made as of September 30, 2024.

RISKS AND UNCERTAINTIES

The Company and its business are subject to numerous risks and uncertainties which are described in this MD&A and the Company's most recent Annual Information Form, which is available under the Company's profile on SEDAR+ [www.sedarplus.ca]. These risks and uncertainties include but are not limited to the following: general economic and business conditions and changes in international, national and local macroeconomic and business conditions, as well as sociopolitical conditions in certain local or regional markets, including as a result of conflicts in the Middle East and the conflict between Russia and Ukraine and the responses thereto from other countries and institutions (including trade sanctions and financial controls), which has created volatility in the global economy and could continue to adversely impact economic and trade activity; the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the 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; incorrect assessments of the value of acquisitions, failure of the Company to realize the anticipated benefits of acquisitions, including to realize anticipated synergies and margin improvements, and the assumption of liabilities associated with acquisitions and/or the provision of indemnities to vendors in respect of any such assumed liabilities or otherwise; volatility in the stock markets including the market price of the Common Shares and in market valuations; competition for, among other things, customers, supplies, acquisitions, capital and skilled personnel; the availability of capital on acceptable terms; dependence on suppliers; changes in labour costs and the labour market, including the risk of labour cost increases that may arise as a result of high inflation rates and/or a scarcity of labour and/or labour activities; the impact of climate change and related laws and regulations; changes in trade relations between the countries in which the Company does business, including between Canada and the United States; cyber security risks; adjustments to and delays or cancellation of one or more orders comprising our order book; the requirement to re-supply equipment or re-complete work previously supplied or completed at AGI's cost, and the risk that AGI's assumptions and estimates made in respect of such costs and underlying the provision for warranty accrual and remediation in our consolidated financial statements related thereto and insurance coverage therefor (including for the matters disclosed herein under "Remediation costs and equipment rework") will prove to be incorrect as further information becomes available to AGI; and the risk of litigation or unsuccessful defense of litigation in respect of equipment or work previously supplied or completed or in respect of other matters and the risk that AGI incurs material liabilities in connection with such litigation that are not covered by insurance in whole or in part. These risks and uncertainties are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial also may impair operations. If any of these risks actually occur, our business, results of operations and financial condition, and the amount of cash available for dividends could be materially adversely affected.

ADOPTION OF NEW ACCOUNTING POLICIES

Amendments to IAS 1

In January 2020 and October 2022, amendments were issued to IAS 1, which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

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

The amendments must be applied retrospectively for annual periods beginning after January 1, 2024. The Company's adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in AGI's internal controls over financial reporting that occurred in the three-month period ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

NON-IFRS AND OTHER FINANCIAL MEASURES

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

We use the following (i) non-IFRS financial measures: "adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA")", "adjusted gross margin", "free cash flow", and "adjusted profit"; (ii) non-IFRS ratios: "Adjusted EBITDA margin %", "adjusted gross margin as a % of revenue", "gross profit as a % of revenue", and "diluted adjusted profit per share"; and (iii) supplementary financial measures: "order book", "revenue by geography", "revenue by segment and geography", "maintenance capital expenditures", "maintenance capital expenditures as % of revenue", 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 profit, gain or loss on foreign exchange, non-cash share-based compensation expenses, gain or loss on financial instruments, M&A recovery or expenses, transaction, transitional and other costs, ERP system transformation costs, net gain or loss on the sale of property, plant & equipment, net gain or loss on assets held for sale, net gain or loss on settlement of lease liability, equipment rework, remediation, accounts receivable reserve (recovery) for RUK, non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost and impairment charge. Adjusted EBITDA is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our consolidated financial statements is profit (loss) before income taxes. Management believes Adjusted EBITDA is a useful measure to assess the performance and cash flow of the Company as it excludes the effects of interest, taxes, depreciation, amortization and expenses that management believes are not reflective of the Company's underlying business performance. Management cautions investors that Adjusted EBITDA should not replace profit or loss as indicators of performance, or cash flows from operating, investing, and financing activities as a measure of the Company's liquidity and cash flows. See

"Detailed Operating Results – Profit before income taxes and Adjusted EBITDA" for the reconciliation of Adjusted EBITDA to profit before income taxes for the current and comparative periods. Adjusted EBITDA guidance is a forward-looking non-IFRS financial measure. We do not provide a reconciliation of such forward-looking measure to the most directly comparable financial measure calculated and presented in accordance with IFRS due to unknown variables and the uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value that may be inherently difficult to determine without unreasonable efforts. Guidance for Adjusted EBITDA is calculated in the same manner as described above for historical Adjusted EBITDA, as applicable.

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

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

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

"Adjusted profit" is defined as profit or loss adjusted for share of associate's profit, gain or loss on foreign exchange, gain or loss on financial instruments, M&A recovery or expenses, transaction, transitional and other costs, ERP system transformation costs, net gain or loss on the sale of property, plant & equipment, net gain or loss on assets held for sale, net gain or loss on the settlement of lease liability, equipment rework, remediation, accounts receivable reserve (recovery) for RUK, and impairment charge (recovery). Adjusted profit is a non-IFRS financial measure and its most directly comparable financial measure that is disclosed in our consolidated financial statements is profit or loss. Management believes adjusted profit is a useful measure to assess the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of our underlying business performances. See "Detailed Operating Results – Diluted profit per share and diluted adjusted profit per share" for the reconciliation of adjusted profit to profit for the current and comparative periods.

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

"Free cash flow" is defined as cash provided by operating activities less acquisition of property, plant and equipment and less development and purchase of intangible assets. Free cash flow 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 operating activities. Management believes that free cash flow provides useful information about the Company's ability to generate available cash that can be used to fund ongoing and prospective strategic initiatives, reduce debt, or pursue other initiatives to enhance shareholder value after investing in capital expenditures that are required to maintain and grow the Company. Management uses free cash flow to help monitor the operational efficiency and financial flexibility of the Company. See “Free Cash Flow” above for a reconciliation of free cash flow to cash provided by operating activities for the current and comparative periods.

“Gross Profit as a % of revenue” is defined as gross profit divided by revenue. Gross profit as a % of revenue is a supplementary financial measure.

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

“Order book” is defined as the total value of committed sales orders that have not yet been fulfilled that: (a) have a high certainty of being performed as a result of the existence of a purchase order, an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to the Company or its divisions, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Order book is a supplementary financial measure. AGI previously used the term ‘backlogs’ instead of ‘order book”, however there has been no change to the definition or underlying calculation.

“Revenue by Geography” and “Revenue by Segment and Geography”: The revenue information presented under “Revenue by Geography” and “Revenue by Segment and Geography” are supplementary financial measures used to present the Company’s revenue by geography and by segment and geography.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and information [collectively, “forward-looking information”] within the meaning of applicable securities laws that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words “anticipate”, “estimate”, “believe”, “continue”, “could”, “expects”, “intend”, “trend”, “plans”, “will”, “may” or similar expressions suggesting future conditions or events or the negative of these terms are generally intended to identify forward-looking information. Forward-looking information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which it is based will occur. In particular, the forward-looking information in this MD&A includes information relating to: our belief that there are near-term headwinds facing our U.S. Farm segment; our belief that continued order book strength across the international areas of our Commercial segment provides a strong setup for fourth quarter and momentum heading into 2025; ; our belief that margins are trending towards higher levels than achieved in the past; our belief that dealer inventories of portable equipment will continue to decline and gradually return to more balanced levels and that this will be supportive of a recovery in our U.S. Farm business, an area we will continue to monitor closely; our belief that our significant order book will support Q4 results and complements a highly active Commercial pipeline which we envision carrying strong momentum across 2025; our belief that the broad-based momentum throughout the international regions of our Commercial segment and positive trends in most businesses within AGI is offset by near-term headwinds in the U.S. Farm market, where tepid sentiment continues to dampen demand in the region; our full year 2024 Adjusted EBITDA outlook of approximately $280 million with 2024 Adjusted EBITDA margins of approximately 19%; that our outlook calls for a near-record annual performance, despite challenging conditions in the key U.S. Farm market; our belief that our ability to deliver a consistently strong and stable margin performance while managing the U.S. Farm mix impact is a clear sign of the step-change we have achieved in realizing sustainably higher margin levels; our belief that our strong margin profile, a sizable order book, and accelerating Commercial activity across our international regions supports our fourth quarter and overall 2025 performance expectations; that we expect demand in the Canada farm segment to remain strong for the rest of 2024 and are developing tactics to sustain the momentum in 2025; our belief that aggregate dealer inventory levels in the U.S. farm segment continue to decline but remain well above average, creating near-term challenges for equipment suppliers; our belief that our operational efficiency initiatives made at the manufacturing-level will help enhance results as volume in our International Farm segment picks back up; that our confidence in the near and longer-term outlook for Brazil is strong and that AGI is extremely well positioned within this strategically vital market; our belief that our Canada Commercial segment is poised for an uptick in results as the order book has begun to trend favourably with year-over-year growth for the second quarter in a row, and that with order delivery scheduled for Q4 and into 2025, we anticipate results from this segment to begin trending upwards in coming quarters; our belief that the U.S. Commercial business is on pace for a steady performance for the full year; our belief that with several recent marquee project wins secured in South America, we anticipate results from our International Commercial segment to notably accelerate into Q4 and the first half of 2025; our belief that the pressure in US Farm is driven by a combination of lower commodity prices, higher production costs, and a reduction in farmer cash income which serves to dampen customer demand; our belief that in the longer-term, AGI’s continued expansion internationally as well as into the seed, fertilizer, feed and food verticals should lessen the seasonality related to annual grain volumes and harvest conditions; our belief that AGI’s senior credit facilities and debentures, together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements; the factors that may impact our working capital requirements; our dividend policy and how dividend payments may be funded; our outlook for our financial and operating performance for the remainder of 2024 and 2025, including by segment, product type and geographic region, and including our expectations for our future financial results, industry demand, market conditions, and industry and market trends; our business strategies and strategic priorities; the long-term fundamentals and growth drivers of our business; and the estimated costs to the Company that may result from the remediation work and/or equipment rework described herein under "Remediation costs and equipment rework". Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions concerning: anticipated crop yields and production in our market areas; the financial and operating attributes of acquired businesses and the anticipated future performance thereof; the value of acquired businesses and assets and the liabilities assumed (and indemnities provided) by AGI in connection therewith; anticipated financial performance; future debt levels; business prospects and strategies, including the success of our operational excellence initiatives; product and input pricing; the scope, nature, timing and cost of re-supplying certain equipment and re-completing certain work that has previously been supplied or completed pursuant to warranty obligations or otherwise; regulatory developments; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; currency exchange rates, inflation rates and interest rates; the cost of materials, labour and services and the impact of inflation rates and/or supply chain disruptions and/or labour activity thereon; the impact of competition; the general stability of the economic and regulatory environments in which the Company operates; the timely receipt of any required regulatory and third party approvals; the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner; the amount and timing of the dividends that we expect to pay; the ability of the Company to obtain financing on acceptable terms; the regulatory framework in the jurisdictions in which the Company operates; the ability of the Company to successfully market its products and services; and that a pandemic or other public health emergency will not have a material impact on our business, operations, and financial results going forward. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking information. These risks and uncertainties are described under "Risks and Uncertainties" in this MD&A and in our most recently filed Annual Information Form, which is available under the Company's profile on SEDAR+ [www.sedarplus.ca]. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking information. We cannot assure readers that actual results will be consistent with this forward-looking information. Further, AGI cannot guarantee that the anticipated revenue from its order book will be realized or, if realized, will result in profits or Adjusted EBITDA. Delays, cancellations and scope adjustments occur from time-to-time with respect to contracts reflected in AGI's order book, which can adversely affect the revenue and profit that AGI actually receives from its order book. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities. These estimates and related assumptions may change, having either a negative or positive effect on profit, as further information becomes available and as the economic environment changes. Without limitation of the foregoing, the provisions for remediation costs and equipment rework disclosed herein required significant estimates, judgments and assumptions about the scope, nature, timing and cost of work that will be required. It is based on management's estimates, judgments and assumptions at the current date and is subject to revision in the future as further information becomes available to the Company. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this MD&A is made as of the date of this MD&A and AGI undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

FINANCIAL OUTLOOK

Also included in this MD&A are estimates of AGI's 2024 Adjusted EBITDA and Adjusted EBITDA margin %, which are based on, among other things, the various assumptions disclosed in this MD&A including under "Forward-Looking Information" and including our assumptions regarding the Adjusted EBITDA contribution that AGI anticipates receiving from revenue growth in 2024 in part as a result of the 36%

YOY increase in AGI's order book as of September 30, 2024 and the benefits of operational excellence initiatives. To the extent such estimates constitute financial outlooks, they were approved by management on November 5, 2024, and are included to provide readers with an understanding of AGI's anticipated 2024 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.

RECONCILIATION OF ADJUSTED EBITDA TO PROFIT (LOSS) BEFORE INCOME TAXES FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022

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

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

[1] See "Note 25[e] – Finance expenses (income)" in our consolidated financial statements for the years ended December 31, 2023 ("2023 Statements") and 2022.
[2] The Company's share-based compensation expense pertains to our EIAP and DDCP. See "Note 24 – Share-based compensation plans" in our 2023 Statements.
[3] See "Equity swap".
[4] Transaction costs (recoveries) associated with completed and ongoing mergers and acquisitions activities.
[5] Includes legal expense, legal provision, transitional costs related to reorganizations and other acquisition related transition costs, as well as the accretion and other movement in amounts due to vendors.
[6] Expenses incurred in connection with a global multi-year ERP transformation project.
[7] Includes loss (gain) on settlement of lease liabilities. See "Note 11 – Property, plant and equipment" in our 2023 Statements.
[8] See "Note 16 – Assets held for sale" in our 2023 Statements.

[9] See “Remediation costs and equipment rework” in our 2023 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 2023 Statements.
[12] This is a non-IFRS measure and is used throughout this MD&A. See “NON-IFRS AND OTHER FINANCIAL MEASURES” for more information on each non-IFRS measure.

ADDITIONAL INFORMATION

Additional information relating to AGI, including AGI’s most recent Annual Information Form, is available under the Company's profile on SEDAR+ [www.sedarplus.ca].

Unaudited interim condensed consolidated financial statements

Ag Growth International Inc.

September 30, 2024

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of financial position

[in thousands of Canadian dollars]

As at

	September 30, 2024 $	December 31, 2023 $
Assets		
Current assets		
Cash and cash equivalents	93,682	88,042
Restricted cash	5,435	2,619
Accounts receivable	274,187	265,604
Inventory	205,733	214,763
Prepaid expenses and other assets	63,247	65,584
Current portion of notes receivable	5,774	5,658
Current portion of derivative instruments	54	8,621
Income taxes recoverable	11,517	11,357
	659,629	662,248
Non-current assets		
Property, plant and equipment, net	332,877	344,386
Right-of-use assets, net	35,235	32,810
Goodwill	342,100	339,607
Intangible assets, net	195,618	211,117
Investment in associate *[note 7]*	7,355	—
Derivative instruments *[note 18[c]]*	8,432	700
Non-current accounts receivable	50,360	51,763
Notes receivable	100	191
Deferred tax asset	9,187	10,086
	981,264	990,660
Assets held for sale *[note 8]*	1,603	2,068
Total assets	1,642,496	1,654,976
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	225,444	252,941
Customer deposits	104,331	88,068
Dividends payable *[note 12[c]]*	2,861	2,851
Income taxes payable	10,748	4,371
Financial liability *[note 7]*	4,885	—
Current portion of EIAP liability	309	—
Current portion of due to vendor	4,674	4,447
Current portion of lease liability	9,611	6,711
Current portion of long-term debt *[note 11]*	315	549
Current portion of senior unsecured subordinated debentures	86,037	171,249
Provisions *[note 10]*	18,620	16,813
	467,835	548,000
Non-current liabilities		
Other financial liabilities	946	863
Derivative instruments *[note 18[c]]*	916	—
EIAP liability	403	1,540
Due to vendor	28	1,459
Lease liability	34,803	34,960
Long-term debt *[note 11]*	483,020	419,908
Convertible unsecured subordinated debentures *[note 18]*	195,233	190,064
Senior unsecured subordinated debentures *[note 18]*	83,847	83,507
Deferred tax liability	53,494	56,691
	852,690	788,992
Total liabilities	1,320,525	1,336,992
Shareholders' equity *[note 12]*		
Common shares	12,727	10,303
Accumulated other comprehensive income	12,784	12,229
Equity component of convertible debentures	22,868	22,868
Contributed surplus	500,196	499,217
Deficit	(226,604)	(226,633)
Total shareholders' equity	321,971	317,984
Total liabilities and shareholders' equity	1,642,496	1,654,976

See accompanying notes

On behalf of the Board of Directors:

(signed) Janet Giesselman
Director

(signed) David A. White, CA, ICD.D
Director

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of income

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

	Three-month period ended		Nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	$	$	$	$
Revenue *[note 6]*	357,173	410,067	1,023,550	1,147,352
Cost of goods sold *[note 14[a]]*	242,623	273,688	692,274	786,577
Gross profit	114,550	136,379	331,276	360,775
Expenses				
Selling, general and administrative *[note 14[b]]*	83,116	78,249	255,452	245,430
Other operating income *[note 14[c]]*	(4,687)	(4,518)	(14,573)	(14,482)
Impairment charge (recovery) *[note 9]*	(187)	1,308	2,904	2,099
Finance costs *[note 14[d]]*	17,967	19,353	53,978	55,371
Finance expense (income) *[note 14[e]]*	(3,003)	6,143	15,972	(3,181)
Share of associate's net profit *[note 7]*	(4)	—	(4)	—
	93,202	100,535	313,729	285,237
Profit before income taxes	21,348	35,844	17,547	75,538
Income tax expense (recovery) *[note 15]*				
Current	3,117	3,055	8,313	9,118
Deferred	219	7,730	(3,323)	8,909
	3,336	10,785	4,990	18,027
Profit for the period	18,012	25,059	12,557	57,511
Profit (loss) per share *[note 16]*				
Basic	0.94	1.32	0.66	3.03
Diluted	0.89	1.21	0.64	2.85

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of comprehensive income

[in thousands of Canadian dollars]

	Three-month period ended		Nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	$	$	$	$
Profit for the period	18,012	25,059	12,557	57,511
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss				
Change in fair value of derivatives designated as cash flow hedges *[note 18[c]]*	(1,145)	900	(273)	2,702
Realized gains on derivatives designated as cash flow hedges recognized in net earnings *[note 18[c]]*	(185)	(247)	(699)	(247)
Income tax effect on cash flow hedges	355	(175)	259	(658)
Exchange differences on translation of foreign operations	(3,935)	4,766	657	3,959
	(4,910)	5,244	(56)	5,756
Items that will not be reclassified to profit or loss				
Actuarial gain on defined benefit plans	140	264	834	540
Income tax effect on defined benefit plans	(37)	(71)	(223)	(145)
	103	193	611	395
Other comprehensive income (loss) for the period	(4,807)	5,437	555	6,151
Total comprehensive income for the period	13,205	30,496	13,112	63,662

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statement of changes in shareholders' equity

[in thousands of Canadian dollars]

Nine-month period ended September 30, 2024

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Foreign currency translation reserve $	Cash flow hedge reserve $	Defined benefit plan reserve $	Equity investment $	Total shareholders' equity $
As at January 1, 2024	10,303	22,868	499,217	(226,633)	10,352	41	2,736	(900)	317,984
Profit for the period	—	—	—	12,557	—	—	—	—	12,557
Other comprehensive income (loss)	—	—	—	—	657	(713)	611	—	555
Share-based payment transactions *[notes 12[a] and [b]]*	2,424	—	979	—	—	—	—	—	3,403
Dividends paid and payable to shareholders *[note 12[c]]*	—	—	—	(8,581)	—	—	—	—	(8,581)
Dividends on share-based compensation awards *[note 12[c]]*	—	—	—	(307)	—	—	—	—	(307)
Excess from recognition of call option over minority shareholders *[note 7]*	—	—	—	(3,640)	—	—	—	—	(3,640)
As at September 30, 2024	12,727	22,868	500,196	(226,604)	11,009	(672)	3,347	(900)	321,971

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statement of changes in shareholders’ equity

[in thousands of Canadian dollars]

Nine-month period ended September 30, 2023

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Foreign currency translation reserve $	Cash flow hedge reserve $	Defined benefit plan reserve $	Equity investment $	Total shareholders' equity $
As at January 1, 2023	9,644	22,851	501,741	(283,682)	13,767	(259)	2,508	(900)	265,670
Profit for the period	—	—	—	57,511	—	—	—	—	57,511
Other comprehensive income	—	—	—	—	3,959	1,797	395	—	6,151
Share-based payment transactions *[notes 12[a] and [b]]*	547	—	(4,912)	—	—	—	—	—	(4,365)
Dividends paid and payable to shareholders *[note 12[c]]*	—	—	—	(8,545)	—	—	—	—	(8,545)
Dividends on share-based compensation awards *[note 12[c]]*	—	—	—	(399)	—	—	—	—	(399)
Conversion of 2021 convertible debentures	5	17	—	—	—	—	—	—	22
As at September 30, 2023	10,196	22,868	496,829	(235,115)	17,726	1,538	2,903	(900)	316,045

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of cash flows

[in thousands of Canadian dollars]

	Three-month period ended		Nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	$	$	$	$
Operating activities				
Profit before income taxes	21,348	35,844	17,547	75,538
Add (deduct) items not affecting cash				
Depreciation of property, plant and equipment	7,060	6,996	21,385	21,205
Depreciation of right-of-use assets	2,296	1,905	6,731	5,440
Amortization of intangible assets	7,665	7,208	23,332	20,979
Loss (gain) on sale of property, plant and equipment	(5)	94	318	287
Loss (gain) on sale of assets held for sale	—	—	(325)	25
Gain on settlement of lease liability	—	(5)	(194)	(12)
Impairment charge (recovery)	(187)	1,308	2,904	2,099
Share of associate's profit	(4)	—	(4)	—
Non-cash component of interest expense	2,508	2,889	7,583	7,557
Non-cash movement in derivative instruments	(2,228)	(1,466)	(6,232)	(6,486)
Non-cash investment tax credits	(16)	(1,596)	(89)	(1,709)
Share-based compensation expense	3,421	3,057	10,605	9,363
Defined benefit plan expense (income)	81	(7)	192	(19)
Other	514	849	1,525	(9,552)
Translation loss (gain) on foreign exchange	(5,048)	6,505	4,117	2,480
	37,405	63,581	89,395	127,195
Net changes in working capital balances related to operations *[note 17]*	22,228	(37,913)	(12,409)	(73,266)
Transfer from (to) restricted cash	1,498	(621)	(2,838)	307
Proceeds from settlement of financial instruments *[note 18[c]]*	—	—	7,008	—
Change in non-current accounts receivable	(856)	(2,768)	1,403	(7,500)
Change in long-term payables	(48)	34	70	308
Settlement of EIAP obligation	(260)	(206)	(7,207)	(14,215)
Post-combination payments	—	(291)	(1,699)	(2,690)
Income taxes paid	(1,741)	(1,149)	(1,346)	(8,204)
Cash provided by operating activities	58,226	20,667	72,377	21,935
Investing activities				
Investment in associate *[note 7]*	(7,092)	—	(7,092)	—
Acquisition of property, plant and equipment	(3,187)	(8,402)	(14,652)	(17,922)
Proceeds from sale of property, plant and equipment	416	134	917	449
Proceeds from sale of assets held for sale *[note 8]*	—	—	778	9,321
Development and purchase of intangible assets	(2,371)	(5,792)	(6,627)	(15,022)
Due from vendor	106	—	106	—
Sublease income, net of costs	43	—	13	—
Cash used in investing activities	(12,085)	(14,060)	(26,557)	(23,174)
Financing activities				
Increase (decrease) in senior credit facilities	(38,334)	11,470	56,153	39,598
Repayment of obligation under lease liabilities	(2,209)	(1,757)	(6,548)	(5,144)
Non-cash change in interest accrued	5,036	6,200	5,036	6,200
Repayment of senior unsecured subordinated debentures, net of costs	—	—	(86,250)	(178)
Dividends paid in cash *[note 12[c]]*	(2,861)	(2,851)	(8,571)	(8,529)
Cash provided by (used in) financing activities	(38,368)	13,062	(40,180)	31,947
Net increase in cash during the period	7,773	19,669	5,640	30,708
Cash and cash equivalents, beginning of period	85,909	70,683	88,042	59,644
Cash and cash equivalents, end of period	93,682	90,352	93,682	90,352
Supplemental cash flow information				
Interest paid	9,637	10,507	39,692	41,596

See accompanying notes

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2024

1. Organization

Ag Growth International Inc. [“AGI” or the “Company”] and its subsidiaries are providers of equipment solutions for bulk agriculture commodities, including seed, fertilizer, grain, rice, feed and food processing systems. AGI has manufacturing facilities in Canada, the United States, Brazil, Italy, France and India, and distributes its product globally. AGI is a listed company incorporated and domiciled in Canada, whose shares are publicly traded on the Toronto Stock Exchange. The registered office is located at 198 Commerce Drive, Winnipeg, Manitoba, Canada.

2. Statement of compliance and basis of presentation

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

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company, AGI. All subsidiaries under AGI are 100% consolidated. Entities in which AGI retains less than 50% interest and has significant influence are accounted for as an investment in associate. All values, rounded to the nearest thousand, are prepared on the historical cost basis, except for assets held for sale, which are measured at fair value.

These unaudited interim condensed consolidated financial statements do not include all the information and notes required by International Financial Reporting Standards [“IFRS”] for annual financial statements and, therefore, should be read in conjunction with the audited annual consolidated financial statements and notes for the Company’s fiscal year ended December 31, 2023, which are available on SEDAR+ at www.sedarplus.ca.

In management’s opinion, the unaudited interim condensed consolidated financial statements include all adjustments necessary to fairly present such information in all material respects. Interim results are not necessarily indicative of the results expected for any other interim period or the fiscal year. These unaudited interim condensed consolidated financial statements of AGI for the three- and nine-month periods September 30, 2024 were authorized for issuance in accordance with a resolution of the Directors on November 5, 2024.

3. Seasonality of business

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

4. Adoption of new accounting policies

Amendments to IAS 1*, Classification of Liabilities as Current or Non-current*

In January 2020 and October 2022, amendments were issued to IAS 1, *Presentation of Financial Statements* ["IAS 1"], which provide requirements for classifying liabilities as current or non-current. Specifically, the amendments clarify:

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

The amendments must be applied retrospectively for annual periods beginning after January 1, 2024. The Company's adoption of these amendments did not have a material impact on the Company's unaudited interim condensed consolidated financial statements.

5. Standards issued but not effective

IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, IFRS 18, *Presentation and Disclosure in Financial Statements* ["IFRS 18"] was issued. IFRS 18 replaces IAS 1. This new standard:

- Introduces new categories and subtotals in the statement of profit or loss where all income and expenses are categorized into one of five categories: operating, investing, financing, income taxes and discontinued operations.
- Requires disclosure of management-defined performance measures ["MPM"]. MPM is a subtotal of income and expenses that a company uses in public communications outside financial statements. IFRS 18 requires disclosure of information for all of the company's MPMs within a single note to the financial statements that includes a description of each MPM, how the measure is calculated and a reconciliation to the most comparable line item in the statement of profit or loss.
- Introduces a principle for presentation of information in the primary financial statements versus the financial statement notes including the aggregation and disaggregation of such information.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027 and must be applied retrospectively. Early adoption is permitted. The Company is assessing the impact of adopting IFRS 18 on its effective date.

6. Reportable business segments

The Company has identified its reportable segments as Farm and Commercial, each of which is supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. Each of these operating segments is being reported based on the financial information provided to the Chief Executive Officer, who has been identified as the Chief Operating Decision Maker ["CODM"] in monitoring segment performance and allocating resources between segments. Discrete financial information, which includes revenue, operating expenses and assets, is only available at the segments level to the CODM for the purpose of reviewing performance and in determining how resources should be allocated. Certain corporate overheads are included in the segments based on revenue. Taxes and certain other expenses are managed at a consolidated level and are not allocated to the reportable segments. The CODM assesses segment performance based on adjusted earnings before interest, taxes, depreciation and amortization ["Adjusted EBITDA"], a non-IFRS measure, which is measured differently than profit from operations in the unaudited interim condensed consolidated financial statements.

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

The Company's reportable segments can be described as follows:

- Farm: AGI's Farm business includes the sale of grain and fertilizer handling equipment, aeration products and storage bins, primarily to farmers where on-farm storage practices are conducive to the sale of portable handling equipment and smaller diameter storage bins for grain and fertilizer. Included in Farm are grain, seed and fertilizer handling equipment, aeration products, grain and fuel storage solutions and grain management technologies.

- Commercial: AGI's Commercial business includes the sale of larger diameter storage bins, high-capacity stationary grain handling equipment, fertilizer storage and handling systems, feed handling and storage equipment, aeration products, hazard monitoring systems, automated blending systems, control systems and food processing solutions. AGI's Commercial customers include large multi-national agri-businesses, grain handlers, regional cooperatives, contractors, food and animal feed manufacturers, and fertilizer blenders and distributors. Commercial equipment is used at port facilities for both the import and export of grains and other agricultural commodities, inland grain terminals, corporate farms, fertilizer distribution sites, ethanol production, oilseed crushing, commercial feed mills, rice mills and flour mills.

The following tables set forth information by segment:

	Three-month period ended		Nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	$	$	$	$
Farm	**184,525**	227,276	**567,966**	643,096
Commercial	**172,648**	182,791	**455,584**	504,256
Revenue	**357,173**	410,067	**1,023,550**	1,147,352

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2024

	Three-month period ended September 30, 2024			
	Farm	Commercial	Other[1]	Total
	$	$	$	$
Profit (loss) before income taxes	38,288	22,497	(39,437)	21,348
Finance costs	—	—	17,967	17,967
Depreciation and amortization	7,273	8,371	1,907	17,551
Share of associate's net profit *[note 7]*	—	(4)	—	(4)
Gain on foreign exchange	—	—	(2,906)	(2,906)
Share-based compensation	—	—	3,421	3,421
Gain on financial instruments	—	—	(2,228)	(2,228)
Transaction, transitional and other costs[2]	120	—	10,088	10,208
ERP system transformation costs	—	—	3,383	3,383
Net loss (gain) on sale of property, plant and equipment	(47)	29	13	(5)
Impairment recovery	(187)	—	—	(187)
Adjusted EBITDA[3]	45,447	30,893	(7,792)	68,548

	Three-month period ended September 30, 2023			
	Farm	Commercial	Other[1]	Total
	$	$	$	$
Profit (loss) before income taxes	53,879	26,841	(44,876)	35,844
Finance costs	—	—	19,353	19,353
Depreciation and amortization	6,659	7,512	2,432	16,603
Loss on foreign exchange	—	—	6,269	6,269
Share-based compensation	—	—	3,057	3,057
Gain on financial instruments	—	—	(1,466)	(1,466)
Transaction, transitional and other costs[2]	—	—	3,475	3,475
Net loss on sale of property, plant and equipment	75	6	13	94
Net gain on settlement of lease liability	—	(5)	—	(5)
Impairment charge (recovery)	1,310	(2)	—	1,308
Adjusted EBITDA[3]	61,923	34,352	(11,743)	84,532

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2024

	Nine-month period ended September 30, 2024			
	Farm	Commercial	Other[1]	Total
	$	$	$	$
Profit (loss) before income taxes	114,739	42,561	(139,753)	17,547
Finance costs	—	—	53,978	53,978
Depreciation and amortization	22,126	25,278	5,598	53,002
Share of associate's net profit *[note 7]*	—	(4)	—	(4)
Loss on foreign exchange	—	—	16,303	16,303
Share-based compensation	—	—	10,605	10,605
Gain on financial instruments	—	—	(6,232)	(6,232)
Transaction, transitional and other costs[2]	3,905	—	22,682	26,587
ERP system transformation costs	—	—	12,433	12,433
Net loss (gain) on sale of property, plant and equipment	419	(91)	(10)	318
Net gain on assets held for sale	(325)	—	—	(325)
Net gain on settlement of lease liability	—	(194)	—	(194)
Accounts receivable recovery for RUK	—	(268)	—	(268)
Impairment charge	2,827	77	—	2,904
Adjusted EBITDA[3]	143,691	67,359	(24,396)	186,654

	Nine-month period ended September 30, 2023			
	Farm	Commercial	Other[1]	Total
	$	$	$	$
Profit (loss) before income taxes	148,289	61,065	(133,816)	75,538
Finance costs	—	—	55,371	55,371
Depreciation and amortization	19,921	22,247	6,906	49,074
Gain on foreign exchange	—	—	(2,881)	(2,881)
Share-based compensation	—	—	9,363	9,363
Gain on financial instruments	—	—	(6,486)	(6,486)
Mergers and acquisitions expense	—	—	50	50
Transaction, transitional and other costs[2]	—	—	16,149	16,149
Net loss on sale of property, plant and equipment	150	138	24	312
Net loss (gain) on settlement of lease liability	2	(14)	—	(12)
Equipment rework *[note 10]*	—	—	4,900	4,900
Remediation *[note 10]*	—	—	15,608	15,608
Accounts receivable reserve for RUK	—	1,733	—	1,733
Impairment charge	2,099	—	—	2,099
Adjusted EBITDA[3]	170,461	85,169	(34,812)	220,818

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

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2024

[2] Includes legal expense, legal provision and transitional costs related to reorganizations and other acquisition-related transition costs, as well as the accretion and other movement in amounts due to vendor.

[3] The CODM uses Adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Company's segments. Adjusted EBITDA is defined as profit (loss) before depreciation and amortization, financial expenses, operational restructuring costs and other, and income taxes. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.

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

	Three-month period ended		Nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	$	$	$	$
Canada	**88,166**	85,797	**261,494**	275,776
United States	**135,470**	184,481	**430,155**	506,257
International	**133,537**	139,789	**331,901**	365,319
Total revenue	**357,173**	410,067	**1,023,550**	1,147,352

The revenue information above is based on the location of the customer. The Company has no single customer that represents 10% or more of the Company's revenues.

7. Brazil investments

AGI, through its Brazil subsidiary, entered into an agreement with a civil construction company with industrial construction project experience [the "Partner"]. This arrangement was formed for the development and sale of turnkey and large-scale agriculture projects.

AGI determined that it has control, as defined under IFSR 10, *Consolidated Financial Statements* over the arrangement. As such, AGI will consolidate its financial statements. The agreement includes a call option whereby AGI has the ability to purchase the shares held by the Partner. This call option gives AGI in-substance ownership of the Partner's share. As a result, there is no non-controlling interest, and a financial liability of $4.9 million, representing the present value of the estimated exercise price of the call option, was recorded on the interim condensed consolidated statement of financial position. The call option does not meet the definition of a derivative as defined by IFRS 9, *Financial Instruments*. The Company recorded $3.6 million in equity related to the excess value to be paid to the Partner for their share.

Additionally, AGI, through its Brazil subsidiary and two third parties, launched a credit rights investment fund [or "FIDC"]. The FIDC provides AGI customers access to the credit required to finance the purchase of grain handling and storage equipment with favourable terms. AGI has a 29.5% interest in the FIDC.

AGI's equity interest in the FIDC represents an investment subject to significant influence that is accounted for using the equity method. The investment was initially recorded at cost, and adjustments were made to include the Company's share of the FIDC's net profit (loss). As at September 30, 2024, total equity method investment in associate was $7.4 million. During the three-month period ended September 30, 2024, AGI's share of associate's net profit of $4 has been recorded in the interim condensed consolidated statements of income.

8. Assets held for sale

In 2023, in the Farm segment, a building in Nebraska met the definition of assets held for sale and was recorded at the lower of cost and fair value less cost to sell. The carrying amount of $453 was recorded as assets held for sale. During the nine-month period ended September 30, 2024, the building was sold, resulting in a gain of $325.

9. Impairment charge

In June 2024, the Company announced the closure of its Nebraska facility and the transfer of its production lines to other AGI facilities. This reorganization is part of its strategic plan in standardizing its bin format to align with customer demand and to strengthen market share opportunities across North America. As a result, an impairment charge of $2.9 million was recorded during the nine-month period ended September 30, 2024 primarily related to property, plant and equipment.

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

10. Provisions

Provisions consist of the Company's warranty and other provisions. A provision is recognized for expected claims on products sold based on past experience of the level of repairs and returns. It is expected that these costs will be paid within the next 12 months. Assumptions used to calculate the provision for warranties are based on current revenue levels and current information available about returns.

	September 30, 2024	December 31, 2023
	$	$
Balance, beginning of period	**16,813**	75,233
Additional provisions recognized	**8,921**	32,163
Amounts utilized	**(7,114)**	(90,583)
Balance, end of period	**18,620**	16,813

Remediation costs

Between 2019 and 2020, AGI entered into agreements to supply 35 large hopper bins for installation by third parties on two grain storage projects. In 2020, a bin at one of the customer facilities collapsed during commissioning, and legal claims related to the incident were initiated against AGI. In 2023, the Company reached a settlement agreement with the customer at the site where the bin collapsed for its claims related to the incident, and the terms of the settlement agreement were finalized. As at September 30, 2024, the warranty provision for remediation costs is nil [December 31, 2023 – $0.1 million].

Equipment rework

The provision for equipment rework relates to previously identified issues with equipment designed and supplied to one commercial facility. As at September 30, 2024, the warranty provision for the equipment rework is nil [December 31, 2023 – $2.0 million], with $2.0 million of the provision having been utilized during the period.

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

11. Long-term debt

	Effective interest rate %	Maturity	September 30, 2024 $	December 31, 2023 $
Current portion of long-term debt				
Equipment financing	various	various	315	549
			315	549
Non-current portion of long-term debt				
Equipment financing	various	various	711	797
Senior credit facilities	6.7–9.1	2028	486,147	422,134
			486,858	422,931
Less deferred financing costs			(3,838)	(3,023)
			483,020	419,908
Long-term debt			483,335	420,457

AGI's senior credit facilities of $350 million and U.S. $275 million are inclusive of amounts that may be allocated to the Company's swingline facilities and can be drawn in Canadian or U.S. funds. AGI has swingline facilities of $50 million and U.S. $10 million. On March 11, 2024, the Company amended its senior credit facilities to transition from the Canadian Dollar Offered Rate ["CDOR"] to the Canadian Overnight Repo average Rate ["CORRA"]. The senior credit facilities bear interest at CORRA/SOFR ["Secured Overnight Financing Rate"] plus 1.2% – 2.75% and prime plus 0.2% – 1.75% per annum based on performance calculations. As at September 30, 2024, there is $196.2 million [December 31, 2023 – $149.9 million] and U.S. $214.8 million [December 31, 2023 – U.S. $205.8 million] outstanding under the facilities. As at September 30, 2024, the portion of drawings from the senior credit facilities recorded on the swingline is $17.5 million [December 31, 2023 – $20.1 million].

On June 30, 2024, the Company's 5.40% senior unsecured subordinated debentures issued in 2019 matured. The Company drew from its senior credit facilities to repay the principal amount of $86.3 million due at maturity.

On July 3, 2024, the Company and its lenders completed an amendment to the senior credit facilities. The amendment extended the maturity date of the senior credit facilities from May 11, 2026 to July 3, 2028.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2024

12. Shareholders' equity

[a] Common shares

	Shares #	Amount $
Balance, January 1, 2023	18,900,958	9,644
Settlement of EIAP obligation	104,778	654
Conversion of convertible unsecured subordinated debentures	110	5
Balance, December 31, 2023	19,005,846	10,303
Settlement of EIAP obligation	69,093	2,424
Balance, September 30, 2024	19,074,939	12,727

[b] Contributed surplus

	September 30, 2024 $	December 31, 2023 $
Balance, beginning of period	499,217	501,741
Dividends on EIAP	307	444
Obligation under EIAP *[note 12[a]]*	9,916	9,969
Settlement of EIAP obligation	(9,244)	(12,937)
Balance, end of period	500,196	499,217

[c] Dividends paid and declared

In the three-month period ended September 30, 2024, the Company declared dividends of $2,861 or $0.15 per common share [2023 – $2,851 or $0.15 per common share] and dividends on share-based compensation awards of $98 [2023 – $116]. The dividend was paid on October 15, 2024 to common shareholders of record at the close of business on September 27, 2024.

In the nine-month period ended September 30, 2024, the Company declared dividends of $8,581 or $0.45 per common share [2023 – $8,545 or $0.45 per common share] and dividends on share-based compensation awards of $307 [2023 – $399].

In the three- and nine-month periods ended September 30, 2024, dividends paid to common shareholders of $2,861 and $8,571 [2023 – $2,851 and $8,529] were financed from cash on hand.

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

13. Share-based compensation plans

[a] Equity Incentive Award Plan [“EIAP”]

During the nine-month period ended September 30, 2024, 142,251 [2023 – 153,038] Restricted Awards [“RSUs”] were granted and 82,753 [2023 – 72,760] Performance Awards [“PSUs”] were granted. The fair values of the RSUs and the PSUs were based on the share price as at the grant date and the assumption that there will be no forfeitures associated with employee terminations, resignations or retirements. As at September 30, 2024, 629,679 awards have been granted and are outstanding under the EIAP.

During the three- and nine-month periods ended September 30, 2024, AGI expensed $2,809 and $9,088 for the EIAP [2023 – $2,312 and $7,538].

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

	EIAP	
	Restricted Awards #	Performance Awards #
Balance, beginning of period	348,669	240,627
Granted	142,251	82,753
Vested	(90,298)	(58,025)
Forfeited	(32,172)	(4,126)
Balance, end of period	368,450	261,229

There is no exercise price on the EIAP awards.

[b] Directors’ deferred compensation plan [“DDCP”]

For the three- and nine-month periods ended September 30, 2024, expenses of $611 and $1,517 [2023 – $745 and $1,825] were recorded in selling, general and administrative expenses, and accounts payable and accrued liabilities for the cash-settled DDCP for non-employee directors. The share grants were measured with the contractual agreed amount of service fees for the respective period.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2024

14. Disaggregated expenses (income)

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
[a] Cost of goods sold				
Depreciation of property, plant and equipment	6,640	6,484	19,937	19,511
Depreciation of right-of-use assets	947	731	2,839	1,927
Amortization of intangible assets	1,407	1,325	5,192	3,755
Warranty expense	2,690	2,901	8,921	27,370
Cost of inventory recognized as an expense	230,939	262,247	655,385	734,014
	242,623	273,688	692,274	786,577
[b] Selling, general and administrative expenses				
Depreciation of property, plant and equipment	950	1,006	3,002	3,144
Depreciation of right-of-use assets	1,349	1,174	3,892	3,513
Amortization of intangible assets	6,258	5,883	18,140	17,224
Transaction costs and post-combination expense	10,208	3,475	26,587	16,199
ERP system transformation costs	3,383	—	12,433	—
Selling, general and administrative	60,968	66,711	191,398	205,350
	83,116	78,249	255,452	245,430
[c] Other operating expense (income)				
Net loss (gain) on sale of property, plant and equipment	(5)	94	318	312
Net gain on assets held for sale	—	—	(325)	—
Net gain on settlement of lease liability	—	(5)	(194)	(12)
Gain on financial instruments	(2,228)	(1,466)	(6,232)	(6,486)
Other income	(2,454)	(3,141)	(8,140)	(8,296)
	(4,687)	(4,518)	(14,573)	(14,482)
[d] Finance costs				
Interest on overdrafts and other finance costs	795	772	2,596	2,721
Interest, including non-cash interest, on leases	826	772	2,457	2,135
Interest, including non-cash interest, on debts and borrowings	9,231	9,472	24,941	25,622
Interest, including non-cash interest, on senior and convertible unsecured subordinated debentures	7,115	8,337	23,984	24,893
	17,967	19,353	53,978	55,371
[e] Finance expense (income)				
Interest income	(97)	(126)	(331)	(300)
Loss (gain) on foreign exchange	(2,906)	6,269	16,303	(2,881)
	(3,003)	6,143	15,972	(3,181)

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2024

15. Income taxes

The Company's effective tax rate for the nine-month period ended September 30, 2024 was 28.44% [2023 – 23.9%]. The difference between the effective tax rate and the Company's domestic statutory tax rate of 26.7% [2023 – 26.8%] is attributable to unrealized foreign exchange gains (losses), as well as differences in tax rates and deductions allowed in foreign tax jurisdictions.

16. Profit per share

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

	Three-month period ended		Nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	$	$	$	$
Profit attributable to shareholders for basic profit per share	**18,012**	25,059	**12,557**	57,511
Convertible Debentures – 2021	**1,720**	1,679	**—**	5,005
Convertible Debentures – 2022	**—**	1,570	**—**	—
Profit attributable to shareholders for diluted profit per share	**19,732**	28,308	**12,557**	62,516
Basic weighted average number of shares	**19,071,989**	19,003,873	**19,052,888**	18,974,875
Dilutive effect of DDCP	**98,002**	100,212	**99,470**	100,212
Dilutive effect of RSUs	**377,711**	333,336	**372,892**	332,750
Dilutive effect of 2021 convertible unsecured subordinated debentures	**2,547,630**	2,547,630	**—**	2,547,630
Dilutive effect of 2022 convertible unsecured subordinated debentures	**—**	1,473,759	**—**	—
Diluted weighted average number of shares	**22,095,332**	23,458,810	**19,525,250**	21,955,467
Profit per share				
Basic	**0.94**	1.32	**0.66**	3.03
Diluted	**0.89**	1.21	**0.64**	2.85

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

The 2021 convertible debentures were excluded from the calculation of diluted profit per share in the nine-month period ended September 30, 2024 because their effect is anti-dilutive. The 2022 convertible debentures were excluded from the calculation of diluted profit per share in the three- and nine-month periods ended September 30, 2024 because their effect is anti-dilutive.

17. Statement of cash flows

Net change in working capital balances

The net change in working capital balances related to operations is calculated as follows:

	Three-month period ended		Nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	$	$	$	$
Accounts receivable	**(14,032)**	(14,171)	**(8,583)**	(79,300)
Inventory	**25,536**	14,599	**7,214**	41,295
Prepaid expenses and other assets	**(3,514)**	(4,245)	**3,392**	3,586
Accounts payable and accrued liabilities	**(3,512)**	29,546	**(32,649)**	14,409
Customer deposits	**12,700**	(2,242)	**16,263**	2,853
Provisions	**5,050**	(61,400)	**1,954**	(56,109)
	22,228	(37,913)	**(12,409)**	(73,266)

18. Financial instruments and financial risk management

The Company's financial assets and liabilities recorded at fair value in the unaudited interim condensed consolidated financial statements have been categorized into three categories based on a fair value hierarchy. Financial assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data. During the nine-month period ended September 30, 2024 and year ended December 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

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

[a] Short-term financial instruments

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

[b] Long-term financial instruments

The fair value of unquoted instruments and loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation is determined using Level 2 inputs, which are observable inputs or inputs that can be corroborated by observable market data for substantially the full term of the liability. The carrying amount and fair value of the Company's long-term debt are as follows:

	September 30, 2024		December 31, 2023	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Interest-bearing loans and borrowings	**483,335**	**483,335**	420,457	420,457
Convertible unsecured subordinated debentures[1]	**195,233**	**218,930**	190,064	187,513
Senior unsecured subordinated debentures	**169,884**	**170,403**	254,756	247,548

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

[c] Derivative financial instruments

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

Interest rate swap contracts

The Company enters into interest rate swap contracts to manage its exposure to fluctuations in interest rates on its core borrowings. On June 16, 2022, the Company entered into a forward interest rate swap contract starting June 11, 2023 and expiring on May 11, 2026. On March 11, 2024, the Company amended its interest rate swap contract to transition from CDOR to CORRA. The fixed rate on the Company's interest rate swap changed from 3.972% to 3.707%. The Company receives interest based on the variable rates from the counterparty and pays interest based on a fixed rate. The notional amounts are $75,000 in aggregate, resetting each month. The Company has elected to apply hedge accounting for this contract and, therefore, unrealized gains (losses) are recognized in other comprehensive income (loss) to the extent that it has been assessed to be effective. During the three- and nine-month periods ended September 30, 2024, an unrealized loss of $1,145 and $273 [2023 – gain of $900 and $2,702] was recorded in other comprehensive income (loss) and a realized gain of $185 and $699 [2023 – gain of $247 and $247] was recorded in finance costs. As at September 30, 2024, the fair value of the interest rate swap is a liability of $916 [December 31, 2023 – asset of $56].

Equity swap

The Company has an equity swap agreement related to the EIAP with a financial institution to manage the cash flow exposure due to fluctuations in its share price. During the nine-month period ended September 30, 2024, AGI reduced the size of its equity hedge position by 300,000 shares, resulting in proceeds of $7,008 and a realized gain of $3,481. In addition, the Company also extended the maturity date of the swap agreement from May 7, 2024 to May 5, 2026. As at September 30, 2024, the equity swap agreement covered 422,000 common shares of the Company at a price of $38.76. During the three- and nine-month periods ended September 30, 2024, an unrealized gain of $679 and $1,524 [2023 – gain of $1,856 and $7,141] was recorded in on financial instruments in other operating expense (income). As at September 30, 2024, the fair value of the equity swap is an asset of $6,511 [December 31, 2023 – asset of $8,517].

Foreign exchange contracts

To mitigate exposure to foreign currency exchange rates, AGI may enter into foreign exchange forward contracts and denominate a portion of its debt in U.S. dollars. As at September 30, 2024, AGI's U.S. dollar denominated debt totalled U.S. $214.8 million [December 31, 2023 – U.S. $205.8 million].

In 2023, the Company entered into a series of short-term forward contracts with notional amounts of U.S. $10,832 in aggregate, which matured on October 31, 2024. During the three- and nine-month periods ended September 30, 2024, an unrealized gain of $252 and loss of $50 [2023 – loss of $427 and $276] was recorded in gain on financial instruments. As at September 30, 2024, the fair value of the forward contracts is an asset of $54 [December 31, 2023 – asset of $104].

Debenture put options

On March 5, 2020, the Company issued the 2020 Debentures with an option of early redemption beginning on and after December 31, 2022. At the time of issuance, the Company's redemption option resulted in an embedded derivative with a fair value of $754. During the three- and nine-month periods ended September 30, 2024, an unrealized gain of $1,297 and $1,277 [2023 – gain of $37 and loss of $379] was recorded in gain on financial instruments in other operating expense (income). As at September 30, 2024, the fair value of the embedded derivative is an asset of $1,921 [December 31, 2023 – asset of $644].

19. Related party disclosures

Burnet, Duckworth & Palmer LLP provides legal services to the Company. A member of AGI's Board of Directors is a partner of Burnet, Duckworth & Palmer LLP. During the three- and nine-month periods ended September 30, 2024, the total cost of these legal services was $144 and $609 [2023 – $33 and $448], and $380 is included in accounts payable and accrued liabilities as at September 30, 2024.

These transactions were incurred during the normal course of business.

20. Commitments and contingencies

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

As at September 30, 2024, the Company has commitments to purchase property, plant and equipment of $7,628 [December 31, 2023 – $4,245].

[b] Letters of credit

As at September 30, 2024, the Company has outstanding letters of credit in the amount of $37,458 [December 31, 2023 – $35,027].

[c] Legal actions

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows. During the three-month period ended September 30, 2024, the Company recognized a $5.7 million legal provision.