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

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated comparative financial statements and accompanying notes of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") for the year ended December 31, 2020, the Management's Discussion and Analysis (the "Annual MD&A") of the Company for the year ended December 31, 2020 and the unaudited interim condensed consolidated comparative financial statements of the Company and accompanying notes for the three- and nine-month periods ended September 30, 2021. Results are reported in Canadian dollars unless otherwise stated.

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

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

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

SUMMARY OF RESULTS

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

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

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

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

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

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

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

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

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

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

UPDATE ON REMEDIATION WORK

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

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

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

COVID-19

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

AGI operations were identified as essential services in many regions throughout North America, highlighting the important role the Company plays in the global food supply chain. Although AGI's business has been impacted by the COVID-19 related disruptions, management continues to believe post-crisis demand will be positively impacted as the world builds additional redundancy into the global food infrastructure to account for similar events in the future.

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

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

BASIS OF PRESENTATION

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

Description of Business Segments and Platforms

Farm Segment

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

Commercial Segment

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

Food Platform

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

Technology Segment

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

OUTLOOK

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

Farm Segment

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

Commercial Segment

Commercial Platform

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

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

Canada

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

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

United States

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

International

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

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

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

Food Platform

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

Technology Segment

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

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

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

Summary

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

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

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

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

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

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

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

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

OPERATING RESULTS

Trade Sales [see "Non-IFRS Measures"]

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

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

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

Farm Segment

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

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

Commercial Segment

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

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

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

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

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

Technology Segment

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

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

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

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

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

Canada

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

United States

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

International

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

Gross Margin [see "Non-IFRS Measures"]

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

[1] See "Non-IFRS measures".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DETAILED OPERATING RESULTS

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

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

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

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

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

Sales and Adjusted EBITDA

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

Remediation Costs

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

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

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

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

Finance costs

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

Finance expense (income)

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

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

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

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

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

Other operating expense (income)

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

Depreciation and amortization

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

Income tax (recovery) expense

Current income tax expense

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

Deferred income tax recovery

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

Effective tax rate

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

The effective tax rate in 2021 was impacted by the current period recognition of previously unrecognized deferred tax assets in Brazil and items that were included in the calculation of earnings before tax for accounting purposes but were not included or deducted for tax purposes. Significant items are included in the tables under "Diluted profit (loss) per share and diluted adjusted profit per share".

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

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

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

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

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

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

Interim period sales and profit historically reflect seasonality. The second and third quarters are typically the strongest primarily due to the timing of construction of commercial grain and fertilizer projects and higher in-season demand at the farm level. The seasonality of AGI's business may be impacted by several factors including weather and the timing and quality of harvest in North America. The emergence of COVID-19 may impact historical seasonality patterns. In the longer-term, AGI's continued expansion into the seed, fertilizer, feed and food verticals should lessen the seasonality related to annual grain volumes and harvest conditions.

LIQUIDITY AND CAPITAL RESOURCES

AGI's financing requirements are subject to variations due to the seasonal and cyclical nature of its business. Sales historically have been higher in the second and third calendar quarters compared with the first and fourth quarters and cash flow has been lower in the first half of each calendar year. Internally generated funds are supplemented, when necessary, from external sources, primarily the Credit Facility [as defined below], to fund the Company's working capital requirements, capital expenditures, acquisitions and dividends. The Company believes that the debt facilities and debentures described under "Capital Resources", together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements.

CASH FLOW AND LIQUIDITY

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

Cash provided by and used in operating activities for the three- and nine-months ended September 30, 2021, respectively, as compared to 2020 largely due to net change in non-cash working capital. The change in non-cash working capital is largely due to the higher cost of steel, sales mix towards to the Farm segment and the reduction in warranty provision as equipment rework and remediation work continues [see - "Equipment rework" and "Remediation costs"]. Cash used in investing activities relates primarily to the acquisition of Farmobile [see "2021 Acquisition – Farmobile"], capital expenditures ["CAPEX"] and internally generated intangibles. Cash provided by (used in) financing activities relate to movement in long-term debt and dividends paid.

Working Capital Requirements

Interim period working capital requirements typically reflect the seasonality of the business. AGI's collections of accounts receivable in North America are weighted towards the third and fourth quarters. This collection pattern, combined with historically high sales in the second and third quarters that result from seasonality, typically lead to accounts receivable levels in North America increasing throughout the year and peaking in the third quarter. Inventory levels in North America typically increase in the first and second quarters and then begin to decline in the third or fourth quarter as sales levels exceed production offset by Milltec's seasonality that is opposite of that described above. In addition, AGI's growing business in Brazil is less seasonal due to the existence of two growing seasons in the country and the increasing importance of Commercial business in the region. Growth in overall international business which typically has longer payment terms than North America may result in an increase in the number of days accounts receivable remain outstanding and may result in increased usage of working capital in certain quarters. The continuation of the COVID-19 pandemic may impact the Company's working capital requirements.

Capital Expenditures

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

AGI defines maintenance capital expenditures as cash outlays required to maintain plant and equipment at current operating capacity and efficiency levels. Non-maintenance capital expenditures encompass other investments, including cash outlays required to increase operating capacity or improve operating efficiency. AGI had non-maintenance capital expenditures in the three and nine-month periods ended September 30, 2021, of $2.5 million and $10.5 million, respectively versus $3.8 million and $17.5 million, respectively in 2020. The non-maintenance CAPEX items in 2021 relate to manufacturing capacity expansions in AGI SureTrack, EMEA, Brazil and at certain plants in North America and the addition of manufacturing equipment to support key business units.

Maintenance and non-maintenance capital expenditures in 2021 are anticipated to be financed through bank indebtedness, cash on hand or through the Company's Credit Facility [see "Capital Resources"].

CONTRACTUAL OBLIGATIONS

The following table shows, as at September 30, 2021 the Company's contractual obligations for the periods indicated:

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

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

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

CAPITAL RESOURCES

Assets and Liabilities

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

Cash

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

Debt Facilities

As at September 30, 2021:

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

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

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

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

The Company has issued U.S. $25 million and CAD $25 million aggregate principal amount of secured notes through a note purchase and private shelf agreement [the "Series B and Series C Notes"]. The Series B and C Notes are non-amortizing.

Debentures

Convertible Unsecured Subordinated Debentures

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

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

[1] In the twelve-month period prior to the date on which the Company may, at its option, redeem any series of Convertible Debentures at par plus accrued and unpaid interest,
[2] Subsequent to December 31, 2020 and prior to December 31, 2021, the Company may, at its option, redeem the 2018 Convertible Debentures at a redemption price equal to the principal amount plus accrued and unpaid interest, provided

that the volume weighted average trading price of the common shares ("Common Shares") of the Company during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price.

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

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

Senior Unsecured Subordinated Debentures

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

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

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

COMMON SHARES

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

	# Common Shares
December 31, 2020	**18,718,415**
Settlement of EIAP obligations	71,767
September 30, 2021	**18,790,182**
Settlement of EIAP obligations	2,886
Conversion of 2017 Debentures	502
November 10, 2021	**18,793,570**

At Nov 10, 2021:

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

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

DIVIDENDS

AGI declared dividends to shareholders in the three- and nine-month periods ended September 30, 2021 of $2.8 million and $8.5 million, respectively, versus $2.8 million and $16.8 million, in the same period in 2020. On April 14, 2020, AGI announced a reduction of its dividend to an annual level of $0.60 and at the same time moved the dividend from monthly to quarterly payments. The Company's Board of Directors reviews financial performance and other factors when assessing dividend levels. An adjustment to dividend levels may be made at such time as the Board determines an adjustment to be appropriate. Dividends in a fiscal year are typically funded entirely through cash from operations, although due to seasonality dividends may be funded on a short-term basis by the Company's operating lines.

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

Funds from operations ["FFO"], defined under "Non-IFRS Measures", is adjusted EBITDA less cash taxes, cash interest expense, realized losses on foreign exchange and maintenance capital expenditures. The objective of presenting this measure is to provide a measure of free cash flow. The definition excludes changes in working capital as they are necessary to drive organic growth and have historically been financed by the Company's operating facility [See "Capital Resources"]. Funds from operations should not be construed as an alternative to cash flows from operating, investing, and financing activities as a measure of the Company's liquidity and cash flows.

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

FINANCIAL INSTRUMENTS

Foreign exchange contracts

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollars and to a lesser extent to variations in exchange rates between the Euro and the Canadian dollar. AGI may enter into foreign exchange contracts to partially mitigate its foreign exchange risk. AGI has no foreign exchange contracts outstanding as at September 30, 2021.

Interest Rate Swaps

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

	Currency	Maturity	Amount of Swap [000's] $	Fixed Rate [1]
Canadian dollar contracts	CAD	2022	40,000	4.1 %

[1] With performance adjustment.

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

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

Equity swap

The Company is party to an equity swap agreement with a financial institution to manage the Company's cash flow exposure due to fluctuations in its share price related to the EIAP and the Company signed an amending agreement on March 4, 2021 to extend the maturity date to May 7, 2024.

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

Debenture redemption options

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

2020 ACQUISITION

Affinity

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

2021 ACQUISITION

Farmobile

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

SUBSEQUENT EVENTS

Convertible Unsecured Subordinated Debentures

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

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

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

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

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

Redemption of 2017 Debentures

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

Production reorganization

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

OTHER RELATIONSHIPS

Burnet, Duckworth & Palmer LLP provides legal services to the Company, and a Director of AGI is a partner of Burnet, Duckworth & Palmer LLP. During the three- and nine-month periods ended September 30, 2021, the total cost of these legal services related to general matters was $0.1 million and $0.7 million [2020 – $0.2 million and $0.8 million], and $0.2 million is included in accounts payable and accrued liabilities as at September 30, 2021.

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

CRITICAL ACCOUNTING ESTIMATES

Described in the notes to the Company's 2020 audited annual consolidated financial statements are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 to the audited consolidated financial statements for the year ended December 31, 2020 for a discussion of the significant accounting judgments, estimates and assumptions. In addition, the provision for remediation [see – "Remediation Costs"] required significant estimates and judgments about the scope, timing and cost of work that will be required. It is based on management's assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

RISKS AND UNCERTAINTIES

The Company and its business are subject to numerous risks and uncertainties which are described in this MD&A and the Company's most recent Annual Information Form, which are available under the Company's profile on SEDAR [www.sedar.com]. These risks and uncertainties include but are not limited to the following: general economic and business conditions and changes in such conditions locally, in North America, South America, South Asia and globally; the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the recent coronavirus (COVID-19) pandemic, including on our operations, our personnel, our supply chain, the demand for our products, our ability to expand and produce in new geographic markets or the timing of such expansion efforts, and on overall economic conditions and customer confidence and spending levels; the ability of management to execute the Company's business plan; fluctuations in agricultural and other commodity prices and interest and currency exchange rates; crop planting, crop conditions and crop yields; weather patterns, the timing of harvest and conditions during harvest; volatility of production costs; governmental regulation of the agriculture and manufacturing industries, including environmental regulation; actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs; risks inherent in marketing operations; credit risk; the availability of credit for customers; seasonality and industry cyclicality; potential delays or changes in plans with respect to capital expenditures; the cost and availability of sufficient financial resources to fund the Company's capital expenditures; incorrect assessments of the value of acquisitions and failure of the Company to realize the anticipated benefits of acquisitions; volatility in the stock markets including the market price of the Common Shares and in market valuations; competition for, among other things, customers, supplies, acquisitions, capital and skilled personnel; the availability of capital on acceptable terms; dependence on suppliers; changes in labour costs and the labour market; product liability; contract liability; climate change risks; adjustment to and delays or cancellation of backlogs; and the risk that the assumptions and estimates underlying the provision for remediation related thereto and insurance coverage for the Incident will prove to be incorrect as further information becomes available to the Company. These risks and uncertainties are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial also may impair operations. If any of these risks actually occur, our business, results of operations and financial condition, and the amount of cash available for dividends could be materially adversely affected.

CHANGES IN ACCOUNTING STANDARDS AND FUTURE ACCOUNTING CHANGES

Adoption of new accounting standards and policies

Interest Rate Benchmark Reform – Phase 2

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

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

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

Standards issued but not yet effective

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

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

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

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

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

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

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

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

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

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

AGI acquired Farmobile. Management has not completed its review of internal controls over financial reporting or disclosure controls and procedures for this acquired business. Since the acquisition occurred within 365 days of the end of the reporting period, management has limited the scope of design, and subsequent evaluation, of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of this acquisition, as permitted under Section 3.3 of National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*. For the period covered by this MD&A, management has undertaken specific procedures to satisfy itself with respect to the accuracy and completeness of the financial information of Farmobile. The following is the summary financial information pertaining to Farmobile that was included in AGI's consolidated financial statements for the nine-month period ended September 30, 2021:

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

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

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

NON-IFRS MEASURES

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

therefore, it may not be possible to compare these financial measures with other companies' non-IFRS financial measures having the same or similar businesses. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

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

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

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

References to “EBITDA” are to profit before income taxes, finance costs, depreciation, amortization share of associate’s net loss and gain on remeasurement of equity investment. References to “adjusted EBITDA” are to EBITDA before the gain or loss on foreign exchange, non-cash share based compensation expenses, gain or loss on financial instruments, M&A expenses, other transaction and transitional costs, gain or loss on the sale of property, plant & equipment, gain or loss on settlement of lease liability, gain on disposal of operation, cost of equipment rework and remediation and impairment. References to “adjusted EBITDA margin” are to adjusted EBITDA as a percentage of trade sales. Management believes that, in addition to profit or loss, EBITDA and adjusted EBITDA are useful supplemental measures in evaluating the Company’s performance. Management cautions investors that EBITDA and adjusted EBITDA should not replace profit or loss as indicators of performance, or cash flows from operating, investing, and financing activities as a measure of the Company’s liquidity and cash flows. See “Operating Results - EBITDA and Adjusted EBITDA” for the reconciliation of EBITDA and Adjusted EBITDA to profit before income taxes.

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

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

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

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

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

FORWARD-LOOKING INFORMATION

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

ADDITIONAL INFORMATION

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

Unaudited interim condensed consolidated financial statements

Ag Growth International Inc.

September 30, 2021

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of financial position

[in thousands of Canadian dollars]

As at

	September 30, 2021 $	December 31, 2020 $
Assets		
Current assets		
Cash and cash equivalents	48,610	62,456
Cash held in trust and restricted cash	2,441	9,616
Accounts receivable	223,524	176,316
Inventory	245,155	178,904
Prepaid expenses and other assets	52,583	36,457
Current portion of notes receivable	5,454	5,457
Income taxes recoverable	9,001	6,950
	586,768	476,156
Non-current assets		
Property, plant and equipment, net *[note 7]*	350,349	354,533
Right-of-use assets, net	16,910	14,342
Goodwill	362,413	350,669
Intangible assets, net *[note 8]*	259,153	249,459
Investment in associate *[note 5]*	—	12,878
Non-current accounts receivable	29,405	19,183
Notes receivable	364	475
Derivative instruments *[note 18]*	133	—
Deferred tax asset	5,820	964
	1,024,547	1,002,503
Assets held for sale	—	520
Total assets	1,611,315	1,479,179
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	212,897	139,098
Customer deposits	84,964	46,013
Dividends payable	2,819	2,808
Derivative instruments *[note 18]*	353	6,386
Income taxes payable	5,869	4,825
Current portion of due to vendor	5,161	7,164
Current portion of lease liability	4,636	3,027
Current portion of long-term debt *[note 10]*	372	475
Current portion of convertible unsecured subordinated debentures *[note 18]*	84,920	—
Current portion of optionally convertible redeemable preferred shares *[note 18]*	11,541	17,943
Provisions *[note 9]*	48,326	83,361
	461,858	311,100
Non-current liabilities		
Other financial liabilities	1,967	2,754
Derivative instruments *[note 18]*	7,483	771
Due to vendor	1,371	2,247
Optionally convertible redeemable preferred shares *[note 18]*	—	11,028
Lease liability	15,005	13,815
Long-term debt *[note 10]*	448,969	408,898
Convertible unsecured subordinated debentures *[note 18]*	84,591	167,319
Senior unsecured subordinated debentures *[note 18]*	250,421	249,079
Deferred tax liability	58,865	49,031
	868,672	904,942
Total liabilities	1,330,530	1,216,042
Shareholders' equity *[note 11]*		
Common shares	4,955	1,730
Accumulated other comprehensive loss	(16,122)	(10,262)
Equity component of convertible debentures	4,427	4,427
Contributed surplus	489,514	487,540
Deficit	(201,989)	(220,298)
Total shareholders' equity	280,785	263,137
Total liabilities and shareholders' equity	1,611,315	1,479,179

See accompanying notes

On behalf of the Board of Directors:

(signed) Bill Lambert
Director

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

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of income (loss)

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

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	$	$	$
Sales *[note 6]*	**313,693**	281,408	**870,070**	768,453
Cost of goods sold *[note 13[a]]*	**228,187**	234,553	**633,308**	593,087
Gross profit	**85,506**	46,855	**236,762**	175,366
Expenses				
Selling, general and administrative *[note 13[b]]*	**60,699**	55,288	**179,095**	170,126
Other operating expense (income) *[notes 13[c] and 18[c]]*	**6,159**	(1,117)	**(3,995)**	13,859
Impairment *[note 8]*	**3,516**	5,111	**3,516**	5,111
Finance costs *[note 13[d]]*	**11,004**	11,740	**31,651**	34,754
Finance expense (income) *[note 13[e]]*	**7,357**	(6,510)	**1,113**	6,065
Share of associate's net loss *[note 5]*	**—**	1,060	**1,077**	3,367
Gain on remeasurement of equity investment *[note 5]*	**—**	—	**(6,778)**	—
	88,735	65,572	**205,679**	233,282
Profit (loss) before income taxes	**(3,229)**	(18,717)	**31,083**	(57,916)
Income tax expense (recovery) *[note 15]*				
Current	**1,087**	1,521	**5,165**	3,496
Deferred	**(4,243)**	(7,977)	**(989)**	(14,779)
	(3,156)	(6,456)	**4,176**	(11,283)
Profit (loss) for the period	**(73)**	(12,261)	**26,907**	(46,633)
Profit (loss) per share *[note 16]*				
Basic	**0.00**	(0.66)	**1.43**	(2.49)
Diluted	**0.00**	(0.66)	**1.40**	(2.49)

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated statements of comprehensive income (loss)

[in thousands of Canadian dollars]

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	$	$	$
Profit (loss) for the period	(73)	(12,261)	26,907	(46,633)
Other comprehensive income (loss)				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	7,997	(11,030)	(7,465)	(13,965)
	7,997	(11,030)	(7,465)	(13,965)
Items that will not be reclassified to profit or loss				
Actuarial gain (loss) on defined benefit plans	184	91	2,184	(734)
Income tax effect on defined plans	(49)	(25)	(579)	198
	135	66	1,605	(536)
Other comprehensive income (loss) for the period	8,132	(10,964)	(5,860)	(14,501)
Total comprehensive income (loss) for the period	8,059	(23,225)	21,047	(61,134)

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, 2021

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Foreign currency reserve $	Equity investment $	Defined benefit plan reserve $	Total shareholders' equity $
As at January 1, 2021	1,730	4,427	487,540	(220,298)	(8,938)	(900)	(424)	263,137
Profit for the period	—	—	—	26,907	—	—	—	26,907
Other comprehensive income (loss)	—	—	—	—	(7,465)	—	1,605	(5,860)
Share-based payment transactions *[note 11[a] and [b]]*	3,225	—	1,974	—	—	—	—	5,199
Dividends paid to shareholders *[note 11[c]]*	—	—	—	(8,453)	—	—	—	(8,453)
Dividends on share-based compensation awards *[note 11[c]]*	—	—	—	(145)	—	—	—	(145)
As at September 30, 2021	4,955	4,427	489,514	(201,989)	(16,403)	(900)	1,181	280,785

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, 2020

	Common shares $	Equity component of convertible debentures $	Contributed surplus $	Deficit $	Foreign currency reserve $	Equity investment $	Defined benefit plan reserve $	Total shareholders' equity $
As at January 1, 2020	455,857	6,707	27,113	(138,657)	23,337	(900)	(62)	373,395
Loss for the period	—	—	—	(46,633)	—	—	—	(46,633)
Other comprehensive loss	—	—	—	—	(13,965)	—	(536)	(14,501)
Share-based payment transactions *[note 11]*	5,239	—	(2,462)	—	—	—	—	2,777
Dividends paid to shareholders *[note 11[c]]*	—	—	—	(16,827)	—	—	—	(16,827)
Dividends on share-based compensation awards *[note 11[c]]*	—	—	—	(312)	—	—	—	(312)
Redemption of convertible unsecured subordinated debentures *[note 11[b]]*	—	(2,280)	2,304	—	—	—	—	24
Reduction in stated capital *[note 11[a]]*	(459,769)	—	459,769	—	—	—	—	—
As at September 30, 2020	1,327	4,427	486,724	(202,429)	9,372	(900)	(598)	297,923

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, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	$	$	$
Operating activities				
Profit (loss) before income taxes	(3,229)	(18,717)	31,083	(57,916)
Add (deduct) items not affecting cash				
Depreciation of property, plant and equipment	6,379	6,443	18,441	19,222
Depreciation of right-of-use assets	1,213	920	3,241	2,908
Amortization of intangible assets	8,919	6,457	23,993	19,185
Loss (gain) on sale of property, plant and equipment	(16)	(10)	83	119
Loss (gain) on settlement of lease liability	(7)	(3)	11	(5)
Share of associate's net loss *[note 5]*	—	1,060	1,077	3,367
Gain on remeasurement of equity investment *[note 5]*	—	—	(6,778)	—
Foreign exchange reclassification on disposal of foreign operation	(898)	—	(898)	—
Impairment *[note 8]*	3,516	5,111	3,516	5,111
Loss on redemption of convertible debentures	—	—	—	746
Non-cash component of interest expense	1,334	1,250	3,988	3,709
Non-cash movement in derivative instruments	7,845	(290)	547	15,731
Non-cash investment tax credits	(58)	295	(447)	(110)
Share-based compensation expense	2,155	3,299	5,998	8,115
Defined benefit plan expense	36	33	108	99
Employer contributions to defined benefit plan	—	—	(9)	—
Due to vendor and OCRPS	621	3,000	2,680	8,243
Translation loss (gain) on foreign exchange	6,367	(10,622)	(1,227)	(3,864)
	34,177	(1,774)	85,407	24,660
Net change in non-cash working capital balances related to operations *[note 17]*	8,658	32,962	(57,160)	16,816
Non-current accounts receivable	(1,011)	741	(10,222)	(1,197)
Long-term payables	24	28	(32)	189
Settlement of EIAP obligation	(412)	(917)	(769)	(2,796)
Post-combination payments	(18,916)	—	(21,552)	—
Income taxes paid	(2,599)	(1,526)	(5,409)	(3,278)
Cash provided by (used in) operating activities	19,921	29,514	(9,737)	34,394
Investing activities				
Acquisition of property, plant and equipment	(4,756)	(5,252)	(18,497)	(23,308)
Acquisitions, net of cash acquired *[note 5]*	—	—	(12,865)	(7,301)
Transfer from (to) restricted cash	3,884	(3,201)	7,068	(4,150)
Proceeds from sale of property, plant and equipment	108	91	273	239
Development and purchase of intangible assets	(3,200)	(1,958)	(13,525)	(7,227)
Transaction costs	—	(2,179)	—	(11,295)
Cash used in investing activities	(3,964)	(12,499)	(37,546)	(53,042)
Financing activities				
Issuance of long-term debt, net of issuance costs	(27)	7,266	39,761	182,329
Repayment of long-term debt	(101)	(121)	(397)	(128,006)
Change in swing line	(24,040)	—	(43)	—
Repayment of obligation under lease liabilities	(967)	(683)	(2,713)	(2,379)
Change in interest accrued	5,430	5,423	5,424	4,911
Issuance of senior unsecured subordinated debentures	—	—	(153)	80,979
Redemption of convertible unsecured subordinated debentures	—	—	—	(75,031)
Dividends paid in cash *[note 11[c]]*	(2,817)	(2,806)	(8,442)	(17,751)
Cash provided by (used in) financing activities	(22,522)	9,079	33,437	45,052
Net increase (decrease) in cash during the period	(6,565)	26,094	(13,846)	26,404
Cash and cash equivalents, beginning of period	55,175	48,731	62,456	48,421
Cash and cash equivalents, end of period	48,610	74,825	48,610	74,825
Supplemental cash flow information				
Interest paid	3,940	3,354	22,751	24,131

See accompanying notes

September 30, 2021

1. Organization

Ag Growth International Inc. [“AGI” or the “Company”] is a provider of solutions for the global food infrastructure, including seed, fertilizer, grain, feed, and food processing systems. 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

[a] Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard [“IAS”] 34, Interim Financial Reporting [“IAS 34”] as issued by the International Accounting Standards Board [“IASB”] 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, 2020.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company, Ag Growth International Inc. All values are rounded to the nearest thousand. They are prepared on the historical cost basis, except for derivative financial instruments, assets held for sale, contingent consideration resulting from business combinations, optionally convertible redeemable preferred shares [“OCRPS”] and previously held investment in associate disposed of at the point control was obtained, which are measured at fair value.

These unaudited interim condensed consolidated financial statements include only significant events and transactions occurring since the Company’s last fiscal year-end and do not include all the information and notes required by 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, 2020, which are available on SEDAR at www.sedar.com.

The unaudited interim condensed consolidated financial statements of AGI for the three- and nine-month periods ended September 30, 2021 were authorized for issuance in accordance with a resolution of the directors on November 10, 2021.

[b] Adoption of new accounting standards and policies

Interest Rate Benchmark Reform – Phase 2

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

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

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

3. Standards issued but not yet effective

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

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

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

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

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

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

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

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

4. Seasonality of business

Interim period sales 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, the second and third quarters are typically the strongest 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 sales in the second and third quarters, results in accounts receivable levels increasing throughout the year and normally peaking in the second and third quarter. In addition, the Company's products include various materials and components purchased from others, 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 and through the alignment of material input pricing with the terms of contractual sales commitments resulting in significant working capital requirements in the first and second quarters. Historically, the Company's use of its operating facilities is typically highest in the first and second quarters, begins to decline in the third quarter as collections of accounts receivable increase, and is repaid in the third or fourth quarter of each year.

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

Impact of COVID-19 pandemic

While AGI experienced temporary production suspension early in the pandemic in 2020, there has not been any significant production suspension or interruptions to date in 2021 as a result of COVID-19. Management continues to believe post-crisis demand will be positively impacted as the world builds additional redundancy into the global food infrastructure to account for similar events in the future.

AGI is currently fully operational across all manufacturing locations globally, with no loss of productive capacity owing to COVID-19 during the nine-month period ended September 30, 2021. However, headwinds stemming from the pandemic have impacted the availability and cost of raw materials required for production. Various disruptions in the supply chain including steel supply and logistics have caused significant delays on a number of projects. In addition, potential restrictions and lockdowns in countries such as Brazil and India that have been severely impacted by COVID-19 may cause supply chain disruptions and temporary production suspensions. Therefore, although AGI operations were captured as essential services and management has undertaken appropriate steps to mitigate the disruptions, the full extent, depth, and trailing impacts of COVID-19 are unknown at this time, including the impact on the consolidated financial results and condition of the Company in future periods.

5. Business combination

Effective April 16, 2021, AGI acquired additional outstanding shares of Farmobile, Inc. [“Farmobile”] for approximately $11 million USD pursuant to the preferred share and common share stock purchase agreements. The terms of the agreements facilitate the acquisition of all outstanding shares of Farmobile, building on AGI’s initial equity investment made in Farmobile in 2019. The investment was financed by cash on hand.

Farmobile, headquartered in Leawood, Kansas, is an agriculture technology company. The Farmobile PUC™ is a two-way, field data management device with a platform for data standardization and management; it enables the real-time automation and standardization of critical data collection from equipment used in the field. This acquisition builds on AGI’s Internet of Things [“IoT”] product portfolio as an addition to the AGI SureTrack platform.

	$
Fair value of consideration transferred, net of cash acquired	12,865
Cash acquired	884
Fair value of consideration transferred	13,749
Fair value of equity investment prior to control	18,755
Purchase price	32,504

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

AGI's investment in its associate was accounted for using the equity method. For the nine-month period ended September 30, 2021, the Company share of associate's net loss was $1,077. The additional purchase of shares resulted in control being obtained and has been accounted for by the acquisition method, with the results of Farmobile included in the Company's net earnings subsequent to control being obtained. Immediately before obtaining control, the Company remeasured its previously held equity investment at its acquisition-date fair value and recognized a gain of $6,778 in profit and loss.

The fair value of the assets acquired and the liabilities assumed have been determined on a provisional basis utilizing information available at the time the unaudited interim condensed consolidated financial statements were prepared. Additional information is being gathered to finalize these provisional measurements, particularly with respect to intangible assets, inventory and deferred taxes. Accordingly, the measurement of assets acquired and liabilities assumed may change upon finalization of the Company's valuation and completion of the purchase price allocation, both of which are expected to occur no later than one year from the acquisition date.

The following table summarizes the fair values of the identifiable assets and liabilities as at the date of acquisition:

	$
Cash	884
Accounts receivable	178
Inventory	412
Prepaid expenses and other assets	642
Property, plant and equipment	45
Right-of-use assets	1,671
Intangible assets	
Technology	24,078
Patents	274
Goodwill	13,913
Accounts payable and accrued liabilities	(1,245)
Customer deposits	(977)
Lease liability	(1,671)
Deferred tax liability	(5,700)
Purchase consideration	32,504

The goodwill of $13,913 comprises the value of the assembled workforce and other expected synergies arising from the acquisition.

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

The fair value of the accounts receivable acquired is $178. This consists of the gross contractual value of $241 less the estimated amount not expected to be collected of $63.

From the date of acquisition, Farmobile contributed to the results $703 of revenue and $7,309 of net loss. If the acquisition had taken place as at January 1, 2021, revenue would have increased by an additional $458 and profit would have decreased by $4,708.

The components of the purchase consideration are as follows:

	$
Cash paid	13,749
Fair value of equity investment prior to control	18,755
Purchase price	32,504

Additional contingent consideration, dependent on the outcome of future events, may be payable to certain selling shareholders of Farmobile and AGI. No amount has been accrued as the outcome of the future events is not yet determinable and any payments will be limited to proceeds received from the future events.

Transaction costs related to the Farmobile acquisition in the nine-month period ended September 30, 2021 of $1,388 are included in selling, general and administrative expenses.

6. Reportable business segment

On January 1, 2021, the Company reorganized its business segments to better reflect changes in its operations and management structure. As a result of those changes, the Company identified three reportable segments: Farm, Commercial, and Technology, each supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. Certain corporate overheads are included in the segments based on revenue. Taxes and certain other expenses are managed at a consolidated level and are not allocated to the reportable operating segments. Financial information for the comparative period has been restated to reflect the new presentation.

The operating segments are 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. The CODM assesses segment performance based on adjusted earnings before income tax, depreciation, and amortization [“Adjusted EBITDA”], which is measured differently than profit (loss) 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:

- 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.

- 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, inland grain terminals, corporate farms, fertilizer distribution sites, ethanol production, oilseed crushing, commercial feed mills, rice mills and flour mills.

- Technology: AGI's Technology business is built on a foundation of IoT products that are designed to monitor, operate, and automate the Company's equipment including the collection of key operation data. The Technology business offers monitoring, operation, measurement and blending controls, automation, hazard monitoring, embedded electronics, farm management, grain marketing and tools for agronomy, and Enterprise Resource Planning for agriculture retailers and grain buyers. These products are available both as standalone offerings, as well as in combination with larger farm or commercial systems from AGI.

The following tables sets forth information by segment:

	Three-month period ended		Nine-month period ended	
	September 30, 2021 $	September 30, 2020 $	September 30, 2021 $	September 30, 2020 $
Farm	**173,181**	156,256	**476,252**	418,334
Commercial	**129,926**	118,566	**369,136**	336,878
Technology	**10,752**	7,628	**26,040**	17,533
Trade sales[1]	**313,859**	282,450	**871,428**	772,745
Foreign exchange loss	**(166)**	(1,042)	**(1,358)**	(4,292)
Sales	**313,693**	281,408	**870,070**	768,453

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2021

	Three-month period ended		Nine-month period ended	
	September 30, 2021 $	September 30, 2020 $	September 30, 2021 $	September 30, 2020 $
Farm	36,050	38,991	112,779	96,809
Commercial	16,520	20,352	42,435	43,926
Technology	321	(405)	(2,977)	(3,426)
Other[2]	(6,593)	(7,169)	(20,623)	(15,796)
Adjusted EBITDA[1]	46,298	51,769	131,614	121,513
Gain (loss) on foreign exchange	(7,639)	5,333	(2,781)	(10,663)
Share-based compensation	(2,155)	(389)	(5,998)	(5,205)
Gain (loss) on financial instruments	(7,845)	290	(547)	(16,477)
Mergers and acquisitions expense	(52)	(75)	(2,073)	(1,346)
Other transaction and transitional costs	(1,726)	(3,927)	(7,295)	(11,077)
Gain (loss) on sale of property, plant and equipment	16	10	(83)	(119)
Gain (loss) on settlement of lease liability	7	3	(11)	5
Foreign exchange reclassification on disposal of foreign operation	898	—	898	—
Equipment rework and remediation	—	(40,000)	(7,500)	(50,000)
Impairment *[note 8]*	(3,516)	(5,111)	(3,516)	(5,111)
EBITDA	24,286	7,903	102,708	21,520
Finance costs	(11,004)	(11,740)	(31,651)	(34,754)
Depreciation and amortization	(16,511)	(13,820)	(45,675)	(41,315)
Share of associate's net loss	—	(1,060)	(1,077)	(3,367)
Gain on remeasurement of equity investment *[note 5]*	—	—	6,778	—
Profit (loss) before income taxes	(3,229)	(18,717)	31,083	(57,916)

[1] The CODM uses Trade Sales and Adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Company's segments. Trade Sales are gross sales excluding impact of foreign exchange. Adjusted EBITDA is defined as net income before depreciation and amortization, financial expenses, operational restructuring costs and other, income taxes and share of income (loss) of associates. Trade Sales and Adjusted EBITDA as defined above are not a measure of results that is consistent with IFRS.

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

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

The Company operates primarily within three geographical areas: Canada, United States and International. The following details the sales by geographical area, reconciled to the Company's unaudited interim condensed consolidated financial statements:

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	$	$	$
Sales				
Canada	**79,116**	79,644	**221,025**	223,444
United States	**147,416**	131,353	**403,036**	340,273
International	**87,161**	70,411	**246,009**	204,736
	313,693	281,408	**870,070**	768,453

The sales 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 sales.

7. Property, plant, and equipment

	September 30, 2021	December 31, 2020
	$	$
Balance, beginning of period	**354,533**	363,678
Additions	**18,497**	28,063
Leasehold improvements received	—	2,086
Acquisition	**45**	63
Disposals	**(356)**	(610)
Transfer to inventory	**(140)**	—
Transfer from assets held for sale	**527**	—
Transfer to right-of-use assets	—	375
Depreciation	**(18,441)**	(25,642)
Impairment	—	(1,957)
Exchange differences	**(4,316)**	(11,523)
Balance, end of period	**350,349**	354,533

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

8. Intangible assets

	September 30, 2021 $	December 31, 2020 $
Balance, beginning of period	**249,459**	264,858
Internal development	**13,525**	12,064
Acquisition *[note 5]*	**24,352**	3,322
Amortization	**(23,993)**	(25,694)
Impairment	**(3,516)**	(3,154)
Exchange differences	**(674)**	(1,937)
Balance, end of period	**259,153**	249,459

Subsequent to the three-month period ended September 30, 2021, AGI announced that the operations of AGI Solutions, a division of the Company, will cease effective November 30, 2021. The Company is in the process of reorganizing its AGI Fertilizer group to better serve its customers in the fertilizer market and to support their growth. As a result, management concluded to close AGI Solutions and during the three-month period ended September 30, 2021, an impairment charge of $3,516 against intangible assets was recorded in the unaudited interim condensed consolidated financial statements.

9. Provisions

Provisions consist of the Company's warranty provision. 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 most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns, with the exception of the equipment rework and remediation costs.

	September 30, 2021 $	December 31, 2020 $
Balance, beginning of period	**83,361**	17,539
Additional provisions recognized	**14,756**	88,386
Amounts written off and utilized	**(49,791)**	(22,564)
Balance, end of period	**48,326**	83,361

Remediation costs

As previously disclosed, in September 2020, a commercial grain storage bin at one of our customer's facilities collapsed during commissioning. While the cause of, and the responsibility for, the collapse has not yet been determined, the Company is proceeding on the basis of providing full remediation to the affected customer sites at considerable cost to AGI. In 2020, AGI recorded a provision of $70 million and during the nine-month ended September 30, 2021, the Company recorded an additional provision of $7.5 million for remediation costs in the unaudited interim condensed consolidated financial statements.

As at September 30, 2021, the warranty provision for remediation costs is $36.2 million [December 31, 2020 – $69.7 million], with $41.0 million of the provision having been utilized during the nine-month ended September 30, 2021 as the remediation is underway.

The provision for remediation costs in the unaudited interim condensed consolidated financial statements related to the remediation work requires significant estimates and judgments about the scope, nature, timing and cost of work that will be required. It is based on management's assumptions and estimates at the current date and is subject to revision in the future as further information becomes available to the Company.

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

Equipment rework

The provision for equipment rework relates to previously identified issues with equipment designed and supplied to the one commercial facility. As at September 30, 2021, the warranty provision for the equipment rework is $2.1 million [December 31, 2020 – $4.5 million], with $2.4 million of the provision having been utilized during the period.

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

10. Long-term debt

During the nine-month ended September 30, 2021, the Company drew $40 million from its Canadian revolver and as at September 30, 2021, there was nil outstanding under the Company's swinglines.

11. Equity

[a] Common shares

	Shares #	Amount $
Balance, January 1, 2020	18,658,479	455,857
Settlement of EIAP obligation	59,936	5,642
Reduction in stated capital	—	(459,769)
Balance, December 31, 2020	18,718,415	1,730
Settlement of EIAP obligation	**71,767**	**3,225**
Balance, September 30, 2021	**18,790,182**	**4,955**

[b] Contributed surplus

	September 30, 2021 $	**December 31, 2020** $
Balance, beginning of period	**487,540**	27,113
Equity-settled director compensation *[note 12[b]]*	**335**	626
Dividends on EIAP	**145**	358
Obligation under EIAP *[note 12[a]]*	**5,459**	5,802
Settlement of EIAP obligation	**(3,965)**	(8,432)
Redemption of convertible unsecured subordinated debentures	—	2,304
Reduction in stated capital	—	459,769
Balance, end of period	**489,514**	487,540

[c] Dividends paid and proposed

In the three-month period ended September 30, 2021, the Company declared dividends of $2,819 or $0.15 per common share [2020 – $2,807 or $0.15 per common share] and dividends on share compensation awards of $75 [2020 – $81]. In the nine-month period ended September 30, 2021, the Company declared dividends of $8,453 or $0.45 per common share [2020 – $16,827 or $0.90 per common share] and dividends on share compensation awards of $145 [2020 – $312]. In the three- and nine-month periods ended September 30, 2021, dividends paid to shareholders of $2,817 and $8,442 [2020 – $2,806 and $17,751] were financed from cash on hand.

On April 14, 2020, the Company announced a reduction of its dividend to an annual level of $0.60 per common share. At the same time, the dividend moved from monthly to quarterly payments, and accordingly the dividend of $0.15 per share relates to the months of July, August, and September 2021. The dividend is payable on October 15, 2021 to common shareholders of record at the close of business on September 30, 2021.

12. Share-based compensation plans

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

During the nine-month period ended September 30, 2021, 146,487 [2020 – 136,626] Restricted Awards [“RSUs”] were granted and 125,036 [2020 – 60,178] Performance Awards [“PSUs”] were granted and nil cancelled [2020 – 58,502]. 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. As at September 30, 2021, 1,462,571 shares have been granted under the EIAP.

During the nine-month period ended September 30, 2021, AGI expensed $5,459 for the EIAP [2020 – $7,642].

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

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

	EIAP	
	Restricted Awards #	Performance Awards #
Balance, January 1, 2020	244,408	109,497
Granted	224,578	60,178
Vested	(70,582)	(7,108)
Forfeited	(6,724)	(892)
Modified	(82,952)	—
Cancelled	—	(58,501)
Balance, December 31, 2020	308,728	103,174
Granted	146,487	125,036
Vested	(60,615)	(18,878)
Forfeited	(6,597)	(26,145)
Balance, September 30, 2021	388,003	183,187

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, 2021, expenses of $205 and $539 [2020 – $152 and $473] were recorded for the share grants, and corresponding amounts has been recorded to contributed surplus. The share grants were measured with the contractual agreed amount of service fees for the respective period.

The total number of common shares issuable pursuant to the DDCP shall not exceed 120,000, subject to adjustment in lieu of dividends, if applicable. For the nine-month period ended September 30, 2021, 6,987 [2020 – 19,896] common shares were granted under the DDCP, and as at September 30, 2021, a total of 120,000 [December 31, 2020 – 113,013] common shares had been granted under the DDCP and 19,788 [December 31, 2020 – 18,436] common shares had been issued.

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

13. Other expenses (income)

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	$	$	$
[a] Cost of goods sold				
Depreciation of property, plant and equipment	5,546	5,747	16,100	17,159
Depreciation of right-of-use assets	302	334	895	1,093
Amortization of intangible assets	3,234	1,100	7,409	3,035
Warranty expense	3,020	42,316	14,756	56,078
Cost of inventory recognized as an expense	216,085	185,056	594,148	515,722
	228,187	234,553	633,308	593,087
[b] Selling, general and administrative expenses				
Depreciation of property, plant and equipment	833	696	2,341	2,063
Depreciation of right-of-use assets	911	586	2,346	1,815
Amortization of intangible assets	5,685	5,357	16,584	16,150
Minimum lease payments recognized as lease expense	13	42	43	143
Transaction costs	1,778	4,002	9,368	12,423
Selling, general and administrative	51,479	44,605	148,413	137,532
	60,699	55,288	179,095	170,126
[c] Other operating expense (income)				
Net loss (gain) on disposal of property, plant and equipment	(16)	(10)	83	119
Net loss (gain) on settlement of lease liability	(7)	(3)	11	(5)
Loss (gain) on financial instruments	7,845	(290)	547	16,477
Foreign exchange reclassification on disposal of foreign operation	(898)	—	(898)	—
Other	(765)	(814)	(3,738)	(2,732)
	6,159	(1,117)	(3,995)	13,859
[d] Finance costs				
Interest on overdrafts and other finance costs	653	1,175	955	1,828
Interest on lease liabilities	268	327	760	619
Interest, including non-cash interest, on debts and borrowings	3,471	3,732	10,156	13,569
Interest, including non-cash interest, on senior and convertible unsecured subordinated debentures *[notes 18[b]]*	6,612	6,506	19,780	18,738
	11,004	11,740	31,651	34,754
[e] Finance expense (income)				
Interest income from banks	(116)	(135)	(310)	(306)
Loss (gain) on foreign exchange	7,473	(6,375)	1,423	6,371
	7,357	(6,510)	1,113	6,065

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

14. Retirement benefit plans

During the three- and nine-month periods ended September 30, 2021, the expenses associated with the Company's defined pension benefit were $36 and $108, [2020 – $33 and $99] respectively. As at September 30, 2021, the accrued pension benefit asset (liability) was $1,313 [December 31, 2020 – $(771)], which is included in other assets (liabilities) on the unaudited interim condensed consolidated statements of financial position.

15. Income taxes

The Company's effective tax rate for the nine-month period ended September 30, 2021 was 13.4% [2020 – 19.5%]. The difference between the effective tax rate and the Company's domestic statutory tax rate of 26.5% [2020 – 27%] is attributable to unrealized foreign exchanges gains (losses), non-deductible expenses, recognition of previously unrecognized deferred tax assets for Brazil, as well as differences in tax rates and deductions allowed in foreign tax jurisdictions.

16. Profit (loss) per share

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

	Three-month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	$	$	$
Profit (loss) attributable to shareholders for basic and dilutive profit (loss) per share	(73)	(12,261)	26,907	(46,633)
Basic weighted average number of shares	18,784,659	18,711,013	18,774,006	18,700,449
Dilutive effect of DDCP	—	—	111,578	—
Dilutive effect of RSUs	—	—	370,985	—
Diluted weighted average number of shares	18,784,659	18,711,013	19,256,569	18,700,449
Profit (loss) per share				
Basic	0.00	(0.66)	1.43	(2.49)
Diluted	0.00	(0.66)	1.40	(2.49)

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

The 2017 and 2018 debentures were excluded from the calculation of diluted profit (loss) per share in the three- and nine-month periods ended September 30, 2021 and September 30, 2020, because their effect is anti-dilutive. The DDCP and RSUs were excluded from the calculation of diluted profit (loss) per share in the three-month period ended September 30, 2021, and in the three- and nine-month periods ended September 30, 2020, because their effect is anti-dilutive.

17. Statement of cash flows

The net change in the non-cash working capital balances related to operations is calculated as follows:

	Three-month period ended		Nine-month period ended	
	September 30, 2021 $	September 30, 2020 $	September 30, 2021 $	September 30, 2020 $
Accounts receivable	**3,785**	(17,947)	**(47,082)**	(74,444)
Inventory	**(33,875)**	11,373	**(65,790)**	1,377
Prepaid expenses and other assets	**(355)**	8	**(14,075)**	4,072
Accounts payable and accrued liabilities	**33,798**	5,489	**66,849**	49,281
Customer deposits	**22,108**	(266)	**37,975**	266
Provisions	**(16,803)**	34,305	**(35,037)**	36,264
	8,658	32,962	**(57,160)**	16,816

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, 2021 and year ended December 31, 2020, 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, cash held in trust and restricted cash, accounts receivable, notes receivable, dividends payable, accounts payable and accrued liabilities, and due to vendor approximate their carrying amounts largely due to the short-term maturities of these instruments.

[b] Long-term debt 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, 2021		December 31, 2020	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Interest-bearing loans and borrowings	**449,341**	**449,529**	409,373	405,907
Convertible unsecured subordinated debentures	**169,511**	**176,507**	167,319	171,366
Senior unsecured subordinated debentures	**250,421**	**252,348**	249,079	253,498

[c] Derivative financial instruments

Derivatives are marked-to-market at each reporting period and changes in fair value are recognized as a gain (loss) 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 contract

The Company enters into interest rate swap contracts to manage its exposure to fluctuations in interest rates on its core borrowings. Through these contracts, the Company agreed to receive interest based on the variable rates from the counterparty and pay interest based on a fixed rate of 4.1%. The notional amounts are $40,000 in aggregate, resetting the last business day of each month. The contract expires in May 2022. During the three- and nine-month periods ended September 30, 2021, an unrealized gain of $136 and $418 [2020 – gain (loss) of $266 and $(1,206)] were recorded in gain (loss) on financial instruments in other operating expense (income). As at September 30, 2021, the fair value of the interest rate swap was $(353) [December 31, 2020 – $(771)].

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. As at September 30, 2021, the equity swap agreement covered 722,000 common shares of the Company at a price of $38.76, and the agreement matures on May 7, 2024. During the three- and nine-month periods ended September 30, 2021, an unrealized loss of $7,387 and $1,098 [2020 – $159 and $13,964] were recorded in loss on financial instruments in other operating expense. As at September 30, 2021, the fair value of the equity swap was $(7,483) [December 31, 2020 – $(6,386)].

Foreign exchange contracts

To mitigate exposure to the fluctuating rate of exchange, AGI may enter into foreign exchange forward contracts and denominate a portion of its debt in U.S. dollars. As at September 30, 2021, AGI's U.S. dollar denominated debt totaled $205 million. The Company had no outstanding foreign exchange contracts at September 30, 2021.

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 time of issuance, the Company's redemption option resulted in an embedded derivative with fair value of $754. During the three- and nine-month periods ended September 30, 2021, a gain (loss) of $(594) and $133 [2020 – $183 and $(561)] were recorded in loss (gain) on financial instruments in other operating expense (income). As at September 30, 2021, the fair value of the embedded derivative was $133 [December 31, 2020 – nil].

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

[d] Other liabilities at fair value through profit (loss)

OCRPS are recorded at fair value at each reporting period, and changes in fair value are recognized as a gain (loss) on financial instruments in other operating expense (income). The fair value of the OCRPS are valued using Level 3 inputs using a discounted cash flow technique, which incorporates various inputs including the probability of meeting set performance targets.

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	September 30, 2021 $	December 31, 2020 $
Balance, beginning of period	**28,971**	31,590
Fair value change	**1,060**	3,872
Amounts paid	**(17,504)**	—
Reclassification to due to vendor	—	(5,270)
Exchange differences	**(986)**	(1,221)
Balance, end of period	**11,541**	28,971

Set out below are the significant unobservable inputs to valuation as at September 30, 2021:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
OCRPS	Discounted cash flow method	• Probability of achieving earnings target	100% achievement	Increase (decrease) in the probability would increase (decrease) the fair value
		• Weighted average cost of capital [“WACC”]	8.5%–9.5%	Increase (decrease) in the WACC would result in decrease (increase) in fair value

19. Related party disclosures

Burnet, Duckworth & Palmer LLP provides legal services to the Company, and a Director of AGI is a partner of Burnet, Duckworth & Palmer LLP. During the three- and nine-month periods ended September 30, 2021, the total cost of these legal services related to general matters was $118 and $667 [2020 – $150 and $839], and $206 is included in accounts payable and accrued liabilities as at September 30, 2021.

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

20. Commitments and contingencies

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

As of the reporting date, the Company has commitments to purchase property, plant and equipment of $5,397 [December 31, 2020 – $5,673].

[b] Letters of credit

As at September 30, 2021, the Company has outstanding letters of credit in the amount of $23,358 [December 31, 2020 – $23,421].

[c] Legal actions

The Company is involved in various legal matters arising in the ordinary course of business. Except as otherwise disclosed in these unaudited interim condensed consolidated financial statements, the resolution of these matters is not expected to have a material adverse effect on the Company's consolidated financial position, consolidated results of operations or consolidated cash flows.

21. Subsequent event

Convertible Unsecured Subordinated Debentures

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

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

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

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

The net proceeds of the Offering will be used to partially repay outstanding indebtedness under the Company's revolving credit facilities, a portion of which will then be redrawn to fund the redemption of the Company's 4.85% convertible unsecured subordinated debentures due June 30, 2022 [the "June 2022 Debentures"] and for general corporate purposes.

Redemption of June 2022 Debentures

Concurrent with the Offering, AGI announced that it has given notice of its intention to redeem its June 2022 Debentures in accordance with the terms of the supplemental trust indenture governing the June 2022 Debentures. The redemption of the June 2022 Debentures will be effective on November 16, 2021 [the "Redemption Date"]. Upon redemption, AGI will pay to the holders of June 2022 Debentures the redemption price equal to the outstanding principal amount of the June 2022 Debentures to be redeemed, together with all accrued and unpaid interest thereon up to but excluding the Redemption Date, less any taxes required to be deducted or withheld.

September 30, 2021

Production reorganization

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