

Unaudited interim condensed consolidated financial statements

Ag Growth International Inc.

September 30, 2022

Ag Growth International Inc.

Unaudited interim condensed consolidated
statements of financial position

[in thousands of Canadian dollars]

As at

	September 30, 2022	December 31, 2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	42,384	61,307
Restricted cash	2,390	2,424
Accounts receivable	267,590	206,271
Inventory	295,850	243,250
Prepaid expenses and other assets <i>[note 14]</i>	65,509	44,788
Current portion of notes receivable	5,860	5,428
Income taxes recoverable	14,024	9,351
	<u>693,607</u>	<u>572,819</u>
Non-current assets		
Property, plant and equipment, net	354,240	349,310
Right-of-use assets, net <i>[note 6]</i>	33,064	19,211
Goodwill	376,098	358,610
Intangible assets, net	260,283	253,042
Non-current accounts receivable	43,942	34,742
Notes receivable	364	364
Deferred tax asset	2,772	5,556
	<u>1,070,763</u>	<u>1,020,835</u>
Assets held for sale <i>[note 7]</i>	4,318	—
Total assets	<u>1,768,688</u>	<u>1,593,654</u>
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	206,613	195,646
Customer deposits	89,546	86,457
Dividends payable	2,834	2,819
Derivative instruments <i>[note 18(c)]</i>	—	337
Income taxes payable	4,820	6,350
Current portion of due to vendor	7,731	5,269
Current portion of lease liability	5,530	5,016
Current portion of long-term debt <i>[note 9]</i>	435	532
Current portion of convertible unsecured subordinated debentures <i>[note 10]</i>	—	84,913
Current portion of optionally convertible redeemable preferred shares <i>[note 18(d)]</i>	—	11,690
Provisions <i>[note 8]</i>	68,544	65,618
	<u>386,053</u>	<u>464,647</u>
Non-current liabilities		
Other financial liabilities	811	704
Derivative instruments <i>[note 18(c)]</i>	5,262	5,036
EIAP liability	962	—
Due to vendor	4,519	1,567
Lease liability	31,808	17,263
Other non-current liabilities	5,400	5,400
Long-term debt <i>[note 9]</i>	504,031	434,009
Convertible unsecured subordinated debentures <i>[note 10]</i>	181,929	94,620
Senior unsecured subordinated debentures	252,269	250,872
Deferred income tax liability	62,913	50,785
	<u>1,049,904</u>	<u>860,256</u>
Total liabilities	<u>1,435,957</u>	<u>1,324,903</u>
Shareholders' equity <i>[note 11]</i>		
Common shares	8,738	5,233
Accumulated other comprehensive income (loss)	15,530	(22,799)
Equity component of convertible debentures	22,851	12,905
Contributed surplus	498,598	494,684
Deficit	(212,986)	(221,272)
Total shareholders' equity	<u>332,731</u>	<u>268,751</u>
Total liabilities and shareholders' equity	<u>1,768,688</u>	<u>1,593,654</u>

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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Sales [note 5]	402,074	313,859	1,084,048	871,428
Cost of goods sold [note 13[a]]	278,167	228,187	764,440	633,308
Gross profit	123,907	85,672	319,608	238,120
Expenses				
Selling, general and administrative [note 13[b]]	90,864	60,699	240,986	179,095
Other operating expense (income) [notes 13[c] and 18[c]]	(5,931)	6,159	(7,874)	(3,995)
Impairment [note 7]	467	3,516	490	3,516
Finance costs [note 13[d]]	16,195	11,004	43,870	31,651
Finance expense [note 13[e]]	9,427	7,523	10,923	2,471
Share of associate's net loss	—	—	—	1,077
Gain on remeasurement of equity investment	—	—	—	(6,778)
	111,022	88,901	288,395	207,037
Profit (loss) before income taxes	12,885	(3,229)	31,213	31,083
Income tax expense (recovery) [note 15]				
Current	44	1,087	8,776	5,165
Deferred	5,869	(4,243)	5,209	(989)
	5,913	(3,156)	13,985	4,176
Profit (loss) for the period	6,972	(73)	17,228	26,907
Profit per share [note 16]				
Basic	0.37	0.00	0.91	1.43
Diluted	0.36	0.00	0.89	1.40

See accompanying notes

Ag Growth International Inc.

Unaudited interim condensed consolidated
statements of comprehensive income

[in thousands of Canadian dollars]

	Three-month period ended		Nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Profit (loss) for the period	6,972	(73)	17,228	26,907
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss				
Change in fair value of derivatives designated as cash flow hedges [gains (loss)]	445	—	(566)	—
Income tax effect on cash flow hedges	(118)	—	150	—
Exchange differences on translation of foreign operations	31,362	7,997	38,434	(7,465)
	31,689	7,997	38,018	(7,465)
Items that will not be reclassified to profit or loss				
Actuarial gain (loss) on defined benefit plans	(209)	184	423	2,184
Income tax effect on defined plans	55	(49)	(112)	(579)
	(154)	135	311	1,605
Other comprehensive income (loss) for the period	31,535	8,132	38,329	(5,860)
Total comprehensive income for the period	38,507	8,059	55,557	21,047

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, 2022

	Common shares \$	Equity component of convertible debentures \$	Contributed surplus \$	Deficit \$	Foreign currency reserve \$	Cash flow hedge \$	Equity investment \$	Defined benefit plan reserve \$	Total shareholders' equity \$
As at January 1, 2022	5,233	12,905	494,684	(221,272)	(23,271)	—	(900)	1,372	268,751
Profit for the period	—	—	—	17,228	—	—	—	—	17,228
Other comprehensive income (loss)	—	—	—	—	38,434	(416)	—	311	38,329
Share-based payment transactions <i>[note 11[a] and [b]]</i>	3,505	—	3,407	—	—	—	—	—	6,912
Dividends paid to shareholders <i>[note 11[c]]</i>	—	—	—	(8,497)	—	—	—	—	(8,497)
Dividends on share-based compensation awards <i>[note 11[c]]</i>	—	—	—	(445)	—	—	—	—	(445)
Issuance of convertible debentures <i>[note 10]</i>	—	11,379	—	—	—	—	—	—	11,379
Redemption of convertible unsecured subordinated debentures <i>[notes 10 and 11[b]]</i>	—	(1,433)	507	—	—	—	—	—	(926)
As at September 30, 2022	8,738	22,851	498,598	(212,986)	15,163	(416)	(900)	1,683	332,731

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 <i>[note 11[a] and [b]]</i>	3,225	—	1,974	—	—	—	—	5,199
Dividends paid to shareholders <i>[note 11[c]]</i>	—	—	—	(8,453)	—	—	—	(8,453)
Dividends on share-based compensation awards <i>[note 11[c]]</i>	—	—	—	(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
statements of cash flows

[in thousands of Canadian dollars]

	Three-month period ended		Nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Operating activities				
Profit (loss) before income taxes	12,885	(3,229)	31,213	31,083
Add (deduct) items not affecting cash				
Depreciation of property, plant and equipment	6,806	6,379	20,770	18,441
Depreciation of right-of-use assets	1,667	1,213	4,967	3,241
Amortization of intangible assets	10,473	8,919	31,201	23,993
Loss (gain) on sale of property, plant and equipment	56	(16)	352	83
Loss (gain) on settlement of lease liability	—	(7)	—	11
Gain on redemption of convertible debentures <i>[note 10]</i>	—	—	(584)	—
Impairment <i>[note 7]</i>	467	3,516	490	3,516
Share of associate's net loss	—	—	—	1,077
Gain on remeasurement of equity investment	—	—	—	(6,778)
Foreign exchange reclassification on disposal of foreign operation	—	(898)	—	(898)
Non-cash component of interest expense	2,456	1,334	7,385	3,988
Non-cash movement in derivative instruments	(2,173)	7,845	(834)	547
Non-cash investment tax credits	(138)	(58)	(1,381)	(447)
Share-based compensation expense	5,095	2,155	10,710	5,998
Defined benefit plan expense	20	36	60	108
Employer contributions to defined benefit plan	—	—	—	(9)
Due to vendor and OCRPS	5,897	621	11,954	2,680
Translation loss (gain) on foreign exchange	22,653	6,367	32,135	(1,227)
	66,164	34,177	148,438	85,407
Net change in non-cash working capital				
balances related to operations <i>[note 17]</i>	614	8,658	(123,195)	(57,160)
Transfer from (to) restricted cash	—	3,884	(70)	7,068
Non-current accounts receivable	(1,747)	(1,011)	(9,200)	(10,222)
Long-term payables	26	24	167	(32)
Settlement of EIAP obligation	(234)	(412)	(2,579)	(769)
Post-combination payments	(3,795)	(18,916)	(5,462)	(21,552)
Income taxes paid	(2,187)	(2,599)	(9,507)	(5,409)
Cash provided by (used in) operating activities	58,241	23,805	(1,408)	(2,669)
Investing activities				
Acquisitions, net of cash acquired <i>[note 4]</i>	—	—	(28,162)	(12,865)
Acquisition of property, plant and equipment	(7,986)	(4,756)	(18,519)	(18,497)
Proceeds from sale of property, plant and equipment	60	108	1,373	273
Development and purchase of intangible assets	(5,892)	(3,200)	(13,982)	(13,525)
Optionally convertible redeemable preferred shares	(11,312)	—	(11,312)	—
Cash used in investing activities	(25,130)	(7,848)	(70,602)	(44,614)
Financing activities				
Draw from revolver facilities, net of costs	(483)	(27)	128,556	39,761
Repayment of long-term debt	(33,118)	(101)	(90,500)	(397)
Change in swing line	(14,263)	(24,040)	10,069	(43)
Repayment of obligation under lease liabilities	(1,432)	(967)	(4,400)	(2,713)
Change in interest accrued	6,200	5,430	4,932	5,424
Issuance of senior unsecured subordinated debentures	—	—	—	(153)
Issuance of convertible unsecured subordinated debentures, net of costs	—	—	99,162	—
Redemption of convertible unsecured subordinated debentures	—	—	(86,250)	—
Dividends paid in cash <i>[note 11[c]]</i>	(2,832)	(2,817)	(8,482)	(8,442)
Cash provided by (used in) financing activities	(45,928)	(22,522)	53,087	33,437
Net decrease in cash during the period	(12,817)	(6,565)	(18,923)	(13,846)
Cash and cash equivalents, beginning of period	55,201	55,175	61,307	62,456
Cash and cash equivalents, end of period	42,384	48,610	42,384	48,610
Supplemental cash flow information				
Interest paid	7,227	3,940	32,099	22,751

See accompanying notes

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2022

1. Organization

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

2. Statement of compliance and basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ["IAS"] 34, *Interim Financial Reporting* ["IAS 34"] as issued by the International Accounting Standards Board and using the same accounting policies and methods as were used for the Company's consolidated financial statements and the notes thereto for the year-end December 31, 2021.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company, AGI. All values are rounded to the nearest thousand. They are prepared on the historical cost basis, except for derivative financial instruments and contingent consideration resulting from business combinations and optionally convertible redeemable preferred shares ["OCRPS"], 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 International Financial Reporting Standards ["IFRS"] for annual financial statements and, therefore, should be read in conjunction with the audited annual consolidated financial statements and notes for the Company's fiscal year ended December 31, 2021, 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, 2022 were authorized for issuance in accordance with a resolution of the directors on November 8, 2022.

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2022

3. 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.

Impact of COVID-19 pandemic

The COVID-19 pandemic has continued to evolve, and the global economic environment in which the Company operates could continue to be subject to sustained uncertainty. There have been limited adverse effects on AGI's business this fiscal year to date and the Company remains fully operational across all manufacturing locations globally. New information that may emerge concerning the severity, duration and actions by government authorities to contain the outbreak or manage its impact, increases the possibility that circumstances may arise, which causes actual results to differ from the estimates applied in these unaudited interim condensed consolidated financial statements and the Company's financial results and conditions in future periods.

Conflict between Russia and Ukraine

The conflict between Russia and Ukraine and the resulting imposition of sanctions and counter-sanctions have caused instability in the global economy. AGI has no production facilities in either country and its exposure to Russia and Ukraine varies year-to-year. The Company continues to monitor potential impacts of the conflict, including financial impacts, heightened cyber risks and risks of supply chain disruption.

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2022

4. Business combinations

Eastern Fabricators

On January 4, 2022, AGI completed the acquisition of 100% of Eastern Fabricators ["Eastern"]. Eastern specializes in the engineering, design, fabrication and installation of high-quality stainless-steel equipment and systems for food processors. Eastern operates three facilities in Canada, with two in Prince Edward Island and one in Ontario. Eastern's market-leading products, services, manufacturing capacity and customer relationships will provide strong revenue synergies as Eastern is integrated into AGI's commercial segment.

	\$
Purchase price	40,904
Cash acquired	1,088
Working capital adjustment	1,951
Due from vendor	(133)
Total purchase price	<u>43,810</u>
Post-combination expense	<u>(11,654)</u>
Purchase consideration	<u>32,156</u>

The post-combination expense of \$11.7 million is payable based on meeting earnings target in 2022, 2023 and 2024.

The purchase has been accounted for by the acquisition method, with the results of Eastern included in the Company's net profit (loss) from the date of acquisition. The fair value of the assets acquired and the liabilities assumed has 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 inventory, intangible assets, goodwill, and 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.

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2022

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

	\$
Cash	1,088
Accounts receivable	5,083
Inventory	3,186
Prepaid expenses and other assets	25
Property, plant and equipment	1,094
Right-of-use assets	908
Intangible assets	
Trade name	900
Customer backlog	1,900
Customer relationships	17,400
Goodwill	11,831
Accounts payable and accrued liabilities	(1,933)
Customer deposits	(2,229)
Income taxes payable	(137)
Lease liability	(908)
Deferred income tax liability	(6,052)
Purchase consideration	32,156

Goodwill of \$11,831 comprises the value of the assembled workforce and other expected synergies arising from the acquisition.

The fair value of the accounts receivable acquired is \$5,083. This consists of the gross contractual value of \$6,149 less the estimated amount not expected to be collected of \$1,066.

During the measurement period, inventory was decreased by \$230 and deferred tax liability was decreased by \$69 to account for the expected loss on an onerous contract identified. The change in inventory and deferred tax liability, in addition to other smaller adjustments, resulted in a net increase to goodwill of \$168.

From the date of acquisition, Eastern contributed to the results \$18,817 of revenue and \$8,144 of net loss. If the acquisition had taken place as at January 1, 2022, revenue and net loss in 2022 would not have materially changed.

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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September 30, 2022

The components of the purchase consideration are as follows:

	\$
	<hr/>
Cash paid	29,250
Due to vendor	2,906
Purchase consideration	<hr/> 32,156 <hr/>

During the three-month period ended September 30, 2022, the due to vendor amount of \$2,906 was paid.

Transaction costs related to the Eastern acquisition in the nine-month period ended September 30, 2022, were \$55 [2021 – nil] and are included in selling, general and administrative expenses.

5. Reportable business segment

The Company's three reportable segments are Farm, Commercial and Digital, each of which are 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.

The Company's reportable segments are as follows:

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

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2022

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.

- Digital: AGI's Digital business is built on a foundation of Internet of Things products that are designed to monitor, operate and automate the Company's equipment, including the collection of key operation data. The Digital 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 stand-alone 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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Farm	207,937	173,181	566,914	476,252
Commercial	182,411	129,926	486,945	369,136
Digital	11,726	10,752	30,189	26,040
Sales	402,074	313,859	1,084,048	871,428

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2022

	Three-month period ended September 30, 2022				
	Farm	Commercial	Digital	Other ¹	Total
	\$	\$	\$	\$	\$
Profit (loss) before income taxes	49,856	23,274	(9,876)	(50,369)	12,885
Finance costs				16,195	16,195
Depreciation and amortization	4,823	8,641	5,869	5	19,338
Loss on foreign exchange	—	—	—	9,515	9,515
Share-based compensation	—	—	—	5,095	5,095
Gain on financial instruments	—	—	—	(2,173)	(2,173)
Mergers and acquisitions recovery	—	—	—	(786)	(786)
Transaction, transitional and other costs ⁴	—	—	—	15,695	15,695
Loss (gain) on sale of property, plant and equipment	(33)	91	(2)	—	56
Impairment	—	467	—	—	467
Adjusted EBITDA²	54,646	32,473	(4,009)	(6,823)	76,287
	Three-month period ended September 30, 2021				
	Farm	Commercial	Digital	Other ¹	Total
	\$	\$	\$	\$	\$
Profit (loss) before income taxes	30,967	6,234	(3,414)	(37,016)	(3,229)
Finance costs	—	—	—	11,004	11,004
Depreciation and amortization	5,098	7,676	3,735	2	16,511
Loss on foreign exchange	—	—	—	7,639	7,639
Share-based compensation	—	—	—	2,155	2,155
Loss on financial instruments	—	—	—	7,845	7,845
Mergers and acquisitions expense	—	—	—	52	52
Transaction, transitional and other costs	—	—	—	1,726	1,726
Gain on sale of property, plant and equipment	(8)	(8)	—	—	(16)
Gain on settlement of lease liability	(7)	—	—	—	(7)
Gain on disposal of foreign operation	—	(898)	—	—	(898)
Impairment	—	3,516	—	—	3,516
Adjusted EBITDA²	36,050	16,520	321	(6,593)	46,298

Ag Growth International Inc.

Notes to unaudited interim condensed consolidated financial statements

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

September 30, 2022

	Nine-month period ended September 30, 2022				
	Farm	Commercial	Digital	Other ¹	Total
	\$	\$	\$	\$	\$
Profit (loss) before income taxes	126,057	46,584	(25,265)	(116,163)	31,213
Finance costs	—	—	—	43,870	43,870
Depreciation and amortization	14,659	27,943	15,309	10	57,921
Loss on foreign exchange	—	—	—	11,152	11,152
Share-based compensation	—	—	—	10,710	10,710
Gain on financial instruments	—	—	—	(1,418)	(1,418)
Mergers and acquisitions recovery	—	—	—	(119)	(119)
Transaction, transitional and other costs ⁴	—	—	—	28,906	28,906
Loss (gain) on sale of property, plant and equipment	(145)	499	(2)	—	352
Fair value of inventory from acquisition	—	609	—	—	609
Impairment	23	467	—	—	490
Adjusted EBITDA²	140,594	76,102	(9,958)	(23,052)	183,686

	Nine-month period ended September 30, 2021 ³				
	Farm	Commercial	Digital	Other ¹	Total
	\$	\$	\$	\$	\$
Profit (loss) before income taxes	97,654	17,636	(11,421)	(72,786)	31,083
Finance costs	—	—	—	31,651	31,651
Depreciation and amortization	15,045	22,174	8,446	10	45,675
Share of associate's net loss	—	—	—	1,077	1,077
Gain on remeasurement of equity investment	—	—	—	(6,778)	(6,778)
Loss on foreign exchange	—	—	—	2,781	2,781
Share-based compensation	—	—	—	5,998	5,998
Loss on financial instruments	—	—	—	547	547
Mergers and acquisitions expense	—	—	—	2,073	2,073
Transaction, transitional and other costs	—	—	—	7,295	7,295
Loss (gain) on sale of property, plant and equipment	69	7	(2)	9	83
Loss on settlement of lease liability	11	—	—	—	11
Equipment remediation and rework	—	—	—	7,500	7,500
Gain on disposal of foreign operation	—	(898)	—	—	(898)
Impairment	—	3,516	—	—	3,516
Adjusted EBITDA²	112,779	42,435	(2,977)	(20,623)	131,614

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

² The CODM uses Adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Company's segments. Adjusted EBITDA is defined as net income before depreciation and amortization, financial expenses, operational restructuring costs and other, income taxes and share of income (loss) of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.

³ Financial information for the comparative year has been restated to reflect the new presentation.

⁴ Includes legal expense, legal provisions, movement in due to vendor, and transitional contractual employment expenses.

The Company operates primarily within three geographical areas: Canada, the 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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Canada	88,585	79,116	245,628	221,025
United States	187,815	147,582	508,229	404,393
International	125,674	87,161	330,191	246,010
Total sales	402,074	313,859	1,084,048	871,428

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.

6. Right-of-use assets

	September 30, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	19,211	14,342
Additions	16,382	8,304
Acquisition	908	1,671
Termination	—	(151)
Depreciation	(4,967)	(4,619)
Exchange differences	1,530	(336)
Balance, end of period	33,064	19,211

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7. Assets held for sale

Assets held for sale include a building, land, grounds and equipment in Kansas. These land, grounds and buildings met the definition of assets held for sale and were recorded at the lower of cost and fair value less cost to sell. During the three-month period ended September 30, 2022, an impairment loss of \$467 was recorded. As at September 30, 2022, the carrying amount of the assets held for sale is \$4,318.

Subsequent to the three-month period ended September 30, 2022, the assets held for sale were sold at their carrying amounts.

8. 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, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	65,618	83,361
Additional provisions recognized	13,797	37,225
Amounts written off and utilized	(10,871)	(54,968)
Balance, end of period	68,544	65,618

Remediation costs

Over the period of 2019–2020, AGI entered into agreements to supply 35 large hopper bins for installation by third parties on two grain storage projects. In 2020, a bin at one of the customer facilities collapsed during commissioning, and legal claims related to the incident have been initiated against AGI. As at September 30, 2022, the warranty provision for remediation costs is \$42.0 million [December 31, 2021 – \$42.4 million], resulting in a net change of \$0.4 million during the nine-month period ended September 30, 2022.

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, 2022, the warranty provision for the equipment rework is \$10.1 million [December 31, 2021 – \$11.8 million], with \$1.7 million of the provision having been utilized during the period.

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9. Long-term debt

	Interest rate %	Maturity	September 30, 2022 \$	December 31, 2021 \$
Current portion of long-term debt				
Equipment financing	nil		435	532
			<u>435</u>	<u>532</u>
Non-current portion of long-term debt				
Equipment financing	nil		1,351	1,774
Series B secured notes	4.4	2025	—	25,000
Series C secured notes [U.S. dollar denominated]	3.7	2026	—	31,695
Revolver [Canadian dollar denominated]	2.1 – 6.5	2026	214,800	176,417
Canadian swing line	2.1 – 6.5	2026	10,069	—
Revolver [U.S. dollar denominated]	2.1 – 5.0	2026	282,090	201,834
			<u>508,310</u>	<u>436,720</u>
Less deferred financing costs			(4,279)	(2,711)
			<u>504,031</u>	<u>434,009</u>
Long-term debt			<u>504,466</u>	<u>434,541</u>

On May 9, 2022, AGI amended its senior credit facilities agreement to increase availabilities under its revolvers from \$275 million to \$350 million Canadian and \$215 million to \$275 million USD. Subsequent to the amendment, AGI has swing line facilities of \$50 million and U.S. \$10 million as at September 30, 2022. The swing line facilities bear interest at prime plus 0.2% to prime plus 1.75% per annum based on performance calculations. As at September 30, 2022, there was \$10.1 million [2021 – nil] outstanding under the swing line.

AGI's revolver facilities of \$350 million and U.S. \$275 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 SOFR plus 1.2% to BA or SOFR plus 2.75% and prime plus 0.2% to prime plus 1.75% per annum based on performance calculations. During the three-month ended September 30, 2022, the Company repaid \$33 million of the principal amount of the Canadian revolver.

Concurrent with the amendment to the senior credit facilities agreement, the series B and series C secured notes, with principal amounts owing of CAD \$25 million and U.S. \$25 million, respectively, were retired through the expanded credit facilities.

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10. Convertible unsecured subordinated debentures

On April 19, 2022, AGI closed the offering of \$100 million aggregate principal amount of convertible unsecured subordinated debentures [the “Debentures”] at a price of \$1,000 per Debenture [the “Offering”]. In addition, AGI granted to the underwriters an over-allotment option, exercisable in whole or in part for a period expiring 30 days following closing, to purchase up to an additional \$15 million aggregate principal amount of Debentures at the same price. On May 6, 2022, the underwriters exercised the over-allotment option in part for additional proceeds of \$3.9 million for total gross proceeds from the Offering to AGI of \$103.9 million.

The Debentures bear interest from the date of issue at 5.20% per annum and are payable semi-annually in arrears on June 30 and December 31 each year commencing June 30, 2022. The Debentures have a maturity date of December 31, 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 \$70.50 per Common Share [the “Conversion Price”], being a conversion rate of approximately 14.1844 Common Shares for each \$1,000 principal amount of Debentures.

The Debentures are not redeemable by the Company before December 31, 2025. On and after December 31, 2025 and prior to December 31, 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 December 31, 2026, the Debentures may be redeemed in whole or in part from time to time at AGI's option at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the Common Shares.

The net proceeds of the Offering were used to redeem AGI's outstanding 4.50% convertible unsecured subordinated debentures due December 31, 2022 [the “2018 Debentures”] and for general corporate purposes.

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Redemption of 2018 Debentures

On May 2, 2022, the Company redeemed the 2018 Debentures in accordance with the terms of the supplemental trust indenture. Upon redemption, AGI paid to the holders of the 2018 Debentures the redemption price of \$87,547 equal to the outstanding principal amount of the 2018 Debentures redeemed including accrued and unpaid interest up to but excluding the redemption date, less taxes deducted or withheld. A gain of \$584 was recorded to gain on financial instruments, and the equity component of the 2018 Debentures was reclassified to contributed surplus.

The Company expensed the remaining unamortized balance of \$666 of deferred fees related to the 2018 Debentures. The expense was recorded to finance costs in the unaudited interim condensed consolidated statements of income (loss).

11. Equity

[a] Common shares

	Shares #	Amount \$
Balance, January 1, 2021	18,718,415	1,730
Settlement of EIAP obligation	74,653	3,461
Convertible unsecured subordinated debentures	502	42
Balance, December 31, 2021	18,793,570	5,233
Settlement of EIAP obligation	95,773	3,505
Balance, September 30, 2022	18,889,343	8,738

[b] Contributed surplus

	September 30, 2022	December 31, 2021
	\$	\$
Balance, beginning of period	494,684	487,540
Equity-settled director compensation [note 12[b]]	—	287
Dividends on EIAP	445	261
Obligation under EIAP [note 12[a]]	9,368	7,820
Settlement of EIAP obligation	(6,406)	(4,193)
Redemption of convertible unsecured subordinated debentures	507	2,969
Balance, end of period	498,598	494,684

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[c] Dividends paid and proposed

In the three-month period ended September 30, 2022, the Company declared dividends of \$2,834 or \$0.15 per common share [2021 – \$2,819 or \$0.15 per common share] and dividends on share-based compensation awards of \$128 [2021 – \$75]. In the nine-month period ended September 30, 2022, the Company declared dividends of \$8,497 or \$0.45 per common share [2021 – \$8,453 or \$0.45 per common share] and dividends on share-based compensation awards of \$445 [2021 – \$145]. In the three- and nine-month periods ended September 30, 2022, dividends paid to shareholders of \$2,832 and \$8,482 [2021 – \$2,817 and \$8,442] were financed from cash on hand.

The dividend is payable on October 15, 2022 to common shareholders of record at the close of business on September 30, 2022.

12. Share-based compensation plans

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

During the nine-month period ended September 30, 2022, 132,616 [2021 – 146,487] Restricted Awards [“RSUs”] were granted and 252,001 [2021 – 125,036] Performance Awards [“PSUs”] were granted. The fair values of the RSUs and the PSUs were based on the share price as at the grant date and the assumption that there will be no forfeitures associated with employee terminations, resignations or retirements. As at September 30, 2022, 666,683 shares have been granted and outstanding under the EIAP.

During the three- and nine-month period ended September 30, 2022, AGI expensed \$4,647 and \$9,666 for the EIAP [2021 – \$1,950 and \$5,459].

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

	EIAP	
	Restricted Awards #	Performance Awards #
Balance, beginning of period	385,434	70,439
Granted	132,616	252,001
Vested	(67,636)	(22,847)
Modified	(41,609)	—
Forfeited	(33,809)	(7,906)
Balance, end of period	374,996	291,687

There is no exercise price on the EIAP awards.

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[b] Directors' deferred compensation plan ["DDCP"]

For the three- and nine-month periods ended September 30, 2022, expenses of \$448 and \$1,044 [2021 – \$205 and \$539] were recorded for the share grants, and a corresponding amount has been recorded to accounts payable and accrued liabilities. 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, 2022, nil [2021 – 6,987] common shares were granted under the DDCP, and as at September 30, 2022, a total of 120,000 common shares had been granted under the DDCP and 19,788 common shares had been issued.

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13. Other expenses (income)

	Three-month period ended		Nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
[a] Cost of goods sold				
Depreciation of property, plant and equipment	5,867	5,546	17,986	16,100
Depreciation of right-of-use assets	473	302	1,401	895
Amortization of intangible assets	4,957	3,234	14,557	7,409
Amortization of contract assets	392	—	983	—
Warranty expense	3,163	3,020	9,897	14,756
Cost of inventory recognized as an expense	263,315	216,085	719,616	594,148
	278,167	228,187	764,440	633,308
[b] Selling, general and administrative expenses				
Depreciation of property, plant and equipment	939	833	2,784	2,341
Depreciation of right-of-use assets	1,194	911	3,566	2,346
Amortization of intangible assets	5,516	5,685	16,644	16,584
Minimum lease payments recognized as lease expense	1	13	4	43
Transaction and transitional costs	11,009	1,778	24,887	9,368
Selling, general and administrative	72,205	51,479	193,101	148,413
	90,864	60,699	240,986	179,095
[c] Other operating expense (income)				
Net loss (gain) on disposal of property, plant and equipment	56	(16)	352	83
Net loss (gain) on settlement of lease liability	—	(7)	—	11
Loss (gain) on financial instruments	(2,173)	7,845	(1,418)	547
Gain on disposal of foreign operation	—	(898)	—	(898)
Other	(3,814)	(765)	(6,808)	(3,738)
	(5,931)	6,159	(7,874)	(3,995)
[d] Finance costs				
Interest on overdrafts and other finance costs	630	653	1,452	955
Interest on lease liabilities	535	268	1,585	760
Interest, including non-cash interest, on debts and borrowings	6,832	3,471	16,565	10,156
Interest, including non-cash interest, on senior and convertible unsecured subordinated debentures	8,198	6,612	24,268	19,780
	16,195	11,004	43,870	31,651
[e] Finance expense				
Interest income from banks	(88)	(116)	(229)	(310)
Loss on foreign exchange	9,515	7,639	11,152	2,781
	9,427	7,523	10,923	2,471

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14. Retirement benefit plans

During the three- and nine-month periods ended September 30, 2022, the expense associated with the Company's defined pension benefit were \$21 and \$61, respectively [2021 – \$36 and \$108]. As at September 30, 2022, the accrued pension benefit asset was \$1,899 [December 31, 2021 – \$1,536], which is included in prepaid expense and other assets 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, 2022 was 44.80% [2021 – 13.43%]. The difference between the effective tax rate and the Company's domestic statutory tax rate of 26.5% [2021 – 26.5%] is attributable to unrealized foreign exchanges gains (losses), as well as differences in tax rates and deductions allowed in foreign tax jurisdictions.

16. Profit per share

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

	Three-month period ended		Nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Profit (loss) attributable to shareholders for basic and dilutive profit per share	6,972	(73)	17,228	26,907
Basic weighted average number of shares	18,887,306	18,784,659	18,862,184	18,774,006
Dilutive effect of DDCP	100,212	—	100,212	111,578
Dilutive effect of RSUs	374,995	—	351,148	370,985
Diluted weighted average number of shares	19,362,513	18,784,659	19,313,544	19,256,569
Profit per share				
Basic	0.37	0.00	0.91	1.43
Diluted	0.36	0.00	0.89	1.40

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

17. Statement of cash flows

Net change in non-cash working capital

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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Accounts receivable	(7,452)	3,785	(56,236)	(47,082)
Inventory	8,208	(33,875)	(53,040)	(65,790)
Prepaid expenses and other assets	(1,703)	(355)	(16,296)	(14,075)
Accounts payable and accrued liabilities	(7,632)	33,798	(1,127)	66,849
Customer deposits	5,426	22,108	859	37,975
Provisions	3,767	(16,803)	2,645	(35,037)
	614	8,658	(123,195)	(57,160)

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, 2022 and year ended December 31, 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

[a] Short-term financial instruments

Cash and cash equivalents, restricted cash, accounts receivable, notes receivable, dividends payable, accounts payable and accrued liabilities 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, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Interest-bearing loans and borrowings	504,466	504,466	434,541	431,299
Convertible unsecured subordinated debentures	181,929	148,211	179,533	195,646
Senior unsecured subordinated debentures	252,269	232,180	250,872	252,075

[c] Derivative financial instruments

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

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Interest rate swap contracts

The Company enters into interest rate swap contracts to manage its exposure to fluctuations in interest rates on its core borrowings. 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 matured in May 2022. During the three- and nine-month periods ended September 30, 2022, a realized gain of nil and \$199 [2021 – gain of \$136 and \$418] was recorded in loss (gain) on financial instruments in other operating expense (income). As at September 30, 2022, the fair value of the interest rate swap was nil [December 31, 2021 – \$(199)].

On June 16, 2022, the Company entered into a forward interest rate swap contract starting June 11, 2023 and expiring on May 11, 2026. The Company will receive interest based on the variable rates from the counterparty and pay interest based on a fixed rate of 3.97%. The notional amounts are \$75,000 in aggregate, resetting the last business day of each month. As at September 30, 2022, the fair value of the interest rate swap was a loss of \$566. The Company has elected to apply hedge accounting for this contract and, therefore, unrealized gains (losses) are recognized in other comprehensive income (loss) to the extent that it has been assessed to be effective. During the three- and nine-month periods ended September 30, 2022, an unrealized gain (loss) of \$445 and \$(566) [2021 – nil and nil] was recorded in other comprehensive income (loss).

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, 2022, 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, 2022, an unrealized gain of \$1,812 and \$375 [2021 – loss of \$7,387 and \$1,098] was recorded in loss (gain) on financial instruments in other operating expense (income). As at September 30, 2022, the fair value of the equity swap was \$(4,696) [December 31, 2021 – \$(5,036)].

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, 2022, AGI's U.S. dollar denominated debt totaled \$206 million.

In 2021, the Company entered into a short-term forward contract which matured on January 5, 2022, resulting in a gain of \$138 recorded in loss (gain) on financial instruments during the nine-month period ended September 30, 2022. The Company had no outstanding forward contracts as at September 30, 2022.

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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, 2022, a gain of \$361 and \$122 [2021 – gain (loss) of \$(594) and \$133] was recorded in loss (gain) on financial instruments in other operating expense (income). As at September 30, 2022, the fair value of the embedded derivative was \$396 [December 31, 2021 – \$274].

[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 loss (gain) on financial instruments in other operating expense (income). The fair value of the OCRPS is 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 is as follows:

	September 30, 2022 \$	December 31, 2021 \$
Balance, beginning of period	11,690	28,971
Fair value change	229	1,289
Payments	(11,312)	(17,505)
Exchange differences	(607)	(1,065)
Balance, end of period	—	11,690

Set out below are the significant unobservable inputs to valuation as at September 30, 2022:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
OCRPS	Discounted cash flow method	• Probability of achieving earnings target	0%–100% achievement	Increase (decrease) in the probability would increase (decrease) the fair value
		• Weighted average cost of capital ["WACC"]	8.0%–10%	Increase (decrease) in the WACC would result in decrease (increase) in fair value

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During the three-month period ended September 30, 2022, the OCRPS was paid.

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, 2022, the total cost of these legal services related to general matters was \$297 and \$1,892 [2021 – \$118 and \$667], and \$308 is included in accounts payable and accrued liabilities as at September 30, 2022.

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 \$8,814 [December 31, 2021 – \$3,204].

[b] Letters of credit

As at September 30, 2022, the Company has outstanding letters of credit in the amount of \$32,439 [December 31, 2021 – \$21,066].

[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 financial position, results of operations or cash flows.