MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

AGT FOOD AND INGREDIENTS INC.
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The following Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations has been prepared by management to help readers interpret AGT Food and Ingredients Inc.'s ("**AGT**" or the "**Company**") consolidated financial results for the three months ended March 31, 2018 and should be read in conjunction with AGT's audited consolidated financial statements and related notes thereto for the year ended December 31, 2017 and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018. The consolidated financial statements have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("**IFRS**"). Additional information related to AGT, including periodic quarterly and annual reports and the Annual Information Form ("**AIF**"), filed with Canadian securities regulatory authorities and certain production and market information as prepared periodically by management, is available on SEDAR at www.sedar.com and/or on AGT's website at www.agtfoods.com.

This MD&A has been prepared as at May 11, 2018. All references to AGT or the Company include its subsidiaries, as appropriate. All amounts are in Canadian dollars unless otherwise stated.

Highlights for the Three Months Ended March 31, 2018

- **Adjusted EBITDA*** was $16.1 million for the three months ended March 31, 2018 compared to $15.6 million for the three months ended December 31, 2017 and compared to $20.1 million for the three months ended March 31, 2017.

- **Food ingredients and packaged foods** contributed 63.2% of Adjusted EBITDA* for the three months ended March 31, 2018 compared to 43.1% for the three months ended December 31, 2017 and compared to 41.2% for the three months ended March 31, 2017.

- **Food ingredients and packaged foods** Adjusted Gross Profit* per metric tonne ("**mt**") improved to $197.55 per mt for the three months ended March 31, 2018 compared to $187.29 per mt for the three months ended December 31, 2017 and compared to $180.20 per mt for the three months ended March 31, 2017.

- **Adjusted Gross Profit* per mt** improved to $64.37 per mt for the three months ended March 31, 2018 compared to $46.02 per mt for the three months ended December 31, 2017.

- **Adjusted Net Earnings* per share** were $0.18 ($0.18 fully diluted) for the three months ended March 31, 2018 compared to Adjusted Net Earnings* per share of $0.28 ($0.28 fully diluted) for the three months ended March 31, 2017 and compared to an Adjusted Net Loss* per share of $0.17 (Adjusted Net Loss* per share of $0.17 fully diluted) for the three months ended December 31, 2017.

- **Net Debt*** decreased to $507.2 million March 31, 2018 when compared to $562.1 million March 31, 2017 and remained relatively stable, with an increase of approximately 7% from December 31, 2017.

- **Dividend** of $0.15 per share for the quarter ($0.60 per share on an annualized basis).

Business Overview

AGT operates with three reporting segments: (1) pulse and grain processing, (2) food ingredients and packaged foods, and (3) bulk handling and distribution (formerly trading and distribution). The pulse and grain processing segment is the principal core business of AGT and includes subsidiaries and facilities in Canada, the United States ("**U.S.**"), Australia, China and a portion of the operations in Turkey. The bulk handling and distribution segment includes operations in Europe, Russia, India, Switzerland and a portion of the operations in Turkey, Canada and Australia. The food ingredients and packaged foods segment includes subsidiaries and facilities in the U.S., Canada, South Africa and a portion of the operations in Turkey.

Through its three segments, AGT handles a full range of pulses and specialty crops including lentils, peas, chickpeas, beans, popcorn, canary seed, flax and other specialty seeds packed for domestic and export markets as well as in dry small package and canned products for both domestic consumption and export markets. In North America, AGT produces pulse proteins, fibres, starches and flours for food ingredient and industrial uses. AGT's operations in Turkey produce milled durum wheat products such as semolina, pasta (under the *Arbella* brand) and bulgur wheat, as well as medium grain and long grain milled rice. These products are sold for both domestic consumption and export markets. AGT also offers retail and foodservice dry packaged and canned foods in Canada and the U.S. under the *CLIC* brand and in Southern Africa under the *Pouyoukas* and *Freshpop* brands.

AGT is among the world's largest value-added processors and splitters of pulse crops and an international producer, processor and exporter of staple food products to over 120 countries. The Company's common shares are currently listed for trading on the Toronto Stock Exchange under the symbol "AGT".

Business Strategy

AGT is a globally diversified, vertically integrated originator, processor and distributor of value-added pulses and staple foods, with origination, processing and distribution capabilities in key pulse origination markets on five continents.

Management has identified four pillars to AGT's strategy, which are as follows:

- Improve free cash by reducing working capital and capital expenditures, improving liquidity and reducing finance expenses and global administration costs reflecting reduced cyclical volumes and margins;

- Grow the scale of processing and improve margins in AGT's food ingredients and packaged foods businesses, developing an integrated "farm gate to ingredient and retail consumer package" program for AGT's customers under AGT's brands and as a co-packing supply chain partner;

- Expand AGT's bulk handling business and improve the infrastructure asset base in ocean port and inland container and rail terminals to monetize the earnings potential of its unique grain origination and logistical assets, which includes trucking, rail, containerization and bulk vessel loading programs, by linking these efforts with other assets in key consumption markets such as Turkey, India and China; and

- Increase AGT's facility utilization and evolve product mix to improve margins in a supply chain approach to the Company's core pulses business.

Management highlights the following:

Earnings Constraints Seen as Cyclical

Earnings constraints are seen as largely a result of an oversupply in global pulse markets caused by an unusually large crop in India and other regions of production in the world. Record pulse prices for sustained periods recently, and particularly in 2017, resulted in more seeding and production, which has led to more domestic supply in consumption markets. Cyclicality in global agricultural markets is not uncommon and supply and demand fundamentals shift rapidly in high volume staple consumption items, such as pulses, where consumption is generally consistent in stable cycles, but which has shown the pattern of expanding consumption in lower price cycles, as lower income consumers are able to procure more volumes of food with fixed disposable incomes.

Management believes that as global markets work through oversupply conditions and assimilate new market conditions, duties and tariffs into product pricing, the materially reduced volumes and margins may reach the bottom and provide market signals that gradual recovery is beginning to emerge in the market. As is expected with gradually improving conditions in the second half of 2018 and into 2019, volumes and utilization of AGT production capacity is anticipated to increase. It is expected that the oversupply scenario in India, which is a key market, will improve as a result of lower import tariffs and reduced local crops in India, Turkey and Canada. The supply contraction and import substitution may assist the cycle in moving margins gradually higher over time to more normalized levels. Local stocks are expected to be consumed and new crop supplies constrained, resulting in gradually increased imports into consumption markets in 2018. Increased clarity on these conditions may come from a return to traditional shipment periods and volumes and insight on North American seeding intentions that may result in lower production volumes. As these conditions normalize, volumes, prices and margins, and with them earnings are expected to improve in AGT's Pulse and Grain Processing segment.

Underlying Profitability Model Unchanged

Prior to the cyclical impacts of the current environment, AGT had relatively stable and consistent profitability over a period spanning 11 quarters from June 30, 2014 to December 31, 2016, averaging Adjusted EBITDA* per mt of over $55 per mt, compared to $24.40 per mt in Q3 2017. The result in Q3 2017 matches the trough of the last cycle in Q1 2012, after which, margins recovered to the levels seen during the 2014-2016 period. In fact, Q4 2017 and now Q1 2018 showed a consistent pattern of recovery with Adjusted EBITDA* per mt improving from $24.40 per mt to $28.04 per mt in Q4 2017 and a further improvement in Q1 2018 to $31.38 per mt. A gradual recovery of pulses margins and an improvement of food ingredient margin in 2018, coupled with volume recovery, may improve period earnings in a manner that is consistent with past margin recoveries. During the prior periods of relative stability and growing earnings, the Food Ingredients and Packaged Foods business units were ramping up, as was integration of short line rail, loading and logistics infrastructure. Management expects gradual margin gains in these segments in the 2018 and 2019 periods, further balancing the cyclical effects of the global pulse commodity business. Additionally, anticipated reduced acres of pulses and increased acres of other grains in Western Canada, including wheat, durum wheat and barley, provide further diversification opportunities for movement of these products using AGT's short line rail and transportation assets.

Management is confident that the fundamental earnings power of its strategically located assets on five continents is not substantially affected when considering AGT's long-term future earnings as the balance achieved by the Food Ingredients and Packaged Foods segment is augmented by the large available capacity to capitalize on recovered demand as staple foods markets resume normalized buying in the coming periods. Regulatory uncertainty caused by Indian government tariff policy and non-tariff trade barriers, such as the fumigation issues and volume restrictions, have caused underlying uncertainty pressuring importers to delay purchase decisions. While the tariffs are high, the knowledge of the market of the existence of the tariff regime and the grower production level adjustments downwards at the origins of raw material should assist in normalization of trade flows as the supply and demand picture rebalances. These conditions are viewed as temporary and not related to the intrinsic demand profile of pulses and staple foods, which is believed to be intact.

Adjusted EBITDA* margins of less than 5% have been rare in the historical context for AGT and are more common in a commodity price decline market, where sharp decreases in the international wholesale prices of pulses, grains and special crops are magnified by the reluctance of North American farmers to support international sales.

As prices begin to show signs of stability, with international prices moving within a tight band and with North American markets adjusting to such pricing, management expects that this convergence will become more visible throughout 2018 year. This is due to anticipated crop conditions in India and Turkey and seeding intentions in Canada to the international markets becoming better known and global markets beginning their move back towards traditional shipping cycles of late Q3-Q4-Q1, with Q2 providing the reset point of seeding in North America, post-harvest consumption in India and harvest in Turkey.

Food Ingredients/Packaged Foods Growth and Margin Improvement

AGT continues to develop a platform linking its global farmer origination network to its value-added processing facilities. The Food Ingredients and Packaged Foods segment is at the center of this initiative to derive additional margin through the extraction of value from commodities handled in AGT's system. The marketing of food ingredients to major food companies allows AGT to capitalize on its customers' distribution and product development platforms using their brands to reach the end customer. This is being coupled with AGT's strategy to increase relationships with major global food retailers for both the distribution of AGT's owned brands and to act as a manufacturer and co-packer of such retailers' brands.

AGT's food ingredient business continues to advance, with four production lines already commissioned at the Minot Facility focused on production of pulse ingredient flours, proteins, starches and fibres ("**Minot Facility**"). AGT continues to see household consumer-packaged goods companies include pulse-based product development projects, pipelines and commercial and industrial quantities of pulse ingredients in their normal product development cycles. This is expected to provide AGT with further enhanced margin opportunities in protein sales through increased sales for pet and human food, while monetizing higher-value pulse food ingredients, such as starches, flours and fibre fractions.

AGT's global packaged foods business continues to grow as both market opportunities and sales and distribution efficiencies are realized. Combined, this segment contributed 50.8% of AGT's Adjusted EBITDA* in 2017, with only 14.9% of the tonnages handled. This trend continued in Q1 2018 with the segment accounting for 63.2% of Adjusted EBITDA* while only accounting for 14.5% of the total invoiced mt. The goal is to continue to scale this business to maintain a five year goal that, even in an environment of normalized earnings, this segment contributes greater than 50% of total Adjusted Earnings* per share. This segment is expected to continue to assist in balancing the cyclicality of the traditional pulses business.

Operating Liquidity Strong, Banking Agreements Extended in Q4 2017

AGT's balance sheet and liquidity are improved as a result of recent transactions for capital planning requirements. Debt maturities have been pushed out to as far as 2021 with the $200.0 million high-yield notes issue that was completed in late 2016 and the recent Fairfax Financial Holdings 99-year, no-call preferred securities in the amount of $190.0 million, which has provided capital that was utilized for the reduction of bank indebtedness.

Bank agreements were amended and extended, and covenants were modernized to suit the cycle of the business, with covenants moving to simple interest coverage and tangible net worth based ratios reflecting the strong securitization of the debt and the effects of the Fairfax capital injection. The facility was reduced to $400.0 million and an uncommitted accordion was increased to accommodate needs as the current cycle reverses.

Demand Fundamentals Unchanged

Management believes that rising incomes in emerging markets and growing populations make the food opportunity an irreversible trend. Management believes that pulse and vegetable protein consumption and efficient water use protein demand will be increasing as the world populations grow in the next 40 years. In fact, the United Nations Food and Agriculture Organization ("**UN FAO**") estimates the world may need to produce as much food in the next 40 to 50 years as it has in the past 10,000 years of civilization.

Harvests in India and Turkey are forecast to be at levels that are in the range of average annual production, with no signals indicating that crops will be near the record levels of the 2017 periods. According to Statpub Market Research ("**StatPub**") based on data from Statistics Canada ("**StatsCan**"), Canadian seeded acreage to peas and lentils are forecast to decline by 7%, from 8.5 million acres to 7.9 million acres. This decline, if realized, is expected to assist in the realignment of supply and demand positions globally as well as assist in the normalization of shipping volumes and margins in the 2018-2019 crop and shipping season. However, farmer seeding intentions may change right up until the point in time when farmers are in the field seeding, which may result in some fluctuations in these forecasts.

Conclusion

As AGT cannot control the timing of a market recovery, it continues to focus on its tier-one strategy; being as streamlined and efficient as possible; responsibly managing production, inventory and purchases; and maximizing cash flow and safeguarding capital. Ultimately, it is AGT's goal is to remain competitive and position the Company to ensure it has the ability to be among the first to respond when the market calls for more staple foods, grains and pulses.

Business Outlook

Summary

Global pulse and staple foods markets have continued to be impacted by the market conditions reported recently, such as oversupply, duties, non-tariff trade barriers and a general slowdown in import activities to key consumption markets with lower volumes being moved from production markets to consumption markets. However these market conditions should not imply a change or decrease in consumption or demand for pulses and staple foods, rather they point to a change in where supply of these products is obtained. Key consumption markets like India and Turkey, significant pulse producers as well as the largest consumers and regional suppliers of pulses to their nearby markets, have increasingly turned to filling consumption demand from more domestic production, as has been reported by their various statistical outlets, in recent periods in the periods following their respective harvests rather than filling demand with imported lentils, peas and chickpeas. This trend is resetting with a new harvest completed in India in March and April 2018, where management estimates that the local crop of lentils is materially below the 2017 harvest and local stocks of the Government of India ("**GOI**") MMTC Ltd. agency accumulated in 2016-2017 have been sold out to the trade for consumption. This is a positive development as local stocks are forecast by management to be less in the coming quarters as imports have declined, local production seems to have declined and old stocks are being consumed.

In past periods, when local production in either India or Turkey was insufficient to meet demand, products were imported from Canada, Australia, the United States ("**U.S.**"), and, in the case of Turkey, increasingly Kazakhstan, Russia and other Central Asian countries filled supply gaps.

This trend, of increased consumption of local production, which emerged in early to mid-2017, came after extended periods of high import volumes of pulses to these markets, and has been facilitated by the noted market conditions. Oversupply, in part resulting from the high production levels in Canada, Australia and the U.S., has led to lower prices and volumes of movement for pulses has led to a number of market dynamics.

The opportunity for GoI to introduce tariffs on pulses (which, as noted in earlier reports are currently 50% on peas, 33% on lentils and 66% on chickpeas), import restrictions on peas introduced by India in April 2018 for the period April to June 2018 as well as non-tariff barriers (fumigation requirements) to align local prices to farmers with minimum support prices guaranteed by GoI in an effort to strengthen local production while addressing concerns around food security and food inflation.

There has been a "disconnect" between price expectations of North American and Australian farmers and local importers on the relative value of pulses. Farmers in these production origins have benefited from high prices for some time and may not have immediate cash needs or believe their pulses are valued higher than importers in consumption markets are willing to pay for them.

Production volumes in non-consumption origins have been high for some time. The slight decreases in seeding intentions by Canadian farmers forecast by StatsCan are not as significant as some market analysts and statistical outlets may have expected. Farmers in Canada and the U.S. continue to hold some inventories of pulses from the 2017 harvest, which, coupled with higher relative prices expected for other grains like wheat, durum wheat and barley and oilseeds like canola, may result in farmers seeding these crops in rotation instead of pulses. Similar conditions may exist in Australia later in the year (September - November period when Australia seeds and harvests pulses) which may, viewed in totality, reduce overall global inventories.

These conditions, together, combine to result in the lower volumes shipped and, in the case of AGT, the impact on earnings in the period while markets resolve to more normalized conditions.

In the recent StatsCan reports regarding seeding intentions, dated April 21, 2018, it is reported that Canadian farmers expect total lentil acreage to decline 8.1% from 2017, to 4.1 million acres in 2018. This would be driven by farmers in Saskatchewan, who anticipate an 8.4% decrease to 3.6 million acres. Chickpea acres are expected to significantly increase by 116.3% to 346,000 from 160,000 in 2017. Other notable statistics in seeding intentions by Canadian farmers in crops that are either required in AGT's business, such as milled durum wheat, or that can be transported using AGT's short line rail investments include 5.7 million acres of durum wheat, a rise of 11% over 2017; barley at 6.1 million acres, representing a rise of 5.1%; spring wheat at 18.2 million acres, up 15.4%:; and canola at 21.4 million acres, representing a decrease of 7%.

In the U.S., StatPub reports based on data from the U.S. Department of Agriculture ("**USDA**") that acres for lentils and peas are expected to decrease 28% and 20% to 791,000 acres and 908,000 acres respectively. Chickpeas may remain at similar acres as 2017. While pea production is forecast as lower in the U.S., there are still ample volumes of peas being produced in the U.S. and in southern Saskatchewan as well as carry-in stocks, allowing AGT to supply raw material yellow peas to AGT's Minot Facility for the production of pulse flours, proteins, starches and fibres to meet the growing of this business unit. Results for the Food Ingredients and Packaged Foods segment in Q1 2018 would appear to support management's belief in the growing opportunities present in these business units.

In India, from data reported by Statpub and with production estimates based on historical data from India's agriculture department, production of pulses is forecast as similar levels as the previous growing seasons. While India does have two harvests, neither the same pulses nor the same quantities are grown in each of the cycles. A wide variety of pulses are grown and consumed in India, with some substitutions of one for the other. Monsoon rains were reported by Reuters as being average, which supports the average agricultural production claims by GoI; however, these reports may be unreliable and targeted at support of GoI policies and messaging on duties, non-tariff barriers and other food security initiatives introduced in recent periods.

As pulses are part of rotational cropping (with farmer rotations made up of cereal grains, oilseeds and pulses), it is expected that significant production levels of pulses in all production origins, irrespective of some annual fluctuations, may well be the norm.

With new import restrictions in India for import volumes on peas, on top of the duty amounts announced for lentils, peas and chickpeas to India - announced with little warning to the global sector - markets are still working to integrate these developments into their pricing structures and strategies. Some volumes of pulses in transit during the Q1 2018 period were affected by the fluctuating duty structure, similar to those affected in Q4 2017, and may be sales that ultimately ended up at higher price levels with duty added or contracted amounts that needed to be diverted, resold or liquidated to other buyers in the market at lower prices, impacting the segments performance. However, management believes that sales affected by these conditions are presently substantially resolved, with new sales and contracted amounts inclusive of duty and tariff amounts, assuming no future changes announced by the GoI.

Lack of clarity with respect to what type of peas are included in the import restrictions, understood as 100,000 mt of yellow peas only during the period of April 1 to June 30, 2018, is also a matter that industry associations, such as Pulse Canada, the national industry association for pulses in Canada, and others are working on with the relevant governmental ministries. The 50% duty on peas is within the maximum allowable under World Trade Organization ("**WTO**") rates and these volume restrictions are viewed as a mechanism by the GOI to further support their messaging on self-sufficiency on pulses, as peas are used as a substitute for many dals and grams (the local terms for pulses).

While few pulses were exported from Canada to India because of the duty and non-tariff barriers introduced, based on export data reported by StatsCan, lentil exports to other destinations continued for the Q1 2018 period consistent with Q1 2017, albeit at a lower total volume with the subtraction of volumes to India with Turkey, the United Arab Emirates and Mexico major destinations. There were similar trends for Canadian peas, with India absent from the list of top destination for Canadian peas. The fact that export levels from Canada in Q1 2018 are similar to Q1 2017, with the subtraction of Indian volumes, demonstrates that global pulse exports may indeed normalize to past volumes with the resumption of imports to India as the duty and non-tariff trade barriers to that market begin to substantially subside or in future periods are relaxed to provide pulse supply to the Indian market.

As global oversupply conditions are resolved, it is expected that global pulses markets may again find a balance between export volumes and supply requirements, as they had for much of the last decade, at prices that are beneficial for participants in the market in general. As conditions normalize, with the appropriate market catalysts, it is expected that past earnings levels can once again be achieved within the Pulse and Grain Processing segment most impacted by import level reductions. AGT operates a globally diversified origination and processing platform that aids it is rapidly realizing positive movements in market conditions to capitalize on sales to consumption markets.

As is the case with agricultural commodities, production and harvest cycles are necessary to determine supply, in terms of quantity and quality, with North American production cycles commencing in the May to September period, with exports in the later part of the year and significant production of pulses coming into consumption markets in March-April from India, May-June in Turkey and Australia in November-December. This has been the historical flow of products in the global pulse sector for some time.

With the resolution of this cycle, along with strong and more diversified other segments and business units, it is expected that the temporary constraints on AGT's earnings may substantially resolve and support management's belief in the strategy set out for AGT's business. While short-term flows may be impacted by local supply-demand and market conditions, long-term growth with the impact of normalization of AGT's export and merchandising programs in future periods is seen as likely and may commence as early as late 2018 with North American harvest and into the traditional shipping periods in 2019. As market conditions are normalized, AGT has taken a measured approach to the market, with a strategy focused on disciplined capital allocation; participation in the market; costs and efficiencies in our current production systems; diversification of product offerings; and the utilization of processing and bulk handling infrastructure more efficiently, growing value-added opportunities for AGT products globally.

Growth and diversification in AGT's other segments are advancing as per management's expectations, with the Food Ingredients and Packaged Foods segment performing particular well in the quarter as opportunities in petfood and human food are capitalized on with higher volumes, prices and margins as well as strong sales for AGT's branded retail packaged foods including pasta and canned and dry pulses and staple foods.

The Dry Wheat Pasta investigation on alleged dumping of pasta from Turkey to Canada matter is continuing with a late June 2018 date for resolution of the matter by Canada Border Services

Agency ("**CBSA**") and through the Canadian International Trade Tribunal ("**CITT**"). CITT determined in a press release on March 28, 2018 that "there is evidence that discloses a reasonable indication that the dumping and subsidizing of the above-mentioned goods have caused or are threatening to cause injury to the domestic industry." The CITT later announced the provisional duties payable by AGT's Durum Gıda Sanayi ve Ticaret A.Ş. ("**Durum**") subsidiary in Turkey, the producer and exporter of AGT's Arbella pasta brand and the producer and co-packer of pasta for a major Canadian retailer whose contract for the production and co-packing of pasta appears to be the impetus for the complaint to CBSA and CITT by certain Canadian pasta manufacturers, the provisional duties payable by Durum were set at 27.3%, which is higher than the small duty on Turkish pasta imported to Canada previously, as Turkey maintains Most Favoured Nation trading status with Canada. The rate paid by Durum is lower than the provisional rate for other exporters of pasta from Turkey to Canada.

AGT is closely monitoring the developments and participating in the matter both as an importer in Canada and an exporter from Turkey, and expects a long process that may require months to reach a final determination, after a full evidence-based hearing with participation of the Government of Turkey Ministry of Economy and relevant and impacted producers and exporters of pasta from Turkey, as well as importers of pasta from Turkey. No immediate material impact on AGT's pasta business or its earnings is expected, as Canadian sales, should they decrease or be affected by a new punitive duty structure as a result of this matter, will be replaced with sales to other markets. However, management remains confident that the CBSA and CITT process will result in low or no material duty increases to AGT sales into the Canadian market.

A discussion of AGT's segments and their performance follows.

Reporting Segments

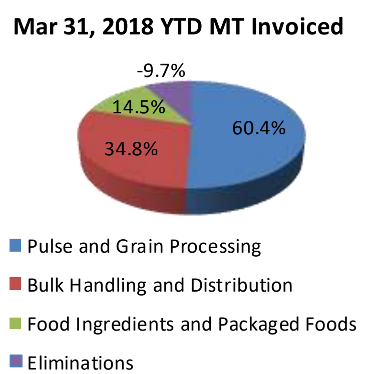
AGT's chief operating decision maker reviews AGT's operations and resource allocation by multiple business segments. Business segments are strategic business units with different products, processes and marketing strategies.

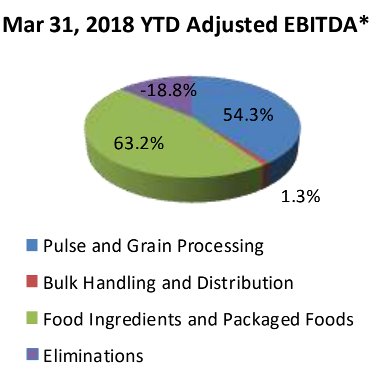
Segment performance is evaluated based on Adjusted EBITDA*. Management believes that Adjusted EBITDA* is an important indicator of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose.

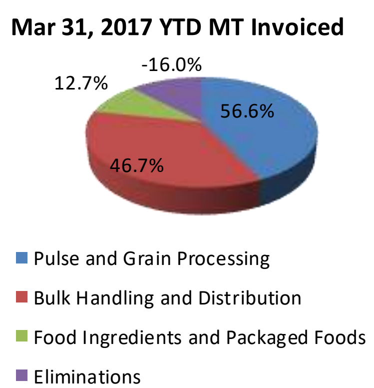
Except as described in note 3(a) and 3(b) of the March 31, 2018 unaudited condensed consolidated interim financial statements, the accounting policies used within each segment are consistent with the policies outlined in AGT's 2017 annual audited consolidated financial statements. Segmented revenues, expenses and results include transactions between segments that occurred during the ordinary course of business. Certain estimates and assumptions were made by management in the determination of segment composition.

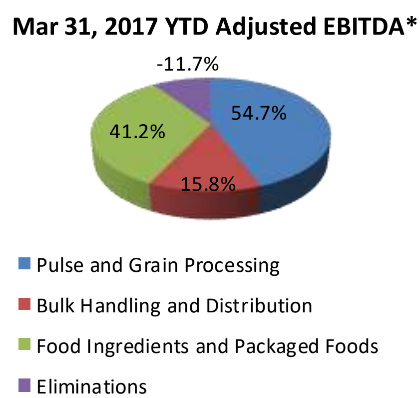
A review of the outlook for each of AGT's business segments is below.

In the following charts, eliminations relate to mt that were sold from one AGT subsidiary to another for further manufacturing, further packaging and/or for sale to a final customer.









Pulse and Grain Processing

The pulse and grain processing segment represents the core business of AGT in the origination and processing (including cleaning, calibrating, sizing, splitting, packaging, bulk loading, shipping and export) of pulses and staple foods in AGT owned and operated facilities around the globe. This segment represents the largest segment of AGT's business and provides the core infrastructure that enables AGT's other segments of operation, including origination of raw materials, processing and logistics support of pulse and grain products.

Results are as follows:

Selected Results by Reporting Segment (1)(2)
(in thousands of Cdn. $ except as indicated,
unaudited for the three month periods ended)

	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017
Revenue	**$ 216,755**	$ 313,783	$ 318,944
Cost of sales	**204,604**	300,233	302,679
Gross profit	**12,151**	13,550	16,265
Adjusted Gross Profit*	**16,496**	18,148	20,099
Adjusted EBITDA*	**$ 8,721**	$ 11,730	$ 11,000
Total mt invoiced	**309,453**	363,555	307,523
Gross profit per mt	**$ 39.27**	$ 37.27	$ 52.89
Adjusted Gross Profit* per mt	**53.31**	49.92	65.36
Adjusted EBITDA* per mt	**28.18**	32.26	35.77

(1) See table on page 21 for consolidated segmented results
(2) Certain estimates and assumptions were made by management in the determination of segment composition

Adjusted Gross Profit* per mt increased when comparing the three months ended March 31, 2018 to the three months ended December 31, 2017. This is due largely to stronger margins out of Turkey as well as slightly improved margins on processed product from North America. Adjusted EBITDA* per mt decreased due to the cyclicality of certain maintenance and marketing costs that are incurred in this period along with the effects of the add back of one time non-recurring costs improving the comparative period in Q4 2017 over the period Q1 2018. Adjusted Gross Profit* and Adjusted EBITDA* per mt decreased when comparing the three months ended March 31, 2018 to the three months ended March 31, 2017 due to constrained margins from global issues that began to have an impact during the 2017 year.

In addition, the duty tariff system passed by the GoI resulted in ancillary charges and product diversion and demurrage expenses, as liquidity of local importers was affected as they dealt with millions of dollars of losses and sales books which did not reflect the duty adjusted pricing. This caused margin pressure in both Canada on peas and lentils and in Australia on chickpeas in outstanding sales and contracts, especially with cargo that was already in transit at the time of duty structure announcement, completed without any phase in period with immediate effect. Australian utilization and margins were particularly hit with a strong product focus on desi chickpeas, a main target of the GOI’s interventionist policies.

With the market conditions, the Pulses and Grains Processing segment margins dipped slightly to Adjusted EBITDA* per mt of $28.18, down from $32.26 in Q4 2017 but up from $15.94 per mt at the Q3 2017 trough and below the $35.77 per mt of Q1 2017. Volumes, when comparing Q1 2018 to Q1 2017, were relatively stable.

As AGT operates in a high fixed cost environment of operating processing plants where lower utilization predictably yields lower margins, as each additional percentage of utilization above 50% has a high contribution to net earnings. It is management's expectation that a more normalized product mix, with all pulses available in the new crop harvest, stable pricing systems and better utilization as supply-demand comes back into balance, which is expected in future periods, should lead to a gradual recovery in this segment. Management expects volume and margin expansion may continue gradually in 2018 based on progress on and resolution of some of the market dynamics and factors discussed, with a gradual recovery expected to continue over the subsequent periods.

Food Ingredients and Packaged Foods

AGT's food ingredients and packaged foods segment includes AGT's pulse ingredient production facility located in Minot, North Dakota, producing pulse ingredient flours, starches, proteins and fibres for human food consumption as well as pet food, animal feed and aquaculture; and business units focused on pasta production, retail packaged foods production, packaging, canning and distribution in many markets for listing of AGT brands and private label business in North America, Europe, Turkey, the MENA region and Southern Africa.

Results are as follows:

Selected Results by Reporting Segment [(1)(2)]
(in thousands of Cdn. $ except as indicated,
unaudited for the three month periods ended)

	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017
Revenue	**$ 82,340**	$ 68,207	$ 73,459
Cost of sales	**70,112**	58,675	63,104
Gross profit	**12,228**	9,532	10,355
Adjusted Gross Profit*	**14,620**	11,825	12,412
Adjusted EBITDA*	**$ 10,150**	$ 6,713	$ 8,293
Total mt invoiced	**74,007**	63,138	68,880
Gross Profit per mt	**$ 165.23**	$ 150.97	$ 150.33
Adjusted Gross Profit* per mt	**197.55**	187.29	180.20
Adjusted EBITDA* per mt	**137.15**	106.32	120.40

(1) See table on page 21 for consolidated segmented results
(2) Certain estimates and assumptions were made by management in the determination of segment composition

Adjusted Gross Profit* per mt and Adjusted EBITDA* per mt increased when comparing the three months ended March 31, 2018 to the three months ended December 31, 2017 and to the three months ended March 31, 2017. This is due largely to improved margins out of the Minot facility that are the result of sales programs that aimed at starch fraction value improvements. These programs have been ongoing and both petfood and other starch sales opportunities, coupled with strong protein sales and stable pea prices and available inventories in North America, have improved margins and utilization ran very high in the quarter. Pasta margins were consistent with the prior quarter while volumes trended higher while margins from South African sales were lower due to a delay in the popcorn harvest as well as a reduction in higher margin groundnut sales.

AGT's food ingredient business unit in Minot, North Dakota, centered on production of pulse protein, starch, fibre and flours, continues to advance with incremental volume gains in Q1 2018 when compared to Q1 2017 as well as Q4 2017. This demonstrates that customers for AGT's pulses ingredient products continue to incorporate pulse ingredients into their products and work to increase inclusion rates in the food industry and pet food manufacturing sectors, with deflavoured product, regular milled pulse ingredient products and various other milled product offerings. Both volumes and margins increased over both comparative periods Q4 2017 and Q1

2017. This was due to product mix in the packaged foods side of the business, as well as a higher volume of non-protein pulse ingredients sold to pet food customers as human food ingredient sales continue to advance and strong values for protein sales.

Overall, the segment and progress in the food ingredient business unit is advancing as expected by management with regard to shipments, and management expects that sales programs will continue to grow and with it margins will improve. The strategy aimed at further growth in the segment is expected to yield success in coming quarters as new enhanced products are available to meet customer requests and demand.

As AGT continues to develop new markets and customers for its fibres, starches and flours to complement its protein sales, it is projected that volumes for the major consumer packaged goods, or "CPG" companies, will increase in the coming year, with a number of new formulations expected to come online in 2018. As this business develops, pet food company contracts for the 2018 year have been progressing well, and all repeat orders have been secured.

Volumes and margins are expected to continue the trend of gradual improvement in 2018-2019, with strong order books and stable raw material prices on peas in North America, providing AGT with an ability to execute its first half sales, with ample stocks of raw materials from present to new crop 2018 anticipated by management.

AGT continues to focus on the development of human food applications for its products. The pet food business should not be viewed as less valuable than human food markets. Pet food manufacturers and customers provide many benefits to AGT's pulse ingredient business, including higher inclusion rates, more diverse product requirements for protein and starch, more rapid time to market for new product launches over some human food manufacturers, consistent margins, and in some cases, stricter quality specifications. This business has allowed AGT to develop its sales and customer requirements to continue to grow the food ingredient business unit.

The other business units contained in this segment are focused on retail packaged goods. AGT private label sales of its AGT CLIC, AGT Foods Africa and Arbel and Arbella branded units are progressing well, with product offerings increasing and good progression of expanding both numbers of SKUs and number of retailers in its targeted areas of focus of Canada, the U.S., South Africa and Turkey. Margins in core offerings related to pasta, pulses, bulgur wheat and rice continue to provide stable and predictable earnings in their segment and present growth opportunities to ramp up the size of this platform in the coming years.

The recently awarded Government of Canada ("**GoC**") partnership program called the Protein Industries Supercluster, estimated to be concluded for approximately $150 million from the GoC with an additional $250 million committed from the pulses industry, may provide a material boost to AGT's efforts providing matching funds for a new AGT research and development program aimed at the areas of extruded pastas and snack production technologies, protein purification and isolation, industrial applications of starch and flours in bio-composites, and sale of traceable and safe value added packaged foods utilizing supply chain innovations such as blockchain, which may assist in accelerating AGT's efforts to commercialize this platform and generate earnings.

The Food Ingredients and Packaged Foods segment provides AGT with diversification options with business not impacted by commodity cycles and impact of commodity markets on volumes and pricing. While this segment has its own dynamics with regard to sales process duration and customer profiles, it provides an opportunity for AGT to smooth earnings over the full year as well as creating new opportunities with regard to potentially higher margin business compared to AGT's core commodity business, driving revenue, margin and earnings growth.

Bulk Handling and Distribution

AGT continues to offer other commodities to its global network of existing clients. These sales are reported through AGT's bulk handling and distribution segment, which is made up of products not specifically processed in AGT facilities. This includes some non-core commodity sales of AGT to aid programs, cross-selling of other commodities to pulse and staple foods business customers for distribution of raw material products to AGT's own processing infrastructure in Turkey for durum wheat. Products in the distribution business units contained in this segment include durum, sorghum, popcorn, coffee, canola, sugar and spices and a variety of seeds.

While relative margins are potentially lower in this segment when compared to AGT's other segments, they benefit from volumes shipped or handled and are expected to continue to be a positive contributor to AGT's earnings. This is because these mt do not require processing and facility infrastructure, nor significant additional capital investments, and provide utilization of assets during periods where they are not contributing to AGT's core business segments. In addition, working capital requirements for sales out of this segment are largely financed on relatively short trade finance terms, with the utilization of structured trade finance instruments and supplier credits.

Wheat margins have been very thin and other commodities have also been challenged, with rice and sugar demand following the path of all agricultural commodities, with "hand to mouth" buying across consumption markets. This segment is continued as a means to cover some fixed costs of AGT's platform including some short-line rail costs and other fixed costs. Management continues to examine commodities that may provide an opportunity to use AGT's network of sourcing, logistics and financing to generate margins in areas such as feedgrains and other bulk items such as rice.

Results are as follows:

Selected Results by Reporting Segment (1)(2)
(in thousands of Cdn. $ except as indicated,
unaudited for the three month periods ended)

	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017
Revenue	**$ 133,504**	$ 112,963	$ 185,903
Cost of sales	**131,848**	117,598	179,597
Gross profit (loss)	**1,656**	(4,635)	6,306
Adjusted Gross Profit (Loss)*	**1,839**	(4,424)	6,550
Adjusted EBITDA*	**$ 204**	$ (908)	$ 3,178
Total mt invoiced	**178,061**	175,138	253,562
Gross profit (loss) per mt	**$ 9.30**	$ (26.46)	$ 24.87
Adjusted Gross Profit (Loss)* per mt	**10.33**	(25.26)	25.83
Adjusted EBITDA* per mt	**1.15**	(5.18)	12.53

(1) See table on page 21 for consolidated segmented results
(2) Certain estimates and assumptions were made by management in the determination of segment composition

The bulk handling and distribution segment showed improvements in Adjusted Gross Profit* per mt and Adjusted EBITDA* per mt for the three months ended March 31, 2018, when compared to the three months ended December 31, 2017. Adjusted Gross Profit* per mt and Adjusted EBITDA* per mt decreased when comparing the three months ended March 31, 2018 to the same period in 2017. The results of AGT India are included in this segment and continue to be impacted by the imposition of duties on imports. Invoiced mt have decreased from March 31, 2017 as a result, as AGT is taking steps to ensure that executed sales are profitable and will be collected. This effect was partially offset by positive earnings on trading business through AGT's U.K. operations.

Material effects of the chickpea duties have been largely incurred in Q4 2017 and Q1 2018 and management has adjusted procurement plans for the 2018 year to reflect a stronger focus on locally available raw materials to fufill customer requirements and minimize future earnings volatility in this segment. Management expects this segment to recover in 2019 as the focus shifts to the growth of the bulk platform in Canada and with port access agreements expected to come online in 2019-2020.

Corporate and Eliminations

Inter-segment shipments were 49,522 mt for the three months ended March 31, 2018. These mt were sold from one AGT subsidiary to another for further manufacturing, further packaging and/or for sale to a final customer. Management continues in its efforts to increase the margin of its international business in all segments by capturing additional margins by encouraging AGT subsidiaries to work collaboratively to increase trade that utilizes the sourcing advantage of one company and the distribution advantage of another.

Consolidated Segmented Results

Selected Results by Reporting Segment (1)
(in thousands of Cdn. $ except as indicated, unaudited for the three month periods ended)

	Pulse and Grain Processing			Bulk Handling and Distribution			Food Ingredients and Packaged Foods			Corporate and Eliminations			Consolidated		
	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Mar 31, 2017
Quarterly comparisons															
Revenue	$ 216,755	$ 313,783	$ 318,944	$ 133,504	$ 112,963	$ 185,903	$ 82,340	$ 68,207	$ 73,459	$ (37,958)	$ (35,825)	$ (76,801)	$ 394,641	$ 459,128	$ 501,505
Cost of sales	204,604	300,233	302,679	131,848	117,598	179,597	70,112	58,675	63,104	(37,958)	(35,825)	(76,801)	368,606	440,681	468,579
Gross profit (loss)	12,151	13,550	16,265	1,656	(4,635)	6,306	12,228	9,532	10,355	-	-	-	26,035	18,447	32,926
Adjusted Gross Profit (Loss)*	16,496	18,148	20,099	1,839	(4,424)	6,550	14,620	11,825	12,412	-	-	-	32,955	25,549	39,061
Adjusted EBITDA*	**$ 8,721**	**$ 11,730**	**$ 11,000**	**$ 204**	**$ (908)**	**$ 3,178**	**$ 10,150**	**$ 6,713**	**$ 8,293**	**$ (3,011)**	**$ (1,968)**	**$ (2,356)**	**$ 16,064**	**$ 15,567**	**$ 20,115**
Total mt invoiced	309,453	363,555	307,523	178,061	175,138	253,562	74,007	63,138	68,880	(49,522)	(46,704)	(86,478)	511,999	555,127	543,487
Gross profit (loss) per mt	$ 39.27	$ 37.27	$ 52.89	$ 9.30	$ (26.46)	$ 24.87	$ 165.23	$ 150.97	$ 150.33				$ 50.85	$ 33.23	$ 60.58
Adjusted Gross Profit (Loss)* per mt	53.31	49.92	65.36	10.33	(25.26)	25.83	197.55	187.29	180.20				64.37	46.02	71.87
Adjusted EBITDA* per mt	28.18	32.26	35.77	1.15	(5.18)	12.53	137.15	106.32	120.40				31.38	28.04	37.01

(1) Certain estimates and assumptions were made by management in the determination of segment composition

Summary of Quarterly Results (1)(3)
(in thousands of Cdn. $ except as indicated, unaudited)

	3 Months Ended Mar 31, 2018	3 Months Ended Dec 31, 2017	3 Months Ended Sept 30, 2017	3 Months Ended Jun 30, 2017	3 Months Ended Mar 31, 2017	3 Months Ended Dec 31, 2016	3 Months Ended Sept 30, 2016	3 Months Ended June 30, 2016
Revenue	$ 394,641	$ 459,128	$ 323,341	$ 451,313	$ 501,505	$ 650,863	$ 442,288	$ 438,660
Gross profit	26,035	18,447	22,943	31,869	32,926	48,104	41,315	38,411
Adjusted Gross Profit*	**32,955**	**25,549**	**29,387**	**38,163**	**39,061**	**54,106**	**47,033**	**43,678**
Adjusted EBITDA*	**16,064**	**15,567**	**10,131**	**19,060**	**20,115**	**34,706**	**27,396**	**25,322**
Adjusted net earnings (loss)*	**4,297**	**(4,172)**	**(1,368)**	**2,333**	**6,731**	**17,270**	**12,024**	**13,285**
Adjusted basic net earnings (loss)* per share	**0.18**	**(0.17)**	**(0.06)**	**0.10**	**0.28**	**0.72**	**0.50**	**0.56**
Adjusted diluted net earnings (loss)* per share	**0.18**	**(0.17)**	**(0.06)**	**0.10**	**0.28**	**0.72**	**0.50**	**0.55**
Net (loss) earnings per financial statements	(5,072)	(14,851)	(15,455)	(180)	(6,437)	(11,198)	7,438	(2,193)
Distributions on preferred securities net of tax	(1,838)	(1,899)	(613)	-	-	-	-	-
Net (loss) earnings for earnings per share calculation	(6,910)	(16,750)	(16,068)	(180)	(6,437)	(11,198)	7,438	(2,193)
Basic net (loss) earnings per share	(0.29)	(0.69)	(0.66)	(0.01)	(0.27)	(0.47)	0.31	(0.09)
Diluted net (loss) earnings per share	(0.29)	(0.69)	(0.66)	(0.01)	(0.27)	(0.46)	0.31	(0.09)
Pulse and grain processing mt invoiced (2)	309,453	363,555	216,204	263,851	307,523	477,850	254,259	247,891
Bulk handling and distribution mt invoiced (2)	178,061	175,138	165,288	179,328	253,562	257,104	228,203	177,992
Food ingredients and packaged foods mt invoiced (2)	74,007	63,138	73,186	92,106	68,880	58,537	65,376	70,774
Inter-company mt	(49,522)	(46,704)	(39,464)	(47,583)	(86,478)	(48,536)	(59,661)	(39,016)
Total mt invoiced	511,999	555,127	415,214	487,702	543,487	744,955	488,177	457,641
Gross profit per mt	$ 50.85	$ 33.23	$ 55.26	$ 65.35	$ 60.58	$ 64.57	$ 84.63	$ 83.93
Adjusted Gross Profit* per mt	64.37	46.02	70.78	78.25	71.87	72.63	96.34	95.44
Adjusted EBITDA* per mt	31.38	28.04	24.40	39.08	37.01	46.59	56.12	55.33

Notes:

(1) Calculated from the unaudited condensed consolidated interim financial statements for the quarters ended March 31, 2018, December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016, June 30, 2016, and the audited annual financial statements for the year ended December 31, 2017 and 2016.

(2) For a breakdown on segmented information, see the table entitled “Consolidated Segmented Results”.

(3) Key things to note:

- AGT’s financial results are strongly influenced by the performance of the pulse and grain processing segment which accounted for 54.9% of consolidated revenue for the three months ended March 31, 2018.
- The timing of customer shipments, which tend to vary from quarter to quarter, drives revenue in the segments; meaning quarterly results are not necessarily a good indication of annual results due to seasonal variability.
- Net earnings do not trend directly with revenue due to foreign exchange volatility and transactions that occur from time to time. AGT uses Adjusted Net Earnings*, a non-IFRS measure, as a more meaningful way to compare results from period to period.

Discussion of Quarterly and Year to Date Results

(in Thousands of Cdn. $ except as indicated, unaudited for three month periods)

Revenue, Gross Profit and Adjusted Gross Profit*

	3 Months Ended Mar 31		
	2018	2017	Change
Revenue	394,641	501,505	(106,864)
Less: cost of sales	368,606	468,579	(99,973)
Gross profit	26,035	32,926	(6,891)
Add back: depreciation in cost of sales	6,920	6,135	785
Adjusted Gross Profit*	32,955	39,061	(6,106)
Gross profit percentage	6.6%	6.6%	0.0%
Adjusted Gross Profit* percentage	8.4%	7.8%	0.6%

Gross profit and Adjusted Gross Profit* decreased in absolute dollars when comparing the three months ended March 31, 2018 to the three months ended March 31, 2017. This was due to lower invoiced mt in the bulk handling distribution segment in addition to lower prices for some commodities. Gross profit and Adjusted Gross Profit* percentages were consistent to slightly improved when comparing the three months ended March 31, 2018 to the same period in the prior year. This is due largely to improved margins out of the Minot facility that are the result of sales programs that aimed at starch fraction value improvements. These programs have been ongoing and both petfood and other starch sales opportunities, coupled with strong protein sales and stable pea prices and available inventories in North America have improved margins and utilization ran very high in the quarter.

Adjusted EBITDA*

	3 Months Ended Mar 31		
	2018	2017	Change
Adjusted EBITDA*	16,064	20,115	(4,051)
Adjusted EBITDA* percentage of revenue	4.1%	4.0%	0.1%

Adjusted EBITDA* on an absolute basis decreased for the three months ended March 31, 2018 when compared to the three months ended March 31, 2017 due to lower demand impacting operations in both the Pulse and Grain Processing and Bulk Handling and Distribution segments. This was partially offset by improvements in the Food Ingredients and Packaged Foods segment.

Adjusted EBITDA* as a percentage of revenue for the three months ended March 31, 2018 was consistent to the prior year.

Expenses

	3 Months Ended Mar 31		
	2018	2017	Change
General and administrative and marketing, sales and distribution expenses	20,283	21,891	(1,608)
Finance expense	8,077	8,492	(415)
Depreciation and amortization	8,216	7,417	799
Recovery of income taxes	(4,526)	(2,525)	(2,001)
Unrealized foreign exchange loss (gain)	7,273	11,505	(4,232)

General and administrative and marketing, sales and distribution expenses for the three months ended March 31, 2018 decreased when compared to the prior year. This is due to a reduction in fixed costs as a result of cost savings initiatives.

Finance expenses includes interest related to short and long term finances, as well as discounts on notes and bonds. Interest on long and short-term debt for the three months ended March 31, 2018 was consistent to the three months ended March 31, 2017. Trade finance instruments are utilized to improve the cash collection cycle and interest charges remained consistent with the prior year.

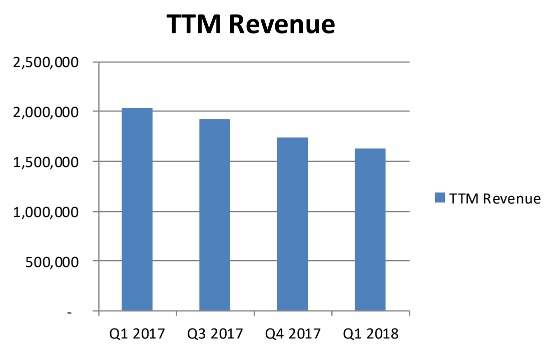
Depreciation expenses for the three months ended March 31, 2018 increased when compared to the same period in the prior year due to projects being finalized and assets being put into use, including additions to the Minot facility and rail infrastructure.

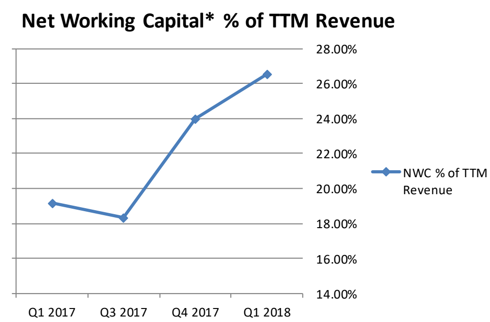
Income tax expense is calculated for each subsidiary at the individual rate for that country and therefore can fluctuate depending on the earnings reported for each tax jurisdiction.

AGT estimates an average tax rate in the range of 25%, depending on which jurisdiction has earnings or losses, and the tax treatment of various revenues or expenses.

Non-cash foreign exchange results from changes in foreign exchange rates associated with certain foreign denominated loans, receivables, payables and derivative contracts and includes the cross currency swap related to the high-yield debt offering. Adjustments to foreign exchange on foreign investments are recorded in other comprehensive loss on AGT's unaudited consolidated statements of comprehensive loss and are recorded in accumulated other comprehensive loss on AGT's unaudited condensed consolidated statements of financial position.

Trailing Twelve Month ("**TTM**") Revenue and Net Working Capital as a percentage of TTM Revenue:





Net Working Capital* is defined as trade accounts receivable, inventory, prepaid and other less accounts payable, accrued liabilities and deferred revenue. Net working capital was $432.2 million at March 31, 2018, an increase from $416.0 million at December 31, 2017 and $389.3 million at March 31, 2017 (see table on page 31). Net working capital as a percentage of TTM revenue has increased from 23.97% at December 31, 2017, and from 19.15% at March 31, 2017 to 26.54% at March 31, 2018. Accounts receivable, inventory and prepaid expense in total remained consistent for the three months ended March 31, 2018 compared to the three months ended March 31, 2017 and decreased when compared to the year ended December 31, 2017. However, accounts payable decreased for the three months ended March 31, 2018 when compared to the three months ended March 31, 2017 and the year ended December 31, 2017. This is due to lower levels of trade finance as well as decreased accounts payable from Canada and Australia due to continued lower commodity prices and lower levels of deferred payments to producers. Producer payments deferred at the end of 2017 decreased in value by 40% when compared to deferred payments at the end of 2016 illustrating the trend of producer preference for cash settlement rather than deferred payment.

AGT management monitors this metric and has set a target Net Working Capital* percentage of TTM revenue of 17% to 18%. This will remain a focus and management anticipates working capital reductions will be achieved throughout 2018 as sales volumes are reduced and price levels have trended downwards.

Net Debt* is comprised of bank indebtedness, long term debt and current portion of long term debt, less cash and totaled $507.2 million at March 31, 2018, an increase from $473.3 million at

December 31, 2017 but a decrease from $562.1 million at March 31, 2017 (see table on page 30). The increase from the prior quarter is due to higher working capital levels remaining in the quarter as AGT companies become more selective on sales being made as well as some large sales that were sold near the end of Q1 2018 where payment will be received in Q2 of 2018. The decrease from March 31, 2017 is due to the issuance of the Fairfax preferred securities during the year, proceeds from sales of fixed assets and partially offset by decreased accounts payable.

Current assets (excluding derivative assets) were $663.5 million at March 31, 2018 compared to $669.7 million at December 31, 2017. The current asset base is largely accounts receivable and inventory, in addition to deposits related to inventory purchases. It is important to note that accounts receivables are largely insured by Export Development Canada ("**EDC**") or other credit risk mitigation strategies, such as letters of credit, significantly reducing the risks associated with accounts receivable collection, since buyer risk is being replaced by Government of Canada risk through the export insurance.

Trade accounts receivable increased to $223.4 million at March 31, 2018, compared to $211.6 million at December 31, 2017 and decreased when compared to $227.8 million at March 31, 2017 (see table on page 31). The increase from December 31, 2017 is due largely to product from Turkey invoiced later in the quarter where funds were not yet collected. The decrease from March 31, 2017 is due largely to lower sales volumes out of Canada and Australia.

Inventory decreased to $306.0 million at March 31, 2018, compared to $328.1 million at December 31, 2017 and was consistent when compared to $309.3 million at March 31, 2017 (see table on page 31). The decrease when compared to December 31, 2017 is due to lower inventory levels in Canada and India as well as reduced prices of some commodities.

Working capital management in the areas of accounts receivable and inventory continue to be a focus of AGT management. The inventory value of $306.0 million at March 31, 2018 represents a number of different commodities globally. Much of this inventory is also earmarked for sales contracts and will remain as inventory until substantial risks transfer from seller to buyer under AGT's revenue recognition policy. AGT management continues the practice of examining stock levels at each of its foreign operations to achieve an optimization of inventory levels. In addition, inventory management practices include book to physical inventory reconciliations monthly to ensure accurate recording of inventory values.

The majority of AGT sales are insured through EDC providing coverage on receivables in the event of customer default on payment. In addition, ownership of the original documents for the cargo in transit remains with AGT in most cases, due to the terms of sale. If a customer defaults on the contract, AGT can choose to resell the cargo to another customer or divert the cargo to another market. With extensive market reach and facilities or warehouses in key consumption markets, AGT has numerous options available to minimize or mitigate risk and exposure in these areas, including the option to make a claim to EDC to cover up to 90% of the receivable in question. AGT has extended its EDC coverage to all foreign operations, excluding China, to ensure that additional financial risks are largely mitigated in the current macro-economic environment.

Working capital and short-term debt are typically used by AGT to finance its export program and customer orders due to the long transit times. In addition, costs associated with the goods, such as processing costs, payments to the farmer from whom raw materials were purchased and freight costs, must be paid prior to receiving payment for sale. Customer purchases are typically backed by irrevocable letters of credit or cash against document terms and therefore payment risk is mitigated. The EDC policy remains in place to ensure that a catastrophic loss in any particular region will not hinder payment. Management has implemented steps to monitor accounts receivable aging and inventory turns at each facility. Metrics are calculated for each facility and correlate to facility compensation.

In addition, much of the bank financing availability is determined based on a borrowing base calculation and therefore this financing is backed by the inventory and accounts receivable.

AGT management will continue in its efforts to optimize capital utilization and debt levels to ensure a predictable return on deployed capital for shareholders.

Dividends - AGT paid a dividend in April 2018 of $3.6 million ($0.15 per share) in the aggregate to its shareholders of record on April 2, 2018.

It is currently anticipated that, going forward, AGT will continue to pay a quarterly dividend, the amount of which will be determined by AGT's Board of Directors. AGT's dividend policy will be subject to the discretion of the Board of Directors and may vary depending on, among other things, AGT's earnings, financial requirements, the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends and other relevant factors. AGT and its predecessors have declared and paid the quarterly dividend each quarter since its inception in 2005. Management does not anticipate a reduction of the current dividend in the coming periods.

AGT's financial statements are presented in Canadian dollars, but AGT's operating subsidiaries earn revenues and incur expenses in several currencies, including U.S. dollars ("**USD**"), Turkish lira ("**TL**"), Australian dollars ("**AUD**"), Pounds Sterling ("**GBP**"), Euros ("**EUR**"), South African rand ("**ZAR**"), Renminbi of the People's Republic of China ("**RMB**") and the Indian Rupee ("**INR**").

Balance sheet accounts of subsidiaries are valued at March 31, 2018 and December 31, 2017 foreign exchange rates as follows [Source: X-Rates]:

	Mar 31, 2018	Dec 31, 2017
USD/CDN	1.28962	1.25732
AUD/CDN	0.99049	0.98249
TL/CDN	0.32573	0.33127
GBP/CDN	1.80695	1.69775
EUR/CDN	1.58940	1.50861
ZAR/CDN	0.10879	0.10145
RMB/CDN	0.20551	0.19326
INR/CDN	0.01979	0.01969

For each subsidiary, any difference between the March 31, 2018 exchange rate and the average exchange rate used to record revenues and expenses is recorded as other comprehensive loss on AGT's Unaudited Consolidated Statements of Comprehensive Loss and Consolidated Statement of Changes in Equity.

Liquidity and Capital Resources

Liquidity risk is the risk that AGT cannot meet a demand for cash or fund its obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

AGT has been able to generate sufficient cash from its operations and through access to equity, operating lines and other facilities to maintain its operations and development activities and pay its declared dividends. AGT's ability to generate sufficient cash resources from its operations will depend, among other things, on future harvests of and demand for pulses and special crops. Please see "Dividends" and "Business Outlook" above for a discussion of these factors. Further information relating to the risks and uncertainties to which AGT and its subsidiaries are subject to is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.agtfoods.com.

AGT's working capital requirements fluctuate from quarter to quarter as the supply of pulses and special crops fluctuates, since payments to suppliers form the largest item of the working capital requirements. AGT's working capital requirements are met from its earnings, with its credit facility providing bridge financing until payments for sales are received.

At March 31, 2018, AGT had total operating lines available of $198.3 million (December 31, 2017 - $195.9 million). Included in these facilities are the APP syndicated credit facilities in the amount of $150.0 million (December 31, 2017 – $150.0 million) secured by a general security agreement and security interests against real property owned by APP and AGT and certain of its subsidiaries, maturing in January 2020. At March 31, 2018, $34.5 million (December 31, 2017 - $30.8 million) of the facilities was utilized, leaving $163.8 million (December 31, 2017 - $165.0 million) unutilized. The weighted average interest rate on available operating lines at March 31, 2018 is 3.9% (December 31, 2017 – 3.8%).

The APP credit facilities have floating interest rates and management regularly monitors interest rates to make adjustments to its fixed versus floating interest rate management program. AGT also uses short term banker's acceptances or similar instruments from time to time to mitigate a portion of its floating interest rate risk in its operating credit facilities. As a result of the low interest rates prevailing in Canada in recent years, management has decided to leave its Canadian credit facilities largely at floating interest rates.

The group of companies ("**APP group**") includes the operations of APP, AGT Foods USA, Australia Milling Group, AGT CLIC, Mobil and Poortmans.

The terms of the APP credit facility include customary conditions, events of default, covenants and representations and warranties. The credit facilities are guaranteed by AGT and a select number of its direct and indirect wholly-owned subsidiaries.

Covenants which measured the fixed charge coverage ratios were removed and replaced with a minimum Adjusted EBITDA* to Interest Expense ratio, for both AGT, on a consolidated basis, and for APP.

At the APP level, as at each quarter end, the Borrower shall not permit the Adjusted EBITDA* to Interest Expense Ratio to be less than 2.50:1.00.

At the AGT consolidated level, as at each quarter end, the Borrower shall not, and shall not permit the Minimum Adjusted EBITDA* to Interest ratio of AGT to be less than 1.75:1.00, provided that the ratio shall increase to 2.00:1.00 as at the quarter end September 30, 2018 and increase to 2.50:1.00 March 31, 2019 and each quarter end thereafter.

Other covenants remain unchanged.

At March 31, 2018, AGT is in compliance with its financial covenants under all credit agreements.

On April 25, 2018, AGT entered into an asset purchase agreement with ARZ Group Limited and Loblaws Inc. The agreement closed on May 4, 2018. ARZ Group Limited is a wholesale distribution company. The consideration for the purchase of the assets of ARZ Group from Loblaws Inc. was $4 million. The purchase price allocation has not been finalized as AGT continues to assess fair values of the assets acquired. AGT expects to finalize the purchase price allocation before the end of March 31, 2019. Concurrent with closing, AGT, through its subsidiary, AGT CLIC, entered into a 20 year exclusive agreement with Loblaws to supply certain products under the ARZ and successor brands that will be launched by AGT for the middle-eastern market segment of Loblaws retail stores.

Capital Management

AGT manages its capital to ensure financial flexibility and to increase shareholder value through a combination of acquisitions and organic growth. This allows AGT to respond to changes in economic and/or marketplace conditions. AGT also strives to maintain an optimal capital structure to reduce the overall cost of capital. In the management of capital, AGT includes bank indebtedness net of cash, long term debt and shareholders' equity. It may be difficult to accurately predict market requirements for attracting capital. There were no changes in AGT's approach to capital management during the year.

AGT includes Net Debt* and shareholders' equity as components of its capital structure. The calculation of shareholders' equity, Net Debt* and capital is set out in the following table:

Net Debt and Capital

(in thousands of Cdn. $)	Mar 31, 2018 (unaudited)	Dec 31, 2017	Sept 30, 2017 (unaudited)	Mar 31, 2017 (unaudited)
Long term debt	$ 483,955	$ 453,963	$ 365,961	$ 453,347
Bank indebtedness and current portion of long term debt	45,285	40,730	38,792	127,829
Cash	(21,996)	(21,361)	(18,498)	(19,108)
Net Debt*	**$ 507,244**	**$ 473,332**	**$ 386,255**	**$ 562,068**
Shareholders' equity	359,418	370,253	438,952	290,917
Capital	**$ 866,662**	**$ 843,585**	**$ 825,207**	**$ 852,985**
TTM Adjusted EBITDA*	60,822	64,873	84,012	107,539
Net Debt* to TTM Adjusted EBITDA*	8.34	7.30	4.60	5.23

Selected asset and liability information

(in thousands of Cdn. $)	Mar 31, 2018 (unaudited)	Dec 31, 2017	Sept 30, 2017 (unaudited)	Mar 31, 2017 (unaudited)
Cash	$ 21,996	$ 21,361	$ 18,498	$ 19,108
Trade accounts receivable	223,371	211,622	147,724	227,831
Inventory	305,981	328,080	313,849	309,302
Prepaid expenses and other	107,370	104,415	96,402	96,645
Bank indebtedness and current portion of long term debt	45,285	40,730	38,792	127,829
Accounts payable, accrued liabilities and deferred revenue	204,481	228,085	204,981	244,455
Long-term debt	483,955	453,963	365,961	453,347
Net Working Capital* calculation				
Trade accounts receivable	223,371	211,622	147,724	227,831
Inventory	305,981	328,080	313,849	309,302
Prepaid expenses and other	107,370	104,415	96,402	96,645
Less: Accounts payable, accrued liabilities and deferred revenue	204,481	228,085	204,981	244,455
Net Working Capital*	432,241	416,032	352,994	389,323
TTM revenue	1,628,423	1,735,287	1,927,022	2,033,316
Net Working Capital* as a percentage TTM Revenue	26.54%	23.97%	18.32%	19.15%

Consolidated capitalization information

Consolidated capitalization information of AGT includes information on the operations of the APP group as well as information on AGT and other entities, and is set out in the following table:

Capital Structure
(in thousands of Cdn. $)

	Maturity Date	Mar 31, 2018	Dec 31, 2017	Financial Statement Caption
APP Group				
Senior secured APP bank facility	January 2020	$ 11,857	$ 3,733	bank indebtedness
Senior secured APP bank facility	January 2020	249,150	220,652	long term debt
Poortman facility	June 2018	10,865	15,107	bank indebtedness
AGT CLIC mortgage on building and other	August 2036	6,895	7,320	long term debt
Mobil mortgage and debt	Sep 2023 to May 2040	24,240	27,273	long term debt
Note payable for land purchase	November 2024	5,397	-	long term debt
Other		1,214	1,400	long term debt
		$ 309,618	$ 275,485	
Other Entities (excluding AGT)				
Senior secured Advance Seed facility	August 2018	$ 11,730	$ 11,413	bank indebtedness
Other		-	580	bank indebtedness
Other		124	133	long term debt
		$ 11,854	$ 12,126	
AGT				
Note payable related to Mobil purchase	October 2020	$ 11,126	$ 10,678	long term debt
Notes outstanding	December 2021	196,032	195,798	long term debt
Other		610	606	long term debt
		$ 207,768	$ 207,082	
Total debt		$ 529,240	$ 494,693	
March 31, 2018 financial statements				
Bank indebtedness		$ 34,452	$ 30,833	
Long term debt, including current portion		494,788	463,860	
		$ 529,240	$ 494,693	

Cash flow summary (unaudited for the three month period ended) (in thousands of Cdn. $)

Cash flow from (used in)	3 months ended Mar 31, 2018	3 months ended Dec 31, 2017	3 months ended Mar 31, 2017	Difference Mar 31, 2018 to Mar 31, 2017
Operating activities	$ (62)	$ (69,463)	$ 3,262	$ (3,324)
Financing activities	17,741	81,105	2,846	14,895
Investing activities	(12,776)	(9,718)	(14,107)	1,331
Effect of exchange rate changes on cash	(4,268)	940	(1,918)	(2,350)
Change in cash	$ 635	$ 2,864	$ (9,917)	$ 10,552

	3 months ended Mar 31, 2018	3 months ended Dec 31, 2017	3 months ended Mar 31, 2017	Difference Mar 31, 2018 to Mar 31, 2017
Non-cash working capital	$ (10,754)	$ (69,437)	$ (12,055)	$ 1,301

Cash flow used in operating activities for the three months ended March 31, 2018 was $0.1 million compared to cash flow used in operating activities of $69.5 million for the three months ended December 31, 2017 and compared to cash flow from operations of $3.3 million for the three months ended March 31, 2017. The change when comparing the three months ended March 31, 2018 and to the three months ended December 31, 2017 is due largely to to a decrease in non-cash working capital used. The change when comparing the three months ended March 31, 2018 to the three months ended March 31, 2017 is due to a reduction in net earnings.

Cash flow from financing activities for the three months ended March 31, 2018 was an increase of $17.7 million compared to an increase of $81.1 million for the three months ended December 31, 2017 and compared to an increase of $2.8 million for the three months ended March 31, 2017. The cash from financing activities decreased for the three months ended March 31, 2018 when compared to the three months ended December 31, 2017 due to the issuance of preferred securities issued in the latter part of 2017 and increased when compared to the three months ended March 31, 2017 due to additional financing related to capital expenditures.

Cash flow used in investing activities was $12.8 million for the three months ended March 31, 2018 compared to cash used of $9.7 million in the three months ended December 31, 2017 and compared to cash used of $14.1 million for the three months ended March 31, 2017. The current period includes capital expenditures and is offset by sales of equipment in the amount of $2.2 million.

Cash Flow Information – Non-Cash Working Capital

Non-cash working capital decreased by $10.8 million for the three months ended March 31, 2018 compared to a decrease of $69.4 million for the three months ended December 31, 2017 and relatively consistent to a decrease of $12.1 million for the three months ended March 31, 2017.

The change when comparing the three months ended March 31, 2018 to the three months ended December 31, 2017 is due to accounts receivable collections and inventory turns.

Accounts Payable, accrued liabilities and deferred revenue

Accounts payable, accrued liabilities and deferred revenue decreased from $228.1 million at December 31, 2017 and decreased from $244.5 million at March 31, 2017 to $204.5 million at March 31, 2018. This is due largely to price compression and producers requiring cash settlement rather than deferrals. In addition, there was a reduction of trade finance instruments outstanding at March 31, 2018 compared to the same period in the prior year.

Leases

AGT classifies leases as either finance or operating. Leases that transfer substantially all of the benefits and risk of ownership to AGT are accounted for as finance leases. Assets under finance leases are depreciated on a straight-line basis over the term of the lease unless the terms contain a bargain purchase option in which case the asset is amortized over the asset's estimated economic life on a straight-line basis. Rental payments under operating leases are expensed as incurred.

Transactions with other related parties

AGT has defined key management personnel as senior executive officers, as well as the Board of Directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of AGT. The following table outlines the total compensation expense for key management personnel:

Key mgmt

	Mar 31, 2018	Mar 31, 2017
Short term benefits (wage, bonus, vacation paid out, directors fees)	$ 667	$ 1,028
Post employment benefits (RRSP)	33	33
Share based compensation	(18)	20
	$ 682	$ 1,081

	Mar 31, 2018	Dec 31, 2017
Accounts receivable	$ 2,406	$ 2,873
Accounts payable	2,037	1,084

The accounts receivable in the table above relates to employee amounts primarily related to the exercise of options. The accounts payable in the table above relates to deferred compensation.

Transactions with key management and corporations significantly influenced or controlled by AGT directors or key management

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The transactions were conducted in the normal course of business and were accounted for at the exchange amount.

	Mar 31, 2018	Dec 31, 2017
Accounts receivable	$ 2	$ 80
Purchase of land	$ 5,277	$ 137

Purchases in the above include a land purchase from a company owned by certain of AGT's key management for $5.3 million. This land purchase was done at prevailing market rates and the transaction was approved by the Board of Directors. The acquisition was done with a non-interest bearing note payable with seven annual payments of $0.9 million commencing November 2018.

In addition to the transactions above, AGT completed a swap of land in 2017 with a company owned by certain of AGT's key management for a carrying value of $0.2 million. This transfer was done on a one to one basis for land of similar nature and value. This transaction was approved by the Board of Directors.

There were no other transactions with key management during the quarter.

Transactions with other related parties

	Mar 31, 2018	Dec 31, 2017
Accounts payable	$ 73	$ 185

	Mar 31, 2018	Mar 31, 2017
Purchases	$ 391	$ 727

The items in the above table relate primarily to transactions with companies which AGT owns part of but does exhibit the definitions of control and are therefore not consolidated in AGT's overall results.

Off Balance Sheet Arrangements and Derivative Instruments

The nature of AGT's off balance sheet arrangements and derivative instruments are disclosed in Note 10 of AGT's March 31, 2018 unaudited condensed consolidated interim financial statements. AGT has no other off balance sheet arrangements.

Critical Accounting Estimates

The critical judgements and estimates applied in the preparation of AGT's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 are consistent with those applied and disclosed in Note 2 of AGT's audited consolidated financial statements for the year ended December 31, 2017.

Estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain prior period comparative figures have been restated to conform to the current year's method of presentation.

The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the consolidated financial statements are as follows:

Impairment of long-lived and intangible assets

In assessing the recoverability of long-lived and intangible assets, judgment is required in the determination of the appropriate grouping of assets that generate cash inflows or cash generating units ("**CGU's**"). The determination of CGU's is based on management's assessment of independence of revenue earned, operating asset utilization, shared infrastructure, geographic proximity and similarity of risk exposures. AGT also uses significant judgment in evaluating if a triggering event occurs which would warrant an evaluation of impairment of long-lived and intangible assets based on the identified CGU's.

Recoverability is determined through assumptions and estimates regarding future cash flows, sustaining capital requirements, discount rates, and asset lives. A material change in assumptions may impact the potential recoverability of these assets, resulting in amounts charged against current earnings.

Income Taxes

AGT operates in a number of tax jurisdictions and is required to estimate its income taxes in each of these jurisdictions in preparing its financial statements. A significant degree of judgment is required related to the classification of transactions and assessment of probable outcomes as well as timing of future results. Significant estimates are required in determining income tax provisions and the recoverability of deferred income tax assets. In calculating income taxes, consideration is given to items such as tax rates in each jurisdiction, deductibility of expenses, changing tax laws and management's expectations about future results. AGT estimates deferred income taxes based on temporary differences, income and losses for financial reporting purposes and income and losses determined under the substantively enacted tax laws and rates. The tax effect of these temporary differences is recorded as a deferred tax assets or liabilities in the financial statements. If these estimates prove to be inaccurate, future earnings may be materially impacted.

Derecognition of accounts receivable

A significant degree of judgment is applied when determining whether financial instruments qualify for derecognition and whether substantially all of the risks, as well as the rights, control and ownership of the accounts receivable and their cash flows were transferred to a third party. AGT has removed the related accounts receivable from the statement of financial position and recognizes any costs in finance expense.

Fair value of derivative instruments

The fair value of derivative instruments is estimated using inputs, including foreign exchange rates and interest rates (Level 2), as described in note 11 of AGT's December 31, 2017 annual audited consolidated financial statements. These inputs are subject to change on a regular basis based on the interplay of various market forces. Consequently, the fair value of AGT's derivative instruments is subject to change each reporting period.

Functional Currency

The identification of functional currency for each of the legal entities involves a significant degree of judgment. AGT has assessed the factors in determining the appropriate functional currency and summarized the results in note 3(c) of AGT's December 31, 2017 annual audited consolidated financial statements.

Business Combinations

The purchase price related to a business combination or asset acquisition is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires AGT to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts AGT's reported assets and liabilities and future net earnings due to the impact on future depreciation and amortization expense and impairment tests.

Significant Accounting Policies

The accounting policies applied in the preparation of AGT's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in AGT's audited consolidated financial statements for the year ended December 31, 2017 except as noted in Note 3 of the March 31, 2018 unaudited condensed consolidated interim financial statements.

Disclosure Controls and Procedures

Disclosure Controls and Procedures ("**Disclosure Controls**") are designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to AGT management, including the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), as appropriate, to allow timely decisions regarding required disclosure. Management, including the CEO and the CFO, do not expect that AGT's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

National Instrument 52-109 "*Certification of Disclosure in Issuers' Annual and Interim Filings*" ("**National Instrument 52-109**"), issued by the Canadian Securities Administrators ("**CSA**"), requires CEOs and CFOs to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that Disclosure Controls have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's Disclosure Controls, and that their conclusions about the effectiveness of those Disclosure Controls at the end of the period covered by the relevant annual filings have been disclosed by the issuer. AGT's CEO and the CFO evaluated the design and operating effectiveness of AGT's Disclosure Controls as at March 31, 2018 and concluded that AGT's Disclosure Controls were effective.

Internal Controls over Financial Reporting

National Instrument 52-109 also requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("**ICFR**"), as defined by the CSA, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that AGT has disclosed any changes in its ICFR during its most recent period that have materially affected, or are reasonably likely to materially affect, its financial reporting.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, have been detected. Therefore, no matter how well-designed, ICFR have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

Management, under the supervision of the CEO and the CFO, has evaluated the ICFR using the framework and criteria established in the 2013 Internal Controls – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Management, including the CEO and CFO, evaluated the design and operating effectiveness of AGT's ICFR. Based on this evaluation, the CEO and the CFO have concluded that as at March 31, 2018, ICFR (as defined in NI 52-109) were designed effectively.

There were no changes in our ICFR during the three month period ended March 31, 2018 that have materially affected, or are reasonably likely to affect our ICFR.

New Standards and Interpretations

The International Accounting Standards Board ("**IASB**") and International Financial Reporting Interpretations Committee ("**IFRIC**") have issued the following standards and amendments that have not been applied in preparing these consolidated financial statements, as their effective dates fall in annual periods beginning subsequent to the current reporting period.

Proposed Standard	Description	Effective Date	Expected Impact
IFRS 16 Leases	The new standard requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.	Fiscal years beginning on or after January 1, 2019, applied retrospectively	To be determined
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.	Fiscal years beginning on or after January 1, 2019, applied prospectively	To be determined
IAS 28 Investments in Associates and Joint Ventures	The amendment clarifies that long-term interests in associates and joint ventures, to which the equity method is not applied, are in the scope of both IFRS 9 Financial Instruments and IAS 28	Fiscal years beginning on or after January 1, 2019. Early adoption is permitted	To be determined
Annual Improvements to IFRS Standards IFRS 3 Business Combinations IFRS 11 Joint Arrangements IAS 12 Income Taxes IAS 23 Borrowing Costs	The amendments clarify how to account for increasing an interest in a joint operation that meets the definition of a business (IFRS 3 and IFRS 11); that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits (IAS 12); that specific borrowings to finance the construction of a qualifying asset, should be transferred to the general borrowings once the construction of the asset has been completed (IAS 23)	Fiscal years beginning on or after January 1, 2019. Early application is permitted	To be determined

Management is assessing the potential impact of standards, amendments and interpretations effective in future years for impacts on both quantitative and qualitative disclosure. AGT expects to adopt these standards on their respective effective dates.

Outstanding Share Data

As at the date hereof, there are issued and outstanding 24,236,536 common shares and 5,714,286 warrants of AGT.

Risks and Uncertainties

Information relating to the risks and uncertainties to which AGT and its subsidiaries are subject is summarized in AGT's most recent AIF, which is available, together with additional information relating to AGT, on SEDAR at www.sedar.com and on AGT's website at www.agtfoods.com. Potential risks and uncertainties include operating requirements, volume, transportation and transloading, distribution and supply contracts, customer retention and competitive environment, foreign operations, integration of acquisitions, realization of benefits from acquisitions, acquisition and expansion, reliance on key personnel, localized decision making, potential undisclosed liabilities, uninsured and underinsured losses, global financial crisis and general economic conditions, wholesale price volatility, capital markets, leverage and capital requirements, financing and credit liquidity, reduced dividend payment, international agricultural trade, foreign exchange, counterparty and export, geographic and political, environmental protection, energy price fluctuation, information technology, regulatory oversight, financial reporting, control of AGT and dilution of shareholders. To management's knowledge, no significant changes to these risks and uncertainties have occurred in the period ended March 31, 2018.

Commitments and Contingencies

AGT enters into contracts with producers. The contracts provide for delivery of specific quantities and include specific prices based on the grade that is delivered. The terms of the production contracts are not longer than one year.

At March 31, 2018, AGT had a contract of insurance in favour of the Canadian Grain Commission for $13.0 million (December 31, 2017 - $13.0 million). The policy can be claimed against by the beneficiary in the event of a producer grain payment default. The policy expires on June 30, 2018.

At March 31, 2018, AGT had letters of guarantee in Turkey for $4.2 million (December 31, 2017 - $4.0 million).

At March 31, 2018 AGT had a capital commitment in Canada of $2.6 million (December 31, 2017 - $nil).

AGT has various legal matters pending which, in the opinion of management, will not have a material effect on AGT's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to AGT's financial position or results of operations could result. Should circumstances change, provisions could change materially.

Interest Rate Risk

Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. With respect to its debt portfolio, AGT addresses interest rate risk by using various floating rate instruments. The exposure is also managed by aligning current and long term assets with outstanding debt and making use of global credit facilities.

AGT is exposed to interest rate fluctuations on its variable-rate debt. Changes in market interest rates cause the fair value of long term debt with fixed interest rates to fluctuate but do not affect net earnings as AGT’s debt is carried at amortized cost and the carrying value does not change as interest rate changes.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. AGT‘s sales are routinely denominated in USD while processing and production costs are largely denominated in the functional currency of the country in which the subsidiary operates.

AGT manages foreign currency risk by matching foreign currency denominated assets and liabilities. Management reviews the foreign currency open position and takes risk management measures if required. AGT has also entered into certain foreign exchange contracts with maturities of less than two years to manage risks associated with entering into new sales contracts denominated in USD, EUR, GBP and AUD. AGT’s foreign exchange contracts are not designated as hedges and are recorded at fair value with changes in fair value recognized in earnings. AGT has also entered into a cross currency swap as part of the management of the high-yield unsecured notes.

Commodity Price Risk

AGT is a significant processor and supplier of pulse crops and bears significant exposure to changes in prices to these products. A substantial change in prices will affect the Company's net earnings, working capital and operating cash flows. Prices for AGT’s products are volatile and are influenced by numerous factors beyond the Company's control, such as supply and demand fundamentals, geographical events and weather.

AGT’s sales contracting strategy focuses on reducing the volatility in future earnings and cash flow while providing protection against decreases in market price and retention of future market price increases. To mitigate the risks associated with the fluctuations in the market price for pulse crops, AGT maintains a portfolio of product sales contracts with a variety of delivery dates and pricing mechanisms that provide a degree of protection from pricing volatility.

Reconciliation of Net Earnings, Adjusted Net Earnings*, Adjusted Net Earnings Per Share* and Adjusted EBITDA*

(in thousands of CDN $ except as indicated, unaudited)

	3 Months Ended Mar 31, 2018	3 Months Ended Mar 31, 2017
Revenue	$ 394,641	$ 501,505
Less: cost of sales [1]	368,606	468,579
Gross profit	26,035	32,926
Add back: depreciation in cost of sales	6,920	6,135
Adjusted gross profit*	**32,955**	**39,061**
Deduct: General and administrative and marketing, sales and distribution expenses	(20,283)	(21,891)
Deduct: Non cash foreign exchange effect	(7,273)	(11,505)
Add: Amortization in general and administrative expense	1,296	1,282
EBITDA	6,695	6,947
Add: Non-recurring and other expenses [2]	2,096	1,663
Add: Non cash foreign exchange effect	7,273	11,505
Adjusted EBITDA [*]	**16,064**	**20,115**
Deduct: Finance expense	(8,077)	(8,492)
Deduct: Depreciation and amortization	(8,216)	(7,417)
Add: Recovery of income taxes	4,526	2,525
Adjusted net earnings [*]	**4,297**	**6,731**
Adjusted basic net earnings per share*	0.18	0.28
Adjusted diluted net earnings per share*	0.18	0.28
Non-recurring and other expenses [2]	(2,096)	(1,663)
Deduct: Non cash foreign exchange effect	(7,273)	(11,505)
Net loss per financial statements	**(5,072)**	**(6,437)**
Distributions on preferred securities net of tax	(1,838)	-
Net loss for earnings per share calculation	(6,910)	(6,437)
Basic net loss per share	(0.29)	(0.27)
Diluted net loss per share	(0.29)	(0.27)
Basic weighted average number of shares outstanding	24,236,536	23,979,036
Diluted weighted average number of shares outstanding	24,236,536	23,979,036

(1) Cost of sales includes depreciation on equipment used to process inventory and certain non-recurring costs. Total depreciation and certain non-recurring costs are added back for Adjusted EBITDA*.

(2) Non-recurring and other expenses deemed by management to be non-cash, non-recurring, relating to acquisitions, financing, severance costs, share-based payments, effects of governmental regulatory changes or political unrest or war on existing sales, or other, predominantly reported within general and administrative expenses or cost of sales.

Reconciliation of Net Working Capital* and Net Debt*

(in thousands of CDN $)

	Mar 31, 2018 (unaudited)	Dec 31, 2017
Trade accounts receivable	$ 223,371	$ 211,622
Inventory	305,981	328,080
Prepaid expenses and other	107,370	104,415
Less: Accounts payable, accrued liabilities and deferred revenue	204,481	228,085
Net Working Capital*	$ 432,241	$ 416,032

Long term debt	$ 483,955	$ 453,963
Bank indebtedness and current portion of long term debt	45,285	40,730
Cash	(21,996)	(21,361)
Net Debt*	$ 507,244	$ 473,332

Non-IFRS Financial Measures

AGT provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain AGT's financial results. These non-IFRS measures include Adjusted Gross Profit (gross profit plus depreciation in cost of sales), Adjusted EBITDA* (earnings before finance expense, income taxes, depreciation and amortization, restructuring costs and any effects of non-cash, non-recurring and other costs and foreign exchange adjustment), Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Net Earnings* per share (earnings before any effects of non-cash, non-recurring and other costs, restructuring costs and foreign exchange adjustments), Net Debt* (bank indebtedness, short term financing and long term debt less cash) and Net Working Capital* (current assets less current liabilities). Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Net Earnings* per share do not include the tax effect of non-cash, non-recurring and other costs and foreign exchange. Management believes that Adjusted EBITDA*, Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Earnings* per share, Net Debt* and Net Working Capital* are important indicators of AGT's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. The exclusion of non-cash and foreign exchange adjustments eliminates the non-cash impact on

Adjusted EBITDA*, Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share and Adjusted Diluted Earnings* per share. Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share, Adjusted Diluted Net Earnings* per share, Net Debt* and Net Working Capital* are also used by investors and analysts for the purpose of valuing AGT. The intent of these measures is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted Gross Profit*, Adjusted EBITDA* and Adjusted Net Earnings*, Adjusted Basic Net Earnings* per share, Adjusted Diluted Net Earnings* per share, Net Debt* and Net Working Capital* should therefore not be considered in isolation or used as a substitute for measures of performance prepared in accordance with IFRS. For a reconciliation of net earnings (loss) determined in accordance with IFRS to Adjusted EBITDA*, Adjusted Net Earnings* and Adjusted Basic Net Earnings* per share and Adjusted Diluted Earnings* per share, see the table on page 42.

Market Share, Industry Data and Other Statistical Information

This MD&A includes market share, industry data and other statistical information that AGT has obtained from independent industry publications, government publications, market research reports and other published independent sources. Such publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although AGT believes these publications and reports to be reliable, it has not independently verified any of the data or other statistical information contained therein, nor has it ascertained or validated the underlying economic or other assumptions relied upon by these sources and cannot, and does not, provide any representation or assurance as to the accuracy or completeness of the information or data, or the appropriateness of the information or data for any particular analytical purpose and, accordingly, disclaims any liability in relation to such information and data. AGT has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as required by law.

Caution about forward looking statements

This MD&A contains certain forward-looking statements. Forward-looking statements include but are not limited to, those with respect to: the performance of certain of AGT's segments, including without limitation, margin pressures, export levels, production quality, conditions, timing of harvest, demand, capacity utilization, capital expenditures utilization, yields, sales volumes, margins, supply, capital expenditures and growth expectations, allocation of certain corporate and operating costs between segments and AGT's corporate cost structure, mt levels, and supply constraints; global supplies; global demand; demand fundamentals, market conditions, market recovery and AGT's ability to respond; expected tax rates; sales opportunities; AGT's dividend policy; and internal controls over financial reporting. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", “viewed”, “in the opinion of”, "is expected", “if realized”, “is seen as likely”, "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", “is optimistic”, “not expected” or variations of such words and phrases, or statements that certain actions, events or results, “grows”, “develop”, “opportunity”, “boding well”, “are viewed”, “appear”, “potential”, “can have”, "may", "could", "would", or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AGT (including its operating subsidiaries) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of harvests, fluctuations in the price of lentils and other crops, failure of plant, equipment or processes to operate as anticipated, accidents or labour disputes, risks relating to the integration of acquisitions or to international operations, as well as those factors referred to in the section entitled "Risk Factors" in AGT's most recent AIF, which is available on SEDAR at www.sedar.com and on AGT's website at www.agtfoods.com and which should be reviewed in conjunction with this document. Although AGT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Although AGT believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as at the date of this MD&A. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things, production quality; the volume and quality of crops held on-farm by producer customers in North America; demand for and supply of open market pulses; movement and sale of pulses in Australia and Turkey; agricultural commodity prices; demand for crop products and the market share of these products that will be achieved; general financial conditions for Western Canadian, U.S., Turkish and Australian agricultural producers; the ability of the railways to ship pulses to port facilities for export without labor or other service disruptions; the ability to maintain existing customer contracts and relationships; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; and currency, exchange and interest rates.

AGT expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required in accordance with applicable securities laws.