

AgroFresh

We Grow Confidence™

AgroFresh Solutions, Inc.

Third Quarter 2021

Supplemental Earnings Presentation



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This presentation contains certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA and net sales on a constant currency basis. The Company believes these non-GAAP financial measures provide meaningful supplemental information as they are used by the Company's management to evaluate the Company's performance, including for incentive bonuses and bank covenant reporting. Management believes that these measures enhance a reader's understanding of the operating and financial performance of the Company and facilitate a better comparison between fiscal periods. EBITDA excludes income taxes, interest expense and depreciation and amortization, whereas Adjusted EBITDA further excludes items that are non-cash, infrequent, or non-recurring, such as share-based compensation, severance, litigation and M&A related costs, to provide further meaningful information to evaluate the Company's performance. The Company does not intend for the non-GAAP financial measures contained in this presentation to be a substitute for any GAAP financial information. Readers of this presentation should use these non-GAAP financial measures only in conjunction with the comparable GAAP financial measures. Reconciliations of the non-GAAP financial measures EBITDA and Adjusted EBITDA, as well as constant currency net sales, to their most comparable GAAP measures are provided in the appendix of this presentation.

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Third Quarter & First Nine Months 2021



Start of the Northern Hemisphere Season

- 3Q21 net sales decreased 6.8% (decreased 7.1% on a constant currency basis) compared to 3Q20 due primarily to weather impacts
- YTD net sales increased 4.1% (increased 2.9% on a constant currency basis) compared to YTD20 driven by strong 1H performance



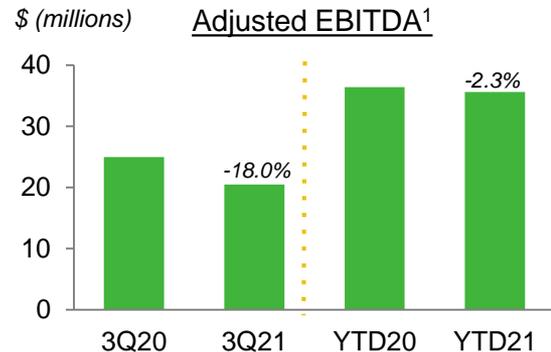
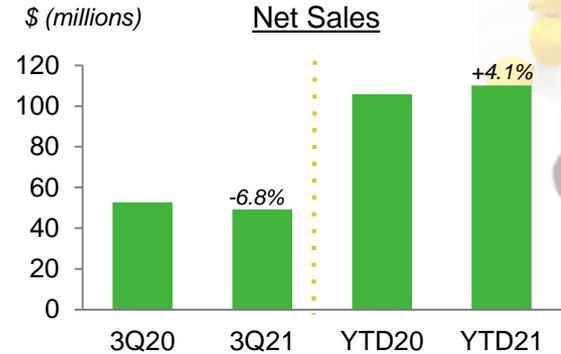
Unfavorable Weather Impacted Key Markets in 3Q

- Late frost in key European growing areas had extreme effects on the pear crop
- Extreme heat wave in the Pacific Northwest apple growing region impacted crop yields, which are now expected to be down 10% to 15% compared to prior year
- Unfavorable weather and discrete timing of sales were partially offset by 48% growth in the combined Fungicides & Disinfectants and Coatings categories



Continue to Expect Full Year Growth for Net Sales and Adjusted EBITDA in FY21

- YTD adjusted EBITDA declined by \$0.8 million or 2.3% compared to prior year due to gross margin impacts resulting from more diversified product mix



Three and nine months ended September 30, 2020 and 2021

Diversification



Continued to Diversify Beyond SmartFresh for Apples

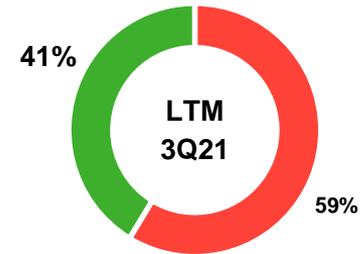
- Focused on leveraging R&D and registration capabilities to expand into new crops and geographies
 - Diversification = All other crop solutions, ex-SmartFresh revenue for Apples
- **Diversification revenue grew 15%** year-over-year on a LTM basis, as of 9/30/21



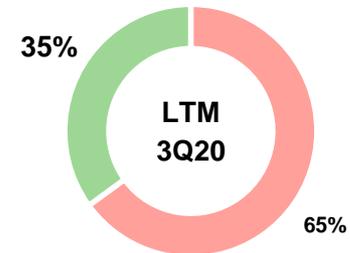
Ongoing Initiatives

- SmartFresh beyond apples – Continued pursuit of new registrations in new crops and geographies; opportunities in avocados, tomatoes, melons and broccoli
- Harvista – Expansion into new geographies
- Fungicides & Disinfectants – Cross selling broader portfolio of solutions to existing customers
- VitaFresh Botanicals – Plant-based edible coatings
- FreshCloud – Advancing customer pilots with new AgTech capabilities

Sales Mix



- Other Product Solutions
- SmartFresh for Apples



Revenue By Product Solution Category

3Q21 – Performance Drivers Versus Prior Year



Diversification

SmartFresh for Apples



- Sales lower due to weather impacts on the Northern Hemisphere crop and timing shifts in Europe

Other 1-MCP Solutions



- SmartFresh Diversification – category results largely influenced by frost event in Italy which drove lower pear volumes
- Harvista – continued growth, benefit from emergency use permits (E.U.)
- EthylBloc – sales recovering on pandemic normalization

Fungicides & Disinfectants



- Increased citrus production in Morocco
- Greater Fungicide penetration in Latin America following new commercial partnership

Coatings



- VitaFresh Botanicals – continued momentum; expansion beyond pome fruits to key categories such as citrus and avocados

Other

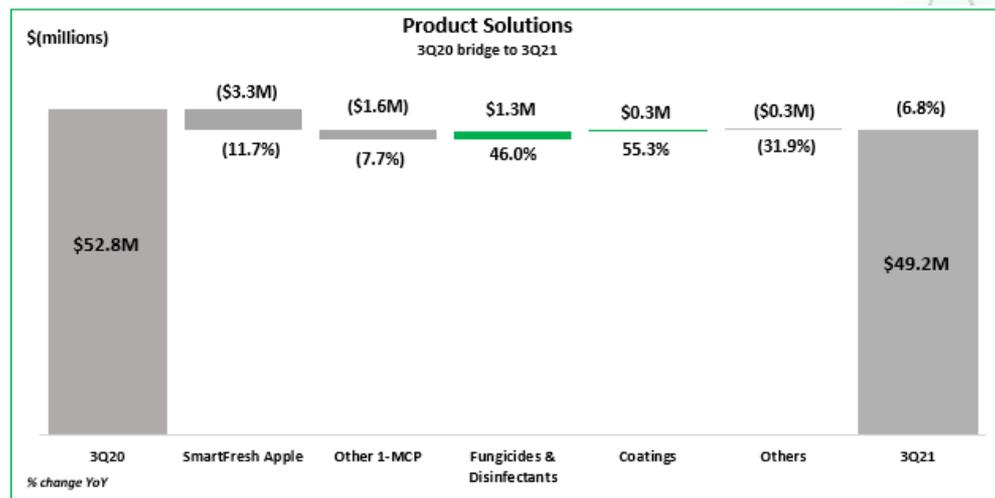
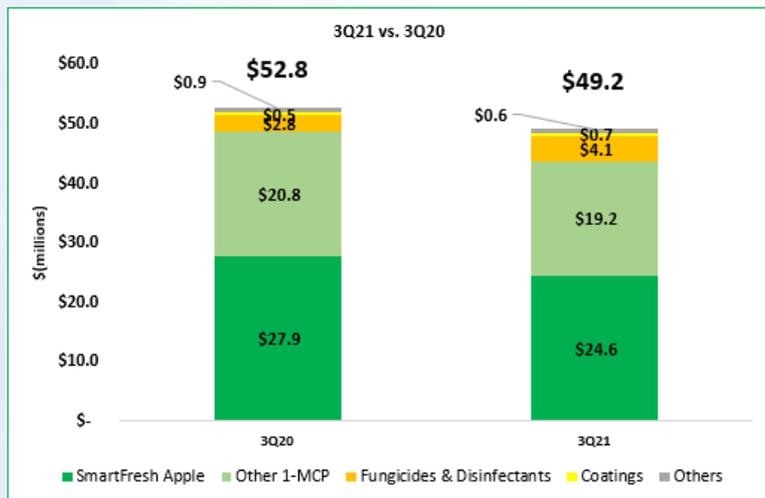


- FreshCloud – accelerating customer trials; converted 8 new customers in third quarter



Revenue by Product Solution Category – 3Q21

Category Mix and Growth Bridge



Revenue By Geography

3Q21 – Performance Drivers Versus Prior Year



Regional Summary

- Weather-related impacts and timing shifts across key markets in the Northern Hemisphere region negatively influenced results

Europe, Middle East & Africa

- France & Italy met with late frost – significant impact to pear production
- European sales timing shifts some revenue to fourth quarter

North America

- Growth constrained by unprecedented heat, impacting SmartFresh for Apple business in PacNW
- Continued recovery of EthylBloc (flowers) following pandemic normalization

Latin America

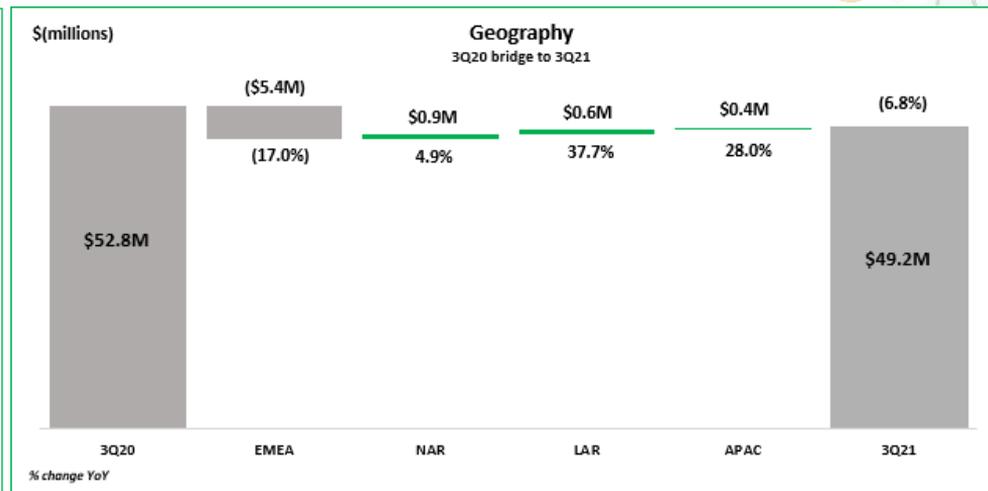
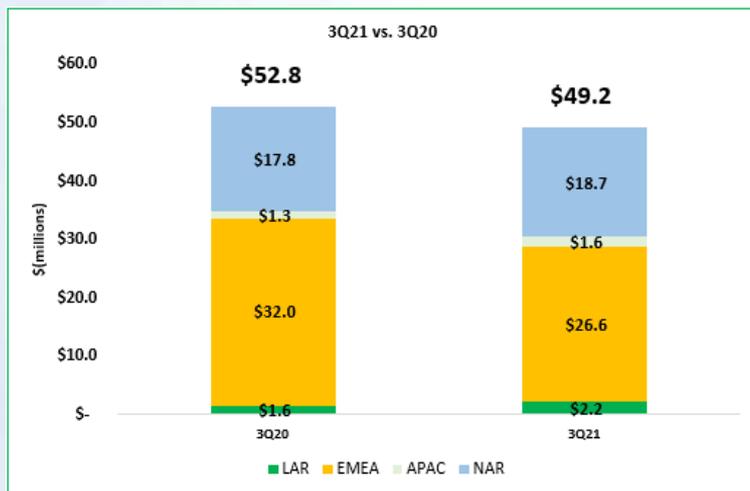
- Greater fungicide penetration within the entire region

Asia Pacific

- Increased SmartFresh persimmon volume in Japan
-

Revenue by Geography – 3Q21

Regional Mix and Growth Bridge



Gross Profit



Gross Margin

- 3Q21
 - Gross margin was 69.4% (versus 74.4% in the prior year period)
- YTD21
 - Gross margin was 70.5% (versus 73.1% in the prior year period)
- Lower year-over-year margin reflects mix due to diversified product growth
- Strong post-harvest margins supported by:
 - Direct selling and service model
 - Asset-light operating model
 - Leveraging R&D investment

Operating Expenses



Ongoing Progress with Cost Control

- Creating greater efficiency for our business to better align operating structure
- Continued restructuring expected to result in flat to slightly down reported SG&A expense for full year 2021
 - On a normalized basis (excluding non-recurring items), expect to drive year-over-year cost efficiencies



Research & Development

- 3Q21 increased \$0.5 million versus the prior year period
- YTD21 increased \$1.7 million versus the prior year period
 - Driven primarily by the timing of projects



Selling, General and Administrative

- 3Q21 expenses decreased 9.0% versus the prior year period
- YTD21 expenses decreased 1.2% versus the prior year period

Net Loss & Adjusted EBITDA



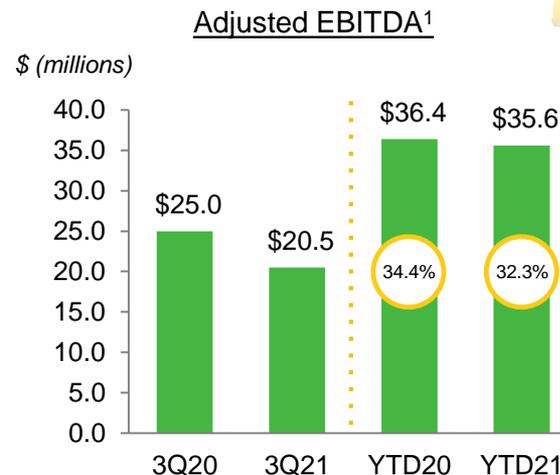
Net Loss

- 3Q21 net income of \$0.8 million (versus net loss of \$29.7 million in 3Q20)
 - Drivers: recorded \$24.7 million increase in tax provisions during 2020.
- YTD21 net loss of \$8.3 million (versus net loss of \$50.3 million in YTD20)
 - Drivers: litigation settlement proceeds of \$14.4 million in 2021 and recorded \$24.7 million increase in tax provisions during 2020



Adjusted EBITDA¹

- 3Q21 was \$20.5 million (versus \$25.0 million in 3Q20)
- YTD21 was \$35.6 million (versus \$36.4 million in YTD20)
- LTM adj. EBITDA margin was 36.6%



Three and nine months ended September 30, 2020 and 2021

○ Adjusted EBITDA¹ % of Revenue

Key Cash Flow Items and Liquidity



Cash Flow from Operations

- Positive trends in Operating Cash Flow:
- FY18: \$3.0 million
- FY19: \$20.1 million
- FY20: \$26.7 million
- September YTD 21²: \$26.0 million

Cash Flow Items (\$ million)	YTD 2021	YTD 2020	Change
Cash Flow from Operations ²	\$26.0	(\$0.4)	\$26.4
Cash Flow from Investing	(\$2.9)	(\$2.1)	(\$0.8)
Capital Expenditures	(\$2.9)	(\$2.1)	(\$0.8)
Cash Flow from Financing	(\$26.7)	(\$1.0)	(\$25.7)
Change in cash, net of foreign currency	(\$6.7)	(\$4.7)	(\$2.0)
Ending Cash	\$43.3	\$25.1	\$18.2



Capital Structure

- Completed comprehensive refinancing on July 27, 2020
- Convertible preferred equity investment by Paine Schwartz Partners
- Net debt-to-adjusted EBITDA¹ ratio of 3.7x
- Term loan maturity extended to December 31, 2024
- Undrawn \$25 million revolver

Liquidity (\$ million)	9/30/21
Gross Debt	\$264.8
Cash	\$43.3
Net Debt	\$221.5
Preferred Equity ³	\$147.0

(1) See GAAP to Non-GAAP schedule in appendix of this presentation for a reconciliation of Adjusted EBITDA to net loss
 (2) YTD 2021 cash flow from operations includes litigation settlement proceeds of \$14.4 million
 (3) Amount is net of issuance costs

Summary



Global Leadership Position with Scalable Model

- Leader in global post-harvest market
- Expanding our addressable market
- Experienced management team



Growth Strategy

- Drive organic growth through diversification, internal innovation and registration capabilities
- Leverage global footprint to source external innovation and bring to market
- Thoughtfully pursue strategic acquisitions



Improved Operating Structure

- Attractive gross profit margin coupled with cost optimization initiatives enables operating leverage and cash flow generation



Appendix

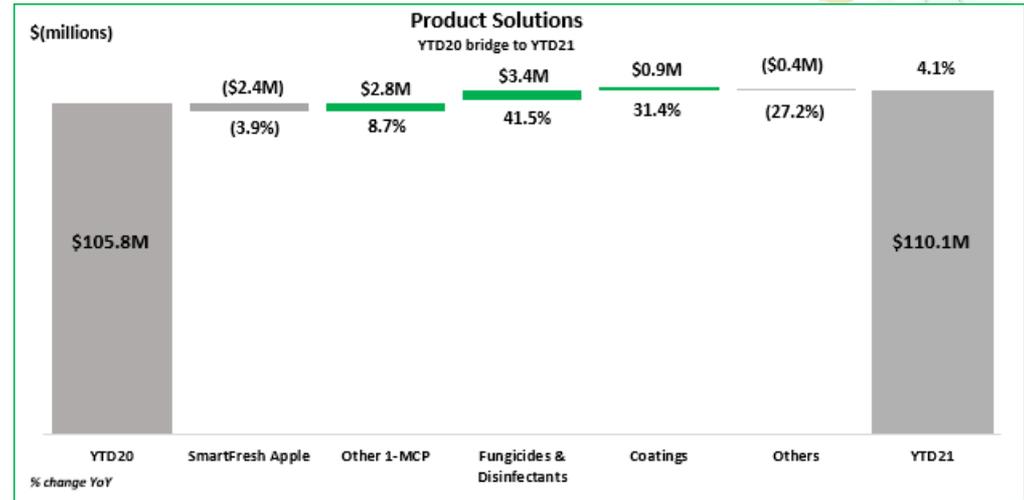
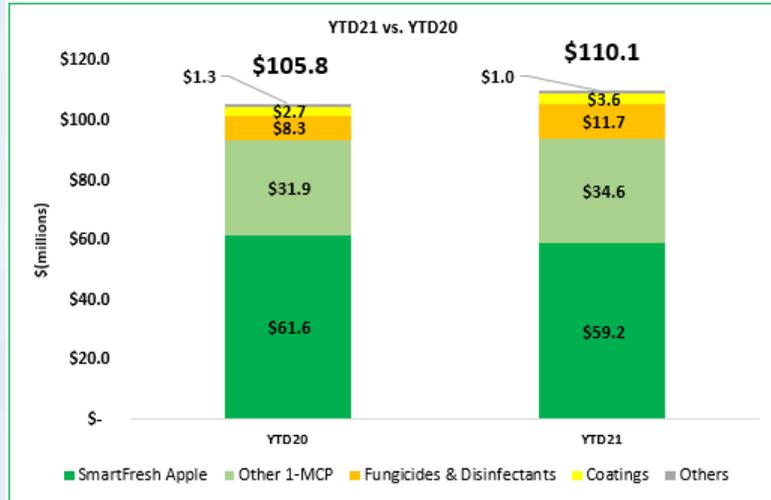
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Revenue by Product Solution Category – YTD21

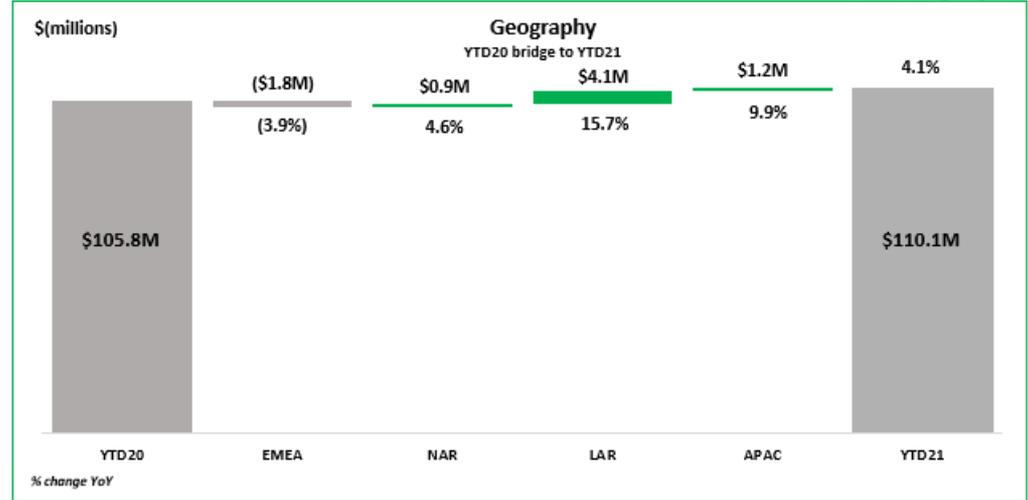
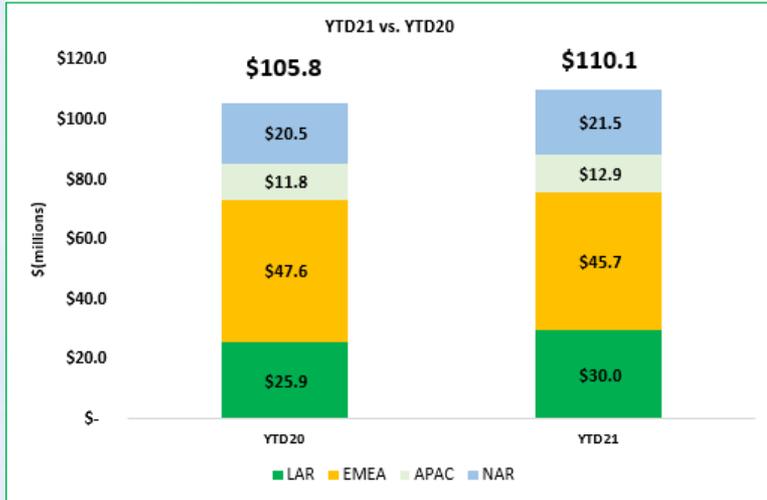
Category Mix and Growth Bridge





Revenue by Geography – YTD21

Regional Mix and Growth Bridge



Reg G Reconciliation

GAAP Net Loss to Non-GAAP EBITDA and Adjusted EBITDA

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	2021	2020	2021	2020	2021	2020
GAAP net income (loss) including non-controlling interest						
	\$812	(\$29,738)	(\$8,284)	(\$50,303)	(\$10,947)	(\$79,878)
Depreciation and amortization	11,522	11,630	34,122	34,775	46,317	81,539
Interest expense ⁽¹⁾	5,465	4,922	16,571	18,401	21,839	26,164
Income taxes expense	208	33,214	2,175	30,013	3,538	25,400
Non-GAAP EBITDA	\$18,007	\$20,028	\$44,584	\$32,886	\$60,747	\$53,225
Adjustments:						
Share-based compensation	976	943	2,147	2,705	3,040	3,308
Severance related costs ⁽²⁾	29	356	1,616	430	2,071	480
Other non-recurring costs ⁽³⁾	242	-	1,762	2,383	2,619	4,823
Loss (gain) on foreign currency exchange ⁽⁴⁾	918	(1,390)	(436)	(2,466)	4,866	(1,223)
Debt modification and extinguishment costs	-	5,028	-	5,028	-	5,028
Other expense (income) ⁽⁵⁾	301	-	301	(2,974)	301	(2,974)
Litigation settlement	-	-	(14,392)	(1,600)	(14,392)	(1,600)
Contingent consideration adjustments, net ⁽⁶⁾	-	-	-	-	-	(458)
Impairment of assets ⁽⁷⁾	-	-	-	-	-	10,432
Total Adjustment	2,466	4,937	(9,002)	3,506	(1,495)	17,816
Non-GAAP Adjusted EBITDA	\$20,473	\$24,965	\$35,582	\$36,392	\$59,252	\$71,041

(1) Interest on debt and accretion for debt discounts.

(2) Severance costs related to restructuring and cost optimization initiatives.

(3) Costs related to certain professional and other infrequent or non-recurring fees, including those associated with restructuring, litigation and M&A related fees.

(4) Loss (gain) on foreign currency exchange relates to net gains and losses resulting from transactions denominated in a currency other than the Company's functional currency.

(5) Other expense (income) related primarily to grant income.

(6) Non-cash adjustment to the fair value of contingent consideration, including tax receivables agreement and contingent payment related to the Tecnidex acquisition.

(7) Impairment of assets related to investments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
GAAP net sales	49,178	52,770	110,094	105,775
Impact from changes in foreign currency exchange rates	(146)	-	(1,289)	-
Non-GAAP constant currency net sales (1)	49,032	52,770	108,805	105,775

(1)

The company provides net sales on a constant currency basis to enhance investors' understanding of underlying business trends and operating performance, by removing the impact of foreign currency exchange rate fluctuations. The impact from foreign currency, calculated on a constant currency basis, is determined by applying prior period average exchange rates to current year results.