

# AgroFresh

We Grow Confidence™

**AgroFresh Solutions, Inc.**

**First Quarter 2021**

**Supplemental Earnings Presentation**



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# First Quarter 2021

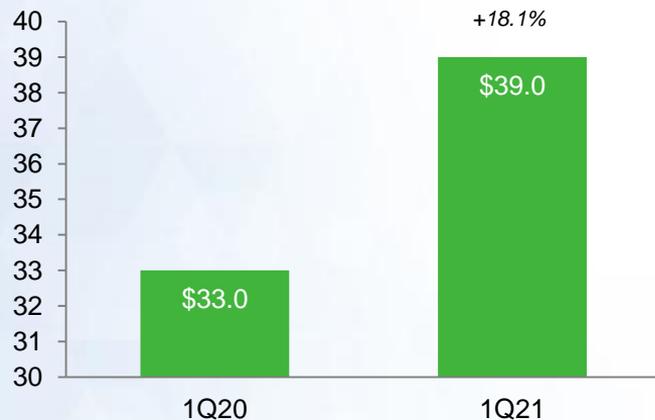


## Net Sales Growth of 18.1%

- Constant currency growth of 17.6%

### Net Sales

\$(millions)

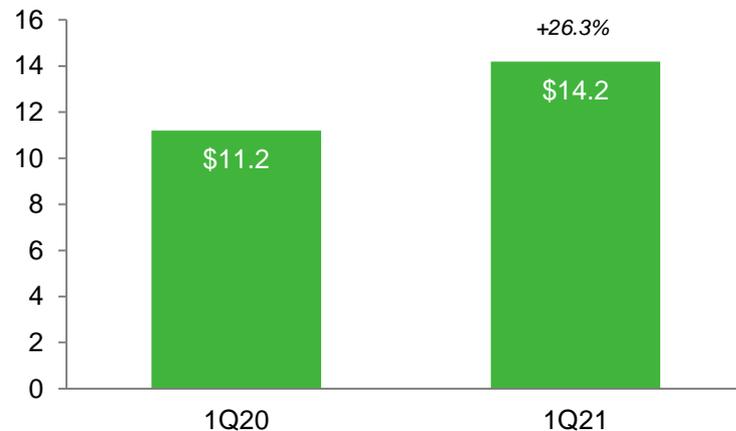


## Adjusted EBITDA Growth of 26.3%

- Adjusted EBITDA margin increased 240 bps to 36.3%

### Adjusted EBITDA<sup>1</sup>

\$(millions)



Three months ended March 31, 2020 and 2021

# Revenue By Geography

## 1Q21 Southern Hemisphere – Performance Drivers Versus Prior Year



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### Regional Summary

- Normal growing season for 2021 Southern Hemisphere (2020 delayed harvest shifted sales to 2Q)
- Expect to generate consolidated growth in 1H21

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### Latin America

- Brazil – return to normal crop size

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### Europe, Middle East & Africa

- Spain – improved citrus production following difficult prior year that was impacted by severe weather

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### Asia Pacific

- New Zealand – first year launch of Harvista; advantageous timing with pandemic labor disruptions

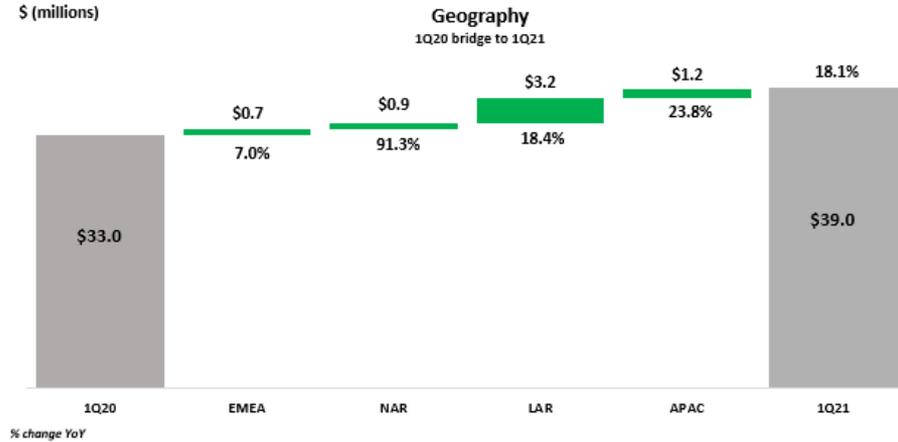
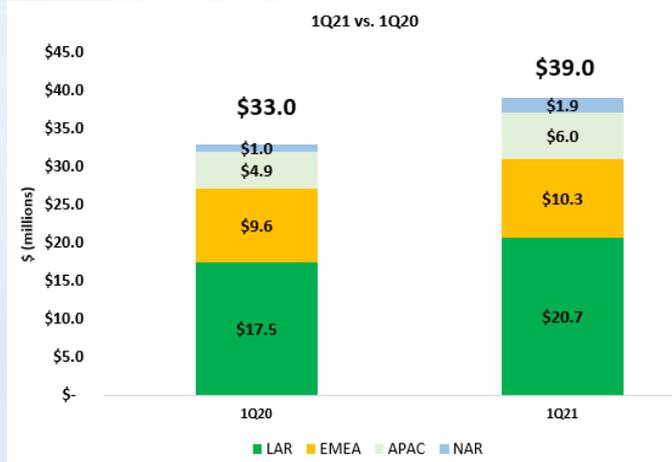
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### North America

- Recovery of EthylBloc (flowers) following pandemic normalization
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# Revenue by Geography

## Regional Mix and Growth Bridge



# Revenue By Product Solution Category

## 1Q21 Southern Hemisphere – Performance Drivers Versus Prior Year

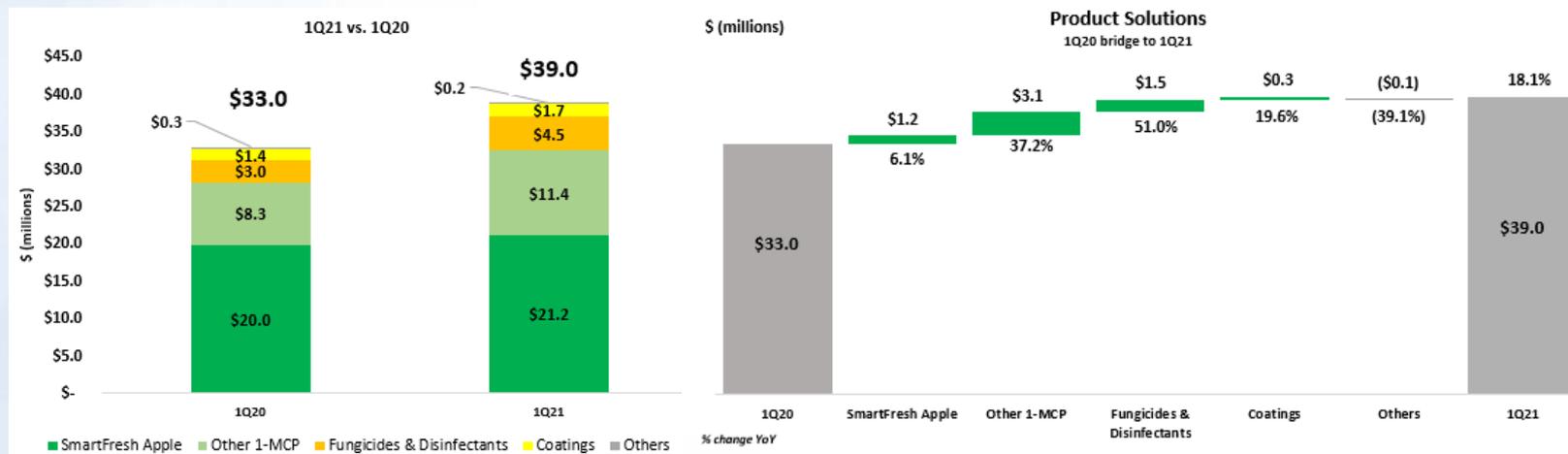


Diversification

<b>SmartFresh Apple</b>		<ul style="list-style-type: none"> <li>SmartFresh – apple production normalized versus difficult prior year season in Brazil and Australia</li> </ul>
<b>Other 1-MCP</b>		<ul style="list-style-type: none"> <li>SmartFresh Diversification – strong sales in other crops driven primarily by pears in Chile and plums in South Africa</li> <li>Harvista – strong sales in Brazil after prior year registration; New Zealand first year success supported by labor disruptions</li> <li>EthylBloc – sales recovering on pandemic normalization</li> </ul>
<b>Fungicides &amp; Disinfectants</b>		<ul style="list-style-type: none"> <li>ActiSeal – improved penetration in Argentina</li> <li>ActiMist – first year sales in Chile</li> <li>Tecnidex (Textar) – strong finish to citrus season in EMEA (straddles 4Q20 and 1Q21)</li> </ul>
<b>Coatings</b>		<ul style="list-style-type: none"> <li>VitaFresh Botanicals – 1Q21 launch with Camposol for avocados</li> <li>Tecnidex (Teycer) – strong finish to citrus season in EMEA (straddles 4Q20 and 1Q21)</li> </ul>
<b>Other</b>		<ul style="list-style-type: none"> <li>Several key FreshCloud customer wins – Hortec (South Africa), Montague (Australia), Blue Star Growers (United States)</li> </ul>

# Revenue by Product Solution Category

## Category Mix and Growth Bridge



# Diversification



## Driving “Diversification” Beyond SmartFresh Apple

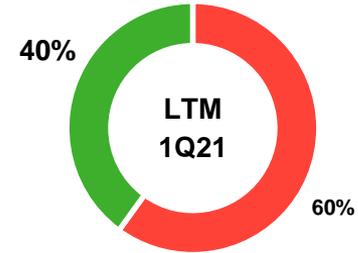
- Focused on leveraging R&D and registration capabilities to expand beyond core SmartFresh Apple business
  - Diversification = All other crop solutions, ex-SmartFresh Apple
- Diversification revenue grew 14% year-over-year on a LTM basis, as of 3/31/21



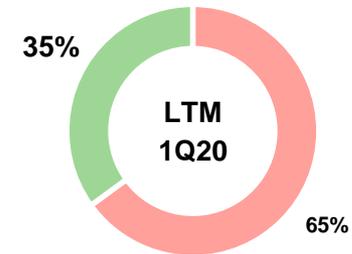
## Ongoing Initiatives

- Non-apple SmartFresh – Continue pursuit of new registrations in new crops and geographies; opportunities in avocados, tomatoes, melons and broccoli
- Harvista – Expansion into new geographies for patented near-harvest solution
- 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 Apple



# Gross Profit



## Gross Margin

- 1Q21
  - Gross margin was 73.5% (versus 74.2% in the prior year quarter)
- Driven by product mix
- Strong post-harvest margins supported by:
  - Service platform
  - Asset-light operating model
  - Continued R&D investment

# Operating Expenses



## Ongoing Cost Optimization Progress

- Creating greater efficiency for our business to better align operating structure



## Selling, General and Administrative

- 1Q21 expenses were essentially flat at \$13.6 million
  - Ongoing cost optimization continues to be the focus for the Company



## Research & Development

- 1Q21 increased \$0.7 million versus the prior year period
  - Driven by the accelerated spend for projects

# Net Income & Adjusted EBITDA



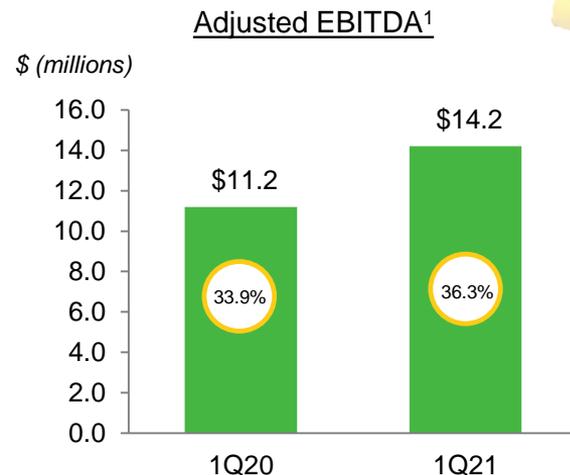
## Net Income (Loss)

- 1Q21 net income of \$8.2 million (versus net loss of \$3.8 million in 1Q20)
- Drivers: higher revenue, further supported by other income in the form of litigation settlement proceeds



## Adjusted EBITDA<sup>1</sup>

- 1Q21 increased 26.3% to \$14.2 million (versus \$11.2 million in 1Q20)
- Adjusted EBITDA margin increased 240 bps to 36.3% versus prior year



Three months ended March 31, 2021 and 2020

○ Adjusted EBITDA<sup>1</sup> % of Revenue

(1) See GAAP to Non-GAAP schedule in appendix of this presentation for a reconciliation of Adjusted EBITDA to net income (loss).

# Key Cash Flow Items and Liquidity



## Cash Flow from Operations

- Positive trends in Operating Cash Flow:
- 2018: \$3.0 million
- 2019: \$20.1 million
- 2020: \$26.7 million



## Capital Structure

- Completed comprehensive refinancing on July 27, 2020
- Convertible preferred equity investment by Paine Schwartz Partners
- Net debt-to-adjusted EBITDA<sup>1</sup> ratio of 3.4x
- Term loan maturity extended to December 31, 2024
- Undrawn \$25 million revolver

Cash Flow Items (\$ million)	1Q21	1Q20	Change
Cash Flow from Operations <sup>2</sup>	\$23.3	\$1.1	\$22.2
Cash Flow from Investing	(\$0.4)	(\$0.4)	\$0.0
Capital Expenditures	(\$0.4)	(\$0.4)	\$0.0
Cash Flow from Financing	(\$18.2)	(\$0.2)	(\$18.0)
Change in cash, net of foreign currency	\$2.8	(\$1.0)	\$3.8
Ending Cash	\$52.9	\$28.8	\$24.1

Liquidity (\$ million)	3/31/21
Gross Debt	\$266.5
Cash	\$52.9
Net Debt	\$213.6
Preferred Equity	\$144.7

(1) See GAAP to Non-GAAP schedule in appendix of this presentation for a reconciliation of Adjusted EBITDA to net income (loss)

(2) 1Q21 cash flow from operations includes litigation settlement proceeds of \$14.4 million

# 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 margin coupled with cost optimization initiatives enables operating leverage and cash flow generation



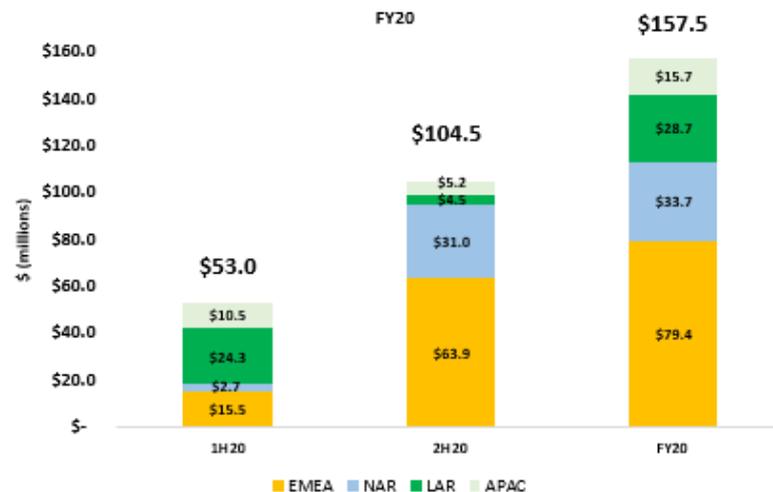
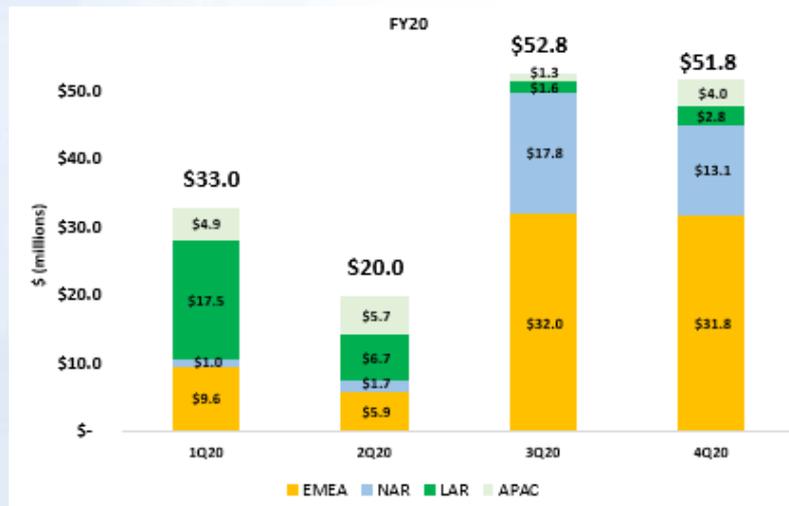
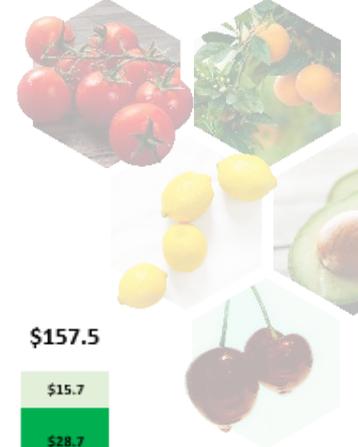
## Appendix

### AgroFresh Solutions, Inc.



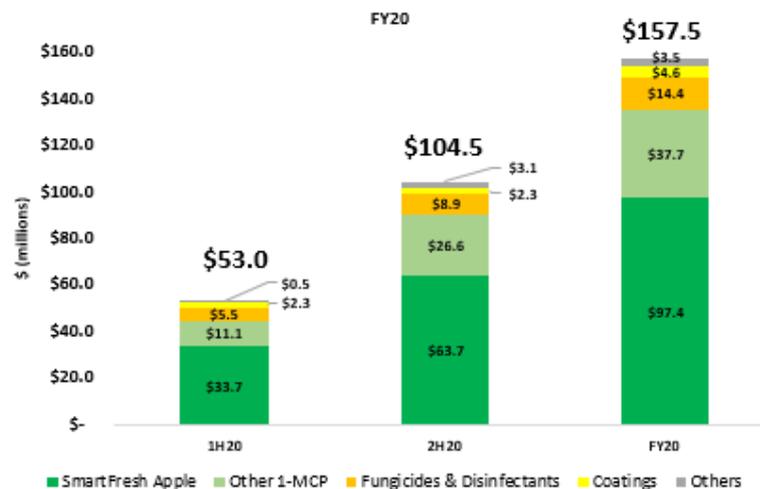
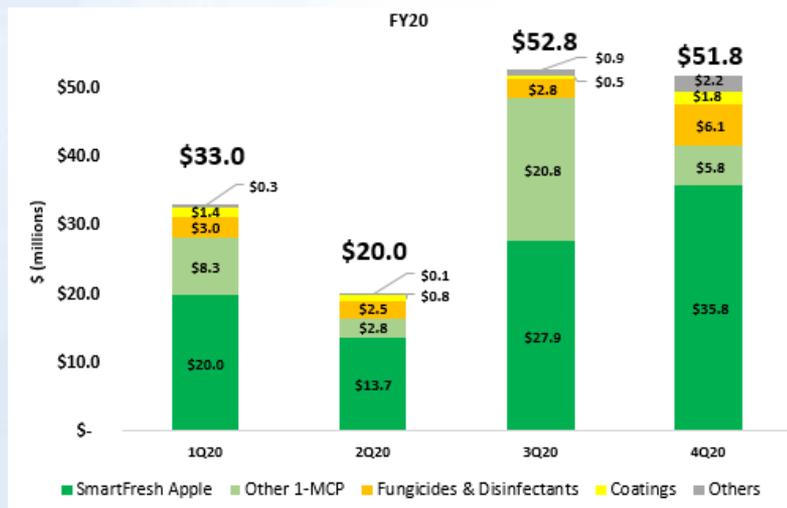
# Historical: Revenue by Geography

## Regional Mix: 2020 Quarterly & Halves (Hemisphere)



# Historical: Revenue by Product Solution Category

Regional Mix: 2020 Quarterly & Halves (Hemisphere)



# Reg G Reconciliation

## GAAP Net Income (Loss) to Non-GAAP EBITDA and Adjusted EBITDA



<i>(\$ in thousands)</i>	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
<b>GAAP net income (loss) including non-controlling interest</b>	\$ 8,184	\$ (3,814)
Expense (benefit) for income taxes	1,823	(3,831)
Interest expense <sup>(1)</sup>	5,890	6,966
Depreciation and amortization	11,423	11,577
<b>Non-GAAP EBITDA</b>	<b>27,320</b>	<b>10,898</b>
Share-based compensation	891	788
Other non-recurring costs <sup>(2)</sup>	766	1,744
Gain on foreign currency exchange <sup>(3)</sup>	(433)	(627)
Litigation settlement	(14,392)	(1,600)
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 14,152</b>	<b>\$ 11,203</b>

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

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

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