



# AgroFresh

We Grow Confidence

## Third Quarter 2022

Supplemental Earnings Presentation

November 9, 2022

# Disclaimers

In addition to historical information, this presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and are identified with, but not limited to, words such as “anticipate”, “believe”, “expect”, “estimate”, “plan”, “outlook”, and “project” and other similar expressions (or the negative versions of such words or expressions).

Forward-looking statements include, without limitation, information concerning the Company’s possible or assumed future results of operations, including all statements regarding financial guidance, anticipated future growth, business strategies, competitive position, industry environment, potential new products and other growth opportunities and the effects of regulation, and any statements regarding the outcome of negotiations with respect to the recent agreement of the special committee of the Company’s board of directors and Paine Schwartz Partners, LLC (“Paine Schwartz”) to pursue a transaction in which Paine Schwartz would acquire all of the outstanding common stock of the Company, and whether any transaction will be consummated in connection therewith. These statements are based on management’s current expectations and beliefs, as well as a number of assumptions concerning future events. Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the Company’s management’s control that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks include, without limitation, the risk of increased competition, the ability of the business to grow and manage growth profitably, risks associated with the Company’s substantial level of indebtedness, risks associated with acquisitions and investments, changes in applicable laws or regulations, conditions in the global economy, including the effects of the coronavirus outbreak, inflationary and currency exchange rate impacts, and the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors. Additional risks and uncertainties are identified and discussed in the Company’s filings with the SEC, including the Annual Report on Form 10-K filed on March 9, 2022, and its Quarterly Reports on Form 10-Q for subsequent periods, which are available at the SEC’s website at [www.sec.gov](http://www.sec.gov). Any forward-looking statement made in this presentation is based only on information currently available to the Company and speaks only as of the date on which it is made. The Company undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

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.

™Trademark of AgroFresh



# AgroFresh at a glance

## A global AgTech leader focused on food preservation and food waste reduction for the fresh produce market

Providing growers, packers and retailers a range of solutions, digital technologies and services to enhance the quality and extend the shelf life of fresh produce

40 Years of market leadership

Launched in 2002, our flagship product, SmartFresh™ has allowed more than 8 billion pounds of apples to be sold as fresh vs. processed

SmartFresh now used in a wide variety of crops including pears, kiwis, plums, avocados, tomatoes, and mangos

Comprehensive portfolio includes plant-based coatings, equipment and proprietary solutions that help improve produce freshness from harvest to the home

## A Customer Centric Selling Model & Leading R&D and Regulatory Footprint

A global, sales and technical services team

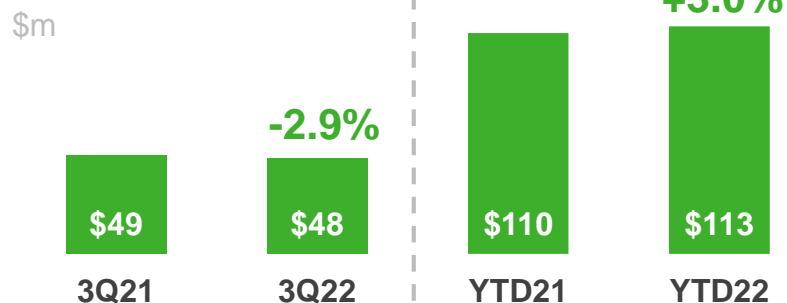
Products Registered in 50+ Countries.

Servicing more than 3,700 direct customers

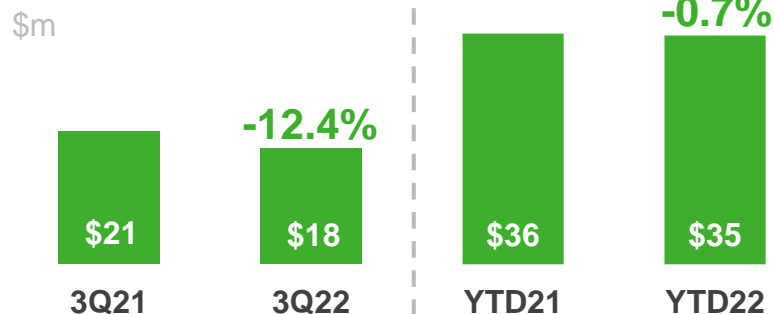
IP: 400+ patents and patent applications globally

# Third Quarter & Year-to-Date 2022

## Net sales



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



Three and nine months ended September 30, 2021 and 2022

(1) See GAAP to Non-GAAP schedule in appendix of this presentation for a reconciliation of Adjusted EBITDA and constant currency net sales to their most comparable GAAP measures.



## Constant Currency Growth of +3% for 3Q22 and +8% YTD

3Q22 net sales decreased 2.9% (or increased 3.1%<sup>(1)</sup> on a constant currency basis) compared to 3Q21

YTD22 net sales increased 3.0% (or 8.1%<sup>(1)</sup> on a constant currency basis) compared to YTD21



## YTD Growth Driven by Diversification

Achieved 11.1% diversification growth (or 16.7% growth on a constant currency basis) in YTD22 (vs. YTD21)

All Diversification categories generated growth, led by Antimicrobials and Coatings market penetration and expansion in EMEA

Growth partially offset by SmartFresh for Apple declines in certain countries in Latin America and North America due to unfavorable weather and timing events



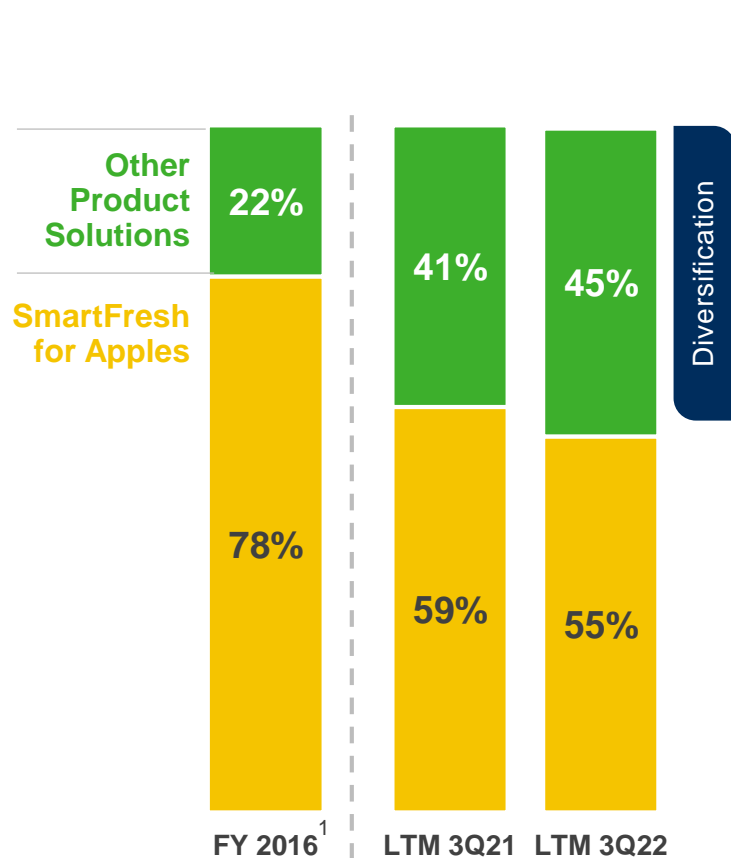
## Adjusted EBITDA

3Q22 adjusted EBITDA decreased by \$2.5 million or 12.4% compared to prior year primarily due to lower gross profit which was negatively impacted by changes in foreign currency and product mix

YTD22 adjusted EBITDA decreased by \$0.3 million or 0.7% compared to YTD21 due to lower gross profit, which was negatively impacted by changes in foreign currency and product mix

# Diversification Results

## Diversification Sales Mix



## Diversification Sales Growth

Seven consecutive quarters of **double-digit** diversification category growth on constant currency basis



## Ongoing Key Initiatives

### SmartFresh™ for Other High-value Crops

Continued pursuit of new registrations in new crops and geographies; opportunities in avocados, tomatoes, melons and broccoli

### Harvista™

Near-harvest solution; Expansion into new geographies

### Fungicides & Disinfectants

Cross selling broader portfolio of solutions to existing customers; expanding portfolio through partnerships

### VitaFresh Botanicals™

Plant-based edible coatings; securing customer trials

### FreshCloud™

Suite of digital monitoring and analytics tools

(1) 2016 represents first full year following public market debut on August 3, 2015.

# Revenue By Product Solution Category

## 3Q22 – Performance Drivers Versus 3Q21

Diversification

**SmartFresh for Apples**



Driven by growth in EMEA and APAC, which was partially offset by weather related and timing of sales impacts in North America

**Other 1-MCP Solutions**



**EthylBloc** – North American flower market recovery driving growth

**Fungicides & Disinfectants**



Decrease driven by softness in fungicides for citrus in Brazil, partially offset by Antimicrobials growth in Turkey

**Coatings**



**VitaFresh Botanicals** – Continued focus on customer trials

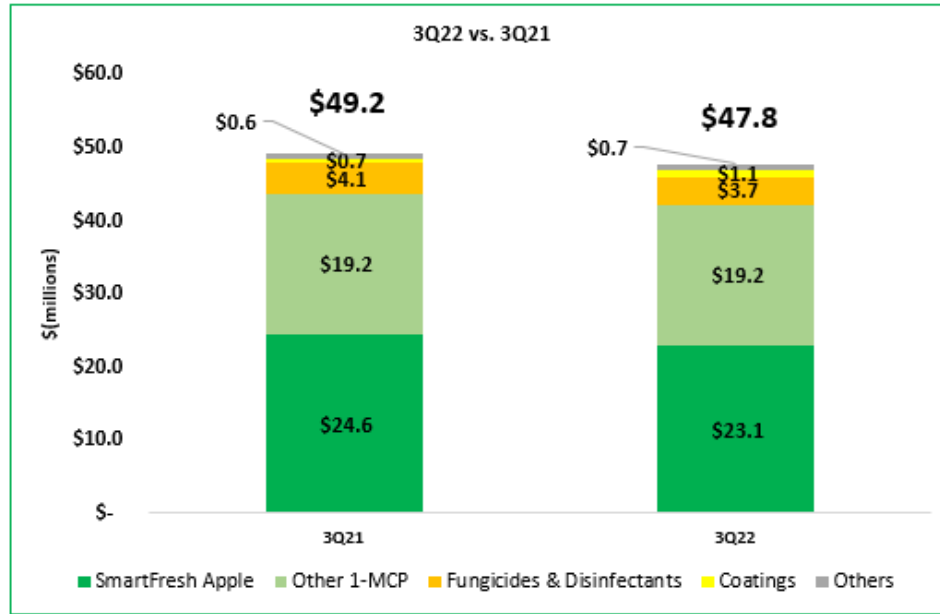
**Other**



**FreshCloud** – Continued focus on customer trials

**Control-Tec** – Increased adoption in Italy & Morocco

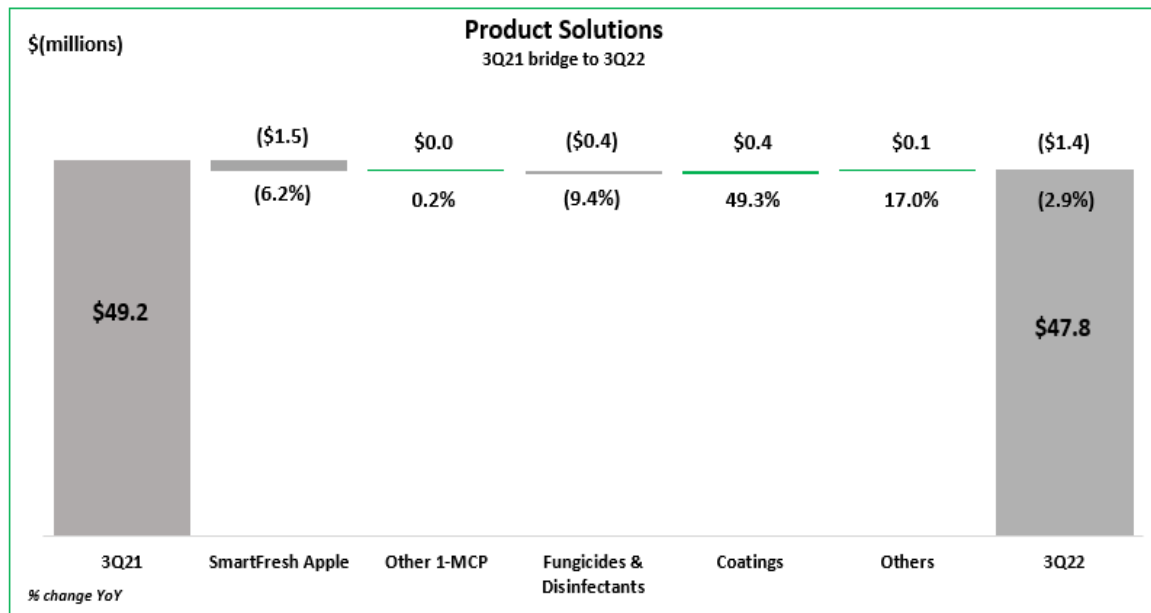
3Q22  
vs.  
3Q21



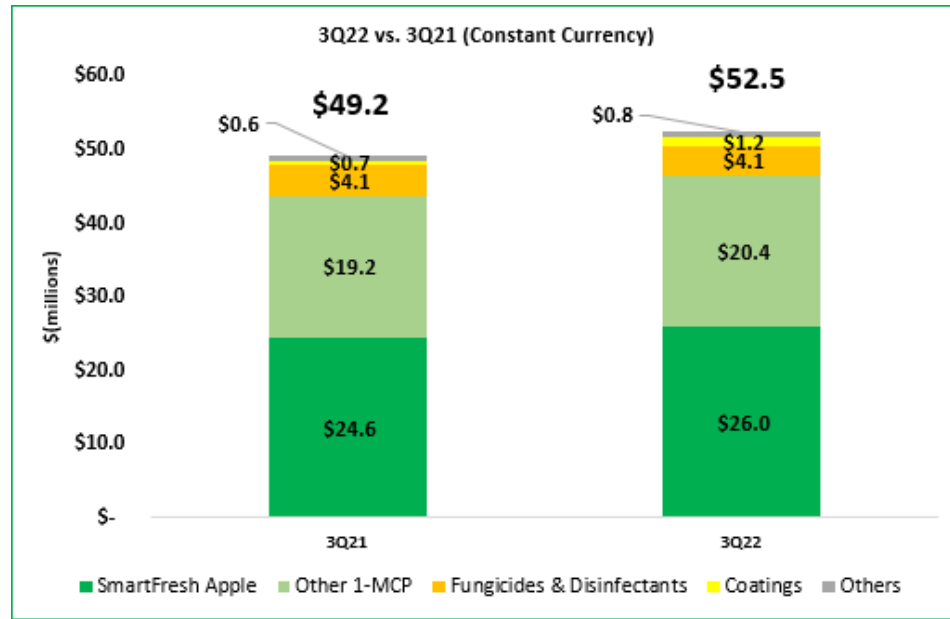
# Revenue by Product Solution Category 3Q22

Category Mix and Growth Bridge

3Q21  
bridge to  
3Q22



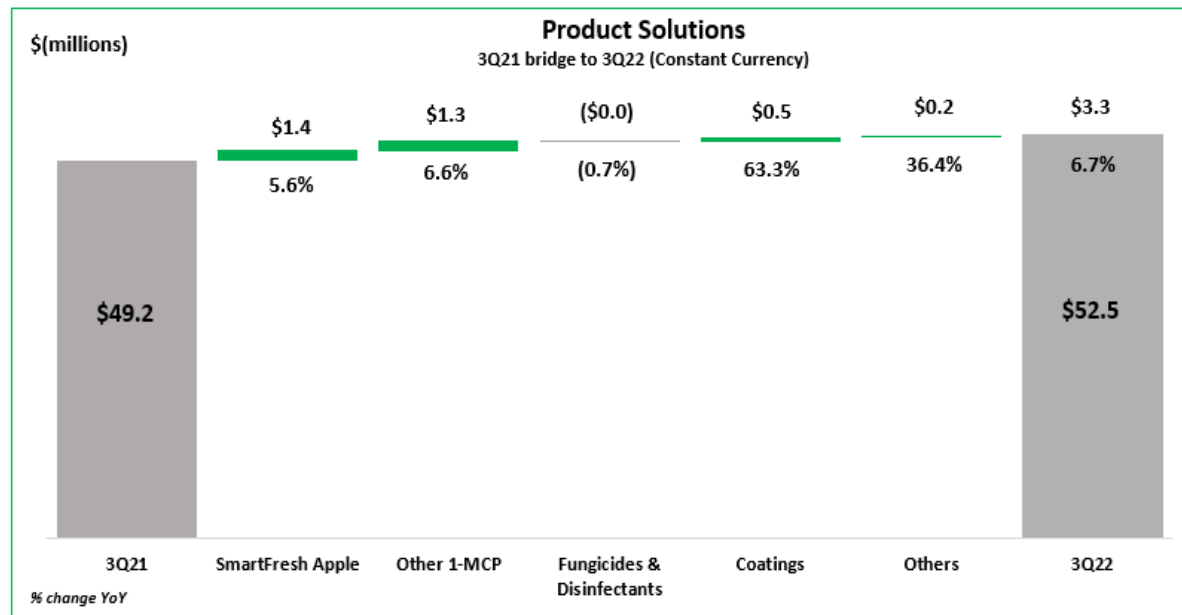
3Q22  
vs.  
3Q21



# Revenue by Product Solution Category 3Q22 (Constant Currency)

Category Mix and Growth Bridge

3Q21  
bridge to  
3Q22





# Revenue By Geography

## 3Q22 – Performance Drivers Versus 3Q21

Beginning of the Northern Hemisphere season

### North America

Weather-related events impacted crop size and delayed the harvest season, partially offset by strong EthylBloc demand amid the recovering flower industry

### Latin America

Not material due to transition to Northern Hemisphere season

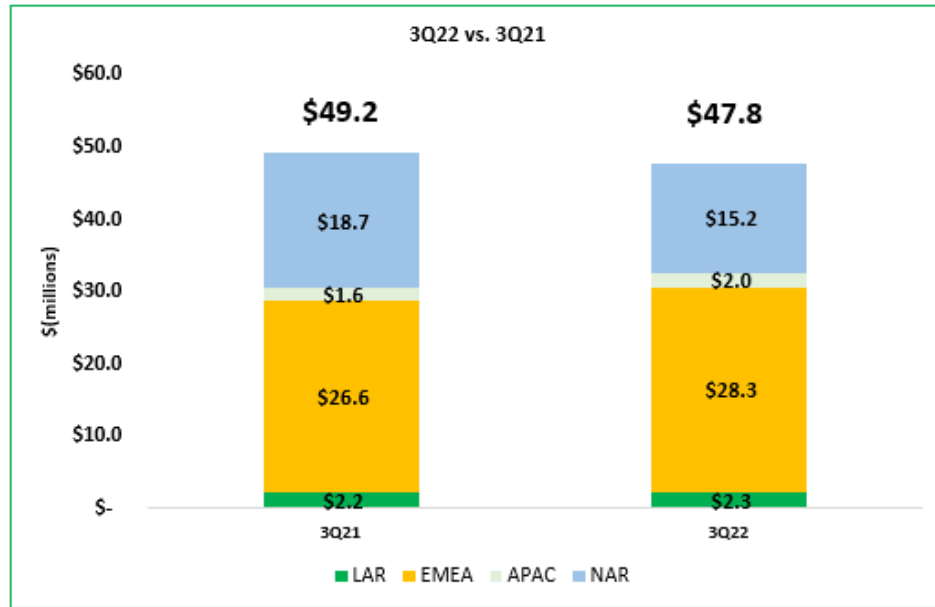
### Europe, Middle East & Africa

Growth led by early timing of SmartFresh sales in Europe. Received authorization of emergency permits for Harvista in Eastern Europe, Italy, and Portugal; additionally, granted registration for Harvista in Ukraine.

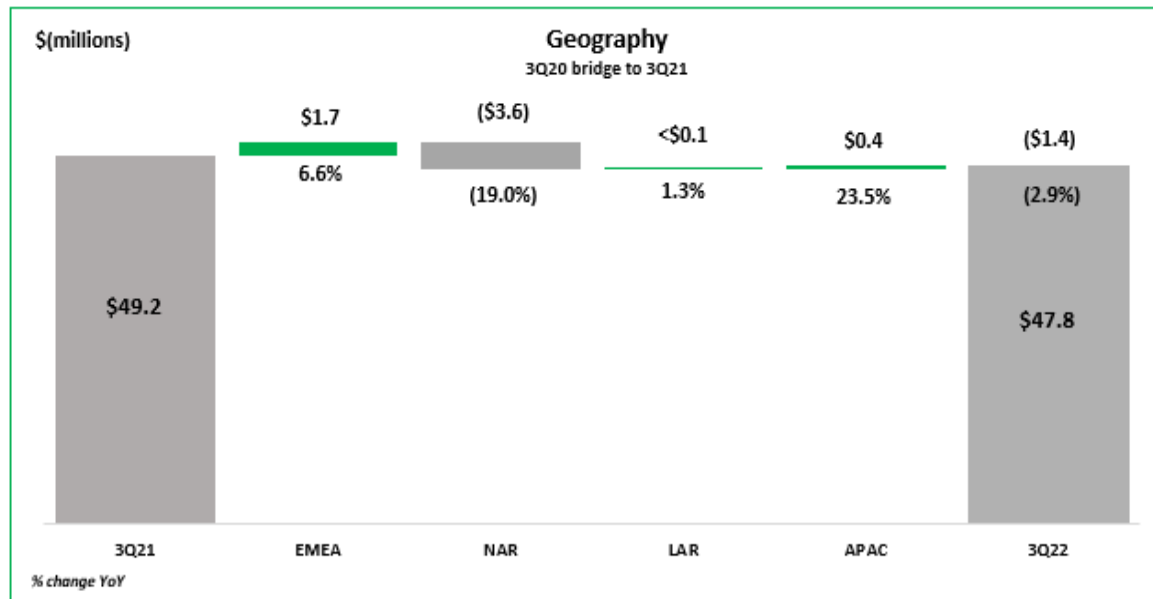
### Asia Pacific

Growth led by SmartFresh penetration in Asian markets

3Q22  
vs.  
3Q21



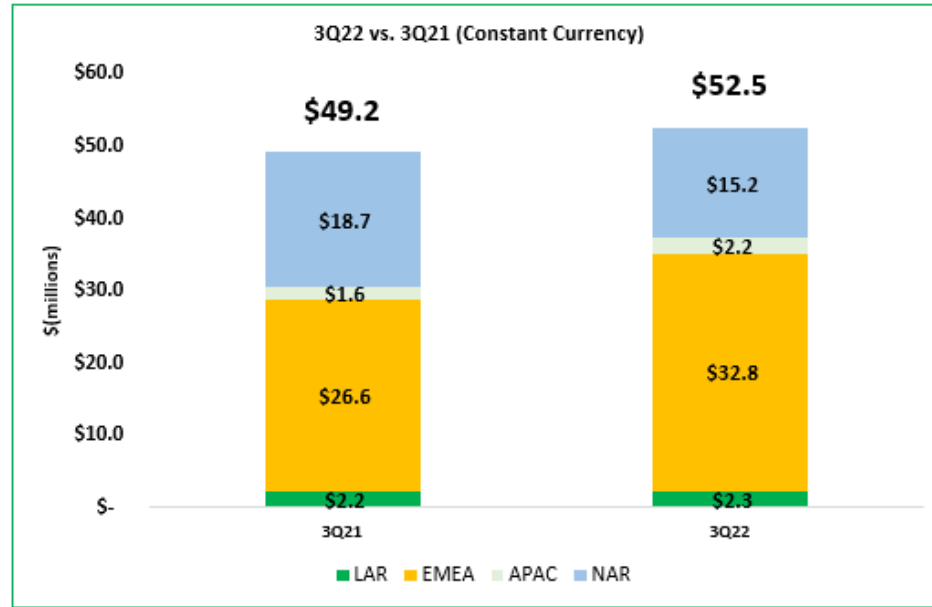
3Q21  
bridge to  
3Q22



# Revenue by Geography 3Q22

Regional Mix and Growth Bridge

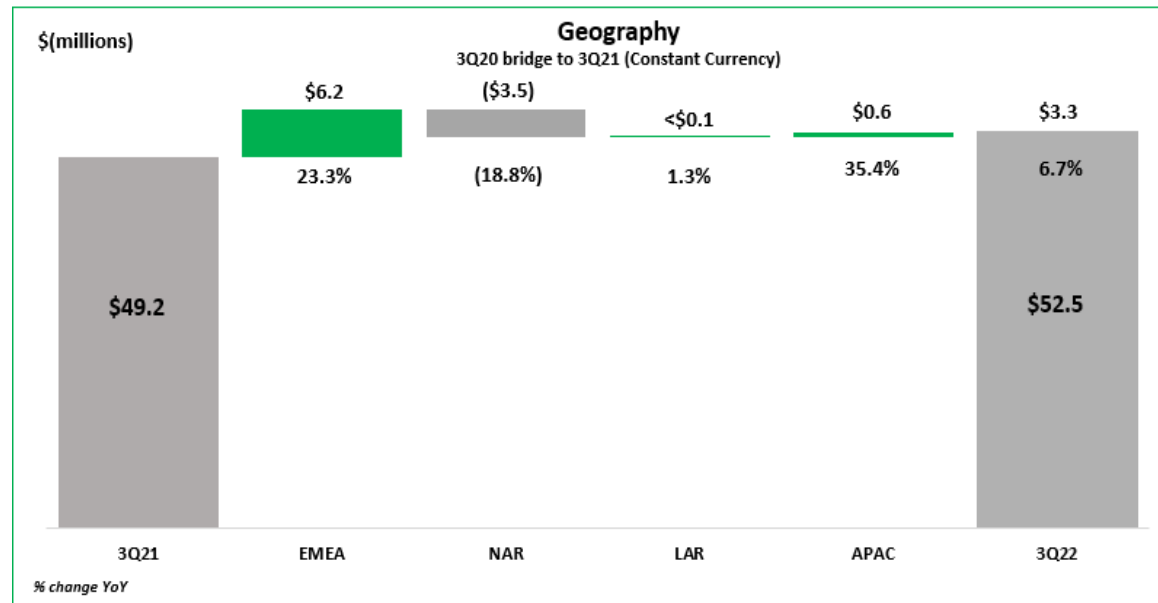
3Q22  
vs.  
3Q21



# Revenue by Geography 3Q22 (Constant Currency)

Regional Mix and Growth Bridge

3Q21  
bridge to  
3Q22



# Gross Profit



## Focused on Driving Gross Profit Dollar Growth

### 3Q22

Gross profit decreased \$1.9 million or -5.7% versus the prior year period

Gross profit increased 3.1% on a constant currency basis

Gross margin 67.4%

### YTD22

Gross profit decreased \$1.0 million or -1.3% versus the prior year period

Gross profit increased 1.6% on a constant currency basis

Gross margin 67.6%

### Strong post-harvest margins supported by

- Direct selling and service model
- Asset-light operating model
- Leveraging R&D investment to innovate products with an attractive margin profile

# Operating Expenses



## Resource Reallocation to Support Growth

Continued focus on expense discipline and thoughtful resource allocation – steering organization toward growth and revenue generating activities



## Research & Development

3Q22 decreased \$0.1 million versus the prior year period

YTD22 decreased \$1.0 million versus the prior year period

Lower R&D costs due primarily to the timing of projects



## Selling, General and Administrative

3Q22 increased 10.2% versus the prior year period

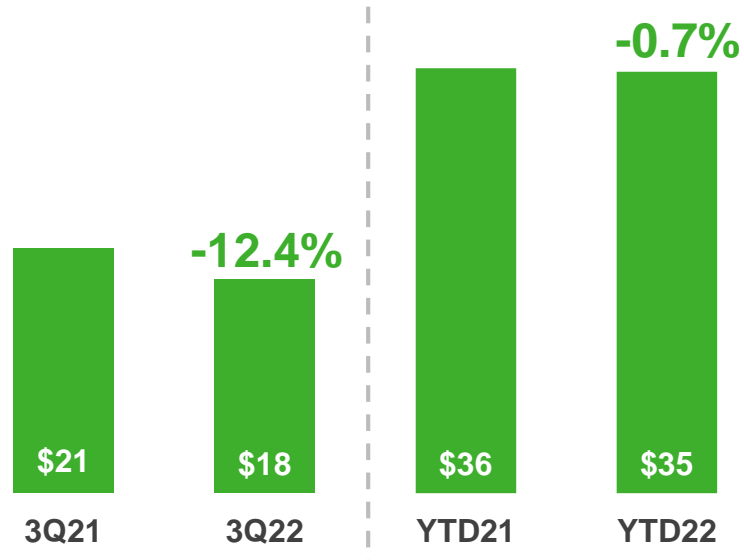
YTD22 increased 0.8% versus the prior year period

SG&A expense increase due primarily to commercial investment initiatives

# Net Income (Loss) & Adjusted EBITDA

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

\$m



Three and nine months ended September 30, 2021 and 2022



## Net Income (Loss)

3Q22 net loss of \$4.3 million versus a net income of \$0.8 million in 3Q21

YTD22 net loss of \$25.8 million (versus a net loss of \$8.3 million in YTD21, which included \$14.4 million of litigation proceeds)



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

3Q22 adjusted EBITDA was \$17.9 million versus \$20.5 million in 3Q21

YTD22 adjusted EBITDA was \$35.3 million (versus \$35.6 million in YTD21)

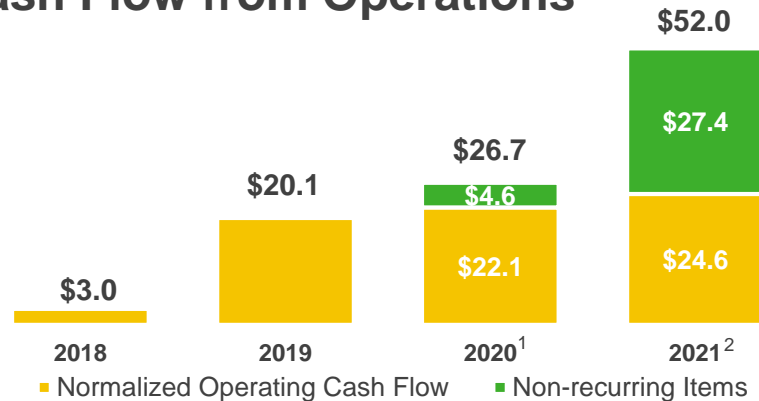
LTM adjusted EBITDA margin was 36.5%

(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 Capital Structure Summary



## Cash Flow from Operations



Cash Flow Items (\$ million)	YTD 2022	YTD 2021	Change
Cash Flow from Operations	\$(2.8) <sup>3</sup>	\$26.0 <sup>4</sup>	(\$28.8)
Cash Flow from Investing	(\$2.6)	(\$2.9)	\$0.3
Capital Expenditures	(\$2.6)	(\$2.9)	\$0.3
Cash Flow from Financing	(\$12.9) <sup>5</sup>	(\$26.7) <sup>6</sup>	\$13.8
Effect of FX Changes on Cash	(\$7.9)	(\$3.1)	(\$4.8)
Ending Cash	\$35.6	\$43.3	(\$7.7)



## Capital Structure

Net debt-to-adjusted EBITDA<sup>7</sup> ratio of 3.7x

Term loan maturity extended to December 31, 2024

Undrawn \$25 million revolver

Convertible preferred equity investment by Paine Schwartz Partners

Capital Structure (\$ million)	09/30/22
Market Capitalization (53.0MM shares @ \$1.50)	\$79.6
Cash	\$35.6
Gross Debt	\$261.3
Net Debt	\$225.7
Preferred Equity	\$169.9
Minority Interest	\$6.9
Enterprise Value	\$482.1

- (1) FY 2020 non-recurring items include \$1.6 million litigation recovery and \$3.0 million of grant income  
(2) FY 2021 non-recurring items include litigation settlement proceeds of \$14.4 million, extraordinary improvements in accounts receivable and inventory of approximately \$9 million, and an approximate \$4 million reduction in interest expense from refinancing.  
(3) Reflects timing of accounts receivables collections and strategic supply chain sourcing  
(4) Includes litigation settlement proceeds of \$14.4 million and working capital improvement of approximately \$12.7 million  
(5) Includes \$10.6 million of cash dividend on PSP convertible preferred shares and \$2.4 million debt paydown  
(6) Includes \$10.0 million of cash dividend on PSP convertible preferred shares, \$11.6 million debt paydown and \$5.3 million redemption of PSP shares  
(7) LTM, as of 9/30/22; see GAAP to Non-GAAP schedule in appendix of this presentation for a reconciliation of Adjusted EBITDA to net (loss) income

# Summary



## Global leadership position in a growing industry

Leader in global post-harvest market

Expanding our addressable market

Experienced management team



## Growth strategy

Drive organic growth through diversification, leveraging global commercial and regulatory capabilities

Be recognized as the partner of choice for external innovations

Thoughtfully pursue strategic acquisitions



## Improved operating structure

Attractive gross profit margin coupled with asset-light model and cost and resource discipline enables operating leverage and cash flow generation



# Appendix



(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>GAAP net (loss) income including non-controlling interest</b>	(\$4,614)	\$812	(\$26,152)	(\$8,284)
Depreciation and amortization	11,360	11,522	34,252	34,122
Interest expense <sup>(1)</sup>	5,664	5,465	15,703	16,571
Income taxes expense (benefit)	535	208	(2,687)	2,175
<b>Non-GAAP EBITDA</b>	<b>\$12,945</b>	<b>\$18,007</b>	<b>\$21,116</b>	<b>\$44,584</b>
Adjustments:				
Share-based compensation	1,096	976	3,411	2,147
Severance related costs <sup>(2)</sup>	74	29	918	1,616
Other non-recurring costs <sup>(3)</sup>	525	242	1,035	1,762
Loss (gain) on foreign currency exchange <sup>(4)</sup>	3,299	918	9,373	(436)
Other income <sup>(5)</sup>	—	301	(515)	301
Litigation settlement	—	—	—	(14,392)
<b>Total Adjustments</b>	<b>4,994</b>	<b>2,466</b>	<b>14,222</b>	<b>(9,002)</b>
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$17,939</b>	<b>\$20,473</b>	<b>\$35,338</b>	<b>\$35,582</b>

- (1) Interest on debt and accretion for debt discounts.  
(2) Severance costs related to continued focus on cost control initiatives and restructuring.  
(3) Costs related to certain professional and other infrequent or non-recurring fees, including those associated with refinancing activities, litigation and M&A related fees.  
(4) Net gains and losses resulting from transactions denominated in a currency other than the Company's functional currency.  
(5) Non-recurring data compensation income.

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>GAAP net sales</b>	<b>\$47,764</b>	<b>\$49,178</b>	<b>\$113,405</b>	<b>\$110,094</b>
Impact from changes in foreign currency exchange rates	2,963	—	5,611	—
<b>Non-GAAP operational net sales <sup>(1)</sup></b>	<b>\$50,727</b>	<b>\$49,178</b>	<b>\$119,016</b>	<b>\$110,094</b>

- (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.

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>GAAP gross profit</b>	<b>\$32,212</b>	<b>\$34,143</b>	<b>\$76,638</b>	<b>\$77,641</b>
Impact from changes in foreign currency exchange rates	2,982	—	2,216	—
<b>Non-GAAP operational gross profit <sup>(1)</sup></b>	<b>\$35,194</b>	<b>\$34,143</b>	<b>\$78,854</b>	<b>\$77,641</b>

- (1) The Company provides gross profit 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.

# Reg G Reconciliation

GAAP Net Loss  
to Non-GAAP EBITDA and  
Adjusted EBITDA

GAAP Net Sales  
to Non-GAAP Operational Net  
Sales

GAAP Gross Profit to  
to Non-GAAP Operational Gross  
Profit

<i>(in thousands)</i>	Twelve Months Ended September 30, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>GAAP net loss including non-controlling interest</b>	(23,950)	(6,082)	(52,966)	(54,153)
Expense (benefit) for income taxes	2,708	2,578	31,376	(24,500)
Interest expense <sup>(1)</sup>	20,906	21,774	23,669	33,784
Depreciation and amortization	40,883	45,745	46,970	83,456
<b>Non-GAAP EBITDA</b>	<b>40,547</b>	<b>64,015</b>	<b>49,049</b>	<b>38,587</b>
Share-based compensation	4,477	3,213	3,598	2,714
Severance related costs <sup>(2)</sup>	1,594	2,292	885	1,086
Other non-recurring costs <sup>(3)</sup>	1,588	2,315	3,240	8,745
Loss (gain) on foreign currency exchange <sup>(4)</sup>	7,713	(2,096)	2,836	4,127
Other (income) expense <sup>(5)</sup>	(515)	301	(2,974)	-
Impairment of goodwill	6,380	6,380	-	-
Litigation recovery	-	(14,392)	(1,600)	-
Debt extinguishment and modification costs	-	-	5,028	-
Contingent consideration adjustments, net <sup>(6)</sup>	-	-	-	(330)
Impairment of assets <sup>(7)</sup>	-	-	-	11,424
<b>Total Adjustments</b>	<b>21,237</b>	<b>(1,987)</b>	<b>11,013</b>	<b>27,766</b>
<b>Non-GAAP Adjusted EBITDA</b>	<b>61,784</b>	<b>62,028</b>	<b>60,062</b>	<b>66,353</b>
<b>Non-GAAP Adjusted EBITDA margin %</b>	<b>36.5%</b>	<b>37.4%</b>	<b>38.1%</b>	<b>39.0%</b>

(1) Interest on debt, accretion for debt discounts, debt issuance costs and contingent consideration.

(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 income includes non-recurring data sharing compensation and grant income

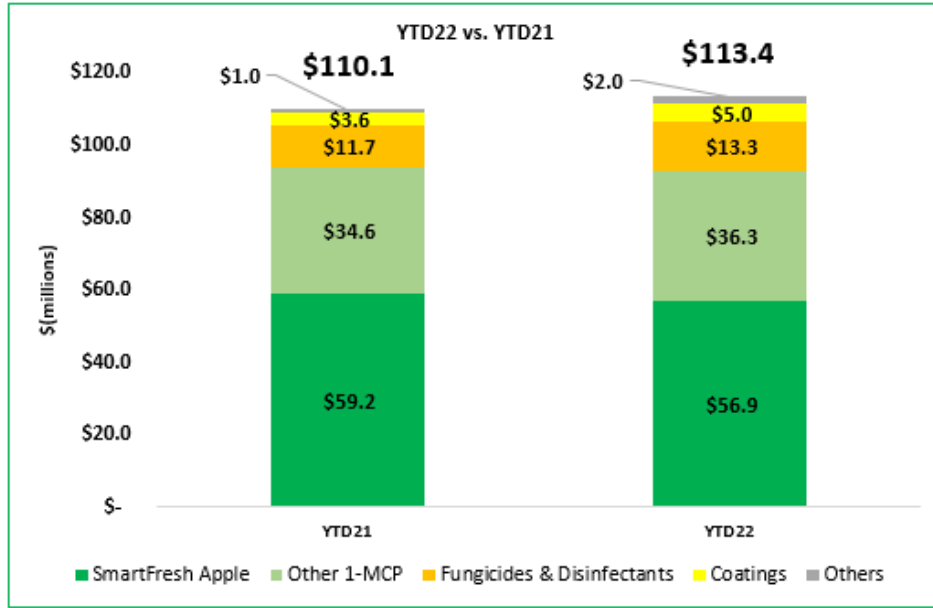
(6) Non-cash adjustment to the fair value of contingent consideration, including the Tax Receivable Agreement previously in effect and contingent payment related to the Tecnidex acquisition.

(7) Impairment of assets related to software, investments and long lived assets.

## Reg G Reconciliation

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

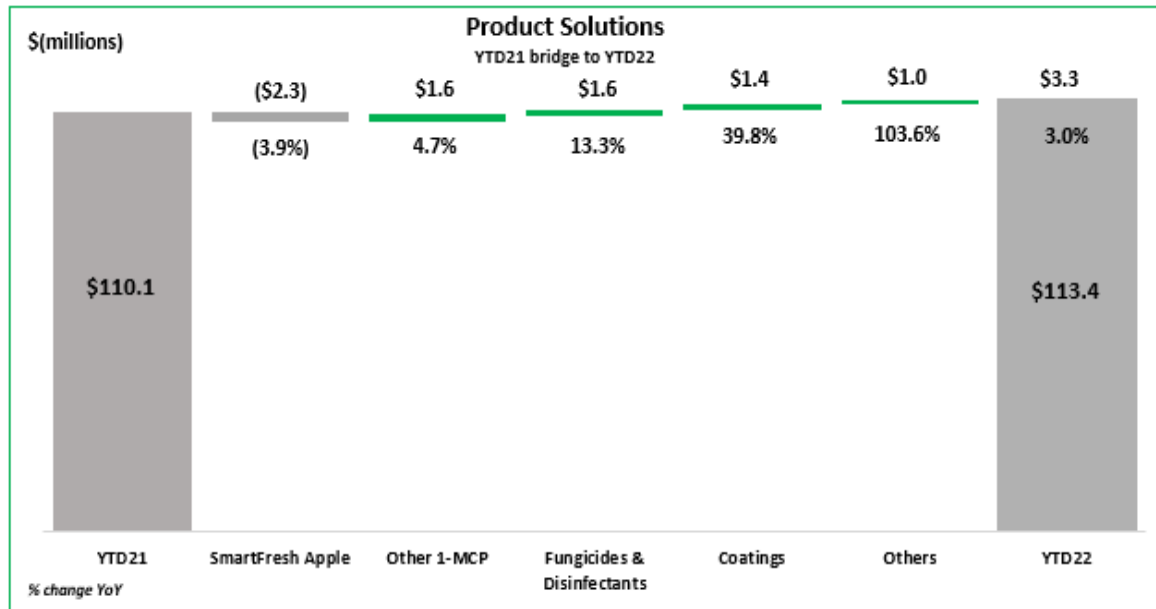
YTD22  
vs.  
YTD21



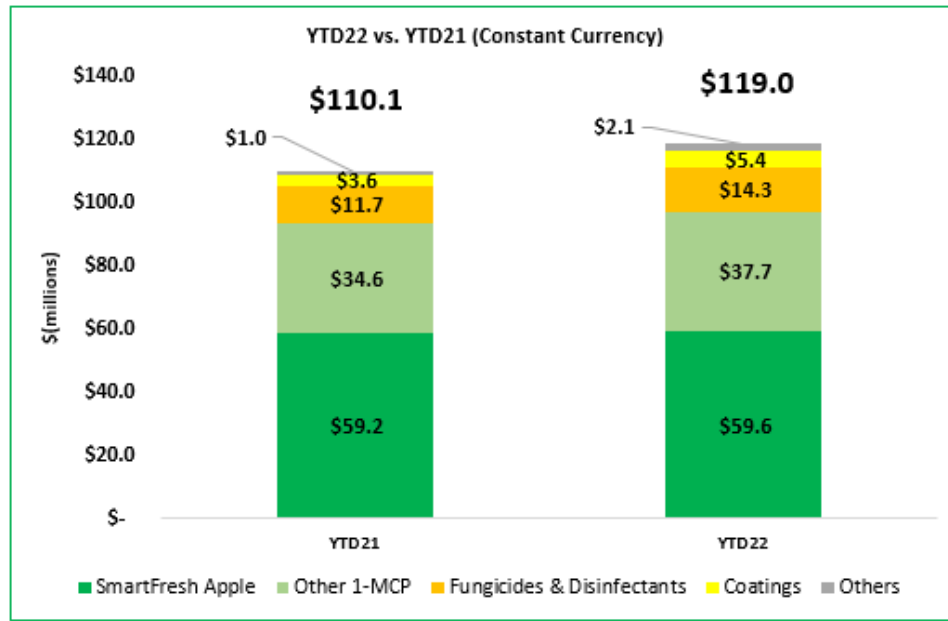
# Revenue by Product Solution Category YTD22

Category Mix and Growth Bridge

YTD21  
bridge to  
YTD22



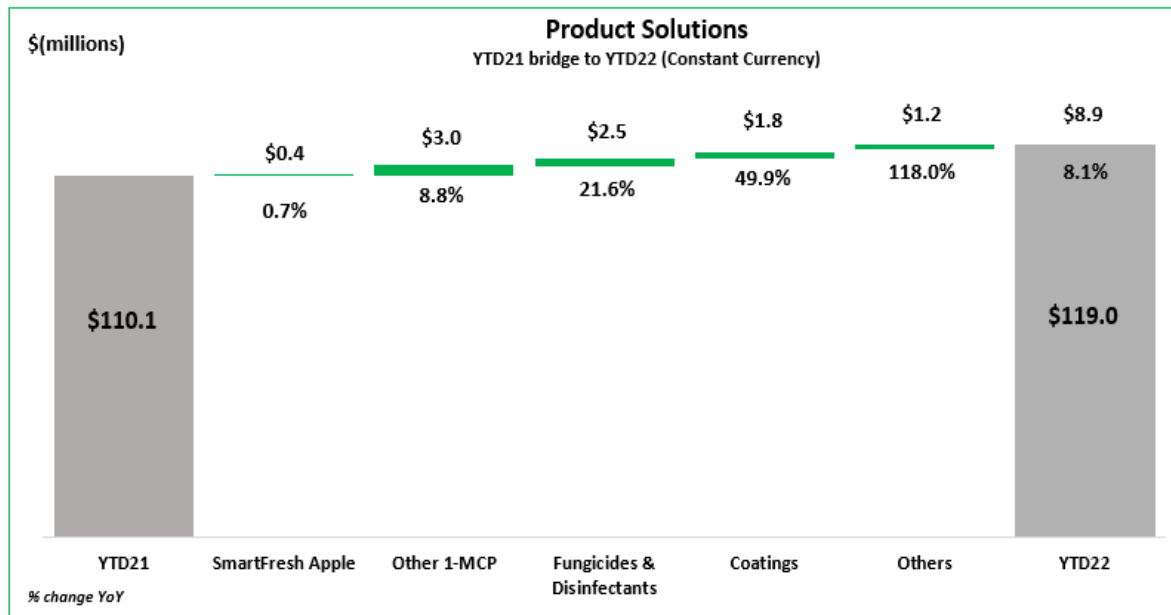
YTD22  
vs.  
YTD21



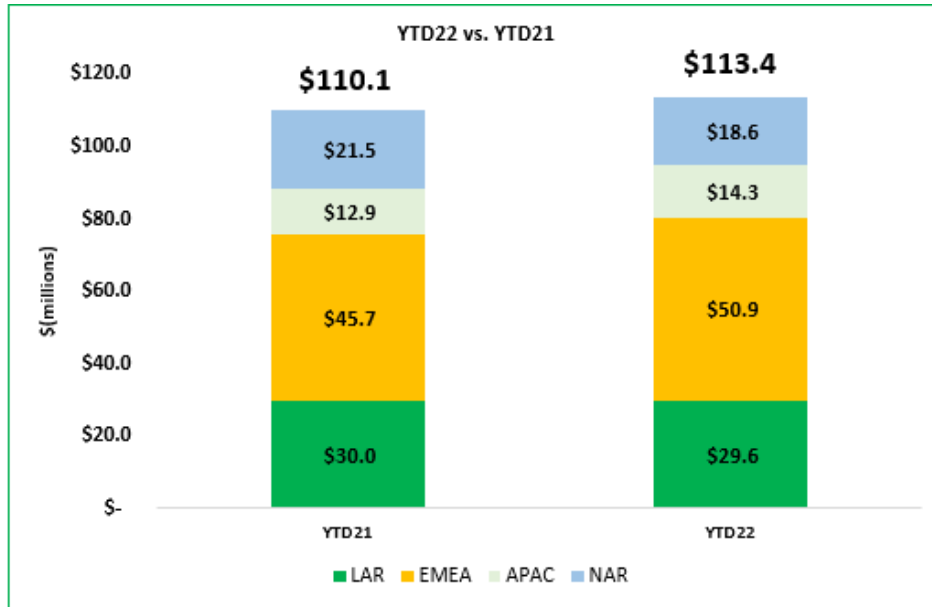
# Revenue by Product Solution Category YTD22 (Constant Currency)

Category Mix and Growth Bridge

YTD21  
bridge to  
YTD22



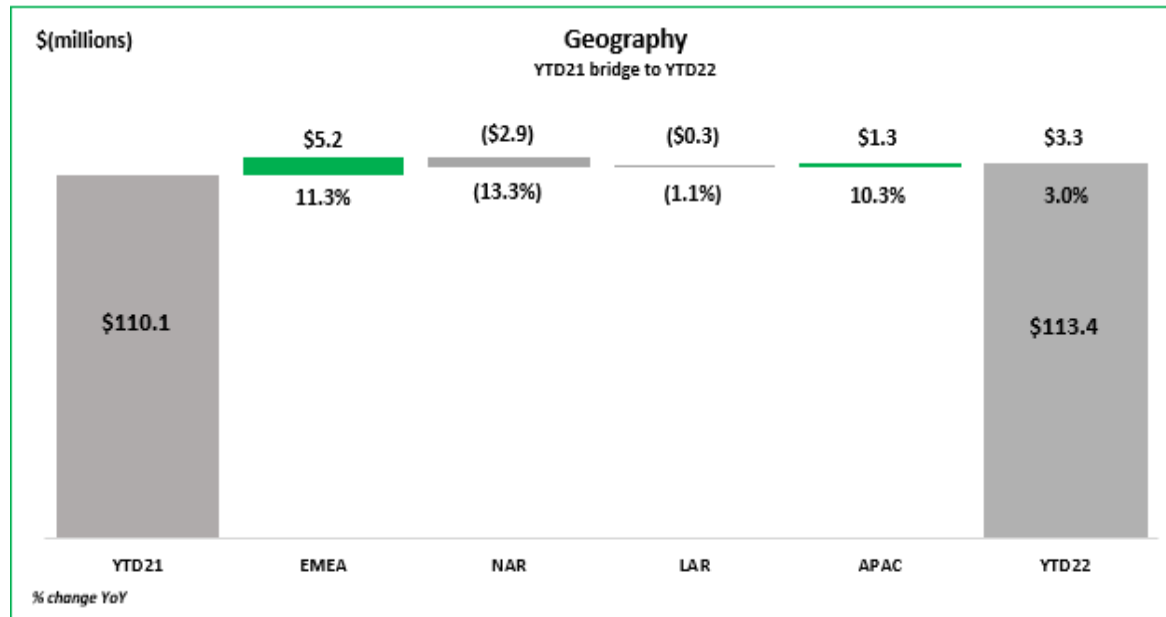
YTD22  
vs.  
YTD21



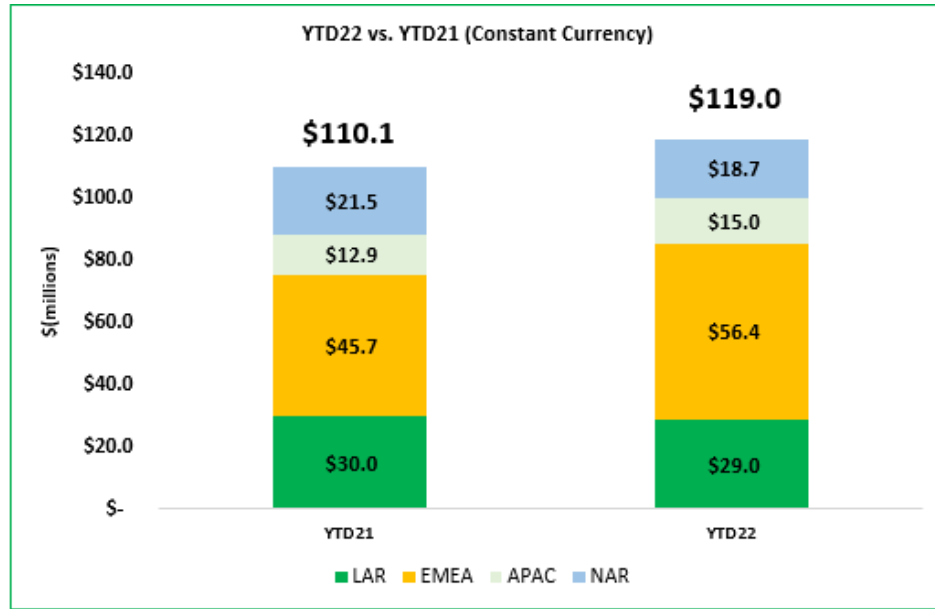
# Revenue by Geography YTD22

Regional Mix and Growth Bridge

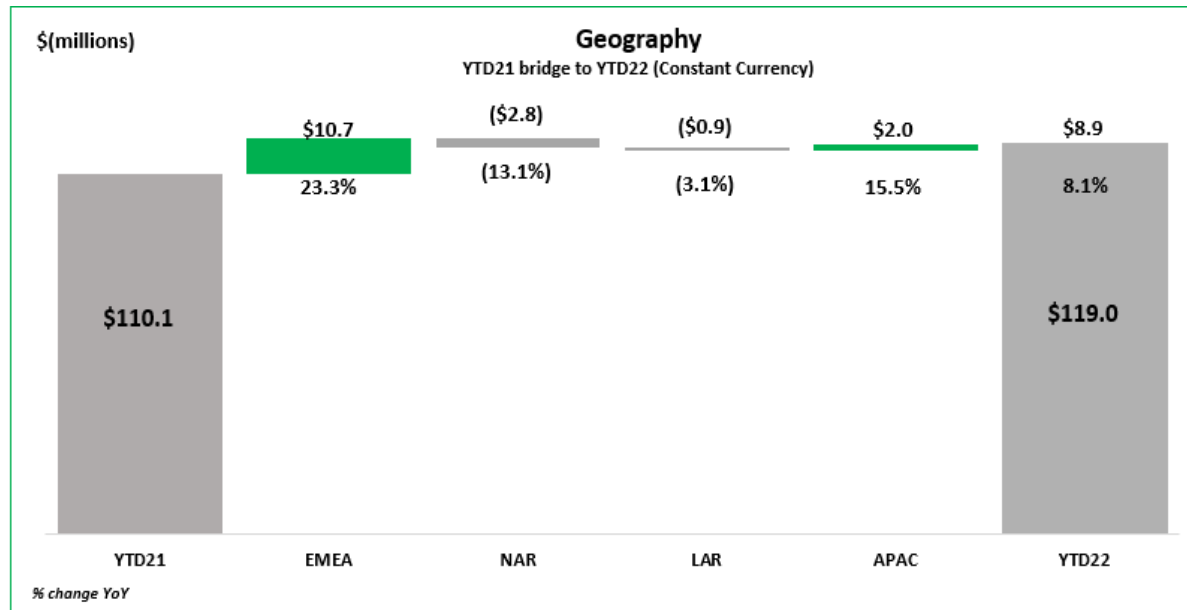
YTD21  
bridge to  
YTD22



**YTD22  
vs.  
YTD21**



**YTD21  
bridge to  
YTD22**



# Revenue by Geography YTD22 (Constant Currency)

Regional Mix and Growth Bridge