



**Q2 2021 Year Earnings Call**  
**August 9, 2021**

The Company, from time to time, may discuss forward-looking information. Except for the historical information contained in this release, all forward-looking statements are estimates by the Company's management and are subject to various risks and uncertainties that may cause results to differ from management's current expectations. Such factors include weather conditions, changes in regulatory policy and other risks as detailed from time-to-time in the Company's SEC reports and filings. All forward-looking statements, if any, in this release represent the Company's judgment as of the date of this release.

# 2021 Outlook

**Revenue . . . . . Low Double-Digit Increase**

**Gross Profit Margin . . . . Similar to recent years**

**Operating Expenses . . . . Modest increase driven by growth initiatives**

**Interest Expense . . . . . Similar to 2020**

**Tax Rate . . . . . Expected Mid 20% Range**

**Debt-to-EBITDA Target . 2.0-2.5X**

***Net Income . . . . . Faster Rate than Revenue Growth***

# 2021 Outlook

## (1<sup>st</sup> Half Status)

### 1<sup>st</sup> Half 2021 vs 2020

Revenue . . . . . Low Double-Digit Increase

**25% Increase**

Gross Profit Margin . . . . Similar to recent years

**39% vs 39%**

Operating Expenses . . . . Modest increase driven by growth initiatives

**34% vs 35%**

Interest Expense . . . . . Similar to 2020

**Down 30%**

Tax Rate . . . . . Expected Mid 20% Range

**31% vs 23%**

Debt-to-EBITDA Target . 2.0-2.5X

**2.5X**

*Net Income . . . . . Faster Rate than Revenue Growth*

**86% Increase**

*EBITDA . . . . . Faster Rate than Revenue Growth*

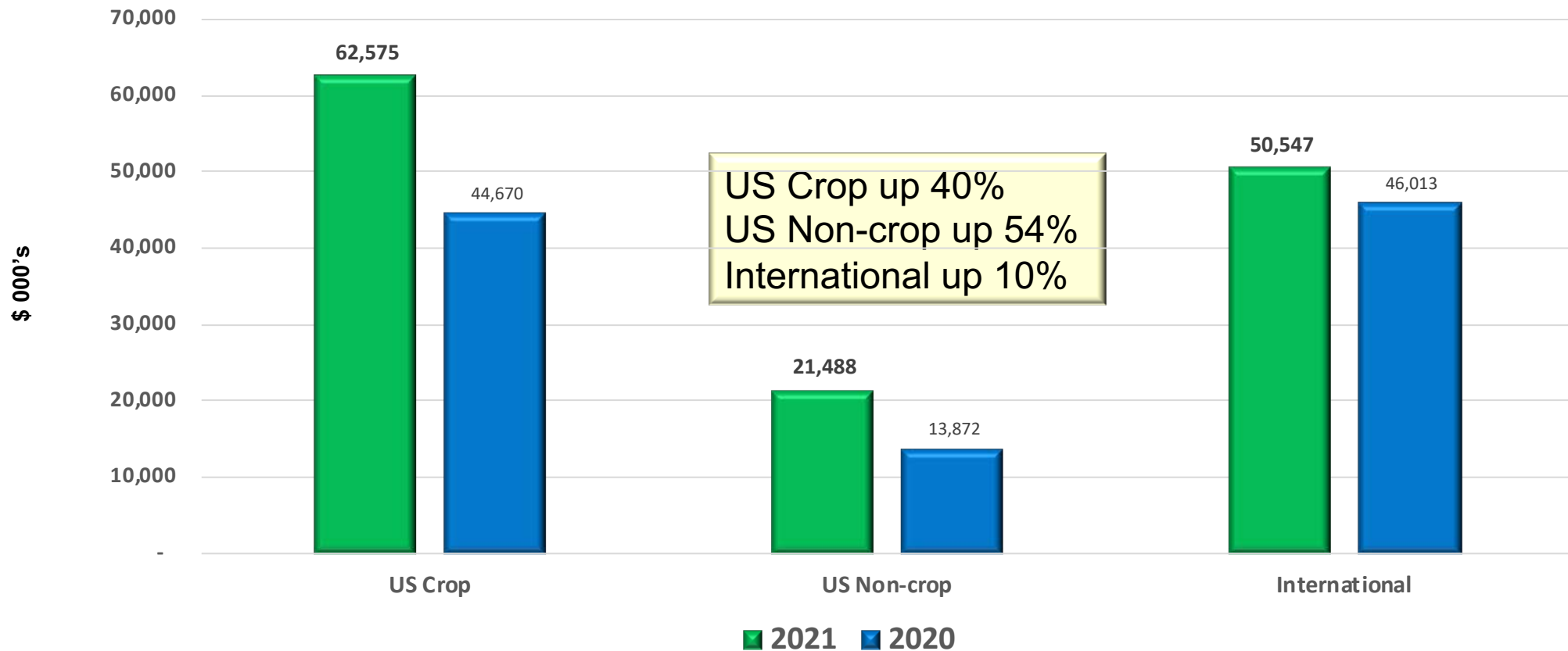
**29% Increase**

Mr. David Johnson    Chief Financial Officer

# Q2 2021 Sales

Overall sales Q2 2021 \$135m vs \$105m in 2020 (up 29%)  
International 38% of total in 2021 vs 44% of total in 2020

Net Sales, 3 months Ended June 30, 2021 & 2020

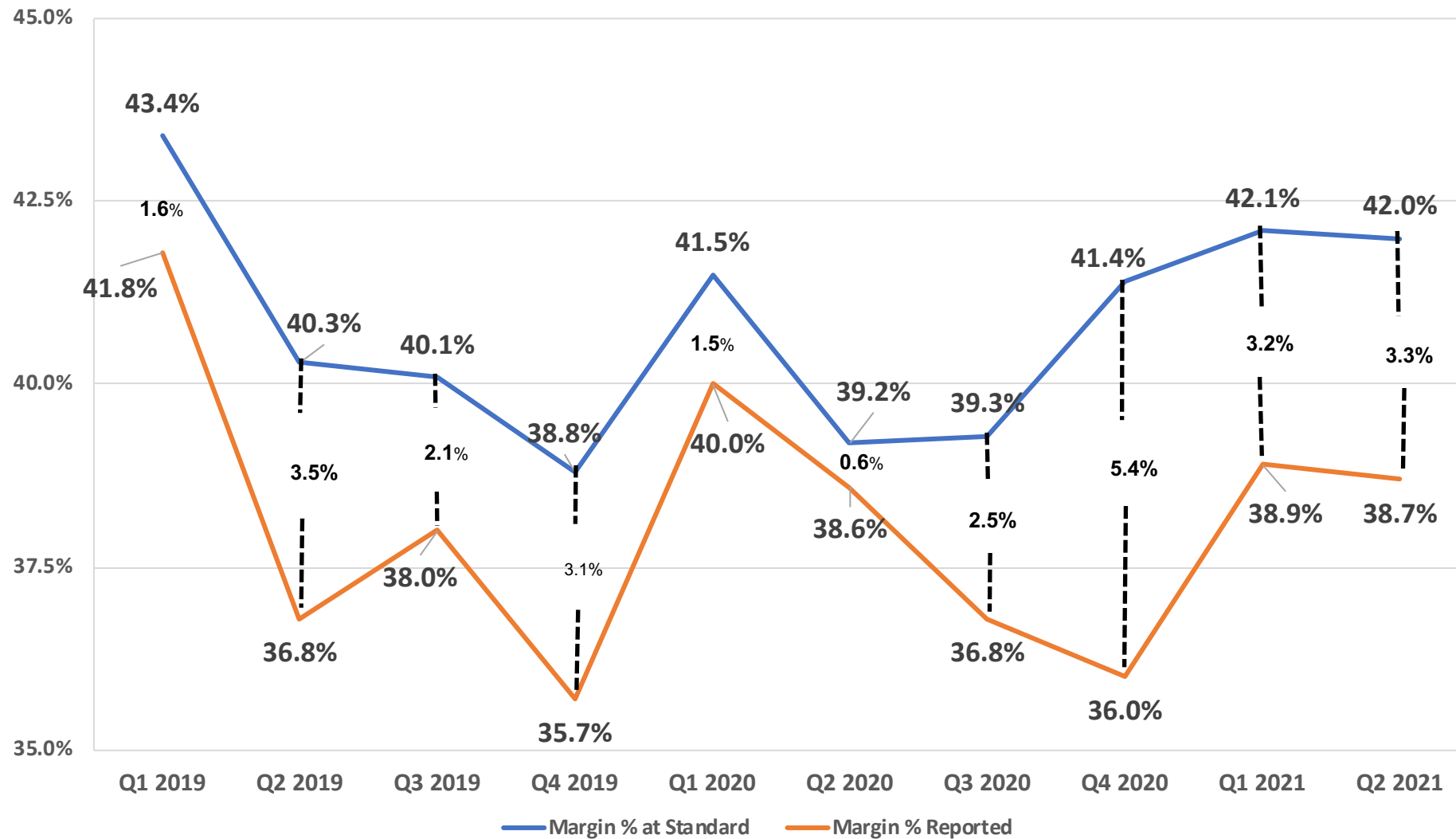


# Q2 2021 Gross Profit Performance

(\$000's)

	3-months Ended June 30,		
Gross Profit	2021	2020	Change
US Crop	26,805	21,758	23%
US Non-crop	9,782	7,029	39%
<b>US</b>	<b>36,587</b>	<b>28,787</b>	<b>27%</b>
International	15,552	11,519	35%
<b>Total</b>	<b>52,139</b>	<b>40,306</b>	<b>29%</b>
Gross Margin %	2021	2020	
US Crop	43%	49%	
US Non-crop	46%	51%	
<b>US</b>	<b>44%</b>	<b>49%</b>	
International	31%	25%	
<b>Total</b>	<b>39%</b>	<b>39%</b>	

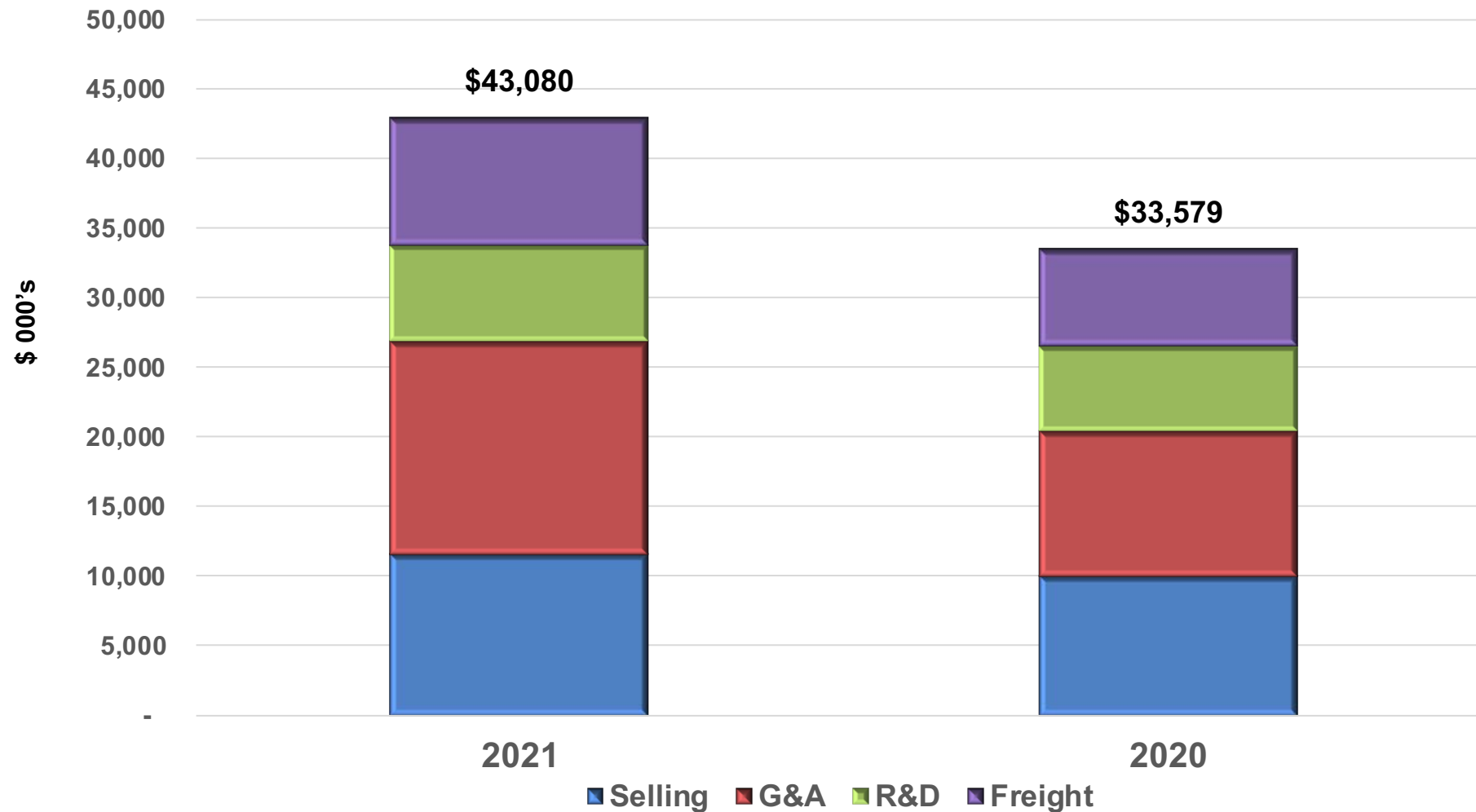
# Standard vs. Reported Margin





# Q2 2021 Operating Expenses

Operating expenses are 32%  
of sales in 2021 and in 2020



# Q2 2021 Statements of Operations

(3 months ended June 30)

\$ 000's

	3 months Ended June 30,		
Statements of Operations	2021	2020	Change
Net Sales	\$134,610	\$104,555	\$30,055
<b>Gross profit</b>	<b>52,139</b>	<b>40,306</b>	<b>11,833</b>
Operating costs	(43,080)	(33,579)	(9,501)
Bargain purchase gain	(88)	0	(88)
<b>Operating Income</b>	<b>8,971</b>	<b>6,727</b>	<b>2,244</b>
Equity investment MTM	(295)	24	(319)
Interest Expense	(1,013)	(1,274)	261
<b>Income before Tax</b>	<b>7,663</b>	<b>5,477</b>	<b>2,186</b>
Tax	(2,445)	(1,565)	(880)
<b>Income before equity method</b>	<b>5,218</b>	<b>3,912</b>	<b>1,306</b>
Equity method investment	(74)	(25)	(49)
<b>Net income for AVD</b>	<b>\$5,144</b>	<b>\$3,887</b>	<b>\$1,257</b>
Diluted shares	30,499	29,413	
EPS	\$0.17	\$0.13	

# Q2 2021 Statements of Operations

(6 months ended June 30)

\$ 000's

	6 months Ended June 30,		
Statements of Operations	2021	2020	Change
Net Sales	\$250,765	\$200,517	\$50,248
<b>Gross profit</b>	<b>97,270</b>	<b>78,687</b>	<b>18,583</b>
Operating costs	(84,524)	(70,124)	(14,400)
Bargain purchase gain	(121)	0	(121)
<b>Operating Income</b>	<b>12,625</b>	<b>8,563</b>	<b>4,062</b>
Equity investment MTM	771	24	747
Other income	672	0	672
Interest Expense	(1,959)	(2,782)	823
<b>Income before Tax</b>	<b>12,109</b>	<b>5,805</b>	<b>6,304</b>
Tax	(3,807)	(1,360)	(2,447)
<b>Income before equity method</b>	<b>8,302</b>	<b>4,445</b>	<b>3,857</b>
Equity method investment	(87)	(38)	(49)
<b>Net income for AVD</b>	<b>\$8,215</b>	<b>\$4,407</b>	<b>\$3,808</b>
Diluted shares	30,511	29,904	
EPS	\$0.27	\$0.15	

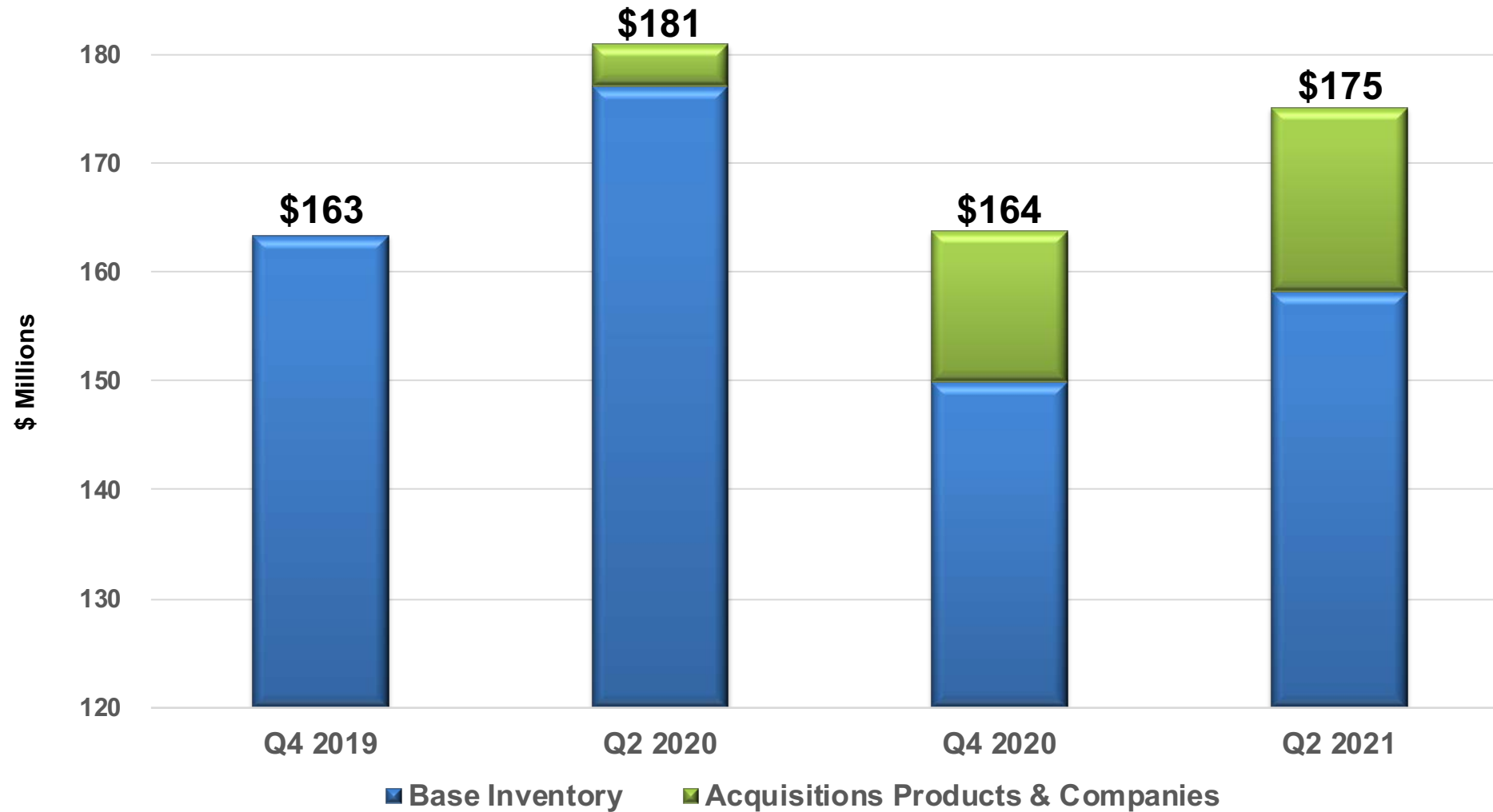
# Cash Generation and Uses

(3 months)

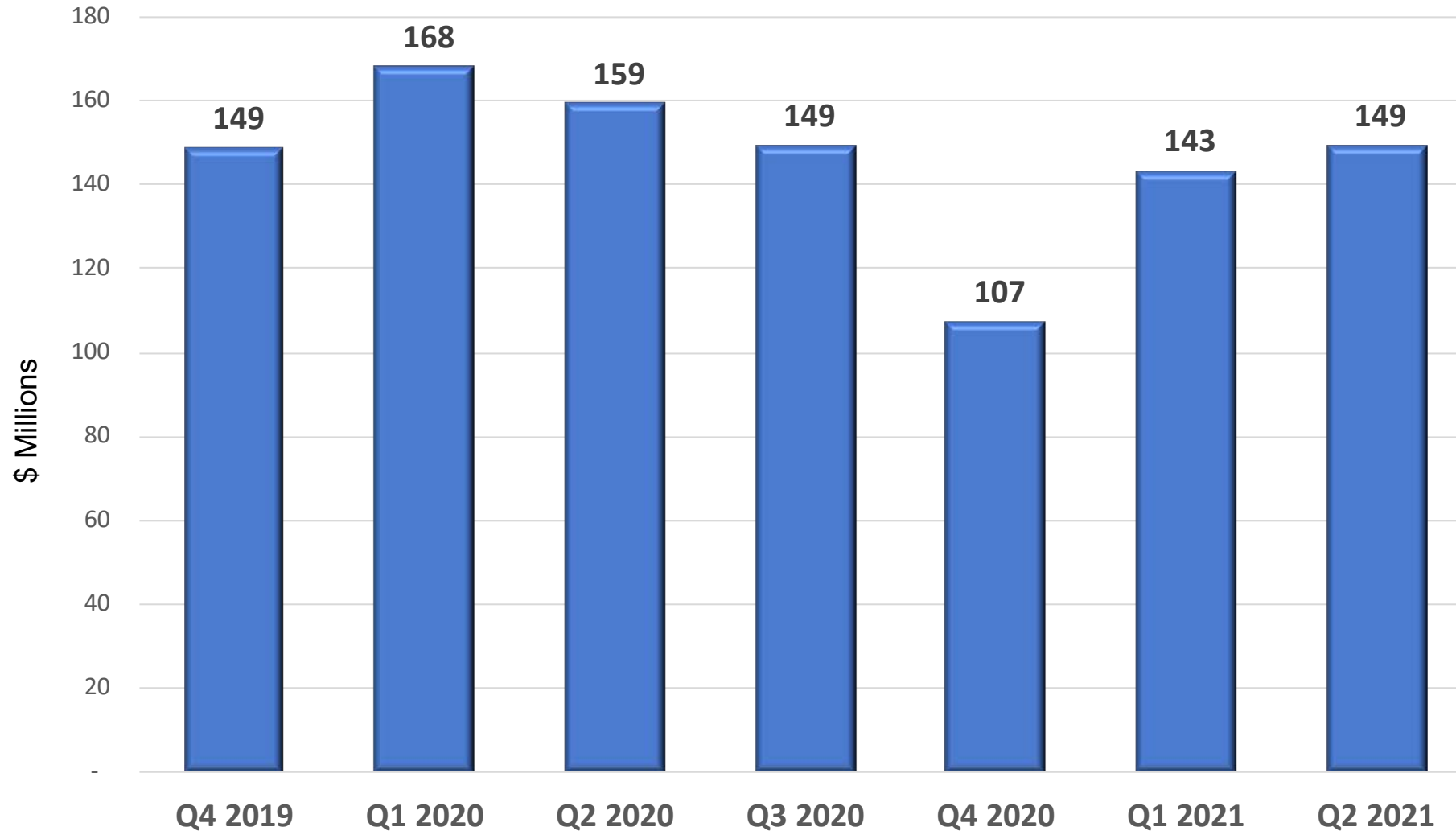
\$ 000's

	3-months Ended June 30,		
	2021	2020	2019
Cash from Operations	\$ 14,758	\$ 10,465	\$ 8,490
Change in Working Capital	(1,467)	10,064	(20,313)
<b>Net Cash from Operations</b>	<b>13,291</b>	<b>20,529</b>	<b>(11,823)</b>
Cash used in Investing	(12,555)	(8,485)	(3,903)
Cash from Financing	5,339	(9,430)	14,658
<b>Total Net Change</b>	<b>6,075</b>	<b>2,614</b>	<b>(1,068)</b>
FX Effect	(281)	442	718
Beginning Cash	13,765	5,544	6,657
<b>End Cash</b>	<b>\$ 19,559</b>	<b>\$ 8,600</b>	<b>\$ 6,307</b>

# Inventory



# Debt



*Overall, during the second quarter of 2021, we have seen very strong sales in all three of our reporting categories.*

*We managed inventory well, and our overall margins have held up. We reported an 32% increase in net income in the three months and an 86% increase in the six months.*

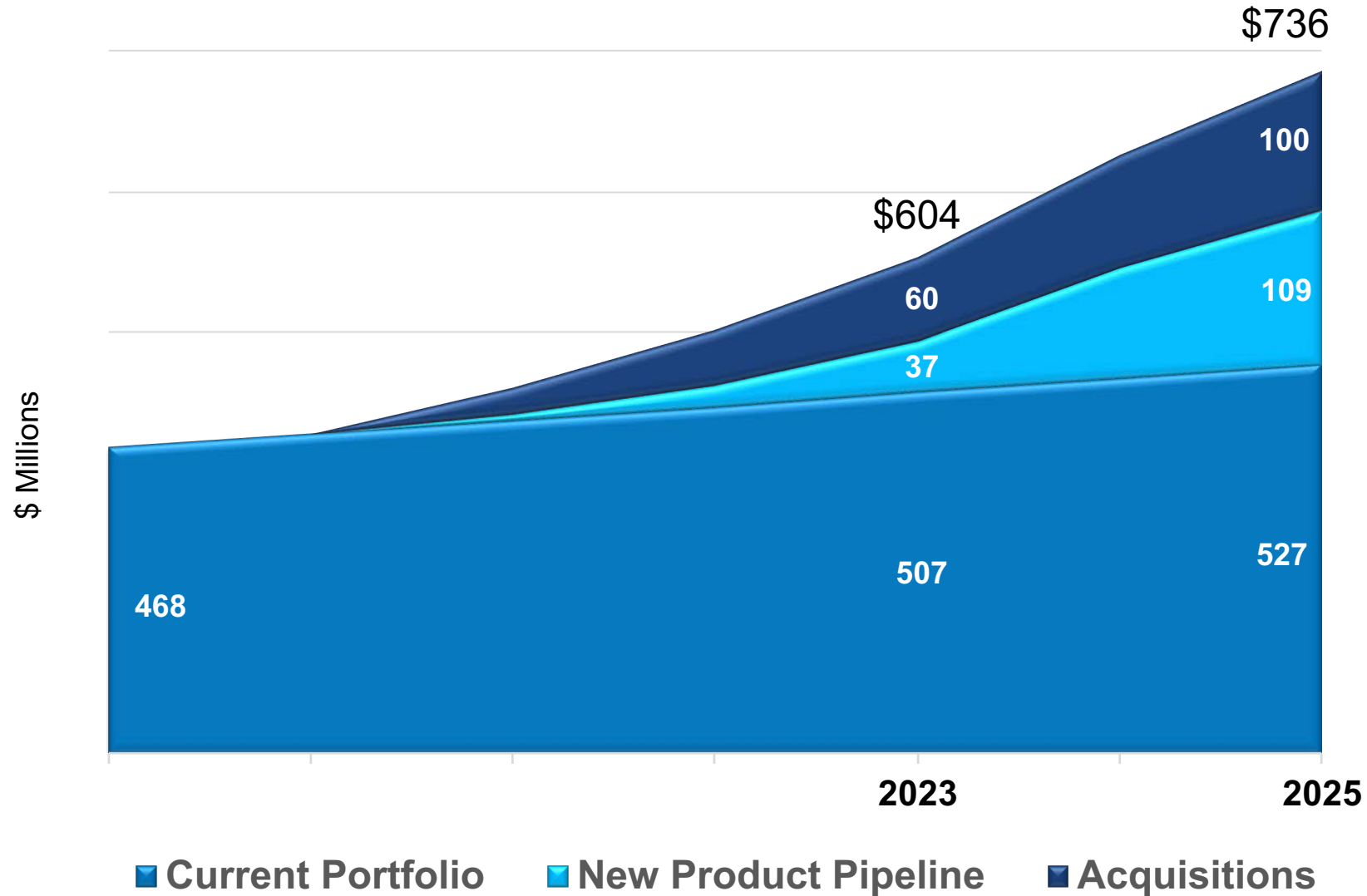
# 3-5 Year Forecast Review



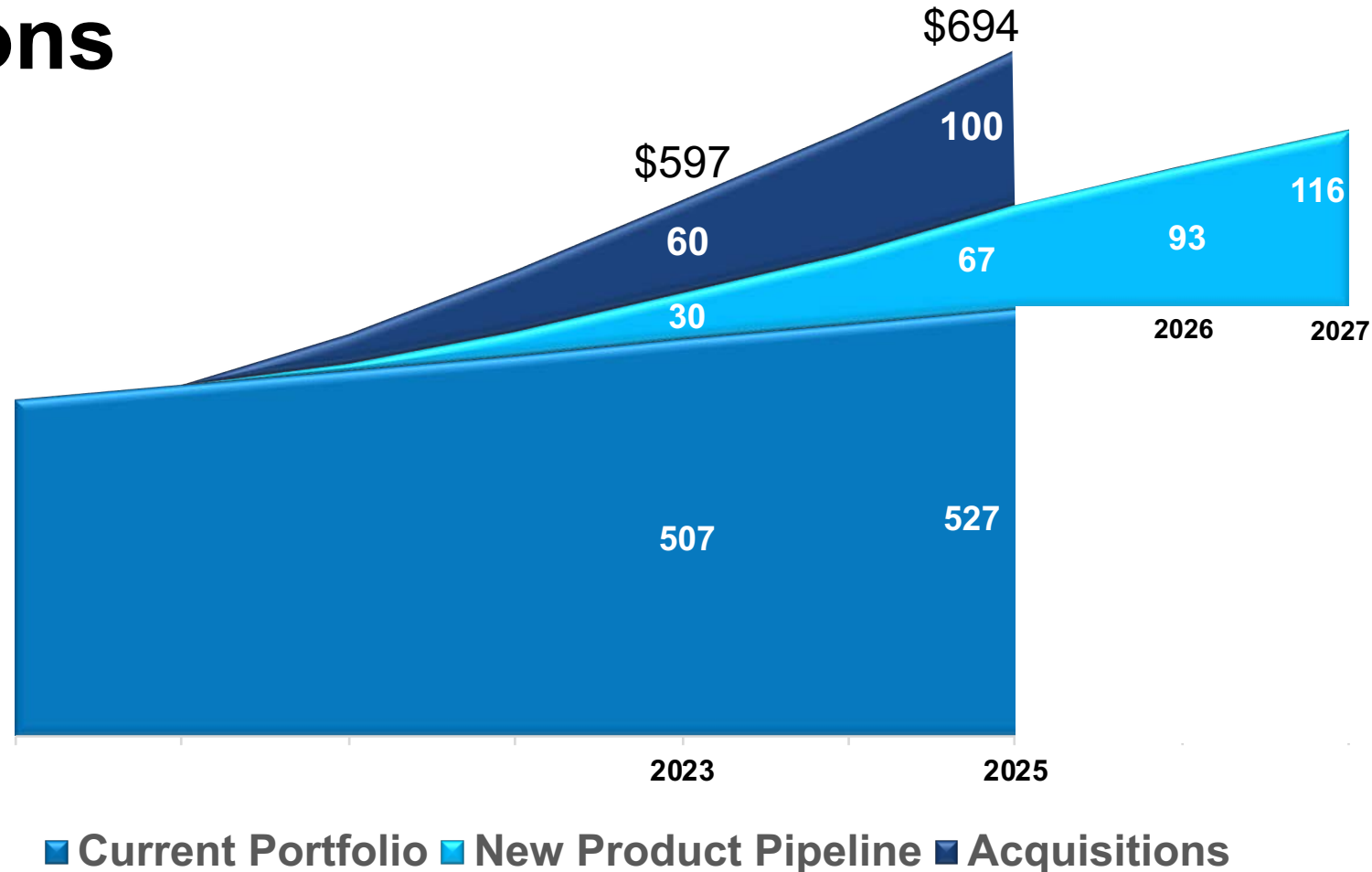
Mr. Eric Wintemute   Chairman and CEO



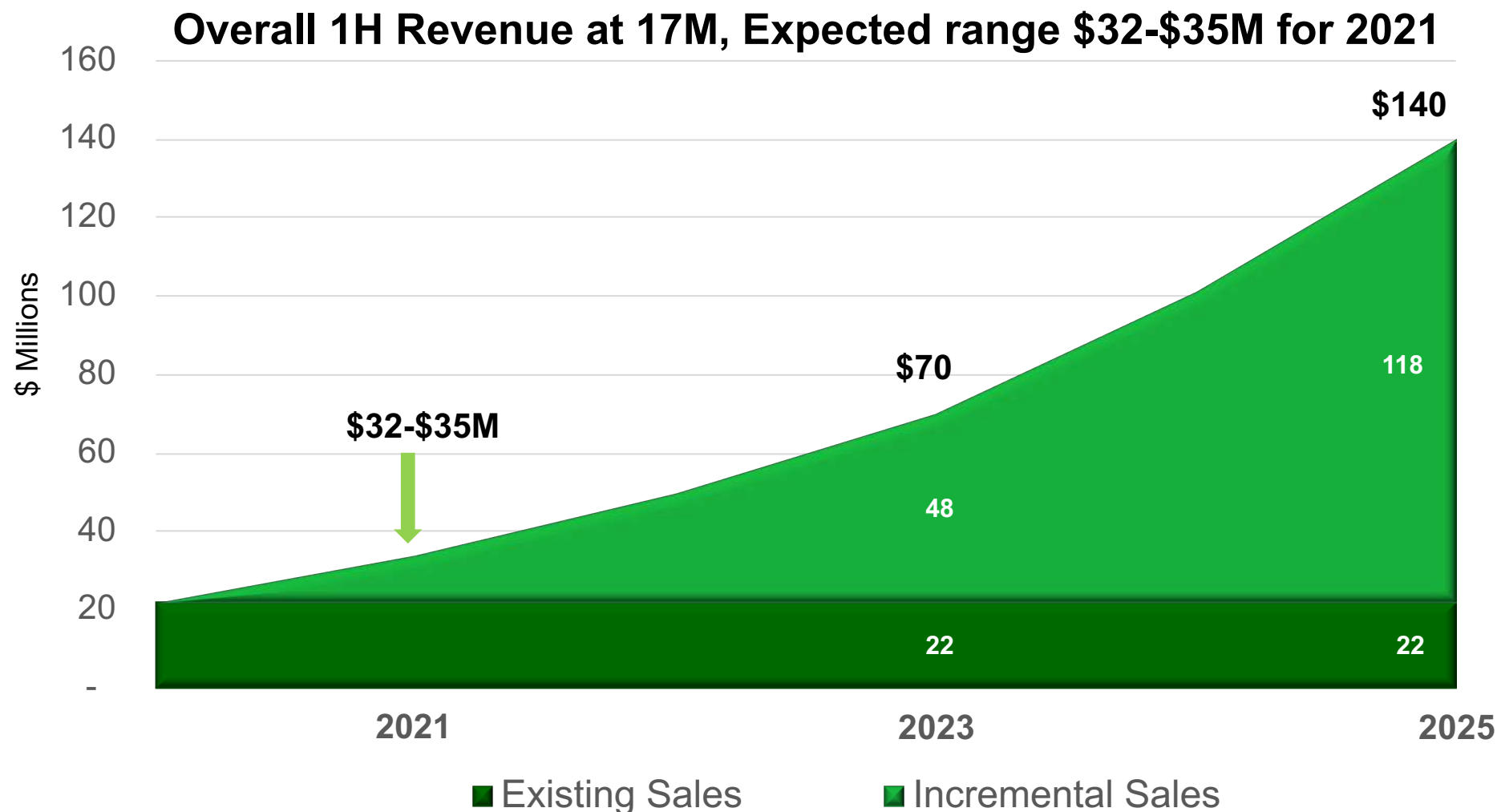
# Core Business Targets



# Core New Product Pipeline Acquisitions



# Green Solutions Target



# AVD Has Over 80 Biological Solutions Globally

## 13 Biofertilizers

- Boro
- Copper 25%
- Humic and fulvic Acid
- K Citrate
- Nutrients Mix
- Pentahydrate Copper sulphate
- Phosphorus + Potassium

## 17 Biostimulants

- Ascophillum nodosum
- Brassinosteroids
- Caolin
- G3, Fosfate
- Marine Bioactive
- Mo, Zn, Carboxilic Acids
- NAA/NAD

## 20 Microbials

- Bacillus amylolyquefasciens
- Bacillus thurigiensis
- Bacillus thurigiensis v. kurstaki
- Bauveria bassiana
- Bacillus subtilis
- Gluconacetobacter diazotrophicus
- Trichoderma harzianum

## 30 Biochemicals

- 3-decen-3-one
- Azadirachtin
- Botanical Extract
- Cinnamon Oil
- Copper Hydroxide
- Essential Oil Combinations
- Neem Oil

# AVD Has **100** Biological Solutions Globally

## 13 Biofertilizers

- Boro
- Copper 25%
- Humic and fulvic Acid
- K Citrate
- Nutrients Mix
- Pentahydrate Copper sulphate
- Phosphorus + Potassium

## 20 Biostimulants

- Ascophillum nodosum
- Brassinosteroids
- Caolin
- G3, Fosfate
- Marine Bioactive
- Mo, Zn, Carboxilic Acids
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## 23 Microbials

- Bacillus amilolyquefasciens
- Bacillus thurigiensis
- Bacillus thurigiensis v. kurstaki
- Bauveria bassiana
- Bacillus subtilis
- Gluconacetobacter diazotrophicus
- Trichoderma harzianum

## 44 Biochemicals

- 3-decen-3-one
- Azadirachtin
- Botanical Extract
- Cinnamon Oil
- Copper Hydroxide
- Essential Oil Combinations
- Neem Oil

# 2021 US Agrinos Biological Trials

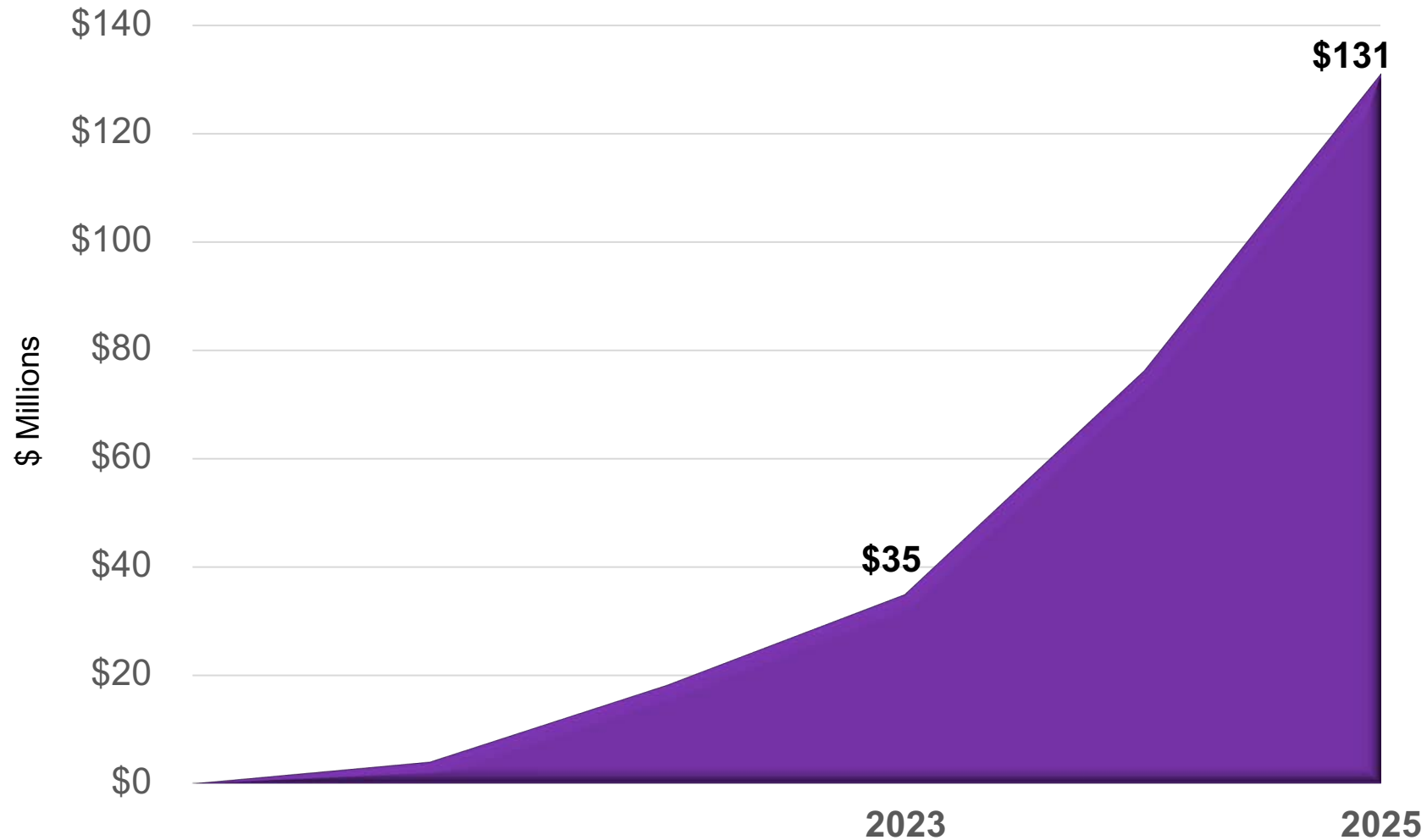
## 14 Crop Trials

- Corn
- Tomatoes
- Blueberries
- Almonds
- Lettuce
- Strawberries
- Cotton
- Sugarcane
- Onion
- Potato

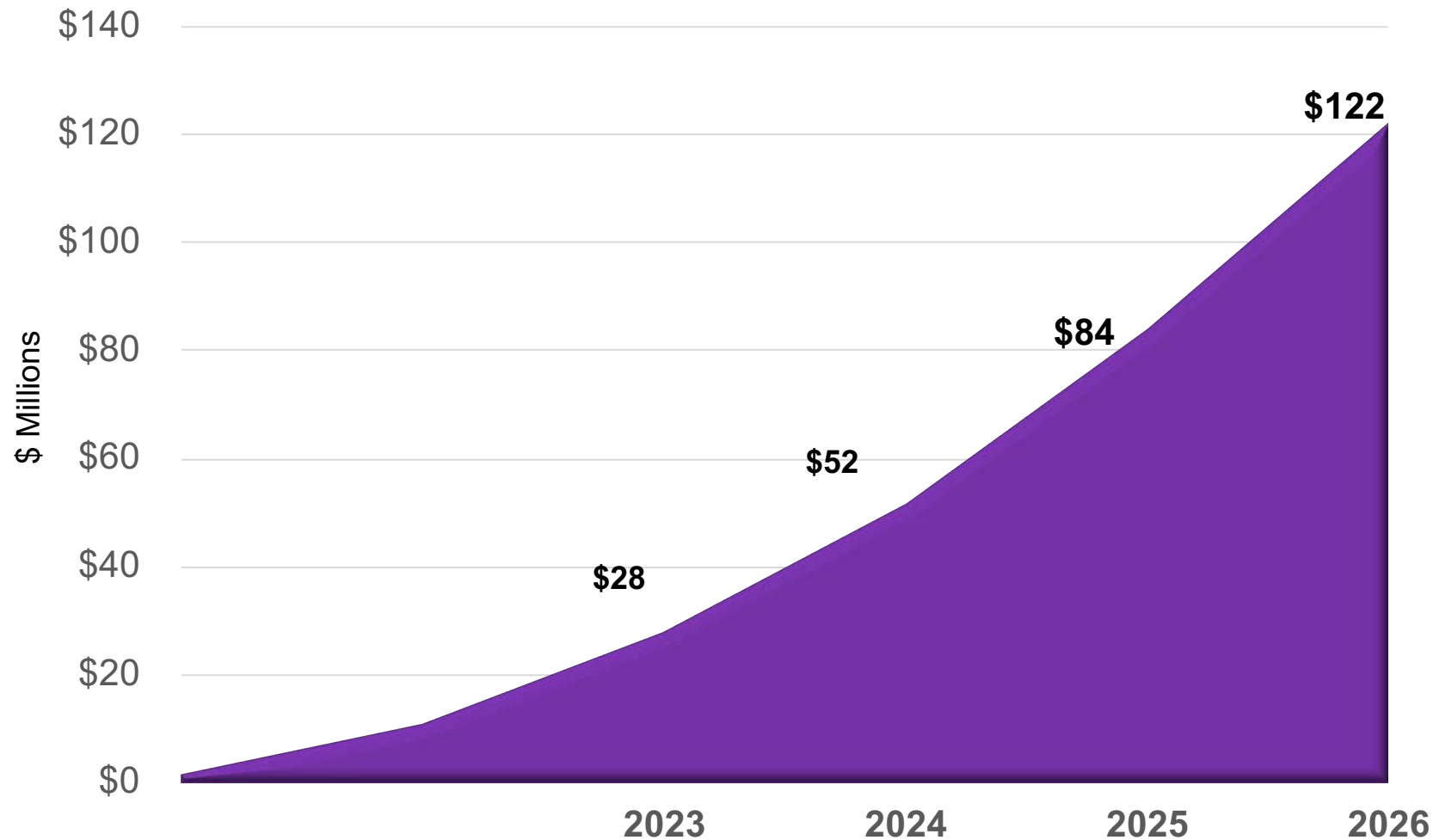
**Approximately 1,500  
total test plots**

## 9 Turf Trials

# SIMPAS: Value Capture Target






# SIMPAS: U.S. Value Capture Target on 4 Crops





# SaS Portfolio Candidate Crop view

Crop	2021	2022	2023	
	Aztec HC Counter Force 10G HL Zinc	iNvigate Boron micronutrient Micronutrient enhancers	Azoxystrobin N-fixing PGR abamectin Bif+ aba 3 <sup>rd</sup> party liquid insecticide Index liq.	14
	Zinc	iNvigate 2MOA gran Fungicide Soybean inoculant IDC iron GR and liq Humic acid Mg micronutrient Pythium fungicide Micronutrient enhancer	Azoxystrobin N-fixing Soybean cyst PGR 3 <sup>rd</sup> party nematocide 2 MOA liq fungicide	16
	Zinc	iNvigate Mg micronutrient	Azoxystrobin N-Fixing 3 <sup>rd</sup> party nematocide 2 MOA liq fungicide	7
		iNvigate	Azoxystrobin N-Fixing 3 <sup>rd</sup> party nematocide 2 MOA liq fungicide	5

## Summary of New SaS Products for 2022

2 fungicides  
4 micronutrients  
1 inoculant  
1 soil health product

## Summary of New SaS Products for 2023

2 fungicides  
2 nematocides  
2 insecticides  
1 soil health product  
1 insect/nematocide  
1 PGR  
\*5 new liquid products

# SIMPAS/SaaS – Highlights

## SaaS Performance Overview

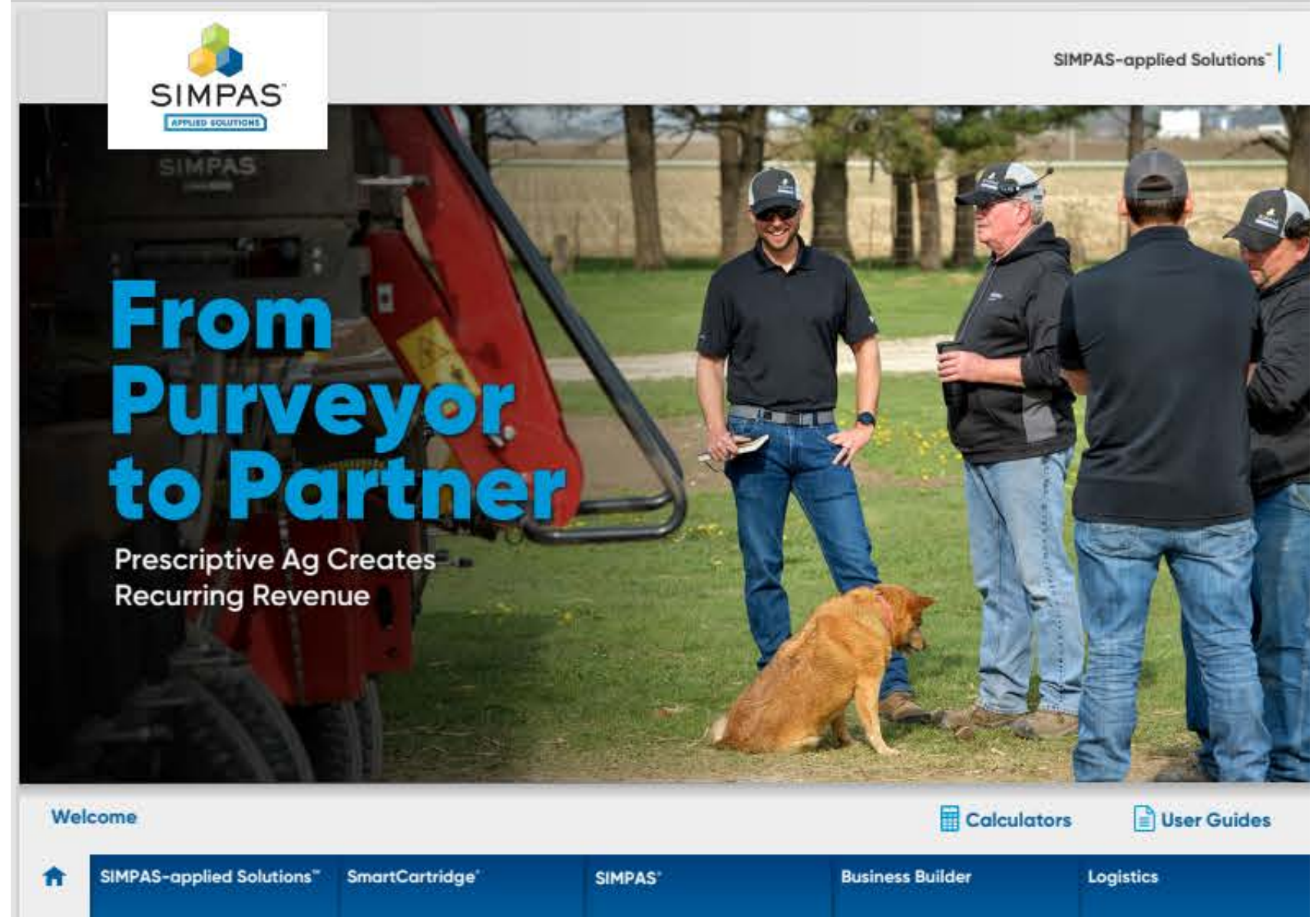
- Average SIMPAS customer has been twice the size of the average historical SmartBox grower size over the last two years
- Average SaaS value per farm the last two years has been 4-to-1 vs our average historical SmartBox customers
- Based on current commodity prices and SaaS solutions that will solve grower unmet needs, growers only need to average about .5 bushel increase to pay for the system

## 2022 SIMPAS/Sales Launch

- Hosting Innovation Clinics
  - Inviting key precision ag retailers/agronomist to see a demo model or actual field model
  - Position 2022 technology and solutions to early innovators in the precision space by demonstrating ROI on SaaS solutions through SIMPAS technology
- Digital E-Detailer
  - IPAD rollout that includes the following sales tools: Calculators, SaaS sell sheets, SIMPAS video interactive presentations, technology decision trees, etc.


# Ipad Showcase

Covers 5 Topics  
with a total of 32  
Content Tabs






# SIMPAS applied Solutions


  
**SIMPAS™**  
 APPLIED SOLUTIONS


SIMPAS-applied Solutions™


## Treat the Acre. Not the Field.


With SIMPAS-applied Solutions™, farmers turn data into action by moving from whole-field application of products to prescriptive, in-furrow application at planting. SIMPAS-applied Solutions (SaS™) are prescriptively applied with patented SmartCartridge® container technology to address unique agronomic needs. Multiple SaS products, such as insecticides, fungicides, nematicides and micronutrients, are delivered simultaneously to combat a multitude of yield limiting factors.














[Products](#)
[Yield Limiters](#)
[Agronomics](#)
[AZTEC® HC](#)
[COUNTER® 20G](#)
[Force® 10G HL](#)
[ZINC](#)
[Coming Soon](#)

[!\[\]\(52bc861a204e2db3e873de235b12d68d\_img.jpg\) SIMPAS-applied Solutions™](#) 
[SmartCartridge®](#)
[SIMPAS™](#)
[Business Builder](#)
[Logistics](#)

# Business Builder



Business Builder

## Retail Agent Benefits

SIMPAS-applied Solutions™ help retailers move from a transactional relationship into a partnership with the farmer by encouraging much more in-depth discussion around agronomics, prescriptions and iterative process, year after year.

### Additional agent benefits include:

- Retailer incentive for supporting SIMPAS-applied Solutions
- Agent secure margin vs. marketplace margin erosion
- Revenue and margin opportunities beyond program elements
- Reduce working capital needs for SIMPAS-applied Solutions
- SmartCartridge® returns go back into AMVAC® owned inventory



Benefits

Process

Revenue

Pricing

Performance Fee

Commissions

Profit



SIMPAS-applied Solutions™

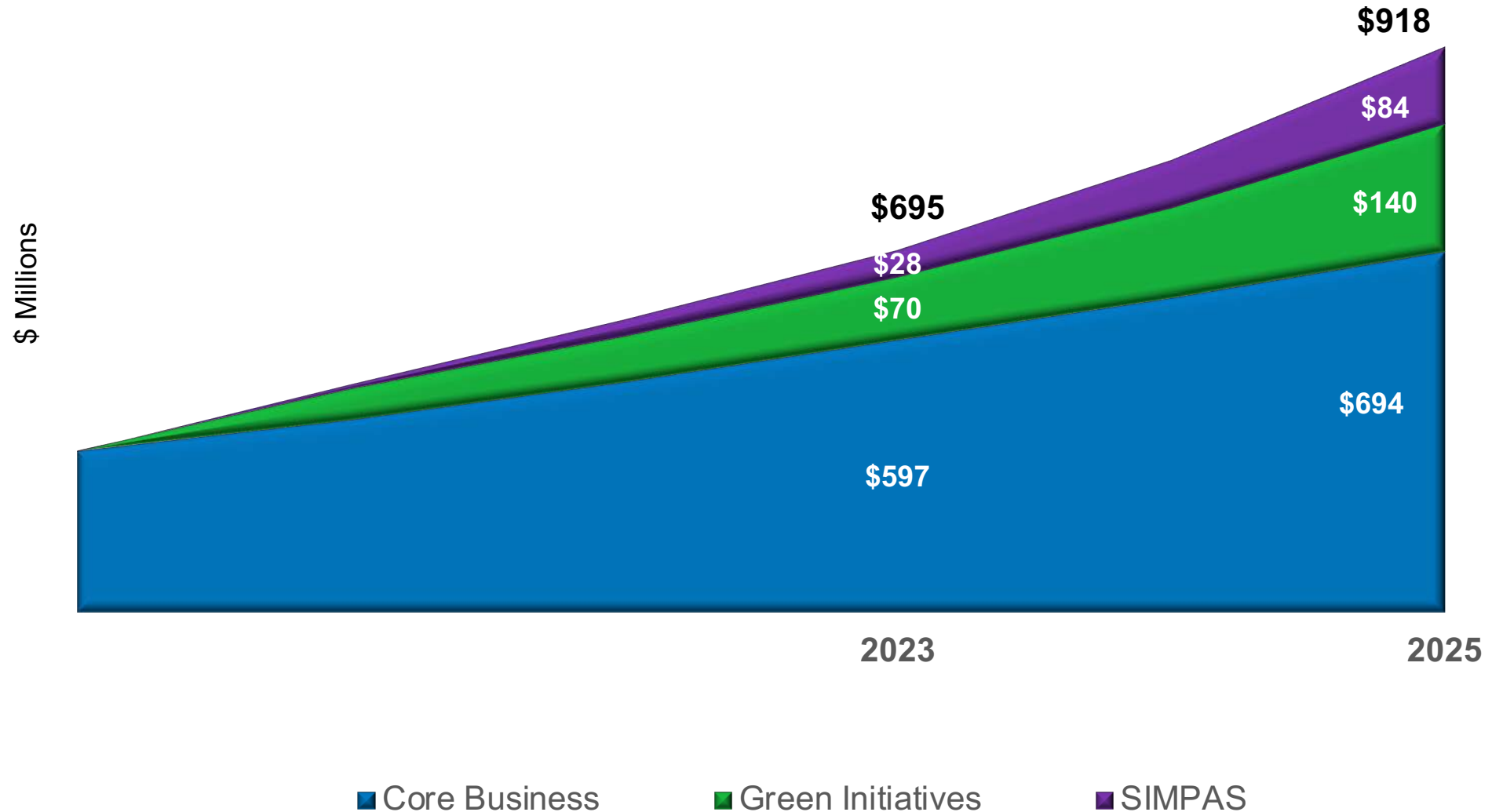
SmartCartridge®

SIMPAS®

Business Builder

Logistics

# Strategic Growth Targets



# RETURN ON INVESTMENT ANALYSIS: ACQUISITIONS FROM 2014-2020

TOTAL CASH = ~\$200 MILLION

CASH/INCREMENTAL EBITDA\* = 5-6X

RETURN ON CAPITAL EMPLOYED = 10%  
(WACC = 9%)

CASH/FULLY BURDENED EBITDA\* = 7-8X

\*BASED UPON FORECASTED 2021 SALES

<u>Project</u>	<u>Acquisition year</u>
Agnova	2020
Agrinos	2020
Rodeo	2019
Raymat	2019
AgroVant	2019
Quizalofop	2018
TT/Envance	2018
AgriCenter	2017
OHP	2017
Medran	2017
Rose	2017
Bromacil	2015

# Working Capital Investment Criteria

## External Acquisitions

- IRR
- Payback period
- 10-year P&L
- Other Factors

## Internal Investments

- New product pipeline
- SIMPAS
- Green Solutions
- Short-, mid- and long-term

## Regional Deployment

- Sales, GM, Operating Income
- Apply working capital
- Calculate return on working capital



An aerial photograph of a wide river flowing through a rural landscape at sunset. The sky is filled with large, dramatic clouds illuminated from below by the setting sun, creating a warm orange and yellow glow. The river's surface reflects the sky and the surrounding greenery. On the left bank, there is a small farmstead with a red barn and a white house. The right bank features a large, open field of golden-brown crops, possibly corn, and a small white house nestled among trees. The overall scene is peaceful and scenic.

Questions?