



Q2 2024 Earnings Call

August 8, 2024



Tim Donnelly.....*Acting Chief Executive Officer*

Mark Bassett *Board Member*

David Johnson *Chief Financial Officer*

Mason Bennett.....*Vice President, North American Crop*

Anthony Young *Director, Investor Relations*

During this presentation, the Company 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, including statements about the transformation, organization, and liquidity initiatives, in this release represent the Company's judgment as of the date of this release and such information will not necessarily be updated by the company.

Office of CEO (OCEO) Interim Responsibilities

OCEO Interim Responsibilities



	Tim Donnelly (Acting CEO)	David Johnson (CFO)	Mark Bassett (BOD)	Shirin Khosravi (CHRO)
Forecast		X	X	
Human Resources				X
Capital Spending		X	X	
Communications	X			X
Legal	X			
Regulatory	X			
SIOP (Day-to-Day)		X	X	
SIMPAS		X	X	
Transformation			X	X
Digital Transformation	X			

- **Q2 2024 Financial Outcome (Tim Donnelly)**
 - Q2 2024 Results
- **Liquidity Initiatives and Transformation Acceleration (Mark Bassett)**
 - Mark Bassett Introduction
 - Transformation Blueprint for 2H2024
 - Liquidity Initiatives
 - Transformation Initiatives
- **CFO Assessment of the Quarter (David Johnson)**
 - New Credit Agreement Features
- **Financial Projections Update and CEO Search Status (Tim Donnelly)**

Q2 2024 Outcome

Q2 2024 Financial Results



	2Q24	2Q23	1H24	1H23
Revenue	\$128.2 M	\$132.8 M	\$263 M	\$258 M
Adjusted EBITDA	\$6.2 M	\$10.7 M	\$21.7 M	\$22.2 M
Adjusted EBITDA Margin	4.8 %	8.1 %	8.2%	8.6%

Q2 2024 Sales Results



	2Q24	2Q23	1H24	1H23
U. S. Crop	\$52.3 M	\$56.2 M	\$120 M	\$118 M
U. S. Non-Crop	\$19.0 M	\$16.9 M	\$36.8 M	\$30.8 M
Total U. S.	\$71.3 M	\$73.1 M	\$156 M	\$149 M
International	\$56.9 M	\$59.7 M	\$107 M	\$109 M
Total Net Sales	\$128 M	\$133 M	\$263 M	\$258 M
Green Solutions*	\$15.6 M	\$13.6 M	\$30.7 M	\$27.2 M

* Green Solutions Products are Sold in U. S. Crop, U. S. Non-Crop, and International

Liquidity Initiatives and Transformation Acceleration

- **AVD Board Member for Two Years**
 - **Consulted to Develop Transformation Plan in '23**
 - **Board Liaison on Transformation 1H24**
 - **Working Full-Time on Special Assignment Since June to Accelerate Transformation and Work With Team to Improve Liquidity**
- **Six Years as Chairman & CEO of Hemlock Semiconductor**
- **Managed Multiple Multi-Billion Dollar, Global Businesses for Dow**
- **Previous Roles in Finance and Research & Development at Union Carbide Corporation**



Cultivate Our People

Strengthen Communication

1. Increase Engagement to Support Transformation
2. Use Comm Cadence to Inform Employees
3. Encourage Collaboration Through Transparent Communication

Recognize Talent

1. Celebrate Great Work w/ Award Programs
2. Recognize High Performers through Incentive Structure
3. Build Appreciation Culture through Internal Recognition

Develop our Team

1. Cascade Org wide Accountabilities & Expectations
2. Build Talent Capabilities & Fill Gaps Using Training and Systems



Improve Liquidity

Lower Year-End Inventory

1. Improve Forecast Accuracy
2. Aggressively Manage Inventory to Target and Adjust Prod & 3rd Party Purchases

Reduce Spending

1. Plan for EHS Capital Only
2. Reevaluate R&D Strategy
3. Reduce 3rd Party Spend to Business Critical

Identify Incremental Sales

1. Test Price Elasticity for Key Products
2. Sell Identified Assets



Accelerate Transformation

Identify Value Creation Opps

1. Product Offerings
2. Pricing Strategies
3. Customer Segmentation
4. Market Participation Strategies

Operate w/ Low Cost

1. Drive to Low Cost, Raw Materials, & Freight
2. Reduce Maintenance Spend
3. Improve Process Efficiency
4. Optimize Manufacturing Network

Build Efficient Processes & Systems

1. Build Customer-Centric Organization
2. Launch Cross-Functional SIOP
3. Implement QAD & Digital Strategy



Drive Excellence

Safety

1. Total Reportable Rate
2. Reportable Quantity Releases

Commercial Organization

1. Gross Margin
2. Forecast Accuracy
3. DSO

Manufacturing & Supply Chain

1. Produced to Plan
2. First Pass Quality
3. Raw Material Efficiency
4. Freight Efficiency
5. Days Sales Inventory
6. Total Manufacturing Expense

Company Wide

1. Operating Expense

Teamwork... Focus... Performance... Urgency

Action

SIMPAS Partner

**Inventory Management
(Reduction vs YE 2023)**

Spending Reduction

Transformation Initiatives



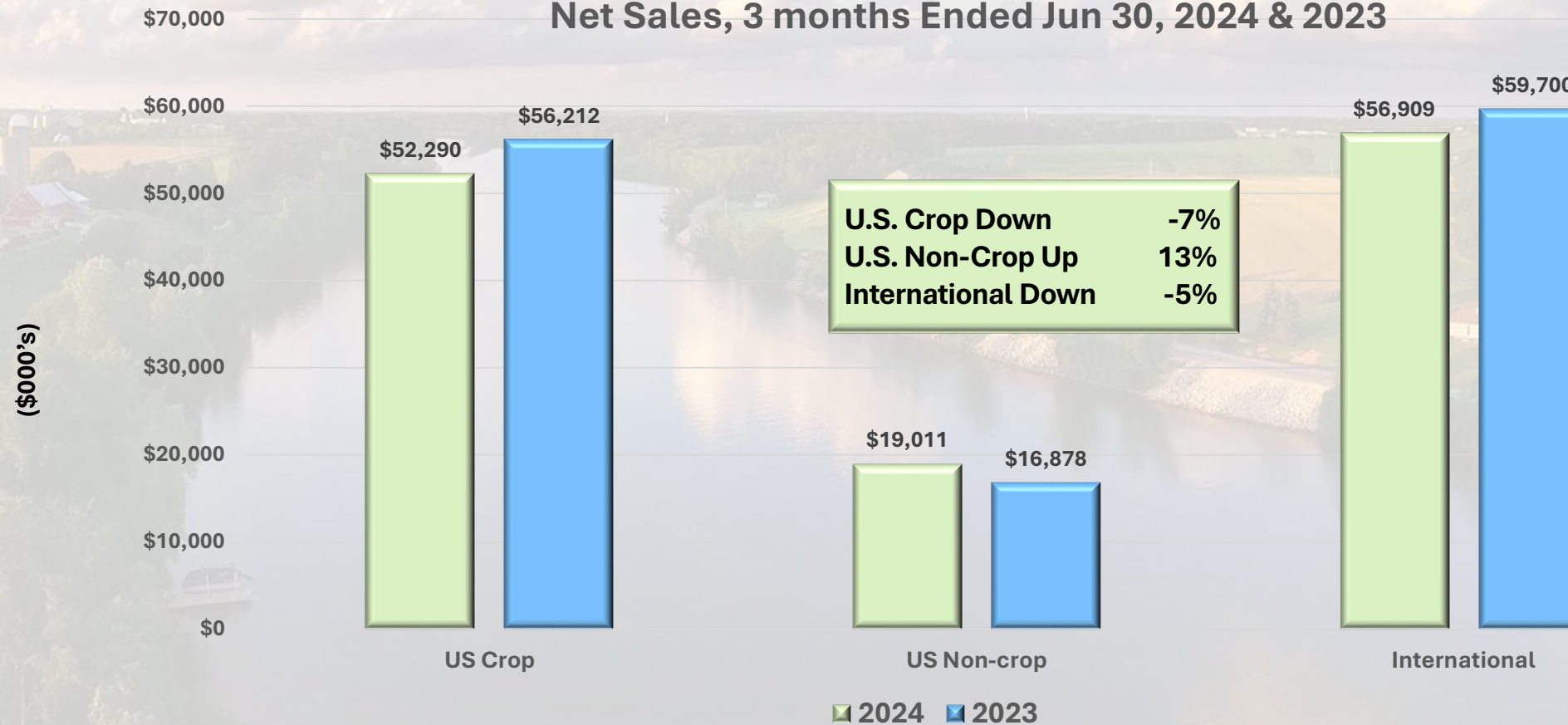
Action	Approximate Annualized Benefit
Organizational Redesign	\$3 M
Raw Materials and Logistics Procurement	\$3 M
Manufacturing Efficiency	\$1 M
SKU Rationalization	\$1 M
Pricing and Customer-Centric Strategies	\$5 M
International Improvement	\$2 M
Total	\$15M

CFO Comments

- **Debt-to-EBITDA Covenant Relaxed Through Q3 2025**
- **Expands Basket of Non-Recurring Charges from Adjusted EBITDA**
- **Increases Interest (25 bps) When Debt-to-EBITDA Covenant Rises Above 4.0X**
- **Requires Lender Consent for Share Repurchase, Dividends and Acquisitions**

*Overall sales Q2 2024 \$128M vs \$133M in 2023 (down -3.4%),
International 45.0% of total in Q2 2023 vs 44.4% of total in 2024*

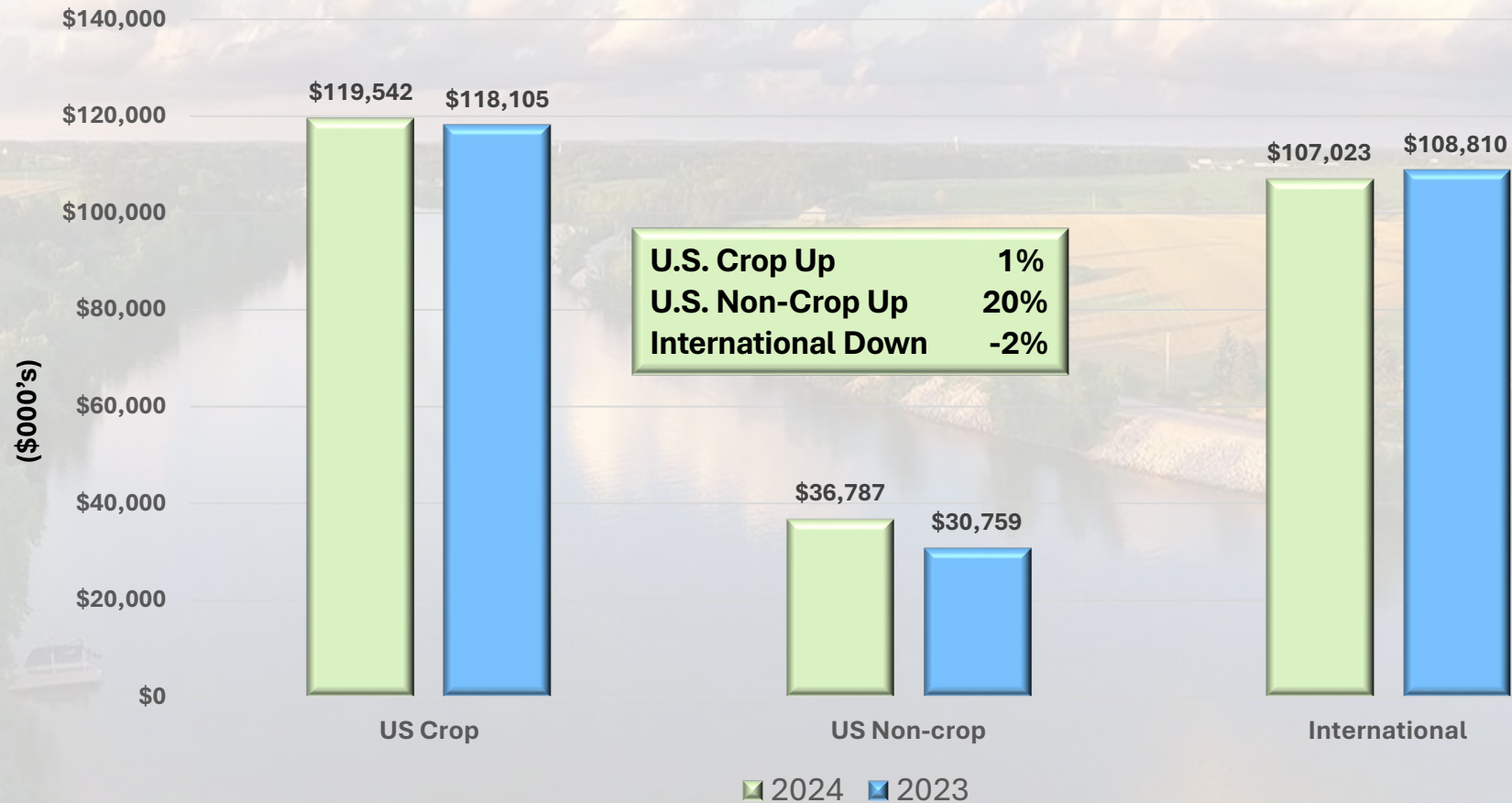
Net Sales, 3 months Ended Jun 30, 2024 & 2023



1H 2024 Sales



Overall sales H1 2024 \$263M vs \$258M in 2024 (up 2.8%)
International 42.2% of total in H1 2023 vs 41.0% of total in 2024
Net Sales, 6 months Ended Jun 30, 2024 & 2023



Q2 2024 Gross Profit



	(\$000's)		
	<u>2024</u>	<u>2023</u>	<u>Change</u>
U.S. Crop	\$ 52,289	\$ 56,212	-7%
U.S. Non-Crop	\$ 19,011	\$ 16,878	13%
U.S.	\$ 71,300	\$ 73,090	-2%
International	\$ 56,909	\$ 59,700	-5%
Total Net Sales	\$ 128,209	\$ 132,790	-3%
Total Cost of Sales	\$ (90,446)	\$ (89,881)	1%
Total Gross Profit	\$ 37,763	\$ 42,909	-12%
Total Gross Margin	29%	32%	

1H 2024 Gross Profit

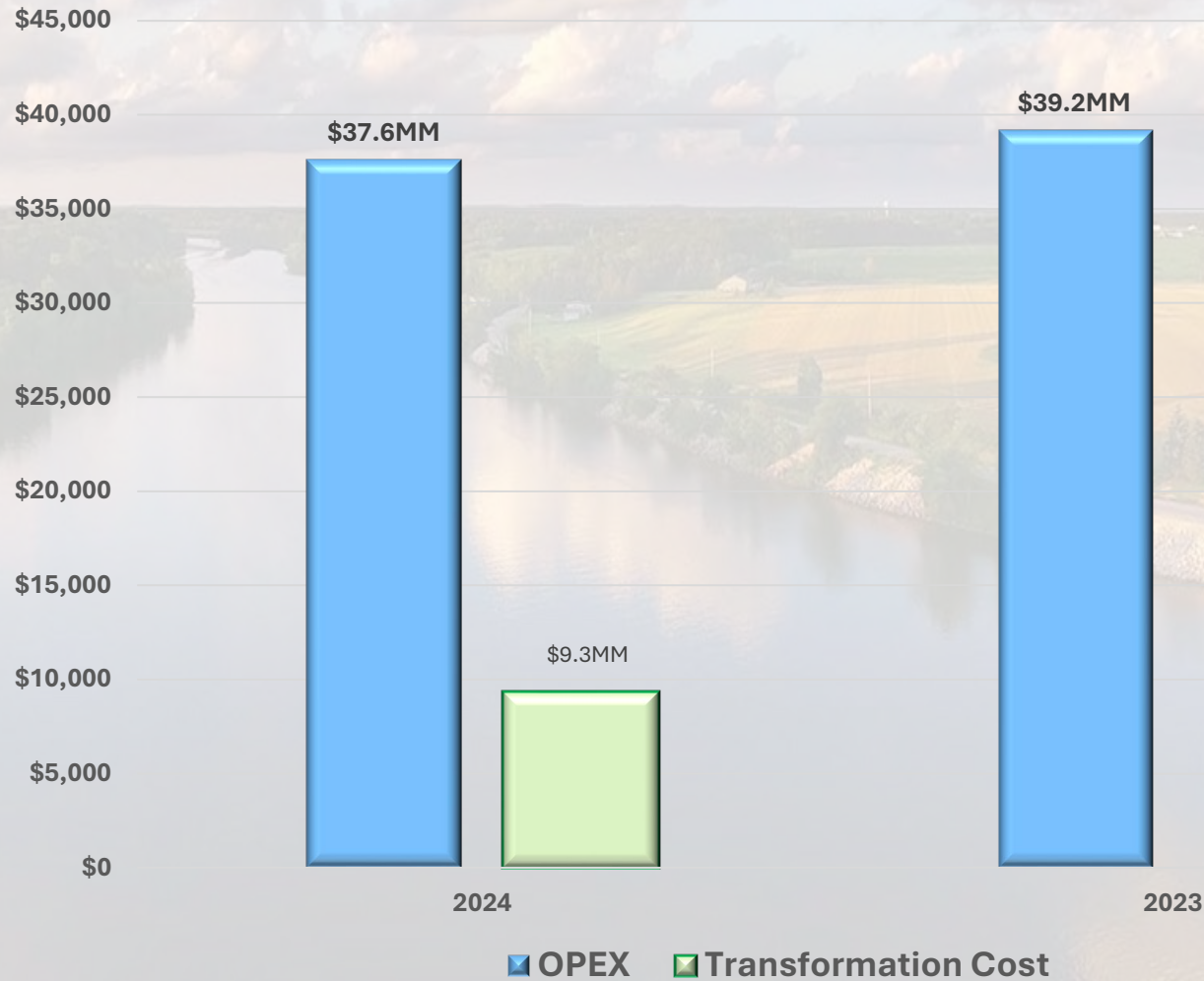


	(\$000's)		
	<u>2024</u>	<u>2023</u>	<u>Change</u>
U.S. Crop	\$ 119,542	\$ 118,105	1%
U.S. Non-Crop	\$ 36,787	\$ 30,759	20%
U.S.	\$ 156,329	\$ 148,864	5%
International	\$ 107,023	\$ 108,810	-2%
Total Net Sales	\$ 263,352	\$ 257,674	2%
Total Cost of Sales	\$ (183,171)	\$ (176,230)	4%
Total Gross Profit	\$ 80,181	\$ 81,444	-2%
Total Gross Margin	30%	32%	

Q2 2024 Operating Expenses



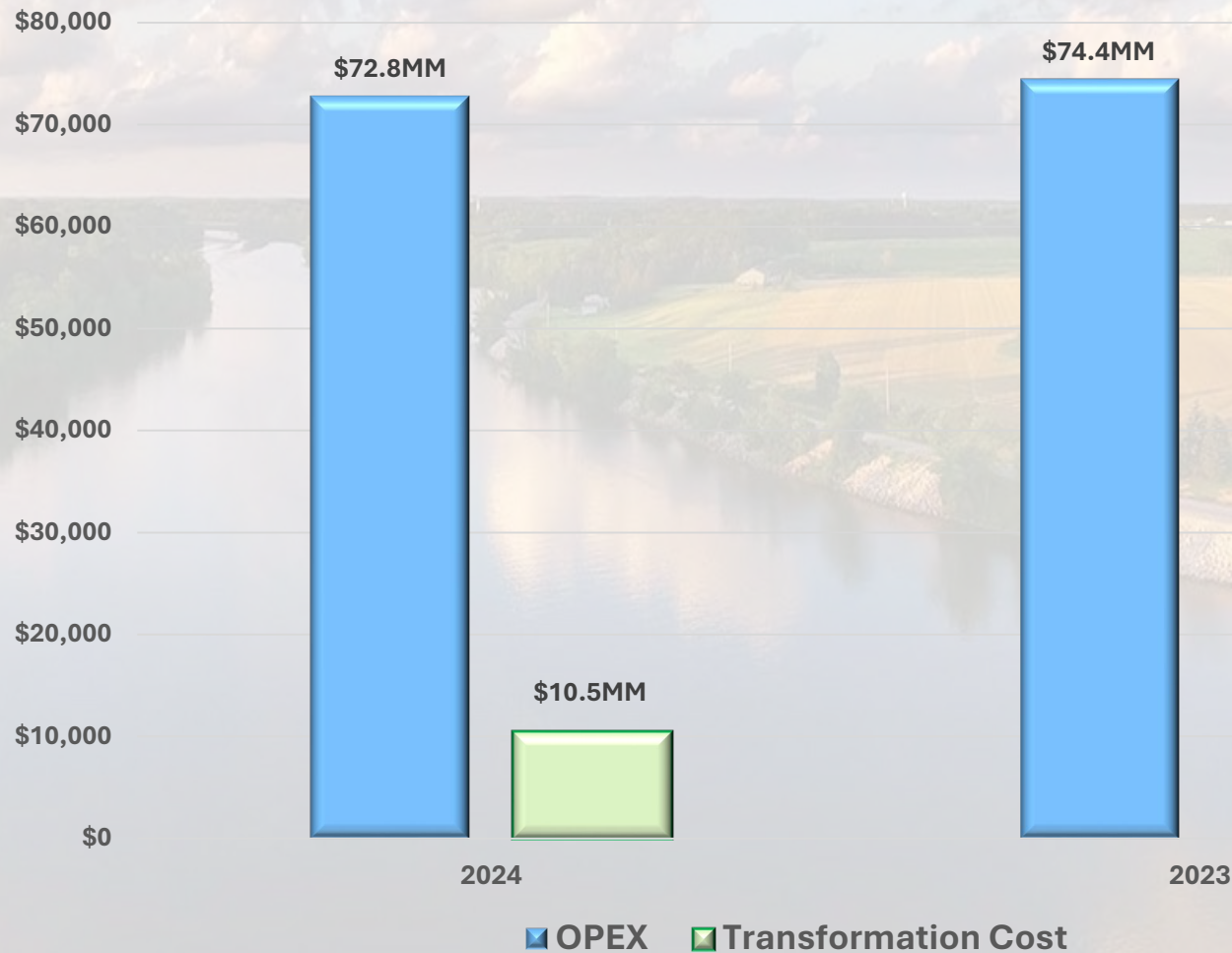
Operating Expenses are 36.6% of Sales in 2024 vs 29.5% in 2023



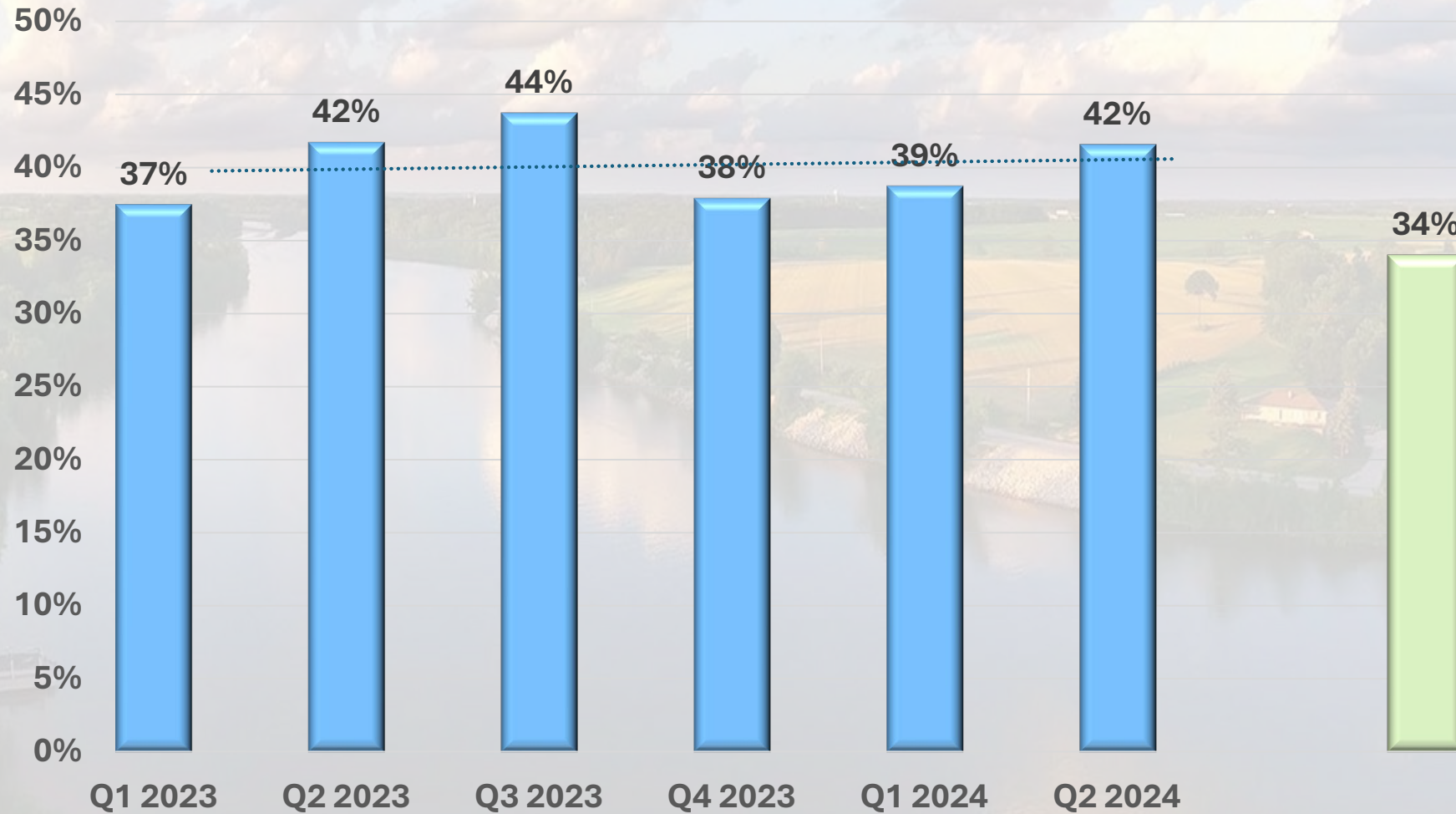
1H 2024 Operating Expenses



Operating Expenses are 31.6% of Sales in 2024 vs 28.9% in 2023



Inventory as a Percentage of Sales (TTM)



Financial Target Update

	Current Target	Previous Target
Adjusted EBITDA	\$40 – \$50 M	\$60 – \$70 M
Revenue	Down 2% to Flat	Up 6 – 9 %

CEO Search Status

- **Working with Kincannon & Reed, a Premier Executive Search Firm**
- **Board of Directors Search Team Reviewing Lists of Candidates**
- **Candidates Must be Equipped to Move Transformation Forward**
- **Must Advance a Culture of Teamwork, Transparency, Focus, and Performance**
- **Updates Forthcoming**

Closing Remarks

- **Formed OCEO to Kickstart Liquidity and Transformation Initiatives**
- **Reset Credit Agreement to Ensure Ample Liquidity**
- **Implemented Cost Reduction/Cash Enhancement Efforts**
- **Driving Transformation to Get to 15% Adj EBITDA Margin by FY 2026**
- **Searching for New CEO**

An aerial photograph of a wide river flowing through a rural landscape at sunset. The sky is filled with large, fluffy clouds that are illuminated from below, creating a warm, golden glow. The river's surface is calm, reflecting the colors of the sky and the surrounding land. On the left bank, there is a cluster of buildings, including a red barn and a white house, surrounded by lush green trees. On the right bank, there are rolling green hills, a road, and a small house. The overall scene is peaceful and scenic.

Questions