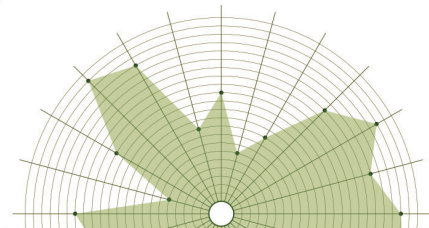
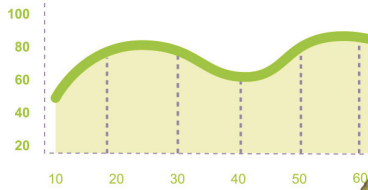


Annual Report 2020

We grow confidence.™

AgroFresh

FreshCloud 





2020 IN REVIEW

Tenacity in times of uncertainty.

Leveraging our unmatched depth of agricultural experience, product expertise and data-driven insights, we have remained resilient through the disruption of the COVID-19 pandemic. While it has presented challenging operational and market environments, we have never been better positioned for industry-leading service and long-term growth.

Our success is a credit to the dedicated efforts of each of our global team members. We are incredibly proud of their determination to maintain uninterrupted service across our facilities in Yakima, WA; Sparta, Michigan; Valencia, Spain; Lleida, Spain; Neuquen, Argentina; Curico, Chile; Vacaria, Brazil; Bologna, Italy; and Melbourne, Australia. To ensure the protection of our entire staff, we implemented and maintained robust health and safety measures.

Pushing possibilities in freshness.

Throughout the year, we held firm to our decades-long commitment to building the freshest future possible. We are always imagining new ways for growers, packers, and retailers to ensure the highest quality produce for the consumer – while minimizing food loss and waste.

As guardians of the world's fresh produce, we are prepared to lead the industry towards more sustainable practices. Customers trust us to be stewards of the environment – through constant innovation and a customized approach to loss and waste prevention.

LETTER FROM THE CEO

Dear Shareholders,

This is an important time in AgroFresh's journey and I am thrilled to communicate with you as the Company's new Chief Executive Officer following my appointment in April 2021. AgroFresh has an excellent foundation with global operations in approximately 50 countries that supports a diverse base of more than 3,500 customers. The Company's strategy to drive growth through diversification is sound and our prospects for the future are bright.

“ I aim to help this great organization identify and execute an operational plan that will provide consistent profitable top-line growth for years to come.”



I bring a deep appreciation for agriculture following 12 years of executive leadership experience in animal health at Pfizer, and subsequently Zoetis, the largest animal health company in the world and market leader following the carve out of that business from Pfizer to the public markets in 2013. I've worked with farmers, ranchers and retailers all over the world, and will leverage those experiences with our AgroFresh team to build upon the great relationships we already have in place across the industry and to bolster our competitive prowess as we pursue our diversification strategy.

As I reflect on full year 2020, I am reminded of the resilient nature of our organization as we navigated the unprecedented complexity that was brought about by the COVID-19 pandemic. While this caused some delays in new diversification project rollouts and unpredictable short-term customer purchasing decisions, our business was better insulated from the pandemic's effects than others. This was due to our team's hard work in driving efficiencies and optimizing our cost structure over the past two years, which translated to consistent gross margin performance in 2020 and demonstrates the value of the AgroFresh service model. Additionally, we were extremely pleased to execute on our July 2020 comprehensive refinancing amid the disruption, which was supported by our strong cash-flow generation and provides us the stability necessary to pursue our objectives.

AgroFresh is a trusted brand in the post-harvest industry known for our commitment to providing quality products and end-to-end solutions. Our reputation is supported by our experienced sales and technical teams that deliver a high-touch service model that customers have come to rely on. This is visible in the diversity of our portfolio, our attractive margin profile, and our geographic breadth. Our close proximity to our customers is the cornerstone of our market leadership and a genuine point of differentiation and value for our customers that we believe will allow us to deliver sustainable growth for years to come.

Sincerely,

Clinton A. Lewis, Jr.
Chief Executive Officer





FINANCIAL HIGHLIGHTS

Regenerating our financial flexibility.

This year, our new strategic investment partner, Paine Schwartz Partners (PSP), helped solidify our foundation for our next chapter of growth. In becoming a major equity investor in AgroFresh, PSP enabled us to successfully close a comprehensive refinancing transaction in July. This marked a significant milestone for AgroFresh, as it allowed us to accomplish three critical financial goals – reduce debt, improve our financial flexibility, and strengthen our credit standing with ratings agencies.

“Having developed a long-standing thesis in post-harvest technology, we couldn’t be more excited about partnering with a stand-out leader in this sector.”

– KEVIN SCHWARTZ, CEO & CO-FOUNDER, PSP



With the support of PSP and an improved capital structure, we have greater opportunities to leverage our strong global footprint and expand to new crops and technologies.



DIVERSIFICATION INITIATIVES

Powering diversification through our R&D registration engine.

As we continue to develop opportunities in new crops and geographies on an individual basis, new product registrations have proved to be our greatest growth drivers.

New developments.

Our ongoing investment in R&D has been critical for expanding our product portfolio beyond apples and establishing new customer bases.

By pursuing customer research trials for various crops in Australia, Mexico, Peru, and the U.S. – among other operating geographies – we work closely with our customers to provide problem solving and key learnings for future innovation. Though the pandemic delayed our diversification project rollouts, we were able to successfully demonstrate our value-added service model and business-building approach.

50+

COUNTRIES WITH
KEY PRODUCT
REGISTRATIONS

375+

PATENTS & PATENT
APPLICATIONS
GLOBALLY


40+


SCIENTISTS, WITH
OVER 50% HOLDING
ADVANCED DEGREES


New registrations.


Securing new product registrations has always been a core competency for AgroFresh. This year, it allowed us to gain access to a variety of new markets. Our strong relationships and reputation among growers in Italy, Spain and Poland drove them to lead and accelerate the process for gaining emergency use permits for Harvista.


 SmartFresh™ ProTabs for mangos in Peru


 Coating on apples in Argentina

 Pyrimethanil fungicide use on citrus, apples, pears, cherries, peaches, nectarines and plums in Chile

 SmartFresh ProTabs for apples, pears, and persimmons in Japan; for apples and plums in Morocco

 Granted emergency use permits for Harvista in Spain, Poland and Italy, accommodating labor challenges and enhancing quality for local growers

 SmartFresh™ InBox for apples and kiwifruit in New Zealand; for extended use on broccoli, melons, cherries, peaches, nectarines, plums, persimmons and avocados in the U.S.

 Harvista™ 1.3 SC in Brazil and New Zealand

Our product and service expansions:

SmartFresh™ Quality System


PRESERVING QUALITY AND LENGTHENING SHELF LIFE.

The complete SmartFresh Quality System is designed to manage the ripening process of fresh produce, helping achieve optimal consumer-desired taste and texture. The efficacy of SmartFresh technology was recently confirmed in new research conducted by a leading post-harvest researcher, the University of California, Davis, which found significant post-harvest quality benefits for plums and pluots.

We have dedicated over two decades to confirming crop-specific validity and obtaining additional regulatory approvals. In 2020, our efforts helped us expand the global application of SmartFresh, optimizing the consumer experience across a new range of crops – including avocado, broccoli, melon, tomato, mango and stone fruit. Additionally, we have extended the usage of SmartFresh™ InBox in the U.S. to broccoli, melon, cherry, peach, nectarine, plum, persimmon and avocado. AgroFresh™ Verified, our proprietary analysis and reporting service that confirms successful SmartFresh storage room applications, was enhanced in 2020 by the deployment of a more efficient analytical device.

SmartFresh is available for use across a large number of crops, extensive geographies and a wide range of application environments.



STORAGE ROOMS		
<p>SmartFresh™</p> <p>FOR LARGE, TRADITIONAL STORAGE FACILITIES</p> <p>A full-service solution</p>	 <p>Proprietary analysis and reporting service</p>	<p>SmartFresh™ ProTabs</p> <p>FOR TRADITIONAL STORAGE FACILITIES</p> <p>A full-service or customer-applied solution</p>
RIPENING ROOMS		
<p>SmartFresh™ ProTabs</p> <p>FOR RETAILER OR THIRD-PARTY RIPENING ROOMS</p> <p>A customer-applied solution</p>		
ON THE MOVE		
<p>SmartFresh™ SmartTabs™</p> <p>FOR SMALL ROOMS & TRANSPORT TRAILERS/ SHIPPING CONTAINERS</p> <p>Convenient, easy-to-use self-application</p>	<p>SmartFresh™ InBox</p> <p>FOR TRANSPORT BOXES/REUSABLE CONTAINERS (RPCs)</p> <p>Convenient, flexible, easy-to-use self-application</p>	



MANAGING QUALITY JUST BEFORE HARVEST.

Harvista 1.3 SC is our innovative near-harvest technology for controlling peak ripeness to generate larger, higher quality yields, while also expanding the harvest window to allow more flexible management of labor forces. It was a crucial component of our diversification strategy in 2020, as markets outside the U.S. doubled their revenue growth for the product, driven by recent approvals in Australia and Brazil.

Major European grower associations successfully petitioned regulatory authorities for the use of Harvista during the pome fruit season. Their influence drove authorities in Spain, Italy, and Poland to grant emergency use permits, making Harvista's first year in Europe a promising success. The process for official registrations is ongoing and we anticipate it will be completed in 2023.

As we drive towards greater market access, we received approval in New Zealand for use on apples, and in February of 2021, for use on blueberries in Argentina. This builds upon approvals in Chile and the U.S., which puts us in position to grow Harvista sales in 2021.



ENHANCING QUALITY AND EFFICIENCY ACROSS THE SUPPLY CHAIN.

FreshCloud is our cloud-based, digital technology platform for end-to-end visibility and quality management. Combining deep agricultural expertise and digital innovation, this service platform provides powerful supply chain insights, enabling more informed decision-making to maximize customer returns. In 2020, we continued to integrate the FreshCloud platform into our near- to post-harvest solutions, driving a formidable competitive advantage.

Going forward, we expect long-term growth to be driven by additional customer adoption and the expansion of two commercially available breakthrough solutions, **FreshCloud Harvest View** and **FreshCloud Quality Inspection**.



FreshCloud Harvest View is an automated tool for optimizing and increasing the speed of fruit maturity assessment in the orchard, designed to enhance the use of our Harvista near-harvest solution. Having successfully launched the service in the U.S. this year, we plan to expand geographically and further enhance the digital experience by continuing to add new features.



Hortec, the leading fruit quality and maturity management provider in South Africa, will utilize FreshCloud Harvest View to optimize harvest management and enhance fruit quality and yield during the 2021 apple season.



FreshCloud Quality Inspection is a cloud-based mobile inspection tool, built to standardize the quality control process. Providing a heightened level of transparency, it reduces testing time by 80% and increases sample frequency. FreshCloud is also lowering the amount of food loss and waste through better quality management processes, which in turn aids sustainability objectives across the industry.



Montague, one of Australia's largest fruit growers, was the first to adopt FreshCloud Quality Inspection to completely transform their quality assurance systems.

Throughout the year, the service was very well-received by customers outside our core apple business. We expect further adoptions upon the completion of trials with produce operators in North America and other regions worldwide, which have thus far yielded very positive results.



Blue Star Growers, a pioneer in ripening technology for pears, was the first U.S. customer to adopt FreshCloud Quality Inspection to enhance their quality control processes.

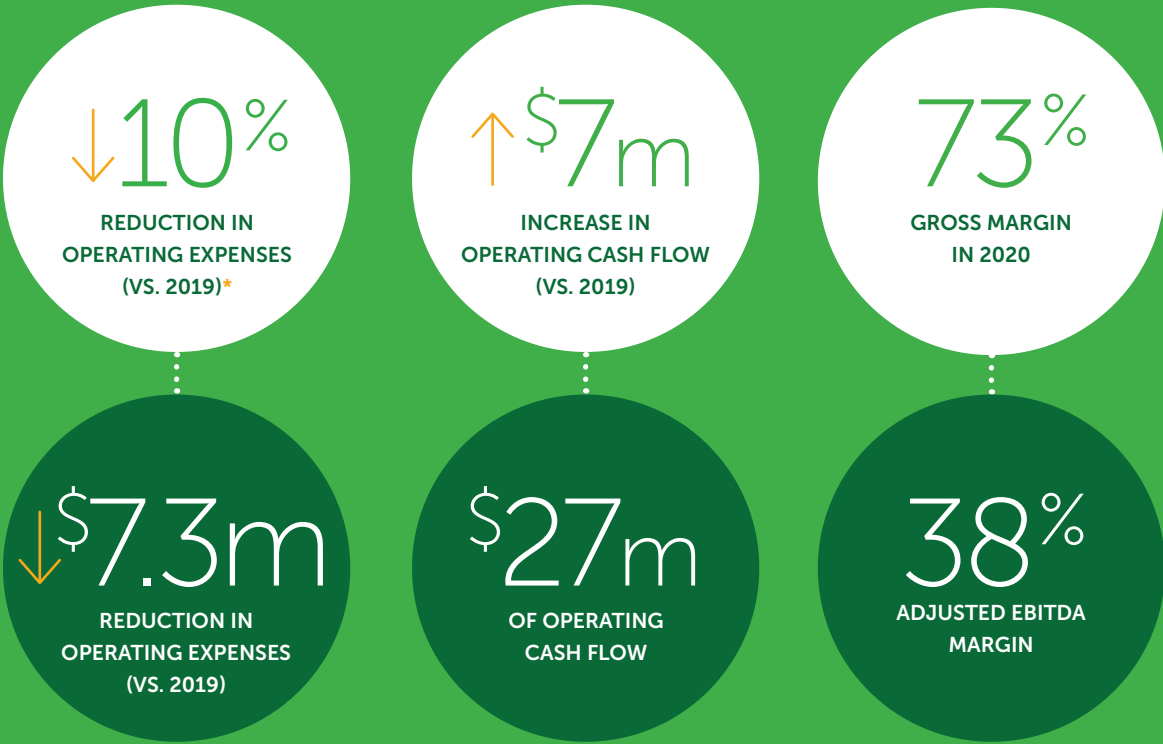


OPERATIONAL EFFICIENCIES

Containing costs. Cultivating confidence.

Building on gains from 2019, we continued to drive cost efficiencies and generate positive operating leverage without compromising our high-touch customer service model. Through better management and operational execution, we improved our working capital while preserving our margin profile and generated strong, consistent growth in operating cash flow. We believe we are now in a strong position to drive profitable top line growth and operational resilience.

Even in the uncertain environment created by COVID-19, our corporate cost optimization efforts have paved the way for a nimbler organization and a stronger financial profile.



* Operating expenses defined as SG&A and R&D



OUTLOOK

Ripe for future growth.

Despite the challenges presented by the global pandemic this year, we are proud to have achieved major successes across our organization.

We continue to lead as a near- to post-harvest service provider on a global scale. Now more than ever, we are an AgTech innovator, fueling a technologically enabled future for our industry and long-term growth for our business.

As we forge ahead, we will hold firm to our commitment to delivering novel, confidence-inspiring solutions, tailored to unique customer needs.

Start of 10K

End of 10K

NON-GAAP FINANCIAL INFORMATION

This report contains the non-GAAP financial measures Adjusted EBITDA and Adjusted EBITDA Margin. 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 incentive bonuses and for 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 for evaluation of the Company's performance. The Company does not intend for the non-GAAP financial measures contained in this report to be a substitute for any GAAP financial information. Readers of this report should use these non-GAAP financial measures only in conjunction with the comparable GAAP financial measures. A reconciliation of Adjusted EBITDA to the most comparable GAAP measure is provided below.

NON-GAAP FINANCIAL INFORMATION

The following table sets forth reconciliations of the non-GAAP financial measures EBITDA and Adjusted EBITDA to the most closely comparable GAAP financial measure, net loss.

	Year Ended December 31, 2020
GAAP net (loss) including non-controlling interests	\$(52,966)
Expense (Benefit) provision for income taxes	31,376
Interest expense ¹	23,669
Depreciation and amortization	46,970
Non-GAAP EBITDA	\$49,049
Share-based compensation	3,598
Severance related costs ²	885
Other non-recurring costs ³	3,240
Loss on foreign currency exchange ⁴	2,836
Debt modification and extinguishment costs	5,028
Grant income	(2,974)
Litigation recovery	(1,600)
Non-GAAP Adjusted EBITDA	\$60,062

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

2 Severance costs related to ongoing cost optimization initiatives.

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

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

SAFE HARBOR

In addition to historical information, this report contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Please see "Cautionary Note Regarding Forward-Looking Statements" contained in our Form 10-K for more information.

AgroFresh

We Grow Confidence™

HEADQUARTERS

510-530 Walnut Street, Suite 1350
Philadelphia, PA 19106

agrofresh.com

NOTICE: AgroFresh makes no representations of warranties as to the completeness or accuracy of any information contained herein ("Information"). Recipients must make their own determination as to its suitability for their purposes prior to use, and nothing contained herein is to be construed as a recommendation to use any product, process, equipment or formulation in conflict with any patent. AGROFRESH MAKES NO WARRANTIES OF ANY NATURE, EXPRESS OR IMPLIED, WHETHER REGARDING MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR ANY OTHER MATTER, ALL OF WHICH ARE EXPRESSLY EXCLUDED.

™Trademark of AgroFresh Inc. © 2021 AgroFresh Solutions, Inc. All rights reserved.