



Freight Farms, Inc. Business Combination with Agrinam Acquisition Corporation

Operator

Hello and welcome to the Freight Farms and Agrinam Acquisition Corporation transaction conference call. The information discussed today is qualified in its entirety by the terms and conditions of the business combination agreement that will be filed by Agrinam in respect of the transaction and may be accessed on www.sedarplus.ca, including the exhibits thereto. Please note that the press release issued this morning and related documents can also be found on Agrinam's website at agrinamspac.com. The investor deck that will be presented as part of today's discussion has been publicly filed on www.sedarplus.ca and posted on Agrinam's website, where it is available for download. Please review the disclaimers included therein and refer to that as the guide for today's call including for a reconciliation of non-GAAP metrics. In particular, this call contains forward-looking statements that are subject to risks and uncertainties, including those set forth in the press release and investor deck, that could cause actual results to differ from those expressed in, or implied by, the forward-looking statements. In addition, further information about the proposed transaction will be contained in filings on www.sedarplus.ca, including Agrinam's material change report, and we encourage you to read those carefully when they become available. For everyone on the call, Freight Farms and Agrinam will not be fielding questions today. Hosting today's call from Agrinam is Agustin Tristan, Chief Executive Officer. Hosting today's call from Freight Farms is Rick Vanzura, Chief Executive Officer.

I will now turn the call over to Mr. Tristan. Please go ahead.

Agustin Tristan – CEO of Agrinam Acquisition Corp

I would like to start by thanking all of you for joining us today. I am Agustin Tristan, CEO of Agrinam Acquisition Corporation, and I am thrilled to announce this transaction between Agrinam and Freight Farms.

Agrinam was formed with the focused mission to identify and merge with a differentiated agribusiness company with a strong track record and a sustainable financial model and we believe we have found that with Freight Farms. We had been looking at multiple companies within the Controlled Environment Agriculture space, all the way from "shade mesh" which is mostly used for berries to mid to high-tech greenhouses and vertical farms. The CEA sector has faced many challenges and we believe Freight Farms has built a unique business model which achieves profitability much faster than other solutions of indoor growing and at a much lower cost. The Company has built a robust portfolio of proprietary intellectual property, outstanding underlying customer economics and a proven management team led by Rick Vanzura. We are very excited about the Company's growth potential and potential to rapidly scale while simultaneously seeking to address certain key issues impacting global agriculture including land use, water consumption, food safety and food security. We believe that this transaction delivers a compelling value proposition for Agrinam's shareholders.



Turning to the overview of the proposed transaction, the transaction values Freight Farms at a market cap of approximately \$147 million, based upon a price of \$10.30 per Agrinam common share. The transaction, together with additional possible equity financing, is expected to deliver at least \$29 million in gross cash proceeds to the combined company, which will be used to support its growth strategy including fulfilling the existing order backlog. Subject to various closing conditions, including the receipt from applicable securities regulators of a non-offering prospectus, the transaction is expected to close in the first calendar quarter of 2024.

Now I'll turn the call over to Rick Vanzura, the CEO of Freight Farms.

Rick Vanzura – CEO of Freight Farms

Thank you Agustin.

Freight Farms' mission is to revolutionize local access to food because we believe that healthy food is a right, not a luxury. Founded in 2013, we are an industry pioneer and global market leader in modular controlled environment agriculture with more than 600 modular farms sold across all 50 U.S. states and 40 countries. We believe that we're four times as large as our next largest container-focused competitor, and gross revenues are nearly 13 times what they were in 2019. We offer a complete platform of products and services to empower a global community of partners, seeking to create a more sustainable future for the environment as well as trying to make communities more resilient and secure. Our diverse client portfolio includes hundreds of smaller for-profit farmers as well as an expanding set of institutional operators in segments such as education, hospitality, healthcare, grocery, food banks, and other non-profit community organizations.

We believe our target market is large and growing and that we offer a compelling, sustainable solution to address the key challenges to traditional farming techniques stemming from issues around resource use and population growth. We believe that container farming provides significant flexibility, is easily adaptable to fit customer needs across for-profit and not-for-profit businesses alike and is well positioned for scaling in the face of global trends including climate change, food safety concerns, water shortages and food insecurity.

Freight Farms is strategically advantaged and differentiated as a technology provider, not a grower, with proven customer economics. The Company's state-of-the-art hydroponic container farm is supported by a robust IP portfolio encompassing 13 patent families secured for proprietary technologies, functioning throughout our product portfolio. We believe we also have one of the world's largest networks of IoT connected commercial farms. So, every day we're able to learn from the collective experience of our now more than 1,000 customers as well as the billions of data points we've collected from our software and cameras inside each farm across 40 countries globally. The Company's technology has been utilized in connection with growing more than 500 crops and has been instrumental in establishing the commercial viability of dozens with significantly lower capital expenditures compared to fixed warehouse vertical farms.

We have three revenue streams – equipment, software, and consumables – plus offer a range of complementary services. Equipment accounts for the largest proportion of revenue and our offering is showcased by our flagship product, the Greenery, a closed-loop hydroponic container



farm that offers turnkey precision growing in a 320 square foot modular form factor that yields the production equivalent of over 2 acres of traditional farming. Our value proposition is powerful: it only takes around 25 hours a week and farmers are able to grow 365 days a year with minimal food miles, in temperatures ranging from minus 30 to plus 120 degrees Fahrenheit, all with an extremely high level of control. Over the years, we've improved yield to where you can now grow over 1,000 heads of lettuce a week, as an example. The Greenery is easy to operate, requires only a modest initial investment of around 160 thousand dollars, and the prototypical unit can generate up to 65% EBITDA margins on target revenues for qualified farmers of 140 thousand dollars annually, which compares very favorably to a retail franchise model. With a delivery to first harvest period in potentially as little as six weeks, efficient resource usage, and the high productivity of vertical farming, this self-contained farm delivers meaningful ROI on a low customer investment, with multiple for-profit farmers experiencing a payback in 2-3 years.

Farmhand® is our proprietary automation software that seeks to provide easy access and transparency into container farm operations to help to optimize performance and crop yields while also seeking to provide owner/operators control and efficiency through access to real-time and historical data and analytics. In addition, the software platform collects and aggregates data across the farm network, helping to drive continuous crop yield and operational improvements. Farmhand enables remote supervision and control of farming operations, providing a holistic view of farm status via the dashboard interface along with analytic tools to seek to ensure consistent crop quality and quantity. The software also connects operators to Freight Farms' global community of farmers to seek to promote knowledge sharing and discussion along with providing a platform for ongoing training.

Farmhand Shop offers a one-stop solution for all farming needs—be it supplies or nutrients. Developed by in-house plant scientists, these offerings are designed to optimize yields. The shop even simplifies the restocking process with customizable kits and recurring subscriptions, ensuring an uninterrupted and seamless supply chain. All of these can be easily accessed and ordered through the Farmhand ecosystem.

We have strong commercial traction reflecting the broad appeal of our offering across multiple segments encompassing large cohorts of potential customers.

Our small business customers are often farmers with similar characteristics to the entrepreneurs that are interested in a leading franchise concept. They want a manageable investment that will produce a solid income, give them a feeling of ownership over their lifestyle with a lot of support from corporate. When you look at us on those dimensions, we look great. Lower initial investment, higher potential profit, much less in terms of required fees, much more flexible model both in terms of where you can operate it, which is anywhere you have a 10 by 50-foot or 3 by 15 meter parcel of land with commercial power and water hookups. Plus, there's the added benefit of being tech forward, ESG focused and this continual ability to improve. So, when you think about a leading franchisor having gotten to 37,000 units worldwide, it's just one lens around looking at future growth potential.

Now taking a more discrete look at our customer base, at the highest level, roughly 70% of our customers are for-profit businesses and 30% are not-for-profit, all of which we generally classify across four lanes. The first lane is direct-to-consumer where the common characteristics are extreme environments or resource scarcity because our farms can provide a profitable solution in



terms of production and cost per ounce. Institutional off takers, which are largely grocery stores, are another important customer for Freight Farms and viable in both super premium markets like the islands as well as highly competitive urban markets. We are now at the point where the economics work at distributor scale, and we have farmers working with major players in food distribution. A third lane is not-for-profit customers and this splits into two camps: academia and organizations. Regarding the former, we believe we are in more colleges, universities and K through 12 than any other container farm provider in the world. Our farms often provide a dual purpose for academia customers, by offering a unique tool for learning that is integrated into the agricultural program along with supplying fresh produce for cafeterias in a sustainable way that also helps drive donor engagement. Community-based organizations, like the Boys and Girls Clubs, represent the other half of our not-for-profit customers and are a great example of scalability for our business. We're in four clubs now, but we've spent a lot of time this year working to develop that across their 4,000 clubs. We now have initiated conversations with hundreds and we've been formally endorsed by the national organization and look to expand this model to other similar organizations like YMCA, YWCA, and Future Farmers of America. Finally, our fourth customer lane is hospitality, where restaurateurs take advantage of the customizability and freshness of what you can grow in our farms to create a unique point of distinction.

Freight Farms has a deep focus on ESG and is strongly aligned with the Sustainable Development Goals of the United Nations. Our modular farms are 99% more water efficient than traditional agriculture due to a closed-loop system that essentially eliminates wastewater and there is no runoff of harmful pesticides or herbicides. From a soil and land conservation perspective, there is zero soil usage because the solution is hydroponic and the compact design within a 40'x8' container provides the equivalent of over two acres of production, which is over 100 times more efficient than soil-based agriculture. Carbon emissions due to transportation are also dramatically reduced by the Freight Farms solution because production is in close proximity to the point of consumption. That is why one of our mottos is, move farms not food. Average transportation miles we believe are under 20 compared to thousands of miles for conventional produce in the U.S. We are also committed to energy efficiency and have a partnership with Arcadia to prioritize the use of clean energy in the U.S. Finally, our solutions seek to support and strengthen local communities, focusing on promoting health and wellness, increasing employment, therapeutic and education needs. We offer an array of programs often targeting under-served populations to address disparities that provide specific training related to nutrition, sustainable agriculture and urban farming.

Solid execution by our team has resulted in significant growth along with sharply increasing our backlog as we experienced strong demand from new and existing customers, reflecting the broadening appeal of our model and its proven economics across additional geographies and market segments. Sales in 2023 are expected to reach approximately \$22 million, a four-fold increase since 2020 and a twelve-fold increase since 2019. We currently forecast to end the year with over \$16 million in backlog, which translates into over \$16 million of revenue that will be realized in 2024.

Over the next several years, we expect revenues to grow at an exceptional rate as we aggressively scale our business and further expand our reach geographically and to new customer segments. We expect revenue growth will be primarily driven by sales of our Greenery model in 2024 but we anticipate that the smaller Garden model, with the smaller footprint and



lower initial investment, will start to generate more meaningful sales in 2025 along with revenue from larger scale projects that move outside of our existing container.

We believe profitability is also poised for improvement reflecting scale-related efficiencies and we expect to reach Adjusted EBITDA breakeven during Q4 of 2024, exclusive of public company expenses.

Today's announcement of our plans to go public through a proposed business combination with Agrinam is an important milestone in Freight Farms' evolution. We've made significant progress over the past decade building a powerful technology platform with strong economics and multiple tailwinds to our growth. Agrinam brings a deep understanding of the agtech space and their focus on sustainability and efficient resource use is firmly aligned with our mission and values. The additional capital from this transaction will enable us to continue advancing our growth strategy and more aggressively scale our business as we seek to realize the full scope of our long-term opportunity to revolutionize hyper-local food production.

We are very excited to be partnering with the Agrinam team and I'd also like to thank our existing investors for their strong ongoing support, led by the team at Ospraie Ag Science. Finally, I want to thank our incredible base of passionate team members and other supporters who've worked tirelessly for years to get us to this point, as well as all of our freight farmers who also make us better every day.

Thank you.