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Zacks Small-Cap Research

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Bioceres Crop Solutions (NASDAQ: BIOX)

Bioceres Crop Solutions Reports Outstanding **62% Comparable Revenue Growth** for FY2022. Top-line of high margin HB4 products reported for first time. **Baseline adjusted EBITDA increases 24%** to $61.9 million.

A discounted cash flow (DCF) model that applies a 14.5% discount rate and a terminal price-to-sales ratio (P/S) of 0.43 (which is the current mean P/S ratio of a large agricultural products company) indicates a share price target of $23.75.

Current Price (09/20/22)	$13.01
Valuation	**$23.75**

OUTLOOK

Bioceres Crop Solutions is an integrated, global provider of **crop productivity solutions** and has started commercializing HB4 drought-tolerant technology with **HB4 wheat** and **HB4 soybeans** after being **granted regulatory approvals** from **Brazil** and **China**, respectively.

Plantings of **HB4 Wheat rising dramatically** to 300,000 hectares. **Plantings of second** and **third generation varieties of HB4 Soy** ramping up.

In just a few months, **$4.8 million** of expected $8 million **in annual cost synergies** from **merger with Marrone Bio Innovations** have been achieved.

SUMMARY DATA

52-Week High	**$16.43**
52-Week Low	**$9.27**
One-Year Return (%)	**10.58**
Beta	**0.28**
Average Daily Volume (shrs.)	**138,459**
Shares Outstanding (million)	**61.92**
Market Capitalization ($mil.)	**$805.58**
Short Interest Ratio (days)	**1.66**
Institutional Ownership (%)	**10.37**
Insider Ownership (%)	**53.11**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**26.8**
Earnings Per Share (%)	**N/M**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2023 Estimate	**34.2**
P/E using 2024 Estimate	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small - Growth**
Industry	**Ag Biologics**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2020	36.3 A	63.0 A	25.7 A	48.2 A	173.1 A
2021	42.4 A	48.7 A	36.2 A	82.2 A	209.5 A
2022	66.9 A	92.7 A	69.5 A	105.7 A	334.8 A
2023	81.7 E	112.2 E	84.4 E	127.0 E	405.3 E

Earnings per share
(EPS is operating earnings before non-recurring items)

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2020	-$0.20 A	$0.31 A	-$0.09 A	$0.06 A	$0.09 A
2021	-$0.19 A	$0.02 A	-$0.03 A	$0.02 A	-$0.18 A
2022	$0.02 A	$0.08 A	-$0.16 A	-$0.08 A	-$0.14 A
2023	$0.05 E	$0.19 E	$0.04 E	$0.11 E	$0.38 E

Quarterly revenues may not equal annual revenues due to rounding.

Quarterly EPS may not equal annual EPS due to rounding or dilution.

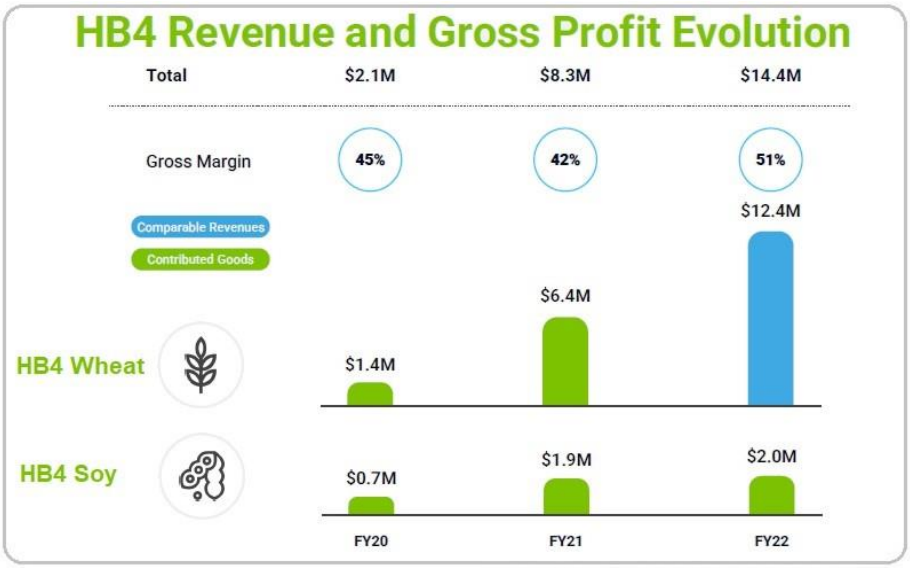
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FISCAL 2022 REVIEW & RESULTS

Fiscal 2022 – Significant Achievements

HB4 Wheat

For the first time, comparable revenues for HB4 Wheat were reported ($12.4 million). Being in the high margin Seed & Integrated Products product segment, the reported **gross margin for HB4 Wheat was 51%**. **Three (3) new varieties** were added to the HB4 Program as severe drought condition in certain areas of Argentina challenge farmers.



During fiscal 2022, Bioceres Crop Solutions achieved two **highly significant bio-agricultural regulatory milestones**, one of which was that **Brazil** approved drought tolerant **HB4 wheat flour** for importation and for human consumption in November 2021. The Brazilian approval, along with the proven yield improvement during severe drought conditions in certain growing regions, will result in **300,000 hectares** of HB4 wheat being **planted**, up 400% from 60,000 hectares last year. Sales of HB4 Wheat seeds are being sold to multipliers/distributors whereby next season's conventional sales of HB4 Wheat potentially could increase plantings by 180,000-to-250,000 hectares. **Downstream**, the **number of processors doubled over the last six months** and currently total 25. Another 23 new processors are expected to be onboarded in the next few quarters.

Other regulatory clearances for **HB4 Wheat** (for food and feed) **were** granted by the U.S. (FDA), Brazil, Colombia, Australia, New Zealand and Nigeria. Given the recent regulatory approvals, the company has submitted an application in Indonesia and plans to file in Thailand, Vietnam and the Philippines in the near future.

HB4 Soy

The other bio-agricultural regulatory milestone was that in late-April 2022, the Ministry of Agriculture of **China granted approval for the importation of HB4 Soy for animal and for human consumption**. The approval was a necessary condition for the unrestricted commercial launch of HB4 Soy in Argentina and releases third-party licensees from contractual restrictions allowing expansion into the U.S. and Brazil. HB4 Soy is approved for cultivation and commercialization in the United States, Canada, Brazil, Argentina and Paraguay, which together represent about 85% of the global soybean market.

HB4 Soy has demonstrated **significant yield benefits** in highly restricted environments in environments where average yields are below 1.5 tons per hectare. However, the benefit was not being realized in moderate to highly productive environments where average yields were greater than 2.5 tons per hectare. The company has developed **second (HB4 4220)** and **third (HB4 5021) generation varieties** that meaningfully improve performance. **These two varieties will be commercially launched** in the **2023-2024** season (November-December planting season).

Merger with Marrone Bio Innovations

On July 12, 2022, **the merger with Marrone Bio Innovations was completed**, adding a **new growth platform** within the company's portfolio of biological agricultural solutions. Marrone Bio's operations were **rebranded** the **ProFarm Group** within Bioceres and will have **commercial channel** responsibilities in **North America and Europe** while **Rizobacter** will continue to control operations **in South America**. The **ProFarm Group** will continue to manage the portfolio and pipeline of legacy Marrone products globally.

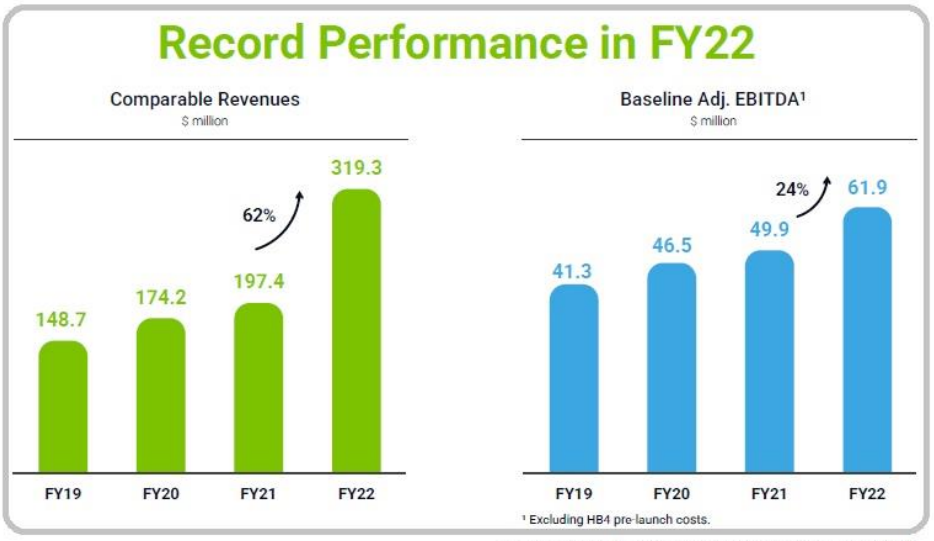
Management expects the merger to achieve $8 million in annual cost synergies, mostly from eliminating duplicative public company expenses. Thus far, **60% (or $4.8 million) of the cost savings have been achieved**.

Fiscal 2022 Financial Results

On September 8, 2022, Bioceres Crop Solutions reported financial and operating results for the **fourth fiscal quarter** and **fiscal year** ending June 30, 2022.

Bioceres Crop Solutions reports financial results where its Argentinean operations are subject to **IAS 29**, since Argentina's economy is currently classified as hyperinflationary. Under IAS-29, comparable financial information is provided so that investors can make better informed decisions. In order to adjust nominal cash flows in terms of purchasing power, prior-period accounting line items in the income statement are restated so that they are expressed on the basis of the purchasing power of the hyperinflationary functional currency at the end of the reporting period. In this manner, cash flows are adjusted for the effects of general inflationary price index changes, and investors are provided relevant and comparable information for a company's operations.

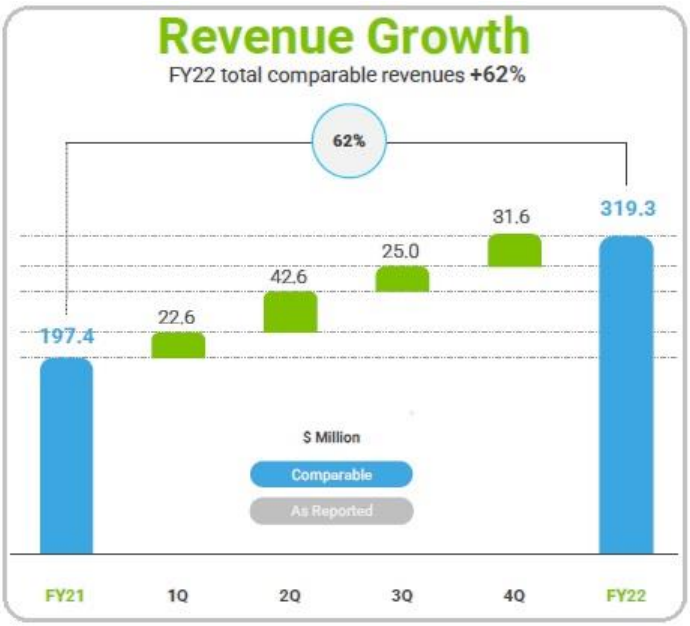
Comparable revenues increased 62% to $319.3 million in fiscal 2022 and **baseline adjusted EBITDA** (excluding HB4 ramp up costs) **increased 24%** to $61.9 million. ProFarm metrics are not included, but consolidated numbers will be available for the first quarter of fiscal 2023.

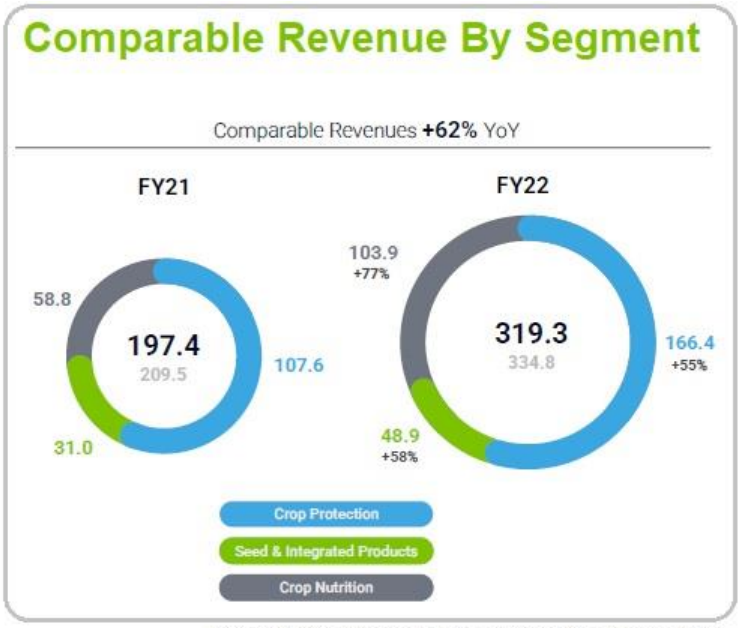


Bioceres Crop Solutions Presentation September 2022

Management has been successful in **increasing volumes of micro-beaded fertilizer** through a competitive commercial **pricing structure**, along with benefiting from higher prices of conventional fertilizer due to tight global supply. In addition, the **reorganization of the sales effort** in the Crop Protection segment toward **third-party product sales** has increased sales of **adjuvants, insecticides and fungicides**.

Comparable revenues of the **Crop Nutrition** segment **increased 77%** to approximately $103.9 million versus $58.8 million in the prior fiscal year, driven primarily by **micro-beaded fertilizer and inoculants**.





Bioceres Crop Solutions Presentation September 2022

In the **Crop Protection** segment, **comparable revenues increased 55%** to approximately $166.4 million versus $107.6 million in fiscal 2021 due to strong third party product sales.

In the **Seed and Integrated Products** segment, comparable revenues increased 58% from $31.0 million to $48.9 million, primarily due the revenue recognition of $12.4 million in fourth fiscal quarter of HB4 Wheat for the first time.

The **comparable gross profit margin of total comparable revenues compressed 484 basis points** from 47.7% last year to 42.9% in fiscal 2022, primarily due to product mix (strong low-margin third party sales).

Adjusted EBITDA increased 7% to $51.5 million versus $48.3 million in the prior fiscal year, primarily driven by increased sales and gross profits from the Crop Nutrition and Seed and Integrated Products segments. Baseline Business Adjusted EBITDA (which excludes HB4 ramp up costs) increased by 24% **to $61.9 million**.

For fiscal 2022, Bioceres Crop Solutions **reported a net loss attributable to equity holders of $7.33 million** (or $0.14 per diluted share) versus $6.87 million (or $0.18 per diluted share) in fiscal 2021.

As of June 30, 2022, Bioceres Crop Solutions has a strong liquidity position with cash, cash equivalents and other short-term financial assets totaling approximately $38.1 million compared to $47.2 million as of June 30, 2021. Working capital, however, improved YOY from $43.5 million to $78.2 million.

HISTORICAL PERSPECTIVE OF BIOCERES CROP SOLUTIONS

Bioceres S.A., the parent company of the Bioceres Crop Solutions, was founded in 2001 when a group of 23 agricultural growers banded together in order to create a collaborative network with a mission to advance certain agricultural methods that would **improve farmer productivity** and enhance the resilience of agronomic food systems. The company pursued the **advancement of yield-enhancing drought-resistant crops**, and subsequently **no-till farming** with appropriate crop rotations and **double-cropping** in order to advance sustainable and eco-friendly agriculture. Management places a high value on innovation and societal responsibility. The company's platform has evolved to include enhanced crop management practices that both promote agricultural sustainability and help transition agriculture toward carbon neutrality through an ESG (Environmental, Social and Governance) program.

Many years of R&D related to the **hahb-4 gene** (a sunflower transcription factor which acts over multiple response mechanisms) resulted in the development of HB4 drought tolerance technology. In support of the initiative, field trials were conducted beginning in 2008 and regulatory approvals were sought for the production and importation of **HB4 soybeans** and **HB4 wheat**. Over time, the membership of the consortium grew to over 300 agricultural shareholders (e.g. farmers, co-ops, etc.).

Starting in 2015, Bioceres S.A. began to search for a method to become a publicly traded company. In the same time frame, in 2016, Bioceres S.A. had the opportunity to acquire 50.01% of Rizobacter, a relatively large, revenue-generating distributor of agricultural products in Argentina with global operations in over 30 countries. Rizobacter's platform not only brought a meaningful revenue base with strong customer relationships, but also provided a distribution network, manufacturing capabilities and R&D programs in biologics and other crop protection and nutrition products.

In late 2018, Bioceres S.A. was approached by Union Acquisition Corp., a Special Purpose Acquisition Company (SPAC) that completed its IPO in March 2018. Bioceres S.A. carved out specific crop-related operations and assets into a subsidiary, Bioceres Crop Solutions, which consummated a business combination with Union Acquisition Corp and **became a publicly traded company on March 14, 2019**. The benefits of the transaction were that

1) Bioceres Crop Solutions Corp. became a publicly-traded company
2) the capital from the business combination
    a. facilitated the acquisition of an additional 19.99% of Rizobacter, bringing the total to 80%
    b. helped deleverage the balance sheet and
    c. provided funds toward expanding the company's commercialization activities

Bioceres S.A. retained 77.3% ownership of Bioceres Crop Solutions, which has subsequently has declined to 48% (with voting power through a Rizobacter share agreement of 55.7%).

The acquisition of 80% of Rizobacter provides Bioceres Crop Solutions the revenues and the consequent cash flow to advance HB4 technology, to invest in ongoing R&D for GMO-related projects and to develop additional farmer productivity initiatives. As a result, Bioceres Crop Solutions is one of the few small-cap biologics companies that generate positive EBITDA.

Bioceres Crop Solutions has achieved several **highly significant bio-agricultural regulatory milestones**.

- October 2015 – **Argentina** approved drought tolerant HB4 soybeans for consumption (food & feed) and production. The regulatory approval is contingent upon trade approval by China.
- October 2018 – **Argentina** approved drought and herbicide tolerant HB4 soybeans for consumption and production. The regulatory approval is contingent upon trade approval by China.

- May 2019 – **Brazil** approved drought tolerant HB4 soybeans and drought and herbicide tolerant HB4 soybeans for commercialization (planting and harvesting).
- August 2019 – the **USDA** approved drought tolerant HB4 soybeans for production in the U.S market. The FDA had previously approved the HB4 trait for consumption in 2017.
- November 2019 – **Paraguay** approved drought and herbicide tolerant HB4 soybeans for consumption and production.
- October 2020 - **Argentina** approved the production and marketing of drought-tolerant and salinity-tolerant HB4 **wheat**. The regulatory approval is contingent upon trade approval by Brazil.
- June 2021 - Canadian Health Agency and Food Inspection Agency approved drought and herbicide tolerant HB4 soybeans for consumption and production in **Canada**.
- November 2021 – **Brazil** approved drought tolerant HB4 wheat flour for importation and for human consumption.
- April 2022 – **China** approved drought tolerant HB4 Soy for importation and use for human consumption.

Bioceres Crop Solutions is on the verge of globally commercializing HB4 soybeans and HB4 wheat. Management looks forward to the over **$100 million market opportunities**[i] the will spring from China's recent regulatory approval for the importation of HB4 soybeans and Brazil's regulatory approval for the importation of HB4 wheat. The company continues to build up inventories of HB4 soybeans and HB4 wheat in preparation for fast-tracking commercialization as regulatory import approvals are granted. The impact of commercializing HB4 technology will be highly significant for Bioceres Crop Solutions.

Meanwhile, the company continues

- to advance its HB4 technology through R&D initiatives, field trials and the development of locally adapted varieties of HB4 row crops
- to pursue acquisitions, joint ventures and strategic partnerships to expand its biologics product portfolio and
- to develop additional farmer productivity initiatives, such as digital apps for monitoring crops, such as satellite-based crop images, weather monitoring and drone crop scouting

COMPANY OVERVIEW

With its principal executive offices in Argentina, **Bioceres Crop Solutions Corp** (NYSE: BIOX) is an integrated, global provider of **crop productivity solutions** for use in all stages of crop cycle, from pre-planting all the way through harvested crop storage. The company has developed and provides a portfolio of products and services categorized in three segments: **crop protection** (52.1% of FY2022 reported revenues), **crop nutrition** (32.6%) and **seed & integrated products** (15.3%). This multi-product platform includes seeds, seed treatments, biologicals, adjuvants, chemicals and fertilizers.

The **crop protection segment** (28.6% gross margin in FY2022) is comprised of adjuvants (performance-enhancing molecules that increase the effectiveness of the active ingredients in pest control products), insecticides, fungicides and other control products, while the **crop nutrition segment** (43.2%) is composed of inoculants, fertilizers and microbiological products. The highest gross margin segment is **seed & integrated products** (57.5%), which includes seed treatments (full seed treatment packs that promote plant growth) and seed traits & germplasm.

Near-term Drivers for Growth

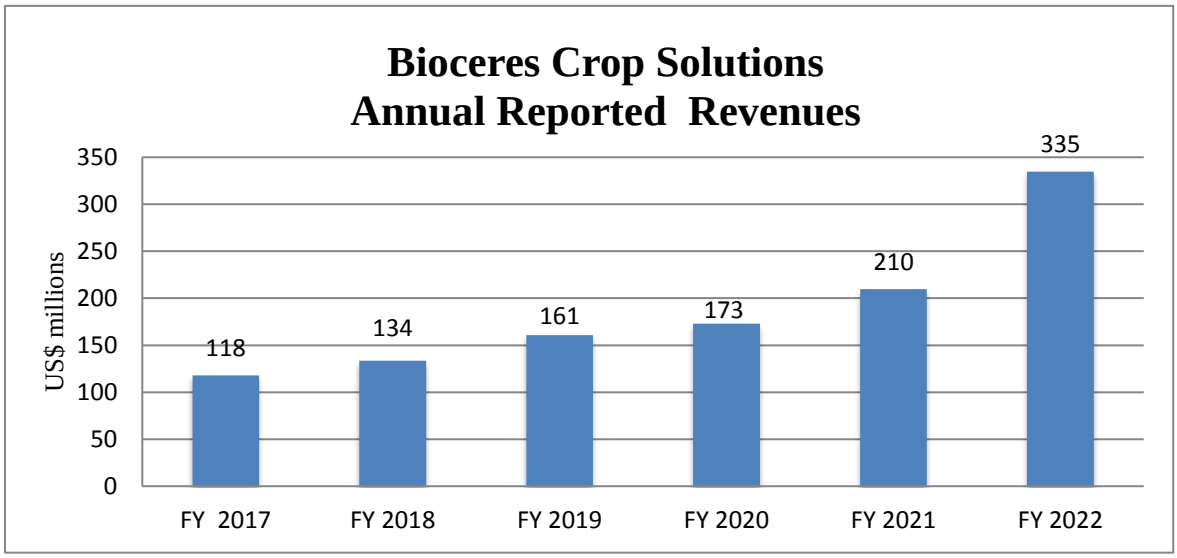
There are several **near-term catalysts** that should **drive revenue growth**, EBITDA and earnings of Bioceres Crop Solutions. **Recent regulatory approvals** (importation of HB4 soybeans into China and importation of HB4 wheat into Brazil) are expected to drive a dramatic scale-up of production of HB4 soybeans and HB4 wheat. The increase in demand could potentially over double the company's top line.

Bioceres holds a 40% interest in Synertech, which owns and operates a **micro-beaded fertilizer plant** with an operational capacity of 50,000 tons. Management intends to ramp up production at the plant. During fiscal 2021, the plant's utilization rate increased to 40% (20,000 tonnes), representing a steady increase from 30% (15,000 tonnes) in fiscal 2020 and 20% in fiscal 2019.[ii]

Acquisition of 80% of Rizobacter (2016 – 2019)

In October 2016, Bioceres Crop Solutions acquired 50.01% of Rizobacter, a platform for the commercial distribution of crop nutrition and crop protection products with more than **620 distributors across Argentina** and over 20 international distributors servicing Brazil, Paraguay and Uruguay. Subsequently, on March 14, 2019, Bioceres acquired an additional 29.99% (80.0% total) of Rizobacter. The acquisition **dramatically increased** the company's **distribution footprint**, tapped into Rizobacter's **experience in microbials** and brought on board **longstanding relationships** and **goodwill** that Rizobacter had developed since its founding in 1977.

The **acquisition of Rizobacter** and **management's initiatives** to develop and commercialize agricultural biologics (both through internal efforts and joint ventures/strategic partnerships) has **driven revenue growth** at a 3-year CAGR of 27.7% and brought the company **to profitability** in fiscal 2020. Bioceres has been generating positive and growing EBITDA since 2016.



Merger with Marrone Bio Innovations (July 2022)

The July 2022 merger combined the biological-based solutions of Bioceres (**bionutrition** and **seed care**) with Marrone Bio's product portfolio and development pipeline of **biological crop protection** and **plant health** (bionutrition and biostimulant products) solutions. The combined company operates in 46 countries with R&D facilities in both Rosario (Argentina) and Davis (California). Bioceres' strong position in **Latin America** was combined with Marrone Bio's commercial footprint with a strong distribution network in **North America** and **Europe**, particularly in row crop markets.

The merger broadened the company's product offerings, especially in the area of **crop protection** and particularly in **bio-nomadic insecticides**, and expanded Bioceres' R&D capabilities. The merger is anticipated to achieve **$8 million in annual cost synergies** (mostly from eliminating duplicative public company expenses) and **$20 million in revenue synergies** through cross-selling opportunities and new product combinations.

Significant Corporate Events

1977	Rizobacter Argentina S.A. formed by Miguel Harnan
Oct. 1983	Rizobacter Argentina S.A. incorporated in Pergamino, Argentina
Dec. 2001	Bioceres S.A. incorporated through a consortium of 23 agricultural producers
2008	Bioceres S.A. formed Bioceres Semillas (sales channel for seeds)
Oct. 2016	Bioceres S.A. **acquired 50.01% of Rizobacter** Argentina S.A.
March 2019	Bioceres Crop Solutions (Bioceres S.A.'s crop-related assets) becomes a publicly-traded entity through a business combination with a SPAC (Union Acquisition Corp.)
March 2019	Bioceres Crop Solutions acquired 19.99% of Rizobacter Argentina S.A.
July 2022	Bioceres Crop Solutions merged with Marrone Bio Innovations (renamed ProFarm Group)

Joint Ventures and Strategic Partnerships

Feb. 2012	Bioceres S.A. formed **Verdeca** LLC JV with **Arcadia Biosciences**
May 2013	Bioceres S.A. formed **Trigall Genetics** S.A. JV with **Florimond Desprez**
Aug. 2014	**Semya S.A.** JV formed by Bioceres S.A. & Rizobacter (renamed BCS Crops S.A. in 2020)
Nov. 2020	Bioceres Crop Solutions acquired Arcadia's 50% of **Verdeca** LLC
Feb. 2021	Bioceres Crop Solutions entered into research and services agreement with **Nature Source Improved Plants LLC** in order to design and launch a **HB4 soybean breeding program** in the **United States**
March 2021	Bioceres Crop Solutions acquired 6% of **Moolec Science Ltd** in return for contributing its GLA rights to Moolec
May 2021	Bioceres Crop Solutions entered agreement with **Havanna SA**, to offer HB4 wheat-based sustainable products within its chain of over 300 stores America and Europe

Research and Services Agreement with Nature Source Improved Plants

On February 3, 2021, Bioceres Crop Solutions announced that the company had entered into a research and services agreement with **Nature Source Improved Plants LLC** for the purpose of designing and launching a **HB4 soybean breeding program** in the **United States**. Nature Source Improved Plants is a U.S.-based plant breeding and propagation company that utilizes optimization analytics to genetically improve a wide variety of plant species. With a team of mathematicians, optimization specialists, statisticians, computer scientists, software engineers, geneticists and breeders, Nature Source will employ computational optimization technologies to **identify and map drought-prone growing areas** so that Bioceres can efficiently develop HB4 soy and wheat seed varieties for specific markets. The effort should accelerate the company's breeding and go-to-market activities through predictive geographical targeting. Another expected benefit is the synergies with Nature Source's genome breeding technologies.

Highly Significant Bio-Agricultural Milestones

On October 29, 2018 - **Argentina**'s Secretariat of Food and Bioeconomy **approved HB4 soybeans** drought tolerant trait stacked with herbicide tolerant traits after evaluating the food, feed, environment and commercial impact of the stacked traits. Argentina had previously approved the HB4 drought tolerant HB4 soybeans in October 2015. The regulatory approvals are contingent upon trade approval by China.

On May 24, 2019, **HB4 drought tolerant soybeans** received approval from Brazil s National Technical Commission of Biosafety (CTNBio) for commercialization (planting and harvesting) of HB4 soybeans (for both drought tolerant **and herbicide tolerant traits**)

On August 8, 2019, the U.S. Department of Agriculture (USDA) approved **HB4 drought tolerant soybeans** for the U.S market. The U.S. Food & Drug Administration had previously approved the HB4 trait for consumption in 2017.

On November 12, 2019, **HB4 drought and herbicide tolerant soybeans** received regulatory approval for consumption and production from the Minister of Agriculture of **Paraguay**, through the National Commission for Agricultural and Forestry Biosafety.

On October 7, 2020, **Argentina's** Ministry of Agriculture approved the production and marketing of **drought-tolerant** and **salinity-tolerant HB4 wheat**, which was developed by Trigall Genetics, a joint venture between Bioceres Crop Solutions and Florimond Desprez. The regulatory approval is contingent upon trade approval by Brazil. Argentina is the largest wheat producing country in Latin America.

On June 1, 2021, Bioceres announced that the Canadian Health Agency and the Canadian Food Inspection Agency **approved HB4 drought and herbicide tolerant soybeans** for consumption (food & feed) and production **in Canada**. The target market is in southern Canada where approximately 2.5 million hectares of soybeans are farmed where yields are usually below three tonnes per hectare.

On November 11, 2021, Bioceres Crop Solutions announced that Comissão Técnica Nacional de Biossegurança (National Technical Biosafety Commission aka **CTNBio**) **approved the importation of HB4 drought-tolerant wheat flour for animal and human consumption in Brazil**. After thoroughly investigating allergenic and safety concerns, the Commission's panel unanimously endorsed HB4 wheat's equivalence to conventional wheat.

The Brazilian approval is a **milestone event** that should generate major commercial demand for HB4 wheat seeds in Argentina where HB4 wheat was approved for growth and consumption in October 2020. In the Southern Cone, Argentina is the largest wheat producing country, and Brazil is Argentina's main export market for wheat.

Another **milestone event** occurred in late-April 2022, when the Ministry of Agriculture of China granted **approval for the importation of HB4 Soy for animal and human consumption in China**. The approval was a necessary condition for the unrestricted commercial launch of HB4 Soy in Argentina.

On May 6, 2022, the Food Standards Australia New Zealand (FSANZ) approved an application made by Trigall Genetics to permit food and feed derived from HB4 wheat. The Food Minister's Meeting was notified and is expected to formally approve the application during the fourth quarter of 2022.

Equity Milestones

Bioceres Crop Solutions' **parent company, Bioceres S.A., was founded in 2001** by a group of 23 growers in Argentina, (which ultimately grew to over 300 shareholders e.g. farmers, co-ops, etc.). Bioceres S.A. was formed to foster the development of a platform, which would

1) facilitate the creation of collaborative networks
2) advance the development of agricultural biotechnologies that improve crop yields and
3) improve farmer productivity, all in a sustainable manner.

Row crops (such as soybeans, wheat, alfalfa and corn) are being strategically targeted. The shareholders of Bioceres S.A. annually plant approximately 2.5 million hectares of row crops in Latin America.

In 2015, Bioceres S.A. attempted to become a public company through an IPO in order to increase corporate visibility, create a public market for its shares and fund management's growth initiatives, which included expansion through acquisitions, research for developing next-generation seeds and capital to invest into strategic joint ventures. However, the acquisitions of Rizobacter and Chemotecnica in 2016 delayed the registration process.

After the acquisition of 50.01% of Rizobacter in October 2016, Bioceres changed its reporting year from a calendar year ending December 31 to a fiscal year ending June 30. A stub period was reported for the six-month period ending June 30, 2017.

On **March 14, 2019**, **Bioceres Crop Solutions Corp. became a publicly-traded company** through the consummation of a business combination with Union Acquisition Corp., a Special Purpose Acquisition Company (SPAC) formed in December 2017 and which consummated its IPO in March 2018.

Bioceres S.A. carved out specific crop-related operations and assets into Bioceres Crop Solutions such that ownership of 22.7% of Bioceres Crop Solutions was commensurate to the **capital provided by the business combination** ($1.08 million from the trust account and publicly traded shares which totaled **approximately $49.98 million**).[iii] These benefits of the business combination facilitated the acquisition of an additional 19.99% of Rizobacter, helped deleverage the balance sheet and provided funds toward expanding the company's commercialization activities.[iv] Bioceres S.A. retained 77.3% ownership of Bioceres Crop Solutions, which has subsequently declined to 55.7% due to the issuance of shares of BIOX.

On April 27, 2021, the listing of Bioceres Crop Solutions **transferred** from the NYSE American **to Nasdaq Global Select Market (NASDAQ)**, which is expected to enhance the company's visibility as an Ag-tech company. The symbol remains BIOX.

During the fourth quarter of fiscal 2021, Bioceres **exchanged all 24,200,000 outstanding warrants** through a $1.031 million tender offer transaction, thereby eliminating potential future dilution.

VALUATION

For Bioceres Crop Solutions, a reasonable methodology is a **discounted cash flow** (DCF) **model** that estimates future cash flows and discounts them by using the cost of capital in order to attain a net present value. Utilizing reported fiscal 2022 revenues of Bioceres Crop Solutions, revenues are projected in the out-years based on expected revenue streams from **three business lines**, namely the company's revenue generating businesses (primarily Rizobacter), the expected revenues from HB4 soybeans and the expected revenues from HB4 wheat. A DCF model was composed by these three expected revenue categories for Bioceres Crop Solutions.

Revenues for the HB4 products are estimated through the projected amount of hectares planted and the cost of seed per hectare. The adoption of HB4 wheat and HB4 soybeans ramps up in the first three years after **import approvals by Brazil and China**, respectively, the granting of which **are assessed through a probability factor**. Sales of each product rise relatively quickly at a 40%-to-50% rate over three-to-five years and then grow at a terminal growth rate of 25%.

In addition, a **DCF model for Marrone Bio was developed**. Revenues are being projected revenues based on Marrone's historical results for product lines as they move through their life cycles. The DCF model is also composed by **product line categories**, namely products introduced over five years ago (Regalia, Grandevo and Venerate), products entering the full market acceptance phase (Majestene, Haven, Stargus, Amplitude and Zelto) and products expected to enter the marketplace in the near future from the company's R&D pipeline.

The model incorporates assumptions related to cash costs, R&D expenses and the tax rate based on historical results. R&D expenses are expected to increase at a 3.1% annual rate as the company continues to invest in new and ongoing programs. The tax rate is anticipated to remain steady at 34%.

The discount rate for large cap publicly-traded equities is usually in the 5%-to-10% range; however, for small-cap companies, the discount rate is generally in the 12%-to-15% range due to a higher level of business risk. Conservatively, we are using a discount rate of 14.5% in the DCF model.

It is well known that the results of DCF models are highly sensitive to the input assumptions. As the company reports subsequent quarters, the DCF model will be updated so that it accurately dovetails with reported financial results.

The terminal value is calculated by multiplying the projected sales level in year seven by the estimated terminal price-to-sales ratio (P/S) of 0.43, which is the average P/S ratio of large, profitable agricultural products companies that have market capitalizations over $5.0 billion.

Large Capitalization Industry Comparables	**Ticker**	**P/E Current FY**	**Mkt Cap ($billion)**	**TTM Price/ Book**	**TTM Price/ Sales**	**TTM EV/ EBITDA**
Industry Mean		**9.73**	**24.43**	**0.85**	**0.43**	**7.78**
Industry Median		8.93	17.65	1.56	0.45	8.21
ARCHER-DANIELS-MIDLAND CO	ADM	14.01	47.52	1.95	0.51	10.24
BASF SE	BASFY	8.05	37.96	0.85	0.45	4.93
BUNGE LIMITED	BG	7.45	13.59	1.56	0.21	7.08
WLMAR INTERNATIONAL LTD	WLMIY	8.93	17.65	0.88	0.24	8.44
INGREDION INC	INGR	10.22	5.45	1.71	0.76	8.21

Bioceres Crop Solutions Corp.

DCF Model

	2022	2023	2024	2025	2026
Revenues - Bioceres Crop	332,680,936	414,661,002	463,511,832	537,163,644	612,578,816
Cash costs	189,703,000	196,570,249	203,686,092	211,059,528	218,699,883
R&D costs	5,608,029	5,779,635	5,956,492	6,138,760	6,326,606
Tax rate	34.0%	34.0%	34.0%	34.0%	34.0%
Free Cash Flow after R&D costs	90,664,139	140,125,338	167,553,704	211,177,135	255,784,536
Revenues - Marrone Bio	71,151,000	85,381,200	102,457,440	122,948,928	147,538,714
Cash costs	42,690,600	51,228,720	61,474,464	73,769,357	88,523,228
R&D costs	12,319,200	13,082,990	13,894,136	14,755,572	15,670,418
Tax rate	34.0%	34.0%	34.0%	34.0%	34.0%
Free Cash Flow after R&D costs	10,653,192	13,905,863	17,878,634	22,719,839	28,607,745

Discount Rate	14.5%	
NPV	1,250,582,585	
Terminal Value	485,505,013	
Cash From Option Exercise	6,015,000	
Probability	85.0%	
Total Sum of Parts	1,480,787,209	
Debt	12,559,071	4Q:FY2022
Cash	33,404,416	4Q:FY2022
Current Shares	61,920,000	
Option Shares	1,300,000	
Diluted Shares	63,220,000	4Q:FY2022

Total NPV	1,501,632,554
Share Price	$23.75

Our **DCF model values Bioceres Crop Solutions at $23.75 per share** on a fully diluted basis.

We attempted to employ comparative analysis to help validate the indicated price derived through the DCF model. Generally, some valuation metrics (P/S, P/B and/or EV/EBITDA) indicate some predictive consistency among comparative companies. However, **other small-cap companies in the biologics space operate with negative EBITDA**. Due the astute acquisition of Rizobacter, **Bioceres is the only Ag-tech company currently operating with positive 12-month trailing EBITDA**. Therefore, it would reasonably follow that the company's stock should trade at the highest valuation multiples within its comparable industry. Other earlier-stage companies exhibit stretched valuation multiples, which reflect higher levels of risk.

Bioceres Crop Solutions has attained a level of advancement exemplified by **positive EBITDA**, an attribute shared by more mature, more diversified large-cap companies in the agricultural crop solutions industry. In this large-cap subset, break-through products, like HB4 technology, do not carry the same financial impact on operations as in a small-cap company like Bioceres Crop Solutions. Therefore, comparative valuation analysis versus large-cap companies would not be appropriate.

RISKS

- Bioceres Crop Solutions operates in Argentina, a country that is marked by a history of hyperinflation. The latest hyperinflationary period began in 2013, after almost a decade of the inflation rate remaining below 11%. Most recently, Argentina's CPI (as reported by INDEC) increased 24.8% in 2017, 47.7% in 2018, 53.8% in 2019, 36.1% in 2020 and 50.9% in 2021.
    - In June 2018, Argentina's economy was categorized as hyperinflationary by the International Practices Task Force of the Centre for Quality, since the country had a projected three-year cumulative inflation rate greater than 100%.
    - With Argentina's economy classified as hyperinflationary, the company is required to apply inflationary adjustments to its financial statements (beginning with the period ending on December 31, 2018) according to the guidelines of the International Accounting Standard 29 (IAS-29).
    - These adjustments could adversely affect the financial results of the company's operations in Argentina.
- Argentina also has a history of currency devaluations (six within the last 20 years, the most recent occurring in 2018). A significant part of the company's business activities is conducted in Argentine pesos, therefore exposing Bioceres to foreign currency exchange risks.
- The Argentine government can and has intervened in the economy. Such interventions have been in the form of export and import duties and taxation regimes, but could also take the form of expropriations/nationalizations and price controls. Currently, there are export duties of 33% on soybean and soy products and single-digit export duties on corn, wheat and sunflower.
- As a company serving the agricultural industry, Bioceres' crop nutrition and protection operations are exposed to potential disruptions caused by severe weather conditions, particularly drought.
- The merger with Marrone Bio Innovation, as with all mergers, entails execution risk. However, previously, starting in late 2016, Bioceres successfully integrated another biological company, Rizobacter.

BALANCE SHEETS

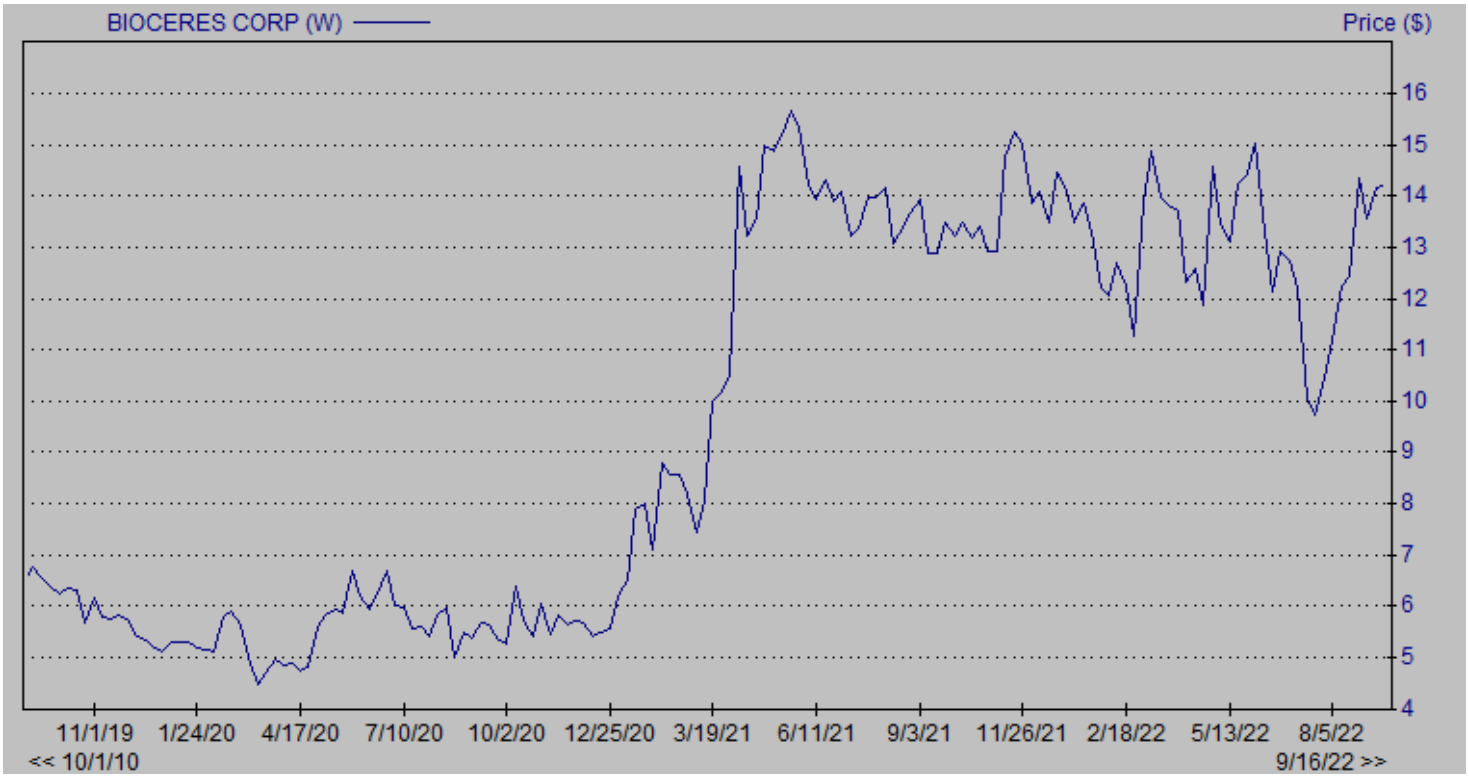
Bioceres Crop Solutions Corp.					
(in $US except share data)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Period ending	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
ASSETS					
Cash and cash equivalents	2,215,103	3,450,873	42,522,861	36,046,113	33,404,416
Other financial assets	4,550,847	4,683,508	13,436,393	11,161,398	4,668,728
Trade receivables	52,888,427	59,236,377	73,546,633	88,784,172	111,327,322
Other receivables	4,240,205	1,981,829	4,770,672	11,153,705	19,557,901
Income & min. pres. inc. taxes recover.	2,082,269	1,263,795	112,220	990,881	1,647,398
Inventories	19,366,001	27,322,003	29,338,548	61,037,551	126,125,724
Biological assets	-	270,579	965,728	2,315,838	49,523
Total Current Assets	**85,342,852**	**98,208,964**	**164,693,055**	**211,489,658**	**296,781,012**
Other financial assets	243,358	376,413	322,703	1,097,462	619,841
Trade receivables	-	-	-	135,739	200,412
Other receivables	4,979,507	1,560,310	1,703,573	2,543,142	2,165,718
Income & min. presumed inc. taxes recover.	126,653	1,184	6,029	12,589	44,412
Deferred tax assets	5,601,821	3,743,709	2,693,195	3,278,370	4,333,451
Investments in joint ventures and associates	19,072,055	25,321,028	24,652,792	30,657,173	38,554,092
Property, plant and equipment	40,177,146	43,834,548	41,515,106	47,954,596	49,823,879
Investment properties	-	-	-	-	-
Intangible assets	26,657,345	39,616,426	35,333,464	67,342,362	76,956,604
Goodwill	14,438,027	29,804,715	25,526,855	28,751,206	36,723,978
Right of use asset	-	-	1,114,597	1,327,660	12,144,026
TOTAL ASSETS	**196,638,764**	**242,467,297**	**297,561,369**	**394,589,957**	**518,347,425**
Trade and other payables	27,708,830	40,578,494	57,289,862	72,091,408	117,674,880
Borrowings	65,308,928	66,477,209	63,721,735	76,785,857	78,588,637
Employee benefits and social security	4,411,713	5,357,218	4,510,592	4,680,078	7,624,175
Deferred rev. & advances from customers	1,007,301	1,074,463	2,865,437	6,277,313	5,757,553
Income tax payable	2,569	142,028	1,556,715	7,452,891	7,538,764
Government grants	17,695	2,110	1,270	0	0
Acquisition of assets	20,223,590	2,826,611	0	0	0
Convertible notes	-	-	-	-	-
Lease liabilities	-	-	665,098	750,308	1,412,904
Total Current Liabilities	**118,680,626**	**116,458,133**	**130,610,709**	**168,037,855**	**218,596,913**
Trade and other payables	-	452,654	452,654	0	0
Borrowings	25,708,205	37,079,521	41,226,610	47,988,468	74,177,169
Employee benefits and social security	-	-	534,038	0	0
Government grants	15,532	8,098	2,335	784	0
Joint ventures and associates	2,012,298	1,970,903	1,548,829	1,278,250	717,948
Deferred tax liabilities	13,591,942	21,101,871	16,858,125	25,699,495	29,102,169
Provisions	845,486	439,740	417,396	449,847	603,022
Acquisition of assets	2,651,019	0	0	11,790,533	13,373,022
Private warrants	-	2,861,511	1,686,643	0	0
Convertible notes	-	-	43,029,834	48,664,012	12,559,071
Lease liabilities	-	-	444,714	390,409	10,338,380
Non-Current Liabilities	**44,824,482**	**63,914,298**	**106,201,178**	**136,261,798**	**140,870,781**
TOTAL LIABILITIES	**163,505,108**	**180,372,431**	**236,811,887**	**304,299,653**	**359,467,694**
SHAREHOLDERS' EQUITY					
Equity attributable to owners of the parent	13,713,484	47,301,863	46,179,395	67,743,242	127,225,994
Non-controlling interests	19,420,172	14,793,003	14,570,087	22,547,062	31,653,737
Total Stockholders' Equity	**33,133,656**	**62,094,866**	**60,749,482**	**90,290,304**	**158,879,731**
TOTAL LIABILITIES & STOCKHOLDERS' EQ.	**196,638,764**	**242,467,297**	**297,561,369**	**394,589,957**	**518,347,425**
Shares outstanding	28,098,117	36,120,516	36,115,416	40,612,370	61,920,000

ANNUAL INCOME STATEMENTS

Bioceres Crop Solutions Corp.

Income Statement (in $US, except share out. data)	2018 6/30/2018	2019 6/30/2019	2020 6/30/2020	2021 6/30/2021	2022 6/30/2022
Revenue from contracts w. customers	133,491,118	160,308,979	172,350,699	206,697,620	N/A
Government grants	51,586	16,372	24,732	2,302	N/A
Initial rec. & chgs in FV of bio. assets	-	279,945	716,741	2,826,255	N/A
Chgs in net realizable value of ag. prod					N/A
Total Revenues	**133,542,704**	**160,605,296**	**173,092,172**	**209,526,177**	**334,800,936**
Cost of Sales	77,094,551	86,964,881	93,575,588	118,641,803	208,338,098
Research and development expenses	3,950,100	3,689,391	4,195,270	5,617,655	N/A
SG&A expenses	35,263,688	39,243,800	38,345,028	47,601,901	N/A
Share of loss (profit) of joint ventures	2,136,801	(1,012,486)	(2,477,193)	(997,429)	(1,144,418)
Expenses	**118,445,140**	**128,885,586**	**133,638,693**	**170,863,930**	**207,193,680**
Operating income (loss)	**15,097,564**	**31,719,710**	**39,453,479**	**38,662,247**	**127,607,256**
Finance (cost)	(17,188,653)	(24,361,733)	(20,880,526)	(21,240,236)	N/A
Other financial results (losses)	(23,762,063)	(17,096,484)	(11,822,116)	(6,612,104)	N/A
Other net income (loss)	613,389	365,900	(307,499)	(279,359)	N/A
Total Other Income (Expenses)	**(40,337,327)**	**(41,092,317)**	**(33,010,141)**	**(28,131,699)**	**N/A**
Profit (loss) before income tax	**(25,239,763)**	**(9,372,607)**	**6,443,338**	**10,530,548**	**13,976,259**
Income tax (expense) benefit	10,928,517	(6,986,284)	(2,206,710)	(14,351,170)	(18,028,709)
Net profit (loss)	**(14,311,246)**	**(16,358,891)**	**4,236,628**	**(3,820,622)**	**(4,052,450)**
Profit (loss) attrib. to equity holders	**(11,039,533)**	**(18,369,045)**	**3,359,175**	**(6,870,163)**	**(7,332,197)**
Profit (loss) attrib. to non-contolling int.	(3,271,713)	2,010,154	877,453	3,049,541	3,279,747
Diluted gain (loss) per share	**(0.3929)**	**(0.6027)**	**0.0922**	**(0.1752)**	**(0.1449)**
Wgted. Avg. Shares Out. - diluted	28,098,117	30,478,390	36,416,988	39,218,632	50,600,000

HISTORICAL STOCK PRICE



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[i] Bioceres Crop Solutions Fiscal First Quarter 2020 commentary by Federico Trucco, CEO, October 8, 2020
[ii] Bioceres 2020 20-F, page 69
[iii] Bioceres Prospectus, July 12, 2019 page 334 and Union Acquisition Form S-4/A, February 8, 2019, page 7
[iv] Bioceres Investor Presentation, January 2019