

February 2023

Industry Highlights on

Food & Agriculture

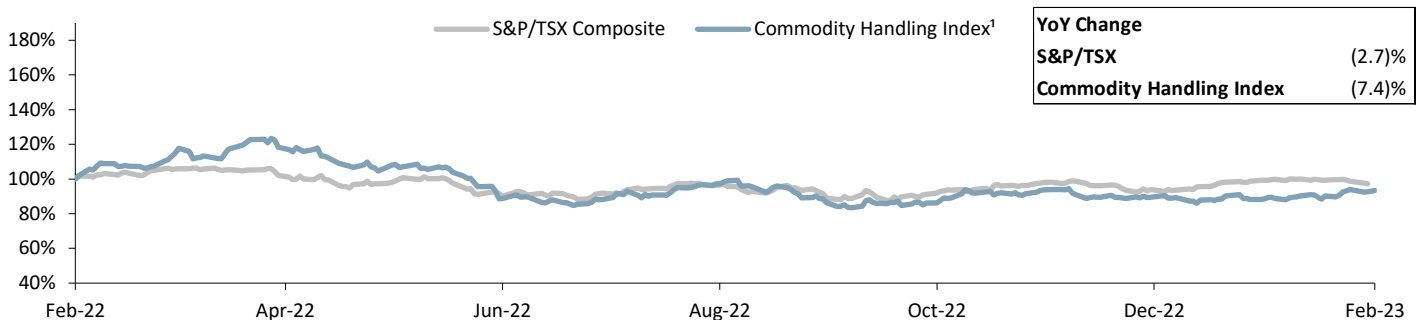


*Leading Independent North American Financial Advisor
to the Food & Agriculture Sector*

News Scan

- ▶ On February 22nd, **Ceres Global Ag Corp. ("Ceres")** (TSX: CRP) announced that it has completed the sale of its Port Colborne facility in Ontario to **London Agricultural Commodities**, a Canadian grain marketing and logistics firm, for US\$4.0 million. Ceres plans to use the proceeds from the sale to increase core product farmer-direct origination from key growing regions and to pay down term debt
- ▶ On February 17th, **3 Rivers Capital ("3 Rivers")**, a US-based PE firm, announced its acquisition of **Magnum Systems**, a US-based designer and manufacturer of material-handling and packaging systems for dry bulk materials such as grains, seeds, etc., for an undisclosed amount. The deal marks 3 River's entry into the industrial automation industry
- ▶ On February 7th, **Bunge** (NYSE: BG) announced it has achieved 80% traceability and monitoring of soybeans from its indirect supply chain in the Brazilian Cerrado. Bunge is also enhancing its partnership with **Vega Monitoramento**, a Brazil-based agtech company, which has developed a platform to perform the socio-environmental diagnosis of agricultural properties
- ▶ On February 6th, **ADM** (NYSE: ADM) announced that it has opened a new production facility in Spain to help meet rising global demand for probiotics and postbiotics. The production facility represents a US\$30 million+ investment, and a five-fold+ increase in ADM's production capacity. The facility will allow ADM to supply growing markets for probiotics and postbiotics in the U.S., Asia-Pacific and Europe, and will help the company fulfill its expansion strategy in the health and well-being sector

Relative Performance Index



Key Indicators

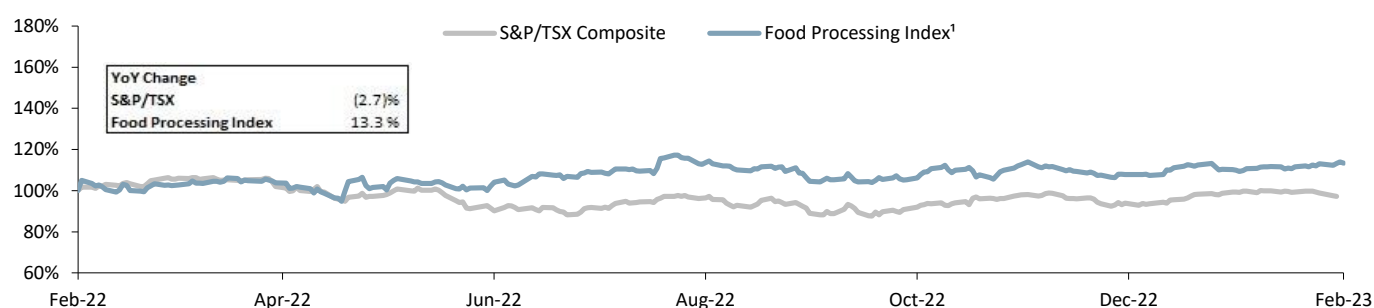
All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2023E	2024E	2023E	2024E		
ADM	44,630	54,716	8.2x	8.5x	11.7x	12.4x	(0.4)%	(17.6)%
Bunge Limited	14,702	20,804	6.4x	6.9x	8.3x	8.8x	(1.3)%	(23.6)%
The Andersons, Inc	1,513	2,659	7.6x	6.8x	14.0x	13.2x	4.3 %	(23.0)%
Graincorp Limited	1,233	1,854	5.7x	9.0x	9.9x	19.4x	8.5 %	(26.2)%
United Malt Group Limited	741	1,059	10.7x	8.3x	27.4x	16.7x	0.8 %	(17.8)%
Ceres Global Ag	61	129	na	na	na	na	(9.4)%	(54.2)%
Mean			7.7x	7.9x	14.3x	14.1x	0.4 %	(27.1)%

News Scan

- ▶ On February 21st, **Tyson Foods, Inc. ("Tyson")** (NYSE: TSN) announced that it has signed an agreement to acquire **Williams Sausage Company, Inc.**, a US-based provider of fresh and fully cooked sausage, bacon and sandwiches to retail and foodservice customers, for an undisclosed amount. The deal is in line with Tyson's strategic expansion plans
- ▶ On February 16th, **IFF** (NYSE: IFF), a US-based manufacturer of artificial flavors and aromas, announced that it has entered into an agreement to sell its **Flavor Specialty Ingredients ("FSI")** business, which manufactures synthetic and natural base aroma chemicals used in the flavor market, to **Exponent**, a UK-based PE firm, for US\$220 million. The sale of FSI will improve IFF's capital structure while allowing it to increase focus on its core businesses
- ▶ On February 16th, **Beach Point Capital Management**, a US-based multi-strategy investment manager, announced that it has acquired a controlling stake in **Wet Noses**, a US-based manufacturer of human-grade, natural and organic pet food and treats, for an undisclosed amount. The investment will support Wet Noses' manufacturing capacity expansion to serve the growing demand for natural and organic pet foods and treats
- ▶ On February 10th, **Morinaga Milk Industry**, a Japan-based dairy company, through its subsidiary **Morinaga Nutritional Foods ("Morinaga")**, a US-based producer of soy products, probiotics, and postbiotic ingredients, announced its acquisition of **Tofurky**, a US-based manufacturer of plant-based meats, and its sister brand **Moocho**, a US-based manufacturer of dairy-free cheeses, for a combined US\$12.4 million. The Morinaga platform will enable Tofurky to expand more aggressively in the U.S. and globally
- ▶ On February 8th, **Post Holdings, Inc. ("Post")** (NYSE: Post), a US-based consumer packaged goods holding company, announced that it has signed a definitive agreement to acquire select pet food brands from **The J.M. Smucker Co.**, a US-based food and beverage company, for US\$1.2 billion. The acquisition will provide Post with a compelling entry point into the attractive and growing pet food category, specifically the mainstream and entry premium segments

Relative Performance Index



Key Indicators

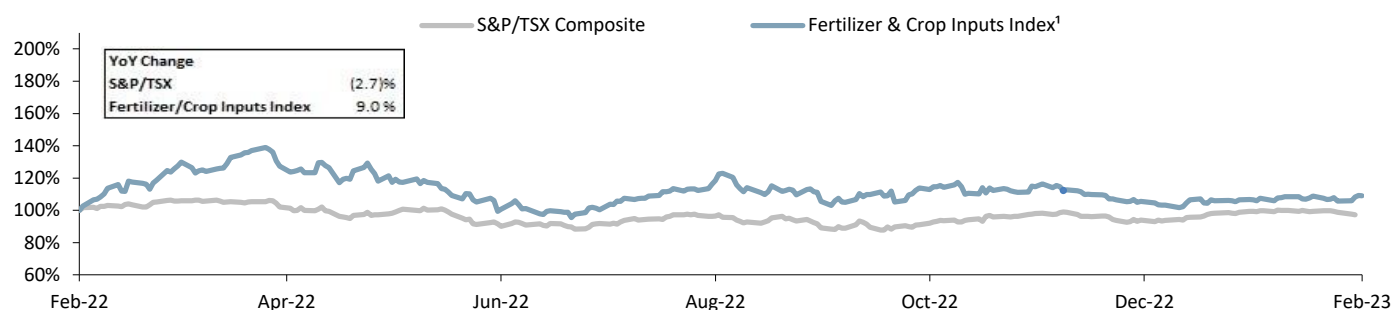
All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2023E	2024E	2023E	2024E		
Saputo Inc.	11,891	14,887	10.8x	9.6x	18.5x	15.7x	1.8 %	(1.4)%
Ingredion Incorporated	6,710	9,281	8.3x	7.8x	12.5x	11.3x	3.1 %	(3.3)%
Tate & Lyle plc	3,817	4,280	9.7x	9.0x	15.0x	13.7x	(1.5)%	(12.6)%
Premium Brands	3,336	5,010	10.4x	9.6x	18.1x	16.0x	1.9 %	(22.9)%
Maple Leaf Foods Inc.	2,491	3,814	8.9x	7.0x	19.2x	11.1x	5.4 %	(11.5)%
SunOpta Inc.	589	995	13.2x	na	nmf	na	(2.5)%	(37.6)%
Rogers Sugar	477	799	9.2x	9.1x	13.5x	13.3x	1.5 %	(7.0)%
High Liner Foods Incorporated	367	573	7.2x	6.9x	11.0x	9.4x	(1.7)%	(2.2)%
Mean			9.7x	8.4x	15.4x	12.9x	1.0 %	(12.3)%

News Scan

- ▶ On February 23rd, **Gensource Potash Corporation** (AIM/TSXV: GSP), a Canadian fertilizer development company focused on sustainable potash production, announced a new business relationship with and direct strategic investment by **Nekaneet First Nation (“Nekaneet”)**, an indigenous local government in Cypress Hills, Saskatchewan. The deal will help Nekaneet reap the benefits of the developments being made in the community
- ▶ On February 14th, **CF Industries Holdings, Inc. (“CF Industries”)** (NYSE: CF) announced that it has entered into an agreement with **bp** (NYSE: BP) for the supply of 2.2 billion cubic feet (BCF) of certified natural gas in 2023, supporting CF Industries’ commitment to reduce its scope 3 emissions by 10% by 2030 and to reduce the lifecycle carbon intensity of ammonia production.
- ▶ On February 14th, **Millennial Potash Corp. (“Millennial”)** (TSXV: MLP), a Canadian early-stage potash project, announced its acquisition of the **Banio Potash Project (“Banio”)**, a high-grade, drill-proven multi-billion tonne potash target in West Africa, for US\$6.75 million. Banio’s proximity to major potash markets, including Brazil and Asia, will provide a significant cost advantage over industry competitors
- ▶ On February 2nd, **ATOME Energy plc**, a UK-based producer and distributor of green hydrogen and ammonia, announced a new joint venture with **Cavendish**, the renewable energy arm of **Grupo Purdy S.A.**, to develop green ammonia and fertilizer projects with a focus on Central America and the Caribbean

Relative Performance Index



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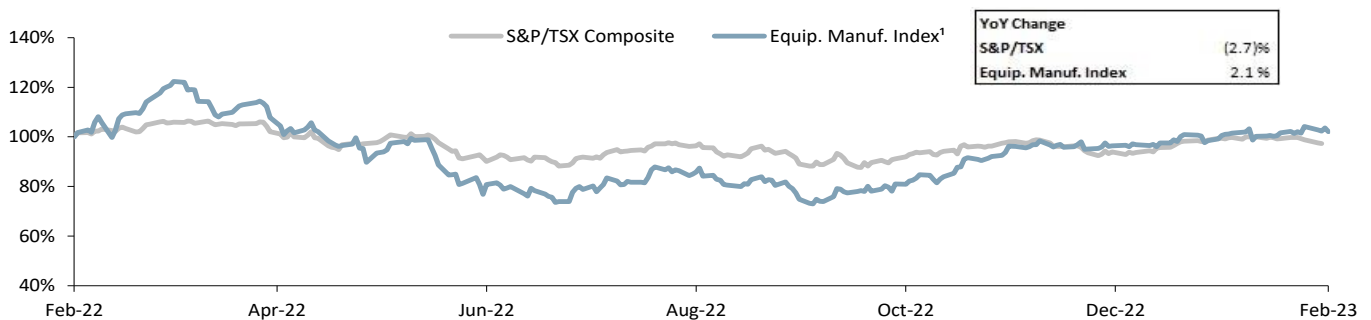
All Figures in USD millions unless indicate

	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2023E	2024E	2023E	2024E		
Nutrien Ltd.	38,950	37,912	5.5x	6.1x	10.9x	12.5x	1.5 %	(29.3)%
CF Industries Holdings, Inc.	16,756	20,629	5.4x	6.7x	7.6x	10.7x	0.7 %	(28.4)%
The Mosaic Company	17,332	20,641	4.9x	5.8x	7.4x	8.9x	3.8 %	(35.0)%
Yara International ASA	11,980	1,485	6.8x	6.4x	nmf	nmf	3.2 %	(4.8)%
Nufarm Ltd.	1,521	1,930	6.0x	5.7x	15.9x	14.2x	1.2 %	(16.2)%
Mean			5.7x	6.1x	10.4x	11.6x	2.1 %	(22.7)%

News Scan

- ▶ On February 22nd, **Source.ag**, a Netherlands-based, artificial intelligence (AI) provider for greenhouse growers, announced that it has closed US\$23 million in its Series A funding round, following a US\$10 million round in 2022. Proceeds will fund the launch of two new AI products that drive safe, reliable and climate-resilient food production by supporting greenhouse growers with advice on the optimal way to grow their crops
- ▶ On February 15th, **Windmill Farms**, a Canadian, controlled environment agricultural producer of premium-quality, organic mushrooms, announced it has acquired the assets of **Ostrom Mushroom Farms LLC**, a leading, US-based, controlled environment mushroom growing facility, for an undisclosed amount. This acquisition marks Windmill Farms' expansion into the Pacific Northwest
- ▶ On February 12th, **Flory Industries**, a US-based manufacturer of nut harvesting equipment, announced that it is acquiring **COE Orchard Equipment ("COE")**, a US-based manufacturer of harvesting equipment, for an undisclosed amount. Through this acquisition, Flory Industries has added COE's renowned side-mount tree shaker and catch frame platform technology to its existing equipment offerings
- ▶ On February 9th, **Croptimistic Technology Inc. ("Croptimistic")**, a Canadian agricultural technology company specializing in soil mapping software, announced that it has acquired **CropPro Consulting**, a Canadian farm agronomy consulting and precision agronomy company, for an undisclosed amount. Croptimistic also raised \$9.1 million from Canada-based **Forage Capital Partners** as part of its Series B fundraising
- ▶ On February 8th, **Valley Industries, LLP ("Valley")**, a US-based manufacturer and distributor of agricultural, industrial and retail components, announced the acquisition of **Bestway Ag**, a US-based manufacturer of agricultural and liquid handling equipment, for an undisclosed amount. The deal will enhance Valley's position in the sprayer market

Relative Performance Index



Key Indicators

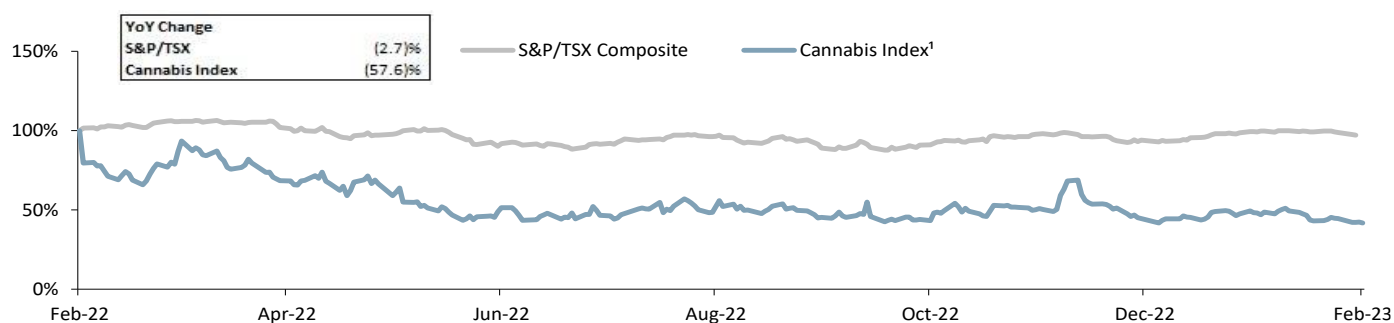
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	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2023E	2024E	2023E	2024E		
Deere & Company	123,691	177,111	13.9x	13.7x	13.8x	12.9x	1.8 %	(6.9)%
AGCO Corporation	10,414	11,395	6.3x	6.2x	10.3x	9.9x	2.5 %	(7.1)%
Ag Growth International Inc.	746	1,473	7.6x	7.1x	12.5x	10.7x	(2.8)%	(3.7)%
CNH Industrial N.V.	16,574	31,279	13.5x	13.1x	9.8x	9.4x	0.1 %	(8.3)%
Farmers Edge Inc.	-	na	na	na	neg	neg	(11.3)%	(93.1)%
Mean			10.3x	10.0x	11.6x	10.7x	0.5 %	(5.9)%

News Scan

- ▶ On February 22nd, **TPCO Holding Corp.** (NEO: GRAM), a consumer-focused California cannabis company, and **Gold Flora**, a vertically-integrated California cannabis company, announced that they have entered into a definitive merger agreement, for an undisclosed amount. The combined company is expected to achieve between US\$20-25 million annualized cost savings
- ▶ On February 21st, **MariMed, Inc. ("MariMed")**, a US-based multi-state cannabis operator, announced its intention to acquire the operating assets of **Ermont, Inc.**, a US-based medical licensed cannabis operator, for an undisclosed amount. The deal will help MariMed complete its buildout in Massachusetts to the maximum allowable limit permitted by state regulations
- ▶ On February 13th, **Forian Inc. ("Forian")** (Nasdaq: FORA), a US-based provider of technology, analytics and data science driven solutions, announced the sale of Forian's cannabis software subsidiary, **Bio-Tech Medical Software, Inc. (d/b/a BioTrack)**, to **Alleaves, Inc.**, a US-based provider of ERP software solutions to the cannabis industry, for US\$30 million. The sale will help Forian to focus on its healthcare information business
- ▶ On February 9th, **Ayr Wellness Inc. ("Ayr")** (CSE: AYR.A), a US-based vertically integrated multi-state cannabis operator, announced that it has signed a definitive agreement to sell **Blue Camo, LLC, ("Blue Camo")**, which comprises of Ayr's Arizona assets, to **AZ Goat, LLC**, a group consisting primarily of the former owners of Blue Camo, who sold the business to Ayr in Q1 2021, for US\$20 million. The deal will strengthen Ayr's balance sheet and increase focus on its key markets
- ▶ On February 7th, **Planet 13 Holdings Inc. ("Planet 13")** (CSE:PLTH), a US-based vertically-integrated multi-state cannabis company, announced that Planet 13 has exercised and closed its option to purchase the remaining 51% in **Planet 13 Illinois, LLC (the "dispensary")** for US\$1.8 million. The prime location of the dispensary will help Planet 13 maximize sales in the area

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/Revenue		TEV/EBITDA		Week Δ Price	Δ Price 52Wk High
			2023E	2024E	2023E	2024E		
Canopy Growth Corporation	1,171	1,588	4.6x	3.9x	neg	neg	(1.9)%	(71.1)%
Tilray, Inc.	1,742	1,930	3.0x	2.8x	24.9x	21.5x	(6.3)%	(65.9)%
Cronos Group Inc.	820	170	0.7x	0.5x	neg	10.3x	(9.1)%	(46.1)%
Aurora Cannabis Inc.	296	222	1.1x	1.1x	33.8x	neg	(11.5)%	(79.6)%
OrganiGram Holdings Inc.	237	189	1.3x	1.1x	11.1x	7.3x	(9.0)%	(56.5)%
Mean			2.1x	1.9x	23.3x	13.0x	(7.6)%	(63.8)%

News Scan

- ▶ On February 23rd, **Food Dive** reported that plant-based milk alternatives can be labeled as “milk,” but the FDA recommends that these beverages place nutritional disclosures on their packages so consumers can compare their nutritional quality with that of dairy milk, according to recently published draft guidance on labeling
- ▶ On February 23rd, **Reuters** reported that having lingered near record highs for months, egg prices will fall dramatically this year, nearly 30%, provided the United States does not see a rebound in outbreaks of bird flu, according to the U.S. Department of Agriculture (USDA)
- ▶ On February 16th, **The Western Producer** reported that Farm Credit Canada (FCC) forecasts an increase in farm cash receipts for 2022 and 2023, an infusion that should help offset rising input costs. FCC predicts national farm cash receipts for 2022 will be buoyed by a 14% bump, followed by a less robust but positive 4.6% increase in 2023. FCC expects farm cash receipts to hit nearly \$95.5 billion in 2022 and \$98.8 billion in 2023
- ▶ On February 15th, **Reuters** reported that fertilizer companies Nutrien Ltd, Mosaic Co and CF Industries are expected to take a sales hit in the fourth quarter as farmers cut back on purchases to offset high energy costs
- ▶ On February 13th, **Successful Farming** reported that USDA Secretary Tom Vilsack announced funding of US\$850 million for farmers and forest landowners nationwide to participate in voluntary conservation programs and adopt climate-smart practices
- ▶ On February 8th, **The Globe and Mail** reported that hundreds of farmers drove their tractors through Paris to amplify their demand to be allowed to use banned pesticides on sugar beets and other crops to ensure “food sovereignty” for France
- ▶ On February 3rd, **Food Ingredients 1st** reported that for the tenth month in a row, the Food and Agriculture Organization (FAO) Food Price index – the benchmark index of food commodity prices – has dropped. The index averaged 131.2 points in January, which was 0.8% lower than the prior month and 17.9% below its peak in March 2022
- ▶ On February 1st, **Food Bev** reported that The US Food and Drug Administration (FDA) has proposed plans to transform its Human Foods Program and the Office of Regulatory Affairs (ORA, the FDA’s field-based operations) to enhance coordinated prevention and response activities

Commodities Futures as of February 27th, 2023

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$6.49	(3.78)%	(0.99)%
Wheat (CBOT)	\$ per bu.	\$7.22	(2.63)%	(16.05)%
Oats (CBOT)	\$ per bu.	\$3.46	(8.60)%	(43.78)%
Rough Rice (CBOT)	\$ per cwt.	\$17.03	(6.22)%	10.48 %
Rapeseed (Canola) (ICE)	CAD per T	\$819.70	2.51 %	(18.13)%
Ethanol (CBOT)	\$ per gal.	\$2.16	-	0.05 %

Farm Credit Canada's Future of Food Conference, Feb 2023

On Feb 15, Origin celebrated Canada's Agriculture Day at The Future of Food conference in Ottawa, alongside 600 participants from across the Canadian Food & Ag ecosystem. Industry leaders shared ideas and innovations addressing the challenges of climate change as well as the need for reliable food supply chains.

In her keynote remarks, Mary Robinson, President of the Canadian Federation of Agriculture, highlighted several themes that will support a strong Canadian future of food, including:

- **Resilience:** The future of food is built on resilience that responds to the challenges of climate change, but also to the development of tools like drought resistant crop varieties, and tools that improve nutrient use efficiency and increased carbon capture. In addition, resilience comes from diversity in our food chain, coupling strong domestic supply chains with open and predictable trade;
- **Sustainability and Innovation:** Agriculture has the potential to be a powerful tool against climate change, as the public and private sectors continue to develop innovative tools that incorporate precision agriculture, artificial intelligence and new plant breeding techniques which significantly reduce ag emissions.

It was a privilege to learn from and engage in discussions with such a diverse range of participants from the Agrifood ecosystem. We are looking forward to The Future of Food 2024!

THE FUTURE OF FOOD

February 15, 2023

Event Recap: Food & Ag Trends

#FutureFoodCanada





About Us

Origin Merchant Partners is the leading Independent North American Financial Advisor to the Food & Agriculture Sector.

To learn more about our active food & agriculture practice, please reach out to any of our team members below.

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