



Bioceres Crop Solutions

Fiscal Third Quarter 2021 Financial Results Conference Call

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C O R P O R A T E P A R T I C I P A N T S

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C O N F E R E N C E C A L L P A R T I C I P A N T S

Ben Klieve, *Lake Street Capital Markets*

Kemp Dolliver, *Brookline Capital Markets*

Steven Ralston, *Zacks Investment Research*

Matías Cremaschi, *Delta Asset Management SA*

Maximo Goya: Good day everyone and thank you for joining us. Presenting during today's call will be Federico Trucco, Bioceres Chief Executive Officer and Enrique Lopez Lecube, our Chief Financial Officer. Both will be available for the Q&A session. Before we proceed, I would like to make the following Safe Harbor statement.

Today's call will contain forward-looking statements and I'll refer you to a forward-looking statements section of the Earnings Release and presentation, as well in our written filings with the SEC.

We assume no obligation to update or revise any forward-looking statements to reflect new or changed events or circumstances. Also, please note that for comparison purposes, and a better understanding of our company's underlining performance, in addition to discussing actual project results during our presentation today, we'll discuss comparable results which exclude the impact of hyperinflation accounting in Argentina.

Additional information in connection with the application of Rule IAS 29 can be found in our Earnings Report.

Finally, this conference call is being webcast. The webcast link is available in the Investor Relations section of Biocerescrop.com. At this time, I would like to turn the call over to our CEO, Federico Trucco.

Federico Trucco: Thanks, Max, and thank you all for joining us today. Please turn to slide two for a brief overview of the business and financial highlights we will discuss in today's call.

As we have done in past calls, we will discuss the progress in the rollout of HB4 wheat and soy from a number of different perspectives, including the seed multiplication perspectives, grower onboarding, and valuation of our value proposition, regulatory activities, sustainability framework and consumer engagement.

We will also discuss the realignment of non-core GLA assets in exchange for a 6% ownership interest in Moolec Science, a molecular farming company pursuing a hybrid concept between plant and cell-based technologies, for the production of animal free food solutions.

From a baseline business perspective, we will discuss some reorganizational activities implemented after our second quarter results that are starting to bear fruit, most significantly in our crop nutrition segment with a four times increase in micro-beaded fertilizer sales year over year, resulting in a 35% total comparable revenue growth for the quarter. This top line growth, combined with operating leverage enabled the company to deliver improved adjusted EBITDA and margin expansion during the reported periods, positioning our financial profile into the double-digit growth trajectory on an LTM basis.

Now, let us discuss this highlight in greater depth. Please turn to slide three for an update on the upcoming HB4 wheat production season. The strong performance of HB4 wheat varieties observed during the last crop cycle and reported in our second quarter's earnings call has created an excellent preseason momentum, with contracts already in place for our 60,000 hectares, our baseline target prior to Brazil import approval.

We have collected and will continue to collect indications for additional hectares until the end of May, but we will only turn these into contracts if a Brazil clearance is obtained in due time.

Last season HB4 wheat outyielded conventional varieties by 13.5% across all environments and locations, and up to 42% in low yielding environments.

As we look forward to the planting season, we currently have 200 growers engaged across 550 locations with a near 100% customer repeat rate, with past participants more than tripling the number of hectares planted last year.

Clearly the strong adoption validates the HB4 value proposition. As of today, contributed goods for an HB4 wheat hectare averaged approximately \$100 dollars with a gross margin above our company wide average.

In terms of financial reporting, the value of these contributed goods will be recognized as revenues once the realized inventories are sold as seed or grain, and no longer

contributed into seed duplication agreements. For the time being, this has a financial benefit for the company, as the corresponding gross profit from contributed goods implies that less cash is required for the HB4 inventory buildup process.

Turning to slide four, you can see we have made substantial progress leveraging technology to interact with prospective growers and manage their HB4 Program onboarding. We have onboarded almost 50% of our customers via our Generation HB4 digital platform, fully automating the commercial interaction, credit scoring, contract execution and input logistics.

In terms of functionality, on the left side of the slide, we can see a mobile-like app that makes signup, data entry and navigation all seamless, while encompassed in a secure environment with biometric entry parameters.

Growers can sign up for the program by geo-positioning fields and receiving an automated seed recommendation and inputs budgeting in only six simple steps.

As we look to the right, you can see a comprehensive dashboard that manages the entire experience with an optional communication tool utilizing an AI chatbot. On this dashboard, you can manage orders, invoicing, billing, traceability, stewardship and customized KPIs.

The platform's still in a beta testing stage, but we hope that input from the current cycle will allow us to

perfect further and make it the prevalent grow acquisition and relationship management channel in coming cycles.

Please turn to slide five for an update on HB4 soy.

Of the close to 23,000 hectares planted with seven different HB4 soy varieties, we have already harvested slightly over 13,000 hectares with yield averaging 1.8 tons on a per hectare basis.

Bear in mind, that we positioned current varieties in HB4 targeted regions with yields normally below the 2.5 tons per hectare. We expect harvest to be almost completed before the end of the month.

Resulting inventories from the current and next soybean cycles, and from the upcoming wheat cycle should put us in an excellent position for a meaningful launch, once these key regulatory clearances are achieved.

Turning to slide six, as we look to our HB4 regulatory progress during the fiscal third quarter, our team made a formal submission for HB4 wheat production approval to the USDA in the United States. Although this is not an immediate opportunity for us, certain regions of the U. S. represent attractive medium-term markets if progress in Latin America continues to be favorable. You will see similar submissions to other medium-term geographies in quarters to come.

No additional information has been requested during the quarter by Chinese regulatory authorities regarding HB4 soy nor by Brazil's CTNBio, regarding their ongoing evaluation

of HB4 wheat. We believe both regulators should be able to resolve approval requests in their upcoming meetings and look forward to communicating their findings as they are informed to us.

Now, let's review our new corporate ESG initiatives. Turning to slide seven, our value proposition has always been centered on developing highly differentiated solutions that create economic incentives in the form of improved yields, management practices, and other efficiencies to further decarbonize our customer's production processes, while regenerating agricultural ecosystems.

Even though our HB program integrates several good farming practices such as crop rotation, no-till farming, biological nutrition and protection, among others aligned with regenerative agriculture, we decided to initially focus our sustainability framework on the HB4 technology alone.

HB4 seed varieties increased yield by 10% to 20% under drought conditions resulting in up to 7% additional co2 savings on average, when compared to non-HB4 varieties. We have engaged with Vigieo Eiris, a global leader in ESG assessment to produce an independent opinion on our sustainability framework.

Vigieo Eiris is of the opinion that selected KPI, "tons of co2 equivalence cumulative savings in soybean and wheat primary production systems", results relevant, coherence and material from an environmental standpoint, as well as it

reflects relevant sustainability challenges for the activities of a company related to the agricultural sector, mainly, the United Nations Sustainable Development Goals 2 and 13, namely, Zero Hunger and Climate Action.

Moreover, the framework sets Bioceres to achieve the ambitious goal of fixing 156,000 tons of co2 equivalence by 2025 as HB4 soy and wheat roll out projections are met.

Please turn to slide eight. Subsequent to the closing of the fiscal third quarter and on the heels of validating HB4's sustainability framework, we entered into our first agreement with a consumer brand, Havanna, to roll out food products manufactured with HB4 wheat flour.

The new agreement will give Havanna customers in Brazil and Argentina the option to choose food products with a significantly reduced carbon footprint and other environmentally positive externalities that help fight climate change and preserve native ecosystems.

Importantly, the farm to fork identity preserved process structured under the ongoing Generation HB4 program will enable Havanna-Bioceres products to include field specific information, climate facts, and other key data of potential interest to consumers, all secured on blockchain technology.

Founded in 1947, Havanna has become a leading player in the high-end coffee shops segment in South America, operating over 300 stores in premium locations across Argentina,

Brazil, Chile and Peru, as well as Spain and the United States.

Turning now to slide nine. Towards the end of the fiscal third quarter, we realigned non-core GLA assets in exchange for a 6% ownership in Moolec Science, a molecular farming company pursuing a hybrid concept between plant and cell-based technologies for the production of animal free food solutions.

This transaction allowed us to gain exposure to a fast-growing alternative food industry, an industry aligned with our purpose of helping food systems transition to carbon neutrality.

We believe the transaction will unlock greater potential value from these assets and contribute to our consumer end-market exposure. This concludes my prepared remarks, and I will now turn the call over to our CFO, Enrique Lopez Lecube, to discuss our fiscal third quarter financial results. Enrique?

Enrique Lopez Lecube: Thanks Federico, good day to everyone and thanks for joining us today. Before entering into financial performance review, I would like to recall that during the quarter we completed the transfer of our listing from the NYSE American to the NASDAQ Global Select Market. We are grateful to NYSE for having been such great hosts during more than two years since our initial listing back in March 2019. We're now thrilled about our new

partnership with NASDAQ, it is an ideal fit for us that they represent some of the leading biotech, technology and ag-tech companies in the world. This move also aligns with Bioceres' current ESG initiatives and NASDAQ's ESG platform and suite of products and services.

Now getting to the financials, please turn to slide 10, for a review of the revenue performance during the quarter and on an LTM basis. Even when our fiscal third quarter is the slowest from a seasonal perspective, this year we had an outstanding performance with a historic high in revenues. Total comparable revenue rose by more than \$9 million dollars from \$26 million dollars in the third quarter of fiscal year 2020, to \$35 million dollars in the third quarter of the current fiscal year. A 35% increase.

On a reported basis, the increase for the quarter was slightly above 40% from \$25.7 million dollars to \$36.2 million dollars. Crop nutrition expansion was behind the growth achieved during the quarter, characterized by the lack of planting activities across the market in which we operate. As we have discussed in previous calls, to smooth down the effect of seasonality and have a good grasp of the mid-term performance of the business, we also keep a close eye on the trailing 12 months.

The exceptional performance in a rather usually low season quarter got us back on track with growth, leaving behind the slowdown we have seen in the second quarter. On

an LTM basis, revenue as of March 2021 was \$177 million dollars, a 12% increase compared to a year ago period, confirming the potential of our baseline business to deliver attractive growth even ahead of HB4 impacting our top line.

Please move on to slide 11 now for a breakdown on revenues per business segment. As I just explained, the \$9.1 million dollar growth for the quarter was delivered entirely by the crop nutrition segment that grew to \$15.1 million dollars in comparable revenues, and more specifically, fully explained by four times growth in micro-beaded fertilizer sales.

The strong performance in this particular product line during the quarter is the initial outcome of a shift in the commercial strategy to improve the attractiveness of the value proposition to farmers. We fundamentally believe that showing conviction in the technology and making the first move with a more aggressive pricing structure will allow us to achieve higher volumes at a faster pace. With a higher use of our installed capacity, which increased from 25% to 34% on a sequential basis, we expect to capture economies of scales that in turn will allow us to crystallize the level of gross margins that we have seen until now, which are very attractive compared to conventional fertilizers, but with a significantly bigger business line in terms of revenues and profits.

The current momentum in grain commodity prices could not have been a better scenario to launch this new value proposition as farmers are more inclined to spend dollars on fertilizing their fields. Margins for fertilizers remained fairly stable with the overall crop nutritional segment dropping 89 basis points versus the year ago quarter, basically explained by significantly higher participation of fertilizers versus higher margin inoculants.

Crop protection sales in the third quarter of fiscal 2021 were roughly flat compared to the year ago quarter at \$16.4 million dollars. Average gross margin for the segment expanded by 148 basis points to 39.4%, on a positive shift in the product mix, with a higher contribution to sales from adjuvant and lower sales of third-party products.

For our seed and integrated products comparable revenues in the third quarter of fiscal 2021 were \$3.5 million dollars, slightly down from the year ago quarter. Most, but not all, of the 96% seed treatment packs growth our French subsidiary had accomplished last year was retained, which explains the \$400,000 dollars decline. Margins for the segment remained fairly flat at 68.3%.

Overall, we are very satisfied with growth during the quarter, which was achieved with an average margin expansion of 362 basis points, achieving a 50% average gross margin for the business.

Now looking to the near future, similarly to the reorganizational process we pursued in the crop nutrition segment, which has already begun to show results, we are currently endeavoring initiatives to reignite profitable growth in our baseline crop protection and seed and integrated products business segments.

We are optimistic about the near and midterm effects of these strategy adjustments and expect them to positively impact our financial performance in the coming quarter, and in the second half of the year, respectively.

Moving on to slide 12 now, which shows the breakdown across profits for business segments. Following the increase in revenues and margins expansion that we just discussed, comparable gross profit rose by \$5.5 million dollars during the quarter moving from \$12 million dollars in the third quarter of fiscal 2020 to \$17.5 million dollars during the third quarter of the current fiscal year, a 45.4% increase.

Reported gross profit increased from \$10.8 million dollars to \$15.3 million dollars. Our gross profit for crop protection was \$6.5 million dollars in the third quarter of fiscal 2021, slightly above the gross profit of the previous fiscal year quarter, despite the slight drop in revenues. This was primarily due to higher participation of adjuvants in the mix in detriment to lower margin third party products.

Seed and integrated products contributed \$2.4 million dollars in comparable gross profits during the quarter,

slightly down from the year ago period and in line with the revenue dynamics that I described in the previous slide, as margins remained flat.

Finally, crop nutrition delivered \$8.7 million dollars in comparable gross profit during the third quarter of fiscal 2021, which represented almost half of the total comparable gross profits for the quarter, something unusual compared to past quarters in which crop nutrition represented an average no more than 20 to 25% of overall gross profits.

Let's please move on to slides 13 and 14 for a review on EBITDA performance for the quarter on the last 12 months, respectively.

The \$5.5 million increase in comparable gross profits versus the year ago quarter was partially offset by IAS 29 adjustments, netting a \$4.6 million dollar increase in reported gross profits. This sharp increase in gross profits fully impacted on adjusted EBITDA, which totaled \$6.9 million dollars, a 163% increase versus the year ago quarter that stood at \$2.6 million.

JV results were also a main contributor to adjusted EBITDA improvement with \$1 million, as micro-beaded fertilizers' performance increased results from Synertech, our fertilizers manufacturing JV, which is equity accounted for in the adjusted EBITDA line.

A separate note on operating expenses, which totaled \$11.7 million dollars, up 17% from the year ago quarter.

The increase in SG&A expenses was primarily due to additional outsourced professional services, partially offset by decreased travel expenses and lower distributions of share-based incentives.

SG&A expenses down 659 basis points as a percentage of revenue, denoting continued operational leverage as SG&A grows at a slower pace than our gross profits. R&D expenses were also up in the quarter, explained by the development of wheat-oriented technologies including the registration of HB4 wheat for production in the USA, which Federico previously mentioned.

In slide 14, similarly to what I mentioned about revenues, we usually keep an eye on profitability over a period of 12 months to assess the performance of the business. The 12% growth in sales on an LTM basis versus the year ago period delivered a solid 14% increase in adjusted EBITDA, growing from \$40.6 million dollars in the previous 12 months to March 2020, to \$46.4 million dollars over a 12-month period ending on March 31st, 2021.

Now in breaking down contributions to that growth, even when IAS 29 adjustments significantly eroded an increase of \$11.8 million dollars in comparable gross profit, operational performance delivered almost \$2.8 million dollars in additional reported gross profit versus a year ago LTM, that was further increased by a reduction in operating expenses and JV's performance. Finally let's

please turn to slide 15, to address our debt and cash position, together with our performance and financial expenses.

We continue to make good use of Rizobacter's partnership with Argentina credit markets throughout the quarter, as we completed a \$26 million public offering of Series V corporate bonds in early March, 20% of these issuance corresponded to class A which had a one-year maturity and an annual coupon rate of 0.98%. And the remaining 80% was issued with a maturity of 36 months and an annual coupon rate of 5.5%. Proceeds are being used to support working capital need, extend debt maturities, and to continue reducing our financing costs.

As discussed in previous calls we have used the capital markets to replace inefficient sources of working capital, mainly factoring, with financial debt. Even when our total financial debt increased by \$35.7 million dollars from the third quarter of fiscal 2020, first left-hand column, to the third quarter of the current fiscal year, cash financial expenses decreased by \$7.9 million dollars from \$20.6 million for the 12-month period prior to March 2020, to \$12.7 million for the last 12 months as of March 31, 2021. That is a 38% decrease in LTM cash financial expenses, reflecting a significantly lower average cost of debt.

Total net debt as of March 31st, 2021, was \$134.2 million dollars, 2.89 times Net Debt-to-LTM Adjusted EBITDA. The

increase in the company's debt ratio compared to the prior fiscal year was primarily due to the afore mentioned increase in total financial debt.

Now on a sequential basis, net debt to LTM adjusted EBITDA decreased from 3.05 times on December 31st, 2020, primarily due to the adaptive EBITDA growth during the third quarter.

On the liquidity front, cash and cash equivalents, restricted short-term deposits and other short-term investments, represented approximately 58% of the current portion of debt, totaling slightly below \$50 million dollars.

In addition to the strength of Bioceres' core business we retain a solid liquidity position to continue serving the rollout of the HB4 wheat and soy during the upcoming quarters as the main growth priority for our company.

That concludes the financial remarks we had prepared for today's call.

So, I will now turn it to Federico for concluding remarks or to go directly into any questions that you might have.

Federico Trucco: Thanks, Enrique. We will now open up the floor for questions, and after that, we will add some concluding remarks. Operator?

Operator: Thank you at this time, I would like to inform everyone in order to ask a question, you will need to press star one on your telephone. To withdraw your question,

press the pound key. Please standby, while we compile the Q&A roster. Your first question comes from the line of Ben Klieve of Lake Street Capital.

Ben Klieve: Alright, thanks for taking my questions, and congratulations on a really good quarter here. On the quarter itself, I have a question about the fertilizer business, I'm really trying to understand who was buying this high level or their high volume of product here.

I understand you're using your plant more efficiently. You have a new strategy. But I want to understand really who really drove this volume? I mean, was it greater exports? Was it existing customers buying more volume? Was it new customers reached by the new strategy? Any color on this would be helpful.

Federico Trucco: Hi, Ben, it's great to have you in the call, this is Federico, I will pass that specific question to Enrique.

Enrique Lopez Lecube: Hi Ben, thanks for joining the call and for the question. I think that to answer your question, it is a combination of a couple of factors, there was customer repeat rate that was very good. But also, we have seen increased volumes per customer, as well as new customers.

So, I think that the new pricing strategy's working fine in the sense of increasing volumes per customer, and also bringing in new customers. So those are the two

variables that we have been monitoring so far in the beginning of this new pricing structure.

Most of this happened in the Argentinian market initially, we still will have to wait at least a quarter to see if there's an impact coming from neighboring countries or neighboring markets such as Brazil, Paraguay and Uruguay where we had been selling the fertilizer, basically the product called Microstar. But those are the variables that we have been monitoring and so far, we are happy to see that new customers are joining the technology.

Ben Klieve: Got it. Thanks, Enrique. That's helpful. I'd like to pivot over to a couple questions on HB4. Federico, I have a question for you regarding the timing of the commercial launch for both the wheat and the soybean product. You talked in your prepared remarks about the need for Brazil in Chinese approval for import to support a commercial launch.

If these approvals don't come here in the next few months, you know, do you still plan on launching these products locally with an identity preserved supply chain or do we really need those approvals to come here, to enable a launch in--you know, six months from now?

Federico Trucco: That's a very good question. Ben in terms of wheat, the contracts that we already have in place for 60,000 hectares are contracts that we can execute within the identity preserved approach, regardless of the Brazil

approval. Initially, we indicated a range between 60,000 and 130,000 hectares, the top number being one that would require Brazil approval, if we continue to identify interest, and if a Brazil approval is obtained before early June, we will probably have some additional acres into that identity preserved channel.

But all of what we're doing now is identity preserving in terms of wheat. In the case of soy, the next cycle is somewhat agnostic to the Chinese approval, since we're planning to do all of that under identity preserved anyways.

Remember, we still have small inventories in terms of soy. So, we won't be affected in the coming cycle, what will dictate the number of factors there is the quality of the seed being obtained now, and the performance of the different varieties of several materials that are currently being multiplied now.

Going into 2022, for us to launch above, where we will be from--out of the next cycle of soybeans would require an approval, because identity preserved will be tough to manage, above the 500,000 hectares level, if you will, and we still are not sure, in terms of how efficiently we will be able to do this. But that might be more challenging.

This is something we can do fairly well today, particularly with the use of the digital platform. But our ability to move above a half a million-hectare mark, with

identity preserved, it's one that we are not fully certain of, as of today.

Ben Klieve: Got it, that's very helpful on both fronts. Question about the Havanna agreement? I understand it's maybe too early to get much information on this, but do you have a sense of if they're going to be basically integrating flour from HB4 wheat into their existing product line? And then as such, they would be an almost immediate consumer of that wheat? Or are they going to be engaged in kind of a long R&D process to figure out the right products for that wheat to go into?

I'm just trying to understand kind of if this agreement is affecting the immediate term commercial launch, or if this is kind of a longer-term thing?

Federico Trucco: So, thanks for the Havanna question., To us the Havanna agreement, it's more qualitative and quantitative as we sort of tackle this monumental quest with HB4 wheat, we work on the development side, scaling up inventories, the regulatory front, and we work on the commercial aspects and we also need to work on consumer engagement.

So, this last consideration is the one that drove us to the Havanna agreement. This is not wheat flour that will be immediately incorporated into all of the Havanna product lines. There will be a specific product line with the HB4

claim, where we intend to show the water and carbon footprint and underlying these particular products.

And in doing so, initiate a conversation with consumers. This is not meaningful from a volumes perspective, in terms of how much flour might end up in this particular channel, but I think it does create validation and greater comfort for other food processors that might be a sort of concerned about the GMO aspects of HB4 wheat and where we can sort of come back with data from consumers and from product performance to generate greater comfort in this particular product line.

So that's kind of the approach, we intend to announce other agreements with consumer brands on HB4 wheat and create a platform of consumer engagement to build on this last aspect, if you will, around the social license required for a product of this nature.

Ben Klieve: Got it, that's very helpful. That's great. You guys were able to secure that first agreement. I think that does it for me, I appreciate you taking my questions, and I'll get back in queue.

Operator: Our next question comes from line of Kemp Dolliver at Brookline Capital.

Kemp Dolliver: Hi, good morning. I have two questions. The first one relates to the crop protection business and the strategic adjustments you're considering, could you give

more detail with regard to the types of actions that you plan to take?

Federico Trucco: Thanks Kemp, for joining the call, and thanks for the question. What we would like to do there in the crop protection side is uncouple, if you will, the proprietary adjuvant business with the post-patent products, some of which are third party products that we usually commercialize.

Also, in that segment, I think that if we are able to have dedicated teams and structure alternative channels for these two types of products that we currently commercialize within the segment, we are likely to achieve a better performance, and that is kind of the reorganizational angle that we are pursuing and that we believe will show some incremental growth, in the fourth quarter of the current fiscal year.

Kemp Dolliver: That's helpful. Thank you. The second question relates to Verdeca, and now that you have complete ownership of it, the next steps you plan to take, with regard to building out that part of the business?

Federico Trucco: Kemp, I don't know if it's my line or yours, but it's sort of fading away if you can repeat the question.

Kemp Dolliver: Yes, I hope this is better.

Federico Trucco: Yes, better now.

Kemp Dolliver: Great, just the second question is your plans with Verdeca, now that you have 100% ownership, and this--some of the specific actions you're planning to take now, that you totally control it.

Federico Trucco: Okay, so if I understood correctly, the question is around the full control of Verdeca, and how we intend to sort of move forward now that we own 100% of JV. Essentially, what that is doing for us is giving us greater flexibility in engaging with third parties for the development of alternative geographies, mainly in the U. S., and to some extent in Brazil, where we have the historical relationship with TMG. So, we are now actively working to secure germplasm that is complementary to the one we currently have in Verdeca, to be able to address these additional geographies. For instance, there's a meaningful area of the U. S. where HB4 can potentially deliver significant value when we need materials that are maturity groups two and below which we currently do not have within the Verdeca breeding programs.

So that is one space where we are looking to secure relationships with germplasm providers that are already on-boarded with HB4 so that we can address that particular opportunity which is upwards of a million hectares. Similarly, for maturity groups, six and above, which are important in some areas of Brazil, and other tropical regions of the world, we can now engage without sort of the necessity

to negotiate things with our partner in the JV because we fully own it, so that we can have relationships that allow us to have an incremental hectares addressed with HB4 soy. So that is to me the most powerful aspects of controlling the JV in full.

Kemp Dolliver: Great, thank you very much.

Operator: As a reminder to ask a question, please press star one, on your telephone. Your next question comes from line of Steven Ralston of Zacks.

Steven Ralston: Good morning. Thank you for taking my question. I'm sorry, I was in the middle of transitioning from the webcast to the telephone during the first question, which was about the micro-beaded fertilizer. I had assumed that because there was the delay of the soybean planting season this year that that sparked the incremental demand of micro-beaded fertilizer. Is that correct? I'm sorry, I missed that first answer.

Enrique Lopez Lecube: Hi Steven, this is Enrique, thanks for joining us today and for the question. If I understood correctly, you're referring to the seasonality of the increasing sales from the micro-beaded fertilizers, correct?

Steven Ralston: That is correct.

Enrique Lopez Lecube: Yeah, so look, the increase in sales that we've seen in micro-beaded fertilizers is corresponding to the season--to the winter crops planting

season in Argentina. So, this is kind of like the beginning of sales for winter crops, mainly wheat in Argentina. So that is where we're seeing an increase.

Obviously, this is a product that is even more suited for soybean. So that is something that makes us be optimistic about the shift, if we are able to capture demand for winter crops, then this value proposition should be working even better for summer crops. But to your specific question, this is demand for the winter crops planting season in Latin America, and more specifically, Argentina.

Steven Ralston: Thank you. So, in the second quarter call, you've mentioned that there was an increase in commodity fertilizer sales, that though we're competing against the micro-beaded fertilizer of Bioceres. Did that fade out some, or is there another dynamic about the commodity fertilizers?

Federico Trucco: Steve, hold on a second, operator, can we switch to the backup line? Because we're having a lot of difficulties with this line?

Operator: Yes, one moment. Okay, and the backup line has been transferred.

Steven Ralston: Do you want me to repeat the question?

Enrique Lopez Lecube: Yes, please, Steve, we can hear you much better now.

Steven Ralston: Thank you. In the second quarter call, you mentioned that basically, commodity fertilizers were

gaining share, and that's one of the reasons for the lower level of micro-beaded fertilizer during your second fiscal quarter. Did that dynamic change, as you went into the third quarter?

Enrique Lopez Lecube: Yeah, that's a very good question. So absolutely. I think that the uprise that we've seen the steep uprising in commodity prices has made farmers more technology inclined. So, farmers are back on track with adopting new technologies that provide ROIs, even when they require more investment.

So, this is just the perfect scenario for the micro-beaded fertilizers where you might need to have a technology adoption versus conventional technologies. That is something that materially changes things from the second quarter into this third quarter. And even more now, with the commodity price as we're seeing this particular month of May.

Steven Ralston: And I'm sorry, I didn't see it. But what is your capacity figure now? You usually give it on a 12-month trailing basis of the micro-beaded fertilizer plant?

Enrique Lopez Lecube: Yeah, so we move on a trailing 12-month basis, we moved from 25 to 34%.

Steven Ralston: To 32%?

Enrique Lopez Lecube: Thirty-four.

Steven Ralston: Thirty-four percent. Thank you. Also, to tag on to the other analyst's question about your reorganization, I would assume that there are going to be costs involved in building up these dedicated teams, to emphasize your branded products in crop protection and seed.

In your comments, it seemed like you're also going to, say, deemphasize the micro-beaded fertilizer, and maybe I read too much into that?

Federico Trucco: No, so let me be as specific as I can at this stage. But in terms of the micro-beaded fertilizer, the strategy was already put in place and it was yielding results today, what we are reporting the current quarter, it's more around pricing and scaling up capacity so that we can retain the same level of profitability as we become more price competitive, obviously, the improved commodity prices that has sort of incremental effect beyond what we did ourselves, that is creating the kind of outcome that you're seeing in the current numbers. Now, that's the crop nutrition segment.

In the crop protection segment, we are not sort of investing in a new team, we're just reassigning if you will, resources that we currently have. So, we don't expect to see a significant increase in sort of operational costs, or management costs, who have the strategy in the crop protection segment put in place.

We believe that if we can--it's essentially a channel strategy, where we are operating two different channels instead of just one, and where we have one channel dedicated to the high value products, the adjuvants where we make significant profits, and another one for the post-patent products that we commercialize as a complement.

And finally, on the seed front, which is something we expect to be in place the second half of this year, what we are doing is also structuring an alternative channel for the conventional seeds. This is not inclusive of the HB4 program, this is just for the conventional soy and wheat we currently sell and expand on that portfolio, so that we can materialize the number of synergies with our existing organization. So those are the two reorganizational initiatives that will be executed in the coming days and months, and that we expect will reignite growth, particularly in our main market of Argentina.

Steven Ralston: To rephrase it sounds like the goal of the program is to enhance your product mix to your higher margin products?

Federico Trucco: So, if you will, our current channel will be more dedicated to that. So that is correct, but that is not to the detriment of the post-patent products that we currently sell, because there will be an alternative channel operating on those that we expect we will generate growth as well.

Steven Ralston: Alright. Thank you for taking my questions.

Federico Trucco: Thank you, Steven.

Operator: Your next question comes from line of Matias Cremaschi of Delta Asset Management.

Matias Cremaschi: Hi, guys, good morning and congratulations for the results. I am wondering if you can comment on the rationale of the acquisition of InsuAgro and what type of incremental revenue or synergies do you expect to capture there?

Federico Trucco: Well, thanks Matias for joining this call, your comments and your question. The rationale of InsuAgro is right on the line of what we discussed before in terms of the crop protection segment to provide an alternative channel for post-patent product so that we can have our Rizobacter channel fully dedicated to adjuvants and biologicals that we do sell like the bio fungicides for instance, that are very important to us.

Matias Cremaschi: Thank you, and any color on synergies or incrementality there?

Enrique Lopez Lecube: Hi Matias, this is Enrique, yes, I think that the question is kind of like overlapping with what Federico said about the channels. I think that the synergies that you might see there is basically having specific channels for specific types of technologies.

So, this is a channel that can be better at commercializing lower technologies or products that are replacing commercial technologies. So, there might be some synergies, also some opportunities for fertilizers for example, to further get capillarity on the market through this new channel.

But that is to be seen and that is not something that we are competing as of today. But there might be some opportunities for products that replace conventional technologies.

Matias Cremaschi: Okay, great.

Operator: At this time, there are no further questions. I would now like to turn the call back over to Federico, for any closing additional comments.

Federico Trucco: Well, I want to thank everyone for joining. I think we are at an inflection point in the company as we gained a significant momentum with not only the baseline business, but also the HB4 progress. We appreciate everyone's interest, we remain fully available for follow-ups, and wish everyone a great week.

Operator: And thank you, that does conclude today's conference call. You may now disconnect.