



Agrify Corporation Announces Results for Second Quarter 2024 and Amended Results for First Quarter 2024

August 14, 2024

TROY, Mich., Aug. 14, 2024 (GLOBE NEWSWIRE) -- Agrify Corporation (Nasdaq:AGFY) ("Agrify" or the "Company"), a leading provider of innovative cultivation and extraction solutions for the cannabis industry, today announced financial results for the second quarter ended June 30, 2024.

Second Quarter 2024 Financial Results Summary

- Revenue was \$3.0 million for the second quarter of 2024, compared to \$2.6 million for the first quarter of 2024 and \$5.1 million for the second quarter of 2023.
- Gross profit was \$1.7 million for the second quarter of 2024, compared to \$0.7 million for the first quarter of 2024 and \$0.6 million for the second quarter of 2023.
- Operating loss was \$1.5 million for the second quarter of 2024, compared to \$5.3 million in the second quarter of 2023.
- Net loss for the second quarter of 2024 was \$2.8 million, compared \$6.8 million in the second quarter of 2023.

Amended First Quarter 2024 Financial Results and First Half 2024 Summary

- The Company is reporting a reassessment of the accounting of the settlement with Mack Molding. While the adjustments changed the first quarter 2024 net loss, gain on supply agreement, gain on revaluation of contingent liability, gain on settlement of contingent liabilities, and accrued expenses and other current liabilities line items in the consolidated cash flow statement, the changes are all non-cash accounting items. The reassessment did not have an impact on first quarter revenue, gross profit, total net cash used in operating activities, net cash used in investing activities, or net cash provided by financing activities.
- Due to the reassessment, the Company is now reporting a \$1.99 million operating income and \$1.48 million net income for the first half of 2024.

"We are pleased to report a 15% increase in quarterly revenue and a 54.8% rise in gross profit for the second quarter of 2024 in comparison to first quarter of 2024. However, we recognize that 2024 presents ongoing challenges, as the industry remains cautious about future capital investments due to uncertain regulations and limited capital availability. Despite our continuous efforts to reduce costs and address payables, our constrained cash position remains a barrier to growth. As such, the Company will continue to explore all strategic options to maximize shareholder value." said Raymond Chang, Chairman and CEO of Agrify.

About Agrify (Nasdaq:AGFY)

Agrify is a leading provider of innovative cultivation and extraction solutions for the cannabis industry, bringing data, science, and technology to the forefront of the market. Agrify's proprietary micro-environment-controlled Vertical Farming Units (VFUs) enable cultivators to produce the highest quality products with unmatched consistency, yield, and ROI at scale. Agrify's comprehensive extraction product line, which includes hydrocarbon, ethanol, solventless, post-processing, and lab equipment, empowers producers to maximize the quantity and quality of extract required for premium concentrates. For more information, please visit Agrify at <http://www.agrify.com>.

AGRIFY CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Revenue (including \$0, \$0, \$0, and \$46 from related parties, respectively)	\$ 2,994	\$ 5,066	\$ 5,592	\$ 10,870
Cost of goods sold	1,303	4,466	3,736	9,282
Gross profit	1,691	600	1,856	1,588
General and administrative	2,268	4,819	6,362	11,745

Selling and marketing	394	1,120	856	2,710
Research and development	185	643	460	1,378
Gain on settlement of contingent liabilities	350	—	(5,585)	—
Gain on early termination of lease	(39)	—	(39)	—
Gain on disposal of property and equipment	(9)	—	(9)	—
Change in contingent consideration	—	(638)	(2,180)	(1,322)
Total operating expenses	3,149	5,944	(135)	14,516
Operating (loss) income	(1,458)	(5,344)	1,991	(12,928)
Interest income (expense), net	(28)	(400)	(128)	(1,199)
Change in fair value of warrant liabilities	(1,277)	(1,048)	(404)	1,624
Loss on extinguishment of long-term debt, net	—	(11)	—	(4,631)
Other income (expense), net	5	(4)	19	—
Total other expense, net	(1,300)	(1,463)	(513)	(4,206)
Net (loss) income	(2,758)	(6,807)	1,478	(17,134)
Loss attributable to non-controlling interest	—	2	—	2
Net (loss) income attributable to Agrify Corporation	<u>\$ (2,758)</u>	<u>\$ (6,805)</u>	<u>\$ 1,478</u>	<u>\$ (17,132)</u>
Net (loss) income per share attributable to Common Stockholders – basic ¹ⁱ	<u>\$ (0.13)</u>	<u>\$ (4.39)</u>	<u>\$ 0.10</u>	<u>\$ (13.05)</u>
Net (loss) income per share attributable to Common Stockholders – diluted	<u>\$ (0.13)</u>	<u>\$ (4.39)</u>	<u>\$ 0.07</u>	<u>\$ (13.05)</u>
Weighted average common shares outstanding - basic	20,812,678	1,549,669	14,853,454	1,312,299
Weighted average common shares outstanding - diluted	20,812,678	1,549,669	29,771,039	1,312,299

(1) Periods presented have been adjusted to reflect the 1-for-20 reverse stock split on July 5, 2023. Additional information regarding reverse stock splits may be found in Note 1 – Overview, Basis of Presentation, and Significant Accounting Policies, included elsewhere in the notes to the consolidated financial statements.

AGRIFY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	June 30, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 53	\$ 430
Marketable securities	4	4
Accounts receivable, net of allowance for credit losses of \$2,563 and \$1,887 at June 30, 2024 and December 31, 2023, respectively	272	1,149
Inventory, net of reserves of \$16,507 and \$17,599 at June 30, 2024 and December 31, 2023, respectively	18,642	19,094
Loans receivable, current	1,295	—
Prepaid expenses and other current assets	663	3,332
Total current assets	<u>20,929</u>	<u>24,009</u>
Loans receivable, net of allowance for credit losses of \$18,885 and \$19,215 at June 30, 2024 and December 31, 2023, respectively, net of current	10,288	11,583
Property and equipment, net	6,954	7,734
Operating lease right-of-use assets	1,333	1,803
Other non-current assets	97	141
Total assets	<u>\$ 39,601</u>	<u>\$ 45,270</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 12,039	\$ 20,766
Accrued expenses and other current liabilities	7,410	10,655
Operating lease liabilities, current	539	599
Long-term debt, current	582	766
Related party debt, current	732	4,444
Contract liabilities	3,847	4,019
Total current liabilities	<u>25,149</u>	<u>41,249</u>

Warrant liabilities	503	1,290
Operating lease liabilities, net of current	960	1,394
Related party debt, net of current	4,278	—
Long-term debt, net of current	3	16,047
Total liabilities	30,892	59,980

Stockholders' equity (deficit):

Common Stock, \$0.001 par value per share, 35,000,000 and 10,000,000 shares authorized at June 30, 2024 and December 31, 2023, respectively, 14,230,004 and 1,701,243 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively ⁽¹⁾	14	2
Preferred Stock, \$0.001 par value per share, 2,895,000 shares authorized, no shares issued or outstanding	—	—
Preferred A Stock, \$0.001 par value per share, 105,000 shares authorized, no shares issued or outstanding	—	—
Additional paid-in capital	272,783	250,855
Accumulated deficit	(264,319)	(265,797)
Total stockholders' equity (deficit) attributable to Agrify	8,478	(14,940)
Non-controlling interests	230	230
Total stockholders' equity (deficit)	8,708	(14,710)
Total liabilities and stockholders' equity (deficit)	\$ 39,601	\$ 45,270

(1) Periods presented have been adjusted to reflect the 1-for-20 reverse stock split on July 5, 2023. Additional information regarding the reverse stock splits may be found in Note 1 – Overview, Basis of Presentation, and Significant Accounting Policies, included in the notes to the consolidated financial statements

AGRIFY CORPORATION
SELECTED & CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2024	2023
Cash flows (used in) provided by:		
Operating activities	\$ (4,816)	\$ (11,634)
Investing activities	336	11,358
Financing activities	4,103	(9,873)
Net (decrease) in cash and cash equivalents	\$ (377)	\$ (10,149)

Summary of Mack Molding Settlement Adjustments

The following table summarizes the effect of the errors on the Company's consolidated balance sheet as of March 31, 2024 and consolidated statement of operations and consolidated statement of cash flows for the three months ended March 31, 2024:

	March 31, 2024 As Previously Reported		Adjustment	March 31, 2024 As Revised	
Inventory	\$ 18,862	\$ (214)	\$	\$	18,648
Accounts payable	12,428	350			12,778
Notes payable, current	\$ 1,374	\$ (1,374)	\$	\$	—
Notes payable, net of current	3,464	(3,464)			—
Accumulated deficit	(265,835)	4,274			(261,561)
Total stockholders' equity (deficit)	(9,725)	4,274			(5,451)
	Three Months Ended March 31, 2024 As Previously	Adjustment		Three Months Ended March 31, 2024 As Revised	

	Reported		
Cost of goods sold	\$ 1,869	\$ 564	\$ 2,433
Gross profit	729	(564)	165
General and administrative	2,952	1,142	4,094
Gain on settlement of contingent liabilities	—	(5,935)	(5,935)
Operating (loss) income	(780)	4,229	3,449
Interest income (expense), net	(145)	45	(100)
Net (loss) income	(38)	4,274	4,236
Basic	\$ 0.00	\$ 0.48	\$ 0.48
Diluted ²	\$ 0.00	\$ 0.21	\$ 0.21

While the adjustments changed net loss, gain on supply agreement, gain on revaluation of contingent liability, gain on settlement of contingent liabilities, and accrued expenses and other current liabilities line items in the consolidated cash flow statement, they did not have an impact on total net cash used in operating activities, net cash used in investing activities, or net cash provided by financing activities.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning Agrify and other matters. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements including, without limitation, statements regarding future financial results, the potential for increased extraction sales, the ability to realize revenue from the bookings, backlog, and pipeline, project timelines, and Agrify's ability to deliver solutions and services. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this press release are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You should carefully consider the risks and uncertainties that affect our business, including those described in our filings with the Securities and Exchange Commission ("SEC"), including under the caption "Risk Factors" in our Annual Report on Form 10-K filed for the year ended December 31, 2023 with the SEC, which can be obtained on the SEC website at www.sec.gov. These forward-looking statements speak only as of the date of this communication. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our public announcements and filings with the SEC.

Company Contacts

Agrify Investor Relations

IR@agrify.com

(857) 256-8110



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