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# AgriFORCE Growing Systems Announces Binding LOI to Acquire Deroose Plants NV, One of the Largest Tissue Culture Propagation Companies in the World

*Deroose acquisition brings multi-national operations, over 2.11 million square feet in laboratory and greenhouse facilities, and a proprietary portfolio of genetic IP for plantation and food crops*

*Deroose's unaudited 2021 annual revenues were US \$40.5 million with EBITDA of approximately US \$4.2 million*

VANCOUVER, British Columbia, March 10, 2022 (GLOBE NEWSWIRE) --[AgriFORCE Growing Systems Ltd.](#) ("**the Company**") (**NASDAQ: AGRI; AGRIW**), an intellectual property (IP)-focused AgTech company dedicated to advancing sustainable cultivation and crop processing across multiple verticals, has entered into a binding letter of intent to acquire Deroose Plants NV ("Deroose"), one of the largest tissue culture propagation companies in the world with a leadership position in horticulture, plantation crops, and fruit and vegetables.

Founded in 1980, Deroose has multi-national operations in Europe, North America, and Asia, over 2.11 million square feet of laboratory and greenhouse facilities<sup>1</sup>, and over 800 employees<sup>2</sup>. Deroose's unaudited 2021 revenues were US\$40.5 million<sup>(3)</sup> with EBITDA of approximately US\$4.2 million <sup>(4)</sup>.

The binding LOI is subject to completion of standard due diligence and entry into a definitive purchase agreement, which shall include commercially standard terms and conditions, including, but not limited to, representations and warranties, covenants, events of default and conditions to closing.

The net purchase price by AgriFORCE is expected to be approximately US\$69 million. The purchase price represents approximately \$46.4 million for the Deroose business on a cash and debt free basis and \$22.6 million for the IP portfolio.

## Transaction Highlights

The AgriFORCE acquisition of Deroose is expected to provide the following strategic benefits:

- Strengthens AgriFORCE's integrated AgTech business model by providing a leading position in tissue culture propagation and plant cultivation, including a robust IP portfolio, aimed at delivering increased crop yields with a reduced environmental footprint.
- Enables AgriFORCE and Deroose to drive further growth in core markets for the development and trade of horticulture, plantation crops, as well as fruits and

vegetables, building on Deroose's IP, driving improved genetics and higher yields.

- Building on Deroose's strong financial performance and consistent growth in multiple locations across the world, AgriFORCE and Deroose plan for additional growth through expansion into new and high value crops.

Ingo Mueller, CEO of AgriFORCE Growing Systems, commented: "Adding to the momentum of our recent [definitive agreement with Delphy Groep BV \(Delphy\)](#) we look forward to welcoming Deroose into the AgriFORCE family of companies, as we continue to move forward with our vision to become a world leader in delivering next-generation foods and plant products for businesses and consumers. Our two companies are strongly aligned with transforming the agriculture industry through IP, innovative technologies and expertise that enable cleaner, better crops with reduced environmental impact. Deroose's specific crop IP enables increased yields per hectare for crops such as rubber, palm and banana. This is particularly important where arable land is scarce and restricted<sup>(5)</sup> and with governments no longer allowing additional land to be made available for these crops. We believe this positions AgriFORCE and Deroose to deliver value by maximizing the sustainability and productivity of available land, especially in tropical climates. In addition, we believe Deroose's IP provides significant barriers to entry to potential competitors, given the robust patent estate, and typical timelines to research and develop such processes, which could easily exceed a decade. Finally, with the Deroose acquisition, we see opportunities to capitalize on a variety of business synergies, including building on Deroose's Florida Campus to replicate Delphy's R&D innovation center for the North American markets."

Maurice van Winden, the CEO of Deroose Plants NV, added: "With over 40 years of history, Deroose is a highly innovative company specialized in tissue culture propagation, and we are very excited to join AgriFORCE. Both our IP and vision are highly complementary, as we are committed to growth through the development of new plants, new cultivation techniques, and pursuing new market opportunities. We are extremely excited about commercializing our new portfolio of genetics for plantation and food crops. We have invested over a decade in development of this IP and believe we can significantly improve the impact that these crops have on the environment, while providing much needed supply sources to the rubber and food industries. Furthermore, strengthening our foothold in North America and accelerating growth into new crops is a strong focus for us in the years ahead."

(1)As per management's previously audited financial statements.

(2)<https://derooseplants.com/our-company--history/>

(3)Euro to US Dollar Spot Exchange Rates for 2021: Average exchange rate in 2021: 1.183 USD

(4)EBITDA Reconciliation

	2021 (Forecasted)
	(in US\$ '000's)
Net income	1,644
Depreciation and Amortization	1,867
Interest expense	919
Income tax expense	515
Nonrecurring items	(735)
EBITDA	4,210

(5)United Nations General Assembly October 14, 2019

### **About Deroose Plants NV**

The Deroose Plants Group is a global supplier of young plant material for growers and plantation owners. Propagation-as-a-service is also offered to young plant breeders and propagators. The Company has been active in tissue-culture cloning of plants since 1980. Currently Deroose Plants are produced in locations in Europe, USA (Florida) and Asia. Deroose is one of the biggest T.C. propagators in the world, with over 800 employees.

### **About AgriFORCE**

AgriFORCE Growing Systems Ltd. (NASDAQ: AGRI; AGRIW) is an AgTech company focused on the development and acquisition of crop production know-how and intellectual property augmented by advanced AgTech facilities and solutions. Looking to serve the global market, the Company's current focus is on North America, Europe and Asia. The AgriFORCE vision is to be a leader in delivering plant-based foods and products through advanced and sustainable AgTech solution platforms that make positive change in the world—from seed to table. The AgriFORCE goal: Clean. Green. Better. Additional information about AgriFORCE is available at: [www.agriforcegs.com](http://www.agriforcegs.com).

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