James dePater

- CEO, Sevita International

- Overview
  - Introduction to SEVITA International
  - Our approach to value-chain innovation



SEVITA International

Closed-Loop Food-Grade Soybean



- Food-grade non gmo soy
- Export based; Japan, East Asia, EU
- HQ; Inkerman, Ontario
- 7 processing facilities; Ontario, Quebec, PEI
- 65 employees + seasonal

Non GMO Soybean; to the Global Soy-Food Industry

- Varieties for "**Traditional**" soy food products;
  - Soymilk, Tofu, Natto, Soy Sprouts, Yuba, Green Vegetable Soybeans, Miso, Tempeh, Soy Sauce
- Varieties for "**Next Generation**" soy food products; growth
  - Soynuts, Soy butter, Meat Alternatives, Frozen desserts, Dairy alternatives, functional foods, SPI

Certified Seed; Develop and Supply for NON GMO IP crop Production

- Certified Seed
- Range of varieties
  - Maturities
  - SCN resistant
  - Mold resistant
  - High yield lines
  - Low lodging
  - Seed size

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- Research & Development
- Certified Seed
- IP Grower contracting
- Processing
- Exporting

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borne of value chain integration…

Creating the innovation and productivity required for a competitive agri-food sector – System Challenges

- Highly Globally competitive environment with options (i.e. USA, Argentina, gmo)
- High volume low margin (often) – focus on specialty markets
- Public product; same product to same buyers
- Public research dollars declining
- Public R&D not necessarily market-driven
- Time to market of innovation
- Threshold scale to innovation (cost, size)

Hendrick Seeds
- The vision

Hendrick Seeds; Non GMO soybean research

- Research; Genetics, Phytochemistry
- Product development; breeding, trials
- Innovations for the market(s)
  - Acquisition; Hardy Seeds

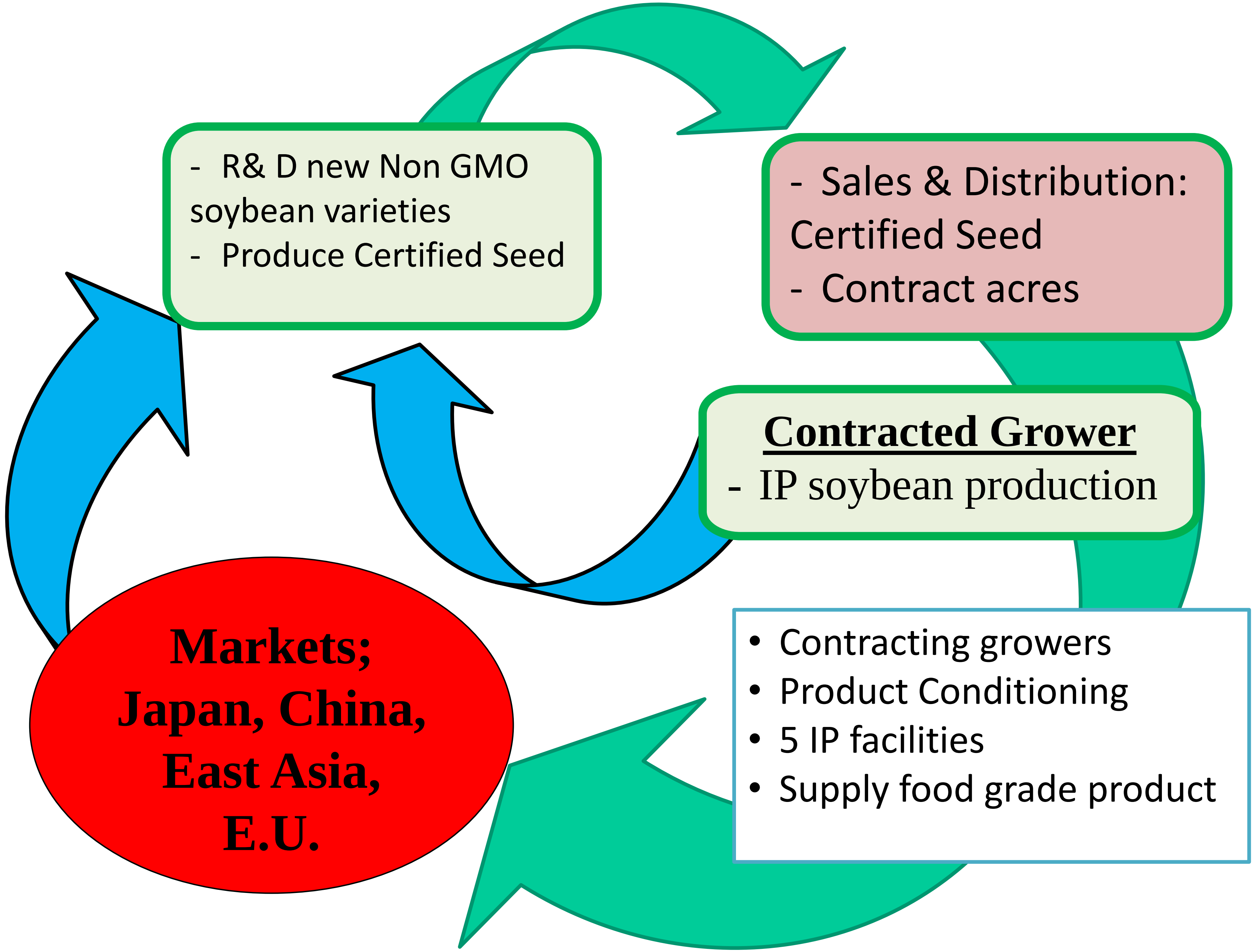
Hendrick AgriFoods

- Contracting
- Processing
- Exporting
  - Acquisition; Atlantic Soy Corporation

Business model;

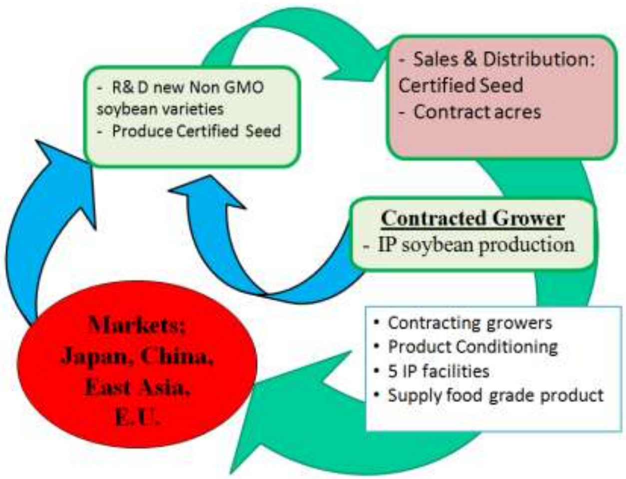
Closed-Loop

Food-Grade Soybean


- R& D new Non GMO soybean varieties
- Produce Certified Seed
- Sales & Distribution: Certified Seed
- Contract acres
Contracted Grower
- IP soybean production
• Contracting growers
• Product Conditioning
• 5 IP facilities
• Supply food grade product
Markets; Japan, China, East Asia, E.U.

Our Value-chain model

- Market driven and fully integrated;
  - Research, Growers, Processors, Food manufacturers
- Control genetics (innovation)
  - Product quality, Royalties
  - Proprietary offerings
- Control Certified seed & Production
- Globally competitiveness



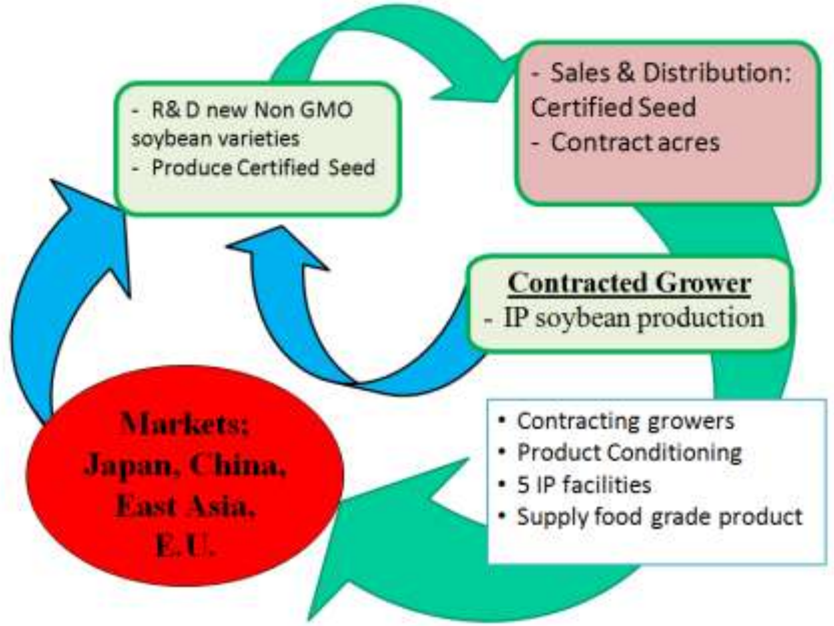
✓ Reduced costs

✓ Innovative Tailored product (growers, manufacturers); emerging and mature markets

Value-chain

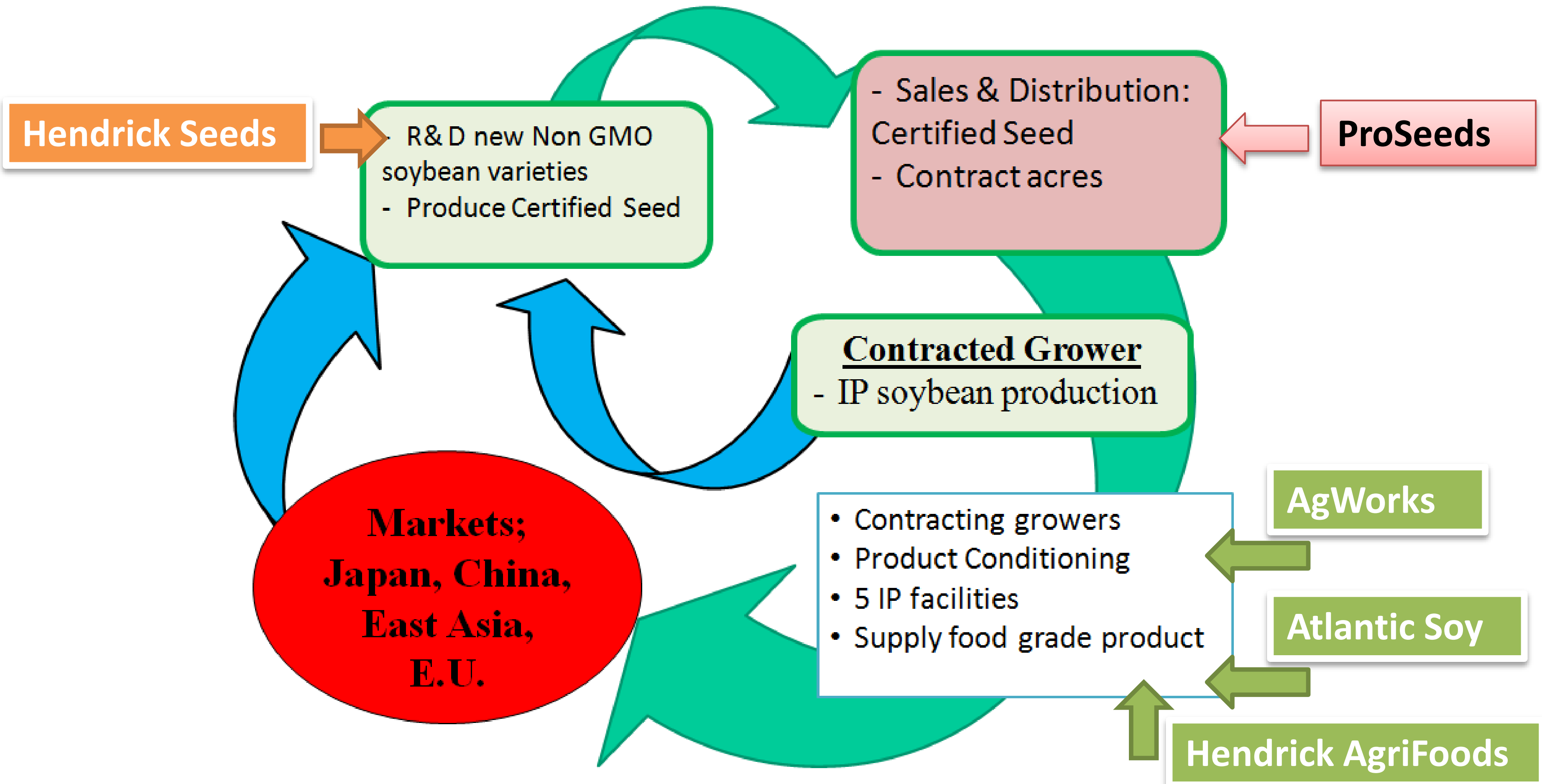
- ✓ Research & product development
- ✓ International Markets

- ✘ Seed sales and distributior
- ✘ Production base Diversity
- ✘ Processing capacity & geographic diversity



Present business model: SEVITA

- Merger / Amalgamation / Acquisition
  - Research, Growers, Processors, Food manufacturers



This value-chain business model has enabled :

- Closed loop; capture and integrate value
- Competitiveness; economies of scale; justify and support R&D / innovation
- Linkage between the market(s) and our R&D and commercial directions
  – Growers
  – Buyers (food & beverage manufacturers

Agri-food Value Chain Challenges

- Supporting the innovation / R&D burden
- Time to market
- Physical integration of businesses: M&A
- Global competition; subsidized jurisdictions
- Competition with other crops
- Crop protection for food grade – remains a challenge

Opportunities for Progress

- Public support of market driven R&D&C
  - SRED, Direct support for R&D <u>and</u> C
  - P-P partnership; market driven
  - Longer-term support opportunities
- Competitive / open trade environment
  - i.e. EU, China, others
- Access to resources; i.e. Human capital, VC, growth capital
- Incentives around “minor use” crop protection

Thank You

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