



Company: Agrify Corp.
Industry: Indoor Farming Systems
Price (12/15/21 close): US\$ 12.58/share

Nasdaq: AGFY
URL: <https://www.agrify.com/>
Market Cap: ~US\$ 300 million

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Agrify Corp. (“Agrify” or the “Company”) sells a modular indoor vertical farming unit (“VFU”) that advertise a cost-effective and low risk way for plant growers, mainly cannabis farmers, to increase yields and profits via environment controls and automation.

We believe that Agrify created artificial demand for its product by financing undisclosed Company insiders to act as independent customers.

After its January 2021 IPO, Agrify’s shares soared amongst a wave of sales announcements to alleged independent third party licensed commercial growers via new total turnkey partnerships (“TTK Partnerships”).

We found two major issues with Agrify’s TTK Partnerships.

First, we found the majority of Agrify’s TTK Partnerships are either with undisclosed Company insiders or with unlicensed unproven operators.

Second, the TTK Partnerships use Agrify’s balance sheet to finance the construction of the customer’s facility, equipment sales and installations, which suggests to us that Agrify’s recorded revenues are artificially inflated by loan balances from Agrify to TTK Partnership customers.

Agrify accounted for its TTK Partnerships differently than previously disclosed accounting policies.

TTK Partnerships were never mentioned in the Company’s S-1 or its 2020 10-K, which means Agrify’s new 2021 accounting policies have yet to be the subject of an audit.

Given evidence of limited interest from independent customers and significant cash dealings with undisclosed Company insiders, we think that Agrify’s auditor Marcum, LLP (“Marcum”) cannot in good faith accept Agrify’s 3Q’21 financial statements as-is without inviting increased scrutiny on itself for violating negligence rules of its PCAOB membership.

We suspect Agrify’s actual revenues are significantly less than what is reported to investors which is why we are short Agrify and think that its stock is going lower.

THIS RESEARCH REPORT EXPRESSES SOLELY OUR OPINIONS. Use Bonitas Research LLC’s research opinions at your own risk. You should do your own research and due diligence before making any investment decisions, including with respect to the securities discussed herein. We have a short interest in Agrify, Inc. (\$GWH) stock and stand to realize significant gains in the event that the price of such instrument declines. Because this document has been prepared without consideration of any specific clients’ investment objectives, financial situation or needs, no information in this report should be construed as recommending or suggesting an investment strategy. Investors should seek their own financial, legal and tax advice in respect of any decision regarding any securities discussed herein. This report and its contents are not intended to be and do not constitute or contain any financial product advice as defined in the Australian Corporations Act 2001 (Cth). Please refer to our full disclaimer located on the last page of this report.

FAKE DEMAND PROMOTION

In our opinion, Agrify insiders lied to investors about the independence of its customer base in order to execute a dubious stock promotion for self-enrichment at the expense of minority shareholders.

A part of its sales pitch, Agrify's S-1 disclosed a "novel equipment financing solution" to select good credit customers who pay 30%-50% upfront and finance the balance through a two-year payment plan.¹

However post-IPO, Agrify abandoned this sales model and introduced TTK Partnerships whereby Agrify pays for up to 100% of total build-out & equipment costs and charges monthly fees for each VFU only after production starts.

TTK (Total Turnkey Partnership)



Equipment / Service	Investment
Facility Design & Construction	Up to 100% of total build-out cost 18% APR 24 months P & I
SaaS Subscription*	\$300 per VFU per month
Success-based Production Fees** (Per VFU per Harvest)	\$600/lb. if less than 7.5 lbs. \$700/lb. if more than 7.5 lbs.

Source: Agrify Product Guide – p.4

Agrify claims its TTK Partnerships are with alleged independent licensed cultivators.

However, we found that most of Agrify's announced TTK Partnerships are not with experienced independent third party growers.

Evidence showed that five (5) of Agrify's eight (8) customer announcements in 2021 are either with undisclosed Company insiders or with unlicensed unproven operators.

#	Announcement Date	Agrify Customer	Company Insider	Unlicensed
1	2021-02-19	Hannah Industries	Y	
2	2021-04-05	WhiteCloud Botanicals		
3	2021-05-12	Bud & Mary's Cultivation, Inc.		
4	2021-05-13	Greenstone Holdings, LLC	Y	
5	2021-06-24	Nevada Holistic Medicine LLC		
6	2021-08-11	True House Cannabis LLC	Y	Y
7	2021-10-28	Olive El Mirage Partners LLC		Y
8	2021-11-08	Kief USA, LLC		Y

Source: Agrify Announcements

To us, this suggests that very little demand actually exists for Agrify's VFUs from independent commercial growers.

¹ Source: Agrify 424B4 dated January 29, 2021 – p.8

https://www.sec.gov/Archives/edgar/data/0001800637/000121390021005446/f424b50121_agrify.htm#T9924

TTK Partnerships were not part of Agrify's track record operations. TTK Partnerships are a new way of doing business in 2021 which we believe significantly obfuscated Agrify's actual revenues.

Agrify's 3Q'21 10-Q disclosed five separate TTK partnerships that accounted for the majority of reported 3Q'21 revenues.

Using the Company's quarterly results, we calculated at most 39% of AGFY's reported revenues were cash receipts.

However, given that the Company lied about the independence of its customers, we question the authenticity of AGFY's reported revenues.

USD'000	1Q2021	2Q2021	3Q2021	Total
Cultivation solutions, including ancillary products and services	230	1,037	2,702	3,969
Agrify Insights software	8	0	0	8
Facility build-outs	6,770	10,701	12,995	30,466
Services	0	87	54	141
Total reported revenues	7,008	11,825	15,751	34,584
(Increase) decrease in accounts receivable	(5,217)	(5,904)	3,262	(7,859)
(Increase) decrease in loan receivable	0	(886)	(12,206)	(13,092)
Cash revenue received by Agrify	1,791	5,035	6,807	13,633
% reported revenues received as cash	26%	43%	43%	39%

Source: Agrify SEC Filings

TTK Partnership revenue announcements shot Agrify's stock to US\$ 30+/-share up from US\$ 7/share, which Raymond Chang, Agrify's CEO, conveniently used to sell AGFY shares in August at peak prices.

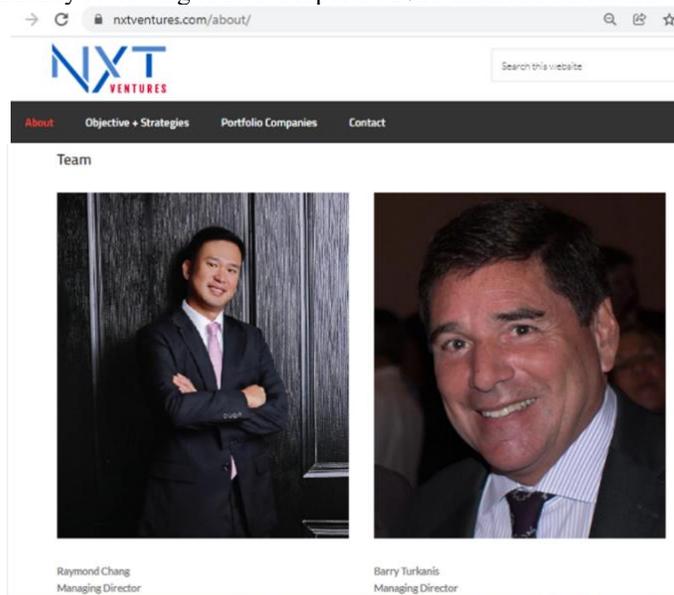
Agrify's checks and balances are not improving.

On November 10, 2021 Agrify's CFO Niv Krikov resigned/departed coinciding with Agrify's 3Q'21 results announcement.

On December 14, 2021, Agrify announced the appointment of Barry Turkanis to serve as an independent director of its Board, as well as a member of Agrify's audit committee.

However, evidence shows that Barry Turkanis is not independent. Barry has a long-standing relationship with Agrify's CEO Raymond Chang via NXT Ventures.

We do not think Barry Turkanis' director appointment should give AGFY's auditor Marcum any confidence that the audit committee is independently reviewing AGFY's reported 2021 financial statements.



Source: <https://nxtventures.com/about/>

HANNAH INDUSTRIES UNDISCLOSED RELATED PARTY CUSTOMER

Evidence shows that Agrify's customer Hannah Industries ("Hannah") is owned by undisclosed Agrify insiders.

Hannah was the only customer for Agrify's VFUs in 2020 and further highlighted as a key customer in Agrify's 1Q'21 results announcement.

- Further expanded engagement with existing customer Hannah Industries
 - Signed a binding letter of intent for an additional \$3 million for facility build-out and the installation of 179 Vertical Farming Units, ("VFUs") annual SaaS fees revenue of approximately \$285,000, and yield-based production service fees estimated at \$1.9 million per annum for the next 10 years

Source: Agrify 1Q'21 Earnings Release dated May 18, 2021

<https://ir.agrify.com/news-releases/news-release-details/agrify-quarterly-revenue-increased-600-record-7-million-q1-2021>

Inventronics Inc. ("Inventronics") (SZSE: 300582) is a supplier to, and shareholder of, Agrify. Inventronics is listed on the Shenzhen Stock Exchange ("SZSE") whose filings include disclosures about its related party dealings with Agrify and Agrify's shareholders.

截至本公告日，Agrify已经发行6,662,028股普通股，具体情形如下：

序号	股东名称 Shareholder Name	认购的普通股数量 (股) Common Shares Subscribed	占已发行普通股的比例 (%) % of Issued Common Shares
1	4DNXT Capital, LLC	2,040,000	30.6213
2	Argand Group, LLC	1,840,000	27.6192
3	Dennis Liotta	1,840,000	27.6192
4	Hoop Ventures LLC	449,349	6.7499
5	Pericles Group LLC	19,752	0.2965
6	Steve Drucker	5,620	0.0844
7	Wesley Wood	489	0.0073
8	Gary Walker	122	0.0018
9	Crown Capital Investments, LLC	78,112	1.1725
10	CCI – TGS A, LLC	108,339	1.6262
11	Demeter Capital Group LP	154,548	2.3198
12	Arcadian Fund LP	59,856	0.8985
13	Upstream Capital	35,913	0.5391
14	Phyto Partners LP	29,928	0.4492
	合计	6,662,028	100.0000

Source: Inventronics Announcement dated March 24, 2020

Source: <http://www.szse.cn/disclosure/listed/bulletinDetail/index.html?affc6a81-7058-49a0-aa4d-34bad51ebdfd>

Crown Capital Investments, LLC ("Crown Capital") and its affiliate CCI – TGS A, LLC, are listed as Agrify shareholders. Both Agrify and Hannah are portfolio companies of Crown Capital.



Source: <https://www.crown-inv.com/portfolio>

Washington State business registration information listed Jason Whitney as Hannah's officer and registered agent.

Business Overview

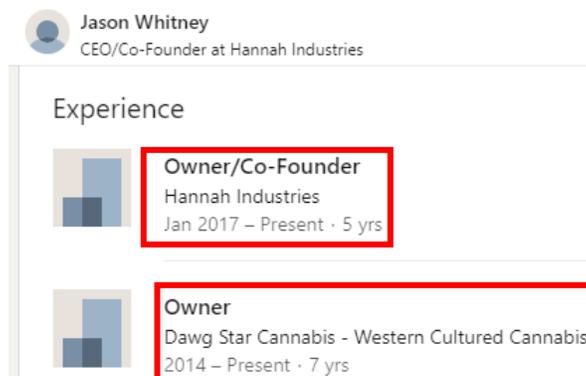
Unified Business Identifier (UBI)	603352809
Business Name	HANNAH INDUSTRIES LLC
Physical Address	13312 Se 30th Steet Bellevue WA 98005-4404 USA
Mailing Address	13312 Se 30th St Bellevue WA 98005-4404 USA
Email Address	acct(a)hannahthc.com
Telephone Number	2064995050
Category	Limited Liability Regular (LLC)
Business Type	PROFIT - WA LIMITED LIABILITY COMPANY
Incorporation State	WASHINGTON
Incorporation Date	2013-11-24
Expiration Date	2021-11-30
Duration	PERPETUAL
Record Status	Active

Registered Agent

Registered Agent Name	JASON WHITNEY
Registered Agent Address	13312 Se 30th St Bellevue WA 98005-4404
Governing Persons	
Role	Name
Officer	Jason Whitney

Source: <https://opengovwa.com/corporation/603352809>

Hannah's CEO/Owner/Co-Founder Jason Whitney's LinkedIn profile listed him as the owner of Dawg Star Cannabis and Western Cultured Cannabis.



Jason Whitney
CEO/Co-Founder at Hannah Industries

Experience

- Owner/Co-Founder**
Hannah Industries
Jan 2017 – Present · 5 yrs
- Owner**
Dawg Star Cannabis - Western Cultured Cannabis
2014 – Present · 7 yrs

Source: <https://www.linkedin.com/in/jason-whitney-87b85628/>

Both Dawg Star Cannabis and Western Cultured Cannabis are brands owned and licensed by Agrify Brand LLC, a 75% subsidiary of Agrify, suggesting Jason Whitney is an Agrify employee.

Our subsidiary, Agrify Brands, LLC is the owner of certain common-law trademarks that it licenses to third parties. Marks covered by the license include, DAWG STAR (including multiple logo designs), WESTERN CULTURED (including multiple logo designs), TWISTED LEGION (logo), WAXTRONAUT (including multiple logo designs) and WAXTRONAUT COSMICALLY CURATED EXTRACTS.

Source: Agrify 2020 10-K – p.28

https://www.sec.gov/Archives/edgar/data/0001800637/000121390021019992/f10k200_agrifycorporation.htm#W_020

OLIVE EL MIRAGE – NEWLY FORMED COMPANY WITHOUT OPERATING LICENSES

On October 28, 2021, Agrify announced a partnership with Olive El Mirage Partners LLC (“Olive El Mirage”).

Agrify claimed that Olive El Mirage “*is a contract cultivation operation working with the top consumer brands in the fast-growing Arizona market*”.

Agrify Announces Entry into Arizona Cannabis Market through Partnership with Olive El Mirage

October 28, 2021 at 7:44 AM EDT

 Download PDF

400 of Agrify’s Vertical Farming Units to be installed at 30,000-square-foot facility with potential for the deal’s value to be approximately \$23.8 million

BILLERICA, Mass., Oct. 28, 2021 (GLOBE NEWSWIRE) -- [Agrify Corporation](#) (Nasdaq: AGFY) (“Agrify” or the “Company”), a vertically integrated provider of premium cultivation and extraction solutions for the cannabis and hemp industry, today announced it has signed a definitive agreement (the “Agreement”) with its first Arizona-based customer, Olive El Mirage Partners LLC (“Olive El Mirage”). Olive El Mirage is a contract cultivation operation working with the top consumer brands in the fast-growing Arizona market.

Source: *Agrify Announcement dated October 28, 2021*

<https://ir.agrify.com/news-releases/news-release-details/agrify-announces-entry-arizona-cannabis-market-through>

However, Arizona Company Registry record revealed that Olive El Mirage was established on August 26, 2021, only two months before Agrify’s deal announcement.

Entity Name:	OLIVE/EL MIRAGE PARTNERS, LLC
Entity Type:	Domestic LLC
Formation Date:	8/26/2021
Approval Date:	8/26/2021
Original Incorporation Date:	8/26/2021
Business Type:	Management of Companies and Enterprises
Domicile State:	Arizona

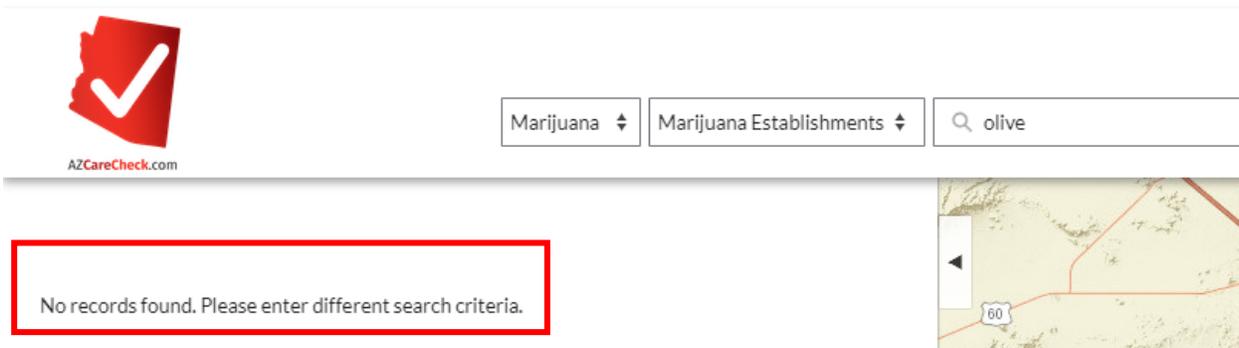
Source: <https://ecorp.azcc.gov/BusinessSearch/BusinessInformation?businessId=2365387>

Cultivators in Arizona are required to obtain a Marijuana Establishment License from the Arizona Department of Health Services (“ADHS”).²

The ADHS maintains a database of all Marijuana Establishment Licensees.

To date, Olive El Mirage is not listed as a licensee.

² Source: <https://www.azdhs.gov/licensing/marijuana/index.php>
Source: <https://www.azleg.gov/ars/36/02850.htm>



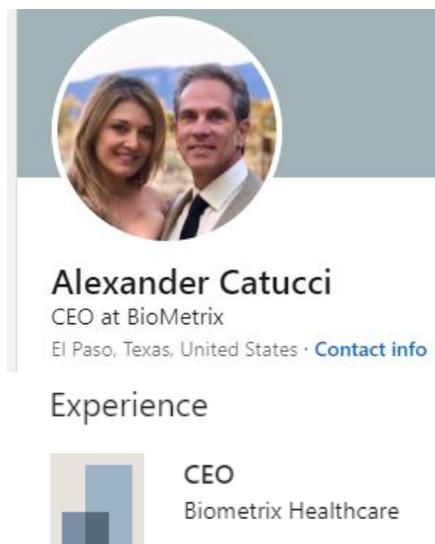
AZCareCheck.com

Marijuana ▾ Marijuana Establishments ▾

No records found. Please enter different search criteria.

Source: <https://azcarecheck.azdhs.gov/s/?searchQuery=olive&facilityId=001t000000LOT9TAAV>

Alexander Catucci is listed as the business owner of Olive El Mirage, whose LinkedIn profile does not include experience with commercial cannabis production.



Alexander Catucci
CEO at BioMetrix
El Paso, Texas, United States · [Contact info](#)

Experience

 **CEO**
Biometrix Healthcare

Source: <https://www.linkedin.com/in/alexander-catucci-a5b640134/>

Biometrix Healthcare is a gym weight loss dieting program unrelated to cannabis.³

Catucci appears to own a couple El Paso, TX restaurants that received PPP loans last year unrelated to cannabis.⁴

Another fun fact, Catucci ran for Mayor in 2009.⁵

A rare interview with Catucci revealed a background in baseball, golf, and textiles, not cannabis.⁶

Catucci was also arrested twice (not indicted) for falsifying state documents and allegedly making misleading statements or facts on a TABC application for his restaurant “the Loft and Mini Bar” in El Paso, TX.⁷

In our opinion, Olive El Mirage does not appear to be a credible experienced independent third-party grower.

³ <https://www.biometrixlife.com/>

⁴ <https://projects.propublica.org/coronavirus/bailouts/search?q=holy+grail>

⁵ <https://www.youtube.com/watch?v=L53majvfmI>

⁶ <https://www.youtube.com/watch?v=pNkn2077OGA>

⁷ <https://kvia.com/news/2009/03/13/mayoral-candidate-arrested-on-a-felony-charge/>

KIEF USA – NEWLY FORMED COMPANY WITHOUT OPERATING LICENSE

On November 8, 2021, Agrify announced a new TTK Partnership with Kief USA, LLC (“Kief USA”) whereby 485 Agrify’s VFUs were to be installed with over US\$ 68.7 million in revenue expected over the first three years of cultivation.⁸

In our opinion, Kief USA does not appear to be a credible and experienced independent third-party grower.

Agrify agreed to provide senior financing to 80% of Kief USA’s construction and equipment costs.

Company registry record revealed that Kief USA was only established on May 18, 2021 by Hui Zhang with a stated purpose of “*real estate investment*”.

Summary for: KIEF USA, LLC

The exact name of the Domestic Limited Liability Company (LLC): KIEF USA, LLC

Entity type: Domestic Limited Liability Company (LLC)

Identification Number: 001506708

Date of Organization in Massachusetts: 05-18-2021

Source: https://corp.sec.state.ma.us/CorpWeb/CorpSearch/CorpSummary.aspx?svsvalue=CTGXAuinGFij7dL6x8a_3MBONks76Okev3fiUFawyHU-

3. The general character of business, and if the limited liability company is organized to render professional service, the service to be rendered:
REAL ESTATE INVESTMENT

4. The latest date of dissolution, if specified:

5. Name and address of the Resident Agent:

Name: HUIZHANG
No. and Street: 330 TURNER ST
City or Town: ATTLEBORO State: MA Zip: 02703 Country: USA

Source: *Kief USA Certificate of Organization*
<https://corp.sec.state.ma.us/CorpWeb/CorpSearch/CorpSearchViewPDF.aspx>

As of today, Kief USA does not have a working website and is not listed as a license holder in Massachusetts.

Marijuana Establishments Authorized to Commence Operations

Legend

EEA = Certified Economic Empowerment Priority Applicant

SEP = Social Equity Program Participant

DBE = Disadvantaged Business Enterprise (woman-owned, minority-owned, and veteran-owned businesses)

MTC = Registered Marijuana Dispensary (or Medical Marijuana Treatment Center) Priority Status

Search:

Name ⇅ **Location** ⇅ **License Type**

No matching records found

Showing 0 to 0 of 0 entries (filtered from 338 total entries)

Source: <https://masscannabiscontrol.com/licensing-tracker/>

⁸ Source: Agrify Announcement dated November 8, 2021

<https://ir.agrify.com/news-releases/news-release-details/agrify-announces-third-massachusetts-based-10-year-ttk>

TRUE HOUSE CANNABIS FINANCED BY AGRIFY INSIDERS

Evidence shows that Agrify customer True House Cannabis LLC (“THC”) is financed by an undisclosed Agrify insider.

On August 11, 2021, Agrify announced its second TTK Partnership with THC (first TTK Partnership on May 12).⁹

Agrify highlighted THC on its Earnings Calls and Earnings Presentations.¹⁰

Agrify disclosed that THC would receive a capital investment from Win-Light Global Co., Ltd. (“Win-Light”) upon signing the TTK Partnership with Agrify.

new facility. In addition, we are extremely pleased to see that upon signing the TTK partnership with Agrify, THC received an investment from Win-Light Global Co., Ltd., a successful family office based in Asia currently with more than RMB\$1 billion of assets under management.”

Source: Agrify Announcement dated August 11, 2021

<https://ir.agrify.com/news-releases/news-release-details/agrify-announces-second-ttk-partnership-true-house-cannabis-llc>

Win-Light is a significant shareholder of AGFY.

<u>5% shareholders:</u>			
Li Chen	1,052,207 ⁽⁶⁾	25.0%	8.3%
Matthew Liotta	254,628 ⁽⁴⁾	5.7%	2.0%
Dennis Liotta	869,769 ⁽¹⁴⁾	20.3%	6.9%
Win-Light Global Co., Ltd.	662,714 ⁽⁷⁾	13.6%	5.2%
Jesan Capital Company Limited	786,856 ⁽⁸⁾	16.6%	6.1%
Qing Chen	297,878	7.1%	2.3%
Hoop Ventures LLC	284,074 ⁽⁹⁾	6.7%	2.2%
Advanced Glory Holding Limited (BVI)	273,372 ⁽¹⁰⁾	6.2%	2.1%
Golden Success HK Limited	289,150 ⁽¹¹⁾	6.4%	2.3%

Source: Agrify 424B4 dated January 29, 2021 – p.101

https://www.sec.gov/Archives/edgar/data/0001800637/000121390021005446/f424b50121_agrify.htm#T9924

THC was established on January 13, 2021 by Andre Colon, merely 7 months prior to the TTK Partnership with Agrify.

Business Entity Summary

ID Number: 001480972

[Request certificate](#)

Summary for: TRUE HOUSE CANNABIS LLC

The exact name of the Domestic Limited Liability Company (LLC): TRUE HOUSE CANNABIS LLC

Converted into TRUE HOUSE CANNABIS INC. on 07-23-2021

Entity type: Domestic Limited Liability Company (LLC)

Identification Number: 001480972

Date of Organization in Massachusetts: 01-13-2021

Source: <https://corp.sec.state.ma.us/CorpWeb/CorpSearch/CorpSummary.aspx?sysvalue=L8pPC0COeDlitr.bbyHNiQ-->

According to his LinkedIn profile, Andre Colon was a former substance abuse counselor and a current life coach without any cultivation experience.

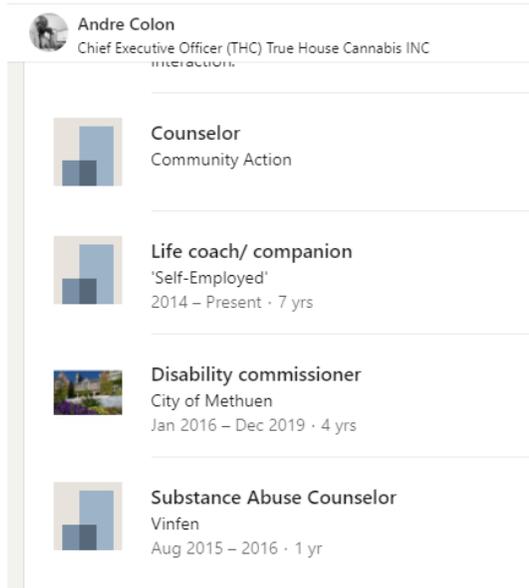
⁹ Source: Agrify Announcement dated August 11, 2021

<https://ir.agrify.com/news-releases/news-release-details/agrify-announces-second-ttk-partnership-true-house-cannabis-llc>

¹⁰ Source: Agrify 3Q'21 Earnings Presentation – p.5

<https://ir.agrify.com/static-files/1202d07b-b2f3-47ed-abc7-1859416d240d>

We question whether Andre Colon would have sufficient capital to purchase anything from Agrify without Win-Light's capital injection.



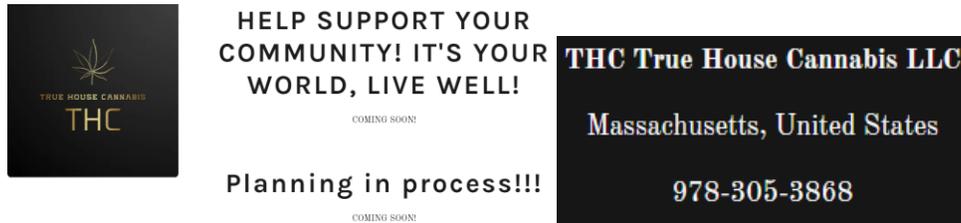
Andre Colon
Chief Executive Officer (THC) True House Cannabis INC

- Counselor**
Community Action
- Life coach/ companion**
'Self-Employed'
2014 – Present · 7 yrs
- Disability commissioner**
City of Methuen
Jan 2016 – Dec 2019 · 4 yrs
- Substance Abuse Counselor**
Vinfen
Aug 2015 – 2016 · 1 yr

Source: <https://www.linkedin.com/in/andre-colon-2b4a4453/>

As of today, THC only has a bare-bone website without even a proper contact address.

THC is not even listed under the Licensing Tracker of Massachusetts' Cannabis Control Commission.



HELP SUPPORT YOUR COMMUNITY! IT'S YOUR WORLD, LIVE WELL!
COMING SOON!

THC True House Cannabis LLC
Massachusetts, United States
978-305-3868

Planning in process!!!
COMING SOON!

Source: <https://truehousecannabis.com/>

Marijuana Establishments Authorized to Commence Operations

Legend

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SEP = Social Equity Program Participant

DBE = Disadvantaged Business Enterprise (woman-owned, minority-owned, and veteran-owned businesses)

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Search:

True

Name	Location	License Type
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No matching records found

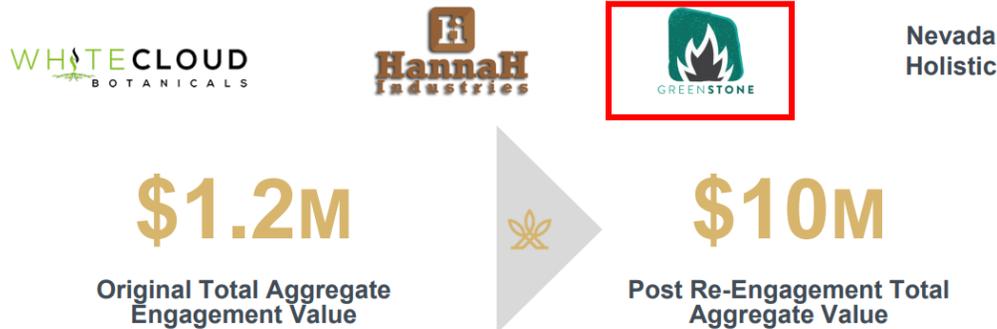
Showing 0 to 0 of 0 entries (filtered from 338 total entries)

Source: <https://masscannabiscontrol.com/licensing-tracker/>

GREENSTONE CUSTOMER OWNED BY AGRIFY INSIDERS

Evidence shows that Greenstone Holdings, LLC (“Greenstone”) is owned by Agrify insiders.

Agrify’s 1Q’21 earnings release and presentations highlighted the partnership as a successful way for Agrify to increase sales to an existing customer by ~10x.¹¹



Source: Agrify 1Q’21 Earnings Presentation – p.4

<https://ir.agrify.com/static-files/22c2dcb2-a020-4665-9294-8e389c6a43e4>

Greenstone’s website listed Trek Manzoni and Gary Walker as partners/directors.



Source: <https://greenstonefire.com/team/>

Trek Manzoni is the President/Manager at Agrify Brands, according to his LinkedIn profile and Agrify’s SEC filings.



The screenshot shows Trek Manzoni's LinkedIn profile. On the left is a circular profile picture of him. To the right of the picture, his name "Trek Manzoni" is followed by "3rd" and "President at Agrify Brands". Below that is "Sammamish, Washington, United States" and "500+ connections". There are "Message" and "More" buttons. To the right of the profile picture, under the heading "BRANDS:", it lists "AGRIFY BRANDS, LLC". Below that, it says "By: /s/ Trek Manzoni", "Name: Trek Manzoni", and "Title: Manager".

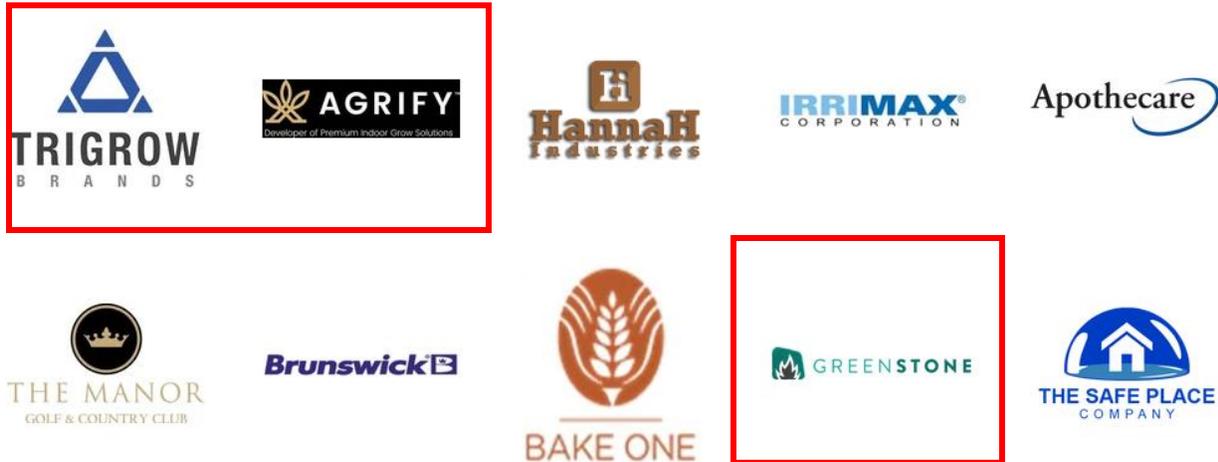
Source: <https://www.linkedin.com/in/trek-manzoni-30b30810/>
[https://www.sec.gov/edgar/search/?r=el#q=Trek%2520Manzoni%2520&category=form-cat0&ciks=0001800637&entityName=Agrify%2520Corp%2520\(CIK%2520001800637\)](https://www.sec.gov/edgar/search/?r=el#q=Trek%2520Manzoni%2520&category=form-cat0&ciks=0001800637&entityName=Agrify%2520Corp%2520(CIK%2520001800637))

Gary Walker is listed as an Agrify shareholder in Inventronics’ SZSE filings (reference page 4 for table).

¹¹ Source: Agrify Announcement dated May 13, 2021

<https://ir.agrify.com/news-releases/news-release-details/agrify-announces-definitive-agreement-current-customer>

Crown Capital lists Agrify, Greenstone, and TriGrow Brands (nka. Agrify Brands) as its portfolio companies on its website.



Source: <https://www.crown-inv.com/portfolio>

Evidence also suggests that Greenstone has not been successful and may struggle to repay Agrify.

Agrify's announcement on May 13, 2021 disclosed that Agrify "agrees to retire Greenstone's current lease agreement with CCI-Finance, LLC, at 50% of the original face value of \$1.4 million, or \$700,000".¹²

In January 2020 Agrify acquired its primary distributor, TriGrow Systems, Inc. ("TriGrow").

At that time, Agrify invested US\$ 1.14 million in a "Profit Interest" investment in CCI Finance, LLC ("CCI"), another affiliate of Crown Capital, pursuant to which Agrify would share in CCI's revenue generated from its lease agreement with Greenstone.¹³

As of April 2, 2021 (date of Agrify 2020 10-K), Greenstone had not made any lease payment to CCI.

Instead, Agrify agreed to retire Greenstone's lease agreement with CCI for US\$ 700,000.

Agrify's 2Q'21 10-Q disclosed that Greenstone borrowed money under a bridge loan from Agrify "for working capital purposes" even before the Greenstone deal announcement.¹⁴

By entering another agreement with Agrify, Greenstone was able to roll the bridge loan into a "Construction Loan" that had a maturity of 24 months starting from Greenstone's commencement of sales using Agrify's products.

While Agrify claimed initially that the construction loans would be limited to US\$ 2.5 million, by 3Q'21 loan receivables owed by Greenstone had ballooned to US\$ 3.2 million.

Given evidence of limited interest from independent customers and significant cash dealings with undisclosed Company insiders, we think that Agrify's auditor Marcum cannot in good faith accept Agrify's 3Q'21 financial statements as-is without inviting increased scrutiny on itself for violating negligence rules of its PCAOB membership.

We suspect Agrify's actual revenues are significantly less than what is reported to investors which is why we are short Agrify and think that its stock is going lower.

¹² Source: Agrify Announcement dated May 13, 2021

<https://ir.agrify.com/news-releases/news-release-details/agrify-announces-definitive-agreement-current-customer>

¹³ Source: Agrify 2020 10-K – p.51

https://www.sec.gov/Archives/edgar/data/0001800637/000121390021019992/f10k2020_agrifycorporation.htm#J_002

¹⁴ Source: Agrify 2Q'21 10-Q – p.9

https://www.sec.gov/ix?doc=/Archives/edgar/data/0001800637/000121390021042215/f10q0621_agrifycorp.htm

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We are short sellers. We are biased. So are long investors. So is Agrify, Inc. (AGFY). So are the banks that raised money for Agrify, Inc. (AGFY). If you are invested (either long or short) in AGFY, so are you. Just because we are biased does not mean that we are wrong. We, like everyone else, are entitled to our opinions and to the right to express such opinions in a public forum. We believe that the publication of our opinions about the public companies we research is in the public interest.

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