



May 19, 2020

# VERDE GROWS 830% IN THE FIRST QUARTER OF 2020 AND IS POSITIONED TO MEET ITS 2020 TARGET

(All figures are in Canadian dollars, unless otherwise expressed. Exchange rate in Q1 2020: 1.00 CAD = 3.31 BRL)

**Belo Horizonte, Brazil. Verde AgriTech Plc** (TSX: "NPK") (OTCQB: "AMHPF") ("**Verde**" or the "**Company**") is pleased to announce its financial results for the first quarter ended March 31, 2020 ("**Q1 2020**").

## Q1 2020 FINANCIAL HIGHLIGHTS

- Revenue increased by 230% to \$509,532, compared to \$154,279 in Q1 2019.
- Production increased by 32% with a total of 6,375 tonnes, compared to 4,825 tonnes in Q1 2019.
- Sales increased by 830% with a total of 10,170 tonnes compared to 1,093 in Q1 2019.
- Net loss reduced by 9% to \$792,195, compared to 872,506 in Q1 2019.

"We are encouraged by our continued exponential growth. The first quarter of a calendar year is naturally its weakest for fertilizer demand because of the climate seasonality in the agricultural cycle. Most of our sales are expected to take place between June and September, period which therefore has a greater impact on Q2 and Q3 financial results. Despite the Covid-19 pandemic, we are on track to reach our 2020 growth target of 76%", said Cristiano Veloso, Verde's founder, President and CEO.

In Q1 2020 the Company sold 10,170 tonnes of its multinutrient potassium fertilizer, marketed and sold in Brazil under the K Forte® brand and internationally as Super Greensand® (the "**Product**"), an increase of 830% in comparison to 1,093 tonnes for the first quarter of 2019 ("**Q1 2019**"). The revenue for Q1 2020 increased by 230% with a total of \$509,532, compared to \$154,279 in Q1 2019. The gross margin for Q1 2020 was 35% and the operating loss before non-cash events was \$663,958.

The sales target for 2020 is set at R\$32 million (C\$9.6 million) as stated on the press release published by the Company on 14 November, 2019.

## SELECTED ANNUAL FINANCIAL INFORMATION

The table below summarizes Q1 2020 financial results compared to Q1 2019:

All amounts in CAD \$'000	Q1 2020	Q1 2019
<b>Tonnes sold</b>	<b>10,170</b>	1,093
Revenue per tonne sold \$ (see comment below)	<b>50</b>	141
Production cost per tonne sold \$ (see comment below)	<b>(33)</b>	(45)
Gross Profit per tonne sold \$	<b>18</b>	97
Gross Margin	<b>35%</b>	68%
Revenue	<b>510</b>	154
Production costs	<b>(331)</b>	(49)
<b>Gross Profit</b>	<b>178</b>	105
<b>Gross Margin</b>	<b>35%</b>	68%
Selling and General Administrative expenses (see comment below)	<b>(842)</b>	(561)
<b>Operating Profit/(Loss) before non-cash events</b>	<b>(664)</b>	<b>(456)</b>
Share Based Payments (Non-Cash Event) *	<b>(40)</b>	(384)
Depreciation and Amortisation	<b>(12)</b>	(12)
<b>Operating Profit/(Loss) after non-cash events</b>	<b>(716)</b>	<b>(852)</b>
Corporation tax	<b>(18)</b>	(8)
Interest Income/Expense	<b>(58)</b>	(13)
<b>Net Profit / (Loss)</b>	<b>(792)</b>	<b>(873)</b>

\* - Included under administrative expenses in the financial statements.

### Revenue Per Tonne

Revenue from sales for Q1 2020 was \$509,532, from sale of 10,170 tonnes (\$50,10 per tonne sold). Average revenue per tonne was lower than Q1 2019 (\$141,15 per tonne) because most of Q1 2019 sales were exported to international markets, where the product achieves higher sales price compared to the domestic market. In Q1 2020 most sales were to the domestic market. Overall export volume grew from 148 tonnes in Q1 2019 to 331 tonnes in Q1 2020, but proportionally the share of exports on total sales has reduced from 14% to 3% because of substantial increase in domestic sales from 945 tonnes in Q1 2019 to 9,839 in Q1 2020.

### Production Cost Per Tonne

Production costs include all costs directly from mining, processing, transportation from the mine to the factory and supply chain salaries. Costs per tonne for the quarter was \$32,57 compared to \$44,63 for the same period in 2019. This reduction was due to the devaluation of the Brazilian Real by 15% in face of the Canadian Dollar and dilution of the plant's fixed cost.

## SELLING & GENERAL ADMINISTRATIVE EXPENSES

Selling & General Administrative Expenses CAD \$'000	Q1 2020	Q1 2019
Sales and marketing expenses	(260)	(115)
General administrative expenses	(219)	(241)
Distribution expenses	(157)	(25)
Legal, professional, consultancy and audit costs	(169)	(162)
IT/Software expenses	(22)	(5)
Taxes and licenses fees	(15)	(13)
<b>Total S&amp;GA</b>	<b>(842)</b>	<b>(561)</b>

### Sales and marketing expenses

Sales and marketing expenses include sales and marketing salaries, the promotion of the Product such as fees paid sales agents, marketing events, car rentals, travels within Brazil, hotel expenses and Customer Relationship Management (CRM) Software licenses. Expenses increased compared to the same period last year because of an additional 23 full time staff being hired in Brazil to achieve the Company's 2020 goals.

### General administrative expenses

These costs include general office expenses, rent, banks fees, insurance, foreign exchange variances and remuneration of the executives and administrative staff in Brazil. Expenses in the quarter were lower than the same period last year as \$78,300 of production costs were expensed in 2019 to general expenses as there were no sales in January and February 2019.

### Distribution expenses

Distribution expenses were higher in Q1 2020 compared to the same quarter last year as the Company started to sell CIF (Cost Insurance and Freight) and exports sales volume increased by 124% (from 148 tonnes in Q1 2019 to 331 tonnes in Q1 2020), mainly to China.

## PROJECT UPDATE<sup>1</sup>

- 25,000,000 tonnes per year (“**tpy**”) Feasibility Study for Mine Pit 2 was approved by the National Mining Agency in March 2020.
- 2,500,000 tpy Preliminary and Installation Environmental License Application for Mine Pit 2 was filed in March 2020.
- 2,500,000 tpy Mining Concession Application for Mine Pit 3 was filed in March 2020.
- The Company is fully permitted to produce a total 199,800 tpy and has applications pending for an additional 2,733,000 tpy.

<sup>1</sup> See Glossary of Technical Terms on page 3 of Q1 2020 Management's Discussion and Analysis.

## COVID-19 IMPACTS

The Brazilian Ministry of Agriculture, Livestock and Supply declared Fertilizer Production as an essential activity in the food and beverage production chain, essential to guarantee the supply and food security of the Brazilian population.

Commodities prices such as coffee, corn and soybeans have risen in recent months, specially soybeans. In the accumulated result for the year, the national shipments of the oilseed already reach 35,76 million tonnes from January to April, registering another record number, as has been all the data for the commodity for 2020, according to Secex (Brazilian Secretariat of Foreign Trade).

The Company has been operating under its own COVID-19 Action Plan, which is currently allowing it to move forward with its 2020 plans intact. The Company has and will continue to adapt to the day-to-day changes that the overall pandemic is demanding of the communities and operations.

Since beginning of March all administrative employees are working under home office regime. At the Plant, the Company continues to observe and increase all protocols wherever necessary, and it is ensuring that all government health and safety protections and the Company's COVID-19 Action Plans are implemented across all its operations.

Verde is committed to sustainability while implementing increased health and safety initiatives with all stakeholders, including the protection of employees and their employment.

## CONFERENCE CALL DETAILS

The Company will hold a conference call on Wednesday, May 27, 2020 at 11:30 am Eastern Time (4:30 pm Greenwich Time) to discuss these results and provide an update. Subscribe at the following link and receive the conference details by email.

<b>Date:</b>	Wednesday, May 27, 2020
<b>Time:</b>	11:30 am Eastern Time (4:30 pm Greenwich Time)
<b>Subscription link:</b>	<a href="https://bit.ly/VerdeAgritech-Q1-2020-">https://bit.ly/VerdeAgritech-Q1-2020-</a>

The Company's first quarter financial statements and related notes for the period ended 31 March, 2020 are available to the public on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.investor.verde.ag/](http://www.investor.verde.ag/).



## INVESTORS' NEWSLETTER

Verde has a newsletter for investors, with monthly updates about the Company. The first edition can be accessed at <https://bit.ly/InvestorsNL-April2020>.

Click at the following link to become a subscriber:

<http://cloud.marketing.verde.ag/InvestorsSubscription>

### **About Verde AgriTech**

Verde AgriTech promotes sustainable and profitable agriculture through the development of its Cerrado Verde Project. Cerrado Verde, located in the heart of Brazil's largest agricultural market, is the source of a potassium-rich deposit from which the Company intends to produce solutions for crop nutrition, crop protection, soil improvement and increased sustainability.

#### **For additional information please contact:**

**Cristiano Veloso**, President & Chief Executive Officer

Tel: +55 (31) 3245 0205; Email: [cv@verde.aq](mailto:cv@verde.aq)

[www.investor.verde.ag](http://www.investor.verde.ag) | [www.supergreensand.com](http://www.supergreensand.com) | [www.verde.ag](http://www.verde.ag)

### **Cautionary Language and Forward Looking Statements**

All Mineral Reserve and Mineral Resources estimates reported by the Company were estimated in accordance with the Canadian National Instrument 43-101 and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards (May 10, 2014). These standards differ significantly from the requirements of the U.S. Securities and Exchange Commission. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this document. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, but are not limited to, statements with respect to:

- (i) the estimated amount and grade of Mineral Resources and Mineral Reserves;
- (ii) the PFS representing a viable development option for the Project;
- (iii) estimates of the capital costs of constructing mine facilities and bringing a mine into production, of sustaining capital and the duration of financing payback periods;
- (iv) the estimated amount of future production, both produced and sold; and,
- (v) estimates of operating costs and total costs, net cash flow, net present value and economic returns from an operating mine.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

All forward-looking statements are based on Verde's or its consultants' current beliefs as well as various assumptions made by them and information currently available to them. The most significant assumptions are set forth above, but generally these assumptions include:

- (i) the presence of and continuity of resources and reserves at the Project at estimated grades;
- (ii) the geotechnical and metallurgical characteristics of rock conforming to sampled results; including the quantities of water and the quality of the water that must be diverted or treated during mining operations;
- (iii) the capacities and durability of various machinery and equipment;
- (iv) the availability of personnel, machinery and equipment at estimated prices and within the estimated delivery times;
- (v) currency exchange rates;
- (vi) Super Greensand® and K Forte® sales prices, market size and exchange rate assumed;
- (vii) appropriate discount rates applied to the cash flows in the economic analysis;
- (viii) tax rates and royalty rates applicable to the proposed mining operation;
- (ix) the availability of acceptable financing under assumed structure and costs;
- (x) anticipated mining losses and dilution;
- (xi) reasonable contingency requirements;
- (xii) success in realizing proposed operations;
- (xiii) receipt of permits and other regulatory approvals on acceptable terms; and
- (xiv) the fulfilment of environmental assessment commitments and arrangements with local communities.

Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward looking statements, such as statements of net present value and internal rates of return, which are based on most of the other forward-looking statements and assumptions herein. The cost information is also prepared using current values, but the time for incurring the costs will be in the future and it is assumed costs will remain stable over the relevant period.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates assumptions and intentions expressed in such forward-looking statements. These risk factors may be

generally stated as the risk that the assumptions and estimates expressed above do not occur as forecast, but specifically include, without limitation: risks relating to variations in the mineral content within the material identified as Mineral Resources and Mineral Reserves from that predicted; variations in rates of recovery and extraction; the geotechnical characteristics of the rock mined or through which infrastructure is built differing from that predicted, the quantity of water that will need to be diverted or treated during mining operations being different from what is expected to be encountered during mining operations or post closure, or the rate of flow of the water being different; developments in world metals markets; risks relating to fluctuations in the Brazilian Real relative to the Canadian dollar; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; changes in development or mining plans due to changes in logistical, technical or other factors; changes in project parameters as plans continue to be refined; risks relating to receipt of regulatory approvals; delays in stakeholder negotiations; changes in regulations applying to the development, operation, and closure of mining operations from what currently exists; the effects of competition in the markets in which Verde operates; operational and infrastructure risks and the additional risks described in Verde's Annual Information Form filed with SEDAR in Canada (available at [www.sedar.com](http://www.sedar.com) ) for the year ended December 31, 2019. Verde cautions that the foregoing list of factors that may affect future results is not exhaustive.

When relying on our forward-looking statements to make decisions with respect to Verde, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Verde does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by Verde or on our behalf, except as required by law.