

November 15, 2021

Verde announces 169% increase in revenue in Q3 2021 and revises upwards its target for the year

(All figures are in Canadian dollars, unless stated otherwise. Average exchange rate in Q3 2021: C\$1.00 = R\$4.26)

Belo Horizonte, Brazil. Verde AgriTech Plc (TSX: "NPK") (OTCQB: "AMHPF") ("**Verde**" or the "**Company**") is pleased to announce its financial results for the third quarter, ended on September 30, 2021 ("**Q3 2021**").

Q3 2021 FINANCIALS

- Revenue increased by 169%, to \$10,651,000 compared to \$3,956,000 in the third quarter of 2020 ("**Q3 2020**").
- Revenue in Brazilian Real ("**R\$**") increased by 206%, to R\$45,409,000 compared to R\$14,815,000 in Q3 2020.
- Gross margin increased to 77% in Q3 2021, compared to 67% in Q3 2020.
- Operating profit before non-cash events increased by 124%, to \$3,665,000 compared to \$1,635,000 in Q3 2020.
- Trade and other receivables increased by 141%, to \$8,238,000 compared to \$3,415,000 in Q3 2020.
- Sales by volume increased by 45%, to 153,674 tonnes sold compared to 105,769 tonnes sold in Q3 2020.
- Net profit increased by 192% in Q3 2021, to \$3,183,000, compared to \$1,090,000 in Q3 2020.

"Our hard work over the years is yielding consistent growth since production started in 2017. In Q3 2021 the effort was relentless as we sought to meet our heightened target, which was achieved thanks to the high quality and commitment of our team. We will endeavour to maintain an exponential growth expansion for the foreseeable future", said Cristiano Veloso, Verde's Founder and CEO.

SUBSEQUENT EVENTS

- In October 2021, the Company has secured \$3.75 million (R\$16 million) in loan agreements to fully cover the capital expenditure for the construction of Plant 2. The first \$1.17 million (R\$5 million) was released to the Company by Santander. The remaining \$2.58 million (R\$11 million) was approved in the same month by Santander and Bradesco, to be drawn down according to the project requirements. The total construction cost of Plant 2 is expected to be \$5.16 million (R\$22 million) with \$1.41 million (R\$6 million) invested through internally generated cashflow.

“From September onwards, market demand has outstripped Plant 1's operational capacity. Therefore, after having invested over C\$66 million to reach our current rate of production, we are proud to finance the tripling of current capacity based on debt and cashflow alone. Many shareholders have continuously supported Verde over the years - it is therefore gratifying to reciprocate by growing through a shareholder-friendly dilution-free strategy”, declared Mr. Veloso.

2021 GUIDANCE

The Company is pleased to announce another increase in its 2021 guidance. The new target is set at R\$110 million of revenue for 2021, which would represent an increase of 120% to the Company's original guidance of R\$50 million. If achieved, this new target will represent a 212% growth Year-on-Year (“YoY”).

SELECTED ANNUAL FINANCIAL INFORMATION

The table below summarizes Q3 2021 financial results compared to Q3 2020 and provides information about 2021 and 2020 year-to-date (“YTD”). All amounts in CAD \$'000.

CAD \$'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Tonnes sold '000	154	106	266	187
Revenue per tonne sold \$	69	37	63	37
Production cost per tonne sold \$	(16)	(12)	(17)	(14)
Gross Profit per tonne sold \$	53	25	47	23
Gross Margin	77%	67%	74%	63%
Revenue	10,651	3,956	16,858	6,957
Production costs	(2,452)	(1,316)	(4,440)	(2,602)
Gross Profit	8,199	2,640	12,418	4,355
Gross Margin	77%	67%	74%	63%
Sales and product delivery freight expenses	(4,022)	(570)	(6,789)	(1,596)
General and administrative expenses	(512)	(435)	(1,631)	(1,203)
Operating Profit before non-cash events	3,665	1,635	3,998	1,556
Share Based and Bonus Payments (Non-Cash Event) ⁽¹⁾	(13)	(339)	(1,528)	(407)
Depreciation and Amortisation	(20)	(3)	(35)	(18)
Profit on disposal of plant and equipment	-	(18)	9	(18)
Operating Profit after non-cash events	3,632	1,275	2,444	1,113
Income tax	(352)	(136)	(571)	(252)
Interest Income/Expense	(98)	(49)	(229)	(119)
Net Profit	3,182	1,090	1,644	742

⁽¹⁾ – Included in General and Administrative expenses in financial statements.

Q3 2021 compared with Q3 2020

For Q3 2021 the Company generated a net profit of \$3,182,000, an increase of \$2,093,000 compared to Q3 2020. The earnings per share was \$0.06, compared to \$0.02 for Q3 2020.

Product Sales

In Q3 2021, the Company sold 153,674 tonnes, an increase of 45% in comparison to Q3 2020. BAKS® accounted for approximately 10% of Verde's sales in Q3 2021.

Revenue

Revenue from sales for Q3 2021 was \$10,651,000 from the sale of 153,674 tonnes of the Product, at \$69 per tonne sold. Despite the 14% Brazilian Real devaluation against the Canadian Dollar, revenue per tonne was higher than Q3 2020 (\$37 per tonne sold) mainly due to three factors:

1. Product volume sold as CIF (Cost Insurance and Freight) increased from 14% of total sales in Q3 2020 to 50% in Q3 2021.
2. Potassium Chloride CIF (Minas Gerais) price increased from US\$290-US\$310 per tonne in Q3 2020 to US\$515-790 per tonne in Q3 2021 (as reported by Acerto Limited, a market intelligence firm).
3. BAKS has a higher sales price per tonne than the Product, it was launched in Q4 2020 and in Q3 2021 it accounted for 10.5% of the total volume sold.

Production costs

Production costs in R\$ include all direct costs from mining, processing, and the addition of the other nutrients such as Sulfur and Boron, the logistics from the mine to the factory and related salaries.

Production costs for Q3 2021 were \$2,452,000, an increase of \$1,136,000 compared to Q3 2020. Cost per tonne for the quarter was \$16 compared to \$12 for the same period in 2020. This increase was due in large part to higher fuel prices, which increased 80% in Q3 2021 compared to Q3 2020, and due to the production of BAKS, which has a higher cost per tonne because its feedstock includes other nutrients that Verde purchases from third parties.

SALES EXPENSES

CAD \$'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Sales and marketing expenses	(601)	(294)	(1,241)	(796)
Fees paid to independent sales agents	(188)	(12)	(260)	(145)
Product delivery freight expenses	(3,233)	(264)	(5,288)	(655)
Total	(4,022)	(570)	(6,789)	(1,596)

Sales and marketing expenses

Sales and marketing expenses include employees' salaries, car rentals, travel within Brazil, hotel expenses, customer relationship management (CRM) software licenses, and the promotion of the Product in marketing events. Expenses increased by \$483,000 in Q3 2021 compared to Q3 2020 mainly due to a further expansion of Verde's sales and marketing team, with professional headcount increasing from 32 in Q3 2020 to 57 in Q3 2021. This increase is in line with the Company's accelerated growth strategy. The Company's sales and marketing team had 50 employees in Q2 2021.

Fees paid to independent sales agents

As part of Verde's marketing and sales strategy, the Company pays out commissions to its independent sales agents. Fees paid to sales independent agents increased by \$176,000 in Q3 2021 compared to Q3 2020. This was mainly due to an overestimated provision of \$80,000 for Q1 and Q2 2020, which left a surplus that was therefore deducted from the Q3 2020 costs. Taking into account the surplus, the expenses increased by \$96,000 for Q3 2021, due to increased sales success.

Product delivery freight expenses

Product delivery freight expenses were \$2,969,000 higher in Q3 2021 compared to Q3 2020 as the Company has significantly increased the volume sold as CIF (Cost Insurance and Freight), up from 14% of total sales in 2020 to 50% in 2021 and due to higher fuel prices, which increased 80% in Q3 2021 compared to Q3 2020.

GENERAL AND ADMINISTRATIVE EXPENSES

CAD \$'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
General administrative expenses	(291)	(240)	(1,009)	(656)
Legal, professional, consultancy and audit costs	(134)	(160)	(399)	(444)
IT/Software expenses	(82)	(26)	(204)	(75)
Taxes and licenses fees	(5)	(9)	(19)	(28)
Total	(512)	(435)	(1,631)	(1,203)

General administrative expenses

These costs include general office expenses, rent, bank fees, insurance, foreign exchange variances and remuneration of executive and administrative staff in Brazil. The costs have increased by \$51,000 in Q3 2021 compared to Q3 2020 as they include an additional 36 administrative employees, with professional headcount increasing from 20 in Q3 2020 to 56 in Q3 2021 to support the Company's growth and due to incentive compensation. The Company had 47 administrative employees in Q2 2021.

Legal, professional, consultancy and audit costs

Legal and professional fees include legal, professional, consultancy fees along with accountancy, audit and regulatory costs. Consultancy fees are consultants employed in Brazil, such as accounting services, patent process, lawyer's fees and regulatory consultants. The costs in Q3 2021 are \$26,000 lower than Q3 2020 mainly due to audit cost reduction and Brazilian Real devaluation against Canadian dollar.

IT/Software expenses

IT/Software expenses include software licenses such as Microsoft Office, CRM and enterprise resource planning (ERP). In Q3 2021 expenses were \$82,000, an increase of \$56,000 on Q3 2020 due to an increase in the number of software licenses used by the Company.

Taxes and licences

Taxes and licence expenses include general taxes, product branding and licence costs. In Q3 2021, expenses were \$5,000 compared to \$9,000 in Q3 2020.

Share Based and Bonus Payments (Non-Cash Event)

These costs represent the expense associated with stock options granted to employees and directors and non-cash bonuses paid to key management.

Share Based Payments costs in Q3 2021 represent the expense associated with stock options granted to employees as part of the Company's long-term incentive programme. These are measured under the Black-Scholes Model.

Q3 2021 RESULTS CONFERENCE CALL

The Company will host a conference call on Wednesday, November 24, 2021 at 09:00 am Eastern Time, to discuss Q3 2021 results and provide an update. Subscribe using the link below and receive the conference details by email.

Date:	Wednesday, November 24, 2021
Time:	09:00 am Eastern Time
Subscription link:	https://bit.ly/Q3-2021_ResultsPresentation

The questions can be submitted in advance through the following link: <https://bit.ly/Q3-2021-QuestionForm>

The Company's first quarter financial statements and related notes for the period September 30, 2021 are available to the public on SEDAR at www.sedar.com and the Company's website at www.investor.verde.ag/.

INVESTORS NEWSLETTER

Subscribe to receive the Company's monthly updates at:

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

The most recent edition of the newsletter can be accessed at: <https://bit.ly/InvestorNL-October2021>

About Verde AgriTech

Verde is an agricultural technology company that develops and produces fertilizers. Rooting our solutions in nature, we make agriculture healthier, more productive, and profitable for farmers. We work to improve the health of all people and the planet.

Cautionary Language and Forward-Looking Statements

[This news release contains "forward-looking information" and "forward-looking statements" \(collectively, "forward-looking statements"\) within the meaning of the applicable Canadian securities legislation. The Cautionary Language and Forward-Looking Statements can be accessed at this link.](#)

For additional information please contact:

Cristiano Veloso, President & Chief Executive Officer

Tel: +55 (31) 3245 0205; Email: investor@verde.ag

www.investor.verde.ag | www.supergreensand.com | www.verde.ag