

Q2 2022 Update



We are not good enough for you to invest if you:

Are risk averse.

Just want to make a quick buck.

Expect delayed growth so you can earn dividends in the near term.

Are looking for a traditional potash company.

Don't deal well with changes.

Don't understand the difficulties in developing technologies and markets for innovative products.

Join our journey if you:

Want to change the world into a better place.

Are looking for a real-world technology developing company.

Want to help Brazilian farmers protect the Amazon.

Believe that Verde can make you and the planet healthier.

Have watched or will watch the [“Kiss the Ground” Netflix documentary.](#)

Care about soil biodiversity.

If you are risk averse don't buy our stock. Don't rely on anything on this presentation.

This presentation contains certain forward-looking information, which includes but is not limited to, statements with respect to Verde AgriTech Ltd's (the Company's) strategy, the commercial production of Super Greensand®, K Forte®, Silício Forte®, TK47 and Alpha ("Products"), design and building of a manufacturing facility, receipt of environmental permits, and the generation of cash flow. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to differ materially from the forward-looking information. Material risk factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, demand for the products in Brazil, exchange rate fluctuations and other risk factors set out in the Company's most recently filed Annual Information Form under the heading "Risk Factors". Currently, the Products are commercially produced and sold in Brazil, but the Company has no concrete guarantee that it will be able to reach the sale of 25 million tonnes of Product in the market. Should commercial demand for the Products fail to develop, the Company's business model may not be appropriate. Accordingly, readers should not place undue reliance on such forward-looking information. Material factors or assumptions used to develop such forward-looking information include, but are not limited to, the demand for the Products in Brazil, the ability to secure necessary permits, the ability to secure financing, and other assumptions set out in the Company's current technical report. The Company does not currently intend to update forward-looking information in this presentation except where required by law. Total resources include all categories unless otherwise stated. The grades detailed in this presentation are conceptual in nature. The Company has filed on SEDAR a NI 43-101 compliant updated pre-feasibility study, published date December 22, 2017. All technical information should be reviewed according to this pre-feasibility study. Readers are cautioned not to rely solely on the summary of such information contained in this presentation and are directed to complete information posted on Verde's website (www.investor.verde.ag) and filed on SEDAR (www.sedar.com) and any future amendments to such. Readers are also directed to the cautionary notices and disclaimers contained herein. Potential investors should conduct their own investigations as to the suitability of investing in securities of Verde AgriTech Ltd.

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Summary

- Verde concluded its re-domiciliation to Singapore, pursuant to which the new Singaporean company, Verde AgriTech Ltd, became the holding company of the UK company Verde AgriTech Plc. Verde's trading symbols did not change, continuing as "NPK" on the TSX.
- The Company's growth over Q2 2022 was underpinned by increased productivity, market's growing demand for our Product and price increase.
- For Q3 and Q4 2022, Verde expects it will meet the overall revised guidance for the year.

* All figures in this presentation are in Canadian dollars, unless stated otherwise

Average exchange rate in Q1 2022: C\$1.00 = R\$4.12

Average exchange rate in Q1 2021: C\$1.00 = R\$4.33

Q2 2022 Highlights

Cash	<p>Ability to generate significant free cash flow in the long term.</p> <p>Cash utilised from investing activities increased 2,063% in Q2 2022, to \$12,480,000 compared to \$577,000 in Q2 2021.</p> <p>Trade and other receivables increased 279% in Q2 2022, to \$20,528,000 compared to \$5,411,000 in Q2 2021.</p> <p>Total loans for CAPEX and working capital in June 30: \$8,911M.</p>
Profitability	<p>Revenue increased by 362% in Q2 2022, to \$24,861,000 compared to \$5,376,000 in Q2 2021. Revenue in Brazilian Real (“R\$”) increased by y 327% in Q2 2022, to R\$99,185,000 compared to R\$23,215,000 in Q2 2021.</p> <p>Sales by volume increased by 112% in Q2 2022, to 202,255 tonnes sold compared to 95,551 tonnes sold in Q2 2021.</p> <p>Gross margin increased to 79% in Q2 2022, compared to 72% in Q2 2021.</p> <p>EBITDA before non-cash events increased by 782% in Q2 2022 to \$10,765,000, compared to \$1,220,000 in Q2 2021.</p> <p>Net profit increased by 3426% in Q2 2022, to \$9,625,000 compared to \$273,000 in Q2 2021.</p>
Operations	<p>Plant 2 is expected to be commissioned by the end of August 2022, revving up to an initial production capacity of 1.2 million tonnes per year (“tpy”).</p> <p>Plant 2's full capacity of 2,400,000 tpy is expected to be reached in early Q4 2022, four times Verde’s Plant 1 current production capacity of 600,000 tpy.</p>

Q2 2022 Financial Statements

All amounts in C\$'000	Q2 2022	Q2 2021	YoY	2022 YTD	2021 YTD	YOY
Revenue	24,861	5,376	362%	36,165	6,207	483%
Production costs	(5,332)	(1,498)	(256%)	(7,987)	(1,988)	(302%)
Gross Profit	19,529	3,878	404%	28,178	4,219	568%
Gross Margin	79%	72%	N/A	78%	68%	N/A
Sales and product delivery freight expenses	(8,110)	(2,236)	263%	12,041	2,767	335%
General and administrative expenses	(655)	(422)	(55%)	1,696	1,119	(52%)
EBITDA ⁽¹⁾	10,765	1,220	782%	14,441	333	4241%
Share Based and Bonus Payments (Non-Cash Event) ⁽²⁾	(40)	(693)	94%	104	1,514	93%
Depreciation and Amortisation ⁽²⁾	(38)	(10)	(267%)	(64)	(16)	(299%)
Profit on disposal of plant and equipment ⁽²⁾	-	-	N/A	-	9	N/A
Operating Profit / (loss) after non-cash events	10,686	(517)	N/A	14,273	(1,188)	N/A
Interest Income/Expense	(245)	(56)	(336%)	(430)	(131)	(228%)
Net Profit / (Loss) before tax	10,441	(461)	N/A	13,843	(1,319)	N/A
Income tax	(816)	(188)	(335%)	(1,186)	(219)	(443%)
Net Profit / (Loss)	9,625	273	3432%	12,657	(1,538)	N/A

(1) – Non GAAP measure

(2) – Included in General and Administrative expenses in financial statements

(3) – Please see Income Tax notes

Operational Summary

All amounts in CAD, except percentages	Q2 2022	Q2 2021	YoY	2022 YTD	2021 YTD	YOY
Tonnes sold '000	202	96	112%	314	113	178%
Revenue per tonne sold \$	123	56	118%	115	55	110%
Production cost per tonne sold \$	(26)	(16)	68%	(25)	(18)	45%
Gross Profit per tonne sold \$	97	40	144%	90	37	141%
Gross Margin	79%	72%	N/A	78%	68%	N/A

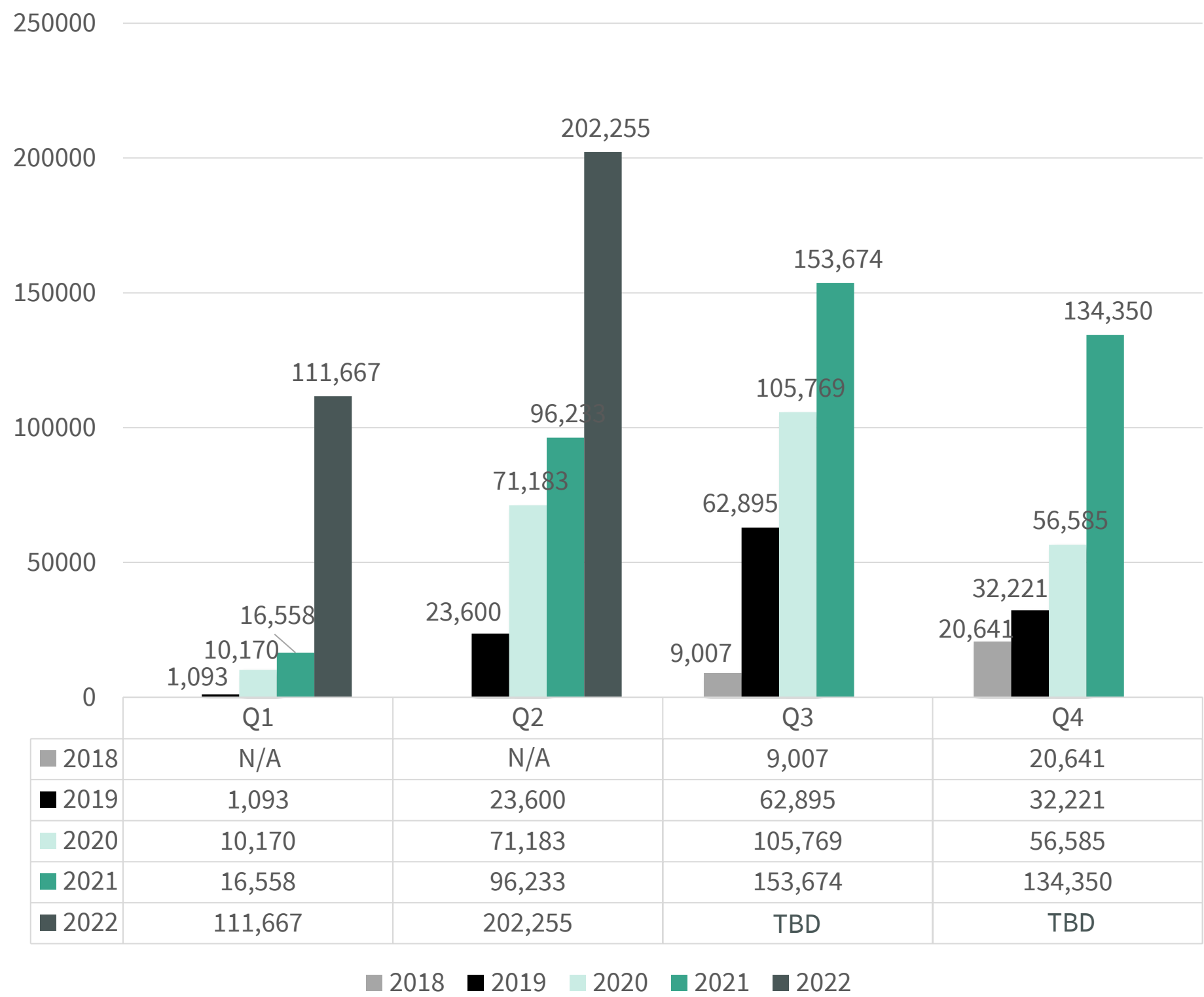
Operational Summary – Excluding freight revenue

All amounts in CAD, except percentages	Q2 2022	Q2 2021	YoY	2022 YTD	2021 YTD	YOY
Revenue per tonne sold \$	88	37	137%	83	37	127%
Production cost per tonne sold \$	(26)	(16)	68%	(25)	(18)	45%
Gross Profit per tonne sold \$	62	21	187%	58	19	202%
Gross Margin	70%	58%	N/A	69%	52%	N/A

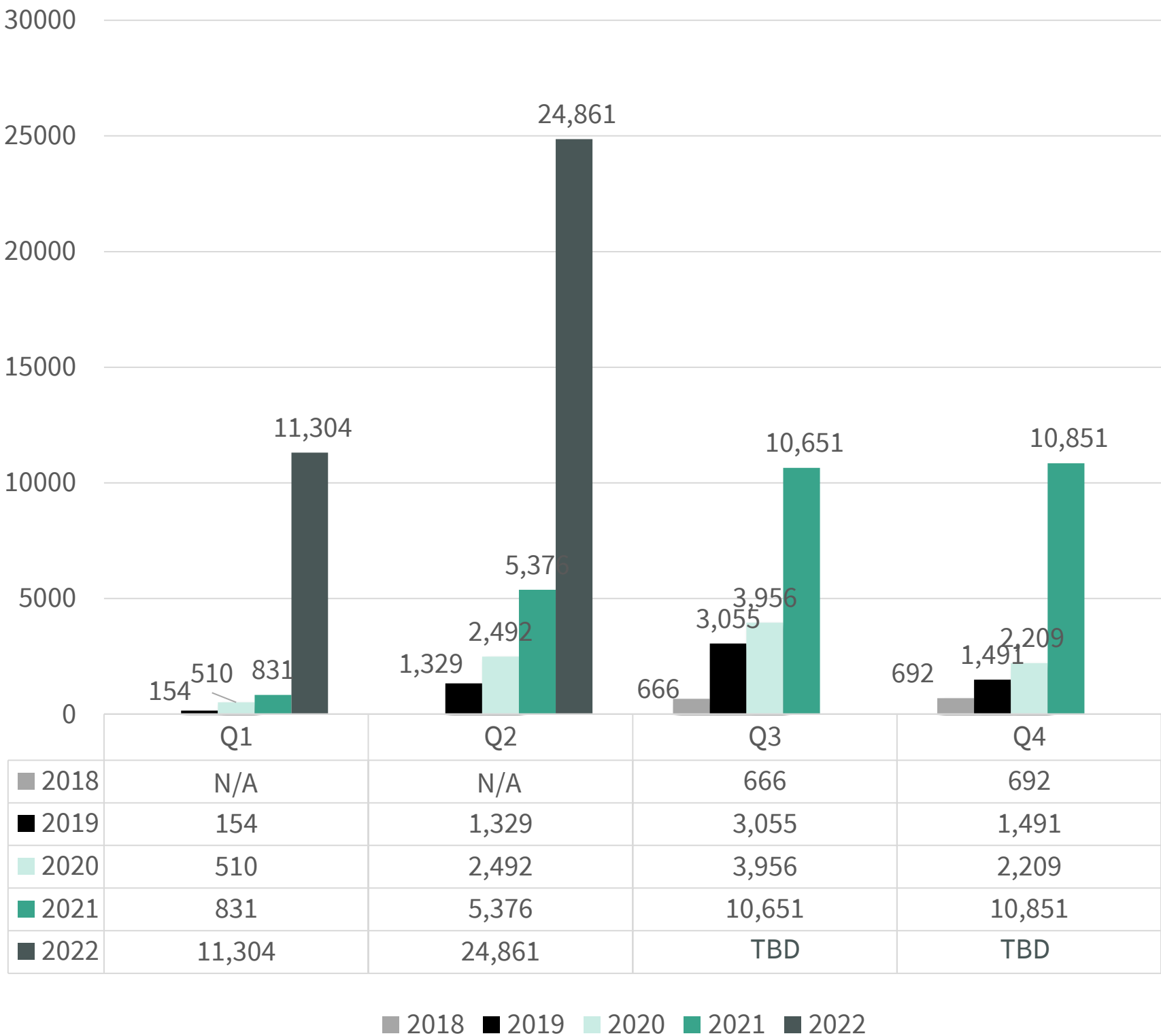
Excluding revenue with freight, the revenue per tonne and gross margin still improved in the quarter.

Key Metrics Quarterly

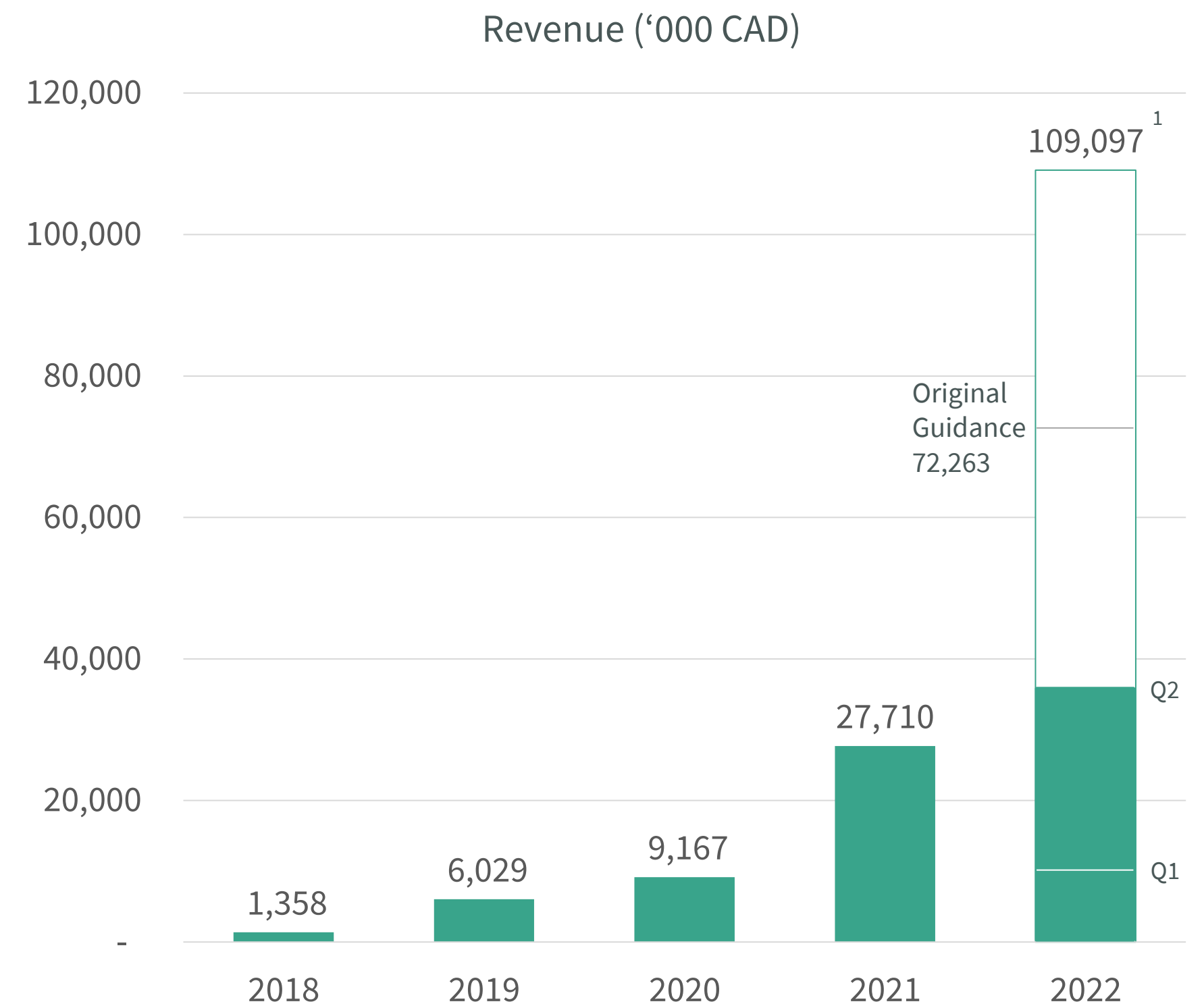
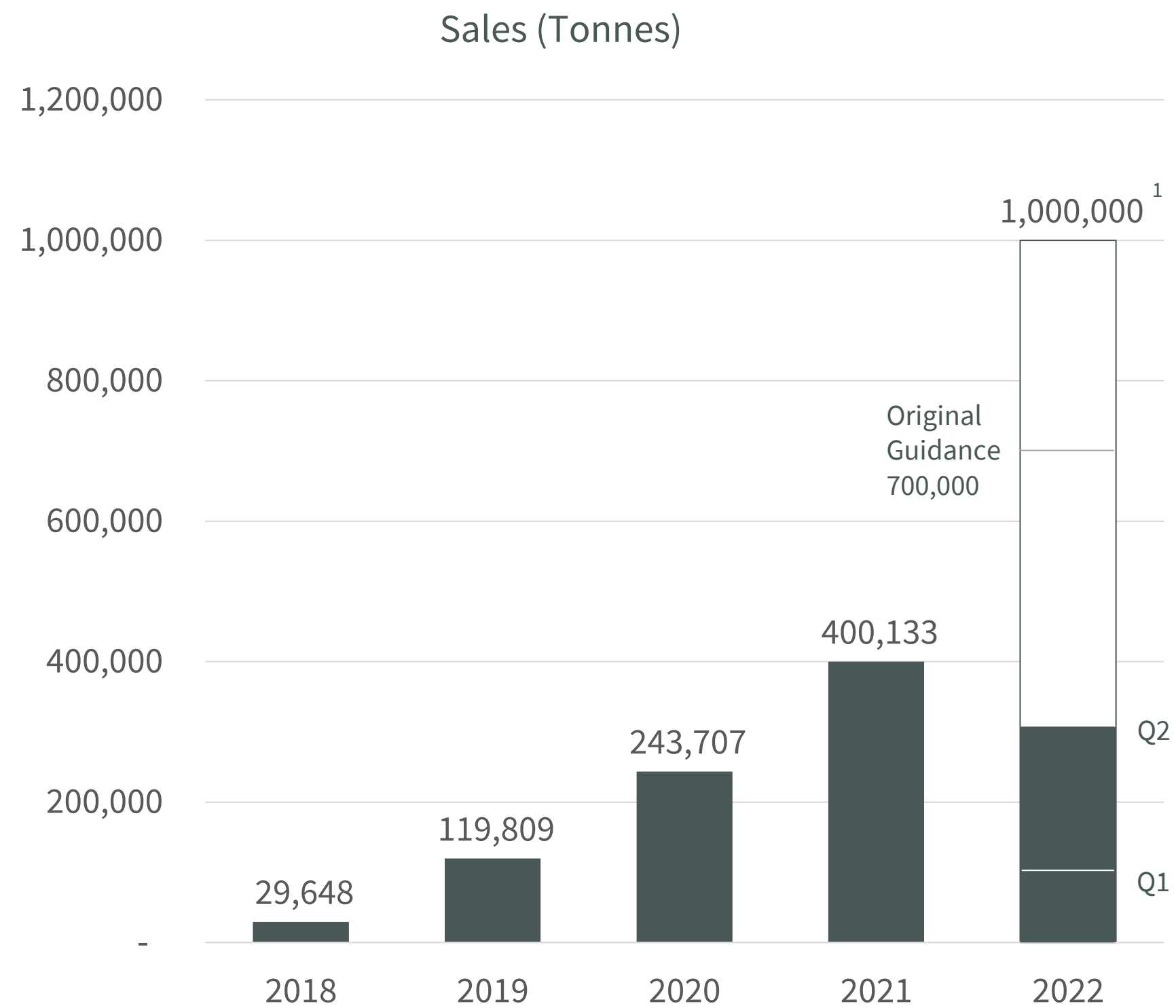
Sales (Tonnes)



Revenue (‘000 CAD)



Key Metrics Yearly



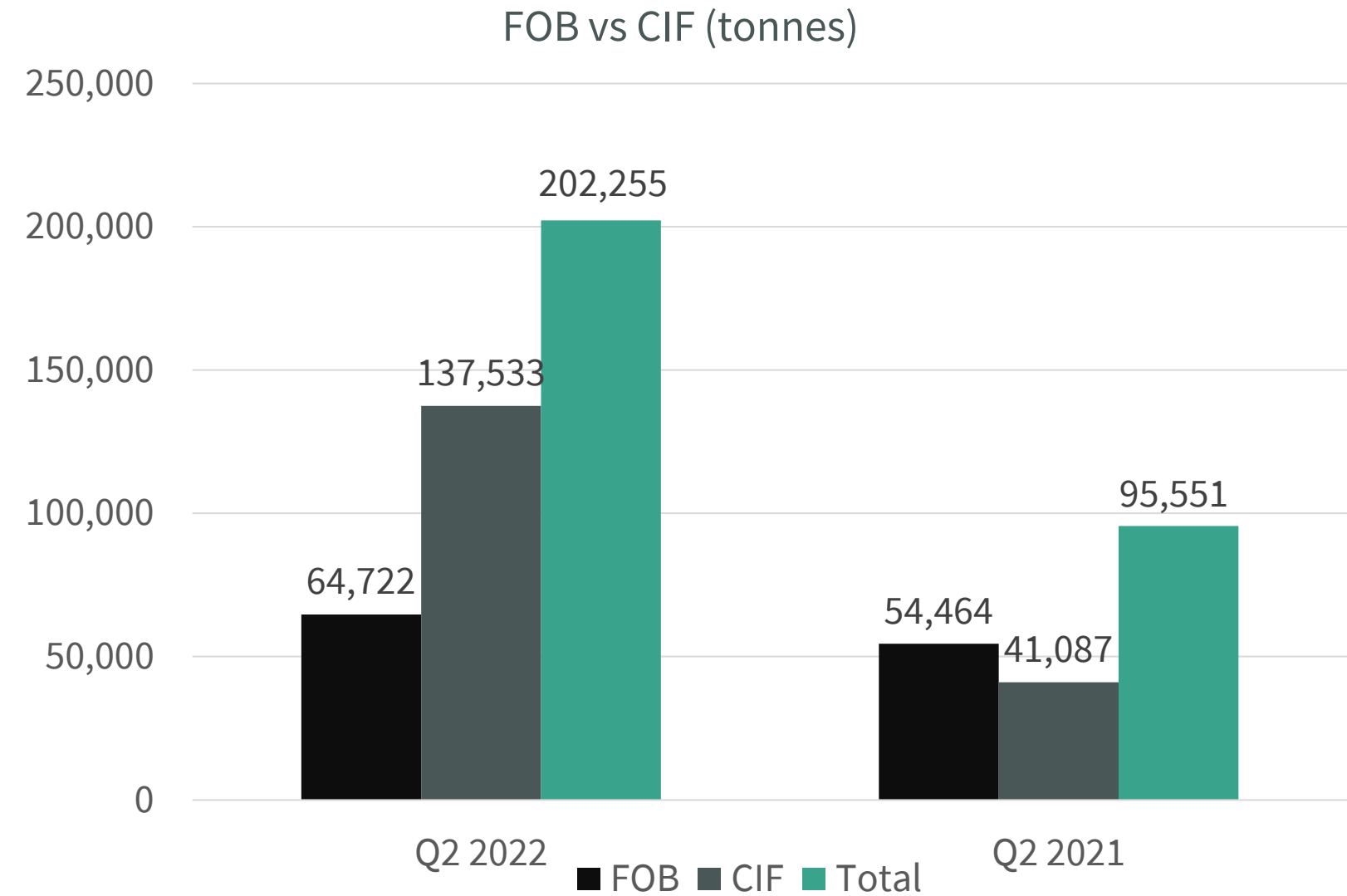
1 - Targeted sales volume and revenue based on FY 2022 guidance, updated on May 03, 2022. Average currency exchange rate: C\$1.00 = R\$4.40. See press release: <https://investor.verde.ag/verdes-2022-guidance-and-two-year-outlook-revised-upwards/>

Sales, General and Administrative Expenses

All amounts in CAD \$'000, except percentages	Q2 2022	Q2 2021	YoY	2022 YTD	2021 YTD	YOY
Sales Expenses						
Sales and marketing expenses	(711)	(348)	104%	(1,533)	(641)	139%
Fees paid to sales agents	(359)	(63)	474%	(495)	(71)	593%
Product delivery freight expenses	(7,040)	(1,826)	286%	(10,013)	(2,055)	387%
Total sales expenses	(8,110)	(2,236)	263%	(12,041)	(2,767)	335%
General expenses						
General administrative expenses	(389)	(240)	62%	(799)	(718)	11%
Legal, professional, consultancy and audit costs	(77)	(106)	(28%)	(488)	(265)	84%
IT/Software expenses	(185)	(70)	166%	(390)	(122)	219%
Taxes and licenses fees	(4)	(6)	40%	(19)	(14)	34%
Total General expenses	(655)	(422)	55%	(1,696)	(1,119)	52%

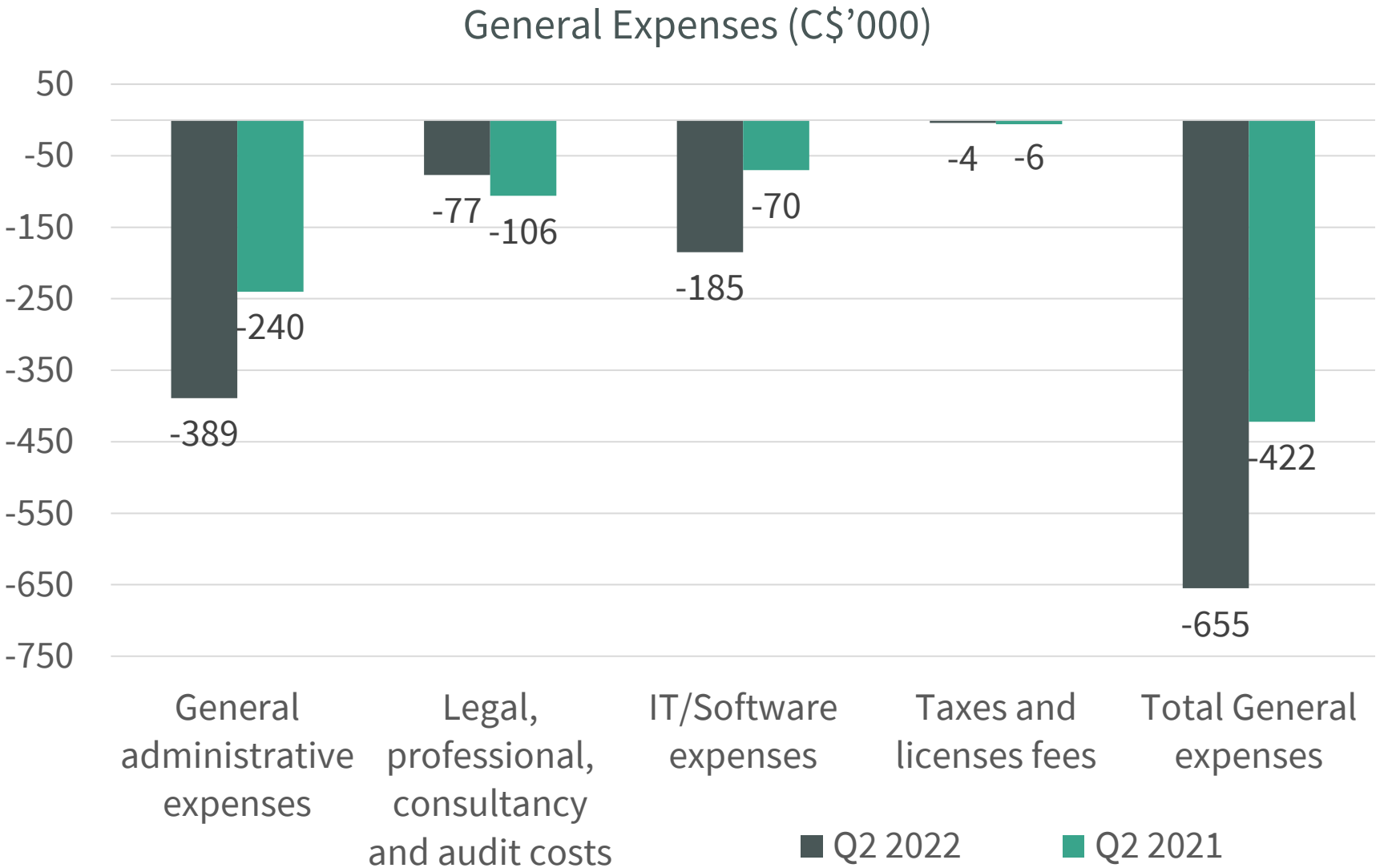
Fees paid to independent sales agents increased by 470% in Q2 2022, to \$359,000 compared to \$63,000 in Q2 2021, due to sales price and volume increase.

Other Highlights



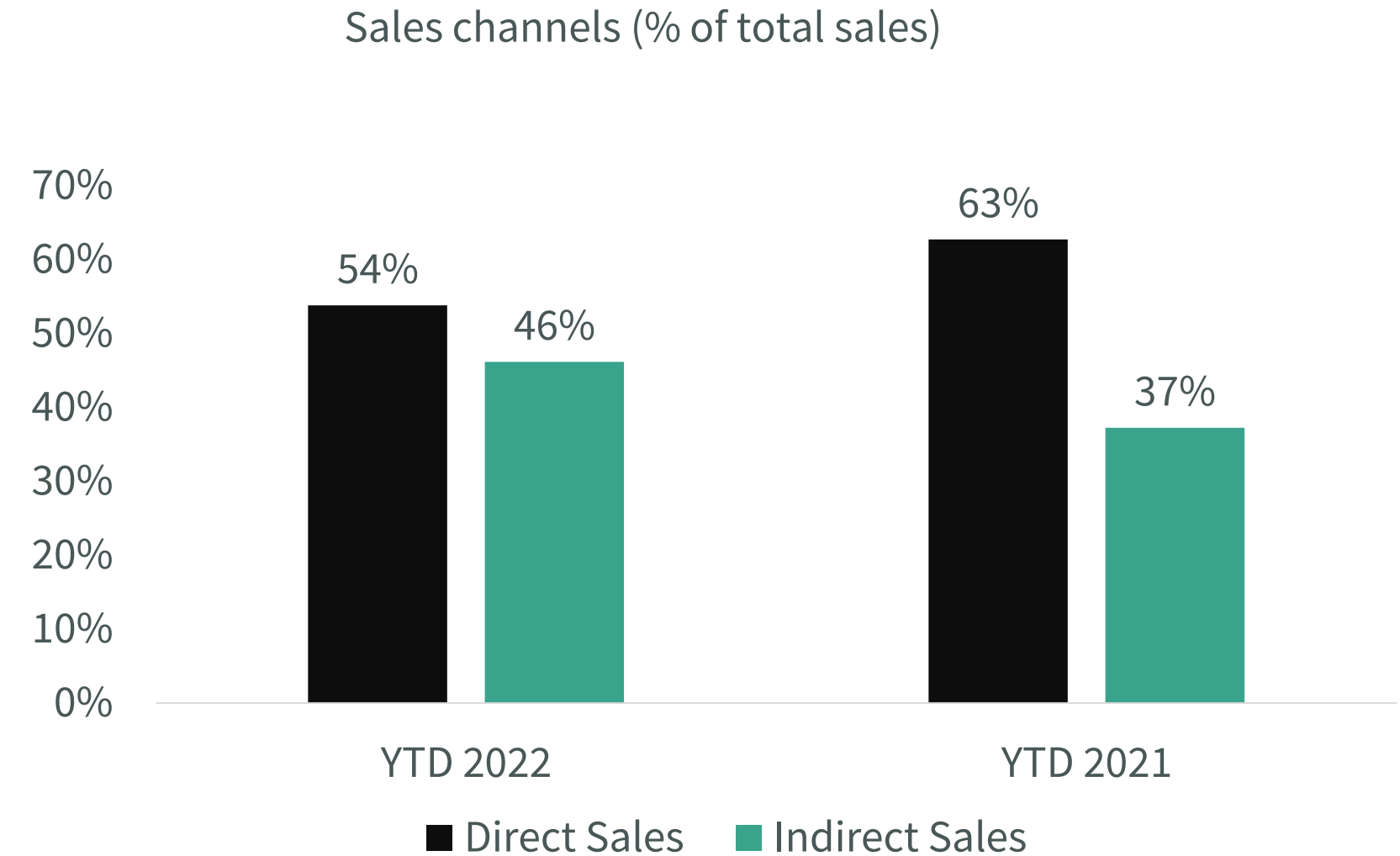
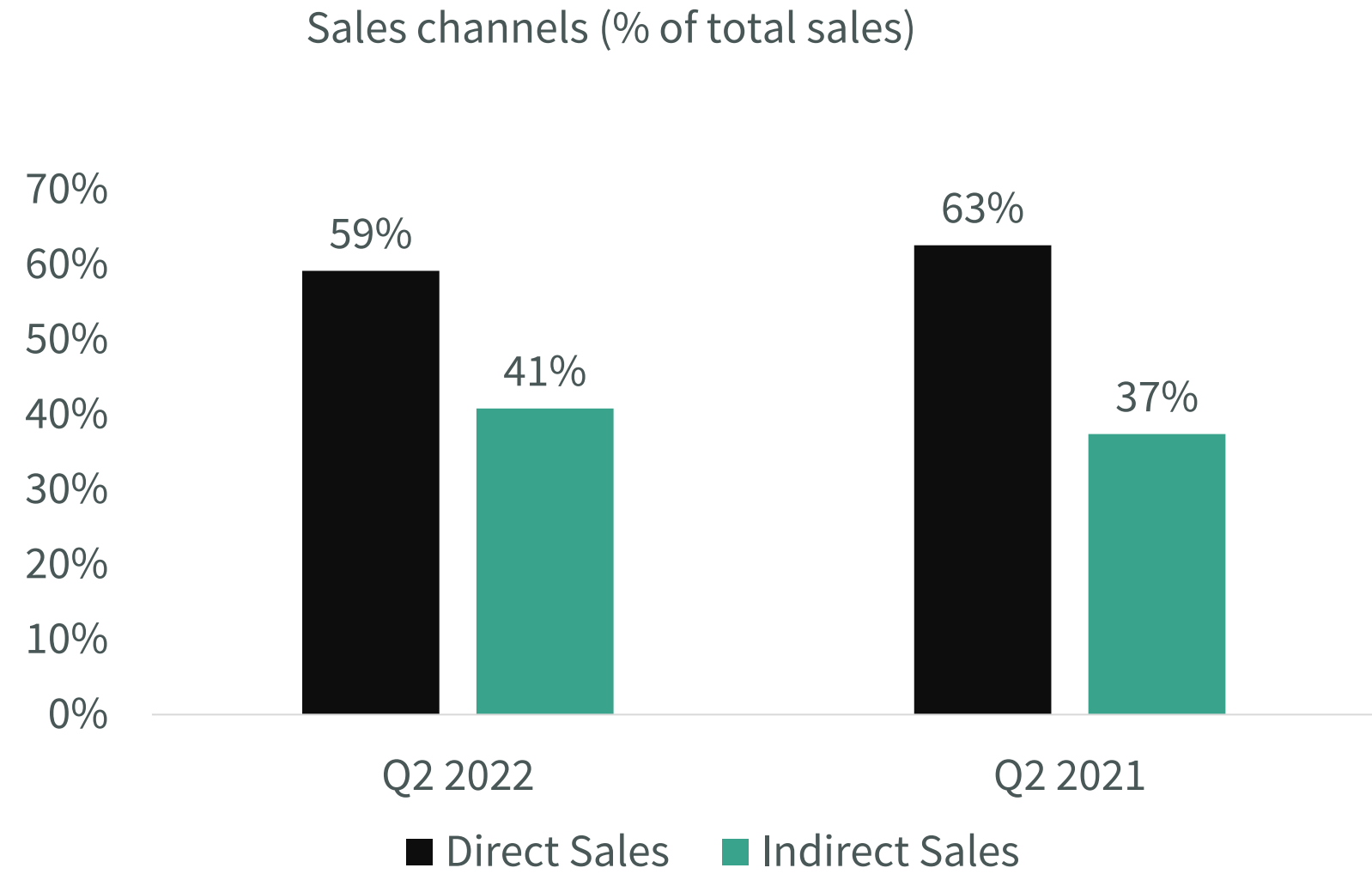
Sales	Q2 2022	Q2 2021	YoY
FOB	64,722	54,464	19%
CIF	137,533	41,087	235%
Total	202,255	95,551	112%

The Company has significantly increased the volume sold as CIF, from 43% of total sales in Q2 2021 to 68% in Q2 2022.



Sales (tonnes)	Q2 2022	Q2 2021	YoY
General administrative expenses	(389)	(240)	(62%)
Fees paid to sales agents	(359)	(63)	(474%)
Sales and marketing expenses	(711)	(347)	(104%)

Sales Channels



Fees paid to Sales Agents and sales discounts applied to Distributors increased in Q2 2022 due to the increase in volume sold through Distributors and Sales Agents, compared to the same period in 2021. The volume sold through Distributors and Sales Agents also increased YTD 2022, compared to YTD 2021.

Summary of Interest-Bearing Loans and Borrowings

Part 1:

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Loan value (R\$'000)	Balance at Jun 30, 2022 (C\$'000)	Repayable by	Total interest payable*
BDMG	Apr, 2022	Working capital	24	72	3,000	1,062	Mar, 2030	***TJLP + 5,00%
Santander	Feb, 2022	Equipment	03	36	260	66	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	888	243	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	1,340	340	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	2,169	550	Jan, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	888	225	Jan, 2025	* CDI + 4,60%
Brazil	Jan, 2022	Working capital	06	36	5,000	1,307	Dec, 2024	CDI+2,92%
Brazil	Dec, 2021	Working capital	06	36	5,000	1,317	Dec, 2024	* CDI + 2.92%
Santander	Oct, 2021	Working capital	01	24	5,000	1,201	Sept, 2023	13,45%
ABC Brazil	Sept, 2021	Working capital	01	06	2,000	464	Mar, 2022	10.46%
Bradesco	Mar, 2021	Vehicle	01	36	168	27	Feb, 2024	10.95%
Santander	Oct, 2020	Equipment and working capital	01	36	2,000	301	Oct, 2023	*CDI + 7,53%

- CDI (Certificado de Depósito Interbancário) is the average of interbank overnight rates in Brazil. As at June 30, 2022, the 12 months cumulative rate was 8.64%.
- *** - TJLP (Taxa de Juros de Longo Prazo) is the long term interest rate in Brazil. As at June 30, 2022, the 12 months cumulative rate was 7.01%.

Summary of Interest-Bearing Loans and Borrowings

Part 2:

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Loan value (R\$'000)	Balance at Jun 30, 2022 (C\$'000)	Repayable by	Total interest payable*
ABC Brazil	Aug, 2020	Equipment and working capital	01	42	2,000	395	Mar, 2024	** IPCA + 8,46%
Santander	July,2020	Equipment	06	18	359	32	July,2022	10.95%
Bradesco	July,2020	Equipment and working capital	06	60	5,000	1,181	July, 2025	12.49%
Bradesco	Mar, 2020	Vehicle	01	48	119	16	Apr, 2024	**IPCA + 7,12%
Santander	Jan, 2020	Equipment	06	36	364	38	June, 2023	11.98%
Bradesco	Jan, 2020	Equipment	00	48	450	60	Feb, 2024	**IPCA + 7,12%
Santander	Apr,2019	Equipment	01	36	73	3	Oct, 2022	**IPCA + 7,12%
Santander	Apr,2019	Equipment	01	36	150	7	Oct, 2022	** IPCA + 7,05%
Santander	May, 2018	Equipment	12	60	1,040	76	May, 2023	* CDI + 4,60%
Total						8,911		

** - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at June 30, 2022 the 6 months cumulative rate was 11.89%.

2022 guidance

On May 03, 2022, Verde announced an increase in its 2022 and 2023 guidance, previously published on Jan 10, 2022. The Company's original and revised targets are detailed on a quarterly basis, to reflect the market demand's seasonality, as follows:

Period	Q1 2022		Q2 2022			Q3 2022		Q4 2022		FY 2022	
Guidance	Original Jan 2022	Achieved in Q1 2022	Original Jan 2022	Revised May 2022	Achieved in Q2 2022	Original Jan 2022	Revised May 2022	Original Jan 2022	Revised May 2022	Original Jan 2022	Revised May 2022
EPS (C\$)	0.02	0.06	0.18	0.21	0.19	0.25	0.35	0.06	0.25	0.50	0.87
EBITDA (C\$'000) ¹	1,358	3,678	10,155	11,808	10,765	13,414	19,259	3,506	14,319	28,434	49,065
Revenue (C\$'000)	10,070	11,304	21,954	22,902	24,861	27,228	40,121	13,011	34,769	72,263	109,097
Sales target (tonnes)	115,000	111,667	200,000	200,000	202,255	250,000	353,718	135,000	334,615	700,000	1,000,000

The 2022 guidance is underpinned by the following assumptions:

- Average Brazilian Real ("R\$") to Canadian Dollar exchange rate: C\$1.00 = R\$4.40
- Verde's Product CIF and FOB average price for the full year, including delivered orders, committed orders and projected orders: C\$109 per tonne
- Sales Incoterms: 50% CIF and 50% FOB
- Sales channels: 40% direct sales and 60% indirect sales

¹- Before non-cash events.

2022 guidance

The revised guidance already contemplated a 55% increase in diesel prices. However, during Q2 2022, the real average diesel price increased by an additional 23%, for a total of 78% year-on-year increase. This negatively impacted Verde's EBITDA and EPS as compared to the revised guidance. Q2 2022 revenue and sales were, however, higher than expected for the period. For Q3 and Q4 2022, the Company expects it will meet the overall revised guidance for the year

2023 guidance

For 2023, Verde's updated sales volume target is 2,000,000 tonnes. This target represents a potential 100% growth Year-on-Year ("YoY").

Period	FY 2023	
	Original Jan 2022	Revised May 2022
Sales target (tonnes)	1,400,000	2,000,000

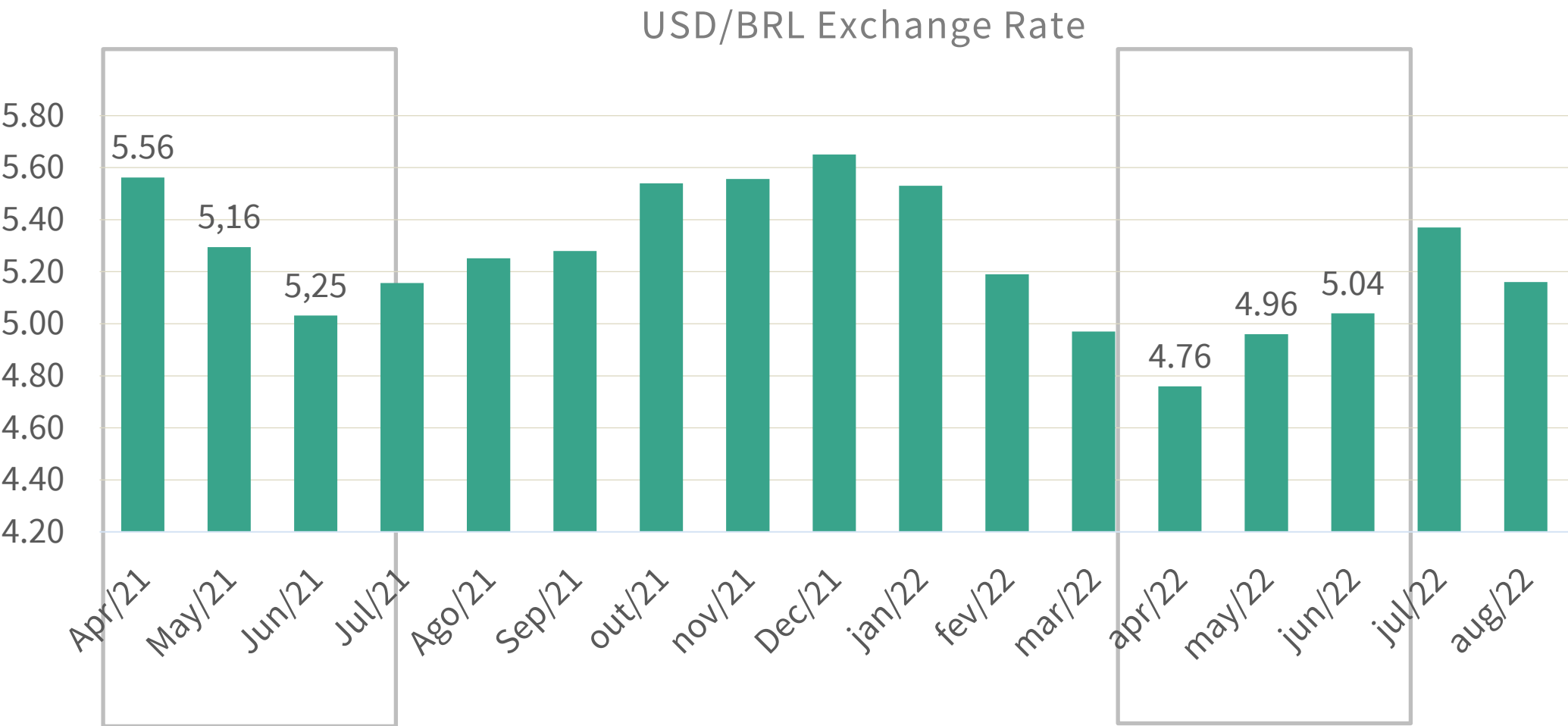
The original sales volume target for 2023 was for sales of 1,400,000 tonnes. For 2023, Verde's updated target is 2,000,000 tonnes, which represents a potential 100% growth Year-on-Year.

Brazilian Economic Scenario

Brazilian Real versus US Dollar

From January to March 2022, the Brazilian Real valued by 7% in relation to US Dollar, compared to the same period of 2020.

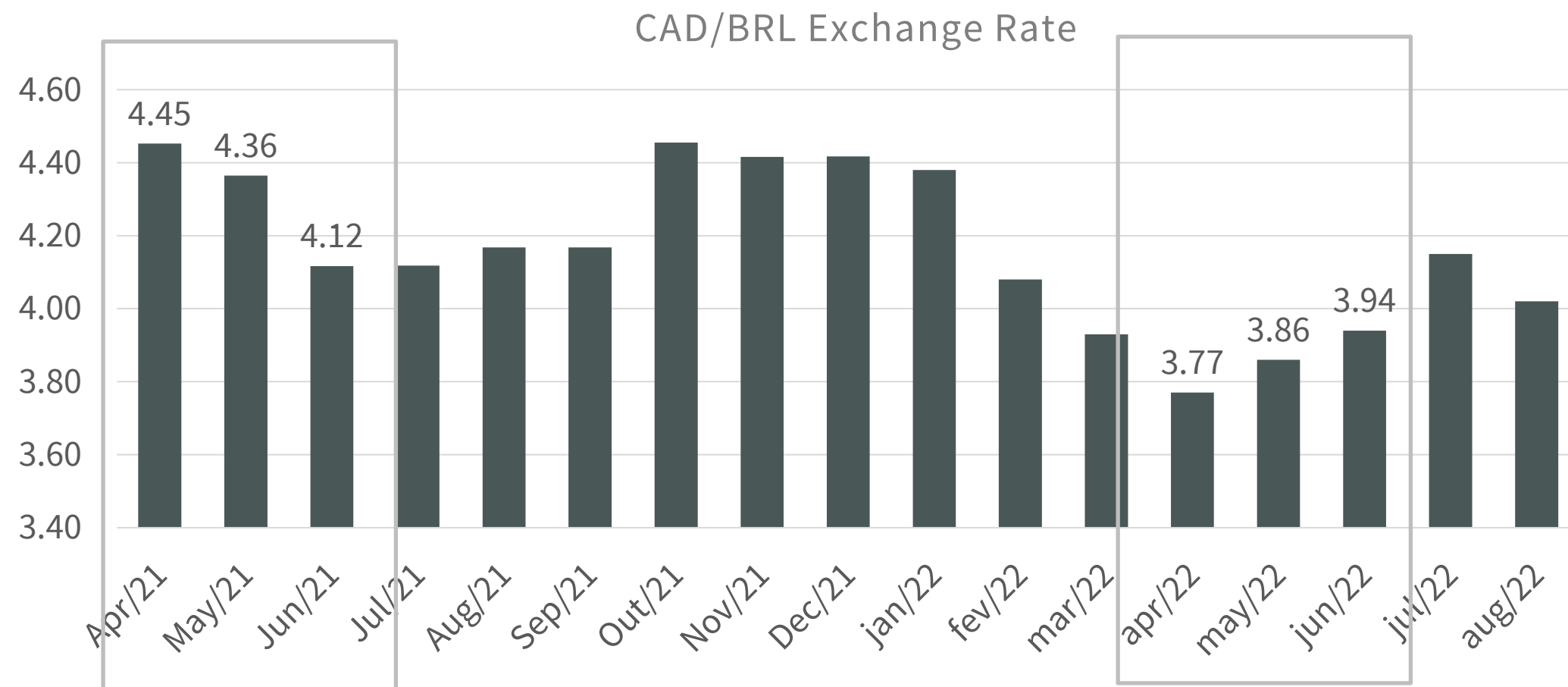
As of August 12, 2022, US\$1.00 = R\$5.07



Brazilian Real versus Canadian Dollar

From January to March 2022, the Brazilian Real valued by 11% in relation to Canadian Dollar, compared to the same period of 2021.

As of August 12, 2022, C\$1.00 = R\$3.97

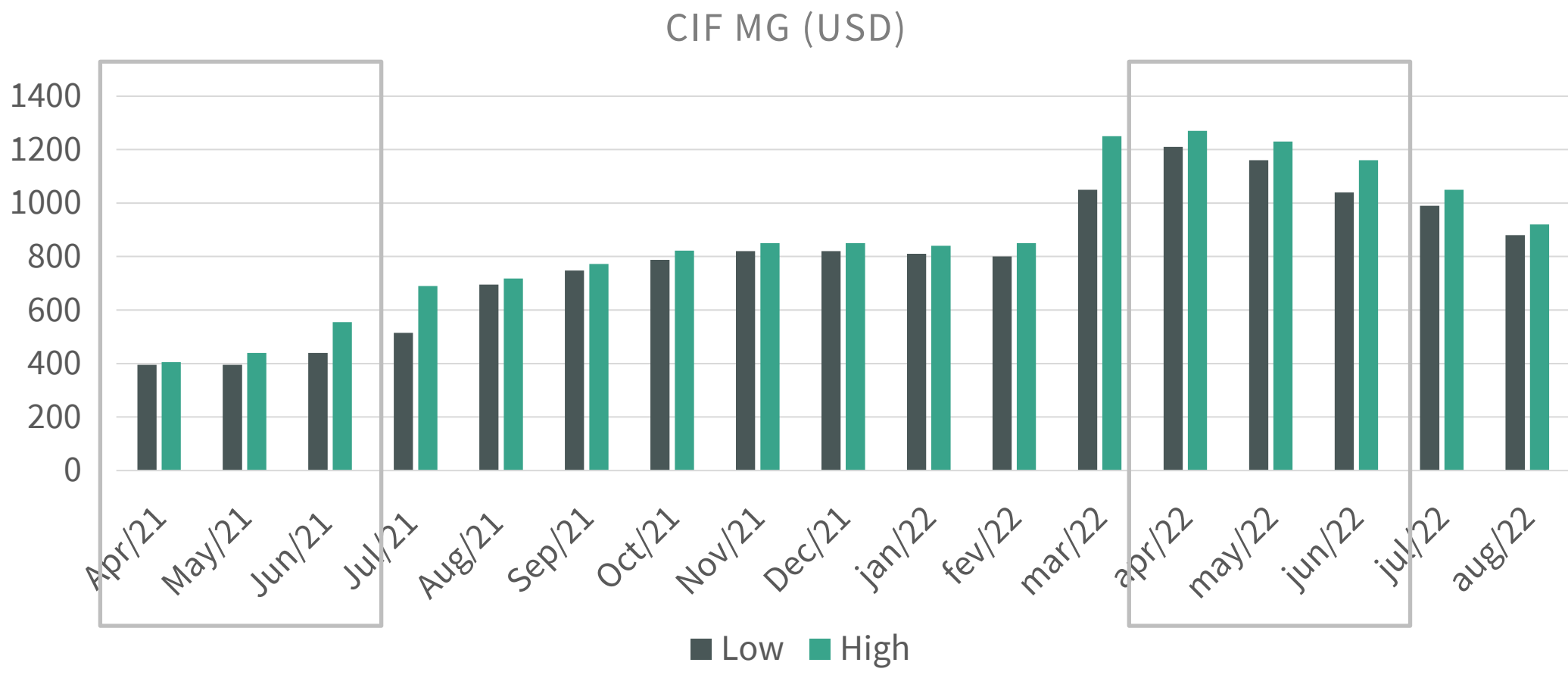


Source: <https://www.bcb.gov.br/estabilidade financeira/historicocotacoes>

Potassium Chloride Price

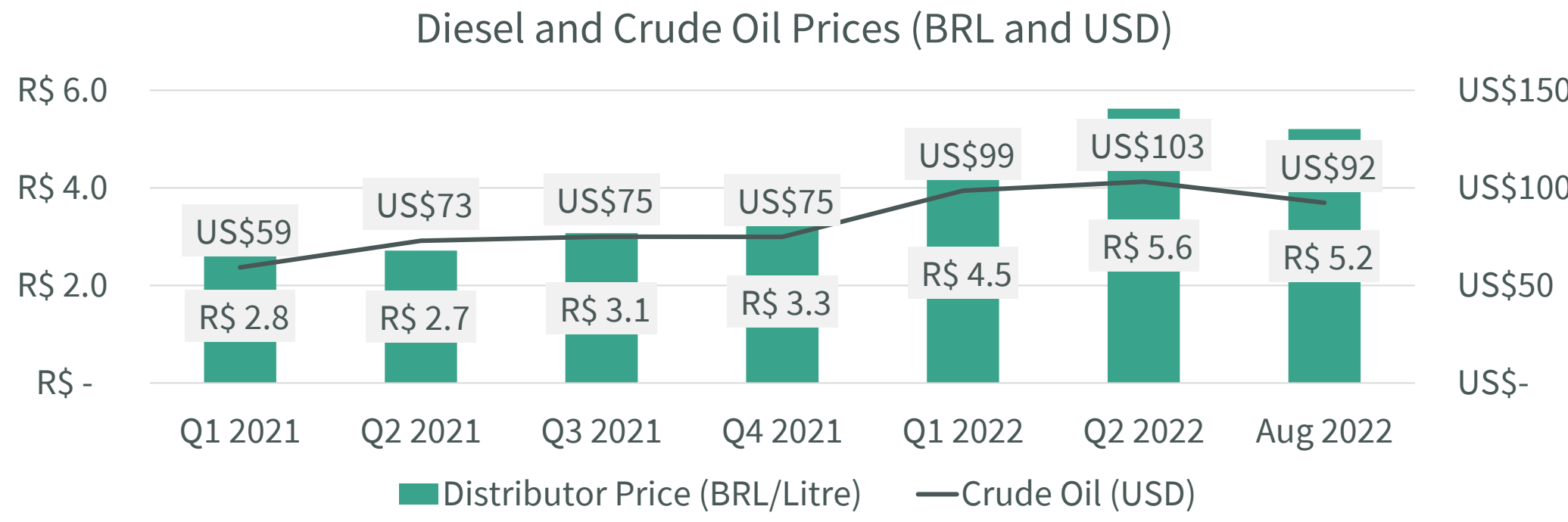
Fluctuations in potassium chloride CIF (Minas Gerais) prices

	KCl CIF (Minas Gerais) Lowest Price	KCl CIF (Minas Gerais) Highest Price
Q2 2022	US\$1,040	US\$1,270
Q2 2021	US\$395	US\$555
%	163%	128%



Diesel and Crude Oil Prices

Diesel price sold by distributors in Brazil increased by 89% from March 2021 to August 2022. Crude Oil international price increased by 56% in the same period. In August 2022 Diesel price decreased by 7% compared to July 2022.



Source: 1- Acerto Limited Report, Agribusiness Intelligence for Latin America
 2 - <https://tradingeconomics.com/commodity/crude-oil/> <https://setcemg.org.br/reajuste-de-preco-de-diesel/>

Appendix

Earned Growth Rate

Earned Growth Rate (“EGR”) is an accounting-based methodology that provides companies with an objective, data-driven connection between customer success, repeat and expanded purchases, word-of-mouth recommendations, a positive company culture, and business results. It gauges customer loyalty through the lens of revenue growth, identifying which revenue streams come from existing customers doing more business with a company and which ones come from referrals.

The EGR measures the sales growth by volume generated by returning customers and new client purchases made by existing clients’ referrals.¹

Year	2019	2020	2021
Earned Growth Rate	Not Registered	61%	165%

Number of clients per year

Year	2017	2018	2019	2020	2021
Number of total clients	28	136	355	787	1,352

1 - For a summarized definition of EGR, see article: F. Reichheld, D. Darnell and M. Burns, Net Promoter 3.0, Harvard Business Review, November 2021, available at: <https://hbr.org/2021/11/net-promoter-3-02>

Environmental

Verde's production process is sustainable. The processing does not require tailings dams, nor does it generate any waste by products. In sum, the ore recovery rate is 100%.

The mined area is mainly composed of degraded pasturelands that, once mined, Verde transforms into tropical forest. To that end, the Company planted 4,300 trees in 2019, 5,000 trees in 2020, and 9,888 trees in 2021. All planted species are originally native to the region, many of which are today deemed endangered species.

Potassium Chloride Replacement

Potassium salt fertilizers are soil biodiversity’s number 1 enemy.

The average farmer applies 200 kg of potassium chloride to the soil per hectare per year. This is equivalent to the application of 1,600 litres of bleach as far as killing soil biodiversity.¹

The world currently uses 61.5 million tonnes of potassium chloride for agriculture per year², the equivalent to more than 460 billion liters of bleach killing soil biodiversity yearly.

Verde’s Product eliminates the need for potassium chloride.

Period	Bleach equivalent amount that has not been applied to agricultural soils
In Q2 2021	254.8M litres
Since production started	1.3B litres

Over the next 36 years³, the Company intends to have prevented at least 957.8 billion liters of bleach from being applied to soils in the guise of potassium chloride.

1 Effects of Some Synthetic Fertilizers on the Soil Ecosystem (HEIDE HERMARY, 2007) / 2 - FAOSTAT, Agricultural use of nutrient potash, 2018. <http://www.fao.org/faostat/en/#data/RFN>

3 Based on NI 43-101 Production Schedule. See Pre-Feasibility Technical Report Cerrado Verde Project, MG, Brazil, page 141.

Cultivando Amor Project

Cultivando Amor is an initiative from Verde, in which there is a partner charity institution for each of the project's member cities. For each hectare in the region that is cultivated with BAKS® or K Forte®, Verde donates part of the sales' profits to the partner institution of that city. The initiative has the support of the cities' Rural Union of Farmers (*Sindicato Dos Produtores Rurais*).

In 2020, *Cultivando Amor's* pilot project was conducted in the city of Patrocínio, where the program's funds contributed to the Cancer Hospital of Patrocínio, a regional reference in cancer treatment.

In 2021, Verde raised over R\$270,000 for charities across 16 cities in Brazil.

Cultivando Amor's goal for 2022 is to magnify its impacts to 100 cities.

Permit Status – Last 12 months

Mine Pit	Date	Category	Status	Event
2	February 10, 2022	Mining	Granted	2,500,000 tpy Mining Concession

Permit Summary

Under Brazilian law, a pit is fully permitted to mine when the Group holds both a Mining Concession/Permit and Environmental License for that area. Verde is fully permitted to mine 2,833,000 tpy and has submitted concurrent mining and environmental applications for an additional 2,500,000 tpy, still pending approval. The Group has 3 different mine pits, each at different permitting stages and targeting different volumes, as summarized in the table below.

Mine Pit	Fully Permitted (tpy)	Mining (tpy)		Environmental (tpy)	
		Granted	Pending	Granted	Pending
1	233,000	233,000	0	233,000	0
2	2,600,000	2,600,000	22,500,000	2,600,000	0
3	0	49,800	2,500,000	0	2,500,000
Total	2,833,000	2,882,800	25,000,000	2,833,000	2,500,000

The Group is fully permitted to achieve both its 2022 and 2023 targets.



TSX: **NPK**

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