

August 10, 2022

Verde achieves 782% EBITDA and 362% revenue growths in Q2 2022

(All figures are in Canadian dollars, unless stated otherwise. Average exchange rate in Q2 2022: C\$1.00 = R\$3.99)

Belo Horizonte, Brazil. Verde AgriTech Ltd (TSX: "NPK") ("**Verde**" or the "**Company**") is pleased to announce its financial results for the second quarter of 2022 ("**Q2 2022**").

Q2 2022 FINANCIALS

- 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 327% in Q2 2022, to R\$99,185,000 compared to R\$23,215,000 in Q2 2021.
- Sales of Verde's multinutrient potassium products, BAKS® and K Forte® sold internationally as Super Greensand® (the "**Product**") by volume increased by 112% in Q2 2022, to 202,255 tonnes, compared to 95,551 tonnes sold in Q2 2021.
- Gross margin increased to 79% in Q2 2022, compared to 72% in Q2 2021.
- EBITDA before non-cash events increased by 782% in Q2 2022 to \$10,765,000, compared to \$1,220,000 in Q2 2021.
- Net profit increased by 3426% in Q2 2022, to \$9,625,000 compared to \$273,000 in Q2 2021.

SUBSEQUENT EVENTS

- In July 2022 the Company 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.¹

¹ See the press release at: <https://investor.verde.ag/verde-announces-completion-of-redomiciliation-process-to-singapore/>

“Verde's growth over Q2 2022 was underpinned by increased productivity and the market's growing demand for our Product. I would like to congratulate our team for their efforts and contributions during this period. We trust that our expanding production and market presence will lead us to meet our goals for the year and continue to create sustainable long-term value for Verde's stakeholders,” declared Verde's Founder, President & CEO, Cristiano Veloso.

PLANT 2 UPDATE

Plant 2 is expected to be commissioned in August 2022, revving up to an initial production capacity of 1.2 million tonnes per year (“**tpy**”).² 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.

2022 GUIDANCE

On May 03, 2022, Verde announced an increase in its 2022 and 2023 guidance,³ as initially published on January 10, 2022.⁴ The Group's targets are detailed on a quarterly basis, to reflect the market demand's seasonality, with the original and revised 2022 detailed below:

Period	Q1 2022		Q2 2022			Q3 2022		Q4 2022		FY 2022	
	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
Guidance											
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)⁵	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

² as announced by the Company in the press release published on March 03, 2022. See the release at: <https://investor.verde.ag/verde-to-reach-3-million-tonnes-potash-production-capacity-in-2022/>

³ See the release at: <https://investor.verde.ag/verdes-2022-guidance-and-two-year-outlook-revised-upwards/>

⁴ See the release at: <https://investor.verde.ag/verde-announces-2022-guidance-and-two-year-outlook/>

⁵ Before non-cash events.

- 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

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
Guidance		
Sales target (tonnes)	1,400,000	2,000,000

SELECTED ANNUAL FINANCIAL INFORMATION

The table below summarizes Q2 2022 financial results compared to Q2 2021, and provides information about 2022 and 2021 year-to-date (“YTD”):

All amounts in CAD \$'000	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Tonnes sold '000	202	96	314	113
Revenue per tonne sold \$	123	56	115	55
Production cost per tonne sold \$	(26)	(16)	(25)	(18)
Gross Profit per tonne sold \$	97	40	90	37
Gross Margin	79%	72%	78%	68%
Revenue	24,861	5,376	36,165	6,207
Production costs	(5,332)	(1,498)	(7,987)	(1,988)
Gross Profit	19,529	3,878	28,178	4,219
Gross Margin	79%	72%	78%	68%
Sales and product delivery freight expenses	(8,110)	(2,236)	(12,041)	(2,767)
General and administrative expenses	(655)	(422)	(1,696)	(1,119)
EBITDA ⁽¹⁾	10,765	1,220	14,441	333
Share Based and Bonus Payments (Non-Cash Event) ⁽²⁾	(40)	(693)	(104)	(1,514)
Depreciation and Amortisation ⁽²⁾	(38)	(10)	(64)	(16)
Profit on disposal of plant and equipment ⁽²⁾	-	-	-	9
Operating Profit / (loss) after non-cash events	10,686	(517)	14,273	(1,188)
Interest Income/Expense	(245)	(56)	(430)	(131)
Net Profit / (Loss) before tax	10,441	(461)	13,843	(1,319)
Income tax ⁽³⁾	(816)	(188)	(1,186)	(219)
Net Profit / (Loss)	9,625	273	12,657	(1,538)

⁽¹⁾ – Non GAAP measure

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

⁽³⁾ – Please see Income Tax notes

External Factors

Revenue and costs are affected by external factors including changes in the exchange rates between the C\$ and R\$ along with fluctuations in potassium chloride spot CIF (Minas Gerais) prices.

The table below summaries these changes:

	Change %	6 months ended Jun 30, 2022	6 months ended Jun 30, 2021
Canadian Dollar (C\$) Average Exchange Rate	-8%	R\$3.99	R\$4.32
Potassium Chloride CIF (Minas Gerais) Lowest Price⁽¹⁾	+167%	US\$1,040	US\$390
Potassium Chloride CIF (Minas Gerais) Highest Price⁽¹⁾	+129%	US\$1,270	US\$555

⁽¹⁾ – Source: Acerto Limited Report.

Net Profits and EPS

The Group generated a net profit of \$9,625,000 for Q2 2022, an increase of \$9,352,000 compared to \$273,000 for Q2 2021. The basic earnings per share was \$0.189 for Q2 2022, compared to \$0.005 for Q2 2021.

Product Sales

Sales by volume increased by 112% in Q2 2022, to 202,255 tonnes sold compared to 95,551 tonnes sold in Q2 2021.

Revenue

Revenue from sales increased by 362% in Q2 2022, to \$24,861,000 from the sale of 202,255 tonnes of the Product, at \$123 per tonne sold; compared to \$5,376,000 in Q2 2021 from the sale of 95,551 tonnes of the Product, at \$56 per tonne sold.

Revenue per tonne excluding freight expenses (FOB price) improved by 137% in Q2 2022, to \$88 compared to \$37 in Q2 2021.

Revenue per tonne in Q2 2022 was higher than Q2 2021 mainly due to:

1. Product volume sold as CIF (Cost Insurance and Freight) increased from 43% of total sales in Q2 2021 to 68% in Q2 2022.
2. Potassium Chloride CIF (Minas Gerais) price increased from US\$390-555 per tonne in Q2 2021 to US\$1,040-1,270 per tonne in Q2 2022 (as reported by Acerto Limited, a market intelligence firm).

Production costs

Production costs include all direct costs from mining, processing, and the addition of other nutrients to the Product, such as Sulphur and Boron. Production costs also include the logistics costs from the mine to the plant and related salaries.

Production costs increased by 256% in Q2 2022, to \$5,332,000 compared to \$1,498,000 in Q2 2021. This was due to a 112% increase in volume sold, from 95,551 tonnes in Q2 2021 to 202,255 tonnes in Q2 2022. Cost per tonne increased by 68% in Q2 2022, to \$26 compared to \$16 in Q2 2021. This increase was mainly driven by a 78% increase in the diesel price for the period and the increase of Product sold in big bags, rather than bulk, which has a higher per tonne cost.

SALES EXPENSES

CAD \$'000	3 months ended Jun 30, 2022	3 months ended Jun 30, 2021	6 months ended Jun 30, 2022	6 months ended Jun 30, 2021
Sales and marketing expenses	(711)	(347)	(1,533)	(641)
Fees paid to independent sales agents	(359)	(63)	(495)	(71)
Product delivery freight expenses	(7,040)	(1,826)	(10,013)	(2,055)
Total	(8,110)	(2,236)	(12,041)	(2,767)

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 104% in Q2 2022, to \$711,000 compared to \$348,000 in Q2 2021, mainly due to a further expansion of Verde's sales and marketing team, with professional headcount in the team increasing from an average of 50 in Q2 2021 to 70 in Q2 2022, and due to additional investments in media as a strategy to attract new customers. This increase is in line with the Group's accelerated growth strategy.

Fees paid to independent sales agents

As part of Verde's marketing and sales strategy, the Group pays out commissions to its independent sales agents.

Fees paid to independent sales agents increased by 474% in Q2 2022, to \$359,000 compared to \$63,000 in Q2 2021, due to sales price and volume increase.

Product delivery freight expenses

Product delivery freight expenses increased by 286% in Q2 2022, to \$7,040,000 compared to \$1,826,000 in Q2 2021, as the Group has significantly increased the volume sold as CIF (Cost Insurance and Freight), up from 43% of total sales in Q2 2021 to 68% Q2 2022, and due higher fuel prices, which increased 78% in Q2 2022 compared to Q2 2021.

GENERAL AND ADMINISTRATIVE EXPENSES

CAD \$'000	3 months	3 months	6 months	6 months
	ended Jun 30, 2022	ended Jun 30, 2021	ended Jun 30, 2022	ended Jun 30, 2021
General administrative expenses	(389)	(240)	(799)	(718)
Legal, professional, consultancy and audit costs	(77)	(106)	(488)	(265)
IT/Software expenses	(185)	(70)	(390)	(122)
Taxes and licenses fees	(4)	(6)	(19)	(14)
Total	(655)	(422)	(1,696)	(1,119)

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.

Expenses increased by 62% in Q2 2022, to \$389,000 compared to \$240,000 in Q2 2021 mainly due to increased salary costs as they include additional administrative employees, with professional headcount in the team increasing from an average of 47 in Q2 2021 to 128 in Q2 2022 to help support the Group's growth.

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.

Expenses decreased by 28% in Q2 2022, to \$77,000 compared to \$106,000 in Q2 2021, due to lower expenses with environmental, legal, accounting, and IT consultancies.

IT/Software expenses

IT/Software expenses include software licenses such as Microsoft Office, Customer Relationship Management (CRM) software and enterprise resource planning (ERP).

Expenses increased by 166% in Q2 2022, to \$185,000 compared to \$70,000 in Q2 2022, mainly due to CRM and ERP consultants' services.

Taxes and licences

Taxes and licence expenses include general taxes, product branding and licence costs.



Expenses decreased in Q2 2022, to \$4,000 compared to \$6,000 in Q2 2021.

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 decreased by 94% in Q2 2022, to \$40,000 compared to \$693,000 in Q2 2021.

Q2 2022 RESULTS CONFERENCE CALL

The Company will host a conference call on Tuesday, August 16, 2022, at 11:00 am Eastern Time, to discuss Q2 2022 results and provide an update. Subscribe using the link below and receive the conference details by email.

Date:	Tuesday, August 16, 2022
Time:	11:00 am Eastern Time
Subscription link:	https://bit.ly/Q2-2022_Results_Presentation

The questions can be submitted in advance through the following link up to 48 hours before the conference call: https://bit.ly/VerdeAgriTech-Q2_2022-questions

The Company's first quarter financial statements and related notes for the period ended June 30, 2022 are available to the public on SEDAR at www.sedar.com and the Company's website at www.investor.verde.ag/.

ABOUT VERDE AGRITECH

Verde is an agricultural technology Company that produces potash fertilizers. Our purpose is to improve the health of all people and the planet. Rooting our solutions in nature, we make agriculture healthier, more productive, and profitable.

Verde is a fully integrated Company: it mines and processes its main feedstock from its 100% owned mineral properties, then sells and distributes the Product.

Verde's focus on research and development has resulted in one patent and eight patents pending.

Among its proprietary technologies are Cambridge Tech, 3D Alliance, MicroS Technology, N Keeper, and

Bio Revolution.⁶ Currently, the Company is fully licensed to produce up to 2.8 million tonnes per year of its multinutrient potassium fertilizers K Forte® and BAKS®, sold internationally as Super Greensand®.⁷

By the end of 2022, Verde aims to become Brazil's largest potash producer by capacity.⁸ Verde has a combined measured and indicated mineral resource of 1.47 billion tonnes at 9.28% K₂O and an inferred mineral resource of 1.85 billion tonnes at 8.60% K₂O (using a 7.5% K₂O cut-off grade).⁹ This amounts to 295.70 million tonnes of potash in K₂O. For context, in 2021 Brazil's total consumption of potash in K₂O was 7.92 million.¹⁰

Brazil ranks second in global potash demand and is its single largest importer, currently depending on external sources for over 96% of its potash needs. In 2021, potash accounted for approximately 2% of all Brazilian imports by dollar value.

CORPORATE PRESENTATION

For further information on the Company, please view shareholders' deck:

<https://verde.docsend.com/view/5ci6p9mqv6dfbgmf>

INVESTORS NEWSLETTER

Subscribe to receive the Company's updates at:

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

The last edition of the newsletter can be accessed at: <https://bit.ly/InvestorsNL-June2022>

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

⁶ Learn more about our technologies: <https://verde.docsend.com/view/yvthnpuv8jx6g4r9>

⁷ See the release at: <https://investor.verde.ag/2-5-million-tonnes-per-year-potash-mining-concession-granted-to-verde/>

⁸ See the release at: <https://investor.verde.ag/verde-to-reach-3-million-tonnes-potash-production-capacity-in-2022/>

⁹ As per the National Instrument 43-101 Standards of Disclosure for Mineral Projects within Canada ("NI 43 -101"), filed on SEDAR in 2017. See the Pre-Feasibility Study at: <https://investor.verde.ag/wp-content/uploads/2021/01/NI-43-101-Pre-Feasibility-Technical-Report-Cerrado-Verde-Project.pdf>

¹⁰ Union of the Agricultural Fertilizers and Correctives Industry, in the State of São Paulo ("SIACESP", from *Sindicato da Indústria de Fertilizantes e Corretivos Agropecuários, no Estado de São Paulo*).

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;
- (v) timing of disclosure for the PFS and recommendations from the Special Committee;
- (vi) the Company's competitive position in Brazil and demand for potash; and,
- (vii) 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, but are not limited to:

- (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) for the year ended December 31, 2021. 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.

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