

Q3 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.

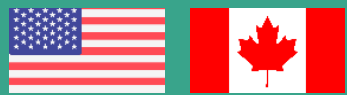
Have watched or will watch the [“Kiss the Ground” Netflix documentary.](#)

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

- Because of road issues limiting the logistics corridor to Plant 2, from September 09, 2022 to October 19, 2022, which is now resolved, peak season purchase orders had to be turned down.
- Despite that, the growth experienced throughout Q3 2022 reflects yet again the efforts and dedication of our team, and the market's growing demand for our Product.
- With Plant 2's commissioning, Verde is expected to continue its growth trajectory and improving bottom-line.
- The Company is no longer sold out and is receiving orders for 2022 and 2023.

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

Average exchange rate in Q3 2022: C\$1.00 = R\$3.99

Average exchange rate in Q3 2021: C\$1.00 = R\$4.26

Q3 2022 Highlights

- Cash** Ability to generate significant free cash flow in the long term.
- Cash utilised from investing activities increased in Q3 2022, to \$13.8M compared to \$0.8M in Q3 2021.
- Trade and other receivables increased 252% in Q3 2022, to \$29.0M compared to \$8.2M in Q3 2021.
- Total loans for CAPEX and working capital in September 30: \$19.1M.
- Profitability** Revenue increased by 156% in Q3 2022, to \$27,268,000 compared to \$10,651,000 in Q3 2021. Revenue in Brazilian Real (“R\$”) increased by y 140% in Q3 2022, to R\$109,056,000 compared to R\$45,409,000 in Q3 2021.
- Sales by volume increased by 23% in Q3 2022, to 189,548 tonnes sold compared to 153,674 tonnes sold in Q3 2021.
- Gross margin increased to 78% in Q3 2022, compared to 77% in Q3 2021.
- EBITDA before non-cash events increased by 123% in Q3 2022 to \$8,177,000, compared to \$3,665,000 in Q3 2021.
- Net profit increased by 103% in Q3 2022, to \$6,457,000 compared to \$3,182,000 in Q3 2021.
- Operations** In October 2022, the Company announced that its second production plant (“Plant 2”) achieved its nameplate production capacity of 1.2 million tonnes per year (“Mtpy”) of Product. Plant 2 was commissioned on August 31, 2022. In parallel, Plant 2 was undergoing an expansion process to be capable of producing 2.4Mtpy. Verde’s Plant 1 operates at a capacity of 0.6Mtpy; therefore, Verde’s overall production capacity is expected to be 3Mtpy once Plant 2 achieves its nameplate capacity of 2.4Mtpy, after its ramp up is concluded.

Q3 2022 Financial Statements

All amounts in CAD \$'000	Q3 2022	Q3 2021	% Δ	2022 YTD	2021 YTD	% Δ
Revenue	27,269	10,651	156%	63,434	16,858	276%
Production costs	(6,069)	(2,452)	148%	(14,055)	(4,440)	217%
Gross Profit	21,200	8,199	159%	49,379	12,418	298%
Gross Margin	78%	77%	N/A	78%	74%	N/A
Sales and product delivery freight expenses	(11,054)	(4,022)	175%	(23,095)	(6,789)	240%
General and administrative expenses	(1,970)	(512)	285%	(3,666)	(1,631)	125%
EBITDA ⁽¹⁾	8,177	3,665	123%	22,618	3,998	466%
Share Based and Bonus Payments (Non-Cash Event) ⁽²⁾	(20)	(14)	41%	(124)	(1,528)	(92%)
Depreciation and Amortisation ⁽²⁾	(84)	(19)	342%	(148)	(35)	321%
Profit on disposal of plant and equipment ⁽²⁾	-	-	N/A	-	9	N/A
Operating Profit after non-cash events	8,073	3,632	122%	22,346	2,444	814%
Interest Income/Expense	(722)	(98)	638%	(1,152)	(229)	403%
Net Profit before tax	7,351	3,534	108%	21,194	2,215	857%
Income tax ⁽³⁾	(893)	(352)	153%	(2,079)	(571)	264%
Net Profit	6,458	3,182	103%	19,115	1,644	944%

⁽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 \$'000	Q3 2022	Q3 2021	% Δ	2022 YTD	2021 YTD	% Δ
Tonnes sold '000	189	154	23%	503	266	89%
Revenue per tonne sold \$	144	69	108%	126	63	99%
Production cost per tonne sold \$	(32)	(16)	101%	(28)	(17)	67%
Gross Profit per tonne sold \$	112	52	114%	98	47	110%
Gross Margin	78%	77%	N/A	78%	74%	N/A

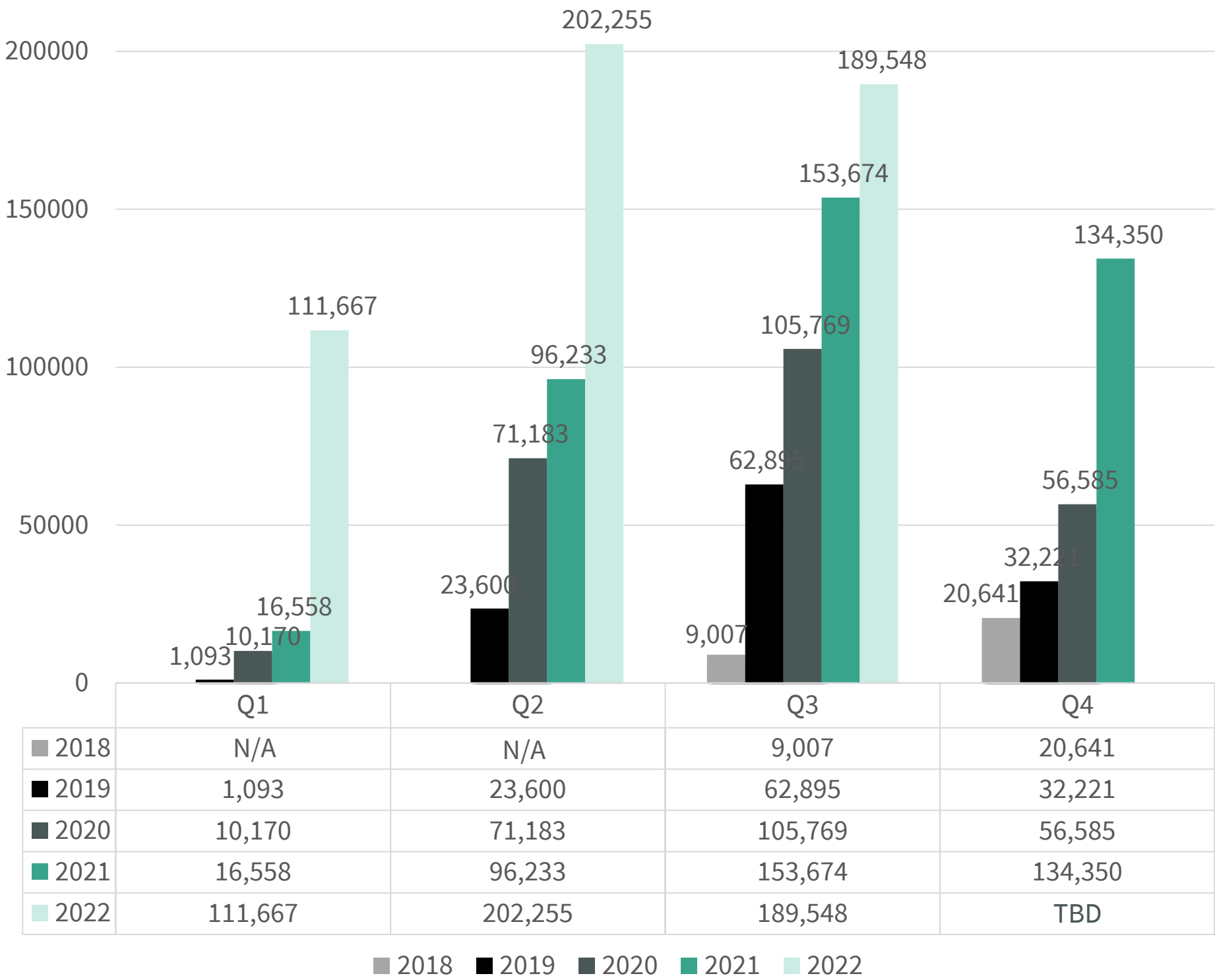
Operational Summary – Excluding freight revenue

All amounts in CAD, except percentages	Q3 2022	Q3 2021	% Δ	2022 YTD	2021 YTD	% Δ
Revenue per tonne sold \$	95	48	98%	88	44	102%
Production cost per tonne sold \$	(32)	(16)	101%	(28)	(17)	67%
Gross Profit per tonne sold \$	63	32	96%	60	27	123%
Gross Margin	66%	67%	N/A	68%	62%	N/A

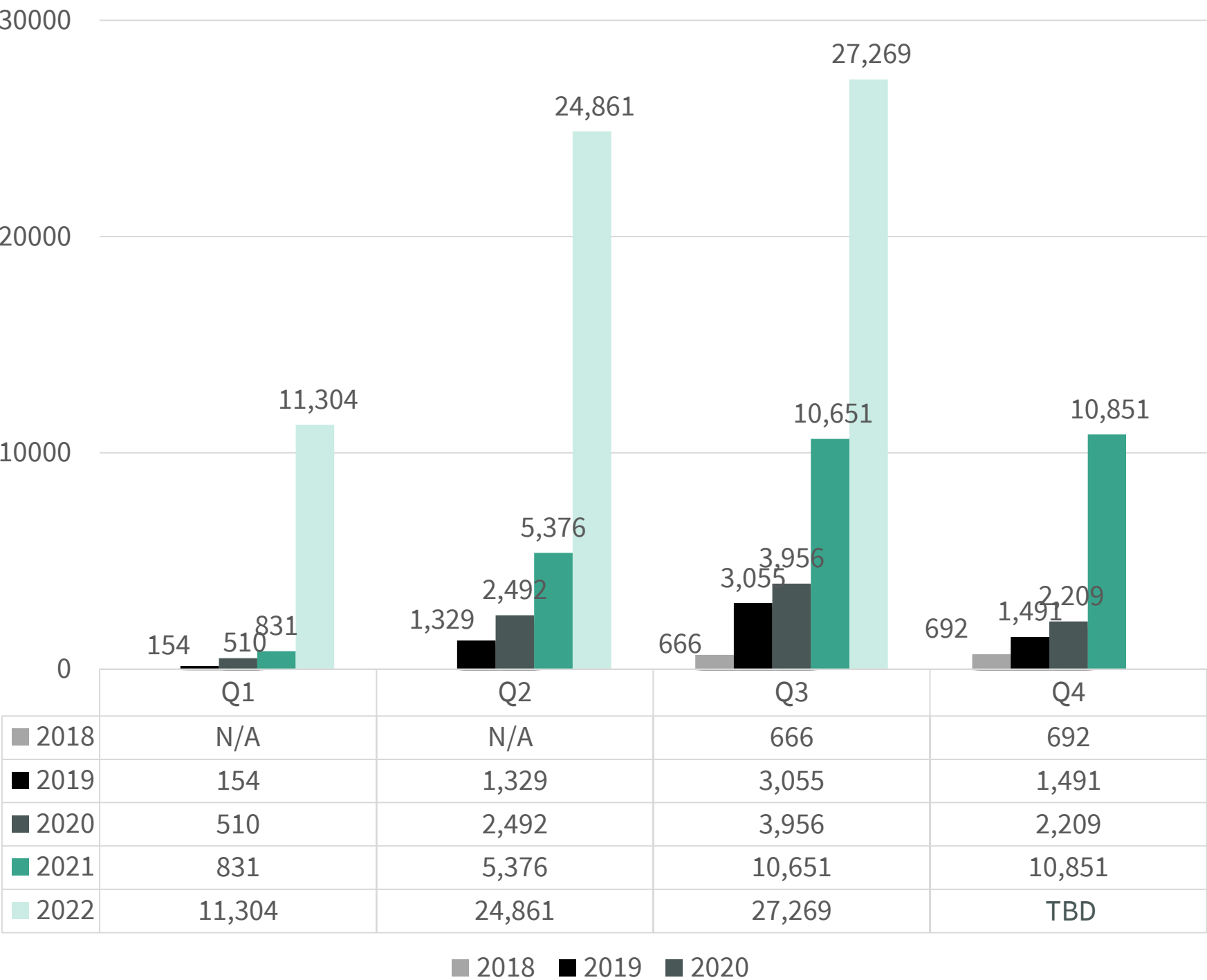
Excluding revenue with freight, the revenue per tonne and gross margin still improved in the quarter.

Key Metrics Quarterly

Sales (Tonnes)

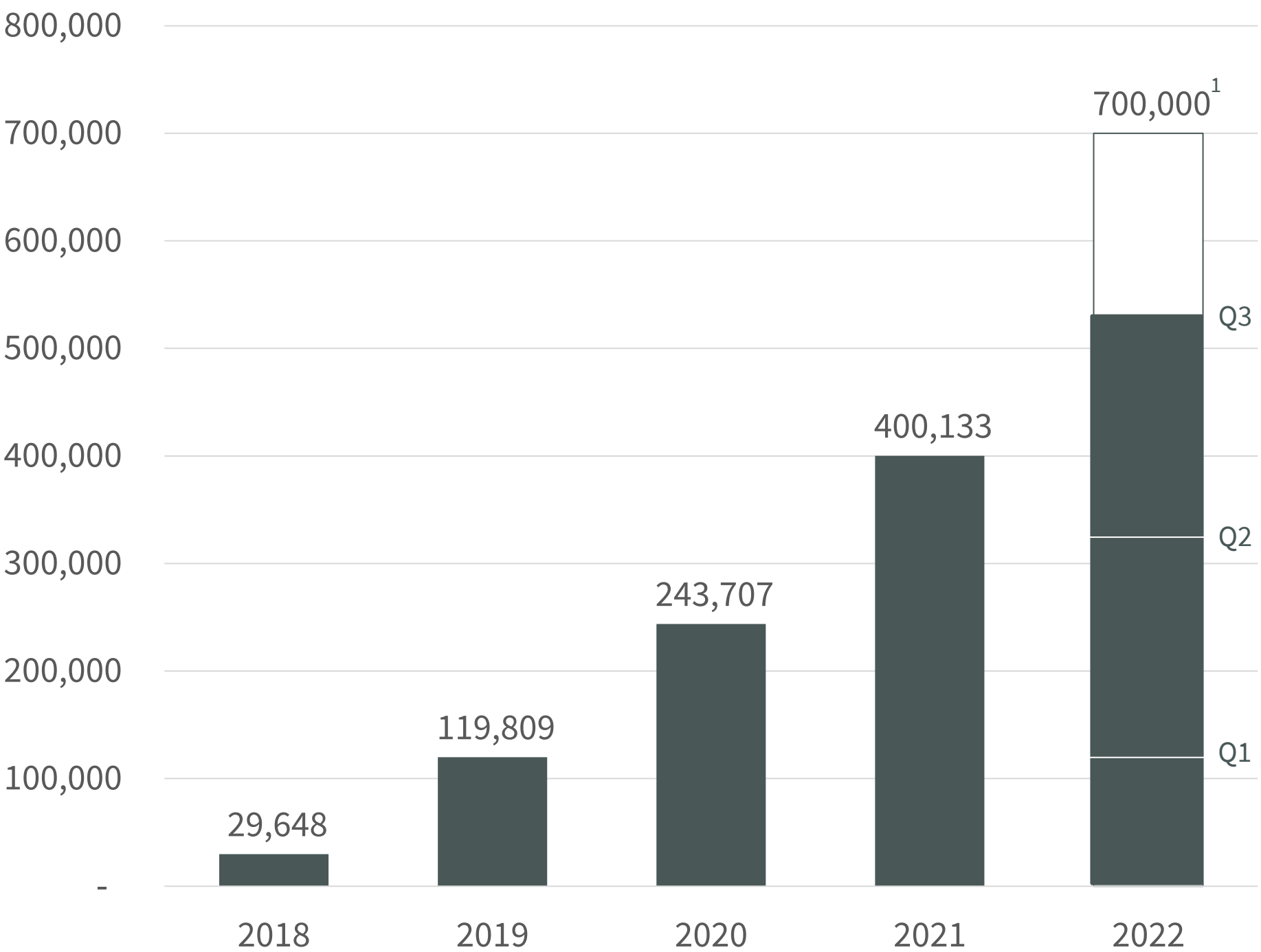


Revenue (‘000 CAD)

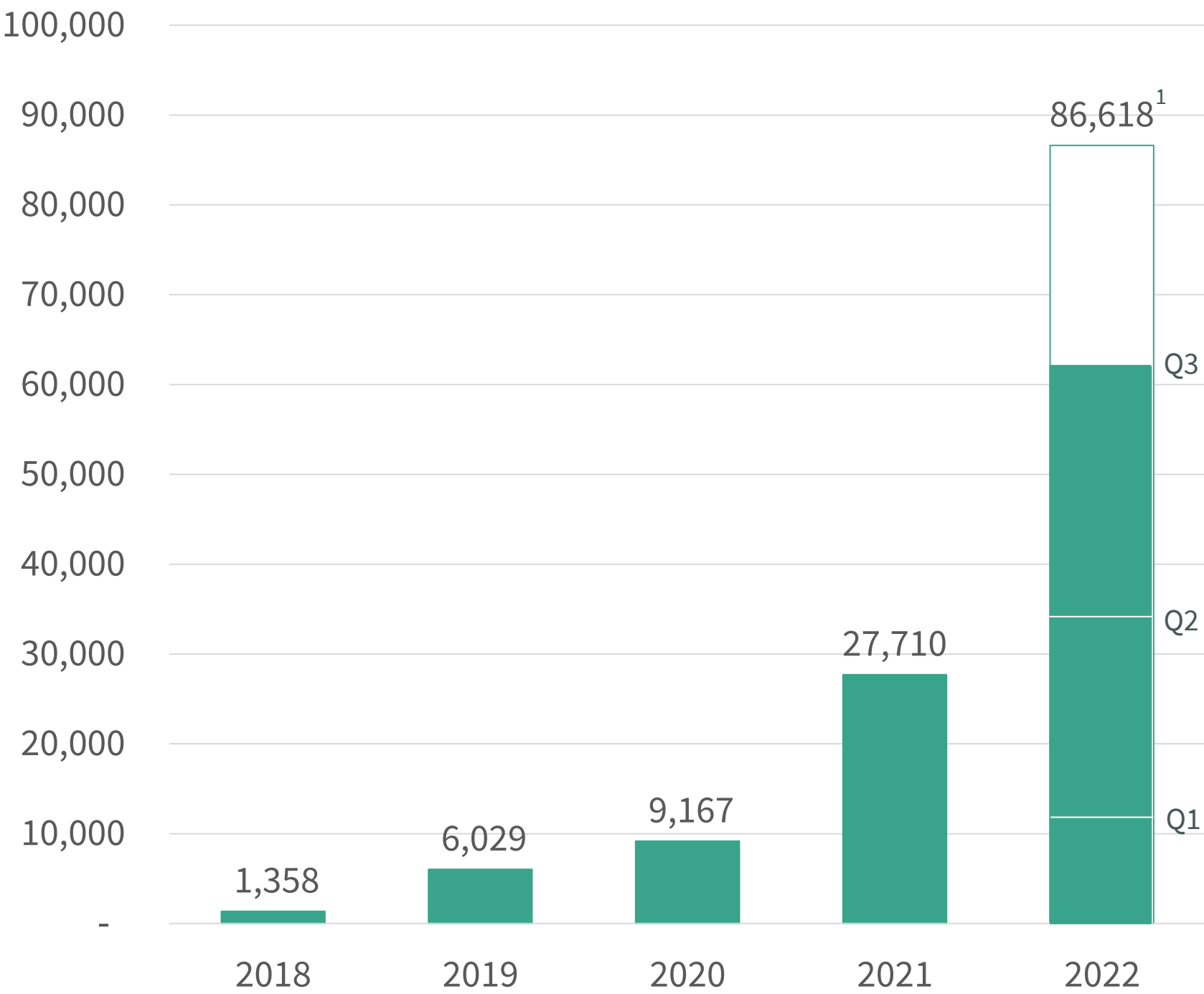


Key Metrics Yearly

Sales (Tonnes)

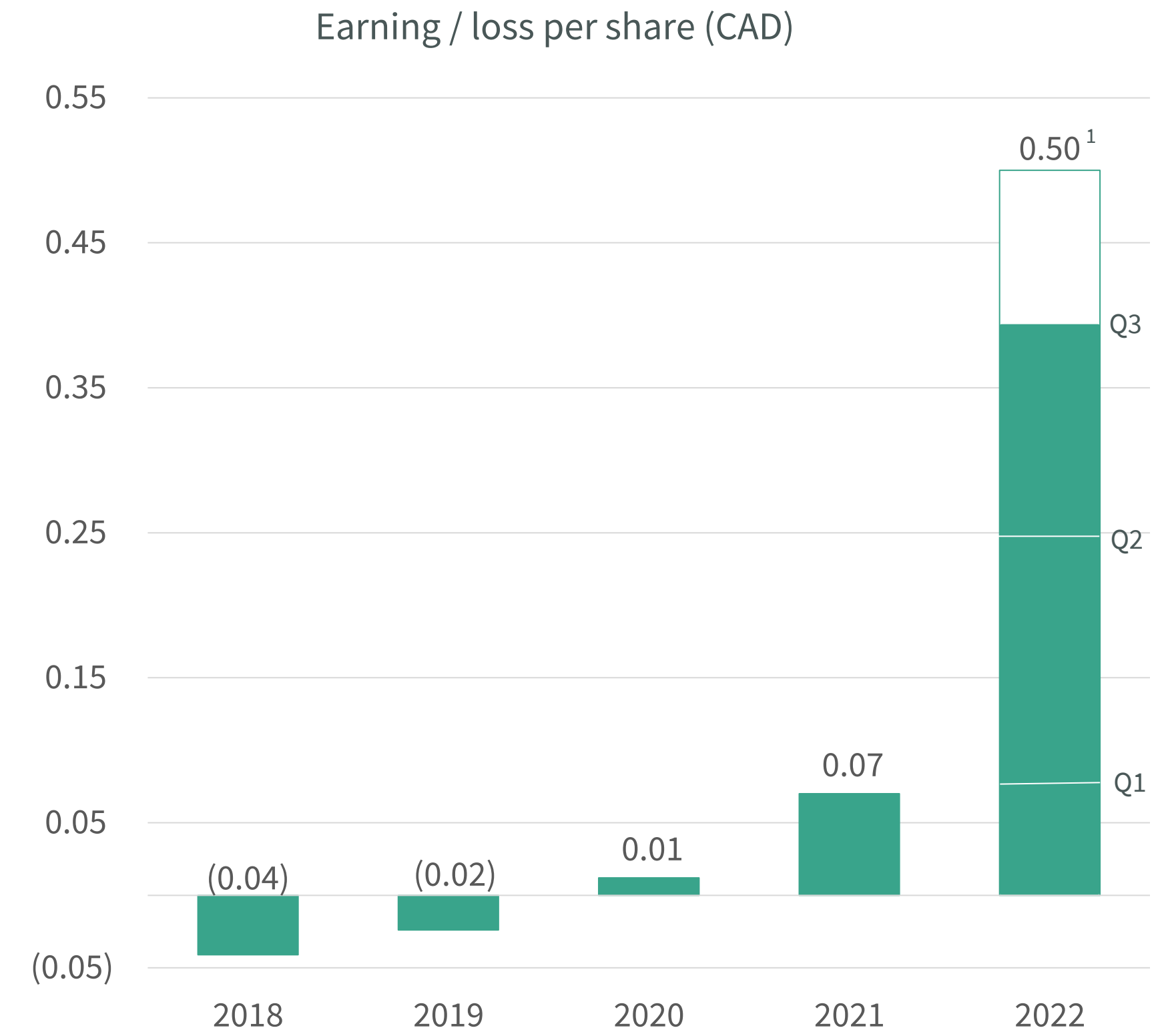
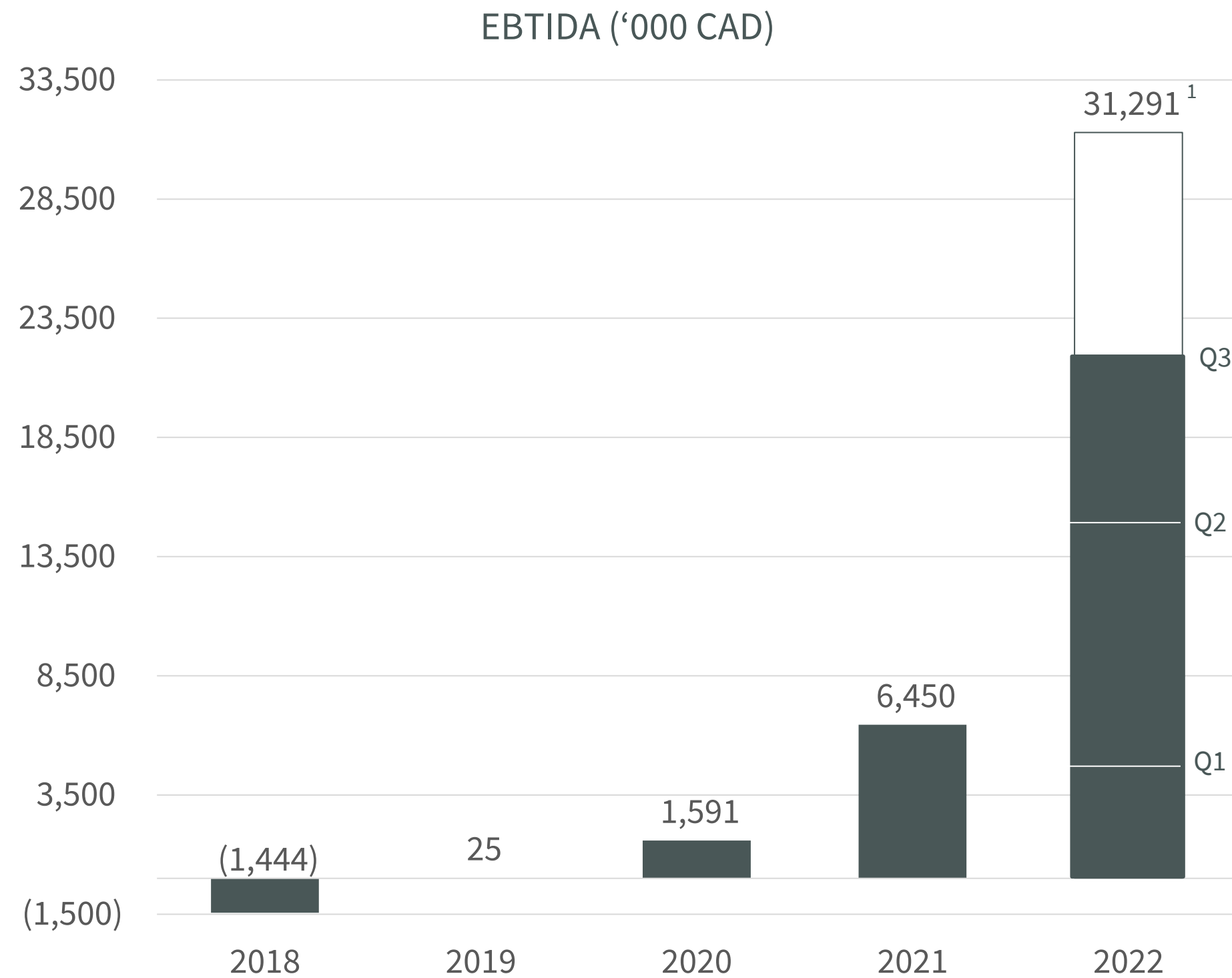


Revenue ('000 CAD)



1 - Targeted sales volume and revenue based on FY 2022 guidance. Average currency exchange rate: C\$1.00 = R\$4.40.

Key Metrics Yearly

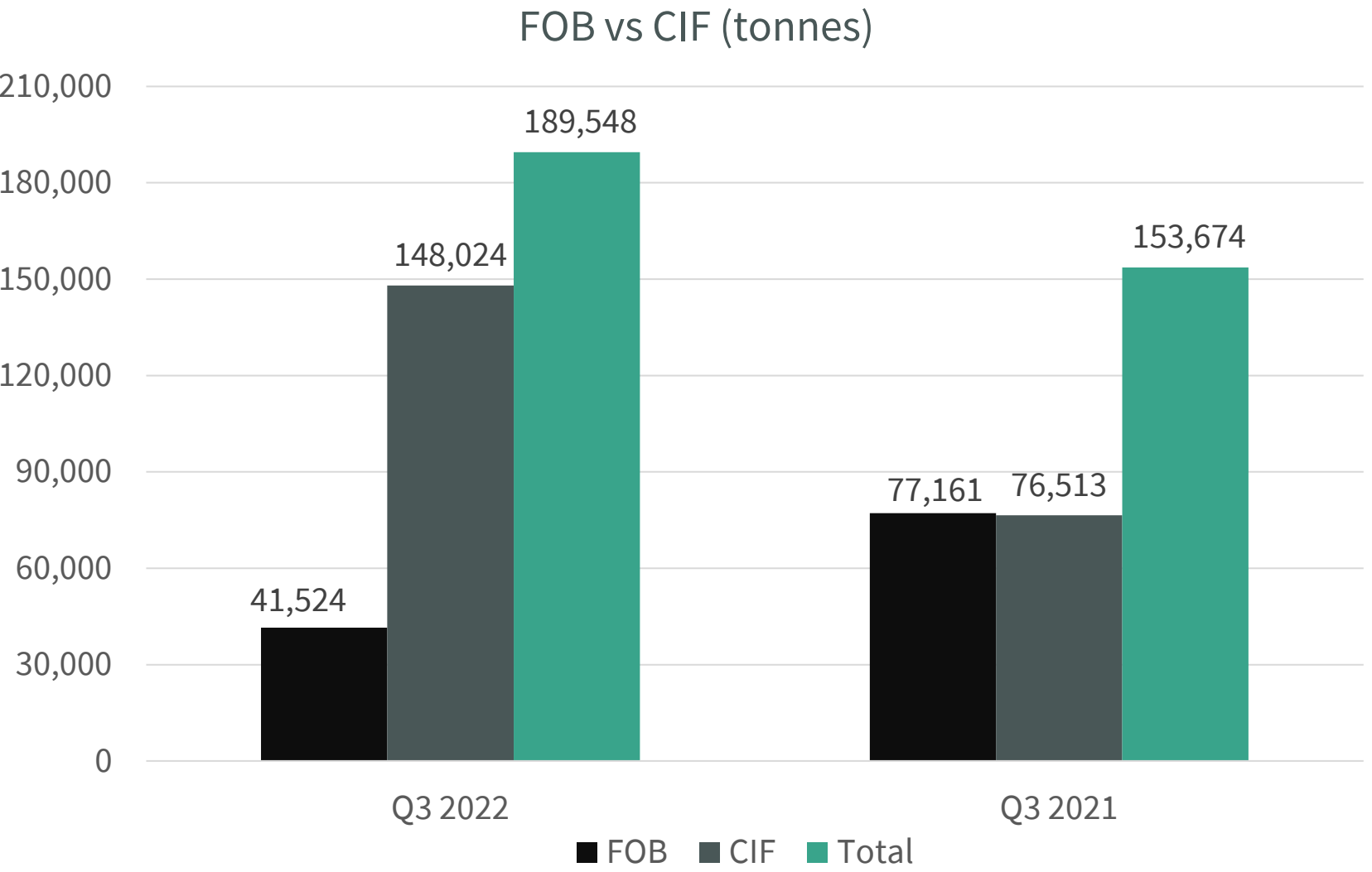


1 - Targeted EBTIDA and EPS based on FY 2022 guidance.

Sales, General and Administrative Expenses

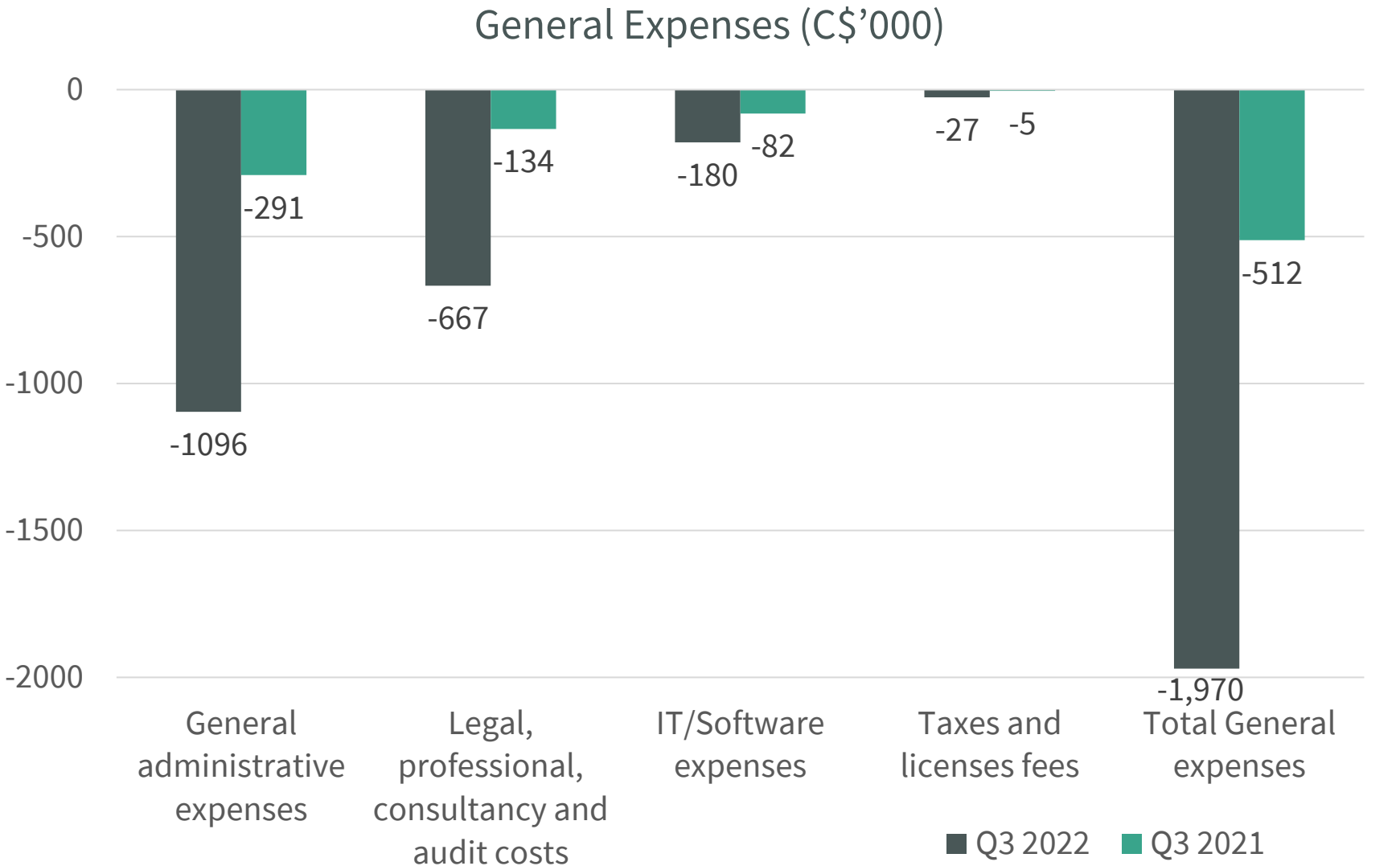
All amounts in CAD \$'000, except percentages	Q3 2022	Q3 2021	% Δ	YTD 2022	YTD 2021	% Δ
Sales Expenses						
Sales and marketing expenses	(1,385)	(600)	131%	(2,919)	(1,241)	135%
Fees paid to sales agents	(481)	(189)	155%	(976)	(260)	275%
Product delivery freight expenses	(9,187)	(3,233)	184%	(19,200)	(5,288)	263%
Total sales expenses	(11,053)	(4,022)	175%	(23,095)	(6,789)	240%
General expenses						
General administrative expenses	(1,096)	(291)	276%	(1,895)	(1,009)	88%
Legal, professional, consultancy and audit costs	(667)	(134)	398%	(1,155)	(399)	190%
IT/Software expenses	(180)	(82)	118%	(570)	(204)	179%
Taxes and licenses fees	(27)	(5)	489%	(46)	(19)	143%
Total General expenses	(1,970)	(512)	285%	(3,666)	(1,631)	125%

Other Highlights



Sales (tonnes)	Q3 2022	Q3 2021	% Δ
FOB	41,524	77,161	(46%)
CIF	148,024	76,513	93%
Total	189,548	153,674	23%

The Company has significantly increased the volume sold as CIF, from 50% of total sales in Q3 2021 to 78% in Q3 2022.

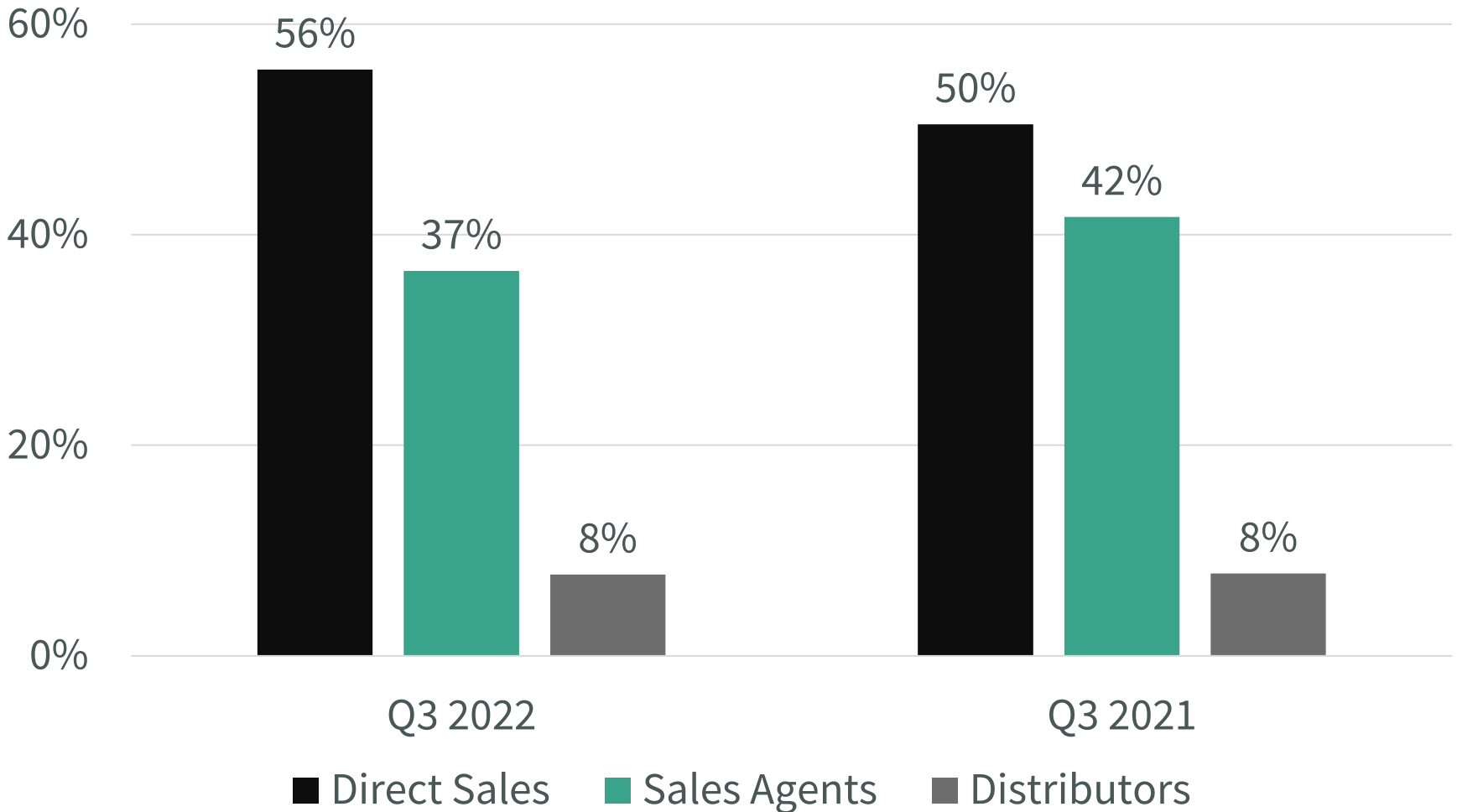


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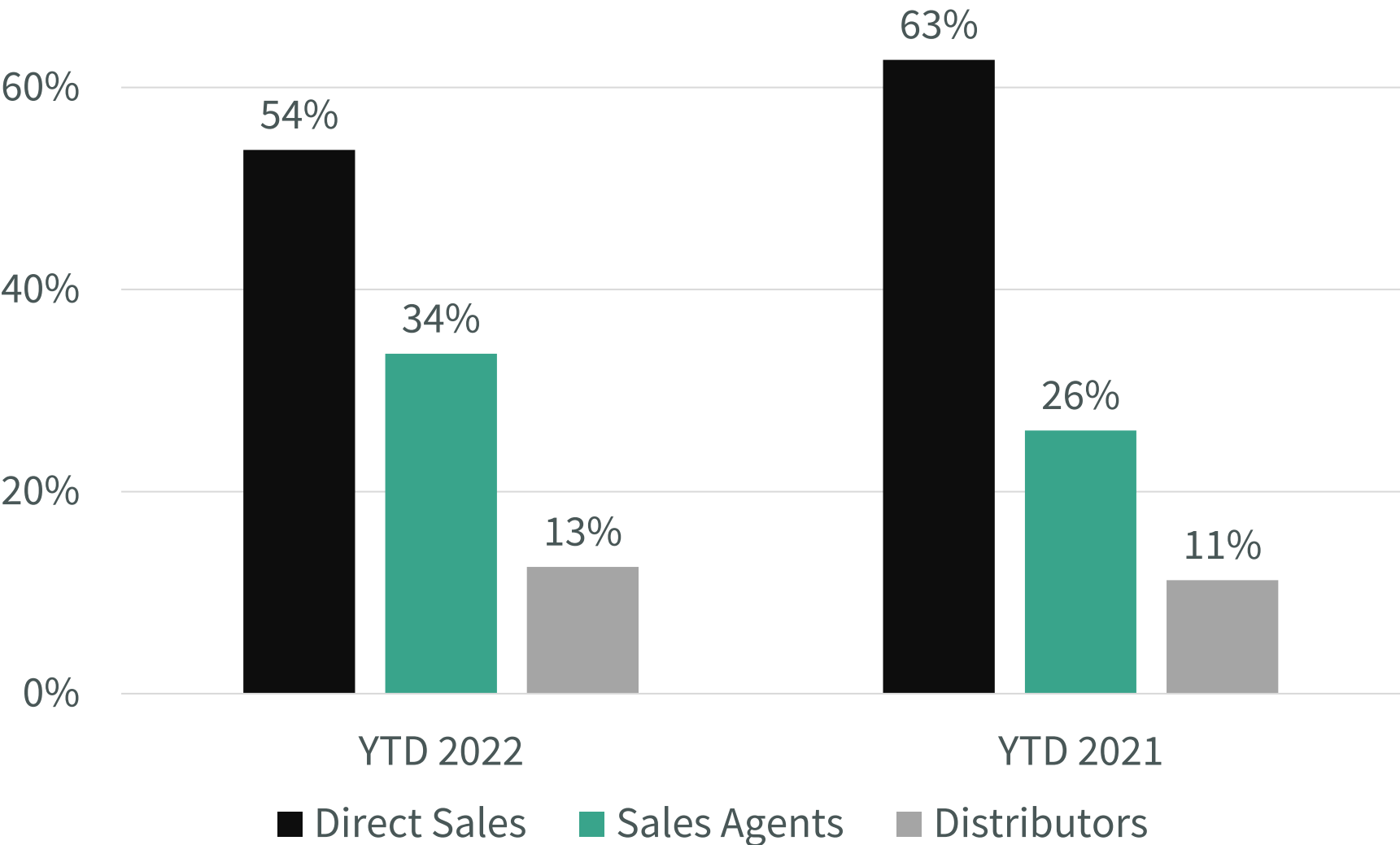
Expenses increased by 276% in Q3 2022, to \$1.1M compared to \$291k in Q3 2021 mainly due to an accrual of \$450,000 in management bonuses that was set aside in Q3.

Sales Channels

Sales channels quarterly (% of total sales)



Sales channels yearly (% of total sales)



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 Sep 30, 2022 (C\$'000)	Repayable by	Total interest payable*
Votorantim	Sep, 2022	Working capital	12	30	10,000	2,539	Mar, 2025	*CDI+5.10%
Brazil	Sep, 2022	Working capital	6	24	5,000	1,269	Sep, 2024	*CDI+3.00%
Bradesco	Aug, 2022	Equipment	6	24	5,597	1,413	Oct, 2024	**IPCA+5.19%
ABC Brazil	Aug, 2022	Working capital	5	24	3,500	889	Sep, 2024	*CDI+7,44%
ABC Brazil	Aug, 2022	Working capital	6	24	1,500	381	Sep, 2024	*CDI+7,44%
Santander	Aug, 2022	Working capital	3	24	12,000	3,047	Aug, 2024	*CDI+4,85%
ABC Brazil	Aug, 2022	Working capital	6	30	2,500	635	Mar, 2025	*CDI+7,44%
Brazil	Aug, 2022	Working capital	6	18	5,000	1,270	Aug, 2023	*CDI+3,00%
BDMG	Apr, 2022	Working capital	24	72	3,000	1,211	Mar, 2030	***TJLP+5,00%
Santander	Feb, 2022	Equipment	03	36	260	61	Feb, 2025	* CDI + 4,60%

* - CDi (Certificado de Depósito Interbancário) is the average of interbank overnight rates in Brazil. As at September 30, 2022, the 12 months cumulative rate was 10.90%.

** - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at September 30, 2022 the 9 months cumulative rate was 8.73%.

*** - TJLP (Taxa de Juros de Longo Prazo) is the long term interest rate in Brazil. As at September 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 Sep 30, 2022 (C\$'000)	Repayable by	Total interest payable*
Santander	Feb, 2022	Equipment	03	36	888	226	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	1,340	313	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	2,169	508	Jan, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	888	208	Jan, 2025	* CDI + 4,60%
Brazil	Jan, 2022	Working capital	06	36	5,000	1,169	Dec, 2024	* CDI+2,92%
Various loans	Pre 2022				23,723	4,001		
Total					82,365	19,140		

The Group's average current loan rates is 14.66% per annum. The Brazilian Government long term bond rate is currently 13.75% per annum.

* - CDi (Certificado de Depósito Interbancário) is the average of interbank overnight rates in Brazil. As at September 30, 2022, the 12 months cumulative rate was 10.90%.

2022 guidance

Verde achieved is EPS, EBITDA, revenue and sales guidance for Q3 2022. The table below compares the Company's 2022 to 2021 results.

Period	Year	EPS (C\$)	EBITDA ¹ (C\$'000)	Revenue (C\$'000)	Sales (tonnes)
Q1	2021	-0.04	-887	831	16,558
	2022	0.06	3,678	11,304	111,667
	% Δ	N/A	N/A	1260%	574%
Q2	2021	0.01	1,220	5,376	96,233
	2022	0.19	10,765	24,861	202,255
	% Δ	3700%	782%	362%	110%
Q3	2021	0.06	3,665	10,651	153,674
	2022	0.12	8,177	27,269	189,548
	% Δ	117%	123%	156%	23%
Q4	2021	0.04	2,452	10,851	134,350
	2022	-	-	-	-
	% Δ	-	-	-	-
FY	2021	0.07	6,450	27,709	400,133
	2022	-	-	-	-
	% Δ	-	-	-	-

1- Before non-cash events.

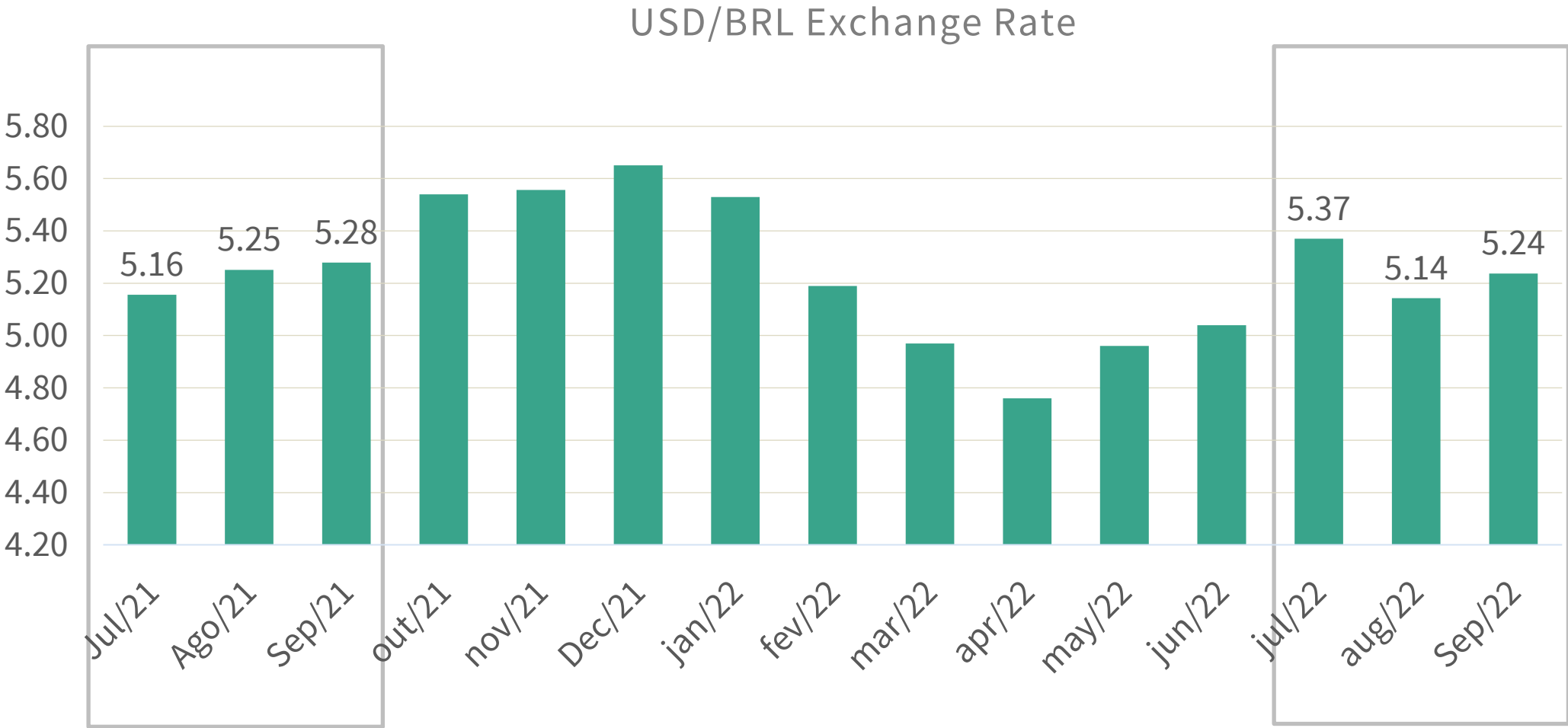


Brazilian Economic Scenario

Brazilian Real versus US Dollar

From January to March 2022, the Brazilian Real devalued by 0.4% in relation to US Dollar, compared to the same period of 2020.

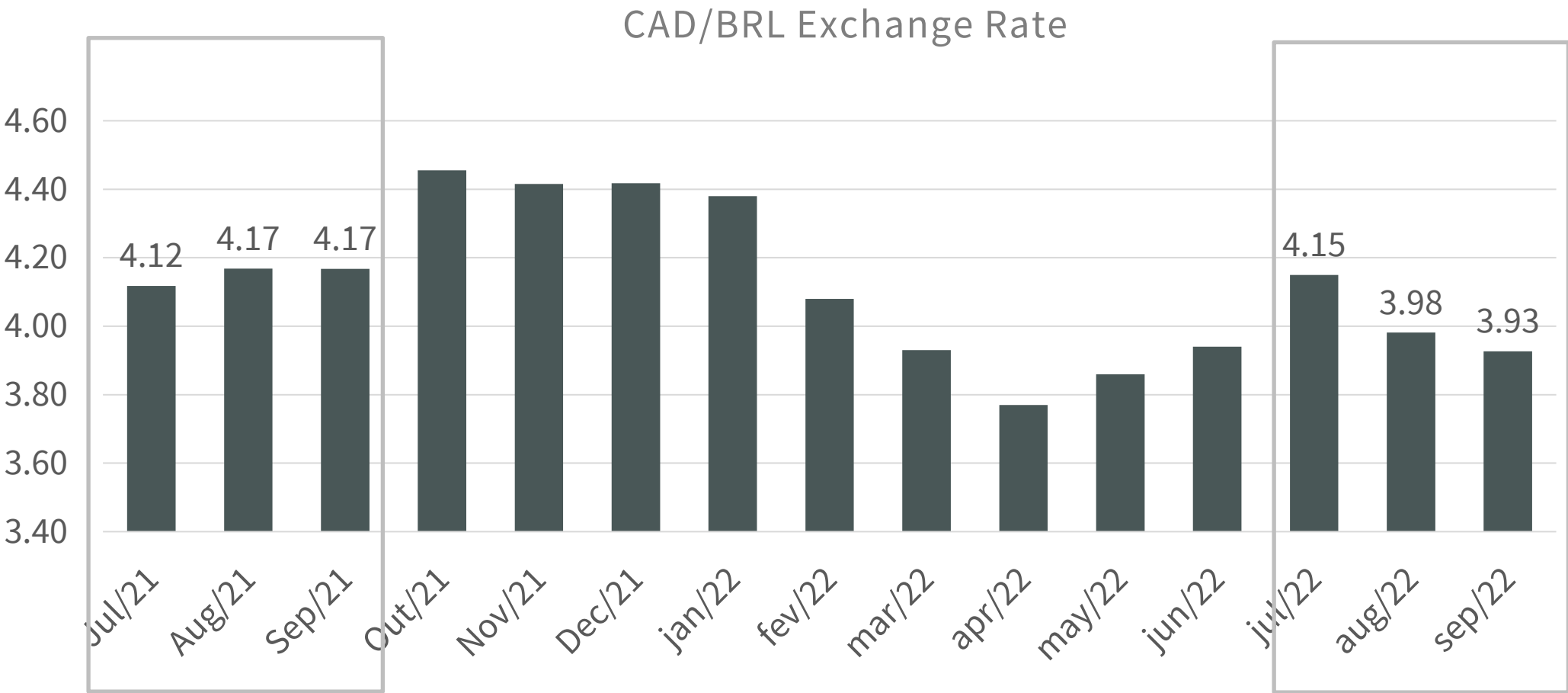
As of November 14, 2022, US\$1.00 = R\$5.30



Brazilian Real versus Canadian Dollar

From January to March 2022, the Brazilian Real valued by 3% in relation to Canadian Dollar, compared to the same period of 2021.

As of November 14, 2022, C\$1.00 = R\$3.99

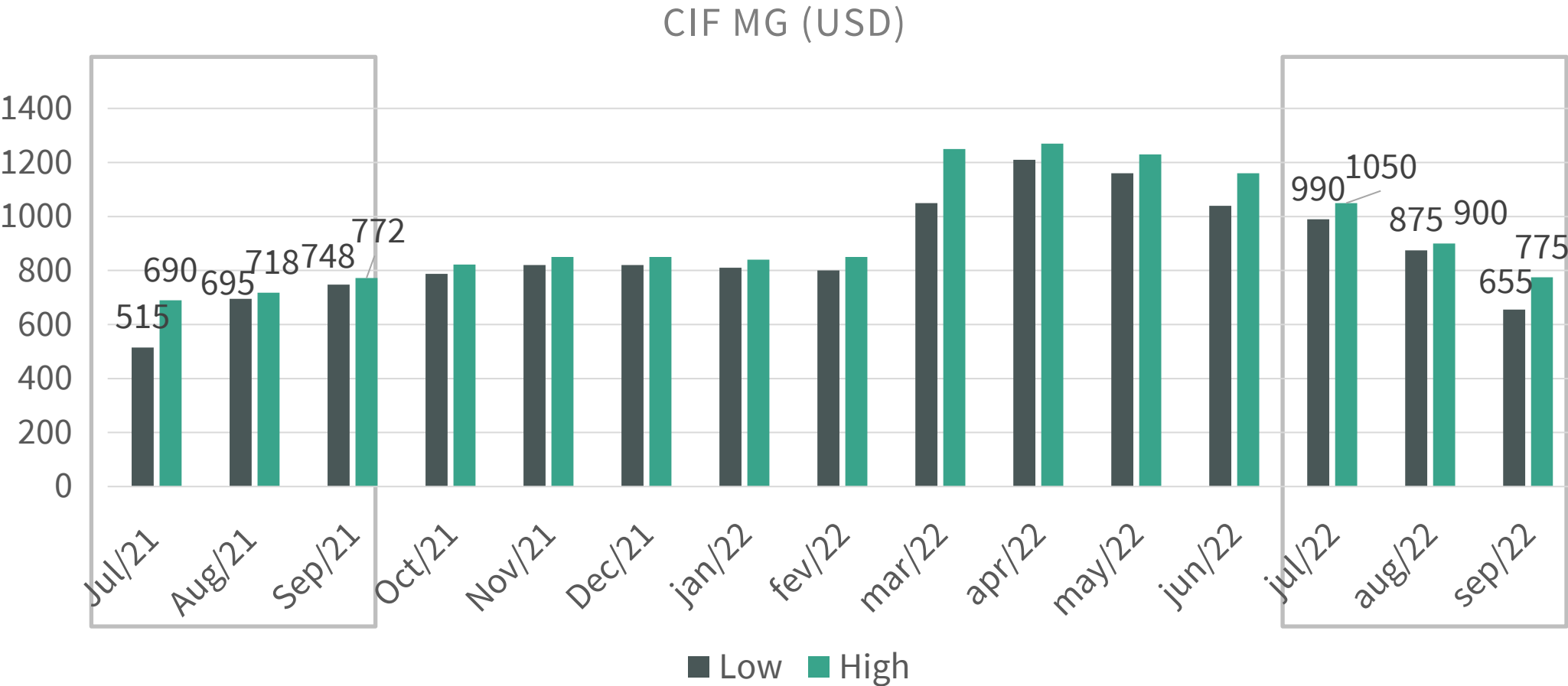


Source: <https://www.bcb.gov.br/estabilidadefinanceira/historicocotacoes>

Potassium Chloride Price

Fluctuations in potassium chloride CIF (Minas Gerais) prices

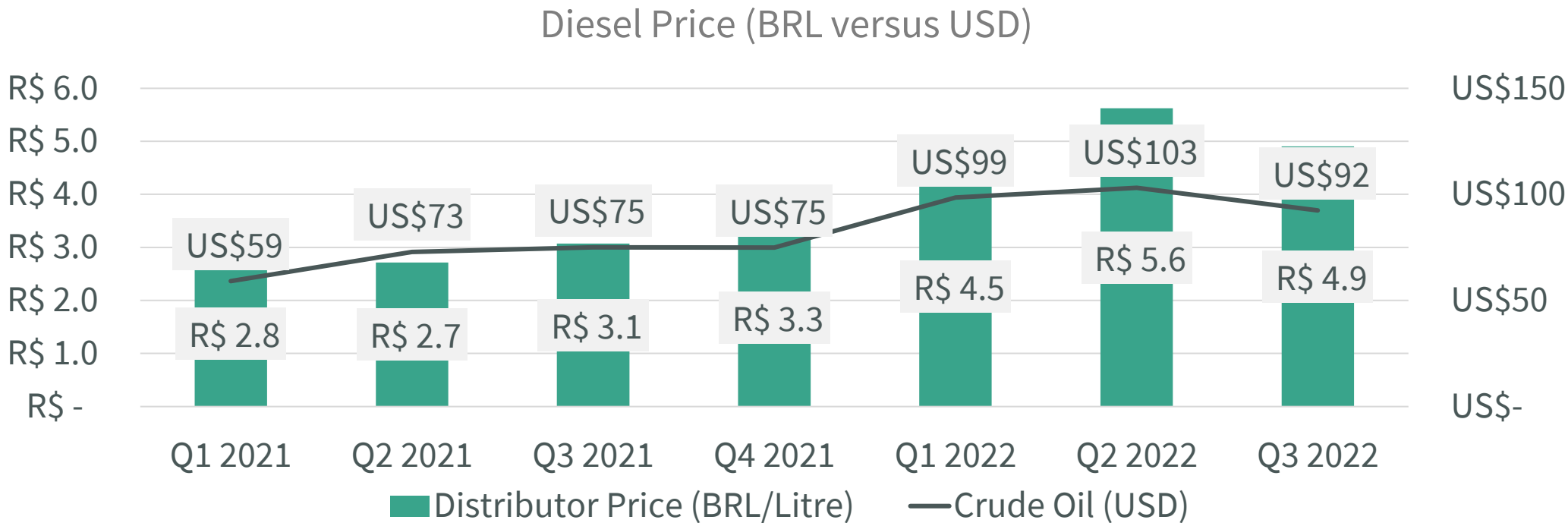
	KCl CIF (Minas Gerais) Lowest Price	KCl CIF (Minas Gerais) Highest Price
Q3 2022	US\$640	US\$1,050
Q3 2021	US\$605	US\$790
%	6%	33%



Diesel and Crude Oil Prices

Diesel price sold by distributors in Brazil increased by 60% in Q3 2022 compared to Q3 2021. Crude Oil international price decreased by 23% in the same period.

Diesel price decreased by 13% in Q3 2022 compared to Q3 2021.



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

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 Q3 2021	238.14M litres
Since production started	1.63B 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.

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.

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>



TSX: **NPK** | OTCMKTS: **VNPKF**

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