

VERDE AGRITECH LIMITED

UNAUDITED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

FIRST QUARTER ENDED 31 MARCH 2023



VERDE AGRITECH LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3
Statement of Cash Flows	4
Consolidated Statement of Changes in Equity	5
Notes to the Consolidated Financial Statements	6

VERDE AGRITECH LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE

FIRST QUARTER ENDED 31 MARCH 2023

The accompanying unaudited consolidated financial statements of Verde AgriTech Limited ("Verde", the "Company", or the "Group") for the first quarter ended 31 March 2023 have been prepared by and are the responsibility of the Company's management. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Auditing and Assurance Board ("IAASB") and do not include all of the information and disclosures that would be required by International Financial Reporting Standards for annual audited financial statements. The interim consolidated financial statements should be read in conjunction with the Group's audited financial statements including the notes thereto for the year ended 31 December 2022. The financial information has not been reviewed or audited by the Group's auditor.

These financial statements have been approved by the Audit Committee and the Board of Directors of the Group.

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Quarter ended 31 March 2023

All amounts expressed in Canadian Dollars.

	Note	3 Months ended 31 Mar 2023 \$'000	3 Months ended 31 Mar 2022 \$'000
Revenue		11,125	11,304
Production costs		(3,574)	(2,654)
Gross Profit		7,551	8,650
Sales and distribution expenses		(5,074)	(3,931)
General and administrative expenses		(1,447)	(1,131)
Operating Profit		1,030	3,588
Finance income		78	53
Finance costs		(1,120)	(238)
Net (Loss) / Profit before tax		(12)	3,403
Income tax		(96)	(370)
Net (Loss) / Profit		(108)	3,033

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations	1,824	3,515
Total comprehensive profit for the period attributable to equity holders of the parent	1,716	6,548

(Loss) / Earnings per share (\$)			
Basic (loss) / earning per share	4	(0.002)	0.060
Diluted (loss) / earning per share	4	(0.002)	0.057

VERDE AGRITECH LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

All amounts expressed in Canadian Dollars.

Assets	Note	31 Mar 2023	31 Dec 2022
		(\$'000)	(\$'000)
Property, plant and equipment	5	48,855	46,352
Right-of-use asset	6	175	174
Mineral properties	7	19,278	18,619
Total non-current assets		68,308	65,145
Inventory		2,652	2,469
Trade and other receivables		29,996	28,533
Cash and cash equivalents	11	4,289	1,163
Total current assets		36,937	32,165
Total assets		105,245	97,310
Equity attributable to the equity holders of the parent			
Issued capital	9	20,611	20,611
Share premium / capital contribution		49,862	49,862
Merger reserve		(4,557)	(4,557)
Translation reserve		(12,646)	(14,470)
Accumulated losses		(3,175)	(3,095)
Total equity		50,095	48,351
Liabilities			
Interest-bearing loans and borrowings	10	25,257	19,977
Lease liabilities	6	186	178
Total non-current liabilities		25,443	20,155
Trade and other payables		9,494	10,586
Interest-bearing loans and borrowings	10	20,149	18,131
Lease liabilities	6	64	87
Total current liabilities		29,707	28,804
Total liabilities		55,150	48,959
Total equity and liabilities		105,245	97,310

VERDE AGRITECH LIMITED

STATEMENT OF CASH FLOWS

For the Quarter Ended 31 March 2023

All amounts expressed in Canadian Dollars.

Cash flows from operating activities	3 months ended 31 Mar 2023	3 months ended 31 Mar 2022
	\$'000	\$'000
Operating profit	1,030	3,588
Depreciation	925	97
Amortisation of mineral property	72	30
Foreign exchange differences	(495)	392
Share-based payments	28	64
Increase in inventories	(184)	(1,680)
Increase in receivables	(1,463)	(2,563)
(Decrease) / Increase in payables	(821)	3,759
Cash (utilised in) / generated from operations	(908)	3,687
Interest paid	(1,136)	(217)
Taxation paid	(1,233)	(186)
Net cash (utilised in) / generated from operating activities	(3,277)	3,284
Cash flows from investing activities		
Interest received	78	53
Acquisition of mineral property assets	(1,494)	(209)
Acquisition of property, plant and equipment	(473)	(3,226)
Net cash utilised in investing activities	(1,889)	(3,382)
Cash flows from financing activities		
Bank loans received	8,163	2,775
Proceeds from issue of shares	-	30
Net cash generated from financing activities	8,163	2,805
Net increase in cash and cash equivalents	2,997	2,707
Cash and cash equivalents at beginning of period	1,163	1,534
Effect of exchange rate fluctuations on cash held	129	443
Cash and cash equivalents at end of period	4,289	4,684

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts expressed in Canadian Dollars.

	Share capital (\$'000)	Share premium / Capital contribution (\$'000)	Merger reserve (\$'000)	Translation reserve (\$'000)	Accumulated losses (\$'000)	Total (\$'000)
Balance at 1 January 2022	20,464	48,933	(4,557)	(17,417)	(21,065)	26,358
Comprehensive profit						
Profit for the period	-	-	-	-	3,033	3,033
Foreign exchange translation differences	-	-	-	3,515	-	3,515
Total comprehensive profit for the period	-	-	-	3,515	3,033	6,548
Transactions with owners						
Issue of share capital	72	27	-	-	-	99
Share-based payments	-	-	-	-	64	64
Total transactions with owners	72	27	-	-	64	163
Balance at 31 March 2022	20,536	48,960	(4,557)	(13,902)	(17,968)	33,069
Comprehensive profit						
Profit for the period	-	-	-	-	14,771	14,771
Foreign exchange translation differences	-	-	-	(568)	-	(568)
Total comprehensive profit for the period	-	-	-	(568)	14,771	14,203
Transactions with owners						
Issue of share capital	793	371	-	-	-	1,164
Transfer between share capital and capital contribution	(718)	718	-	-	-	-
Relocation expenses relating to capital restructure	-	(187)	-	-	-	(187)
Share-based payments	-	-	-	-	102	102
Total transactions with owners	75	902	-	-	102	1,079
Balance at 31 December 2022	20,611	49,862	(4,557)	(14,470)	(3,095)	48,351
Balance at 1 January 2023	20,611	49,862	(4,557)	(14,470)	(3,095)	48,351
Comprehensive profit						
Loss for the period	-	-	-	-	(108)	(108)
Foreign exchange translation differences	-	-	-	1,824	-	1,824
Total comprehensive profit for the period	-	-	-	1,824	(108)	1,716
Transactions with owners						
Issue of share capital	-	-	-	-	-	-
Share-based payments	-	-	-	-	28	28
Total transactions with owners	-	-	-	-	28	28
Balance at 31 March 2023	20,611	49,862	(4,557)	(12,646)	(3,175)	50,095

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Nature of operation and going concern

The Directors have prepared cash flow forecasts for the Group covering a period through to the end of June 2024 which shows income from revenue supporting capital, operating and administrative expenses throughout the period and compliance with loan repayment schedules, including covenant compliance. As at March 31, 2023, the Group had current assets of \$36,937,000 and current liabilities of \$29,707,000 providing a working capital surplus of \$7,230,000. Having prepared budgets and cash flow forecasts based on current resources and assessing the financial resources available through trading activities and borrowing facilities, the Directors believe the Group has sufficient resources to meet its obligations for a period of at least 12 months from the date of approval of these financial statements.

The cash forecast to June 2024 is based on the ramp up of production to 1,000,000 tpy. Based on the Group's experience and saleability of the products, along with forward orders taken, the Directors consider that the mine in full operation will generate sufficient cash flows to continue its operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the annual financial statements.

The group has complied with all borrowing terms and covenants as set by lenders.

2. Significant accounting policies

Verde AgriTech Limited (the "Company") is a company registered in Singapore. The consolidated financial statements of the Group for the period ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

On July 29, 2022, Verde AgriTech Limited acquired 100% of the issued capital of Verde Agritech Plc (a company registered in England and Wales) by way of a scheme of arrangement.

As part of the redomicile, Verde Agritech Plc ordinary shares were exchanged on a one-for-one basis for common shares of Verde AgriTech Limited and are accounted for as a continuation of Verde Agritech Plc.

The Group is primarily involved in the acquisition and development of mineral resource assets. The interim financial statements have been drawn up in accordance with International Accounting Standard 34 'Interim Financial Reporting' issued by the IASB.

The financial information contained in this interim report does not constitute statutory accounts. The financial information contained in this interim report has not been reviewed or audited by the Group's auditor.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2022. The annual financial statements are prepared in accordance with international accounting standards and with IFRSs as promulgated by the International Accounting Standards Board ("IASB") and their interpretations issued by the IFRIC.

In the opinion of management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Group's audited financial statements and notes for the year ended 31 December 2022.

The statutory accounts for the year ended 31 December 2022 have been filed with SEDAR. The auditors' report on these accounts was unqualified

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

3. Operating segments

The Group's operations relate to the mining and sale of mineral deposits in Brazil with support provided from the Singapore and the UK and as such, the Group has only one operating segment.

4. (Loss) / Earnings per share

Basic (loss) / earnings per share

The calculation of basic loss per share at 31 March 2023 was based on the loss attributable to ordinary shareholders of \$108,000 (31 March 2022: \$3,033,000) and a weighted average number of Ordinary Shares outstanding during the period ended 31 March 2023 of 52,597,951 (31 March 2022: 50,411,197) calculated as follows:

(Loss) / Profit attributable to ordinary shareholders

	3 months ended 31 Mar 2023	3 months ended 31 Mar 2022
(Loss) / Profit for the period (\$'000)	(108)	3,033
(Loss) / Profit attributable to ordinary shareholders (\$'000)	(108)	3,033

Weighted average number of ordinary shares

	Number 31 Mar 2023	Number 31 Mar 2022
Weighted average number of ordinary shares outstanding – basic ('000)	52,598	50,411
Dilutive Stock options	1,318	2,546
Weighted average number of ordinary shares outstanding – dilutive ('000)	53,916	52,957
Basic (loss)/ earnings per share	(\$0.002)	\$0.060
Diluted (loss) / earnings per share	(\$0.002)	\$0.057

The determination of the weighted average number of ordinary shares outstanding for the calculation of diluted earnings per share does not include the following effect of stock options which were anti-dilutive to earnings per share in the period:

	3 months ended 31 Mar 2023	3 months ended 31 Mar 2022
Anti-dilutive Stock options	272	1,154

Details of share options that could potentially dilute earnings per share in future periods are set out in note 9.

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

5. Property, plant and equipment

(\$'000)	Land and buildings	Plant and equipment	Computer equipment	Furniture and fixtures	Total
Cost					
Balance at 1 January 2022	1,996	2,149	358	288	4,791
Additions	24,045	17,167	365	46	41,623
Disposals	-	(78)	-	-	(78)
Effect of movements in foreign exchange	653	533	48	37	1,271
Balance at 31 December 2022	26,694	19,771	771	371	47,607
Balance at 1 January 2023	26,694	19,771	771	371	47,607
Additions	14	1,450	28	1	1,493
Effect of movements in foreign exchange	1,105	847	31	15	1,998
Balance at 31 March 2023	27,813	22,068	830	387	51,098

Depreciation and impairment losses					
Balance at 1 January 2022	-	492	94	98	684
Depreciation charge for the year	-	494	68	6	568
Depreciation on disposals	-	(78)	-	-	(78)
Effect of movements in foreign exchange	-	59	10	12	81
Balance at 31 December 2022	-	967	172	116	1,255
Balance at 1 January 2023	-	967	172	116	1,255
Depreciation charge for the period	-	895	17	6	918
Effect of movements in foreign exchange	-	59	6	5	70
Balance at 31 March 2023	-	1,921	195	127	2,243

Carrying amounts					
At 1 January 2022	1,996	1,657	264	190	4,107
At 31 December 2022	26,694	18,804	599	255	46,352
At 1 January 2023	26,694	18,804	599	255	46,352
At 31 March 2023	27,813	20,147	635	260	48,855

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

6. Right-of-use assets

Cost	Total (\$'000)
Balance 1 January 2022	-
Additions	198
Effect of movements in foreign exchange	3
Balance at 31 December 2022	201
Balance 1 January 2023	201
Effect of movements in foreign exchange	9
Balance at 31 March 2023	210
Amortisation	
Balance 1 January 2022	-
Amortisation charge for the year	26
Effect of movements in foreign exchange	1
Balance at 31 December 2022	27
Balance 1 January 2023	27
Amortisation charge for the period	7
Effect of movements in foreign exchange	1
Balance at 31 March 2023	35
Carrying amounts	
At 1 January 2022	-
At 31 December 2022	174
At 1 January 2023	174
At 31 March 2023	175

Lease liabilities

The following table outlines the future lease payments:

	31 Mar 2023 \$'000	31 Dec 2022 \$'000
Not later than one year	64	-
Later than one year but not later than five years	186	-
Total	250	-

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

7. Mineral properties

Cost	Total (\$'000)
Balance at 1 January 2022	19,807
Additions	677
Mine closure provision written back	(2,944)
Effect of movements in foreign exchange	1,740
Balance at 31 December 2022	19,280
Balance at 1 January 2023	19,280
Additions	194
Effect of movements in foreign exchange	566
Balance at 31 March 2023	20,040
Amortisation	
Balance at 1 January 2022	199
Amortisation charge for the year	429
Effect of movements in foreign exchange	33
Balance at 31 December 2022	661
Balance at 1 January 2023	661
Amortisation charge for the period	72
Effect of movements in foreign exchange	29
Balance at 31 March 2023	762
Carrying amounts	
At 1 January 2022	19,608
At 31 December 2022	18,619
At 1 January 2023	18,619
At 31 March 2023	19,278

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

8. Share capital

Issued - Ordinary Shares	31 Mar 2023		31 Dec 2022	
	Number	\$'000	Number	\$'000
At 1 January	52,597,951	20,611	50,398,619	20,464
23 March 2022 for \$0.63 each	-	-	110,000	43
28 March 2022 for \$0.40 each	-	-	30,000	12
28 March 2022 for \$0.67 each	-	-	3,000	1
29 March 2022 for \$0.40 each	-	-	40,000	16
19 May 2022 for \$0.40 each	-	-	150,000	59
19 May 2022 for \$0.425 each	-	-	178,200	70
19 May 2022 for \$0.61 each	-	-	152,000	59
19 May 2022 for \$0.63 each	-	-	178,875	70
25 May 2022 for \$0.40 each	-	-	61,538	24
25 May 2022 for \$0.63 each	-	-	165,000	65
30 May 2022 for \$0.61 each	-	-	693,087	272
6 June 2022 for \$0.61 each	-	-	70,000	27
10 June 2022 for \$1.21 each	-	-	2,525	1
10 June 2022 for \$1.22 each	-	-	2,000	1
1 July 2022 for \$0.61 each	-	-	329,090	129
1 July 2022 for \$0.63 each	-	-	25,510	10
29 July 2022 – Group restructure (Scheme of arrangement)	-	-	-	-
29 July 2022 Adjustment***	-	-	-	(718)
1 August 2022 for \$0.3918 each	-	-	1	-
18 August 2022 for \$0.67 each	-	-	1,000	1
18 August 2022 for \$1.21 each	-	-	229	-
26 September 2022 for \$0.67 each	-	-	2,000	1
3 November 2022 for \$0.67 each	-	-	4,000	3
3 November 2022 for \$1.22 each	-	-	1,277	1
At end of period	52,597,951	20,611	52,597,951	20,611

*** Following the restructure of the Group on 29 July 2022 by way of a scheme of arrangement, \$718,000 of share capital has been reclassified to capital contribution as it related to the retranslation of share capital prior to redenomination from GBP in 2011.

9. Share-based payments

During the period the Group granted share options to key personnel to purchase shares in the entity.

The number and weighted average exercise prices of share options are as follows:

	31 Mar 2023		31 Dec 2022	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	\$1.31	1,597,398	\$0.58	3,825,227
Granted during the period	\$9.56	2,000	\$7.83	56,662
Exercised during the period	-	-	\$0.57	(2,199,332)
Cancelled/Forfeited during the period	\$7.76	(9,528)	\$1.18	(85,159)
Outstanding at the end of the period	\$1.31	1,589,870	\$1.31	1,597,398
Exercisable at the end of the period	\$0.67	1,065,854	\$0.64	1,025,979

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

9. Share-based payments (continued)

The options outstanding at 31 March 2023 have an exercise price in the range of \$0.40 to \$7.76 (2022: \$0.40 to \$7.76) and a weighted average remaining contractual life of 6.4 years (2022: 6.4 years). One option award was granted in 2023. The option award will vest in six tranches, 10% immediately with an additional 10% vesting in years two to five. At the sixth year from grant, the remaining 50% of the options vest. At 31 March 2023, 1,065,838 of the options had vested (31 December 2022: 1,025,979).

Fair value of share options and assumptions (\$)	31 Mar 2023	31 Dec 2022
Weighted average fair value of options granted during the period	4.93	6.00
Weighted average share price	6.41	7.67
Weighted average exercise price	6.51	7.73
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	110%	114%
Option life	5	5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	3.31%	1.94%

The expected volatility is based on the historic volatility of the share price (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. There are no market conditions associated with the share option grants.

(\$'000)	31 Mar 2023	31 Mar 2022
Total expense recognised as employee costs	28	64

Details of share options outstanding at 31 March 2023 are as follows:

Outstanding at beginning of period	Granted	Forfeited	Number of options		Exercisable at end of period	Option price (\$)	Exercisable period	
			Exercised	Outstanding at end of period			Grant date	Expiry date
30,000	-	-	-	30,000	30,000	\$0.425	10 Dec 2014	10 Dec 2024
200,000	-	-	-	200,000	80,000	\$1.02	30 May 2018	30 May 2028
131	-	-	-	131	131	\$0.61	24 Sep 2018	24 Sep 2028
110,000	-	-	-	110,000	-	\$0.61	24 Sep 2018	24 Sep 2028
124,490	-	-	-	124,490	124,490	\$0.63	1 Mar 2019	1 Mar 2029
170,000	-	-	-	170,000	30,000	\$0.63	1 Mar 2019	1 Mar 2029
21,000	-	-	-	21,000	6,000	\$0.67	1 Sept 2019	1 Sept 2029
22,936	-	(4,128)	-	18,808	7,790	\$0.40	14 Feb 2020	14 Feb 2030
24,684	-	-	-	24,684	6,273	\$0.40	25 Mar 2020	25 Mar 2030
32,120	-	-	-	32,120	9,630	\$1.22	5 Mar 2021	5 Mar 2031
750,000	-	-	-	750,000	750,000	\$1.22	5 Mar 2021	5 Mar 2031
48,375	-	-	-	48,375	9,492	\$1.21	10 May 2021	10 May 2031
10,000	-	-	-	10,000	2,000	\$1.48	9 Nov 2021	9 Nov 2031
50,662	-	(5,400)	-	45,262	9,532	\$7.76	16 Mar 2022	16 Mar 2032
3,000	-	-	-	3,000	300	\$7.11	5 Nov 2022	5 Nov 2032
-	2,000	-	-	2,000	200	\$6.51	17 Feb 2023	17 Feb 2033
1,597,398	2,000	(9,528)	-	1,589,870	1,065,838			

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

9. Share-based payments (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model.

10. Interest-bearing loans and borrowings

(\$'000)	31 Mar 2023	31 Dec 2022
Non-current liabilities (\$'000)		
Bank loans	25,257	19,977
Current liabilities (\$'000)		
Bank loans	20,149	18,131
Total	45,406	38,108

The Group received five loans during the period from various banks totalling \$8,163,000 (BRL \$30,596,000).

Summary of Interest-bearing loans and borrowings

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Loan value (R\$'000)	Balance at Mar 31, 2023 (C\$'000)	Repayable by	Total interest payable*
Bradesco	Mar, 2023	Capex	6	18	4,729	1,262	Mar, 2025	*CDI+4.18%
Bradesco	Jan, 2023	Capex	6	18	10,000	2,594	Jan, 2025	*CDI+4.21%
Bradesco	Jan, 2023	Capex	6	18	5,000	1,297	Jan, 2025	*CDI+4.57%
Inter	Jan, 2023	Working capital	12	24	5,000	1,294	Jan, 2026	*CDI+5.51%
Itaú	Jan, 2023	Working capital	6	6	5,867	1,565	July, 2024	15.84%
Brazil	Dec, 2022	Working capital	6	18	10,000	3,563	Dec, 2024	*CDI+4.10%
Brazil	Dec, 2022	Working capital	12	12	4,891	1,305	Dec, 2023	14.88%
Itau	Dec, 2022	Working capital	6	6	7,800	2,081	May, 2023	15.96%
Itau	Dec, 2022	Working capital	6	6	12,105	3,229	May, 2023	16.08%
Brazil	Oct, 2022	Working capital	12	48	20,000	8,319	Oct, 2027	*CDI+3.70%
Votorantim	Sep, 2022	Working capital	12	30	10,000	3,206	Mar, 2025	*CDI+5.10%
Brazil	Sep, 2022	Working capital	6	24	5,000	1,491	Sep, 2024	*CDI+3.00%
Bradesco	Aug, 2022	Equipment	6	24	5,597	1,676	Oct, 2024	**IPCA+5.19%
ABC Brazil	Aug, 2022	Working capital	5	24	3,500	966	Sep, 2024	*CDI+7.44%
ABC Brazil	Aug, 2022	Working capital	6	24	1,500	432	Sep, 2024	*CDI+7.44%
Santander	Aug, 2022	Working capital	3	24	12,000	2,755	Aug, 2024	*CDI+4.85%
ABC Brazil	Aug, 2022	Working capital	6	30	2,500	757	Mar, 2025	*CDI+7.44%
Brazil	Aug, 2022	Working capital	6	18	5,000	1,151	Aug, 2023	*CDI+3.00%
BDMG	Apr, 2022	Working capital	24	72	3,000	1,237	Mar, 2030	***TJLP+5.00%
Santander	Feb, 2022	Equipment	03	36	260	49	Feb, 2025	*CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	888	208	Feb, 2025	*CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	1,340	286	Feb, 2025	*CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	2,169	461	Jan, 2025	*CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	888	189	Jan, 2025	*CDI + 4,60%
Brazil	Jan, 2022	Working capital	06	36	5,000	1,065	Dec, 2024	*CDI+2,92%
Various loans	pre 2022				9,842	2,968		
Total					153,876	45,406		

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

10. Interest-bearing loans and borrowings (Continued)

* - CDi, (Certificado de Depósito Interbancário) is the average of interbank overnight rates in Brazil. As at March 31, 2023, the 12 months cumulative rate was 13.28%.

** - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at March 31, 2023 the 12 months cumulative rate was 5.60%.

*** - TJLP (Taxa de Juros de Longo Prazo) is the long term interest rate in Brazil. As at March 31, 2023, the 12 months cumulative rate was 7.28%.

11. Financial instruments

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk each of which is discussed below. There is no perceived credit risk as the Group and Company have minimal other financial receivables and bank deposits are made with financial institutions considered to have strong credit ratings. There were no derivative instruments outstanding as of 31 March 2023.

Foreign currency risk

The Group's cash resources are mainly held in Brazilian Real. Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in Canadian Dollars and its costs are primarily incurred in Brazilian Real.

The appreciation of Brazilian Real against the Canadian Dollar could increase the actual revenues and operating costs of the Group's operations and materially affect the results presented in the Group's financial statements.

Currency exchange fluctuations may also materially adversely affect the Group's future cash flows from operations, its results of operations, financial condition and prospects. The Group has a general policy of not hedging against foreign currency risks. The Group manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency to match expected expenditure in foreign currency.

The Group and Company had the following short term deposits and cash and cash equivalents in various currencies including its presentational currency. The amounts are stated in Canadian Dollar equivalents:

Currency (\$'000)	31 Mar 2023	31 Dec 2022
Canadian Dollars	175	252
Brazilian Reais	4,071	848
American Dollars	2	16
British Pounds	18	47
Singapore Dollars	23	-
Total	4,289	1,163

The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity date and track Brazil's short term interest rate which is currently 13.75%.

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

11. Financial instruments (continued)

Foreign currency risk sensitivity analysis showing a 10% weakening/strengthening of the Brazilian Real against the Canadian Dollar with all other variables held constant is set out below. 10% represents managements' assessment of the reasonable possible exposure

	Equity (\$'000)	
	31 Mar 2023	31 Dec 2022
10% weakening of Brazilian Real	(2,135)	(1,978)
10% strengthening of Brazilian Real	1,746	1,618

Liquidity risk

The Group has relied on revenue generated from the sale of Product, along with shareholder funding and long-term loans to finance its operations. The liquidity risk is significant and is managed by controls over expenditure and cash resources. The Group and Company have borrowings, trade and other payables with a maturity of less than one year with borrowings and a provision greater than one year. Further details of the liquidity position are explained in note 1 regarding going concern.

Interest rate risk

The Group's policy is to retain its surplus funds in the most advantageous term of deposit available up to twelve month's maximum duration. Given that the directors do not consider that interest income is significant in respect of the Group's operations no sensitivity analysis has been provided in respect of any potential fluctuations in interest rates.

The Group's average current loan rate is 16.25% per annum. The Brazilian Government long term bond rate is currently 13.75% per annum. The Group's last loan rates are an average 2.5% higher than the government bonds, which management considers to be competitive.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group generates revenue from the sale of products. Where credit is extended to customers this results in trade receivables which may be subject to default. This risk is mitigated by credit control procedures.

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country.

Fair values

In the Directors' opinion there is no material difference between the book value and fair value of any of the Group's and Company's financial instruments.

Classes of financial instruments

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the financial statements. All of the Group's and Company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.