

VERDE AGRITECH LIMITED

UNAUDITED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 JUNE 2023



# VERDE AGRITECH LIMITED

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# VERDE AGRITECH LIMITED

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

The accompanying unaudited consolidated financial statements of Verde AgriTech Limited (“Verde”, the “Company”, or the “Group”) for the second quarter ended 30 June 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 30 June 2023

All amounts expressed in Canadian Dollars.

	Note	3 Months ended 30 Jun 2023 \$'000	3 Months ended 30 Jun 2022 \$'000	6 months ended 30 Jun 2023 \$'000	6 months ended 30 Jun 2022 \$'000
Revenue		10,305	24,861	21,430	36,165
Production costs		(2,819)	(5,332)	(6,393)	(7,987)
<b>Gross Profit</b>		<b>7,486</b>	<b>19,529</b>	<b>15,037</b>	<b>28,178</b>
Sales and distribution expenses		(4,847)	(8,110)	(9,921)	(12,041)
General and administrative expenses		(1,361)	(733)	(2,808)	(1,864)
<b>Operating Profit</b>		<b>1,278</b>	<b>10,686</b>	<b>2,308</b>	<b>14,273</b>
Finance income		206	58	284	111
Finance costs		(1,157)	(303)	(2,277)	(541)
<b>Net Profit before tax</b>		<b>327</b>	<b>10,441</b>	<b>315</b>	<b>13,843</b>
Income tax		(86)	(816)	(182)	(1,186)
<b>Net Profit</b>		<b>241</b>	<b>9,625</b>	<b>133</b>	<b>12,657</b>

### Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations		1,443	(1,971)	3,267	1,544
<b>Total comprehensive profit for the period attributable to equity holders of the parent</b>		<b>1,684</b>	<b>7,654</b>	<b>3,400</b>	<b>14,201</b>

Earnings per share (\$)					
Basic earnings per share	4	0.003	0.189	0.001	0.249
Diluted earnings per share	4	0.004	0.185	0.002	0.242

# VERDE AGRITECH LIMITED

## STATEMENT OF FINANCIAL POSITION

**As at 30 June 2023**

All amounts expressed in Canadian Dollars.

Assets	Note	30 June 2023	31 Dec 2022
		(\$'000)	(\$'000)
Property, plant and equipment	5	49,754	46,352
Right-of-use asset	6	173	174
Mineral properties	7	19,714	18,619
<b>Total non-current assets</b>		<b>69,641</b>	<b>65,145</b>
Inventory		3,825	2,469
Trade and other receivables		17,563	28,533
Cash and cash equivalents	11	6,227	1,163
<b>Total current assets</b>		<b>27,615</b>	<b>32,165</b>
<b>Total assets</b>		<b>97,256</b>	<b>97,310</b>
<b>Equity attributable to the equity holders of the parent</b>			
Issued capital	9	20,627	20,611
Share premium / capital contribution		49,862	49,862
Merger reserve		(4,557)	(4,557)
Translation reserve		(11,203)	(14,470)
Accumulated losses		(2,900)	(3,095)
<b>Total equity</b>		<b>51,829</b>	<b>48,351</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	10	28,266	19,977
Lease liabilities	6	152	178
<b>Total non-current liabilities</b>		<b>28,418</b>	<b>20,155</b>
Trade and other payables		6,856	10,586
Interest-bearing loans and borrowings	10	10,141	18,131
Lease liabilities	6	12	87
<b>Total current liabilities</b>		<b>17,009</b>	<b>28,804</b>
<b>Total liabilities</b>		<b>45,427</b>	<b>48,959</b>
<b>Total equity and liabilities</b>		<b>97,256</b>	<b>97,310</b>

# VERDE AGRITECH LIMITED

## STATEMENT OF CASH FLOWS

For the Quarter Ended 30 June 2023

All amounts expressed in Canadian Dollars.

Cash flows from operating activities	3 months	3 months	6 months	6 months
	ended 30 Jun 2023 \$'000	ended 30 Jun 2022 \$'000	ended 30 Jun 2023 \$'000	ended 30 Jun 2022 \$'000
Operating profit	1,278	10,686	2,308	14,273
Depreciation	1,034	103	1,959	200
Amortisation of mineral property	94	46	166	76
Foreign exchange differences	(572)	(32)	(1,067)	361
Share-based payments and non-cash bonuses	34	40	62	104
Decrease/(Increase) in inventories	(1,172)	261	(1,356)	(1,419)
Decrease / (Increase) in receivables	12,432	(2,910)	10,969	(5,473)
(Decrease) / Increase in payables	(15,457)	716	(16,278)	4,475
<b>Cash generated/(utilised) in operations</b>	<b>(2,329)</b>	<b>8,910</b>	<b>(3,237)</b>	<b>12,597</b>
Interest paid	(1,242)	(281)	(2,378)	(498)
Taxation paid	(26)	(440)	(1,259)	(626)
<b>Net cash (utilised) / generated in operating activities</b>	<b>(3,597)</b>	<b>8,189</b>	<b>(6,874)</b>	<b>11,473</b>
<b>Cash flows from investing activities</b>				
Interest received	206	58	284	111
Acquisition of mineral property assets	(105)	(277)	(578)	(486)
Acquisition of property, plant and equipment	(430)	(12,261)	(1,924)	(15,487)
<b>Net cash utilised in investing activities</b>	<b>(329)</b>	<b>(12,480)</b>	<b>(2,218)</b>	<b>(15,862)</b>
<b>Cash flows from financing activities</b>				
Bank loan received	5,761	566	13,924	3,341
Proceeds from issue of shares	16	941	16	971
<b>Net cash generated from financing activities</b>	<b>5,777</b>	<b>1,507</b>	<b>13,940</b>	<b>4,312</b>
Net increase/(decrease) in cash and cash equivalents	1,851	(2,784)	4,848	(77)
Cash and cash equivalents at beginning of period	4,289	4,684	1,163	1,534
Effect of exchange rate fluctuations on cash held	87	(306)	216	137
<b>Cash and cash equivalents at end of period</b>	<b>6,227</b>	<b>1,594</b>	<b>6,227</b>	<b>1,594</b>

## 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
<b>Comprehensive profit</b>						
Profit for the period	-	-	-	-	12,657	12,657
Foreign exchange translation differences	-	-	-	1,544	-	1,544
<b>Total comprehensive profit for the period</b>	-	-	-	<b>1,544</b>	<b>12,657</b>	<b>14,201</b>
<b>Transactions with owners</b>						
Issue of share capital	720	320	-	-	-	1,040
Share-based payments	-	-	-	-	104	104
<b>Total transactions with owners</b>	<b>720</b>	<b>320</b>	-	-	<b>104</b>	<b>1,144</b>
<b>Balance at 30 June 2022</b>	<b>21,184</b>	<b>49,253</b>	<b>(4,557)</b>	<b>(15,873)</b>	<b>(8,304)</b>	<b>41,703</b>
<b>Comprehensive profit</b>						
Profit for the period	-	-	-	-	5,147	5,147
Foreign exchange translation differences	-	-	-	1,403	-	1,403
<b>Total comprehensive profit for the period</b>	-	-	-	<b>1,403</b>	<b>5,147</b>	<b>6,550</b>
<b>Transactions with owners</b>						
Issue of share capital	145	78	-	-	-	223
Transfer between share capital and capital contribution	(718)	718	-	-	-	-
Relocation expenses relating to capital restructure	-	(187)	-	-	-	(187)
Share-based payments	-	-	-	-	62	62
<b>Total transactions with owners</b>	<b>(573)</b>	<b>609</b>	-	-	<b>62</b>	<b>98</b>
<b>Balance at 31 December 2022</b>	<b>20,611</b>	<b>49,862</b>	<b>(4,557)</b>	<b>(14,470)</b>	<b>(3,095)</b>	<b>48,351</b>
<b>Balance at 1 January 2023</b>	<b>20,611</b>	<b>49,862</b>	<b>(4,557)</b>	<b>(14,470)</b>	<b>(3,095)</b>	<b>48,351</b>
<b>Comprehensive profit</b>						
Profit for the period	-	-	-	-	133	133
Foreign exchange translation differences	-	-	-	3,267	-	3,267
<b>Total comprehensive profit for the period</b>	-	-	-	<b>3,267</b>	<b>133</b>	<b>3,400</b>
<b>Transactions with owners</b>						
Issue of share capital	16	-	-	-	-	16
Share-based payments	-	-	-	-	62	62
<b>Total transactions with owners</b>	-	-	-	-	<b>62</b>	<b>62</b>
<b>Balance at 30 June 2023</b>	<b>20,627</b>	<b>49,862</b>	<b>(4,557)</b>	<b>(11,203)</b>	<b>(2,900)</b>	<b>51,829</b>

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## 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 June 30, 2023, the Group had current assets of \$27,615,000 and current liabilities of \$17,009,000 providing a working capital surplus of \$10,606,000. 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 30 June 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. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 30 June 2023 was based on the profit attributable to ordinary shareholders of \$133,000 (30 June 2022: \$12,657,000) and a weighted average number of Ordinary Shares outstanding during the period ended 30 June 2023 of 52,597,951 (30 June 2022: 50,832,105) calculated as follows:

#### Profit attributable to ordinary shareholders

	6 months ended 30 Jun 2023	6 months ended 30 Jun 2022
Profit for the period (\$'000)	133	3,033
Profit attributable to ordinary shareholders (\$'000)	133	3,033

#### Weighted average number of ordinary shares

	Number 30 Jun 2023	Number 30 Jun 2022
Weighted average number of ordinary shares outstanding – basic ('000)	52,629	50,411
Dilutive Stock options	1,404	2,546
Weighted average number of ordinary shares outstanding – dilutive ('000)	54,033	52,957
Basic earnings per share	\$0.001	\$0.060
Diluted 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:

	6 months ended 30 Jun 2023	6 months ended 30 Jun 2022
Anti-dilutive Stock options	479	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
<b>Cost</b>					
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	49	1,805	69	1	1,924
Disposals	-	(107)	-	-	(107)
Effect of movements in foreign exchange	1,981	1,517	57	27	3,582
<b>Balance at 30 June 2023</b>	<b>28,724</b>	<b>22,986</b>	<b>897</b>	<b>399</b>	<b>53,006</b>

<b>Depreciation and impairment losses</b>					
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	-	1,827	39	9	1,875
Depreciation on disposals	-	(31)	-	-	(31)
Effect of movements in foreign exchange	-	132	12	9	153
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>2,895</b>	<b>223</b>	<b>134</b>	<b>3,252</b>

<b>Carrying amounts</b>					
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
<b>At 30 June 2023</b>	<b>28,724</b>	<b>20,091</b>	<b>674</b>	<b>265</b>	<b>49,754</b>

## VERDE AGRITECH LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 6. Right-of-use assets

	Total (\$'000)
<b>Cost</b>	
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	15
<b>Balance at 30 June 2023</b>	<b>216</b>
<b>Amortisation</b>	
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	14
Effect of movements in foreign exchange	2
<b>Balance at 30 June 2023</b>	<b>43</b>
<b>Carrying amounts</b>	
At 1 January 2022	-
At 31 December 2022	174
At 1 January 2023	174
<b>At 30 June 2023</b>	<b>173</b>

#### Lease liabilities

The following table outlines the future lease payments:

	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
Not later than one year	12	87
Later than one year but not later than five years	152	178
<b>Total</b>	<b>164</b>	<b>265</b>

## 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	298
Effect of movements in foreign exchange	1,016
<b>Balance at 30 June 2023</b>	<b>20,594</b>
<b>Amortisation</b>	
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	165
Effect of movements in foreign exchange	54
<b>Balance at 30 June 2023</b>	<b>880</b>
<b>Carrying amounts</b>	
At 1 January 2022	19,608
At 31 December 2022	18,619
At 1 January 2023	18,619
<b>At 30 June 2023</b>	<b>19,714</b>

# VERDE AGRITECH LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 8. Share capital

Issued - Ordinary Shares	30 Jun 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
<b>29 July 2022 – Group restructure (Scheme of arrangement)</b>	-	-	-	-
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
17 April 2023 for \$0.425 each	30,000	13	-	-
17 April 2023 for \$1.21 each	2,273	3	-	-
<b>At end of period</b>	<b>52,630,224</b>	<b>20,627</b>	<b>52,597,951</b>	<b>20,611</b>

\*\*\* 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:

	30 Jun 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	\$3.32	361,311	\$7.83	56,662
Exercised during the period	\$0.48	(32,273)	\$0.57	(2,199,332)
Cancelled/Forfeited during the period	\$2.16	(43,638)	\$1.18	(85,159)
<b>Outstanding at the end of the period</b>	<b>\$1.49</b>	<b>1,882,798</b>	<b>\$1.31</b>	<b>1,597,398</b>
<b>Exercisable at the end of the period</b>	<b>\$1.16</b>	<b>1,056,243</b>	<b>\$0.64</b>	<b>1,025,979</b>

## VERDE AGRITECH LIMITED NOTES TO THE GROUP FINANCIAL STATEMENTS

### 9. Share-based payments (continued)

The options outstanding at 30 June 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 6.5 years (2022: 6.4 years). Three option awards were granted in 2023. The first 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. The second option award will vest in five tranches. 10% on the first anniversary of the option and an additional 10% vesting in years two to four. At the fifth year from grant, the remaining 60% of the options vest. The third option award will vest in three tranches. 34% on the first anniversary of the option and an additional 33% in years two and three. At 30 June 2023, 1,056,243 of the options had vested (31 December 2022: 1,025,979).

Fair value of share options and assumptions (\$)	30 Jun 2023	31 Dec 2022
Weighted average fair value of options granted during the period	1.77	6.00
Weighted average share price	2.25	7.67
Weighted average exercise price	2.25	7.73
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	113%	114%
Option life	5	5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	3.17%	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)	30 Jun 2023	30 Jun 2022
Total expense recognised as employee costs	62	104

Details of share options outstanding at 30 June 2023 are as follows:

Outstanding at beginning of period	Number of options				Outstanding at end of period	Exercisable at end of period	Option price (\$)	Exercisable period	
	Granted	Forfeited	Exercised					Grant date	Expiry date
30,000	-	-	(30,000)	-	-	\$0.425	10 Dec 2014	10 Dec 2024	
200,000	-	-	-	200,000	100,000	\$1.02	30 May 2018	30 May 2028	
131	-	-	-	131	131	\$0.61	24 Sep 2018	24 Sept 2028	
110,000	-	(10,000)	-	100,000	-	\$0.61	24 Sep 2018	24 Sept 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	-	(4,587)	-	18,349	7,340	\$0.40	14 Feb 2020	14 Feb 2030	
24,684	-	-	-	24,684	6,273	\$0.40	25 Mar 2020	25 Mar 2030	
32,120	-	(1,101)	-	31,019	9,635	\$1.22	5 Mar 2021	5 Mar 2031	
750,000	-	-	-	750,000	750,000	\$1.22	5 Mar 2021	5 Mar 2031	
48,375	-	(11,550)	(2,273)	34,552	10,942	\$1.21	10 May 2021	10 May 2031	
10,000	-	(8,000)	-	2,000	2,000	\$1.48	9 Nov 2021	9 Nov 2031	
50,662	-	(8,400)	-	42,262	8,932	\$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	
-	175,000	-	-	175,000	-	\$2.23	19 May 2023	19 May 2033	
-	184,311	-	-	184,311	-	\$2.23	19 May 2023	19 May 2033	
<b>1,597,398</b>	<b>361,311</b>	<b>(43,638)</b>	<b>(32,273)</b>	<b>1,882,798</b>	<b>1,056,243</b>				

## 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)	30 Jun 2023	31 Dec 2022
<b>Non-current liabilities (\$'000)</b>		
Bank loans	28,266	19,977
<b>Current liabilities (\$'000)</b>		
Bank loans	10,141	18,131
<b>Total</b>	<b>38,407</b>	<b>38,108</b>

The Group received six loans during the period from various banks totalling \$13,924,000 (BRL \$50,596,000).

## VERDE AGRITECH LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### Summary of Interest-bearing loans and borrowings

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Loan value (R\$'000)	Balance at Jun 30, 2023 (C\$'000)	Repayable by	Total interest payable*
Brazil	Apr, 2023	Working capital	12	48	20,000	5,523	Apr, 2028	CDI <sup>(1)</sup> +4.18%
Bradesco	Mar, 2023	Capex	6	18	4,729	1,302	Mar, 2025	CDI <sup>(1)</sup> +4.18%
Bradesco	Jan, 2023	Capex	6	18	10,000	2,752	Jan, 2025	CDI <sup>(1)</sup> +4.21%
Bradesco	Jan, 2023	Capex	6	18	5,000	1,376	Jan, 2025	CDI <sup>(1)</sup> +4.57%
Inter	Jan, 2023	Working capital	12	24	5,000	1,376	Jan, 2026	CDI <sup>(1)</sup> +5.51%
Brazil	Dec, 2022	Working capital	6	18	10,000	2,780	Dec, 2024	CDI <sup>(1)</sup> +4.10%
Brazil <sup>(4)</sup>	Dec, 2022	Working capital	12	12	4,891	1,346	Dec, 2023	14.88%
Itaú <sup>(4)</sup>	Dec, 2022	Working capital	6	6	12,105	1,657	May, 2023	16.08%
Brazil	Oct, 2022	Working capital	12	48	20,000	5,694	Oct, 2027	CDI <sup>(1)</sup> +3.70%
Votorantim	Sep, 2022	Working capital	12	30	10,000	2,761	Mar, 2025	CDI <sup>(1)</sup> +5.10%
Brazil	Sep, 2022	Working capital	6	24	5,000	1,147	Sep, 2024	CDI <sup>(1)</sup> +3.00%
Bradesco	Aug, 2022	Equipment	6	24	5,597	1,423	Oct, 2024	IPCA <sup>(2)</sup> +5.19%
ABC Brazil	Aug, 2022	Working capital	5	24	3,500	726	Sep, 2024	CDI <sup>(1)</sup> +7.44%
ABC Brazil	Aug, 2022	Working capital	6	24	1,500	351	Sep, 2024	CDI <sup>(1)</sup> +7.44%
Santander	Aug, 2022	Working capital	3	24	12,000	2,354	Aug, 2024	CDI <sup>(1)</sup> +4.85%
ABC Brazil	Aug, 2022	Working capital	6	30	2,500	574	Mar, 2025	CDI <sup>(1)</sup> +7.44%
Brazil	Aug, 2022	Working capital	6	18	5,000	459	Aug, 2023	CDI <sup>(1)</sup> +3.00%
BDMG	Apr, 2022	Working capital	24	72	3,000	849	Mar, 2030	TJLP <sup>(3)</sup> +5.00%
Santander	Feb, 2022	Equipment	03	36	260	41	Feb, 2025	CDI <sup>(1)</sup> + 4.60%
Santander	Feb, 2022	Equipment	03	36	888	165	Feb, 2025	CDI <sup>(1)</sup> + 4.60%
Santander	Feb, 2022	Equipment	03	36	1,340	245	Feb, 2025	CDI <sup>(1)</sup> + 4.60%
Santander	Feb, 2022	Equipment	03	36	2,169	395	Jan, 2025	CDI <sup>(1)</sup> + 4.60%
Santander	Feb, 2022	Equipment	03	36	888	162	Jan, 2025	CDI <sup>(1)</sup> + 4.60%
Brazil	Jan, 2022	Working capital	06	36	5,000	826	Dec, 2024	CDI <sup>(1)</sup> +2.92%
Various loans	pre 2022				19,737	2,123		
<b>Total</b>					<b>176,751</b>	<b>38,407</b>		



# 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 June 30, 2023, the 12 months cumulative rate was 13.54%.

\*\* - 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, 2023 the 12 months cumulative rate was 3.94%.

\*\*\* - TJLP (Taxa de Juros de Longo Prazo) is the long term interest rate in Brazil. As at June 30, 2023, the 12 months cumulative rate was 7.00%.

### 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 30 June 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)	30 Jun 2023	31 Dec 2022
Canadian Dollars	921	252
Brazilian Reais	5,189	848
American Dollars	24	16
British Pounds	93	47
<b>Total</b>	<b>6,227</b>	<b>1,163</b>

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

	30 Jun 2023	31 Dec 2022
10% weakening of Brazilian Real	(2,331)	(1,978)
10% strengthening of Brazilian Real	1,908	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 16.54% per annum. The Brazilian Government long term bond rate is currently 13.75% per annum. The Group's last loan rates are an average 2.75% 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.

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## 12. Subsequent events

- In July 2023, the Group announced the carbon capture properties of its Products as detailed by an independent study conducted at Newcastle University under the leadership of Prof. David Manning, PhD, a renowned soil scientist. The carbon dioxide (“CO<sub>2</sub>”) capture is inherent to the Products and is estimated at 120kg per tonne. The CO<sub>2</sub> removal does not require any change to the Products’ production and farmland application methods, nor does it change the nutritional benefits to plants. As a result, in the production scenario of 50Mtpy,<sup>1</sup> Verde would be one of the world’s largest carbon capture projects with a total of 6 million tonnes of CO<sub>2</sub> permanently subtracted from the atmosphere every year.
- In July 2023, Verde announced that it is in advanced negotiations to sell carbon credits to major international corporations that are established purchasers of permanent carbon offset. Currently, carbon credits for permanent carbon offset similar to Verde’s are being sold at prices up to US\$500 per tonne.<sup>2</sup>

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<sup>1</sup> For further information on Verde’s NI 43-101 Pre-Feasibility Technical Report, see the press release at: <https://investor.verde.ag/wp-content/uploads/2022/05/Verde-AgriTech-Press-Release-Pre-Feasibility-Results-May-16-2022.pdf>

<sup>2</sup> Source: Quantum Commodity Intelligence. Enhanced rock weathering credits offered at up to \$536/t. Available at: <https://www.qcintel.com/carbon/article/enhanced-rock-weathering-credits-offered-at-up-to-536-t-14332.html>