

November 14, 2023

## Verde achieves C\$9.4 million revenue and increases cash position by 82% in the third quarter of 2023

(All figures are in Canadian dollars, unless stated otherwise. Average exchange rate in Q3 2023: C\$1.00 = R\$3.72)

**Singapore. Verde AgriTech Ltd** (TSX: “NPK”) (“**Verde**” or the “**Company**”) announces its financial results for the third quarter ended September 30, 2023 (“**Q3 2023**”).

“Our Q3 results overcame the turbulent market conditions experienced in 2023. More importantly, there are reasons for optimism regarding a market recovery: the Brazilian Central Bank has reduced its interest rates and its latest announcements indicate further upcoming reductions, and agricultural commodity prices have stabilized. These factors provide better conditions for farmers, who have grappled with a squeeze in working capital from late 2022 throughout 2023. Furthermore, thanks to a \$4.2 million increase in Q3 2023, we have a positive outlook regarding our cash position. This reinforces Verde’s financial health to successfully navigate what has been the most challenging agricultural market in recent years”, commented Cristiano Veloso, Founder, President & CEO of Verde.

### Q3 2023 FINANCIALS

- Sales of Verde’s multinutrient potassium products, BAKS® and K Forte® sold internationally as Super Greensand® (the “**Product**”) by volume in Q3 2023 were 108,000 tons, compared to 189,000 tons in Q3 2022.
- Revenue in Q3 2023 was \$9.4 million, compared to \$27.3 million in Q3 2022.
- Cash held by the Company in Q3 2023 was \$9.3 million, compared to \$5.1 million in Q3 2022.
- Total non-current assets in Q3 2023 were \$67.3 million, compared to \$55.8 million in Q3 2022.
- EBITDA before non-cash events in Q3 2023 was -\$0.6 million, compared to \$8.1 million in Q3 2022.
- From Q1 to Q3 2023, the Company sold 323,000 tons of Product, which have the potential to capture up to 38,760 tons of carbon dioxide equivalent (“**CO<sub>2</sub>e**”) from the atmosphere via

Enhanced Rock Weathering (“**ERW**”).<sup>1</sup> The net amount of carbon captured, represented by carbon dioxide removal certificates (“**CORCs**”), is estimated at 20,936 tons of CO<sub>2</sub>e.<sup>2</sup>

- In Q3 2023, 8,559 tons of chloride have been prevented from being applied into soils by farmers who used the Product in lieu of potassium chloride (“**KCl**”) fertilizers.<sup>3</sup> A total of 138,241 tons of chloride has been prevented from being applied into soils by Verde’s customers since the Company started production.<sup>4</sup>

“Regarding the progress of our carbon capture project, we are excited to announce that we will soon provide updates on the commencement of field monitoring for the CO<sub>2</sub> captured through the application of our products. ERW initiatives seeking to generate carbon credits must present their carbon removal quantification methodologies to certification bodies, following strict criteria and guidelines. Therefore, starting the monitoring of our Product’s carbon capture is crucial to validate the measurability of the credits generated from its application to soil, ensuring full compliance with the stringent standards of the carbon market. Additionally, we are thrilled to announce upcoming results that compare the carbon footprint of KCl with K Forte. This comparison could reveal another significant opportunity for farmers to not only reduce their own carbon footprint but also potentially capture millions of tonnes of carbon, further advancing our commitment to sustainable agriculture”, concluded Mr. Veloso.

## CARBON CAPTURE POTENTIAL

Verde’s Products have a carbon capture potential of 120 kg CO<sub>2</sub>e per ton of K Forte® (“**CO<sub>2</sub>e/t**”).<sup>5</sup> The Life Cycle Assessment (“**LCA**”) calculated the Product’s carbon footprint from cradle-to-gate at 7.44 kg CO<sub>2</sub>e/t.<sup>6</sup> Therefore, the Company’s net carbon capture potential covering activities from raw material extraction, processing and production can reach 112.56 kg CO<sub>2</sub>e/t.<sup>7</sup>

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<sup>1</sup> The carbon capture potential of Verde’s products, through Enhanced Rock Weathering (ERW), is 120 kg CO<sub>2</sub>e per ton of K Forte®. For further information, see “[Verde’s Products Remove Carbon Dioxide From the Air](#)”.

<sup>2</sup> CO<sub>2</sub> Removal Certificate (CORC) is an electronic document, which records the Attributes of CO<sub>2</sub> Removal from registered Production Facilities. Each CORC represents a Net Carbon Dioxide Removal (CDR) volume of 1 ton of Long-Term CO<sub>2</sub> Removal, equivalent to 1 carbon credit. Source: [Puro.earth](#), V3.1.

<sup>3</sup> Verde’s Product is a salinity and chloride-free replacement for KCl fertilizers. Potassium chloride is composed of approximately 46% of chloride, which can have biocidal effects when excessively applied to soils. According to Heide Hermary (Effects of some synthetic fertilizers on the soil ecosystem, 2007), applying 1 pound of potassium chloride to the soil is equivalent to applying 1 gallon of Clorox bleach, with regard to killing soil microorganisms. Soil microorganisms play a crucial role in agriculture by capturing and storing carbon in the soil, making a significant contribution to the global fight against climate change.

<sup>4</sup> 1 ton of Product (10% K<sub>2</sub>O) has 0.1 tons of K<sub>2</sub>O, which is equivalent to 0.17 tons of potassium chloride (60% K<sub>2</sub>O), containing 0.08 tons of chloride.

<sup>5</sup> The estimated amount of CO<sub>2</sub> captured by K Forte® is equivalent to 120 kg CO<sub>2</sub>e per ton of Product. The calculation was provided by Dr. Manning, determined through an independent study conducted at Newcastle University. For further information, see “[Verde’s Products Remove Carbon Dioxide From the Air](#)”.

<sup>6</sup> Cradle-to-gate is the assessment of a product’s life cycle from raw material extraction (cradle) to its production facility gate. It does not include the carbon footprint associated with product transportation to the final customer. Source: <https://circularecology.com/glossary-of-terms-and-definitions.html>

<sup>7</sup> For further information, see “[Verde Announces Life Cycle Assessment Results in Accordance with ISO Standards](#)”.

The greenhouse gas emissions associated with the cradle-to-gate cycle of K Forte® are relatively low, at less than 10% of the amount of carbon captured by the Product. This can be attributed to Verde's sustainable production processes, noticeably the 100% use of renewable energy (hydroelectric) for the processing plants.

When considering the cradle-to-grave assessment<sup>8</sup> of the Product, which includes the final application of Products by farmers, the shipping distance between Verde's production facilities and the application site influences the range of greenhouse gas emissions within Verde's supply chain.

Between Q1 and Q3 2023, the Company sold 323,000 tons of Product, which have the potential to capture up to 38,760 tons of **CO<sub>2</sub>e**. This amount could result in a potential 20,936 tons of CORC, calculated within the LCA and inclusive of shipping emissions.

Carbon credits for ERW are currently being negotiated in a range of \$138.78/t<sup>9</sup> to \$563.9/t.<sup>10</sup>

The following table shows the CORCs derived from the cradle-to-grave life cycle assessment and market size for K Forte®, according to the distance radius for the Product's shipment from Verde's production facilities.

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<sup>8</sup> 'Cradle-to-grave' assessment considers impacts at each stage of a product's life-cycle, from the time natural resources are extracted from the ground and processed through each subsequent stage of manufacturing, transportation, product use, and ultimately, disposal. Source: [European Environment Agency](#).

<sup>9</sup> Source: Puro.earth (Nasdaq), a crediting platform for engineered carbon removal. Available at: <https://puro.earth/carbon-removal-index-price/>. Exchange rate: €1.00 = \$1.07.

<sup>10</sup> Average price of carbon credits sold by Frontier between 2022 and 2023. Frontier is an advance market commitment that aims to accelerate the development of carbon removal technologies by guaranteeing future demand for them. It was founded by Stripe, Alphabet, Shopify, Meta, McKinsey and tens of thousands of businesses using Stripe Climate. Available at: <https://frontierclimate.com/>

## Net carbon sequestration for K Forte®’s cradle-to-grave LCA and market size, according to shipment distance

| Distance from Verde’s production facilities (km) <sup>11</sup> | CO <sub>2</sub> Stored (kg CO <sub>2</sub> e / t) | CO <sub>2</sub> Supply Chain Footprint weighted average (kg CO <sub>2</sub> e / t) <sup>12</sup> | CORCs weighted average (kg CO <sub>2</sub> e / t) <sup>13</sup> | Potash Market Size ('000 tons K <sub>2</sub> O) <sup>14</sup> | Product’s Market Size ('000 tons K Forte®) | Product’s Cumulative Market Size ('000 tons K Forte®) |
|--|---|--|---|---|--|---|
| 0 - 200  | 120.00  | 15.11  | 104.89  | 61.06   | 610.62                                     | 610.62  |
| 200 - 400  | 120.00  | 23.62  | 96.38   | 430.66  | 4,306.65                                   | 4,917.27  |
| 400 - 600  | 120.00  | 32.52  | 87.48   | 884.40  | 8,844.01                                   | 13,761.29   |
| 600 - 800  | 120.00  | 42.51  | 77.49   | 897.40  | 8,974.03                                   | 22,735.31   |

### SUBSEQUENT EVENTS

- In October 2023, the Company appointed Lucas Brown as its new Vice President of Corporate Development. Mr Brown is leading Verde’s expansion into the carbon market, in addition to overseeing the Company’s institutional and investor relations. He has dedicated a decade working in Brazil, in the last four years serving as the British Consul to Minas Gerais state.<sup>15</sup>
- In October 2023, the Company announced that it has secured C\$16.2 million in debt financing facility from Banco do Brasil S.A. and Banco Bradesco S.A., the two largest Brazilian banks. The funds raised will be used to replace existing debts that were at higher interest rates and provide the Company with more favorable terms, including 6 months of grace period for Bradesco’s loan and 12 months for Banco do Brasil’s loan. This will enable Verde to offer financing solutions to potential customers, whilst fostering growth and financial stability. The Financing consists of C\$10.8 million in debt from Banco do Brasil, Brazil’s largest bank, and C\$5.4 million from Bradesco, the second largest financial Company in Brazil. Additionally, Verde currently has C\$20 million pre-approved credit with banks in Brazil.<sup>16</sup>
- In October 2023, Verde announced the results of its first Life Cycle Analysis, completed by LCA Design Corporation, a leading Canadian consultancy firm. The LCA determines the climate impacts associated with the production of Verde’s potassium fertilizer K Forte® from cradle-to-

<sup>11</sup> Shipping distances were calculated as the weighted average distance from Verde’s production facilities to the geographical center of each city, determined through geoprocessing.

<sup>12</sup> Considers the weighted average of CO<sub>2</sub>e emissions within the different shipping distances.

<sup>13</sup> Considers the weighted average of CORCs generated within the different shipping distances.

<sup>14</sup> The potash market size was determined based on the potential demand for K<sub>2</sub>O. This calculation was derived from the total planted areas in Brazil in 2021 (Source: IBGE, 2022), considering the typical dosages of potash fertilizers for the main crops: Cotton = 100 kg of K<sub>2</sub>O/ha; Coffee = 200 kg of K<sub>2</sub>O/ha; Soybean/Maize System = 150 kg of K<sub>2</sub>O/ha; Other Crops = 100 kg of K<sub>2</sub>O/ha. On October 27, 2023, the Company updated the dosages of potash fertilizers considered for the main crops to better align with the most recent market data.

<sup>15</sup> See “[Verde appoints Vice President of Corporate Development](#)”. Available at:

<sup>16</sup> See “[Verde Cultivates Financial Resilience with Banco do Brasil and Bradesco Backing](#)”.

grave. The LCA was conducted according to ISO 14040/44:2006 Standard and Puro Earth Enhanced Rock Weathering Methodology.<sup>17</sup>

## MARKET OVERVIEW

### Agricultural Inputs Market

At the outset of the Ukrainian conflict in February 2022, there were concerns in the market that geopolitical sanctions against Russia would result in a significant shortage of fertilizers. Amidst this period of uncertainty, with looming concerns over potential fertilizer shortages, farmers hurried to secure these essential inputs, often paying steep prices. This urgency to buy, driven by the fear of scarcity, subsequently led to higher levels of debt among the farming community. However, these concerns proved to be unwarranted, as there was actually an oversupply of many fertilizers in the market due to increased availability, including potash fertilizers.

#### Year-end stock in Brazil ('000 tonnes)<sup>18</sup>

| Product                      | 2021         | 2022         | YoY        |
|------------------------------|--------------|--------------|------------|
| Ammonium Sulfate             | 610          | 848          | 39%        |
| Urea                         | 1,202        | 1,271        | 6%         |
| Monoammonium Phosphate (MAP) | 872          | 781          | -10%       |
| Single Super Phosphate (SAP) | 816          | 1,288        | 58%        |
| KCl                          | 1,740        | 2,148        | 23%        |
| NPKs                         | 486          | 803          | 65%        |
| <b>Total</b>                 | <b>5,726</b> | <b>7,139</b> | <b>25%</b> |

This scenario led to a consistent decline in fertilizer prices from the second half of 2022 onwards. As the price of fertilizers started to decrease, many farmers postponed their purchases of agricultural inputs as much as possible, hoping that the downward trend would lead to even lower prices. This delay directly impacted Verde's sales volumes.

Additionally, the weather phenomenon, El Niño, in the latter half of 2023 led farmers to adopt a more conservative investment strategy.<sup>19</sup> The anticipated severe heat and drought conditions associated with

<sup>17</sup> See "Verde Announces Life Cycle Assessment Results in Accordance with ISO Standards".

<sup>18</sup> Source: Brazilian Fertilizer Mixers Association (from "Associação Misturadores de Adubo do Brasil", in Portuguese).

<sup>19</sup> Source: Coface for Trade. Available at: <https://www.coface.com/News-Publications/News/El-Nino-a-threat-to-global-agriculture>

El Niño, led to farmers adjusting their investment strategies to mitigate the predicted challenges in crop production.

### Average KCI Price

After the historic high reached in 2022, the Average KCI CFR price declined by 59% in Q3 2023, compared to Q3 2022, with a 34% decrease from January to September 2023.

The table below compares Brazil’s monthly average KCI CFR prices from 2022 to 2023:

**KCI Brazil CFR average spot price (US\$)<sup>20</sup>**

| Month     | 2022  | 2023 | YoY  |
|-----------|-------|------|------|
| January   | 772   | 510  | -34% |
| February  | 781   | 498  | -36% |
| March     | 1,018 | 463  | -54% |
| April     | 1,183 | 415  | -65% |
| May       | 1,113 | 366  | -67% |
| June      | 1,030 | 333  | -68% |
| July      | 943   | 328  | -65% |
| August    | 883   | 352  | -60% |
| September | 711   | 351  | -51% |
| October   | 624   | 343  | -45% |
| November  | 571   | 340* | -40% |
| December  | 513   | -    | -    |

\*As of November 09, 2023.

### Other Fertilizers

The following tables present an overview of the price trends for essential nitrogen and phosphate fertilizers, as well as sulfur fertilizers, capturing the market's response to a period of geopolitical unrest.

<sup>20</sup> Acerto Limited Report.

### Granular Urea Brazil CFR average price (US\$)<sup>21</sup>

| Month     | 2022 | 2023 | YoY  |
|-----------|------|------|------|
| January   | 696  | 439  | -37% |
| February  | 597  | 356  | -40% |
| March     | 925  | 327  | -65% |
| April     | 865  | 333  | -62% |
| May       | 706  | 320  | -55% |
| June      | 603  | 290  | -52% |
| July      | 603  | 369  | -39% |
| August    | 614  | 395  | -36% |
| September | 704  | 399  | -43% |
| October   | 646  | 404  | -38% |
| November  | 586  | 388* | -34% |

\*As of November 09, 2023.

### Monoammonium phosphate ("MAP 11-52")<sup>22</sup> CFR Brazil average price (US\$)<sup>23</sup>

| Month     | 2022  | 2023 | YoY  |
|-----------|-------|------|------|
| January   | 860   | 654  | -24% |
| February  | 873   | 652  | -25% |
| March     | 1,179 | 636  | -46% |
| April     | 1,266 | 596  | -53% |
| May       | 1,119 | 530  | -53% |
| June      | 1,035 | 461  | -56% |
| July      | 959   | 465  | -51% |
| August    | 878   | 517  | -41% |
| September | 730   | 533  | -27% |
| October   | 644   | 555  | -14% |
| November  | 611   | 555* | -9%  |

\*As of November 09, 2023.

<sup>21</sup> Acerto Limited Report.

<sup>22</sup> MAP 11-52 is a type of fertilizer known as Monoammonium Phosphate. The "11-52" notation refers to the nutrient content of the fertilizer, indicating that it contains 11% nitrogen in the form of ammonia (ammoniacal nitrogen) and 52% phosphorus.

<sup>23</sup> Acerto Limited Report.

## Commodity Prices

The agricultural commodities market has been experiencing significant fluctuations on a downward trend since H1 2022, impacting the fertilizers' market worldwide. The following table shows the shifts in the price of some of the main commodities in Brazil:

**2022-2023 variance in Brazilian commodities average prices (% R\$)<sup>24</sup>**

| Month                  | YoY Δ       |             |             |             |
|------------------------|-------------|-------------|-------------|-------------|
|                        | Soybeans    | Coffee      | Corn        | Cotton      |
| January                | -1%         | -32%        | -10%        | -22%        |
| February               | -11%        | -24%        | -11%        | -25%        |
| March                  | -19%        | -14%        | -15%        | -31%        |
| April                  | -22%        | -12%        | -16%        | -40%        |
| May                    | -29%        | -18%        | -33%        | -51%        |
| June                   | -30%        | -30%        | -36%        | -47%        |
| July                   | -23%        | -38%        | -33%        | -37%        |
| August                 | -21%        | -36%        | -35%        | -36%        |
| September              | -21%        | -38%        | -35%        | -34%        |
| October                | -22%        | -27%        | -30%        | -22%        |
| November*              | -23%        | -10%        | -30%        | -24%        |
| <b>YTD (Jan/Sep) Δ</b> | <b>-20%</b> | <b>-27%</b> | <b>-25%</b> | <b>-34%</b> |

\*As of November 09, 2023.

As the prices of commodities initiated a downward trajectory in 2023, many farmers chose to delay their crop sales, anticipating a market rebound that would fetch more favorable prices. Although the decline in prices has halted, market values remain considerably below the levels observed in 2022, further impacting the agricultural sector.

### Working capital constraints for Brazilian farmers

In 2023, the agricultural market is facing extreme conditions characterized by a substantial depletion of farmers' working capital.

The convergence of these circumstances aligns with the timeframe when farmers need to procure essential agricultural inputs, including fertilizers, for the upcoming planting season. Consequently, Brazilian farmers are facing significant challenges in securing financing for their planting activities.

<sup>24</sup> Source: Economic Research Center of the ESALQ/University of São Paulo. Available at: <https://www.cepea.esalq.usp.br/br/indicador/soja.aspx>



These farmers opt to procure inputs from suppliers that provide extended payment terms, combined with the most competitive interest rates achievable. This strategy enables them to cover the expenses associated with these inputs after generating revenue from the imminent harvest, usually spanning a period of 9 to 12 months.

As a result, Brazilian farmers situation of reduced working capital and demanding conditions for extended payment terms has led to an elevated risk of customer default for fertilizer companies, including Verde.

## Brazilian Economy

In August 2023, the Central Bank of Brazil started lowering the SELIC rate after a sequence of 12 consecutive rate hikes. On November 01, 2023, the SELIC rate decreased to 12.25%.<sup>25</sup> However, this rate still represents the country's highest interest rate since 2017.

The Central Bank of Brazil projects the SELIC rate to reach 11.75% per annum by the end of 2023, 9% in 2024, and 8.5% in 2025 and 2026.<sup>26</sup> Annual inflation forecast for 2023 is 4.63%.<sup>27</sup>

The table below provides an overview of the SELIC rates spanning from 2018 to 2023, along with the projections for 2024, 2025 and 2026.

**SELIC interest rates<sup>28</sup>**

| Year                | Selic rate at year-end |
|---------------------|------------------------|
| 2017                | 7.00%                  |
| 2018                | 6.50%                  |
| 2019                | 4.50%                  |
| 2020                | 2.00%                  |
| 2021                | 9.25%                  |
| 2022                | 13.75%                 |
| <b>Current rate</b> | <b>12.25%</b>          |
| 2023 Forecast       | 11.75%                 |
| 2024 Forecast       | 9.00%                  |
| 2025 Forecast       | 8.75%                  |
| 2026 Forecast       | 8.50%                  |

<sup>25</sup> Source: Brazilian Central Bank. Available at: <https://www.bcb.gov.br/en/pressdetail/2500/nota>

<sup>26</sup> Source: Brazilian Central Bank. Available at: <https://www.bcb.gov.br/content/focus/focus/R20231027.pdf>

<sup>27</sup> Source: Boletim FOCUS. Available at: <https://www.bcb.gov.br/publicacoes/focus>

<sup>28</sup> Source: Brazilian Central Bank. Available at: <https://www.bcb.gov.br/en>

## Global Market Competition and Financing

In the midst of the most challenging conditions witnessed by the fertilizer market in recent years, the Company is contending with the intersection of two crucial factors: In 2022, Brazil experienced its highest interest rates since 2006, a situation that is beginning to show signs of improvement in 2023 but still impacts the Company's financing conditions. Additionally, there is a pressing demand from farmers for credit.

Verde's average cost of debt is 16.4%. To incentivize sales, the Company offers its customers a credit line that charges a spread to its finance cost to comprise operational costs, provisions, and bad debt, leading to an average lending cost of 18.2% for credit-based purchases. The Company's ability to provide financing with longer tenors is considerably lower compared to international players<sup>29</sup>, which translates into less competitive terms for its customers. Unlike its competitors, Verde does not have the option to incur most of its cost of debt in US dollar-denominated liabilities. Overall, the Company is not able to provide financing for more than 20% of its revenue due to constraints related to lines of credit.

## Exchange Rate

The fluctuation in the exchange rate between the Canadian dollar and the Brazilian Real during the quarter also influences the Company's results. Canadian dollar devaluated by 7% versus Brazilian Real in Q3 2023, with an average exchange rate of R\$3.72 in the quarter, compared to R\$3.99 in Q3 2022.

## MARKET OUTLOOK

The market outlook for agricultural inputs, particularly fertilizers, is cautiously optimistic. Key trends and expectations shaping this outlook include:

1. **Stabilization of Fertilizer Prices:** The global market has witnessed a stabilization in the prices of KCl. This trend is expected to continue, providing a more predictable cost environment for fertilizer production. The stabilization of KCl prices is particularly significant for Verde, as it could lead to more stable pricing strategies and potentially improved profit margins.
2. The market also demonstrates a returning stability in urea, MAP 11-52 and sulphur fertilizers prices following last year's volatile scenario.
3. **Steadying of Agricultural Commodity Prices:** After a period of fluctuation, agricultural commodity prices are showing signs of steadying. This stabilization is likely to positively influence farmers' investment capabilities in agricultural inputs, including fertilizers.

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<sup>29</sup> Verde has an average of 93 days of receivables, while competitors can provide 180-360 days to collect its payments.

4. **Brazilian Economic Indicators:** The Brazilian Central Bank's recent reduction in interest rates, with the potential for further cuts, could alleviate financial constraints on farmers. This would facilitate their business development and acquisition of essential inputs. Should the SELIC rate decrease to the anticipated 8.5%, Verde is projected to benefit from interest expense savings of C\$1.1 million by the end of 2024 and C\$2.7 million by Q4 2026.
5. **Global Potash Market Dynamics:** As a major potash producer, Verde is well-positioned in the global potash market, particularly with Brazil's reliance on imported potash. Verde's domestic production capabilities place it favorably to efficiently meet local demand.
6. **Focus on Climate Change and Sustainability:** As the global shift towards sustainable agriculture gains momentum and environmental impact becomes a critical evaluation metric, Verde's commitment to sustainable fertilizers and its carbon capture initiative positions the company favorably in response to this market transition.

## SELECTED ANNUAL FINANCIAL INFORMATION

The table below summarizes Q3 2023 financial results compared to Q3 2022 and year-to-date (“YTD”):

| All amounts in CAD \$'000  | Q3 2023        | Q3 2022       | YTD 2023       | YTD 2022      |
|--|----------------|---------------|----------------|---------------|
| <b>Tons sold '000</b>  | 108            | 189           | 323            | 503           |
| <b>Average Revenue per ton sold \$</b>   | 87             | 144           | 95             | 126           |
| <b>Average Production cost per ton sold \$</b>   | (28)           | (32)          | (24)           | (28)          |
| <b>Average Gross Profit per ton sold \$</b>  | 59             | 112           | 71             | 98            |
| <b>Gross Margin</b>  | 67%            | 78%           | 75%            | 78%           |
| <b>Revenue</b>   | 9,375          | 27,269        | 30,805         | 63,434        |
| <b>Production costs<sup>(1)</sup></b>  | (3,056)        | (6,069)       | (7,680)        | (14,055)      |
| <b>Gross Profit</b>  | <b>6,319</b>   | <b>21,200</b> | <b>23,125</b>  | <b>49,379</b> |
| <b>Gross Margin</b>  | <b>67%</b>     | <b>78%</b>    | <b>75%</b>     | <b>78%</b>    |
| <b>Sales and marketing expenses</b>  | (695)          | (1,866)       | (3,026)        | (3,895)       |
| <b>Product delivery freight expenses</b>   | (3,919)        | (9,187)       | (11,509)       | (19,200)      |
| <b>General and administrative expenses</b>   | (2,328)        | (1,970)       | (5,142)        | (3,666)       |
| <b>EBITDA<sup>(2)</sup></b>  | <b>(623)</b>   | <b>8,177</b>  | <b>3,448</b>   | <b>22,618</b> |
| <b>Share Based and Bonus Payments (Non-Cash Event)<sup>(3)</sup></b>                       | (261)          | (20)          | (145)          | (124)         |
| <b>Depreciation, Amortisation and P/L on disposal of plant and equipment<sup>(3)</sup></b> | (973)          | (84)          | (2,852)        | (148)         |
| <b>Operating Profit after non-cash events</b>  | <b>(1,857)</b> | <b>8,073</b>  | <b>451</b>     | <b>22,346</b> |
| <b>Interest Income/Expense<sup>(4)</sup></b>   | (1,593)        | (722)         | (3,586)        | (1,152)       |
| <b>Net Profit before tax</b>   | <b>(3,450)</b> | <b>7,351</b>  | <b>(3,135)</b> | <b>21,194</b> |
| <b>Income tax<sup>(5)</sup></b>  | (14)           | (893)         | (196)          | (2,079)       |
| <b>Net Profit</b>  | <b>(3,464)</b> | <b>6,458</b>  | <b>(3,331)</b> | <b>19,115</b> |

(1) – C\$2,693,000 of depreciation in 2023 related to the investments made in Plant 1, Plant 2 and access routes improvement in the last 12 months that are included in production costs in the financial statements have been reclassified to a non-cash event in the MD&A.

(2) – Non GAAP measure.

(3) – Included in General and Administrative expenses in financial statements.

(4) – Please see Summary of Interest-Bearing Loans and Borrowings notes.

(5) – Please see Income Tax notes.

### External Factors

Revenue and costs are affected by external factors including changes in the exchange rates between the US\$, C\$ and R\$ along with fluctuations in potassium chloride spot CFR Brazil, agricultural commodities prices, interest rates, among other factors.

For further details, please refer to the Market Overview section (page 04):

## Q3 2023 compared with Q3 2022

### EBITDA and EPS

The Company had an EBITDA of -\$600,000 in Q3 2023, compared to \$8,200,000 in Q3 2022. This decrease can be mainly attributed to the factors below, outlined in greater detail within the Market Overview section (please refer to page 04):

- **Increased bad debt provision:** The increase in bad debt provision has increased the general expenses, further impacting on the Company's financial position. In Q3 2023, the Company recognized a bad-debt provision of \$563,000, which exerted a considerable impact on the general expenses and, consequently, EBTIDA. As outlined in the Market Overview section, 2023 has proven to be a demanding year for the agricultural sector, However, the Company is currently in active negotiations with these clients. If the negotiations are successful, the provision will be reversed.
- **Potassium chloride price decline:** The average price of KCl CFR Brazil experienced a substantial 59% decrease in Q3 2023 when compared to the same period in 2022, with a 34% decrease from January to September 2023.
- **Extreme market conditions and working capital constraints:** The current agricultural market scenario is characterized by extreme challenges, including working capital constraints for Brazilian farmers due to low agricultural commodity prices and financial market instability. Farmers are encountering difficulties in financing planting activities and are opting for extended payment terms with competitive interest rates from suppliers.
- **Intensified competition and financing conditions:** Larger international competitors benefit from lower financing costs within their countries and possess larger balance sheets. These advantages enable them to extend more appealing interest rates and favorable commercial terms to farmers when supplying products, giving them a distinctive competitive edge. Verde's capacity to offer competitive credit terms to farmers encounters limitations due to the Company's higher cost of debt compared to these well-established competitors. This financial discrepancy impairs Verde's ability to match the financing terms offered by its competitors, impacting its appeal to farmers seeking more favorable credit options.
- **Sales price and volume:** Verde's average sales price per ton had a decrease of 40% in Q3 2023, in addition to a 43% decrease in the sales volume. This was mainly driven by the lower potassium chloride prices and additional discounts provided by the Company, aiming to increase market adoption.
- **Shift in product mix due to constrained working capital:** With many farmers facing restricted cash flows, there has been a noticeable shift towards opting for lower-value-added products. Consequently, the utilization of micronutrients, which do not fall within the essential NPK

elements for plants, has witnessed a reduction. This shift has culminated in a decrease in the sales proportion of BAKS, Verde's higher-margin product, from 11% to 8% in the third quarter of 2023.

Basic loss per share was \$0.066 for Q3 2023, compared to earnings of \$0.126 for Q3 2022.

### **Product Sales**

Sales by volume decreased by 43% in Q3 2023, to 108,000 tons sold, compared to 189,000 tons sold in Q3 2022.

The combination of the previously described factors of extreme market conditions explained in detail within the Market Overview section (page 03) has brought forth noteworthy challenges for the agricultural sector, also impacting Verde's sales volumes.

### **Revenue**

Revenue from sales decreased by 66% in Q3 2023, to \$9,375,000 from the sale of 108,000 tons of Product, at average \$87 per ton sold; compared to \$27,269,000 in Q3 2022 from the sale of 189,000 tons of Product, at average \$144 per ton sold.

Average revenue per ton excluding freight expenses (FOB price) decreased by 47% in Q3 2023, to \$51 compared to \$95 in Q3 2022 mainly due to the decrease in Potassium Chloride CFR Brazil, from US\$640-US\$980 per ton in Q3 2022 to US\$310-US\$360 per ton in Q3 2023.<sup>30</sup> This reduction was partially offset by the 7% appreciation of the Brazilian Real against the Canadian Dollar.

### **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. It also includes the logistics costs from the mine to the plant and related salaries.

Verde's production costs and sales price are based on the following assumptions:

1. Micronutrients added to BAKS® increase its production cost, rendering K Forte® less expensive to produce.
2. Production costs vary based on packaging type, with bulk packaging being less expensive than Jumbo Bags.
3. Plant 1 produces K Forte® Bulk, K Forte® Jumbo Bag (sold in 1-ton bags), BAKS® Bulk, and BAKS® Jumbo Bag, while Plant 2 exclusively produces K Forte® Bulk. Therefore, Plant 2's

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<sup>30</sup> Source: Acerto Limited Report.

production costs are lower than Plant 1's costs, which produces two types of Products and offers two types of packaging options each.

The table below shows a breakdown of full year 2023 Verde's production costs projection for BAKS® and K Forte®, and what percentage of those costs is not controllable by management:

|  | (+)       | (+)                 | (=)  |   |
|--|-----------|---------------------|--|---|
| Cost per ton of product projected for 2023 <sup>31</sup> (C\$) | Cash cost | Assets depreciation | Total cost expected for 2023 <sup>32</sup> | Non-controllable costs (% of total costs) |
| K Forte® Bulk (Plant 1)  | 20.2      | 3.8                 | 24.0                                       | 61%                                       |
| K Forte® Bulk (Plant 2)  | 10.2      | 2.8                 | 13.0                                       | 58%                                       |
| K Forte® Jumbo Bag (Plant 1)                                   | 30.4      | 2.8                 | 33.2                                       | 71%                                       |
| BAKS® (2%S 0.2%B) <sup>33</sup> Bulk (Plant 1)                 | 42.1      | 3.8                 | 45.9                                       | 81%                                       |
| BAKS® (2%S 0.2%B) Jumbo Bag (Plant 1)                          | 51.3      | 3.8                 | 55.0                                       | 85%                                       |

Verde calculates its total production costs as a weighted average of the production costs for BAKS® and K Forte®, taking into account the production site and packaging type for each product. Therefore, comparing the Company's production costs on a quarter-over-quarter basis may not be meaningful due to the varying proportions of the cost factors that impact each quarter.

Production costs decreased by 50% in Q3 2023, to \$3,056,000 compared to \$6,069,000 in Q3 2022. Average cost per ton decreased by 11% in Q3 2023, to \$28 compared to \$32 in Q3 2022.

Plant 2 has lower operational costs than Plant 1 and, consequently, a lower production cost per ton of K Forte® Bulk. The construction of Plant 2 in Q4 2022 resulted in a reduction of production costs due to the increased volume of K Forte® Bulk sold from Plant 2, representing 70% of the total volume sold in the quarter. Additionally, there has been a change in the sales mix of packaging types, with a reduction in the proportion of Products sold in Jumbo Bags, which decreased to 18% in Q3 2023 from 27% in the same quarter of the previous year.

<sup>31</sup> The costs were estimated based on the following assumptions: Costs in line with Verde's 2023 budget. Sales volume of 1.0Mt per year. Crude Oil WTI (NYM US\$/bbl) = US\$80.00. Diesel price = US\$1.26. Currency exchange rate: US\$1.00 = R\$5.25; C\$1.00 = R\$4.20. Total cost per ton includes all costs directly related to production and feedstock extraction in addition to assets depreciation.

<sup>32</sup> Total cost per ton includes labor mining, mining, crushing, processing, maintenance of support facilities, product transportation from mine pits to production plants, laboratory expenses, G&A, and environmental compensation expenses.

<sup>33</sup> BAKS® can be customized according to the crop's needs, so it can have several compositions. The 2%S 0.2%B composition is responsible for most of Verde's sales.

Similarly, the sales mix between BAKS® and K Forte® also underwent a shift, with the percentage of BAKS® sales decreasing to 8% in Q3 2023, compared to 11% in Q3 2022, as many farmers are opting for lower-value-added products, due to restricted cash flows. Consequently, the utilization of micronutrients, which do not fall within the essential NPK elements for plants, has witnessed a reduction.

## SALES EXPENSES

| CAD \$'000                            | Q3 2023      | Q3 2022        | YTD 2023       | YTD 2022       |
|---------------------------------------|--------------|----------------|----------------|----------------|
| Sales and marketing expenses          | (890)        | (1,385)        | (2,990)        | (2,919)        |
| Fees paid to independent sales agents | 195          | (481)          | (36)           | (976)          |
| <b>Total</b>                          | <b>(695)</b> | <b>(1,866)</b> | <b>(3,026)</b> | <b>(3,895)</b> |

### Sales and marketing expenses

Sales and marketing expenses include employees' salaries, car rentals, travel within Brazil, hotel expenses, and the promotion of the Product in marketing events.

Sales and marketing expenses decreased by 36% in Q3 2023 to \$890,000 compared to \$1,385,000 in Q3 2022.

### Fees paid to independent sales agents

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

Fees paid to independent sales agents in Q3 2023, had a credit balance of \$195,000 compared to \$481,000 expenses in Q3 2022, in accordance with the decrease in revenue for the quarter.

The decrease in fees paid to independent sales agents is in accordance with the decrease in revenue of 66% for the quarter. In addition, Sales made through Sales Agents experienced a proportional decline in the period.

The Company has reversed a provision of \$249,000 in the quarter, significantly contributing to the credit balance in the quarter.



## PRODUCT DELIVERY FREIGHT EXPENSES

Product delivery freight expenses decreased by 57% in Q3 2023, to \$3,919,000 compared to \$9,187,000 in Q3 2022. This reduction can be attributed to the lower sales volume on a Cost Insurance and Freight (CIF) basis, which decreased to 84,000 tons in Q3 2023, down from 148,000 tons in Q3 2022. Notably, the volume sold as CIF as a percentage of the total sales in the quarter remained stable at 78% during this period.

The Company achieved a reduction in average freight costs per ton for products sold on a CIF basis, to \$46.58 in Q3 2023 from \$62.06 in the comparable period of the previous year. The 24.97% decrease in freight costs can primarily be attributed to a reduction in the percentage of sales made to regions that are more distant from Verde's production facilities. For instance, sales to Mato Grosso state significantly dropped to 14% of overall sales in Q3 2023, compared to 33% of the total sales volume accounted for in Q3 2022.

## GENERAL AND ADMINISTRATIVE EXPENSES

| CAD \$'000                                       | Q3 2023        | Q3 2022        | YTD 2023       | YTD 2022       |
|--|----------------|----------------|----------------|----------------|
| General administrative expenses                  | (1,203)        | (1,096)        | (2,983)        | (1,895)        |
| Bad debt provision                               | (563)          | 0              | (592)          | 0              |
| Legal, professional, consultancy and audit costs | (332)          | (667)          | (939)          | (1,155)        |
| IT/Software expenses                             | (190)          | (180)          | (532)          | (570)          |
| Taxes and licenses fees                          | (40)           | (27)           | (96)           | (46)           |
| <b>Total</b>                                     | <b>(2,328)</b> | <b>(1,970)</b> | <b>(5,142)</b> | <b>(3,666)</b> |

### 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.

General administrative expenses increased by 10% in Q3 2023, to \$1,203,000 compared to \$1,096,000 in Q3 2022.

This increase can primarily be attributed to general expenses related to Plant 2, such as the rental of water trucks and metallic structures to support operations.

### **Bad Debt Provision**

In 2023, for the first time, the Company had to record a Bad Debt Provision in its accounts. As per Verde's sales policy, any outstanding customer payments overdue for more than 12 months must be provisioned. The total bad debt provision booked in Q3 2023 amounted to \$563,000, in contrast to no provision being recorded in Q3 2022.

### **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 50% in Q3 2023, to \$332,000 compared to \$667,000 in Q3 2022.

The primary reason for this decrease can be attributed to expenses related to the Company's re-domiciliation to Singapore in 2022, which was completed in August 2022. However, the Company has appointed EY as its new audit firm, resulting in higher costs compared to the former auditors starting from 2023 onwards.

### **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 6% in Q3 2023, to \$190,000 compared to \$180,000 in Q3 2022, primarily due to higher license expenses related to the Company's new ERP system, SAP Business One, which was implemented in H2 2022.

### **Taxes and licenses**

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

Expenses increased in Q3 2023, to \$40,000 compared to \$27,000 in Q3 2022 and increase of \$13,000. This increase was mainly driven by federal taxation on the Company's financial revenues.

### **Share Based, Equity and Bonus Payments (Non-Cash Events)**

These costs represent the expense associated with stock options granted to employees and directors along with equity compensation and non-cash bonuses paid to key management.



Share Based, equity and bonus payments costs in Q3 2023 increased by \$241,000 to \$261,000 compared to \$20,000 in Q3 2022.

This value is attributed to stock options issuance to the Company's Board members and senior management team.

## LIQUIDITY AND CASH FLOWS

On September 30, 2023, the Company held cash of \$9,275,000, an increase of \$4,221,000 on the same period in 2022.

| Cash received from / (used for):<br>CAD \$'000 | Q3 2023 | Q3 2022  | YTD 2023 | YTD 2022 |
|--|---------|----------|----------|----------|
| Operating activities                           | (9,216) | 5,398    | (16,090) | 16,872   |
| Investing activities                           | 504     | (13,797) | (1,985)  | (29,659) |
| Financing activities                           | 11,883  | 11,767   | 25,823   | 16,079   |

## Q3 2023 RESULTS CONFERENCE CALL

The Company will host a conference call on Wednesday, November 22, 2023, at 10:00 am Eastern Time, to discuss Q3 2023 results and provide an update. Subscribe using the link below and receive the conference details by email.

|                           |   |
|---------------------------|---|
| <b>Date:</b>              | Wednesday, November 22, 2023  |
| <b>Time:</b>              | 10:00 am Eastern Time   |
| <b>Subscription link:</b> | <a href="https://bit.ly/Q3_2023-ResultsPresentation">https://bit.ly/Q3_2023-ResultsPresentation</a> |

The questions can be submitted in advance through the following link: [https://bit.ly/Questions\\_Q3-2023](https://bit.ly/Questions_Q3-2023)

The Company's third quarter financial statements and related notes for the period ended September 30, 2023 are available to the public on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.investor.verde.ag/](http://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.<sup>34</sup> 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®. In 2022, it became Brazil's largest potash producer by capacity.<sup>35</sup> Verde has a combined measured and indicated mineral resource of 1.47 billion tonnes at 9.28% K<sub>2</sub>O and an inferred mineral resource of 1.85 billion tonnes at 8.60% K<sub>2</sub>O (using a 7.5% K<sub>2</sub>O cut-off grade).<sup>36</sup> This amounts to 295.70 million tonnes of potash in K<sub>2</sub>O. For context, in 2021 Brazil's total consumption of potash in K<sub>2</sub>O was 6.57 million<sup>37</sup>.

Brazil ranks second in global potash demand and is its single largest importer, currently depending on external sources for over 97% of its potash needs. In 2022, potash accounted for approximately 3% of all Brazilian imports by dollar value.<sup>38</sup>

## CORPORATE PRESENTATION

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

<https://verde.docsend.com/view/qsh7p2h49u3hmzzt>

## 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: <http://bit.ly/InvestorNL-August2023>

## 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

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<sup>34</sup> Learn more about our technologies: <https://verde.docsend.com/view/yvthnpuv8jx6g4r9>

<sup>35</sup> See the release at: <https://investor.verde.ag/verde-starts-ramp-up-of-plant-2s-second-stage-to-reach-production-of-2-4mtpy/>

<sup>36</sup> 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>

<sup>37</sup> Source: Brazilian Fertilizer Mixers Association (from "Associação Misturadores de Adubo do Brasil", in Portuguese).

<sup>38</sup> Source: Brazilian Comex Stat, available at: <http://comexstat.mdic.gov.br/en/geral>

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 estimated amount of CO<sub>2</sub> removal per tonne of rock;
- (iii) the PFS representing a viable development option for the Project;
- (iv) 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;
- (v) the estimated amount of future production, both produced and sold;
- (vi) timing of disclosure for the PFS and recommendations from the Special Committee;
- (vii) the Company's competitive position in Brazil and demand for potash; and,
- (viii) 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 estimation of CO<sub>2</sub> removal based on the chemical and mineralogical composition of assumed resources and reserves;
- (iii) 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;

- (iv) the capacities and durability of various machinery and equipment;
- (v) the availability of personnel, machinery and equipment at estimated prices and within the estimated delivery times;
- (vi) currency exchange rates;
- (vii) Super Greensand® and K Forte® sales prices, market size and exchange rate assumed;
- (viii) appropriate discount rates applied to the cash flows in the economic analysis;
- (ix) tax rates and royalty rates applicable to the proposed mining operation;
- (x) the availability of acceptable financing under assumed structure and costs;
- (xi) anticipated mining losses and dilution;
- (xii) reasonable contingency requirements;
- (xiii) success in realizing proposed operations;
- (xiv) receipt of permits and other regulatory approvals on acceptable terms; and
- (xv) 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](http://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.

**For additional information please contact:**

**Lucas Brown**, Vice-President of Corporate Development

Tel: +55 (31) 3245 0205; Email: [investor@verde.ag](mailto:investor@verde.ag)

[www.verde.ag](http://www.verde.ag) | [www.investor.verde.ag](http://www.investor.verde.ag)