

January 26, 2024

# Verde Announces 2024 Guidance, Highlighting Carbon Capture Potential for the Year, and Provides Update on 2023 Results

**Singapore. Verde AgriTech Ltd** (TSX: “**NPK**”) (the “**Company**”) announces its preliminary and unaudited results for the period ending December 31, 2023 (“**FY 2023**”). The Company also announces its 2024 guidance, targeting sales of 800,000 tons of its multinutrient potassium products, BAKS® and K Forte®, sold internationally as Super Greensand® (the “**Product**”), and a carbon dioxide removal (“**CDR**”) potential of 38,300 tons of CO<sub>2</sub>.<sup>1</sup> The yearly revenue from Product sales in 2024 is targeted at C\$62.9 million, with an EBITDA of C\$12.2 million, and C\$0.5 million net profit. FY 2024 financial targets do not include any potential revenue from the sale of carbon credits.

Verde's financial results for the period ending December 31, 2023, are being examined by its auditors. In the interim, the Company offers an estimation of its FY 2023 results (non-audited), as follows:<sup>2,3</sup>

- Sales: 427,750 tons of Product
- CDR potential: 17,680 tons of CO<sub>2</sub><sup>4</sup>
- Revenue from sales range: C\$37.5 million - C\$38.5 million
- EBITDA<sup>5</sup> range: C\$1.5 million – C\$2.5 million
- Net loss range: C\$5.0 million – C\$6.0 million

“Despite our high expectations for the second half of the year, following the appointment of a new commercial leadership, the results in Q4 were the most disappointing of the year”, commented Verde’s Founder, President & CEO Cristiano Veloso.

The unaudited preliminary financial results in this press release are based on information available to the Company as of the date of this release and is subject to revision upon finalizing the audit of the Company’s

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<sup>1</sup> 1 ton of Long-Term Net CO<sub>2</sub> Removal (CDR) is equivalent to 1 carbon credit.

<sup>2</sup> Average Brazilian Real (“R\$”) to Canadian dollar exchange rate: C\$1.00 = R\$3.70.

<sup>3</sup> The financial results for FY 2023 do not include the revenue from potential sales of carbon credits.

<sup>4</sup> Out of the total sales in FY 2023, 268,907 tons were sold in compliance with our Monitoring, Verification, and Report (“**MRV**”) Protocol, qualifying them as potential carbon credits. This volume has the potential to capture up to 32,198 tons of CO<sub>2</sub> from the atmosphere via Enhanced Rock Weathering (“**ERW**”), with a net CDR potential of 17,680 tons of CO<sub>2</sub>.

<sup>5</sup> Before non-cash events.

annual consolidated financial statements for the fiscal year ending December 31, 2023. The unaudited preliminary financial results in this press release have been prepared by and its management on a reasonable basis, reflecting their best estimates and judgments.

## 2024 GUIDANCE

"We are currently engaged in multiple discussions with potential partners for our carbon removal project and with prospective buyers of carbon credits. The successful conclusion of these negotiations could result in a substantial adjustment to our production and financial projection for 2024. By operating at full capacity, with an annual production of 3 million tons, we could potentially generate up to 300 thousand tons of CDRs per year. We are working hard to meet our targets, with the expectation of improving these figures as the year progresses," continued Mr. Veloso.

Verde's guidance for 2024 is detailed in the table below:

Key Metrics	FY 2024 Guidance Range <sup>6</sup>		
Sales target (tons of Product)	700,000	-	800,000
CDR potential (tons of CO <sub>2</sub> ) <sup>7</sup>	33,513	-	38,300
Revenue from sales (C\$ million)	55.0	-	62.9
EBITDA (C\$ million) <sup>8,9</sup>	8.9	-	12.2
Net profit / (loss) (C\$ million)	(1.4)	-	0.5

As previously announced, Verde has held back any hurried sale of carbon credits in favor of a long-term strategy that will reflect the higher value of the permanent carbon removal potentially performed by its Products.<sup>10</sup>

The 2024 guidance is underpinned by the following assumptions:

- Average Brazilian Real ("R\$") to Canadian dollar exchange rate: C\$1.00 = R\$3.70.
- Average Brazilian Real ("R\$") to US dollar exchange rate: US\$1.00 = R\$4.88.
- Trade Receivables average of 100 days.

<sup>6</sup> FY 2024 financial guidance does not include any potential revenue from the sale of carbon credits.

<sup>7</sup> Out of the total sales targeted for FY 2024, 455,000 - 520,000 tons are expected to be sold in compliance with our MRV Protocol, qualifying them as potential carbon credits. This volume has the potential to capture 54,600 - 62,400 tons of CO<sub>2</sub> from the atmosphere via ERW, with a net CDR potential of 33,513 - 38,300 tons of CO<sub>2</sub>.

<sup>8</sup> Before non-cash events.

<sup>9</sup> Non GAAP measure.

<sup>10</sup> For further information, please see "[Verde appoints Vice President of Corporate Development](#)".

- Average KCI CFR Brazil price of US\$295, with an overall discount rate of 10%, resulting in a final price of US\$265.
- Product sale mix: BAKS sales are 8% of the total.
- Crude oil Brent price: US\$80.00.
- Selic Rate: reduction from 11.75% in December 2023 to 9.25% in December 2024.
- Sales Incoterms: 82% CIF and 18% FOB.
- Sales channels: 65% direct sales and 35% indirect sales.
- Weighted average freight cost per ton: \$47.

Verde's 2024 sales target represents a potential 87% growth Year-on-Year ("YoY"), compared to 2023.

The Company plans to release its audited financial statements and related notes for FY 2023 on March 29, 2024, after the close of trading on the Toronto Stock Exchange. These results will be available to the public on SEDAR+ ([www.sedarplus.ca/](http://www.sedarplus.ca/)) and the Company's website ([www.investor.verde.ag/](http://www.investor.verde.ag/)). The Company will issue a news wire alert when earnings materials are publicly available.

Verde will host a conference call on Tuesday, April 02, 2024, at 10:00 am Eastern Time, to discuss Q4 and FY 2023 results and provide an update. The questions must be submitted in advance through the following link: [https://bit.ly/Questions\\_Q4-FY2023](https://bit.ly/Questions_Q4-FY2023)

Subscribe using the following link and receive the conference details by email: [https://bit.ly/Q4-FY2023\\_ResultsPresentation](https://bit.ly/Q4-FY2023_ResultsPresentation)

## 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>11</sup> Currently, the Company is fully licensed to produce up to 2.8 million tons per year of its multinutrient potassium fertilizers K Forte® and BAKS®, sold internationally as Super Greensand®. In

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<sup>11</sup> Learn more about our technologies: <https://verde.docsend.com/view/yvthnpuv8jx6g4r9>

2022, it became Brazil's largest potash producer by capacity.<sup>12</sup> Verde has a combined measured and indicated mineral resource of 1.47 billion tons at 9.28% K<sub>2</sub>O and an inferred mineral resource of 1.85 billion tons at 8.60% K<sub>2</sub>O (using a 7.5% K<sub>2</sub>O cut-off grade).<sup>13</sup> This amounts to 295.70 million tons 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>14</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>15</sup>

## CORPORATE PRESENTATION

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

<https://verde.docsend.com/view/tw55q5qa9ut9kbrb>

## INVESTORS NEWSLETTER

Subscribe to receive the Company's updates at:

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

## 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 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

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<sup>12</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>13</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>14</sup> Source: Brazilian Fertilizer Mixers Association (from "*Associação Misturadores de Adubo do Brasil*", in Portuguese).

<sup>15</sup> Source: Brazilian Comex Stat, available at: <http://comexstat.mdic.gov.br/en/geral>

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 ton 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:

**Cristiano Veloso**, Chief Executive Officer and Founder

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

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