

April / 2024

# Q4 & FY 2023 Update



We are not good enough for you to invest if you:

Are risk averse.

Just want to make a quick buck.

Expect delayed growth so you can earn dividends in the near term.

Are looking for a traditional potash company.

Don't deal well with changes.

Don't understand the difficulties in developing technologies and markets for innovative products.

Join our journey if you:

Want to change the world into a better place.

Are looking for a real-world technology developing company.

Want to help Brazilian farmers protect the Amazon.

Believe that Verde can make you and the planet healthier.

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

Care about soil biodiversity.

If you are risk averse don't buy our stock. Don't rely on anything on this presentation.

This presentation contains certain forward-looking information, which includes but is not limited to, statements with respect to Verde AgriTech Ltd's (the Company's) strategy, the commercial production of Super Greensand®, K Forte®, BAKS® and Sílicio Forte® (“Products”), design and building of a manufacturing facility, receipt of environmental permits, and the generation of cash flow. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to differ materially from the forward-looking information. Material risk factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, demand for the products in Brazil, exchange rate fluctuations and other risk factors set out in the Company's most recently filed Annual Information Form under the heading “Risk Factors”. Currently, the Products are commercially produced and sold in Brazil, but the Company has no concrete guarantee that it will be able to reach the sale of 25 million tonnes of Product in the market. Should commercial demand for the Products fail to develop, the Company's business model may not be appropriate. Accordingly, readers should not place undue reliance on such forward-looking information. Material factors or assumptions used to develop such forward-looking information include, but are not limited to, the demand for the Products in Brazil, the ability to secure necessary permits, the ability to secure financing, and other assumptions set out in the Company's current technical report. The Company does not currently intend to update forward-looking information in this presentation except where required by law. Total resources include all categories unless otherwise stated. The grades detailed in this presentation are conceptual in nature. The Company has filed on SEDAR a NI 43-101 compliant updated pre-feasibility study, published date May 26, 2022. All technical information should be reviewed according to this pre-feasibility study. Readers are cautioned not to rely solely on the summary of such information contained in this presentation and are directed to complete information posted on Verde's website ([www.investor.verde.ag](http://www.investor.verde.ag)) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and any future amendments to such. Readers are also directed to the cautionary notices and disclaimers contained herein. Potential investors should conduct their own investigations as to the suitability of investing in securities of Verde AgriTech Ltd.

# Buy Super Greensand® at Amazon:



5% OFF Coupon (USA): 5OFFQ12024

5% OFF Coupon (CA): Sold out



The discount codes are valid through April 30, 2024.

The codes are limited to a single unit per order and to a single order.

# contents\_

1. Market Overview
2. Brazilian agricultural market and KCl prices
3. Brazilian economic scenario and currency exchange
4. 2023 results
5. Q4 & FY 2023 financial statements
6. Operational summary
7. Sales, general and administrative expenses
8. Logistics
9. Financial condition

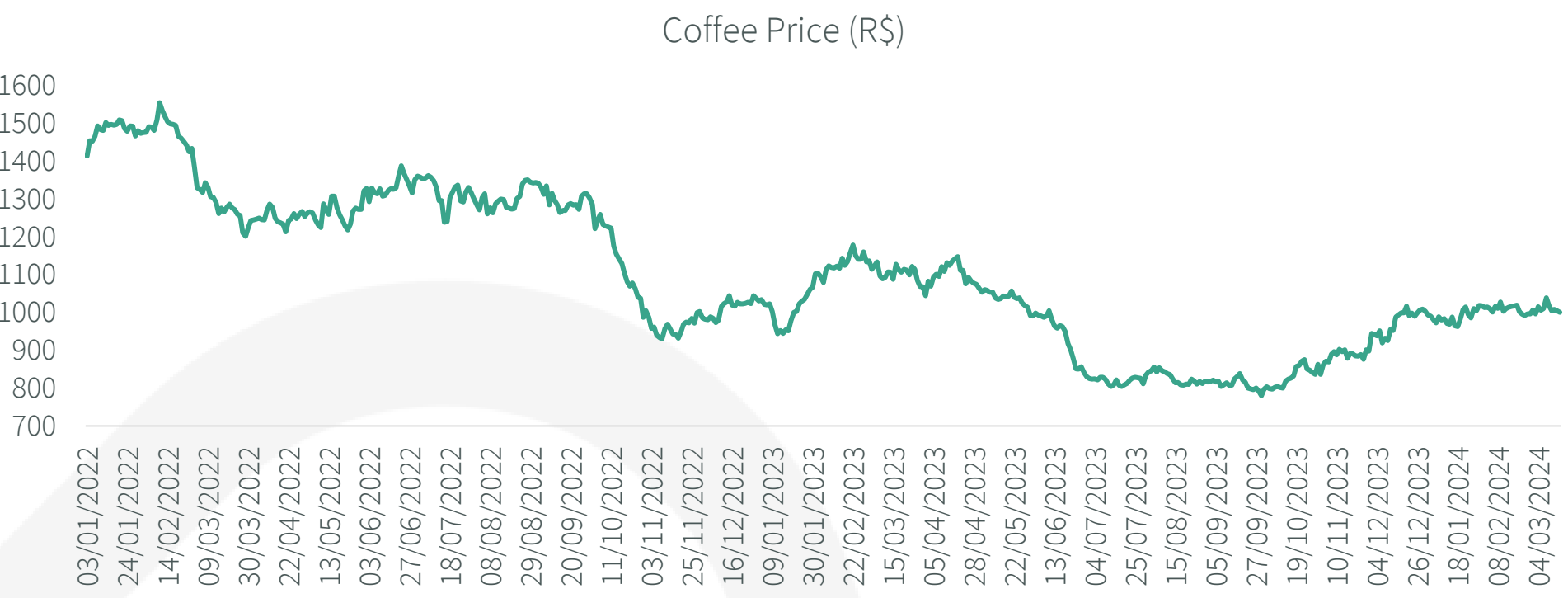
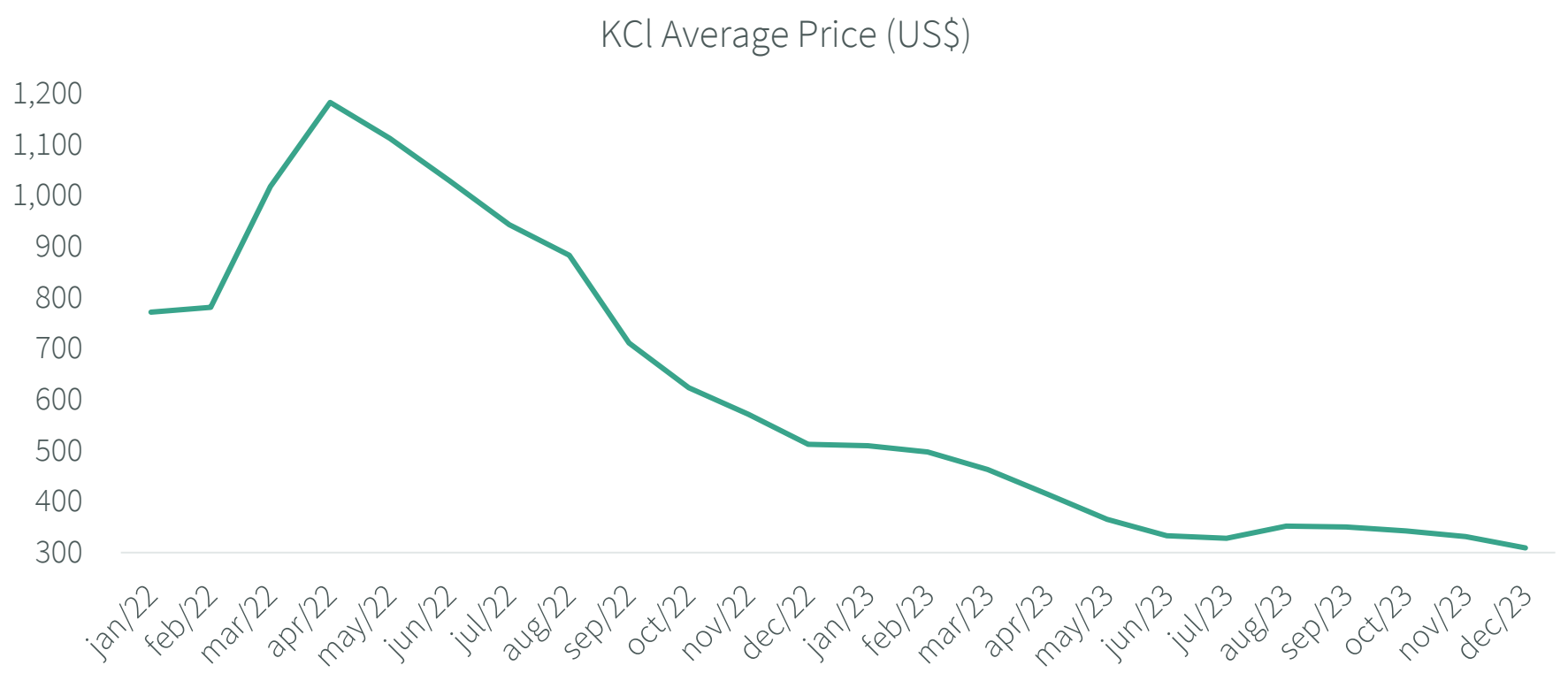
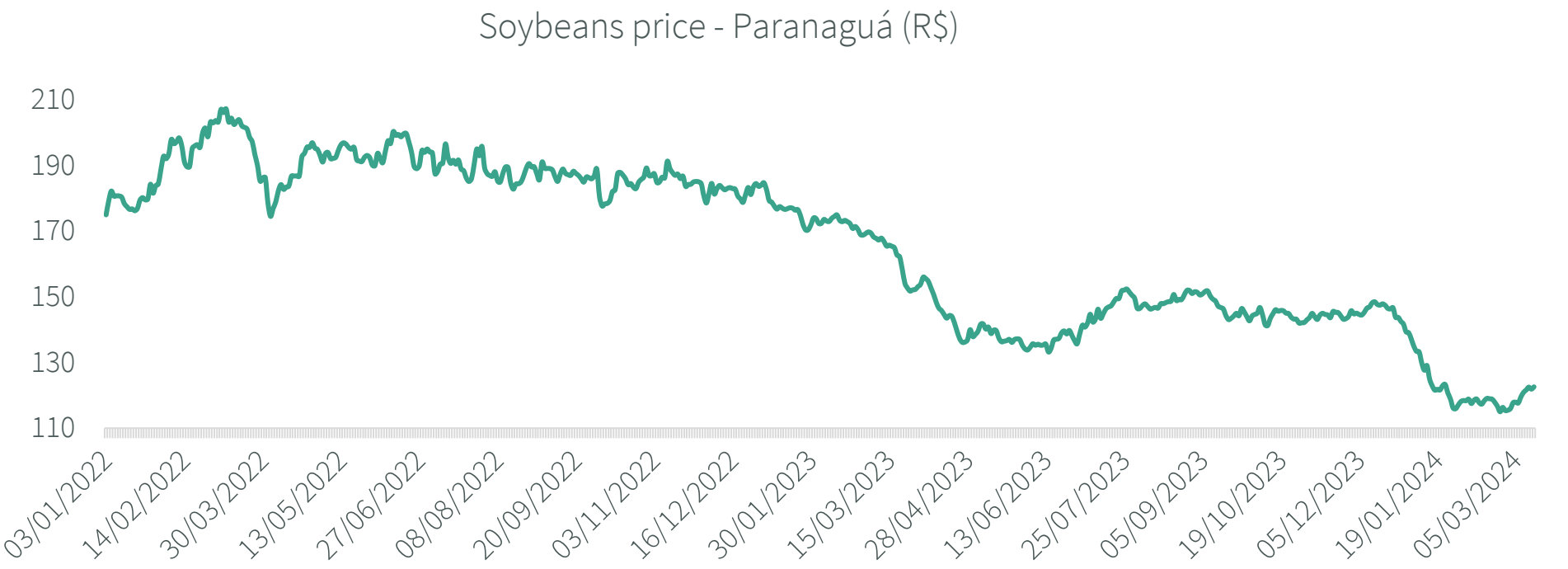
# market overview\_



# Brazilian agricultural market and KCl prices\_

The agricultural commodities market has been experiencing significant fluctuations on a downward trend since H1 2022, impacting the fertilizers' market worldwide.

After the historic high reached in 2022, **average KCl CFR price declined by 54% in 2023 compared to the average price in 2022**, with a 43% decrease in Q4 2023.



In response to declining commodity prices in 2023, farmers postponed selling their crops hoping for a market upturn for better returns.

The market's current rates still sit significantly below those seen in 2022.

Source:  
1 - EPEA – ESALQ / USP. Available at: <https://www.cepea.esalq.usp.br/br>  
2 - Acerto Limited Report.0

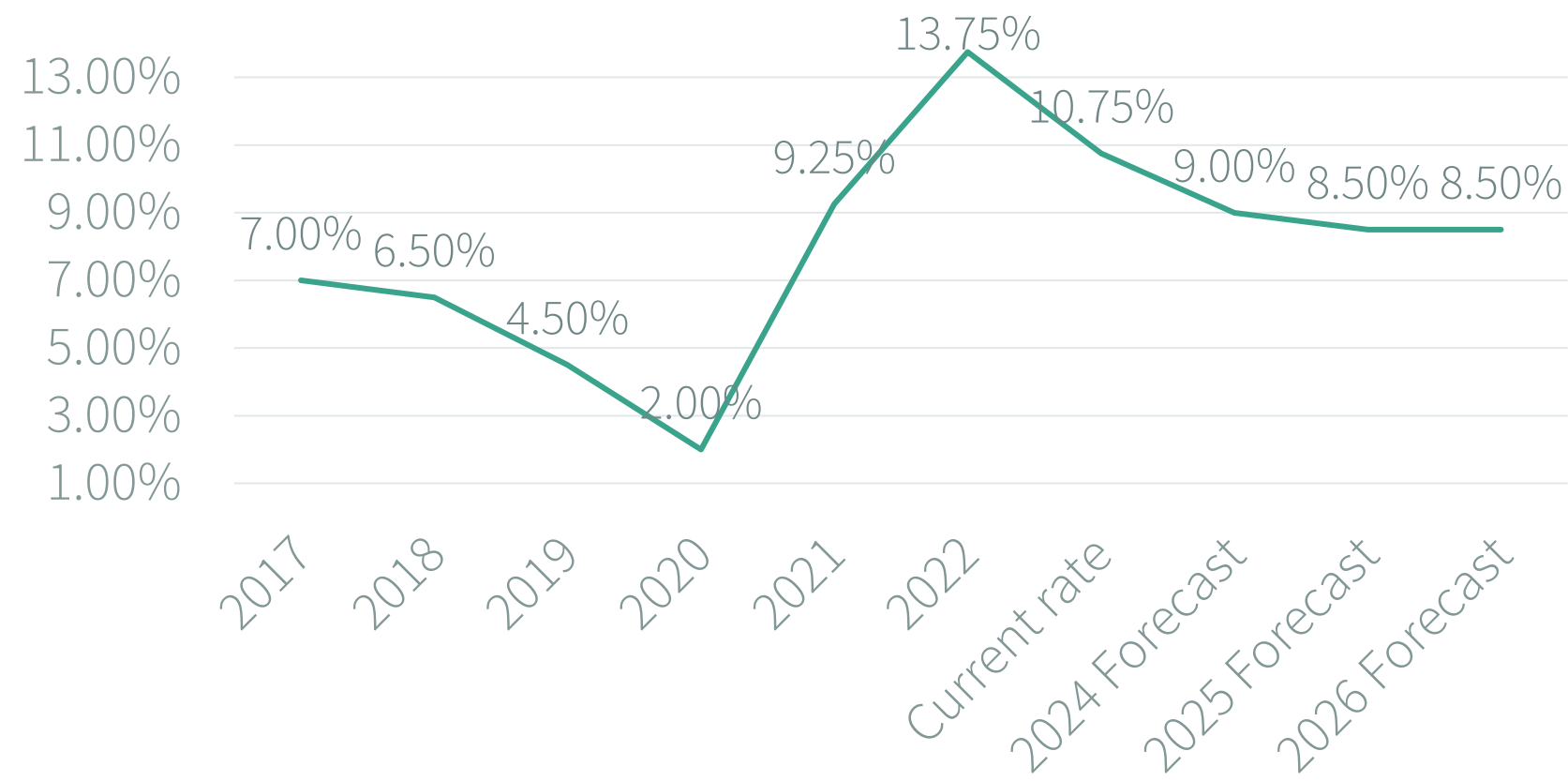
# Brazilian economic scenario and currency exchange\_

The current SELIC interest rate is 10.75%. The Central Bank of Brazil projects the SELIC rate to reach 9.00% per annum by the end of 2024, 8.5% in 2025 and 2026. Annual inflation forecast for 2024 and 2025 are 3.8% and 3.5% respectively.

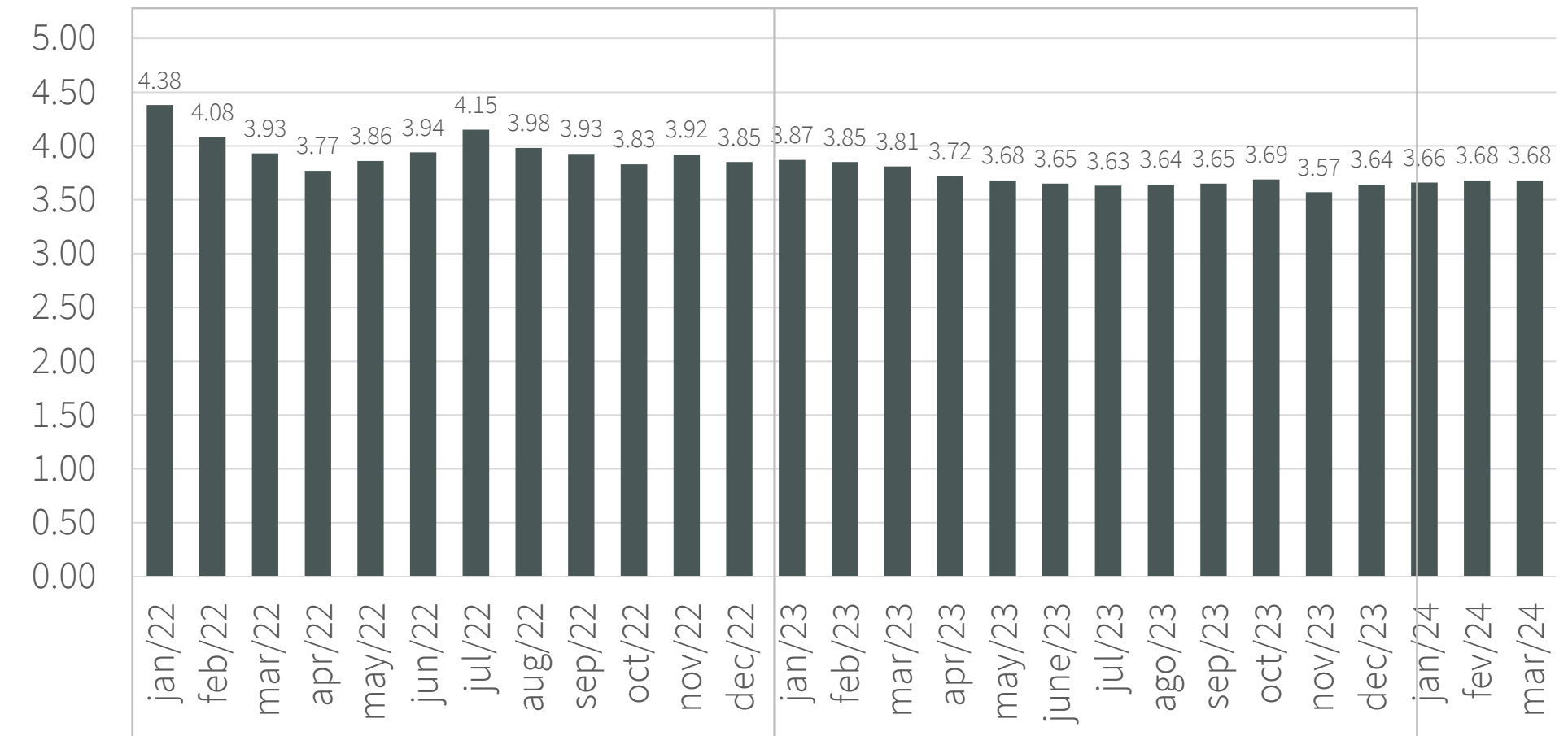
Canadian dollar devaluated by 7% versus Brazilian Real in FY 2023, with an average exchange rate of R\$3.70 in the quarter, compared to R\$3.97 in FY 2022.

As of March 28, 2024, C\$1.00 = R\$3.67

Brazilian SELIC interest rate at year end



CAD/BRL Exchange Rate



Source: Brazilian Central Bank. Available at: <https://www.bcb.gov.br/controlinflacao/comunicadoscopom>

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

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

# 2023 results\_





# Q4 & FY 2023 highlights\_

- Cash**
- Cash held by the Group increased by \$5.8M in FY 2023.
  - Cash utilized from investing activities decreased to \$4.0M in FY 2023, compared to \$42M in 2022. This reduction is attributable to the significant infrastructure investments made in Plant 2 during 2022.
  - Cash generated from financing activities decreased to \$5.0M in FY 2023, compared to \$30.0M in 2022. This was due to additional \$5.0M bank loans secured by the Group in 2023, net of loans repaid during the year.
- Profitability**
- Revenue in FY 2023 was \$37.9M, a 53% decrease compared to the previous year. The reduction in revenue was driven by a 54% drop in average potash prices and a 32% decrease in sales volume in FY 2023 to 428K tonnes of Product.
  - EBITDA before non-cash events in FY 2023 was \$2.0M. The decline in EBITDA is primarily attributed to the lower revenues for the year and increased allowance for expected credit losses (“ECLs”) in 2023.
  - Net loss in FY 2023 was \$6.0M, compared to a net profit of \$17.8M in FY 2022. This shift was primarily driven by reduced revenue, alongside rises in allowance for ECLs, depreciation costs, and interest expenses over the year.
  - Total non-current assets in FY 2023 were \$73.1 million, compared to \$65.2 million in FY 2022.

# Q4 & FY 2023 financial statements\_

All amounts in CAD \$'000	Q4 2023	Q4 2022	% Δ	FY 2023	FY 2022	% Δ
Revenue	7,058	16,837	(58%)	37,863	80,271	(53%)
Production costs	(2,230)	(3,762)	(41%)	(9,689)	(17,181)	(44%)
Gross Profit	4,828	13,075	(63%)	28,174	63,090	(55%)
Gross Margin	68%	78%	(13%)	74%	79%	(6%)
Sales and marketing expenses	(996)	(729)	37%	(4,022)	(4,623)	(13%)
Product delivery freight expenses	(3,001)	(9,163)	(67%)	(14,510)	(28,363)	(49%)
General and administrative expenses	(2,527)	(1,685)	50%	(7,666)	(5,351)	43%
EBITDA <sup>(1)</sup>	(1,696)	1,498	(213%)	1,976	24,753	(92%)
Share Based, Equity and Bonus Payments (Non-Cash Event) <sup>(2)</sup>	(304)	(220)	38%	(449)	(344)	31%
Depreciation and Amortisation <sup>(3)</sup>	(640)	(238)	169%	(3,716)	(1,022)	264%
Operating (Loss) / Profit after non-cash events	(2,640)	1,040	(354%)	(2,189)	23,387	(109%)
Interest Income/Expense <sup>(4)</sup>	(2,795)	(1,812)	54%	(6,381)	(2,964)	115%
Net (Loss) / Profit before tax	(5,435)	(772)	604%	(8,570)	20,423	(142%)
Income tax <sup>(5)</sup>	2,787	(540)	(616%)	2,591	(2,619)	(199%)
Net (Loss) / Profit	(2,648)	(1,312)	102%	(5,979)	17,804	(134%)

(1) – Non GAAP measure

(2) – Included in General and Administrative expenses in financial statements

(3) – Included in General and Administrative expenses and Cost of Sales in financial statements

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

(5) – Please see Income Tax notes

## operational summary\_

All amounts in CAD \$'000	Q4 2023	Q4 2022	% Δ	FY 2023	FY 2022	% Δ
Tons sold '000	104	125	(17%)	428	628	(32%)
Average Revenue per ton sold \$	68	135	(50%)	89	128	(31%)
Average Production cost per ton sold \$	(21)	(30)	(29%)	(23)	(27)	(17%)
Average Gross Profit per ton sold \$	47	105	(56%)	66	101	(34%)
Gross Margin	68%	78%	N/A	74%	79%	N/A

## operational summary – excluding freight revenue\_

All amounts in CAD, except percentages	Q4 2023	Q4 2022	% Δ	FY 2023	FY 2022	% Δ
Average revenue per tonne sold \$	39	62	(36%)	55	83	(37%)
Average production cost per tonne sold \$	(21)	(30)	(32%)	(23)	(27)	(29%)
Average Gross Profit per tonne sold \$	18	31	(40%)	32	55	(44%)
Average Gross Margin	45%	48%	N/A	59%	67%	N/A

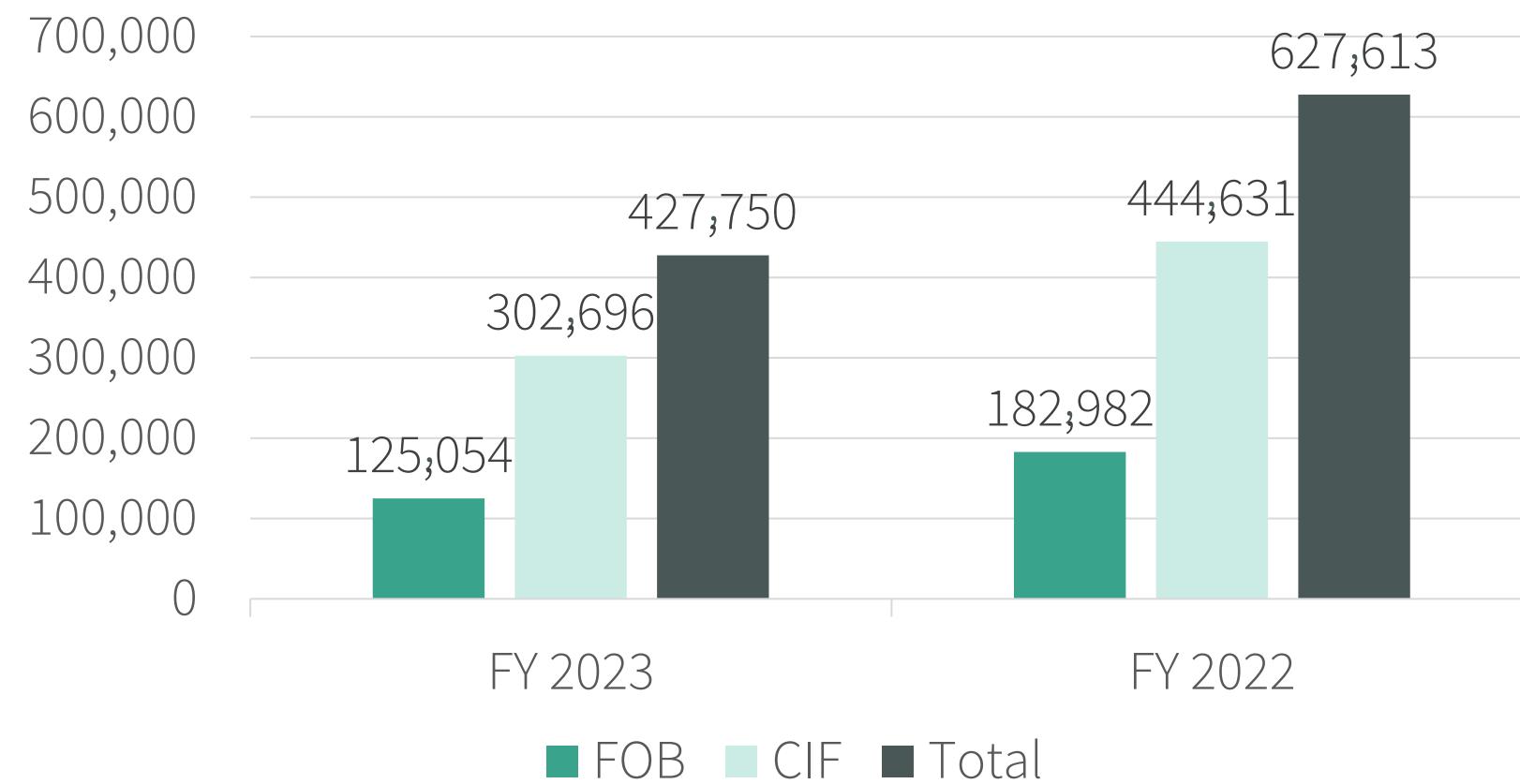
# sales, general and administrative expenses\_

All amounts in CAD \$'000, except percentages	Q4 2023	Q4 2022	% Δ	FY 2023	FY 2022	% Δ
<b>Sales expenses</b>						
Sales and marketing expenses	(923)	(533)	73%	(3,912)	(3,451)	13%
Fees paid to sales agents	(73)	(196)	(63%)	(110)	(1,172)	(91%)
<b>Total Sales expenses</b>	<b>(996)</b>	<b>(729)</b>	<b>37%</b>	<b>(4,022)</b>	<b>(4,623)</b>	<b>(13%)</b>
<b>General and administrative expenses</b>						
General administrative expenses	(665)	(1,270)	(48%)	(3,646)	(3,166)	15%
Allowance for expected credit losses	(1,138)	-	N/A	(1,754)	-	N/A
Legal, professional, consultancy and audit costs	(521)	(188)	177%	(1,435)	(1,343)	7%
IT/Software expenses	(182)	(219)	(17%)	(715)	(788)	(9%)
Taxes and licenses fees	(21)	(8)	164%	(116)	(54)	117%
<b>Total General expenses</b>	<b>(2,527)</b>	<b>(1,685)</b>	<b>50%</b>	<b>(7,666)</b>	<b>(5,351)</b>	<b>43%</b>

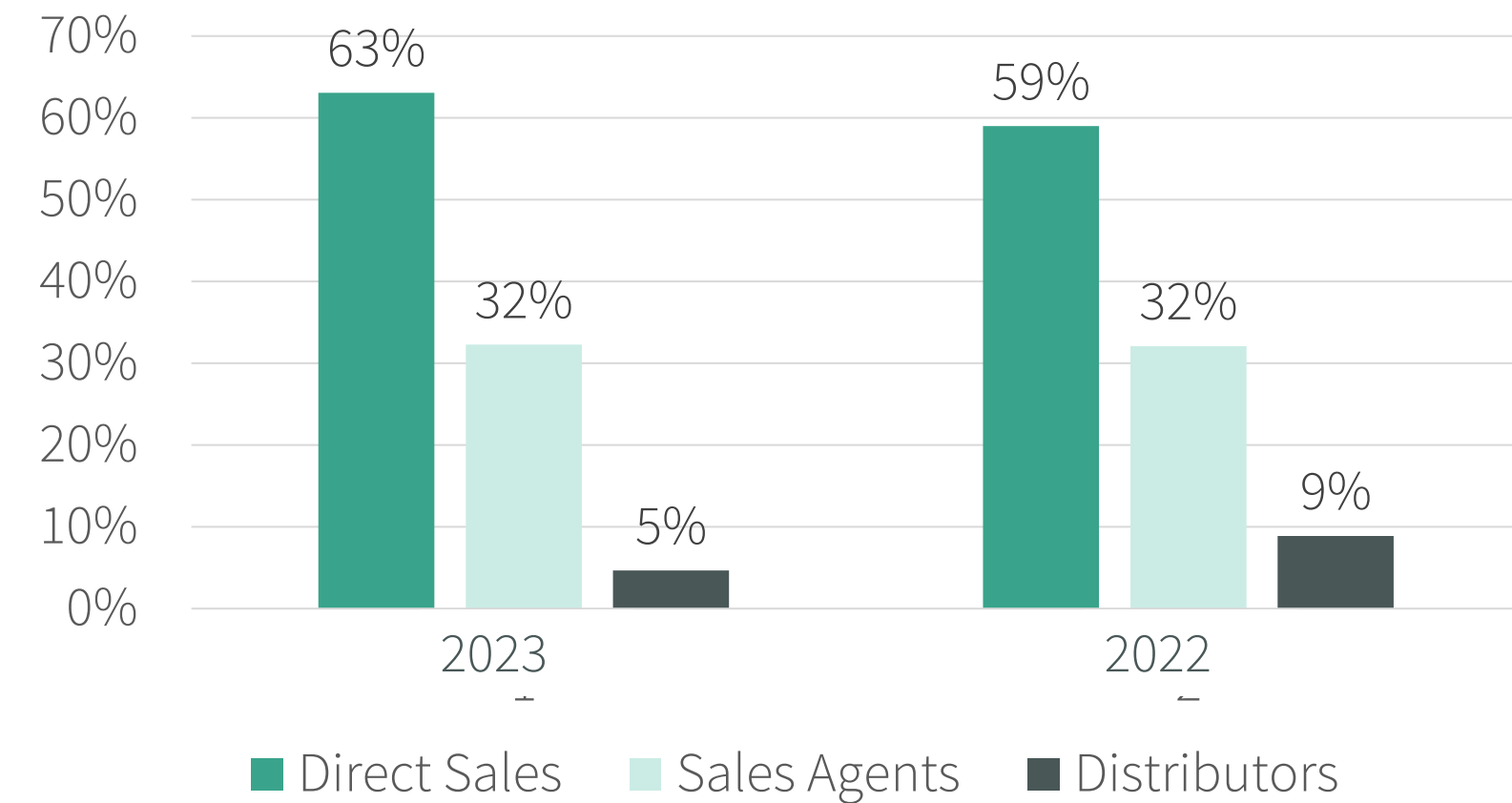
Sales and marketing expenses cover salaries for employees, car rentals, domestic travel in Brazil, hotel accommodations, and Product promotion at marketing events. The 13% increase in expenses for FY 2023 is attributed to the appointment of new senior executives in Q3 and Q4 2023, anticipated to leverage their expertise for sales growth enhancement. Furthermore, Verde's commercial team's shift from inside sales to field sales in the Q2 2023 led to additional costs on car rentals and travel.

# logistics\_

FOB vs CIF (tons sold)



Sales Channels (% of total sales)



Volume Sales	2023	2022
	CIF	302,696

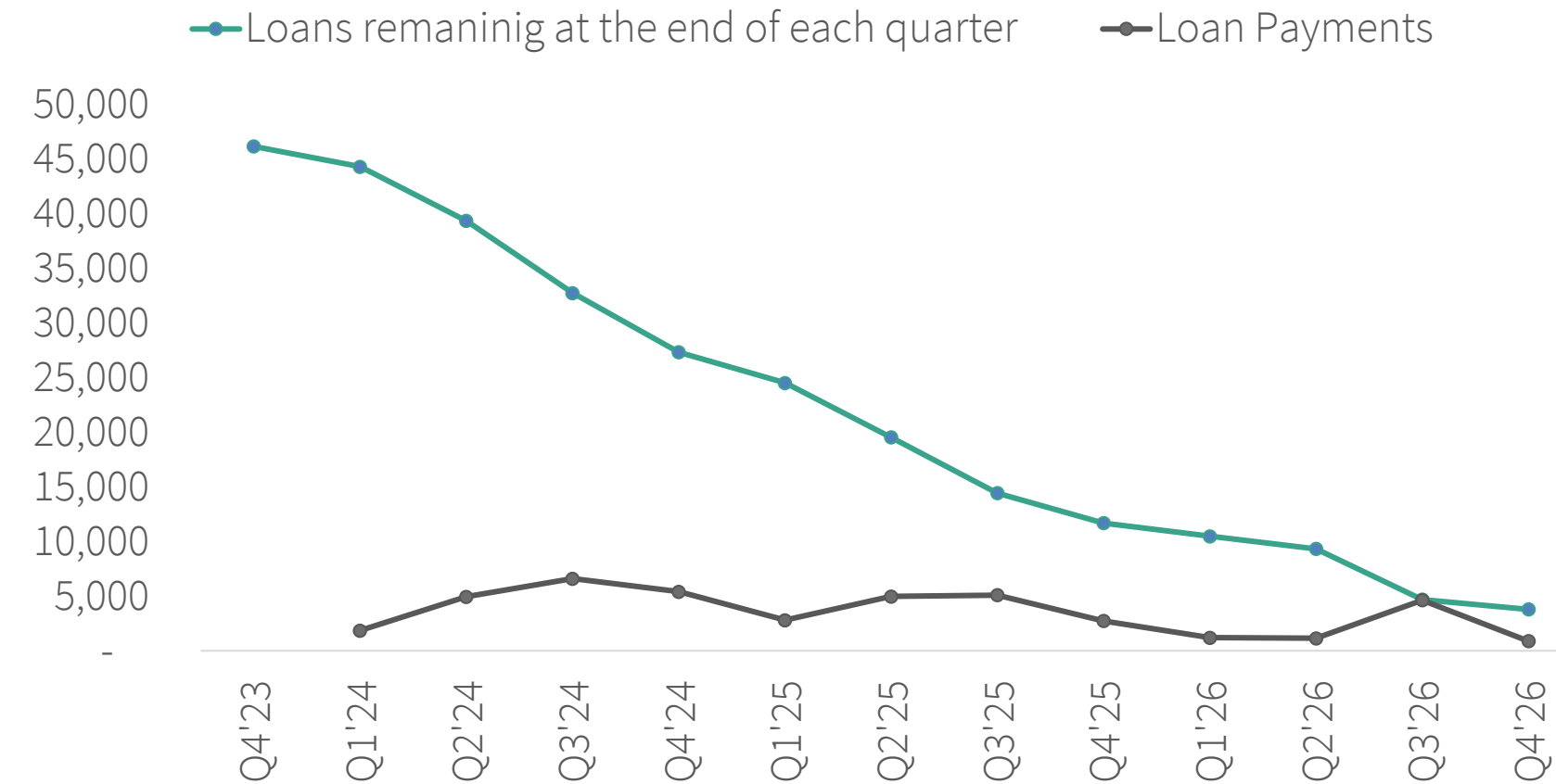
Direct sales represented 63% of total sales in FY 2023, compared to 59% in FY 2022. Sales made by distributors represented 5% of total sales in FY 2023, compared to 9% in FY 2022.

- The volume sold as CIF as a percentage of the total sales remained stable at 71% in FY 2023, compared to FY 2022.
- Product delivery freight expenses decreased by 49% in FY 2023, to \$14.5M compared to \$28.4M in FY 2022.
- Average freight cost per ton for products sold on a CIF basis decreased to \$48 in FY 2023, from \$64 in FY 2022, due to a reduction in the percentage of sales made to regions that are more distant from Verde's production facilities.

# financial condition\_

- On December 31, 2023, the Group held cash of \$6.9M, an increase of \$5.8M on the same period in 2022. This was expected due to the additional bank loans taken out in Q4 2023.
- The Group obtained additional loans of \$16.2M from Banco do Brasil S.A. and Banco Bradesco S.A., the two largest Brazilian banks, in Q4 2023.
- As of December 31, 2023, the Group's total loan balance was \$46.1M, with an average loan rate of 15.99% per annum.
- Given the reductions in long-term bond interest rates that occurred in Q1 2024, Verde's current loan rate is approximately 15.00%.

**Loan Profile**



C\$'000	2023	2024	2025	2026
Amortization	-	18,824	15,632	7,886
Total loans at year end	46,146	27,332	11,689	3,804

q&a\_



# thank you\_

We are an agricultural technology company that produces multi-nutrient potassium fertilizers.

We bring together the best of nature and technology to revolutionize agriculture, making it healthier, more productive, and profitable.

Our purpose is to improve the health of all people and the planet.

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

