March 28, 2024

Verde Announces Q4 and FY 2023 Results

(All figures are in Canadian dollars, unless stated otherwise. Average exchange rate in FY 2023: C$1.00 = R$3.70)

Singapore. Verde AgriTech Ltd (TSX: “NPK”) (**"Verde**” or the “**Company**”) announces its financial results for the full year ended December 31, 2023 (“**FY 2023**”) and the fourth quarter 2023 (“**Q4 2023**”), as audited by Ernst & Young (“**EY**”). The FY 2023 audited results were consistent with the interim results announced by the Company on January 26, 2024:

Metric	January 26, 2024 press release	FY 2023 Audited results
Sales (tons)	4280,000	428,000
Revenue (C$)	37.5 million - 38.5 million	37.9 million
EBITDA (C$)	1.5 million - 2.5 million	2.0 million
Net loss range (C$)	5.0 million - 6.0 million	6.0 million
CDR potential (tons of CO_2)	17,680	17,680

“Unfortunately, as previously anticipated by the Company, 2023 stood as one of the most challenging years for the agricultural and fertilizers sectors in recent history. Verde was caught in the tide of low demand and adverse pricing conditions. Looking ahead to 2024, our focus sharpens on reclaiming market share and elevating our operational and administrative efficiencies to curtail costs. Our team is hard at work to ensure that the 2023 results become an outlier within Verde's growth trajectory,” declared Verde’s Founder, President & CEO Cristiano Veloso.

Fourth Quarter and Full Year 2023 Highlights

Operational and Financial Highlights

- Verde's revenue amounted to $37.9 million in FY 2023, a 53% decrease compared to the previous year, when potash prices reached record levels. The reduction in revenue was driven by a 54% drop in average potash prices and a 32% decrease in sales volume, to 428,000 tons of Verde's multinutrient potassium products, BAKS® and K Forte® sold internationally as Super Greensand® (the “**Product**”).
- Cash held by the Company increased by $5.8 million in FY 2023. This improvement was due to new loans secured throughout 2023. The Company is currently in discussions with banks to extend the maturity of its debt.

- EBITDA before non-cash events was $2.0 million in FY 2023. The decline in EBITDA is primarily attributed to the lower revenues for the year and increased allowance for expected credit losses ("**ECLs**") in 2024.
- The Company reported a net loss of $6.0 million in FY 2023, compared to a net profit of $17.8 million 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.

Other Highlights

- The Product sold in FY 2023 has the potential to capture up to 32,198 tons of carbon dioxide ("**CO_2**") from the atmosphere via Enhanced Rock Weathering ("**ERW**").[1] The potential net amount of carbon captured, represented by carbon dioxide removal ("**CDR**"), is estimated at 17,680 tons of CO_2.[2] In addition to the carbon removal potential, Verde's FY 2023 sales avoided the emissions of 6,483 tons of CO_2e, by substituting potassium chloride ("**KCl**") fertilizers.[3]
- Combining the potential carbon removal and carbon emissions avoided by the use our Product since the start of production in 2018, Verde's total impact stands at 258,894 tons of CO_2.[4]
- 33,920 tons of chloride have been prevented from being applied into soils FY 2023, by farmers who used the Product in lieu of KCl fertilizers.[5] A total of 146,562 tons of chloride has been prevented from being applied into soils by Verde's customers since the Company started production.[6]

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[1] Out of the total sales in FY 2023, 268.317 tons were sold in compliance with our Monitoring, Verification, and Report ("MRV") Protocol, qualifying them as potential carbon credits. The carbon capture potential of Verde's products, through Enhanced Rock Weathering (ERW), is 120 kg CO_2e per ton of K Forte®. For further information, see "Verde's Products Remove Carbon Dioxide From the Air".

[2] Net Carbon Dioxide Removal (CDR): volume of 1 ton of Long-Term CO_2 Removal, equivalent to 1 carbon credit.

[3] K Forte® is a fertilizer produced in Brazil using national raw materials. Its production process has low energy consumption from renewable sources and, consequently, a low environmental and GHG emissions footprint. Whereas the high carbon footprint of KCl results from a complex production process, involving extraction, concentration, and granulation of KCl, in addition to the long transportation distances to Brazil, given that 95% of the KCl consumed in the country is imported. 12Mt of K Forte® is equivalent to 2Mt of KCl in K2O content. Emissions avoided are calculated as the difference between the weighted average emissions for KCl suppliers to produce, deliver, and apply their product in each customer's city and the emissions determined according to K Forte®'s Life Cycle Assessment for its production, delivery, and application in each customer's city.

[4] From 2018 to 2023, the Company has sold 1.85 million tons of Product, which can remove up to 210,936 tons of CO_2. Additionally, this amount of Product could potentially prevent up to 47,958 tons of CO_2 emissions.

[5] 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.

[6] 1 ton of Product (10% K_2O) has 0.1 tons of K_2O, which is equivalent to 0.17 tons of potassium chloride (60% K_2O), containing 0.08 tons of chloride.

Agricultural Market

After the historic high reached in 2022, average KCl CFR price declined by 54% in 2023 compared to the average 2022 price, with a 43% decrease in Q4 2023.[7]

The agricultural commodities market has been experiencing significant fluctuations on a downward trend since H1 2022, impacting the fertilizers' market worldwide. 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 for the main crops in Brazil still sit significantly below those seen in 2022.

Additionally, Brazil faced extreme climate conditions in 2023, with nine episodes of long heat waves throughout the year, reflecting the impacts of the El Niño phenomenon (above-average warming of the Equatorial Pacific Ocean waters). The lack of rainfall also led soybean farmers to postpone planting and, as a result, many opted not to plant the following crop harvest, known as the "safrinha" corn. According to the Brazilian National Confederation of Municipalities (CNM), economic losses from extreme weather events reached 33 billion reais in 2023.[8]

Global market competition

In 2022, Brazil experienced its highest interest rates since 2006, a situation that has been showing signs of improvement since H2 2023 but still impacts the Company's financing conditions.

The current SELIC interest rate is 10.75%.[9] 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.[10] Annual inflation forecast for 2024 and 2025 are 3.8% and 3.5% respectively.[11]

Verde's average cost of debt is 16.0% per annum. 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 expected credit losses, leading to an average lending cost of 17.5% for credit-based purchases. The Company's ability to provide financing with longer tenors is considerably lower compared to international players[12], which translates into less competitive terms for its customers. Unlike its competitors, Verde does not have

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[7] Source: Acerto Limited Report.
[8] Available at: https://www.cnm.org.br/biblioteca
[9] As of March 20, 2024. Source: Brazilian Central Bank.
[10] Source: Brazilian Central Bank.
[11] As of March 20, 2024. Source: Brazilian Central Bank.
[12] Verde's normal credit term is 30 to 120 days upon shipment, depending on the period of the year, while competitors can provide 180-360 days to collect its payments.

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.

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Brazilian farmers have grappled with tight working capital amid challenging market conditions in 2023. This financial strain coincided with the critical time for buying necessary inputs like fertilizers for the new planting season. To navigate this, farmers have sought for input suppliers offering the most favorable payment terms and interest rates, allowing them to defer payment until after the harvest, typically between 9 to 12 months later. This approach, while necessary in the agricultural sector, increases the risk of non-payment for suppliers such as fertilizer companies, reflecting the heightened financial pressures within the sector.

Currency exchange rate

Canadian dollar devaluated by 7% versus Brazilian Real in FY 2023 compared to FY 2022.

Q4 and FY 2023 Results Conference Call

The Company 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. Subscribe using the link below and receive the conference details by email.

Date:	Tuesday, April 02, 2024
Time:	10:00 am Eastern Time
Subscription link:	https://bit.ly/Q4FY-2023-ResultsPresentation

[13] Verde's normal credit term is 30 to 120 days upon shipment, depending on the period of the year, while competitors can provide 180-360 days to collect its payments.

The questions must be submitted in advance through the following link up to 48 hours before the conference call: https://bit.ly/Questions_Q4-FY2023.

The Company's full year and fourth quarter financial statements and related notes for the period ended December 31, 2022 are available to the public on SEDAR at www.sedar.com and the Company's website at www.investor.verde.ag/.

RESULTS OF OPERATIONS

The following table provides information about three and twelve months ended December 31, 2023 as compared to the three and twelve months ended December 31, 2022. All amounts in CAD $'000.

All amounts in CAD $'000	3 months ended Dec 31, 2023	3 months ended Dec 31, 2022	12 months ended Dec 31, 2023	12 months ended Dec 31, 2022
Tons sold ('000)	104	125	428	628
Average revenue per ton sold $	68	135	89	128
Average production cost per ton sold $	(21)	(30)	(23)	(27)
Average gross profit per ton sold $	47	105	66	101
Average gross margin	68%	78%	74%	79%
Revenue	7,058	16,837	37,863	80,271
Production costs	(2,230)	(3,762)	(9,689)	(17,181)
Gross Profit	4,828	13,075	28,174	63,090
Gross Margin	68%	78%	74%	79%
Sales and marketing expenses	(996)	(729)	(4,022)	(4,623)
Product delivery freight expenses	(3,001)	(9,163)	(14,510)	(28,363)
General and administrative expenses	(2,527)	(1,685)	(7,666)	(5,351)
EBITDA (1)	(1,696)	1,498	1,976	24,753
Share Based, Equity and Bonus Payments (Non-Cash Event) (2)	(304)	(220)	(449)	(344)
Depreciation and Amortization (3)	(640)	(238)	(3,716)	(1,022)
Operating (Loss) / Profit after non-cash events	(2,640)	1,040	(2,189)	23,387
Interest Income/Expense (4)	(2,795)	(1,812)	(6,381)	(2,964)
Net (Loss) / Profit before tax	(5,435)	(772)	(8,570)	20,423
Income tax (5)	2,787	(540)	2,591	(2,619)
Net (Loss) / Profit	(2,648)	(1,312)	(5,979)	17,804

(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

External Factors

Revenue and costs are affected by external factors including changes in the exchange rates between the 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 2023 Review section (page 03).

Financial and operating results

In FY 2023, revenue from sales fell by 53%, accompanied by a 31% reduction in the average revenue per ton. Excluding freight expenses (FOB price), the average revenue per ton decreased by 34% in FY 2023. This decline in average revenue per ton was primarily attributed to a decrease in potassium chloride prices, the provision of additional discounts by the Company to strategic customers to increase market adoption, and a shift in the product mix due to farmers' limited 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. BAKS®, which has a higher sales price per ton compared to K Forte®, accounted for 7% of 2023 total sales compared to 11% in 2022. The proportion of products sold in jumbo bags, which command a higher sales price per ton compared to bulk, represented 20% of the Company's total volume sold, down from 32% in FY 2022. This shift further affected the average revenue per ton in FY 2023.

Sales declined by 32% in FY 2023, due to the conditions outlined in the 2023 Review section (page 03). These included severe climate and market conditions and working capital limitations for Brazilian farmers, due to decreased prices of agricultural commodities. Moreover, Verde's ability to provide competitive credit terms to farmers was restricted by the Company's elevated debt costs relative to its larger international competitors.

Besides the reduced revenue in FY 2023, the decline in EBITDA is primarily due to an increased allowance for expected credit losses (ECLs), which raised general expenses in 2023, further affecting the Company's financial position. In FY 2023, Verde recorded ECLs of $1,754, significantly impacting general expenses and, as a result, EBITDA. The Company is currently in active negotiations with these clients. If the negotiations are successful, the provision will be reversed.

In addition to the lower revenue from sales, depreciation costs had an increase of $2,691 in 2023. Interest expenses increased by $3,417, due to unwinding of transaction costs that were paid to the banks to settle balances with the suppliers for the construction of Plant 2 at the end of 2022. The Company generated a net loss of $5,979 in FY 2023, compared to a net profit of $17,804 in FY 2022.

Basic loss per share was $0.11 for FY 2023, compared to earnings of $0.34 for FY 2022.

Production costs

In 2023, total production costs were reduced by 44%, influenced by the decrease in sales volume. The average cost per ton experienced a 17% reduction in FY 2023, due to the commissioning of Plant 2 in 2022. This new plant operates at a lower production cost compared to Plant 1 due to enhanced operational efficiency. In 2022, Plant 1 operated across four work shifts to fulfil market demand. With the inauguration of Plant 2, it became possible to reduce headcounts at Plant 1, with both plants operating just one shift each from 2023. Sales from Plant 2 constituted 68% of the total sales in 2023. Moreover, the decrease in the proportion of sales made with Jumbo Bags to 20% in 2023, down from 32% in 2022, also contributed to the reduction in average production cost.

Production costs include all direct costs from mining, processing, and the addition of other nutrients to the Product, such as Sulfur 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, BAKS® Bulk, and BAKS® Jumbo Bag, while Plant 2 exclusively produces K Forte® Bulk. Therefore, Plant 2's production costs are lower than Plant 1's costs.

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.

Sales, General and Administrative Expenses:

SG&A represents a non-operating segment that includes corporate and administrative functions, essential for supporting the Company's operating segments.

Sales Expenses

CAD $'000	3 months ended Dec 31, 2023	3 months ended Dec 31, 2022	12 months ended Dec 31, 2023	12 months ended Dec 31, 2022
Sales and marketing expenses	(923)	(533)	(3,912)	(3,451)
Fees paid to independent sales agents	(73)	(196)	(110)	(1,172)
Total	**(996)**	**(729)**	**(4,022)**	**(4,623)**

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 Q2 2023 led to additional costs on car rentals and travel.

As part of the Company's marketing and sales strategy, Verde compensates its independent sales agents through commissions. Fees paid to independent sales agents decreased by 91% in FY 2023, tied to the decrease in annual sales. In Q3 2023, the Company reversed a provision of $249, significantly contributing to the credit balance in the year.

Product delivery freight expenses

Expenses decreased by 49% in FY 2023, to $14,510 compared to $28,363 in FY 2022. The volume sold as CIF (Cost Insurance and Freight) in 2023 represented 71% of total sales, the same percentage than FY 2022. However, the Company achieved a reduction in average freight costs per ton for products sold on a CIF basis, to $48 in 2023 from $64 in the comparable period of the previous year. The 25% 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.

General and Administrative Expenses

CAD $'000	3 months ended Dec 31, 2023	3 months ended Dec 31, 2022	12 months ended Dec 31, 2023	12 months ended Dec 31, 2022
General administrative expenses	(701)	(1,270)	(3,646)	(3,166)
Allowance for expected credit losses	(1,138)	-	(1,754)	-
Legal, professional, consultancy and audit costs	(521)	(188)	(1,435)	(1,343)
IT/Software expenses	(182)	(219)	(715)	(788)
Taxes and licenses fees	(21)	(8)	(116)	(54)
Total	**(2,563)**	**(1,685)**	**(7,666)**	**(5,351)**

General administrative expenses include general office expenses, rent, bank fees, insurance, foreign exchange variances and remuneration of executives, directors of the Board and administrative staff. General administrative increased by 15% in FY 2023, driven by the hiring of new executives and by costs associated with Plant 2. These costs encompass salaries for administrative staff and the leasing of water trucks and metallic structures to support operations. Furthermore, the Company incurred severance fees expenses due to staff reductions carried out in 2023. The increase in general administrative expenses in FY 2023 was partially offset by a 48% reduction in Q4, as no management bonuses were accrued in 2023.

In Q2 2023, the Company had to record an allowance for expected credit losses in its accounts for the first time. As per Verde's sales policy, any outstanding customer payments overdue for more than 12 months must be provisioned. The total ECLs booked in Q4 2023 amounted to $1,754, compared to the absence of any provision in Q4 2022.

Legal, professional and audit costs include fees along with accountancy, audit and regulatory costs. Consultancy fees encompass consultants employed in Brazil, such as accounting services, patent processes, lawyer's fees and regulatory consultants.

Share Based, Equity and Bonus Payments (Non-Cash Events) encompass expenses associated with stock options granted to employees and directors, as well as equity compensation and non-cash bonuses awarded to key management personnel. In FY 2023, the costs associated with share-based, equity, and bonus payments witnessed a 31% increase. This was primarily due to an increase in share-based payment charges, attributable to the issuance of a larger number of options over the year, particularly in Q4 2023, aligning with the recruitment of senior management officers.

INCOME TAX

Brazilian corporations are subject to income taxes (IRPJ and CSLL) using an 'Actual Profits' method (i.e. APM - "*Lucro Real*", in Portuguese), which is based on taxable income (the tax in this method is approximately 34% of the EBITDA), adjusted by certain additions and exclusions as determined by the legislation.

Subject to certain restrictions (i.e. where gross income does not exceed R$78 million and depending on the activity), Brazilian taxpayers have the option to calculate IRPJ and CSLL using a ‘Assumed Profits’ method (i.e. PPM – “*Lucro Presumido*”, in Portuguese). Under the PPM, the income is calculated on a quarterly basis on an amount equal to different percentages of gross revenue (the tax in this method is approximately 3.4% of the net revenue) and adjusted as determined by the prevailing legislation.

Up to December 31, 2022, the Brazilian Subsidiary (Verde Fertilizantes Ltda) was under the ‘Assumed Profits’ method, in which is not possible to utilize prior period losses to reduce income tax.

As of January 2023, the Brazilian subsidiary switched from 'Assumed Profits' taxation to 'Real Profits' taxation. With this transition, the Subsidiary is allowed to offset up to 30% of accumulated losses in subsequent years when profits are generated. Based on the projected taxable income, considering the approved budget and an extended period of up to ten years the recognized deferred tax assets on the Brazilian entities are deemed recoverable, resulting in the recognition of $2,805 of deferred tax assets in such entity. The Company also recognized an allowance for tax losses carry forward for the amount that is not expected to be offset against future taxable income within ten years.

Liquidity and Cash Flows

For additional details see the consolidated statements of cash flows for the quarters ended December 31, 2023 and December 31, 2022 in the financial statements.

Cash received from / (used for): CAD $’000	3 months ended Dec 31, 2023	3 months ended Dec 31, 2022	12 months ended Dec 31, 2023	12 months ended Dec 31, 2022
Operating activities	20,709	(5,403)	4,619	11,469
Investing activities	(2,308)	(12,362)	(4,022)	(42,021)
Financing activities	(20,806)	13,951	5,017	30,030

On December 31, 2023, the Company held cash of $6,975, an increase of $5,812 on the same period in 2022. This was expected due to the additional bank loans taken out in Q4 2023.

Operating activities

In agricultural sales, credit transactions are common due to the cyclical nature of farming income, which sees fluctuations with seasonal highs during harvests and lows during planting. This cycle necessitates that farmers have access to essential inputs like seeds, fertilizers, and pesticides ahead of their selling season. To accommodate this, credit terms are offered, allowing farmers to procure these inputs in advance and align their payments with their revenue cycle.

Verde's approach to credit in the agricultural sector reflects a deep understanding of these operational nuances, resulting in a substantial portfolio of receivables. The Company’s normal credit term is 30 to 120 days upon shipment, depending on the period of the year, tailored to the specific needs of each farmer, considering the crop cycle, creditworthiness, and other key factors. This strategy ensures farmers have the necessary resources for each planting season, while Verde secures its financial interests through aligned payment schedules.

In Q4 2023, net cash generated under operating activities increased to $20,709, compared to $5,403 utilized in Q4 2022. Net cash generated under operating activities decreased to $4,619 in FY 2023, compared to $11,469 in FY 2022. This was mainly due to a decrease in receivables and payables from the last financial year.

Trade and other receivables decreased by 52% in FY 2023, to $13,657 compared to $28,533 in 2022. Trade and other payables decreased by 62% in FY 2023, to $4,005 compared to $10,586 in 2022.

Investing activities

Cash utilized from investing activities decreased to $4,022 in FY 2023, compared to $42,021 in 2022. This reduction is attributable to the significant infrastructure investments made in Plant 2 during 2022.

Financing activities

Cash generated from financing activities decreased to $5,017 in FY 2023, compared to $30,030 in 2022. This was due to additional $4,996 bank loans secured by the Company in 2023, net of loans repaid during the year.

Financial condition

The Company's current assets decreased to $23,088 in Q4 2023, compared to $32,165 in Q4 2022. Current liabilities increased to $39,956 in Q4 2023, compared to $28,804 in Q4 2022; providing a working capital deficit of $16,868 in 2023, compared to the working capital surplus of $3,361 in 2022.

At the end of the financial year, the entity had three loans and borrowings agreements between Verde Fertilizantes Ltda and Banco do Brasil, which stipulated early settlement clauses in case of covenant breach if the relationship between Net Equity (PL) / Total Asset calculated in 2023 is at least 50%. As of 31 December 2023, Verde Fertilizantes Ltda did not meet such financial covenant, requiring the reclassification of $15,788 of the non-current liabilities to current liabilities, given, as of 31 December 2023, the Company did not have an unconditional right to defer its settlement for at least twelve months after that date.

On 18 March 2024, a waiver letter was issued by the bank not demanding the immediate repayment due to the breach of the financial covenant and restating that the remaining terms of the agreement remain unchanged. As result, at date of issuance of the consolidated financial statements, such loans and borrowings are not deemed due for immediate repayment nor required to be repaid before its maturity date.

About Verde AgriTech

Verde AgriTech is dedicated to advancing sustainable agriculture through the innovation of specialty multi-nutrient potassium fertilizers. Our mission is to increase agricultural productivity, enhance soil health, and significantly contribute to environmental sustainability. Utilizing our unique position in Brazil, we harness proprietary technologies to develop solutions that not only meet the immediate needs of farmers but also address global challenges such as food security and climate change. Our commitment to carbon capture and the production of eco-friendly fertilizers underscores our vision for a future where agriculture contributes positively to the health of our planet.

For more information on how we are leading the way towards sustainable agriculture and climate change mitigation in Brazil, visit our website at https://verde.ag/en/home/.

Corporate Presentation

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

https://verde.docsend.com/view/ggz6zdd3dk3uxakd

Company Updates

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Subscribe here: 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 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_2 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_2 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) 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

www.verde.ag | www.investor.verde.ag