

August /2024

# Q2 2024 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 Silício 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): 5OFFQ32024

The discount codes are valid through August 31, 2024.

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

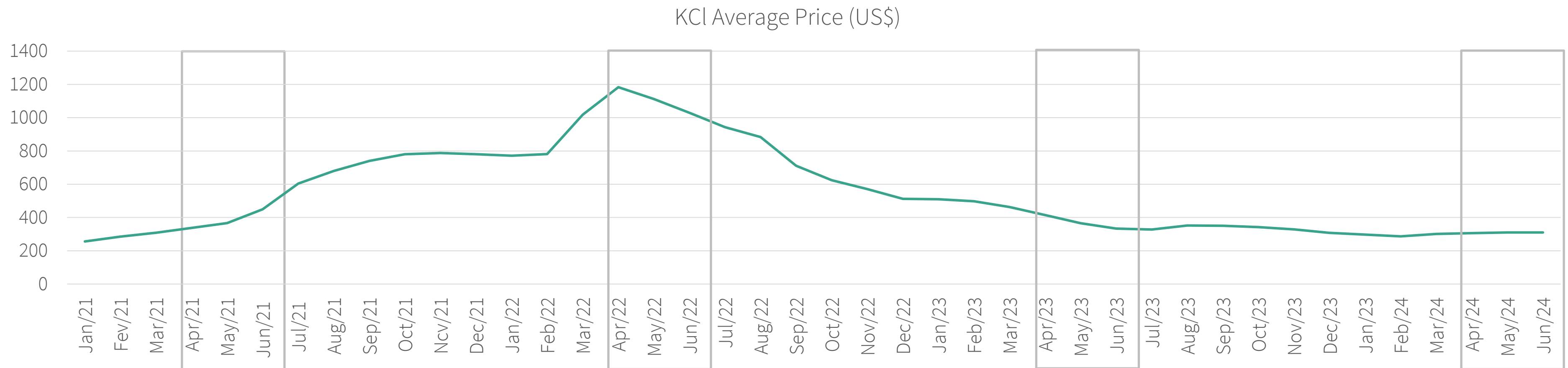


# market overview\_



# KCl prices\_

After the historic high reached in 2022, average KCl CFR price in the second quarter of 2024 declined by 17% compared to the same period of 2023, and by 74% compared to 2022.

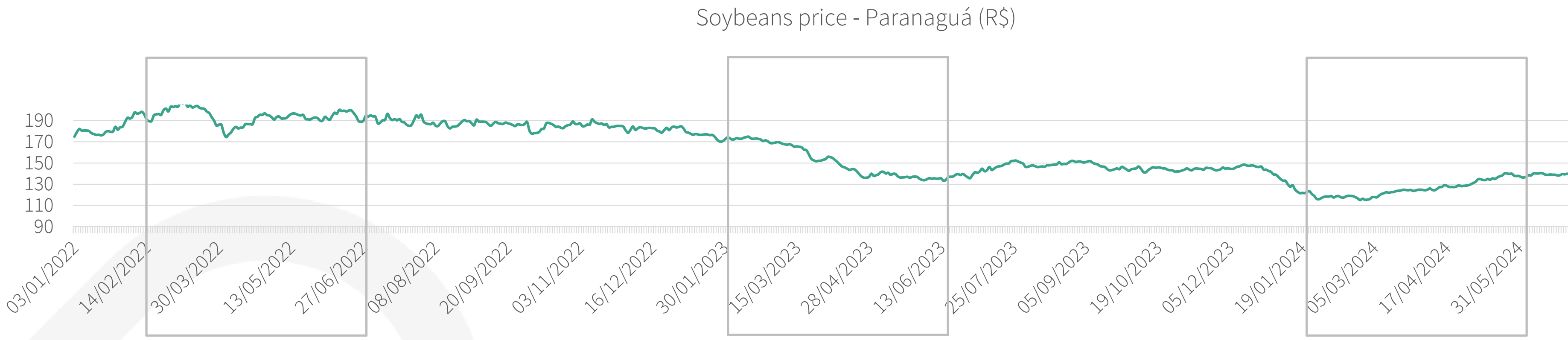
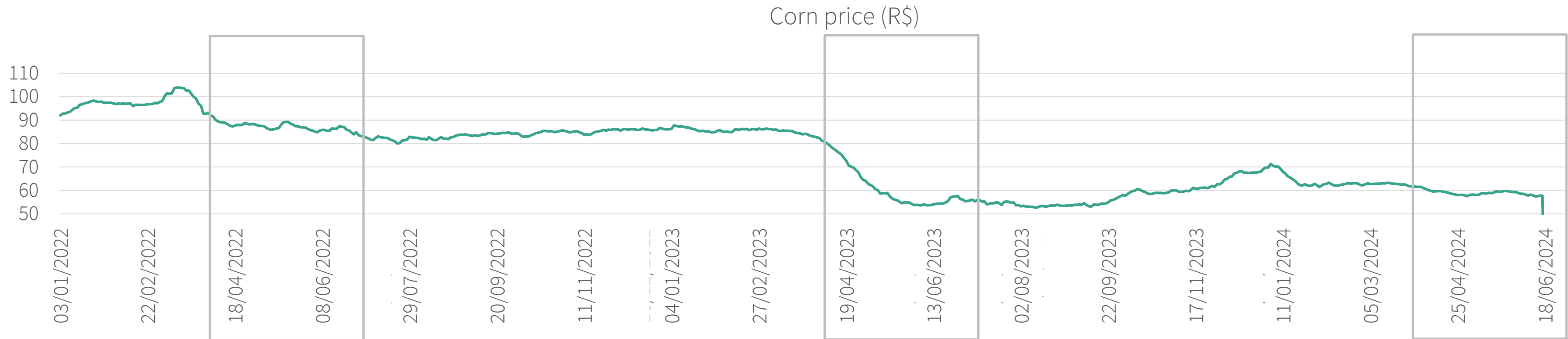


The average potash price jumped by 212% in Q2 2022, peaking at US\$1,200 per ton in April 2022, compared to an average of US\$384 in Q2 2021. This spike in KCl CFR prices in 2022 was so significant that, despite a downward trend beginning in the latter half of the year, the market in 2023 still benefited the effects of the record-high levels reached in 2022.

Source:  
1 - Acerto Limited Report.

# brazilian agricultural market\_

The market prices for Brazil's main crops remained stable in Q2 2024 with minor variations, although they continued to be significantly lower than the levels observed in Q2 2022 and Q2 2023.



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

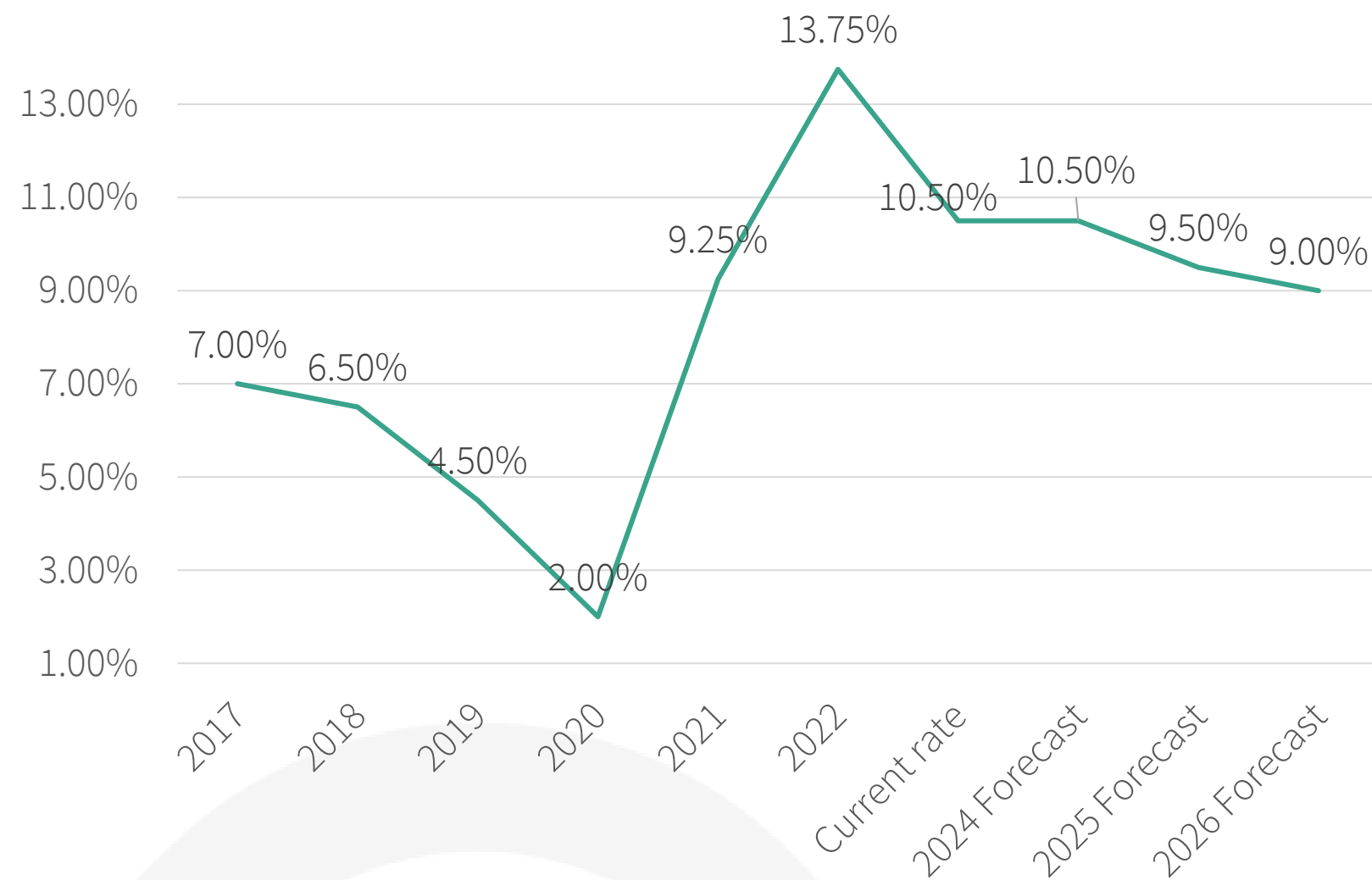
# brazilian economic scenario and currency exchange\_

The current SELIC interest rate is 10.50%. The Central Bank of Brazil projects the SELIC rate to be 10.50% by the end of 2024, 9.75% by the end of 2025, and 9.00% by the end of 2026. Annual inflation forecast for 2024 and 2025 are 4.1% and 4.0% respectively.

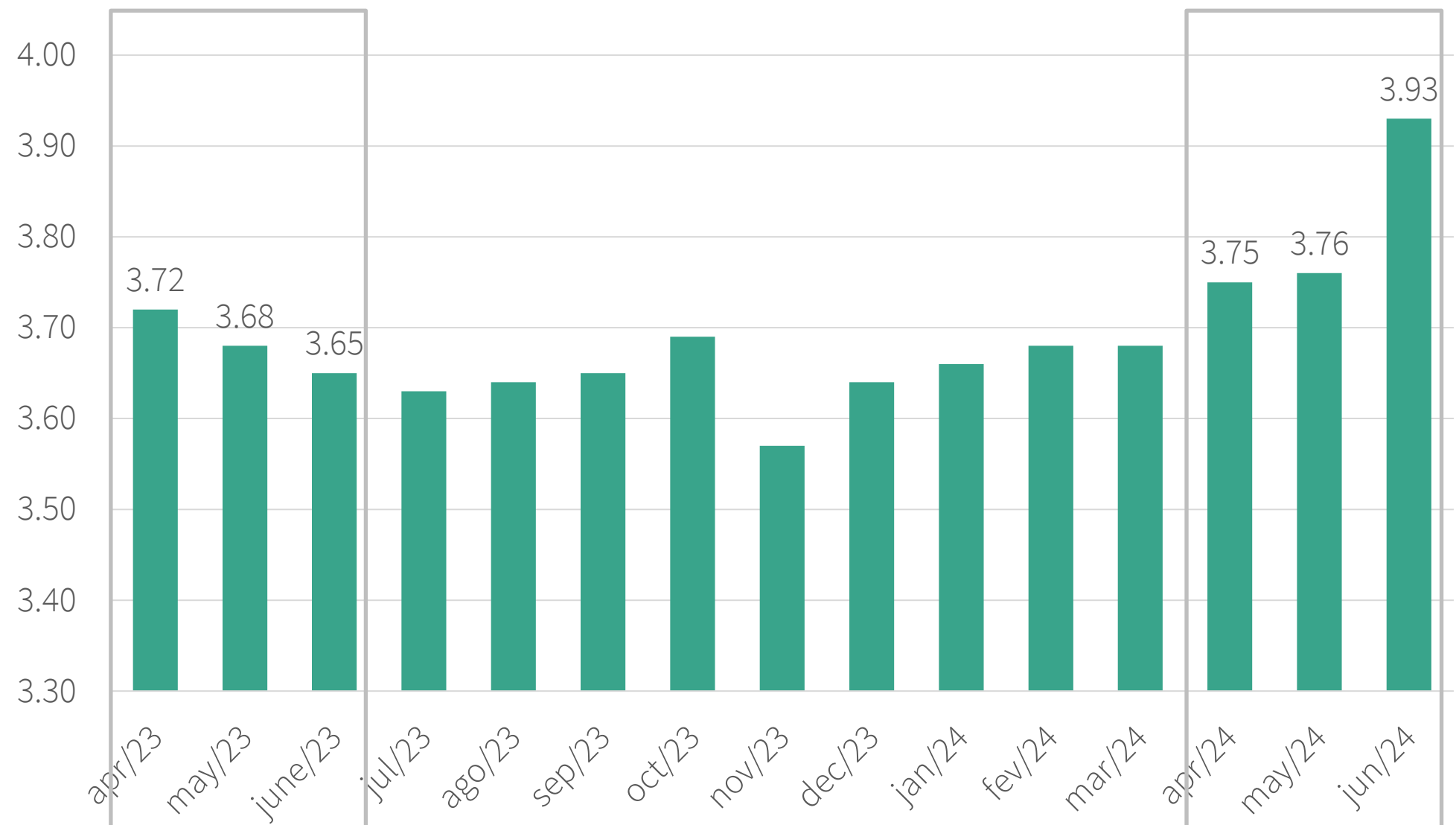
Canadian dollar valuated by 4% versus Brazilian Real in Q2 2024 compared to the same period from last year.

As of August 15, 2024, C\$1.00 = R\$3.98.

Brazilian SELIC interest rate at year end



CAD/BRL Exchange Rate



Source: [Brazilian Central Bank](#).

As of July 31, 2024. Source: [Brazilian Central Bank](#).

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

# Q2 2024 results\_





# Q2 2024 highlights\_

## Cash

Cash and other receivables held by the Group in Q2 2024 were \$15.3M, compared to \$23.8M in Q2 2023.

The Group has secured bank loans of \$0.8M in Q2 2024. As of June 30, 2024, the Group's total loan balance was \$41.0M.

## Profitability

Sales in Q2 2024 were 85K tonnes, compared to 107K tonnes in Q2 2023.

Revenue in Q2 2024 was \$6.5M, compared to \$10.3M in Q2 2023.

EBITDA before non-cash events was null in Q2 2024, compared to \$2.1M in Q2 2023.

Net loss in Q2 2024 was -\$2.6M, compared to a \$0.2 million net profit in Q2 2023.

# Q2 2024 financial statements\_

All amounts in CAD \$'000	Q2 2024	Q2 2023	% Δ	2024 YTD	2023 YTD	% Δ
Revenue	6,480	10,305	(37%)	11,548	21,430	(46%)
Production costs	(1,815)	(1,914)	(5%)	(3,486)	(4,623)	(25%)
Gross Profit	4,665	8,391	(44%)	8,062	16,807	(52%)
Gross Margin	72%	82%	N/A	70%	79%	N/A
Sales and marketing expenses	(979)	(1,124)	(13%)	(1,949)	(2,331)	(16%)
Product delivery freight expenses	(2,541)	(3,723)	(32%)	(4,137)	(7,590)	(45%)
General and administrative expenses	(1,145)	(1,442)	(21%)	(2,646)	(2,814)	(6%)
EBITDA <sup>(1)</sup>	0	2,102	(100%)	(670)	4,072	(116%)
Share Based, Equity and Bonus Payments (Non-Cash Event) <sup>(2)</sup>	(265)	144	(284%)	(2,042)	116	(1860%)
Depreciation and Amortisation <sup>(3)</sup>	(802)	(968)	(17%)	(1,721)	(1,880)	(8%)
Operating (Loss) / Profit after non-cash events	(1,067)	1,278	(183%)	(4,433)	2,308	(292%)
Interest Income/Expense	(1,564)	(951)	64%	(2,941)	(1,993)	48%
Net (Loss) / Profit before tax	(2,631)	327	(905%)	(7,374)	315	(2441%)
Income tax	(8)	(86)	(91%)	(17)	(182)	(91%)
Net (Loss) / Profit	(2,639)	241	(1195%)	(7,391)	133	(5657%)

(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

## operational summary\_

All amounts in CAD \$'000	Q2 2024	Q2 2023	% Δ	2024 YTD	2023 YTD	% Δ
Tons sold '000	85	107	(21%)	170	215	(21%)
Average Revenue per ton sold \$	76	96	(21%)	68	99	(31%)
Average Production cost per ton sold \$	(21)	(18)	17%	(21)	(26)	(19%)
Average Gross Profit per ton sold \$	55	79	(30%)	47	74	(36%)
Gross Margin	72%	81%	N/A	70%	74%	N/A

## operational summary – excluding freight revenue\_

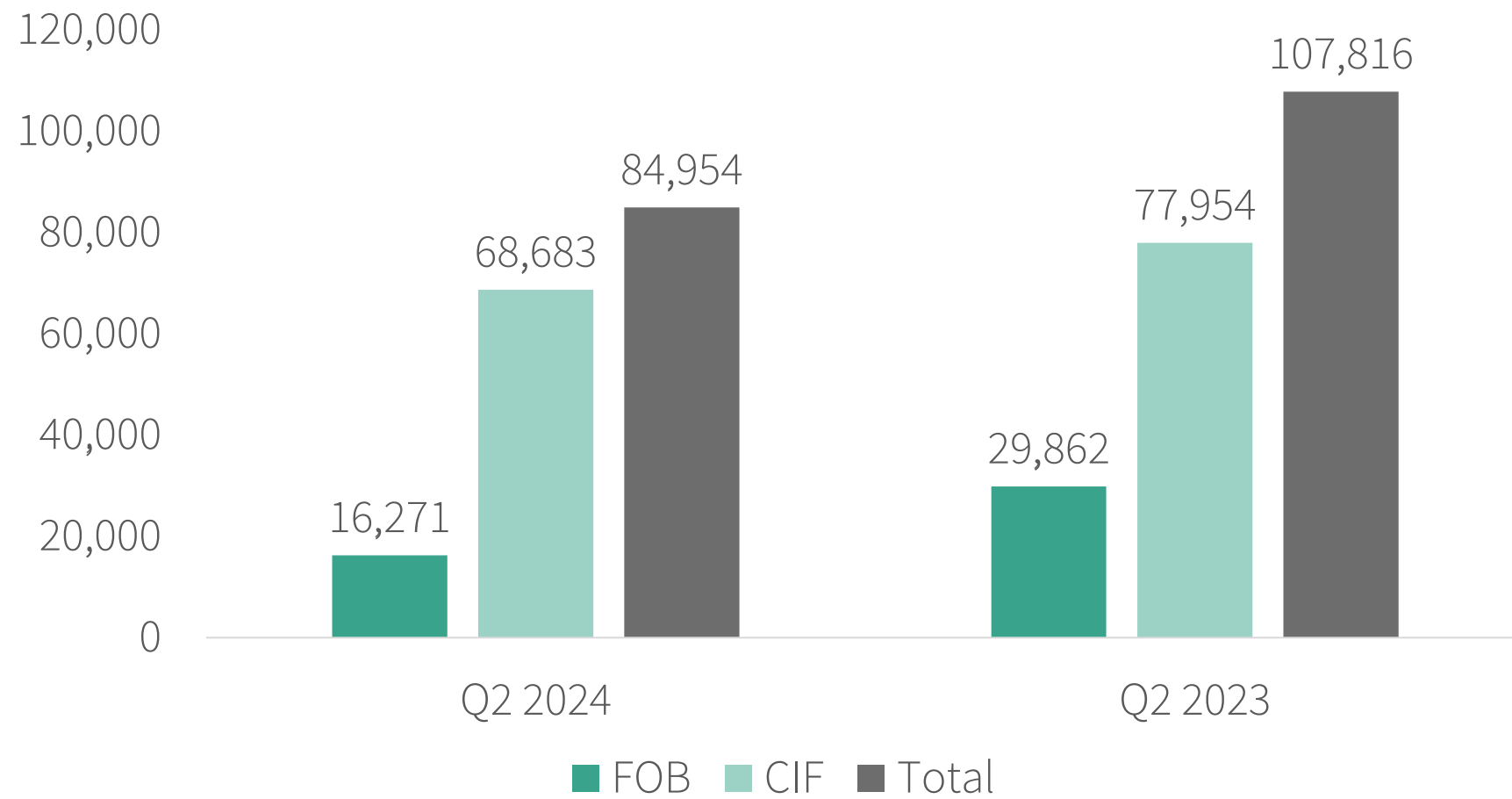
All amounts in CAD, except percentages	Q2 2024	Q2 2023	% Δ	2024 YTD	2023 YTD	% Δ
Average revenue per tonne sold \$	46	62	(25%)	44	64	(32%)
Average production cost per tonne sold \$	(21)	(18)	19%	(21)	(26)	(21%)
Average Gross Profit per tonne sold \$	25	44	(43%)	23	38	(40%)
Average Gross Margin	54%	71%	N/A	53%	60%	N/A

# sales, general and administrative expenses\_

All amounts in CAD \$'000, except percentages	Q2 2024	Q2 2023	% Δ	2024 YTD	2023 YTD	% Δ
<b>Sales expenses</b>						
Sales and marketing expenses	(896)	(1,030)	(13%)	(1,733)	(2,100)	(17%)
Fees paid to sales agents	(83)	(94)	(12%)	(216)	(231)	(6%)
<b>Total Sales expenses</b>	<b>(979)</b>	<b>(1,124)</b>	<b>(13%)</b>	<b>(1,949)</b>	<b>(2,331)</b>	<b>(16%)</b>
<b>General expenses</b>						
General administrative expenses	(595)	(888)	(33%)	(1,401)	(1,809)	(23%)
Allowance for expected credit losses	(87)	-	N/A	(232)	-	N/A
Legal, professional, consultancy and audit costs	(303)	(290)	4%	(643)	(607)	6%
IT/Software expenses	(147)	(231)	(36%)	(329)	(343)	(4%)
Taxes and licenses fees	(13)	(33)	(61%)	(41)	(56)	(27%)
<b>Total</b>	<b>(1,145)</b>	<b>(1,442)</b>	<b>(21%)</b>	<b>(2,646)</b>	<b>(2,814)</b>	<b>(6%)</b>

# logistics\_

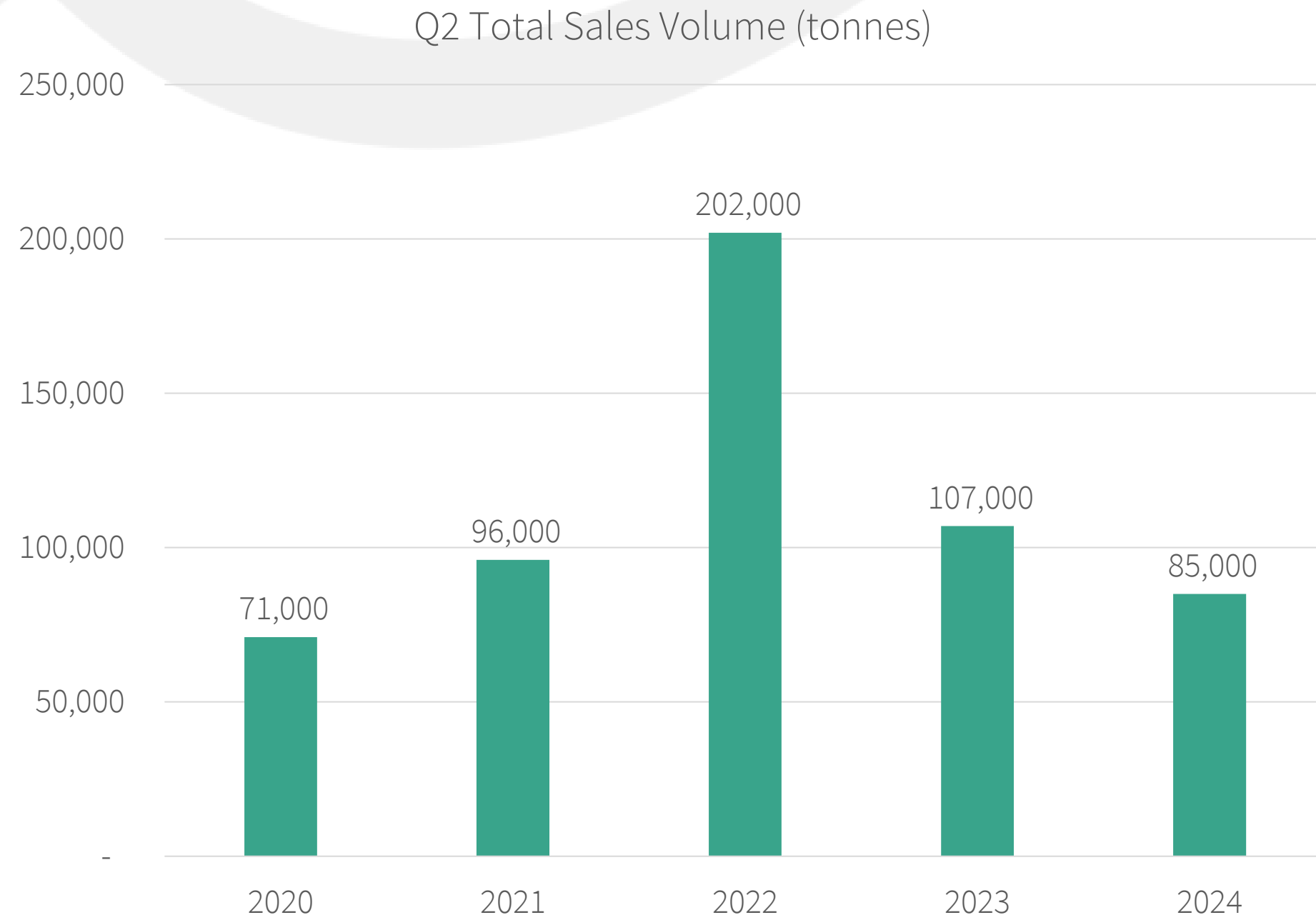
FOB vs CIF (tons sold)



- The volume sold as CIF in Q2 2024 represented 81% of total sales, compared to 72% in Q2 2023.
- Average freight cost per ton for products sold on a CIF basis decreased to \$37 in Q2 2024 from \$48 in Q2 2023. The 23% 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.

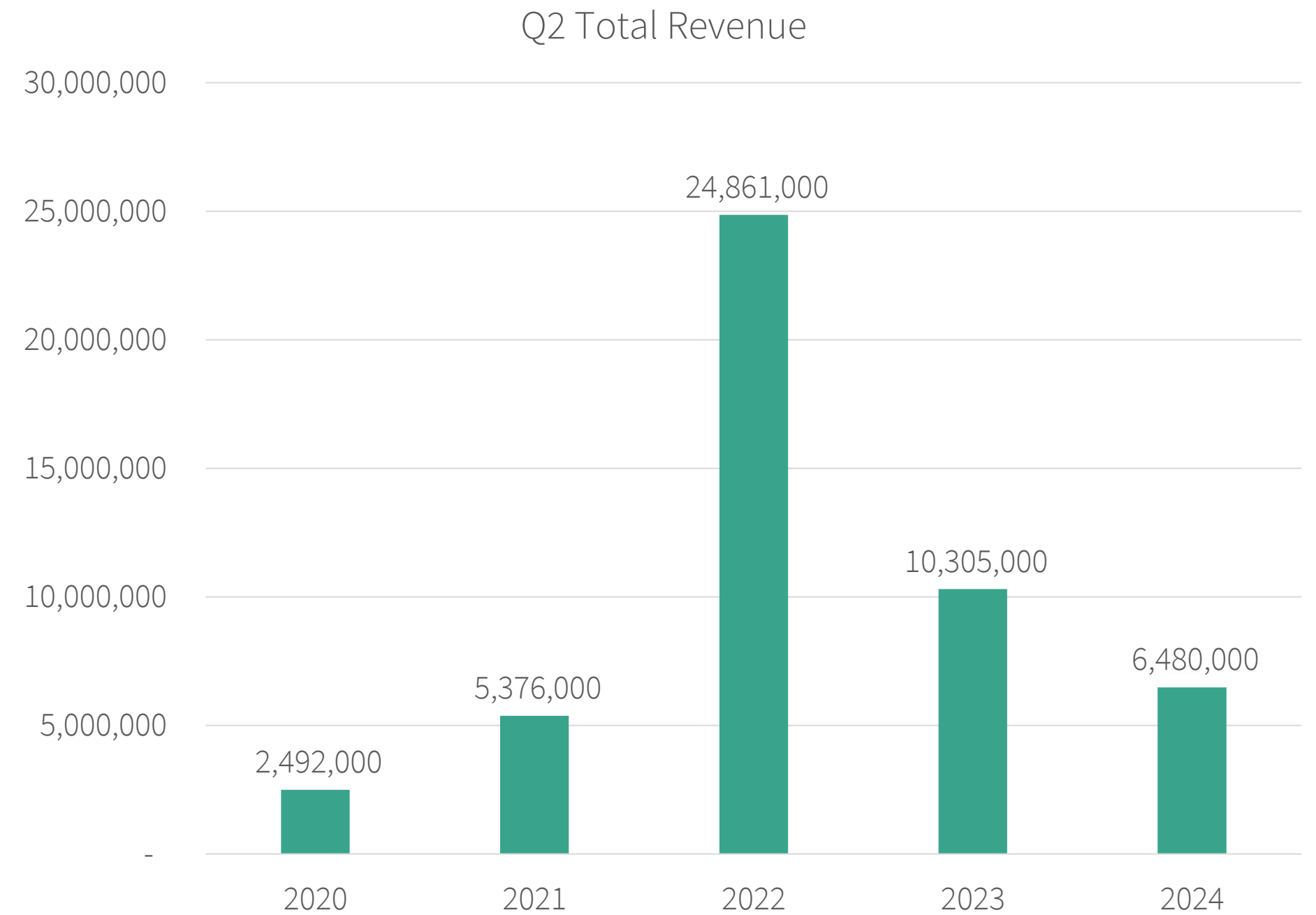
Volume Sales	Q2 2024	Q2 2023
	CIF	68,683

# Q2 Results: CAGR in the last 5 years\_



VOLUME: Q2 2020 to Q2 2024

CAGR = 4%



REVENUE: Q2 2020 to Q2 2024

CAGR = 21%

# cash flow and debit overview\_

- Cash held by the Group in Q2 2024 was \$2.7M compared to \$6.2M in Q2 2023 a decrease of 56%, and trade receivables was \$12.8M in Q2 2024, compared to \$17.6M in Q2 2023.
- As of June 30, the Group's total loan balance was \$41.0M compared to \$38.4M in Q2 2023, with an average loan rate of 15.63% per annum.
- In April 2024, the Group initiated a Strategic Debt Restructuring Plan involving seven banks, which encompasses the full 100% of the Group's current debt.
- Negotiations with the banks are progressing constructively, and the Group anticipates achieving a significant improvement in debt terms, including a substantial extension of the payment period, a grace period, and a reduction in interest rates. These negotiations are expected to be concluded by the end of Q3 2024.

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