

Verde AgriTech Plc

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Verde AgriTech promotes sustainable agriculture with eco-friendly, multi-nutrient fertilizer

- Owns largest potash mine in Brazil sourcing key ingredient glauconite from ancient rock
- Fertilizer product billed as a superior alternative to potassium chloride
- Fully permitted to produce 199,800 tons per year with applications pending for additional 2,733,000 tons

What Verde AgriTech does:

Verde AgriTech Plc (TSE:NPK) (OTCMKTS:AMHPF) is a Brazilian potassium fertilizer producer and promoter of sustainable agriculture.

The company is developing innovative products that exceed rising standards of organic and conventional farming. It produces solutions for farmers facing the constant challenges surrounding crop nutrition, crop protection, soil improvement, and increased sustainability.

Verde promotes sustainable agriculture through the development of its Cerrado Verde potassium project in western Minas Gerais, smack in the middle of Brazil's Cerrado agricultural heartland. There the company hosts the biggest potash mine in Brazil with proven and probable reserves of 777.28 million tons. Its business is estimated to have an after-tax net present value of about \$2 billion.

Commercially, Verde's flagship product is Super Greensand. Its key ingredient is glauconite, mined from rock that's 570 million years old. The finished product is a multi-nutrient fertilizer containing potassium, iron, magnesium, manganese, and 64 other minerals and trace elements to improve the chemical, physical and biological conditions of the soil.

The company since 2009 has been working with the product that now has the backing of the Organic Materials Review Institute and the California Department of Food and Agriculture. It's sold in the US, Canada and China. It is also available for purchase on Amazon.com.

In Brazil, where the product is called K Forte, the group is increasingly winning over farmers and others in the county's agriculture industry. The product is marketed as a superior alternative to potassium chloride, a widely used fertilizer by Brazilian farmers who help make the sprawling South American nation the largest importer and second-largest consumer of potash in the world.

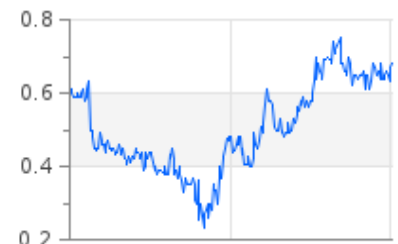
Verde has noted a number of K Forte's advantages over potassium chloride. Firstly, the product is much more appropriate for tropical soils. It also doesn't add salt or chloride to the soils. It strengthens plant resistance against pests and diseases and improves organic production. As a result, yields increase as does the nutrient quality of the food.

And the company also argues that it's a good way for Brazil to decrease its dependence on potassium imports while

Price: 0.68

Market Cap: \$31.91 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: NPK

Listing: TSX

52 week High Low
0.8 0.205

Sector: Agribusiness

Website: verdeagritech.com

Company Synopsis:

Verde AgriTech produces a disruptive multi-nutrient fertilizer. The product is currently sold in Brazil and in the United States. The NPV(8%) for its business plan is US\$2 billion with a 287% IRR. The company's mine and processing facility are located in the heart of the Brazilian agriculture region. Production is scalable allowing for a self-funding expansion.

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fighting carbon dioxide. The company says potassium chloride products can kill soil organisms that store carbon dioxide and the chemical can cause some crops like sugar cane to release carcinogenic dioxins into the atmosphere during processing.

Another big selling point is that the company is backed by Alysson Paolinelli, a company director called "the father of tropical agriculture" who won the World Food Prize and is currently president of the Brazilian Corn Growers Association.

How is it doing:

Operationally, Verde AgriTech is investing C\$1 million in the expansion of its plant facilities at Cerrado Verde, as it plans for ramp-up production of its flagship product. Construction, which was financed exclusively from cashflow, concluded in October 2019 and increased the plant's production capacity to 500,000 tons per year.

Verde has also been granted an environmental license for a new plant, which the company plans to build adjacent to one of its mining pits. The new plant is ultimately expected to produce 890,000 tons of product per year. In addition, the company received mining permits for two other pits.

For the first quarter of 2020, which ended March 31, the company saw a huge growth in revenue driven by higher production and fertilizer sales of over 10,000 tons.

It reported C\$509,532 in revenue, a 230% year-over-year jump. Production and sales were both higher than last year's first quarter, with production up 32% at 6,375 tons and sales increasing by 830% to 10,170 tons.

The company is fully permitted to produce a total of 199,800 tons per year and has applications pending for an additional 2,733,000 tons per year.

Verde told shareholders with the results on May 20 that it is on track to reach its 2020 growth target of 76% despite the coronavirus (COVID-19) pandemic. The Brazilian Ministry of Agriculture has deemed fertilizer production as an essential activity during the pandemic and Verde is operating under its own COVID-19 action plan, with employees working from home where possible and social distancing enforced at its plant.

As part of his compensation plan, Verde CEO Cristiano Veloso recently acquired C\$300,000 worth of shares, bringing his total holding in the company to 15.33%. Since launching the company in 2005 Veloso has been paid in stock instead of cash, as are other board members.

Verde has a tight capital structure. There are about 51 million shares on a fully diluted basis, of which 46 million shares are outstanding.

Inflection points:

- Expects sales target to reach C\$10.6 million in 2020
- Seeks a top annual production goal rate of 25 million tons
- Plans significant developments in coming months

What the boss says:

"Verde is improving the world," Verde AgriTech's CEO Cristiano Veloso told Proactive last year.

"The more we sell, the healthier you get and the better the environment becomes."

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