



EARTHRENEW ANNOUNCES Q2 2023 BUSINESS UPDATE, MARKET OUTLOOK AND SECOND QUARTER FINANCIAL RESULTS

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CALGARY, AB, August 29, 2023 /CNW/ – EarthRenew Inc. (CSE: EARTH) (OTCQB: VVIVF) (“EarthRenew” or the “Company”), along with its wholly-owned subsidiary, Replenish Nutrients Ltd. (“Replenish”), pleased to provide its Q2 2023 business update and second quarter financial results for the 3 and 6 months ended June 30, 2023.

Business Update and Market Outlook

2023 continues to present strong macro forces in Replenish’s favour through continued investment in Canadian-based food and fertilizer production resulting from ongoing concerns with geopolitical tensions in Europe impacting food security and fertilizer supply. Replenish continues to position itself ahead of its competition in the growing sector of sustainable agricultural with its proprietary, biologically-active regenerative fertilizer products and no-waste, chemical-free manufacturing processes that will allow it to take advantage of the significant demand and investment dollars flowing to sustainable agricultural practices, including regenerative fertilizer.

The second quarter of 2023 saw robust revenues and margins, including positive adjusted EBITDA and positive operating cash flow in the Fertilizer segment, despite encountering the headwinds of working through some higher cost inventory carried over from geopolitical tensions and abnormally high pricing in the prior year. As the average cost of inventory continues to drop and the Company continues to ramp up granulated production at the Beiseker facility and realize the full-year impact of its ongoing cost savings initiatives, there is strong line of sight to continued positive adjusted EBITDA and operating cash flow. The second quarter marks the third consecutive quarter the Company continues to build a track record of consistent and steadily improving margins through strong distribution channels and diligent financial and operational management. 2023 has continued to show fertilizer commodity prices return closer to historical averages where Replenish realizes higher margins. As granulated fertilizer production increases at the Beiseker facility and upcoming DeBolt facility, Replenish will continue to build more resilience into the business model through increased margins, wider and larger distribution channels, and lower seasonality impacts to the business.

In July 2023, Replenish was extremely pleased to announce it was selected to receive a \$7 million dollar non-dilutive government grant from Emissions Reductions Alberta (ERA) as part of Alberta’s Industrial Transformation Challenge. The ERA grant will support the construction of a new regenerative fertilizer manufacturing facility near DeBolt, Alberta, and will support local Alberta construction and manufacturing jobs as well as reduce greenhouse gas (GHG) emissions compared to the traditional fertilizer manufacturing process and lead to increased carbon sequestration properties in the soil through the use of regenerative fertilizers. As part of the ERA application process, an independent study on GHG emissions was conducted showing that over 22,000 tons of CO₂e per year would be avoided based on the facility’s contemplated production of 50,000 metric tons of regenerative fertilizer per year. Also contemplated under the ERA application was the creation of 200 cumulative construction jobs and 50 permanent and direct and indirect jobs as a result of the construction and ongoing operation of the DeBolt facility. This non-dilutive investment from the Alberta government validates the incredible value of Replenish’s proprietary and patented sustainable regenerative fertilizer products and manufacturing process to bring immediate and long-lasting benefits to the environment through a lower carbon footprint, to soil and plant health, to the farmer’s bottom-line, and ultimately to Replenish shareholders. Over the coming weeks, the Company will be submitting the required follow-up project documentation and debt financing to the ERA to finalize the funding in the third or fourth quarter of 2023. The finalization of the ERA grant is subject to typical financing conditions including due diligence and execution of formal agreements.

1 – Adjusted EBITDA is a non-IFRS financial measure – refer to the Company’s Q1 2023 Management’s Discussion and Analysis for the definition and reconciliation to the nearest IFRS financial measure



On the product development front, the Company continues to see exceptional and consistent results from its independent field trials with Farming Smarter and Biome Makers proving the efficacy of its products and their contribution to soil and plant health. The Company is also continuing to conduct on-farm grower trials across the Prairie provinces, showcasing the adaptability of our product to diverse environmental and soil conditions. The continued success of these independent field trials coupled with the proprietary nature of Replenish's products and manufacturing processes provide unique opportunities to accelerate earnings and cash flow growth in the Company without the need for additional capital spend. The Company continues to be encouraged by its ongoing development of licensing opportunities.

Consolidated Financial Highlights

- Cost restructuring and diligent financial management lead to a \$3.2 million and \$4.2 million improvement in cash flow from operations from cash used in operations of \$3.0 million and \$4.7 million in the prior year to cash from operations of \$0.2 million and cash used in operations of \$0.5 million in the current year
- A \$0.1 million and \$0.8 million increase in Adjusted EBITDA¹ over the same periods in the prior year, from negative \$0.1 million and negative \$1.3 million in the prior year to breakeven and negative \$0.5 million in the current year, a 1 percentage point and 5 percentage improvement over the prior year
- Revenues of \$4.3 million and \$6.8 million compared to \$7.0 million and \$10.1 million in the prior year. Record-high commodity pricing in 2022 and a one-time large sale account for the higher revenues in the prior year.
- Gross profit of \$0.6 million and \$0.7 million compared to \$1.0 million and \$0.7 million in the prior year, with a flat and increased gross profit percentage of 4 percentage points over the prior year
- Operating loss of \$0.6 million and \$1.6 million compared to \$0.5 million and \$2.2 million in the prior year, a marked improvement over the same 6 month period of the prior year
- Net loss of \$0.6 million and \$0.8 million compared to \$1.3 million and \$2.7 million in the prior year, a marked improvement over the same 3 and 6 month period of the prior year

About Replenish Nutrients

Replenish Nutrients is an Agricultural Biotechnology company and a leading intellectual property developer of regenerative fertilizer solutions and sustainable manufacturing processes to support a farm system that puts healthy soils and grower profitability back on the table. By combining Canadian-sourced nutrients with our proprietary delivery system, Replenish has developed a sustainable alternative to synthetic fertilizers that enhances overall soil function and biology while providing valuable plant-available nutrients farmers rely upon for healthy crops. To learn more about Replenish Nutrients products, visit our website at www.replenishnutrients.com.

About EarthRenew Inc.

Replenish Nutrients is a wholly-owned subsidiary of EarthRenew Inc. (CSE: ERTN) (OTCQB: VVVF).

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Cautionary Note Regarding Forward-Looking Information

This press release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to financial and operating results. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “will”, “may”, “would”, “should”, “could”, “plans”, “expects”, “budget”, “schedule”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, and similar expressions, including variations thereof and negative forms. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, geopolitical and social uncertainties; regulatory risks; other risks of the energy and fertilizer industries and other risk factors disclosed in our public disclosure which can be found under our profile on SEDAR+ at www.sedarplus.ca. Readers are cautioned that these risk factors should not be construed as exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

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