As filed with the Securities and Exchange Commission on April 3, 2023

Registration No. 333-252241

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 4
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Clever Leaves Holdings Inc.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada	2834	Not Applicable
(State or Other Jurisdiction of incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Bodega 19-B Parque Industrial Tibitoc P.H,
Tocancipá — Cundinamarca, Colombia
(561) 634-7430

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Marta Pinto Leite
Clever Leaves Holdings Inc.
Bodega 19-B Parque Industrial Tibitoc P.H,
Tocancipá — Cundinamarca, Colombia
(561) 634-7430

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Marta Pinto Leite Clever Leaves Holdings Inc. Bodega 19-B Parque Industrial Tibitoc P.H, Tocancipá — Cundinamarca, Colombia (561) 634-7430	Pamela L. Marcogliese, Esq. Sebastian L. Fain, Esq. Freshfields Bruckhaus Deringer US LLP 601 Lexington Avenue New York, New York 10022 (212) 277-4000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Post-Effective Amendment No. 4 (this "Post-Effective Amendment No. 4") to the registration statement on Form S-1 (File No. 333-252241), which was originally filed with the U.S. Securities and Exchange Commission (the "SEC") on January 20, 2021, is being filed to include information contained in the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on March 30, 2023, and to update certain other information in the registration statement.

The information included in this filing amends the registration statement and the prospectus contained therein. No additional securities are being registered under this Post-Effective Amendment No. 4. All applicable registration fees were paid at the time of the original filing of the registration statement on January 20, 2021.

Table of Contents

The information in this prospectus is not complete and may be changed. Neither we nor the selling securityholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 3, 2023

PRELIMINARY PROSPECTUS

Clever Leaves Holdings Inc.

Primary Offering of

17,777,361 Common Shares Issuable Upon Exercise of Warrants
125,370 Common Shares Issuable Upon Exercise of Options

Secondary Offering of

3,654,707 Common Shares
4,900,000 Warrants to Purchase Common Shares
4,900,000 Common Shares Issuable Upon Exercise of Warrants

This prospectus relates to the issuance from time to time by Clever Leaves Holdings Inc., a corporation organized under the laws of British Columbia, Canada ("we" or the "Company"), of up to (i) 17,777,361 common shares, without par value (the "common shares") issuable upon the exercise of our warrants, each entitling its holder to purchase one common share at a price of $11.50 per share (the "warrants"), and (ii) 125,370 common shares issuable upon the exercise of options to acquire our common shares.

This prospectus also relates to the offer and sale from time to time by the selling securityholders named in this prospectus or their permitted transferees (collectively, the "selling securityholders") of up to (i) 3,654,707 common shares, (ii) 4,900,000 warrants held by the Sponsor, and (iii) 4,900,000 common shares issuable upon the exercise of the warrants held by the Sponsor (collectively, the "securities"). This prospectus covers any additional securities that may become issuable by reason of share splits, share dividends and other events described therein.

The common shares covered by this prospectus that may be offered and sold by the selling securityholders include (i) 2,248,844 common shares issued in connection with the Business Combination in exchange for the shares of common stock, par value $0.0001 per share (the "SAMA common stock"), of Schultze Special Purpose Acquisition Corp., a Delaware corporation ("SAMA"), owned by Schultze Special Purpose Acquisition Sponsor, LLC (the "Sponsor"), and former independent directors of SAMA (the "founder shares"), (ii) 845,863 common shares issued to certain investors in exchange for their shares of SAMA common stock that were issued as part of the SAMA PIPE (as defined below) at the closing of the business combination (the "Business Combination") contemplated by the Amended and Restated Business Combination Agreement, dated as of November 9, 2020 (the "Business Combination Agreement"), by and among Clever Leaves International Inc., a corporation organized under the laws of British Columbia, Canada ("Clever Leaves"), SAMA, the Company and Novel Merger Sub Inc. ("Merger Sub"), (iii) 500,000 common shares beneficially owned by our former Chief Executive Officer and (iv) 4,900,000 common shares issuable upon the exercise of the 4,900,000 warrants held by the Sponsor.

Each warrant entitles the holder to purchase one common share at an exercise price of $11.50 per share and will expire on December 18, 2025, at 5:00 p.m., New York City time, or earlier upon redemption. We may redeem the outstanding public warrants at a price of $0.01 per warrant if the last reported sales price of our common shares equals or exceeds $18.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders, as described herein. The private warrants have terms and provisions that are identical to those of the public warrants, except as described herein.

We are registering the offer and sale of certain securities covered by this prospectus to satisfy certain registration rights we have granted. The selling securityholders may offer all or part of the securities for resale from time to time through public or private transactions, at either prevailing market prices or at privately negotiated prices. These securities are being registered to permit the selling securityholders to sell securities from time to time, in amounts, at prices and on terms determined at the time of offering. The selling securityholders may sell these securities through ordinary brokerage transactions, directly to market makers of our securities or through any other means described in the section entitled "Plan of Distribution" herein. In connection with any sales of securities offered hereunder, the selling securityholders, any underwriters, agents, brokers or dealers participating in such sales may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

We are registering these securities for resale by the selling securityholders named in this prospectus, or their transferees, pledgees, donees or assignees or other successors-in-interest that receive any of the shares as a gift, distribution, or other non-sale related transfer.

All of the common shares and warrants (including shares underlying such warrants) offered by the selling securityholders pursuant to this prospectus will be sold by the selling securityholders for their respective accounts. We will not receive any of the proceeds from these sales. We will receive up to an aggregate of approximately $207 million from the exercise of the warrants and the options, assuming the exercise in full of all the warrants and options for cash. If the warrants or options are exercised pursuant to a cashless exercise feature we will not receive any cash from these exercises. We expect to use the net proceeds from the exercise of the warrants, if any, for general corporate purposes, which may include capital expenditures and repayment of debt.

We will pay certain expenses associated with the registration of the securities covered by this prospectus, as described in the section entitled "Plan of Distribution."

Our common shares and warrants are currently listed on the Nasdaq Capital Market under the symbols "CLVR" and "CLVRW," respectively. On March 31, 2023, the last reported sale price of our common shares and warrants as reported on the Nasdaq Capital Market was $0.38 per common share and $0.05 per warrant.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

We are an "emerging growth company" and a "smaller reporting company" as those terms are defined under the federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements.

Investing in our securities involves a high degree of risk. Before buying any securities, you should carefully read the discussion of material risks of investing in our securities in "Risk Factors" beginning on page 9 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 2023

TABLE OF CONTENTS

Neither we, nor the selling securityholders, have authorized any other person to provide you with different or additional information from the information contained in this prospectus or any free writing prospectus prepared by us or on our behalf. Neither we, nor the selling securityholders, take responsibility for, nor can we provide assurance as to the reliability of, any other information that others may provide. The selling securityholders are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus or such other date stated in this prospectus, and our business, financial condition, results of operations and/or prospects may have changed since those dates.

Except as otherwise set forth in this prospectus, neither we nor the selling securityholders have taken any action to permit a public offering of these securities outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of these securities and the distribution of this prospectus outside the United States.

INDUSTRY AND MARKET DATA

In this prospectus, we rely on and refer to industry data, information and statistics regarding the markets in which we compete from research as well as from publicly available information, industry and general publications and research and studies conducted by third parties. We have supplemented this information where necessary with our own internal estimates, considering publicly available information about other industry participants and our management's best view as to information that is not publicly available. This information appears in "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" "*Business*" and other sections of this prospectus. We have taken such care as we consider reasonable in the extraction and reproduction of information from such data from third party sources.

Industry publications, research, studies and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this prospectus. These forecasts and forward-looking information are subject to uncertainty and risk due to a variety of factors, including those described under "*Risk Factors*." These and other factors could cause results to differ materially from those expressed in the forecasts or estimates from independent third parties and us.

FREQUENTLY USED TERMS

As used in this prospectus, unless the context otherwise requires or indicates, references to "we," "us," and "our," refer to Clever Leaves Holdings Inc., a corporation organized under the laws of British Columbia, Canada, and its consolidated subsidiaries subsequent to the closing of the Business Combination and to Clever Leaves International Inc. and its consolidated subsidiaries prior to the closing of the Business Combination.

In this document:

"2018 Plan" means the Northern Swan Holdings, Inc. 2018 Omnibus Incentive Compensation Plan. "2020 Plan" means the Clever Leaves Holdings Inc. 2020 Incentive Award Plan.

"2022 Convertible Notes" means the secured convertible notes of Clever Leaves due March 30, 2022 with an original aggregate principal amount of $27,750,000, which were repaid and discharged on July 19, 2021.

"API" means active pharmaceutical ingredients.

"Arrangement" means the arrangement pursuant to the Plan of Arrangement.

"Arrangement Effective Time" means 11:59 p.m. Vancouver, British Columbia time on December 17, 2020 (2:59 a.m. Eastern time).

"Articles" or "our Articles" means the amended and restated articles of the Company.

"BCA" means the Business Corporations Act (British Columbia).

"BfArM" means the German Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*).

"BtMG" means the German Narcotics Law (*Betäubungsmittelgesetz*).

"Business Combination Agreement" or "Amended and Restated Business Combination Agreement" means the Amended and Restated Business Combination Agreement, dated as of November 9, 2020, by and among SAMA, Clever Leaves, the Company and Merger Sub.

"Business Combination" means the Merger, the Arrangement and the other transactions contemplated by the Business Combination Agreement.

"Catalina LP Convertible Note" means the secured convertible note issued to Catalina LP pursuant to the Note Purchase Agreement on July 19, 2021, which was repaid in full on April 5, 2022.

"Cansativa" means Cansativa GmbH.

"CBD" means cannabidiol, a cannabinoid and active ingredient derived from the cannabis and hemp plant.

"Clever Leaves" means Clever Leaves International Inc., a company organized under the laws of British Columbia, Canada.

"Clever Leaves common shares" means Class A common shares in the capital of Clever Leaves. "Closing" means the closing of the Business Combination.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Colombian GMP" means the Colombian Good Manufacturing Practices issued by Invima. "common shares" or "our common shares" means common shares in the capital of the Company.

"Company" means Clever Leaves Holdings Inc., a corporation organized under the laws of British Columbia, Canada.

"Computershare" means Computershare Inc.

"Continental" means Continental Stock Transfer & Trust Company.

"Convertible Debenture Investment" means the commitments from interested investors to purchase an aggregate of $1.5 million principal amount of additional September 2023 Convertible Debentures.

"CRA" means the Canada Revenue Agency.

"CUMCS" means the Control Union Medical Cannabis Standard. Clever Leaves has been granted this certification for the Colombian cultivation and post-harvest facilities.

"DEA" means the United States Drug Enforcement Administration. "Eagle" means Eagle Canada Holdings, Inc., a subsidiary of Clever Leaves.

"Eagle Minority Shareholders" means the four minority shareholders of Eagle who owned the Exchangeable Class A common shares of Eagle prior to the closing of the Business Combination.

"Earnout Plan" means the Clever Leaves Holdings Inc. 2020 Earnout Award Plan.

"Ecomedics" or "Clever Leaves Colombia" means Ecomedics S.A.S., a company organized under the laws of the Republic of Colombia.

"Effective Date" means the effective date of the registration statement on Form S-4 part of the Company that was declared effective by the SEC on November 27, 2020.

"EU" means the European Union.

"EU GDP" means the European Union Good Distribution Practices.

"EU GMP" means the European Union Good Manufacturing Practices.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FDA" means the United States Food and Drug Administration.

"FNE" means the Colombia National Narcotics Fund.

"founder shares" means shares of SAMA common stock initially purchased by the initial stockholders in private sales prior to SAMA's initial public offering.

"GAAP" means United States generally accepted accounting principles. "GACP" means Good Agricultural and Collection Practices in Colombia.

"GDP" means Good Distribution Practices, the minimum standards that a wholesale distributor must meet to ensure that the quality and integrity of medicines is maintained throughout the supply chain.

"HALMED" means the Croatian Agency for Medicinal Products and Medical Devices.

"Herbal Brands" means Herbal Brands, Inc., a wholly owned subsidiary of Clever Leaves.

"Herbal Brands Loan" means the Loan and Security Agreement, dated as of May 3, 2019, as amended, by and among Rock Cliff Capital LLC, Herbal Brands and certain guarantors party thereto.

"ICA" means the Colombian Agricultural Institute.

"INCB" means the International Narcotics Control Board.

"INFARMED" means National Authority of Medicines and Health Products, the Portuguese pharmaceutical regulator.

"initial stockholders" means the holders of the founder shares prior to SAMA's initial public offering, including the Sponsor and certain independent directors of SAMA.

"Investors' Rights Agreement" means the Investors' Rights Agreement, dated as of December 18, 2020, by and among the Company, Clever Leaves, SAMA and certain shareholders party thereto.

"INVIMA" means the National Institute of Surveillance of Pharmaceuticals and Food (*Instituto Nacional de Vigilancia de Medicamentos y Alimentos*), Colombia's food and drug regulatory agency.

"Merger" means the merger of Merger Sub with and into SAMA, with SAMA surviving such merger.

"Merger Effective Time" means at 12:01 a.m. Vancouver, British Columbia time (or 3:01 a.m. Eastern Time) on December 18, 2020.

"Merger Sub" means Novel Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of the Company, that merged with and into SAMA at the closing of the Business Combination.

"MNO" means multi-national operator.

"Nasdaq" means the Nasdaq Stock Market LLC.

"Neem Holdings" means Neem Holdings, LLC.

"non-voting common shares" or "our non-voting common shares" means non-voting common shares in the capital of the Company. The non-voting common shares have the same economic rights as our voting common shares, except that they do not entitle their holder to voting rights (other than with respect to special resolutions and exceptional resolutions). See the section titled "*Description of Securities*."

"Northern Swan" means Clever Leaves, which until March 12, 2020 was known as Northern Swan Holdings, Inc.

"Note Purchase Agreement" means the Note Purchase Agreement, dated as of July 19, 2021, between the Company and Catalina LP.

"preferred shares" means preferred shares in the capital of the Company.

"PIK Notes" means the non-interest bearing promissory notes issued to holders of 2022 Convertible Notes in satisfaction of the accrued and unpaid interest for the period January 1, 2020 to December 31, 2020.

"Plan of Arrangement" means the plan of arrangement under the laws of British Columbia, Canada.

"private placement warrants" means the warrants to purchase SAMA common stock purchased by the Sponsor in a private placement in connection with SAMA's initial public offering.

"public warrants" means the warrants included in the units sold in SAMA's initial public offering, each of which is exercisable for one share of SAMA common stock, in accordance with its terms.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of July 19, 2021, between Catalina LP and the Company.

"SAMA" means Schultze Special Purpose Acquisition Corp., a Delaware corporation. Upon the closing of the Merger, SAMA changed its name to Clever Leaves US, Inc.

"SAMA common stock" means shares of common stock of SAMA, par value $0.0001 per share.

"SAMA PIPE" means the commitments from interested investors to purchase shares of SAMA common stock or exchange the PIK Notes received in satisfaction of the accrued and outstanding interest under the 2022 Convertible Notes for shares of SAMA common stock, which were exchanged for our common shares in connection with the Closing, for a purchase price of $9.50 per share, in a private placement that closed immediately prior to the closing of the Business Combination.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"September 2023 Convertible Debentures" means $1.23 million aggregate principal amount of convertible debentures of Clever Leaves due September 30, 2023.

"Single Convention" means the Single Convention on Narcotic Drugs (1961).

"Sponsor" means Schultze Special Purpose Acquisition Sponsor, LLC, a Delaware limited liability company.

"Stock Escrow Agreement" means the Stock Escrow Agreement, dated as of December 10, 2018, by and among SAMA, the Sponsor, certain SAMA stockholders named therein and Continental.

"Subscribers" means the investors in the SAMA PIPE that signed the Subscription Agreements.

"Subscription Agreements" means the subscription agreements among the Company, SAMA and the Subscribers with respect to the SAMA PIPE.

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder.

"THC" means tetrahydrocannabinol, a cannabinoid and active ingredient found in cannabis.

"Transaction Support Agreement" means the Transaction Support Agreement, dated as of July 25, 2020, as amended on November 9, 2020, and as may be further amended, by and among the Company, SAMA, Clever Leaves and the Sponsor.

"units" means units issued in SAMA's initial public offering, each consisting of one share of SAMA common stock and one warrant of SAMA to purchase one share of SAMA common stock. At the closing of the Business Combination, units were separated into their component securities, which were exchanged for securities of the Company in the Merger.

"U.S. MSOs" means U.S. multi-state operators (cannabis companies that span across multiple legal cannabis states).

"warrant" means a warrant to purchase one share of SAMA common stock at a price of $11.50 per share. Pursuant to the Warrant Amendment, each SAMA warrant that was outstanding immediately prior to the Merger Effective Time no longer represents a right to acquire one share of SAMA common stock and instead represents the right to acquire one common share of the Company under the same terms as set forth in the Warrant Agreement.

"Warrant Agreement" means the warrant agreement, dated as of December 10, 2018, as amended by the Warrant Amendment and the Second Warrant Agreement, initially between SAMA and Continental and, as of the date hereof, between the Company and Computershare.

"Warrant Amendment" means an assignment, assumption and amendment agreement, dated as of December 18, 2020, entered into by and among the Company, SAMA and Continental in connection with the Business Combination.

"$" means the currency in dollars of the United States of America.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our securities. Before making an investment decision, you should read this entire prospectus carefully, especially "Risk Factors" and the financial statements and related notes thereto, and the other documents to which this prospectus refers. Some of the statements in this prospectus constitute forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements" for more information.

Our Company

We are a multi-national operator in the botanical cannabinoid and nutraceutical industries, with operations and investments in Colombia, Germany, the United States, Canada and, through December 31, 2022, Portugal. We are working to develop one of the industry's leading, low-cost global supply chains with the goal of providing high quality, pharmaceutical grade cannabis and wellness products to customers and patients at competitive prices produced in a sustainable and environmentally friendly manner. Our customers consist of retail distributors, pharmaceutical and cannabis companies, and pharmacies. The Company approved a plan to shut down its cultivation activities in Portugal in December 2022 and further approved the wind-down of the entire Portuguese operations in January 2023 to preserve cash and to cease all operations in Portugal. As we work to complete the wind-down process for our Portugal operations, we are also preparing for the sale process of these assets, with a goal to complete the sale during the fiscal year ending December 31, 2023.

We have invested in ecologically sustainable, large-scale cultivation and processing as the cornerstone of our medical cannabinoid business, and we seek to continue to develop strategic distribution channels and brands. We currently own approximately 1.8 million square feet of greenhouse cultivation capacity in Colombia. In addition, our pharmaceutical-grade extraction facility is capable of processing 108,000 kilograms of dry flower per year.

In July 2020, we became one of a small number of vertically integrated cannabis companies in the world to receive EU GMP certification for our Colombian operations. We believe this certification will provide us with one of the largest quality-certified licensed capacities for cannabis cultivation and cannabinoid extraction globally, while our strategically located operations allow us to produce our products at a fraction of the average cost of production incurred by our peers in Canada and the United States.

In addition to the cannabinoid business, we are also engaged in the non-cannabinoid business of formulating, manufacturing, marketing, selling, distributing, and otherwise commercializing nutraceutical and other natural remedies and wellness products, to more than 20,000 retail locations across the United States, through our wholly owned subsidiary Herbal Brands. Herbal Brands has an Arizona based GMP-compliant, FDA registered facility and is a national distributor of nutraceutical products. Herbal Brands' nationwide customer base provides a platform we intend to leverage for greater potential cannabinoid distribution in the future, should U.S. federal laws change and regulations permit. The mailing address of our principal executive office is Bodega 19-B Parque Industrial Tibitoc P.H, Tocancipá — Cundinamarca, Colombia, and our telephone number is (561) 634-7430.

Our Strategy for Growth

We plan to utilize our existing infrastructure and make future incremental investments to drive sales growth in the rapidly expanding cannabis markets globally. We aspire to build a leading international low-cost and pharmaceutical-grade cannabinoid company through the following strategies:

Securing strategic partnerships

Our business model is focused on partnering with leading and emerging cannabis and pharmaceutical businesses by providing them with lower cost product, variable cost structures, reliable supply throughout the year, and accelerated speed to market. We believe this is achievable due to our production locations, capacity, product registrations and various product certifications.

Expanding our sales and distribution footprint

We believe that our Colombian production footprint will allow us to take advantage of the opportunities arising from the global cannabis industry.

Our primary distribution channels are for wellness products and pharmaceutical products. We structure our sales efforts regionally into Australia, Germany, Israel, Latin America, the United Kingdom, the United States and rest of the world. Within each sales channel, there are a variety of products that we are licensed to manufacture and sell under various distribution arrangements. Our penetration of the wellness channel started with sales of Herbal Brands' non-cannabis product lines in the United States. Our distribution of cannabis products to date consists of export shipments for commercial or research purposes to Argentina, Australia, Brazil, Canada, Chile, Czech Republic, Denmark, Germany, Israel, Italy, Netherlands, New Zealand, Peru, Poland, South Africa, Spain, Switzerland, United Kingdom, and the United States. However, we anticipate that our Colombian GACP, IMC-GAP GACP, GMP and EU GMP certifications, our German licenses, as well as our strategic investment in Cansativa will allow us to expand our pharmaceutical distribution channel, which typically has a higher margin but a longer sales cycle. In addition, Herbal Brands' national distribution provides a platform to leverage for cannabinoid distribution in the future, subject to changes in federal law and as regulations permit.

We are focused on expanding in the following main geographies: Australia, Brazil, Colombia, Germany, Israel, the United Kingdom, and the Unites States.

- ***Australia***: Our extracts and API sales from Colombia have been increasing to established cannabis companies in Australia. We expect Australia to be one of the largest markets for Colombian flower in 2023.
- ***Brazil***: We have been generating initial API and final product sales under the "Compassionate Use" legal framework. We have also worked with our partners in Brazil and to date there are 6 Clever Leaves products with a special marketing authorization under the RDC 327 (Cannabis Framework), which allows us to import and distribute products in Brazil. Our first product registration was granted in November 2021, and five additional products in our portfolio have received special marketing authorization under RDC 327. We have been shipping product under RDC 327 since Q1 2022.
- ***Colombia***: Leveraging the recent changes in regulation by which cannabis medicine is to be covered by the country's Universal healthcare system, we will be expanding our product portfolio to include oral solutions in the High-CBD, Balanced, and High-THC categories during 2023. In addition, we will be increasing efforts on demand generation at the physician level.
- ***Germany***: Distribution of medical cannabis products in Germany is regulated by the German national and federal pharmaceutical regulators. Cannabis products are prescribed by traditional and specialist physicians and fulfilled by pharmacies. The pharmacy industry is fragmented by law, with limits on ownership of multiple pharmacy locations. Imports of cannabis into Germany is facilitated by a limited set of licensed importers and distributors. In order to navigate the challenges of entering the German market and reducing our reliance on German import partners, we have executed a strategic investment in an EU GDP and EU GMP certified German distributor, Cansativa. As of December 31, 2021, we held an approximately 14% ownership interest in Cansativa and one advisory board seat. In the first quarter of 2022, we signed an agreement to sell a portion of our investment in Cansativa, reducing our equity ownership to approximately 8%. See Note 7 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus for more information. In Germany, we are actively commercializing API, establishing licensing partnerships with local and regional companies which includes a global pharmaceutical company, and commercializing IQANNA, our pharmaceutical cannabinoid brand that launched in late 2021.
- ***Israel***: Our extracts and API sales have been continuously growing in Israel since April 2020. In 2023, we expect Israel to start selling our Colombian flower into the market and expect it to grow significantly into 2024. In 2022 we signed an agreement with Intercure to import and distribute our products in the country.
- ***United Kingdom***: We expect to commence shipment of oral solutions and Colombian flowers into the UK market during 2023. We have already setup commercial and regulatory pathways to the market.

- ***United States***: Our distribution in the United States currently comprises primarily Herbal Brands nutraceutical products. Either directly or through distributors, we distribute Herbal Brands products to more than 20,000 retail locations in the United States, which includes specialty and health retail stores. Most of our products are manufactured and distributed from our production facility in Tempe, Arizona.

In addition, we are building relationships with businesses in other countries with the objective of preparing, planning or executing commercial shipments to such businesses, although completion of these shipments is not guaranteed and is subject to many evolving factors including regulatory progress and approvals, agreement on commercial terms, negotiation of definitive documentation, successful test shipments, and validation by third party laboratories. We believe these are attractive markets due to their long-term potential, stringent quality requirements that fit our supply chain strengths, and improving regulatory frameworks.

Capitalize on regulatory developments

As cannabis regulations evolve, we intend to broaden our product offering.

In February 2022, the Colombian government passed a regulation that defines the procedures to begin cultivating cannabis for exporting the flower for medicinal use. We believe this represents a significant opportunity for our Company. We believe that our GACP, IMC-GAP GACP and EU GMP certifications for the sale of cannabis flower positions us to benefit from this significant regulatory change.

We have seen an emergence of interest in products derived from hemp or cannabis that have non-detectable or ultra-low levels of THC. These products may be compliant with a broader range of regulations to facilitate CBD or other hemp-derived botanical products. Expanding our capacity for THC removal could yield additional demand from our customers.

We also closely monitor the regulation of cannabinoid products in the United States. To date, we have imported cannabinoid products from Colombia with both explicit import permits from the U.S. DEA for research purposes, and under the Farm Bill for product development purposes. However, evolving regulation surrounding the 2018 Farm Bill, by the FDA for CBD or around the legalization of broader cannabis use for medical or other purposes, may create the opportunity either for imports from Colombia and/or the commercialization of cannabinoid products in the United States.

In Colombia, as of January 1, 2023, the Ministry of Health included CBD and THC magistral preparations in the list of medications that health insurance entities (EPS) pay to health service providers (IPS) with funds preapproved and budgeted under the health plan coverage (effective on January 1st, 2023). This is subject to the condition that the use of the cannabis magistral preparation is cost-efficient against alternative therapies available in the market and the patient's medical condition is among those recognized as conditions treatable with cannabis products (for which the system will take into account the guides issued by the local agency for assessment of health technologies-IETS). With this regulation, a patient registered with a health insurance entity (EPS) with a valid medical prescription can go directly to a pharmacy allied with the EPS that will deliver the cannabis product to the patient with a copayment (standard price). Then, the pharmacy charges the product to the EPS that assumes its cost with the system funds. The medical conditions initially accepted for this new coverage include chronic pain, oncological pain, epilepsy and insomnia. This new process does not impede patients to directly purchase the product ("out-of-pocket") with a medical prescription. Implications of Being an Emerging Growth Company and a Smaller Reporting Company.

We are an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the JOBS Act, and we intend to take advantage of some of the exemptions from reporting requirements that are available to emerging growth companies, including:

- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in periodic reports and registration statements; and
- not being required to hold a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We may take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement, (b) in which we have total annual gross revenue of at least $1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common shares that is held by non-affiliates exceeds $700 million as of the prior June 30, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as it qualifies as an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. Investors may find our common shares less attractive because we rely on these exemptions, which may result in a less active trading market for our common shares and the price of our common shares may be more volatile.

We are also deemed to be a "smaller reporting company" as defined in Rule 12b-2 under the Exchange Act, and are thus allowed to provide simplified executive compensation disclosures in our SEC filings, will be exempt from the provisions of Section 404(b) of Sarbanes-Oxley requiring that an independent registered public accounting firm provide an attestation report on the effectiveness of internal control over financial reporting and will have certain other reduced disclosure obligations with respect to our SEC filings. We will remain a "smaller reporting company" as long as, as of the last business day of our recently completed second fiscal quarter, (i) the aggregate market value of our outstanding common stock held by non-affiliates ("public float") is less than $250 million, or (ii) we have annual revenues of less than $100 million and either no public float or public float of less than $700 million.

For additional details see "Risk Factors — We are an "emerging growth company" and a "smaller reporting company" and, as a result of the reduced disclosure and governance requirements applicable to emerging growth companies and smaller reporting companies, our common shares may be less attractive to investors."

Risk Factors

Investing in our securities entails a high degree of risk as more fully described in the "Risk Factors" section of this prospectus beginning on page 9. You should carefully consider such risks before deciding to invest in our securities.

Corporate Information

Clever Leaves Holdings Inc. (the "Company") is a multi-national U.S. based holding company focused on cannabinoids. In addition to the cannabinoid business, the Company is also engaged in the non-cannabinoid business of nutraceutical and other natural remedies and wellness products. The Company is incorporated under the Business Corporations Act of British Columbia, Canada.

Our principal executive office is located at Bodega 19-B Parque Industrial Tibitoc P.H, Tocancipá — Cundinamarca, Colombia, and our telephone number is (561) 634-7430. Our website is *www.cleverleaves.com*. Information contained on our website or connected thereto does not constitute part of, and is not incorporated by reference into, this prospectus or the registration statement of which it forms a part. We announce material information to the public through a variety of means, including filings with the SEC, press releases, public conference calls, and our website. We use these channels, as well as social media, including our Twitter account (@clever_leaves), and our LinkedIn page (*https://www.linkedin.com/company/clever-leaves*), to communicate with investors and the public about our Company, our products, and other matters. Therefore, we encourage investors, the media, and others interested in our Company to review the information we make public in these locations, as such information could be deemed to be material information. Information on or that can be accessed through our websites or these social media channels is not part of this prospectus, and the inclusion of our website addresses and social media channels are inactive textual references only.

Business Combination

On December 18, 2020, Clever Leaves International, Inc. ("Clever Leaves Int'l") and Schultze Special Purpose Acquisition Corp., a Delaware corporation ("SAMA"), consummated the previously announced business combination (the "Business Combination") contemplated by the Amended and Restated Business Combination Agreement, dated as of November 9, 2020, by and among SAMA, Clever Leaves Int'l, the Company and Novel Merger Sub Inc., a Delaware corporation ("Merger Sub") (the "Business Combination Agreement"). Pursuant to the Business Combination Agreement, SAMA agreed to combine with Clever Leaves Int'l in the Business Combination that resulted in both Clever Leaves Int'l and SAMA becoming wholly-owned subsidiaries of the Company.

Pursuant to the Business Combination Agreement, each of the following transactions occurred in the following order: (i) pursuant to a court-approved Canadian plan of arrangement (the "Plan of Arrangement" and the arrangement pursuant to such Plan of Arrangement, the "Arrangement"), at 11:59 p.m., Pacific time, on December 17, 2020 (2:59 a.m., Eastern time, on December 18, 2020) (a) all of the Clever Leaves Int'l shareholders exchanged their Class A Common shares without par value of Clever Leaves Int'l ("Clever Leaves common shares") for our Common shares without par value ("common shares") and/or non-voting common shares without par value ("non-voting common shares") (as determined in accordance with the Business Combination Agreement) and (b) certain Clever Leaves Int'l shareholders received approximately $3,100 in cash in the aggregate (the "Cash Arrangement Consideration"), such that, immediately following the Arrangement, Clever Leaves Int'l became our direct wholly-owned subsidiary; (ii) at 12:01 a.m., Pacific time (3:01 a.m. Eastern time), on December 18, 2020, Merger Sub merged with and into SAMA, with SAMA surviving such merger as our direct wholly-owned subsidiary (the "Merger") and, as a result of the Merger, all of the shares of SAMA common stock were converted into the right to receive common shares as set forth in the Business Combination Agreement; (iii) immediately following the consummation of the Merger, we contributed 100% of the issued and outstanding capital stock of SAMA (as the surviving corporation of the Merger) to Clever Leaves Int'l, such that, SAMA became a direct wholly-owned subsidiary of Clever Leaves Int'l; and (iv) immediately following the contribution of SAMA to Clever Leaves Int'l, Clever Leaves Int'l contributed 100% of the issued and outstanding shares of NS US Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of Clever Leaves Int'l, to SAMA. Upon the closing of the Merger, SAMA changed its name to Clever Leaves US, Inc.

On December 18, 2020, SAMA's units, shares of SAMA common stock and warrants ceased trading on The Nasdaq Stock Market ("Nasdaq"), and our common shares and warrants began trading on Nasdaq under the symbols "CLVR" and "CLVRW," respectively.

Background of the Offering

This prospectus relates to the issuance by us from time to time of up to (i) 17,777,361 common shares issuable upon the exercise of our warrants, and (ii) 125,370 common shares issuable upon the exercise of options to acquire our common shares. This prospectus also relates to the offer and sale from time to time by the selling securityholders of up to 3,654,707 common shares beneficially owned by the selling securityholders, (ii) 4,900,000 warrants owned by the Sponsor, and (iii) 4,900,000 common shares issuable upon the exercise of the warrants owned by the Sponsor.

Shares issuable upon exercise of our warrants

In connection with the closing of the Business Combination on December 18, 2020 (the "Closing"), we entered into the Warrant Amendment with SAMA and Continental, as warrant agent, pursuant to which, as of the Merger Effective Time, (a) each SAMA warrant that was outstanding immediately prior to the Merger Effective Time no longer represents a right to acquire one share of SAMA common stock and instead represents the right to acquire one common share of the Company under the same terms as set forth in the Warrant Agreement, and (b) SAMA assigned to us all of SAMA's right, title and interest in and to the Warrant Agreement and we assumed, and agreed to pay, perform, satisfy and discharge in full, all of SAMA's liabilities and obligations under the Warrant Agreement arising from and after the Merger Effective Time.

Pursuant to the Warrant Agreement, we are required to use our best efforts to cause or maintain the effectiveness of the registration statement filed with the SEC covering the common shares issuable upon the exercise of the warrants until the expiration of the warrants. The registration statement, of which this prospectus forms a part, is filed to comply with this requirement. For further details see the sections titled "*Certain Relationships and Related Person Transactions — Certain Relationships and Transactions with Related Persons*."

Shares issuable upon exercise of options

As part of this offering, we are registering our common shares issuable upon the exercise of the options held by former employees and consultants of Clever Leaves that became the options to acquire our common shares as part of the Business Combination.

Shares offered for resale by Subscribers in the SAMA PIPE and the Convertible Debenture Investment

In connection with the Business Combination, SAMA obtained commitments (the "Subscription Agreements") from certain investors (the "Subscribers") to purchase $8.9 million in shares of SAMA common stock for a purchase price of $9.50 per share, in the SAMA PIPE. As part of the SAMA PIPE, certain Subscribers who were holders of the 2022 Convertible Notes agreed to purchase shares of SAMA common stock in exchange for the transfer of the PIK Notes received in satisfaction of approximately $2.9 million of accrued and outstanding interest under the 2022 Convertible Notes from January 1 to December 31, 2020. Prior to the Merger Effective Time, SAMA issued an aggregate of 934,819 shares of SAMA common stock the Subscribers in the SAMA PIPE that were exchange for our common shares, on a one-for-one basis, in connection with the Closing. This prospectus registers the 845,863 PIPE Shares held by the Subscribers as of the date hereof.

Pursuant to the terms of the Subscription Agreements, we are required to file this prospectus covering the resale of the shares received by the Subscribers in connection with the Business Combination. The registration statement, of which this prospectus forms a part, is filed to comply with this requirement. For further details see the section titled "*Certain Relationships and Related Person Transactions — Certain Relationships and Transactions with Related Persons*."

Shares offered for resale by the Sponsor and former SAMA directors

In connection with, and as a condition to the consummation of, the Business Combination, we entered into the Investors' Rights Agreement with the Sponsor and the former independent directors of SAMA. Pursuant to the terms of the Investors' Rights Agreement, these shareholders have demand, "piggy-back" and Form S-3 registration rights, subject to certain minimum requirements and customary conditions. For further details see the section titled "*Certain Relationships and Related Person Transactions — Certain Relationships and Transactions with Related Persons*."

As part of this offering, we are registering for resale our common shares owned by the Sponsor and the former independent directors of SAMA as well as the shares issuable upon the exercise of the 4,900,000 warrants owned by the Sponsor in compliance with the Investors' Rights Agreement. We are also registering for resale 4,900,000 warrants owned by the Sponsor.

Shares offered for resale by our former Chief Executive Officer

Because common shares represent a significant portion of his wealth and because Kyle Detwiler, our former Chief Executive Officer, elected not to sell common shares prior to or concurrent with the closing of the Business Combination, we are registering for resale 500,000 common shares beneficially owned by Mr. Detwiler to provide him with access to liquidity opportunities until he is able to rely on Rule 144 without volume limitations for resales of his shares. Equity awards granted to Mr. Detwiler are generally subject to vesting as described in this prospectus. For additional details, see the section titled "*Description of Securities — Rule 144*."

Summary Terms of the Offering

The summary below describes the principal terms of this offering.

Issuer	Clever Leaves Holdings Inc.
Primary Offering	
Common shares offered by us	up to 17,902,731 of our common shares, including (i) 17,777,361 common shares issuable upon the exercise of our warrants, and (ii) 125,370 common shares issuable upon the exercise of options to acquire our common shares held by our former employees and consultants.
Common shares issued and outstanding prior to any exercise of warrants or options	44,577,483 common shares (as of March 27, 2023).
Warrants outstanding	17,777,361 (as of March 27, 2023)
Common shares to be issued and outstanding assuming exercise of all warrants and the options discussed herein	62,480,214 common shares (as of March 27, 2023).
Terms of warrants	Each warrant entitles the registered holder to purchase one common share at a price of $11.50 per share. Our warrants expire on December 18, 2025 at 5:00 p.m., New York City time, or earlier upon redemption.
Use of proceeds	We will receive up to an aggregate of approximately $207 million from the exercise of the warrants and options, assuming the exercise of all of the warrants and options for cash. We expect to use the net proceeds from the exercise of the warrants and options for general corporate purposes, which may include capital expenditures and repayment of debt. See "*Use of Proceeds*."
Secondary Offering	
Securities that may be offered and sold from time to time by the selling securityholders	Up to 3,654,707 common shares, including (i) 2,248,844 common shares issued in connection with the Business Combination in exchange for SAMA's founder shares, (ii) 845,863 common shares issued to certain investors in exchange for the shares of SAMA common stock issued in the SAMA PIPE, (iii) 500,000 common shares beneficially owned by our former Chief Executive Officer; (iv) 4,900,000 warrants held by the Sponsor, and (v) 4,900,000 common shares issuable upon the exercise of the 4,900,000 warrants held by the Sponsor.
Offering prices	The securities offered by this prospectus may be offered and sold at prevailing market prices, privately negotiated prices or such other prices as the selling securityholders may determine. See "*Plan of Distribution*."
Registration rights granted to certain securityholders	We are registering the offer and sale of certain securities covered by this prospectus to satisfy certain registration rights we have granted. See the section titled "*Description of Securities — Registration Rights*" for further discussion.

Dividend policy	We have not paid any cash dividends on our common shares to date, and there are no current plans to pay cash dividends on our common shares. See "Dividend Policy."
Use of proceeds	We will not receive any proceeds from the sale of our securities by the selling securityholders. See "*Use of Proceeds.*"
Market for our common shares and warrants	Our common shares and warrants are listed on the Nasdaq Capital Market under the symbols "*CLVR*" and "*CLVRW*," respectively.
Risk factors	Investing in our securities involves substantial risks. See "*Risk Factors*" beginning on page 9 of this prospectus for a description of certain of the risks you should consider before investing in our securities.

RISK FACTORS

An investment in our securities carries a significant degree of risk. You should carefully consider the following risks and other information in this prospectus, including our consolidated financial statements and related notes included elsewhere in this prospectus, before you decide to purchase our securities. If any of the events described below occur, our business and financial results could be adversely affected in a material way. This could cause the trading price of our securities to decline, perhaps significantly, and you therefore may lose all or part of your investment. The risks set out below are not exhaustive and do not comprise all of the risks associated with an investment in the Company. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may also have a material adverse effect on our business, financial condition, results of operations, prospects and/or its share price. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice prior to deciding whether or not to purchase our securities.

The following is a summary of the most significant risks and uncertainties that we believe could adversely affect our business, financial condition and results of operations. The summary should be read in conjunction with the more detailed risk factors set forth in this "Risk Factors" section and the other information contained in this prospectus.

Risks Related to Our Business and Industry

We have a history of losses, may never be profitable and require substantial funds to continue to operate.

We have had operating losses, including a net loss of $66.2 million in the year ended December 31, 2022, and negative cash flows from operations since inception. We may never become profitable and, if we do, may not maintain profitability. We expect to continue to incur losses from operations, including due to costs associated with commercialization, marketing and production activities, and compliance with regulatory requirements. We will need to raise substantial funds to continue to operate, which may not be available on acceptable terms, or at all.

We have a limited operating history, an unproven business model and operate in a relatively new industry.

We have a limited operating history and are subject to the risks and uncertainties inherent to an emerging company operating in an emerging industry. The cannabis industry and market in the jurisdictions in which we operate may not continue to exist or grow as anticipated, or we may ultimately be unable to succeed in this new, highly uncertain, and extremely volatile industry and market. These factors make it difficult to evaluate or predict our performance.

There is substantial doubt about our ability to continue as a going concern.

There is substantial doubt about our ability to continue as going concern. As of December 31, 2022, we had an accumulated deficit and cash and cash equivalents of $180.9 million and $12.4 million respectively, which our management believes will be insufficient to meet our obligations as they become due within twelve months from the date our consolidated financial statements were issued. We have had operating losses and negative cash flows from operations since inception, and expect to continue to incur net losses for the foreseeable future. Our audited consolidated financial statements do not include any adjustments for the recovery and classification of assets or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern. If we are unable to continue as a going concern, our shareholders would likely lose some or all of their investment in our securities.

In addition, we are actively seeking sources of financing to fund our continued operations. There can be no assurance that we will be able to complete any financing transaction in a timely manner or on acceptable terms or otherwise. If we are not able to raise additional cash, we may be forced to suspend or curtail planned programs, or cease operations altogether.

Our current or future restructuring plans, including our recent decision to wind-down our operations in Portugal, may not achieve the expected cost savings that we expect and may materially impair our business operations.

In January 2023, our board of directors authorized a restructuring plan designed to improve our operating margin and support our growth, scale and profitability objectives. As part of the restructuring plan, we began to wind-down our operations in Portugal, which historically housed certain of our cultivation, post-harvesting and manufacturing facilities and in which we have invested significant resources. As a result, we now exclusively rely on our operations

in Colombia for cannabinoid cultivation and production. The winding down of our operations in Portugal has, and any additional restructuring efforts may, divert management's attention, increase expenses on a short term basis and lead to potential issues with employees, customers, or suppliers. If we do not complete these activities in a timely manner; or do not realize anticipated cost savings, synergies and efficiencies; or business disruption occurs during or following such activities; or we incur unanticipated charges, our business, financial condition, operating results, and cash flows may be materially impaired.

Agricultural events, such as crop disease, mold or mildew, insect infestations, volatile weather, drought, absorption of heavy metals, climate change, and other conditions could result in substantial losses and weaken our financial results.

Our business is reliant on the cultivation, processing, and sale of cannabinoids, which is an agricultural product. As a result, our financial results are subject to the risks inherent to the agricultural business, such as crop disease, mold or mildew, insect infestations, volatile weather, drought, absorption of heavy metals, climate change and similar agricultural risks, which may adversely affect supply, reduce production and sales volumes, increase production costs, or prevent or impair shipments. Natural elements have had and could continue to have a material adverse effect on the production of our cannabis or hemp products, while prior use of pesticides at our agricultural sites, if not discovered prior to cultivation on such sites, could lead to the production of tainted and unsaleable product, which could negatively impact the results of our operations. Additionally, crop insurance is generally not available to cannabis companies, and if it becomes available, it may not be available at commercially reasonable prices.

A significant failure or deterioration in our quality control systems or product recalls could have a material adverse effect on our business and operating results.

The quality and safety of our products are critical to the success of our business and operations. As such, it is imperative that our (and our service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training programs and adherence by employees to quality control guidelines. Any significant failure or deterioration of such quality control systems could lead to a product recall, which may require us to incur significant expense, divert management attention, decrease the demand for our products and negatively impact our reputation.

Supply and distribution chain interruptions have impaired and may continue to impair our operations.

Our business is dependent on our timely access to transportation, raw materials, packaging, supplies and equipment, some of which we source from other countries. Our third-party suppliers, manufacturers, engineers, contractors and distributors may elect, at any time, to decline or withdraw supplies and services necessary for our operations. Any significant interruption, price increase or other negative change in the supply or distribution chain could curtail or preclude our ability to continue production, sales and distribution of our products, which has and may continue to materially impact our business, financial condition and results of operations.

The COVID-19 pandemic has caused, and continues to cause, severe disruptions on our business, including due to global supply chain interruption. We are unable to predict the ongoing impact of COVID-19 on our Company.

The COVID-19 pandemic and restrictions aimed at stopping its spread have had, and may continue to have, an adverse impact on our performance and results of operations. Such restrictions have resulted in disruptions in global supply chains, including the business operations of our third-party manufacturers, suppliers and vendors. This has resulted in our inability to secure adequate supply of certain intermediate goods on which our business depends, longer lead times for receiving such goods, and inflationary pressures. It has also delayed our planned expansion of certain product line and production processes. If new variants emerge, such disruptions may persist.

In addition, the effects of COVID-19 may delay our research and development programs and our ability to execute certain of our strategic plans, including recruiting senior management professionals, construction, new product launches, new market expansions, acquisitions and access to capital. Future GMP inspections, inclusions or certifications for new product capabilities could be delayed due to backlogs or restrictions on travel. For example, the COVID-19 pandemic affected the completion of licensing in Portugal due to INFARMED's delay conducting physical

inspections of our facilities. Our licensing could also be delayed if regulators are directed to focus their time and resources on the health emergency instead of licensing activities. Similarly, such reprioritization may slow efforts to efficiently regulate or legalize cannabis in many countries.

Even after the pandemic subsides, our businesses could be negatively impacted if the effects of COVID-19 result in lasting changes in consumer behavior, including as a result of a decline in discretionary spending or changed preferences. We cannot predict the ongoing negative impact of the COVID-19 pandemic on our business, nor how long such effects will last.

We may fail to attract and retain customers.

Our success depends on our ability to attract and retain customers. There are many factors that could impact our ability to attract and retain customers, including our ability to successfully compete on the basis of price, produce desirable and effective products that are superior to others in the market, anticipate or respond to changing customer preferences, successfully implement our customer acquisition plan and the ability and success of our customer commercialization plans in their respective geographies; any of these factors may be impacted by shifting regulatory requirements. Failure to attract and retain customers could materially impact our business, financial condition and results of operations.

We are vulnerable to rising energy costs.

Our cultivation operations consume considerable energy, which makes our company vulnerable to rising energy costs and the availability of stable energy sources. Accordingly, rising or volatile energy costs, including those due to the ongoing military conflict between Russia and Ukraine, or our inability to access stable energy sources, may have a material adverse effect on our business, financial condition and results of operations.

Disruptions in the global economy and supply chains may have a material adverse effect on our business, financial condition and results of operations.

The disruptions to the global economy in 2021 and into 2022 have impeded global supply chains, resulting in longer lead times and also increased critical component costs and freight expenses. We have taken and may have to take steps to minimize the impact of these disruptions in lead times and increased costs by working closely with our suppliers and other third parties on whom we rely for the conduct of our business. Despite the actions we have undertaken or may have to undertake to minimize the impacts from disruptions to the global economy, there can be no assurances that unforeseen future events in the global supply chain will not have a material adverse effect on our business, financial condition and results of operations.

Furthermore, inflation can adversely affect us by increased raw-material, labor, freight costs, as well as administration, research and development, and other costs of doing business. In an inflationary environment, cost increases may outpace our expectations, causing us to use our cash and other liquid assets faster than forecasted. If this happens, we may need to raise additional capital to fund our operations, which may not be available in sufficient amounts or on reasonable terms, if at all, sooner than expected.

The legalization of adult-use, recreational cannabis may reduce sales of medical cannabis.

Legalization of the sale to adults of recreational, non-medical cannabis in any country may increase competition in the medical cannabis market. For example, in October 2022, President Biden granted a pardon to people convicted of simple marijuana possession under U.S. federal law and called on the Secretary of Health and Human Services and the Attorney General to review how marijuana is scheduled under U.S. federal law. Additionally, it was recently announced that Germany may legalize commercial sales of recreational cannabis to adults, and adult use is also on the political agenda in Israel. Both countries currently have heavy regulations around medicinal cannabis and high-quality standards, making cannabis costly to produce. At the same time, adult use programs may deter medical cannabis patients from going through the process of obtaining a prescription. We may not be able to achieve our business plan in a highly competitive market where recreational, adult-use cannabis is legal, or the market may experience a drop in the price of cannabis and cannabis products over time, decreasing our profit margins.

We may be subject to risks related to our information technology systems, including the risk that we may be the subject of a cyber-attack.

Our operations depend, in part, on how well we and our vendors protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism, theft, malware, ransomware and phishing attacks. Any of these and other events could result in IT system failures, delays or increases in capital expenses. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment and IT systems and software, as well as preemptive expenses to mitigate the risks of failures. The failure of IT systems or a component of IT systems could, depending on the nature of any such failure, adversely impact our reputation and results of operations.

If we are unable to protect the confidentiality of our intellectual property and proprietary information, our business could be adversely affected.

In jurisdictions where cannabinoids sales, use or possession is not legal, we may be restricted with respect to obtaining patents, trademarks and other protections from the authorities for our brands and products. As a result, we rely heavily on trade secret protection and confidentiality agreements to protect our intellectual property and proprietary information. Although we have entered into agreements with some of our employees, consultants, advisors and other third parties that contain confidentiality, non-compete, non-solicitation and invention assignment provisions, these agreements do not cover all eventualities, and they may be breached, and we may not have adequate remedies for any such breach. In addition, others may independently discover or develop our intellectual property and proprietary information. If we are unable to prevent disclosure of our intellectual property and proprietary information to third parties, we may not be able to establish or maintain a competitive advantage in our markets, which could materially adversely affect our business, financial condition and results of operations.

Our business is not diversified.

Larger companies have the ability to manage their risk through diversification. Our business lacks such diversification. Our Herbal Brands business in the United States, a nutraceutical business, currently generates most of our revenue. Regardless of whether Herbal Brands continues to represent a material portion of our total revenue, it may not provide substantial diversification benefit. As a result, we could potentially be more impacted by factors affecting the cannabinoid industry in general and us in particular than would be the case if our business was more diversified, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our recent decision to wind-down our operations in Portugal has further reduced our ability to manage risk through diversification since, as a result, we are solely reliant on our operations in Colombia for cannabinoid cultivation and production.

We could be adversely affected by the loss of one or more key executives or by an inability to attract and retain qualified personnel.

Our success depends on our ability to retain the services of our existing key executives and to attract and retain additional qualified personnel in the future. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, we do not, and we do not intend to, maintain key person life insurance policies with respect to our employees. The loss or inability to retain our key personnel or recruit additional personnel could have a material adverse effect on our business, financial condition and results of operations.

Foreign currency fluctuations may adversely affect our financial position, results of operations and cash flows.

Our international operations make us subject to foreign currency fluctuations and inflationary pressures, which may adversely affect our financial position, results of operations and cash flows. We are affected by changes in exchange rates between the U.S. dollar and foreign currencies. We do not currently invest in foreign currency contracts to mitigate these risks, and if we elect to conduct any form of currency hedging, it may require significant financial resources to do so.

The cannabinoid industry faces strong opposition in certain jurisdictions and may in the future face similar opposition in jurisdictions in which we operate.

Many political and social organizations oppose hemp and cannabis and their legalization, and many people, even those who support legalization, oppose the sale of hemp and cannabis in their localities. Our business requires the support of local governments, industry participants, consumers, communities, and residents to be successful. Additionally, there are large, well-funded businesses that may have a strong opposition to the cannabis industry. For example, the pharmaceutical and alcohol industries have traditionally opposed cannabis legalization. Any successful efforts by these or other industries halting or impeding the cannabis industry could have a material adverse effect on our business, financial condition and results of operations.

Unfavorable scientific findings, publicity or consumer perception of the legal cannabis industry and nutraceutical products market could have a material adverse effect on our business.

We believe that the economic viability of the legal cannabis industry and nutraceutical products market is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis and nutraceutical products produced. Consumer perception of cannabis or nutraceutical products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of these products. Future clinical research studies may lead to conclusions that dispute or conflict with our understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, and may cause reputational harm. Reputational harm may negatively impact our ability to enter into new (or maintain existing) customer, distributor, or supplier relationships, reduce investor confidence and impede our access to capital.

We currently depend on a limited number of customers for a substantial portion of our revenue. If we fail to retain or expand our customer relationships and partnerships or if one or more significant customers or partners were to terminate their relationship with us or reduce their purchases, our revenue could decline significantly.

Our revenue could be materially and disproportionately impacted by purchasing decisions of our customers. In the future, our customers may decide to purchase less product from us than they have in the past, may alter purchasing patterns at any time with limited notice, or may decide not to continue to purchase our products at all, any of which could cause our revenue to decline materially and materially harm our financial condition and results of operations. If we are unable to diversify our customer base, maintain our existing strategic partnerships and expand our supply network with other partners, we will continue to be susceptible to risks associated with customer concentration. In addition, we have granted certain product exclusivities to key customers in various geographies and that could constrain our ability to grow, which could have a material adverse effect on our business, financial condition and results of operations.

General market conditions may continue to affect our sales, profitability and operating results.

The global economy is experiencing substantial inflationary and recessionary pressures and declines in consumer confidence that have negatively impacted economic growth. This environment has led to and may continue to result in reduced consumer spending, including reduced demand for our products and order cancellations, which may adversely affect our sales and profitability.

Fluctuations in wholesale and retail prices, including price erosion, could result in earnings volatility.

There is currently not an established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Cannabis and hemp products are subject to end market price erosion in several markets in which we compete. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labor costs, shipping costs, economic situation and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis), and other market conditions, including pricing in the illicit market and the ongoing COVID-19 pandemic, all of which are factors beyond our control. Our operating income may be significantly and adversely affected by a decline in the price of cannabis and hemp.

Increases in labor benefits, union disputes, strikes and other labor-related disturbances may adversely affect us.

We operate in a labor-intensive industry that is subject to the effects of instabilities in the labor market, including strikes, work stoppages, protests, lawsuits and changes in employment regulations, increases in wages, controversies regarding salary and labor allowances and the establishment of collective bargaining agreements that, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Legal and Regulatory Matters

Our business is dependent on legislation in each of the jurisdictions in which we operate, and the way regulators interpret and implement current regulations.

The authorities that regulate the cannabis and hemp industry in the countries in which we conduct business may take actions that materially affect our operations and profitability. The nature and degree of the legislation affecting cannabis companies varies across the various jurisdictions in which we operate, and are subject to further changes, which may arise rapidly. Each jurisdiction may have its own highly specialized legislation for the cultivation, production and sale of cannabis and hemp products. Additionally, our wholly owned U.S. subsidiary, Herbal Brands, is subject to non-cannabis related regulatory requirements applicable to nutraceutical companies. The manufacturing, packaging, labeling, advertising, sale and distribution of Herbal Brands' products are subject to federal laws and regulations by one or more federal agencies, including, in the United States, the FDA, the Federal Trade Commission, the Consumer Product Safety Commission and the USDA. These activities are also regulated by various state, local and international laws and agencies of the states, localities and countries in which our products are sold.

Changes in relevant regulations, changes in interpretation of regulations, more vigorous or even varied or inconsistent enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

We expend significant resources in an effort to comply with the evolving laws and regulations of multiple jurisdictions, but may be unsuccessful in doing so.

We expend significant resources and incur substantial ongoing costs and obligations in an effort to comply with the evolving legal and regulatory requirements to which we are or may become subject, and expect to continue to do so in the future. The resources necessary to comply with such requirements may hinder our ability to operate in certain jurisdictions, expand into new jurisdictions or result in production, sale or distribution delays. For example, evolving environmental laws may increase our costs of cultivation, production, or scientific research activities or make it impracticable to operate in an otherwise advantageous jurisdiction. Laws and regulations relating to cannabis and hemp may be incomplete or ambiguous, or selectively or inconsistently enforced, making compliance difficult. Our failure to comply with applicable laws and regulations may result in corrective costs, civil or criminal penalties, restrictions on our operations, or the loss of licenses, quotas, certifications, or accreditation, any of which could have a material adverse impact on our business, financial condition, and operating results.

We may fail to obtain or maintain licenses, permits, certifications, authorizations, quotas, or accreditations needed to operate our business or achieve our business plans.

Our business depends on receiving and maintaining regulatory licenses, permits, certifications, authorizations, quotas or accreditations (collectively, "permits") from various governmental authorities in multiple jurisdictions, including international organizations. For example, we rely on licenses to produce cannabis or hemp derivatives that are tied to an identified real property parcel. Circumstances that affect the ownership or agreement for use of the land could therefore affect the cannabis or hemp license itself. Permits requirements are stringent, and there is no guarantee that the regulatory authorities will issue, extend or renew any permits or, if they are extended or renewed, that they will be extended or renewed on time and on suitable terms.

Specifically, in order to commercialize certain pharmaceutical classes of products in Colombia and Germany, we need to have GMP certifications for our facilities. Because these certifications apply to specific manufacturing processes, were conducted under specific conditions, and are tied to specific facilities, if the facilities are damaged,

destroyed or need to be moved, we cannot assure that the authorities will issue GMP certification for any new facility. In addition, in some countries, certain certifications are also required for the sale of our products. Failure to obtain these certifications could limit our ability to sell our products in these countries.

Countries may not accept, according to the mutual recognition agreements in place between countries or the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme affiliation, the quality certifications that we have or are currently pursuing. If a certificate is not recognized in any country, we will have to apply and receive new certifications from that country. Failure to obtain, comply with or maintain necessary permits could have a material adverse impact on our business, financial condition and operating results. Additionally, failure to renew our GMP certifications or obtain additional GMP certifications for any new facilities could have a material adverse impact on our business, financial condition and operating results. Additionally, failure to renew our GMP certifications or obtain additional GMP certifications for any new facilities could have a material adverse impact on our business, financial condition and operating results.

We may have difficulty conducting business with banks and other financial institutions.

Because cannabis sales, use or possession are highly regulated or prohibited in most countries, banks in the United States and many other countries will not accept funds for deposit from, or facilitate transactions with, businesses involved with cannabis, due mostly to perceived risk related to anti-money laundering laws. This is the case even if the cannabis business is compliant with applicable law. As a result, we may have difficulty opening a bank account, maintaining an existing bank account or obtaining a credit facility in certain jurisdictions, which may make it difficult for us to operate and for potential customers, suppliers and partners to do business with us, and may raise the cost and burden of banking for us.

We are constrained by law in our ability to market our products in certain jurisdictions.

The development of our business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by regulatory bodies. The regulatory environment in certain jurisdictions limits our ability to compete for market share in a manner similar to other less-regulated industries. If we are unable to effectively market our products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for our products, our sales and results of operations could be adversely affected.

Risks Related to Our International Operations

We are subject to additional risks as a result of international operations.

We operate in Colombia, Germany, Israel, Australia and the United States. Our operations and marketing initiatives expose us and our representatives, agents and distributors to risks inherent to operating in foreign jurisdictions that could materially adversely affect our business, financial condition and results of operations. These risks include (i) country-specific taxation policies, and potential additional tax liabilities resulting from changes to tax regulation and interpretation, (ii) imposition of additional foreign governmental controls or regulations, (iii) export and import and permits, registrations and license requirements, (iv) changes in tariffs and other trade restrictions, (v) international trade barriers due to national or international policies, (vi) complexity of collecting receivables and managing cash receipts in a foreign jurisdiction and (vii) government economic interventions.

Moreover, applicable agreements relating to business in foreign jurisdictions are governed by foreign laws and are subject to dispute resolution in the courts of, or through arbitration proceedings in, the country or region in which the parties are located, or another jurisdiction agreed upon by the parties. We cannot accurately predict whether such forum will provide an effective and efficient means of resolving disputes that may arise in the future. Even if we obtain a satisfactory decision through arbitration or a court proceeding, we could have difficulty in enforcing any award or judgment on a timely basis or at all.

We may be subject to global or regional economic crises, particularly in the emerging markets in which we operate.

Global or regional economic crises could negatively affect investor confidence in emerging markets or the economies of the countries in which we operate. A significant decline in economic growth or a sustained economic downturn for any one of our operating jurisdictions' major trading partners (including the EU, the United States, and

Latin American countries) could have a material adverse impact on the balance of trade and remittances, resulting in lower economic growth. Global economic downturns, such as that resulting from the ongoing military conflict between Russia and Ukraine and economic sanctions related thereto, have adversely affected, and could continue to adversely affect, the global economy and cause instability in the regions in which we operate.

Additionally, our operations in emerging markets poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. For example, Colombia, where we have historically conducted most of our production, has a history of economic instability and crises (such as inflation or recession). Inflation, foreign currency fluctuations, regulatory policies or business and tax regulations occurring in emerging markets in which we operate could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Litigation

We are subject to laws and regulations relating to our relationship with our employees, and could be subject to liability arising from illegal activity by our employees, contractors and consultants.

We are subject to various laws and regulations relating to our relationship with our employees in each of the countries in which we operate, including, among others, those relating to minimum wage and break requirements, health benefits, overtime, and working conditions and immigration status. These laws and regulations continually evolve and change, and compliance may be costly and time-consuming. Changes in applicable laws and regulations, or failure to comply with them could result in, among other things, increased exposure to litigation, including employee litigation, administrative enforcement actions, audits or governmental investigations or proceedings, revocation of licenses or approvals, and fines.

Additionally, in certain circumstances we may be legally responsible for fraudulent or other illegal activity of our employees, contractors and consultants. Violations by these parties of (i) government regulations, (ii) manufacturing standards, (iii) federal, state and provincial healthcare fraud and abuse laws and regulations, or (iv) laws that require the true, complete and accurate reporting of financial information or data could result in liability for us. If any actions are brought against us, including by regulators, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, financial and contractual damages, reputational harm and the curtailment of our operations, any of which would have an adverse effect on our business, financial condition and results from operations.

Our sale of cannabinoids-related and nutraceutical products exposes us to significant product liability risks.

As a manufacturer and distributor of products designed to be consumed by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of our products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Any damage to our products, such as product spoilage, could expose us to potential product liability. Previously unknown adverse reactions resulting from human or veterinary consumption of our products alone or in combination with other medications or substance could occur. We may be subject to various product liability claims, including, among others, that our products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claims or regulatory action against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to obtain adequate insurance coverage to cover any claims we may face.

Directors' and officers', workers' compensation, product liability and general commercial liability insurance, while generally available to cannabis companies, are often not available at commercially reasonable prices. There can be no assurance that we will have appropriate insurance in place sufficient to cover events that may occur, the amount of liabilities we may incur or claims to which we may become subject.

Risks Related to Ownership of Our Securities

An active trading market for our common shares and warrants may not be sustained, which would adversely affect the liquidity and price of our securities.

Although our common shares and warrants are traded on Nasdaq, an active trading market for our securities may not be sustained. In addition, the price of our securities has fluctuated and could continue to fluctuate significantly for various reasons, many of which are outside our control, such as our performance, large purchases or sales of our common shares, legislative changes and general economic, political or regulatory conditions. The release of our financial results may also cause our share price to vary. If an active market for our securities is not sustained, it may be difficult for you to sell our common shares and/or warrants you own or purchase without depressing the market price for our securities or to sell the securities at all. The existence of an active trading market for our securities depends to a significant extent on our ability to continue to meet Nasdaq's listing requirements, which we may be unable to accomplish.

There can be no assurance that we will be able to comply with the continued listing standards of Nasdaq.

Our common shares and warrants are listed on Nasdaq under the symbols "CLVR" and "CLVRW," respectively. Nasdaq requires listed companies to comply with certain standards in order to remain listed on its exchange. On September 29, 2022, we received a deficiency notice from the Listing Qualifications department (the "Staff") of Nasdaq because our closing share price was below $1.00 for 30 consecutive business days between August 17, 2022 through September 28, 2022 (the "Minimum Bid Price Requirement"). Our initial 180 calendar day compliance period ended March 28, 2023. On March 29, 2023, we received a second notice (the "Second Notice") from Nasdaq indicating that, while we have not regained compliance with the Minimum Bid Price Requirement, the Staff has determined that we are eligible for an additional 180 calendar day period, or until September 25, 2023 (the "Second Compliance Period"), to regain compliance. According to the Second Notice, the Staff's determination was based on (i) our common shares meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and (ii) the written notice of our intention to cure the deficiency during the Second Compliance Period by effecting a reverse share split, if necessary. If at any time during the Second Compliance Period, the closing bid price of the Company's common shares is at least $1.00 per share for a minimum of 10 consecutive business days, the Staff will provide us written confirmation of compliance. The Staff may, in its discretion, require the Company to maintain a bid price of at least $1.00 per share for a period in excess of 10 consecutive business days, but generally no more than 20 consecutive business days, before determining that the Company has demonstrated an ability to maintain long-term compliance. If we choose to implement a reverse share split, we must complete the split no later than 10 business days prior to the expiration of the Second Compliance Period. In the event we do not regain compliance with Rule 5550(a)(2) prior to September 25, 2023, the Staff may notify us that our common shares are subject to delisting. We may appeal such a delisting determination to a Nasdaq hearing panel and the delisting may be stayed pending the panel's determination. At such hearing, we would present a plan to regain compliance and Nasdaq would then subsequently render a decision. To the extent that we are unable to resolve a listing deficiency, there is a risk that our common shares may be delisted from Nasdaq, which would adversely impact the liquidity of our common shares and potentially result in even lower bid prices for our common shares. If, for any reason, Nasdaq delists our common shares from trading on its exchange for failure to meet its listing standards, we and our shareholders could face significant material adverse consequences.

The market price of our securities has been volatile and may be volatile in the future, and, as a result, investors in our securities could incur substantial losses.

Our common shares and warrants began trading on Nasdaq on December 18, 2020 in connection with the closing of the Business Combination. During the year ended December 31, 2022, the high and low closing prices for our common shares were $3.84 and $0.29, respectively, with an intraday high and low of $3.98 and $0.29, respectively. From January 1, 2023 through March 30, 2023, the high and low closing prices of our common shares were $0.57 and $0.31, respectively, with an intraday high and low of $0.57 and $0.31, respectively. We have experienced price volatility in our stock, which could cause investors to experience losses on their investment in our securities. Further, in the past, following periods of volatility in the overall market and the market price of a particular company's securities,

securities class action litigation has often been instituted against these companies. If this occurs, it could cause our stock price to fall further and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

A possible "short squeeze," due to a sudden increase in demand of our common shares that largely exceeds supply, may lead to additional price volatility.

Historically there has not been a large short position in our common shares. However, in the future investors may purchase our common shares to hedge existing exposure or to speculate on the price of our common shares. Speculation on the price of our common shares may involve long and short exposures. To the extent an aggregate short exposure in our common shares becomes significant, investors with short exposure may be required to pay a premium to purchase shares for delivery to share lenders if purchases are made when the price of our common shares is experiencing a significant increase, particularly over a short period of time. Those purchases may in turn, dramatically increase the price of our common shares. This is often referred to as a "short squeeze." A short squeeze could lead to additional volatility in our common shares that is not directly correlated to our operating performance.

We may issue additional common shares or other equity securities without shareholder approval, which would dilute your ownership interests and may depress the market price of our common shares.

As of March 27, 2023, we had 44,577,483 common shares and 17,777,361 warrants to acquire common shares issued and outstanding. Subject to the requirements of the Business Corporations Act (British Columbia) ("BCA"), our Articles authorize us to issue common shares and rights relating to our common shares for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. There are 2,813,215 common shares reserved for issuance under the 2020 Plan, subject to adjustment in certain events. We issued 14,994,765 shares for the year ended December 31, 2022, and may continue to issue shares under our "at-the-market" ("ATM") program pursuant to our effective shelf registration statement on Form S-3 (the "Shelf Registration Statement"). Any common shares issued or other equity incentive plans that we may adopt in the future would dilute the percentage ownership held by you.

Future sales, conversions, or exercises by existing security-holders or future offerings of securities by us may cause dilution to our existing shareholders and cause the market price of our securities to fall.

If we issue and sell or our existing shareholders, including our executive officers, directors, and their affiliates sell a substantial number of our common shares in the public market, our shareholders will experience dilution. In addition, sales of substantial amounts of our common shares in the public market, or the perception that such sales will occur, could adversely affect the market price of our common shares.

In addition, we may attempt to obtain financing or to further increase our capital resources by issuing additional common shares or offering debt or other equity securities, including commercial paper, medium-term notes, senior or subordinated notes, debt securities convertible into equity or preferred shares. To facilitate such financing, we have the Shelf Registration Statement on file with the SEC, which includes a prospectus supplement for an ATM offering. To date, we have issued and sold 14,994,765 shares pursuant to the ATM Prospectus and may issue and sell additional shares. Future acquisitions could require substantial additional capital in excess of cash from operations. We may obtain the capital required for acquisitions through a combination of additional issuances of equity, corporate indebtedness and/or cash from operations.

Issuing additional common shares or other equity securities or securities convertible into equity may dilute the economic and voting rights of existing shareholders or reduce the market price of our common shares or both. Upon liquidation, holders of such debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common shares. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common shares. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing and nature of our future offerings.

We have identified a material weakness in our internal control over financial reporting. If we are unable to successfully remediate this material weakness in our internal control over financial reporting, it could have an adverse effect on our company.

Section 404 of the Sarbanes-Oxley Act requires our management to furnish a report on the effectiveness of our internal control over financial reporting. The applicable rules require us to disclose any material weaknesses in our internal control over financial reporting. As initially reported in our Annual Report on Form 10-K for the year ended December 31, 2020, management determined that we did not design and maintain an effective control environment, specifically around (a) lack of a sufficient number of trained professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately, and to allow for proper segregation of duties; (b) lack of structures, reporting lines and appropriate authorities and responsibilities to achieve financial reporting objectives; and, (c) lack of evidence to support the performance of controls and the adequacy of review procedures, including the completeness and accuracy of information used in the performance of controls.

In an effort to remediate the material weaknesses in our internal control, we hired additional accounting and finance personnel, including our Chief Financial Officer, Henry R. Hague, III, in February 2021 and plan to hire additional personnel in the future. We have also retained external consulting firms to provide additional depth and breadth in our technical accounting and financial reporting capabilities. We intend to continue this arrangement until additional permanent technical accounting resources are identified and hired. We intend to formalize our policies and procedures surrounding our financial close, financial reporting and other accounting processes. We intend to further develop and document necessary policies and procedures regarding our internal control over financial reporting. We are in the process of recruiting additional qualified accounting and finance personnel to provide needed levels of expertise in our internal accounting function. We expect to incur additional costs as we continue to remediate these control deficiencies, though there can be no assurance that our efforts will be successful or avoid potential future material weaknesses. If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, or if we identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and our stock price may decline as a result. We also could become subject to investigations by Nasdaq, the SEC or other regulatory authorities.

We believe corrective actions and controls need to be in operation for a sufficient period for management to conclude that the control environment is operating effectively and has been adequately tested through audit procedures. The material weaknesses that were identified and initially reported in our Annual Report on Form 10-K for the year ended December 31, 2020, have not been remediated as of the date of this prospectus.

Certain provisions of our Articles could hinder, delay or prevent a change in control of the Company, which could limit the price investors might be willing to pay in the future for our securities.

Certain provisions of our Articles could make it more difficult for a third party to acquire the Company without the consent of our board of directors. These provisions include the advance notice policy adopted by us, terms of any future rights or restrictions of the preferred shares, rights of the directors to issue our shares or other securities, and our rights to purchase our own shares. In addition, limitations on the ability to acquire and hold our common shares may be imposed by the Competition Act in Canada. This legislation permits the Commissioner of Competition of Canada to review any acquisition of a significant interest in our Company. Further, our Articles provide for the exclusive forum of the provincial courts in British Columbia, Canada for substantially all disputes between us and our shareholders (except claims arising under the Securities Act and the Exchange Act), which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, other employees or shareholders. These provisions may make it difficult and expensive for a third party to pursue a tender offer, change in control or takeover attempt that is opposed by our management or our board of directors. These anti-takeover provisions could substantially impede your ability to benefit from a change in control or change in our management and our board of directors and, as a result, may adversely affect the market price of our common shares and your ability to realize any potential change of control premium.

If securities and industry analysts no longer publish research or publish inaccurate or unfavorable research about our business, the price of our common shares and trading volume could decline.

The trading market for our common shares relies and will continue to rely in part on the research and reports that industry or financial analysts publish about us, our business, our markets and our competitors. If one or more of the analysts who cover us downgrade our common shares or publish inaccurate or unfavorable research about our business, the price of our common shares would likely decline, as could the trading volume.

The terms of the warrants may be amended in a manner that may be adverse to holders with the approval of the holders of at least a majority of the then outstanding warrants.

Our warrants are issued in registered form under the warrant agreement (as amended) between us and the warrant agent (the "Warrant Agreement"). The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least a majority of the then outstanding warrants to make any change that adversely affects the interests of the registered holders. Accordingly, we may amend the terms of the warrants in a manner adverse to a holder if holders of at least a majority of the then outstanding warrants approve of such amendment. Although our ability to amend the terms of the warrants with the consent of at least a majority of the then outstanding warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, shorten the exercise period or decrease the number of common shares purchasable upon exercise of a warrant.

There can be no assurance that the warrants will be in the money prior to their expiration, and they may expire worthless.

The exercise price for the outstanding warrants is $11.50 per common share, and each warrant entitles the holder to purchase one common share. On March 27, 2023 the closing price of our common shares was $0.40. The exercise period for the warrants expires five years following the closing of the Business Combination, which occurred on December 18, 2020. There can be no assurance that the warrants will be in the money prior to their expiration, and as such, the warrants may expire worthless.

We may redeem unexpired warrants prior to their exercise at a time that is disadvantageous to the holder, thereby making the warrants worthless.

We have the ability to redeem outstanding warrants at any time prior to their expiration, at a price of $0.01 per warrant in the case that the last reported sales price of our common shares equals or exceeds $18.00 per share (as adjusted for share splits, share dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date we send the notice of such redemption to the warrant holders. Redemption of the outstanding warrants could force you (i) to exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. In addition, we may redeem your warrants for a number of common shares determined based on the redemption date and the fair market value of our common shares. Any such redemption may have similar consequences to a cash redemption described above. None of the private placement warrants will be redeemable by us so long as they are held by Schultze Special Acquisition Sponsor, LLC or its permitted transferees.

We are an "emerging growth company" and a "smaller reporting company" and, as a result of the reduced disclosure and governance requirements applicable to emerging growth companies and smaller reporting companies, our common shares may be less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act and may remain an emerging growth company for up to five years following the date of the first sale of our common shares pursuant to an effective registration statement. For so long as we remain an emerging growth company, we are permitted and plan to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, not being required to comply with any requirement that may be adopted by the

Public Company Accounting Oversight Board ("PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, the information we provide shareholders will be different than the information that is available with respect to other public companies, which could be viewed unfavorably by investors.

We are also deemed to be a "smaller reporting company" as defined in Rule 12b-2 under the Exchange Act, and are thus allowed to provide simplified executive compensation disclosures in our SEC filings, will be exempt from the provisions of Section 404(b) of Sarbanes-Oxley requiring that an independent registered public accounting firm provide an attestation report on the effectiveness of internal control over financial reporting and will have certain other reduced disclosure obligations with respect to our SEC filings. We will remain a "smaller reporting company" as long as, as of the last business day of our recently completed second fiscal quarter, (i) the aggregate market value of our outstanding common stock held by non-affiliates ("public float") is less than $250 million, or (ii) we have annual revenues of less than $100 million and either no public float or public float of less than $700 million.

Shareholders may have difficulty enforcing judgments against our management.

Substantially all of our assets are located outside of the United States and certain of our officers and directors reside outside of the United States. As a result, it may be difficult, or in some cases impossible, for investors in the United States to enforce their legal rights against or to effect service of process upon certain of our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities under United States laws. Our Articles also provide for the exclusive jurisdiction of provincial courts in British Columbia, Canada for certain shareholder lawsuits (except claims arising under the Securities Act and the Exchange Act), which may limit your ability to obtain a favorable judicial forum for disputes with us or our directors, officers, other employees or shareholders.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes certain statements that are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. You should not place undue reliance on such statements because they are subject to numerous risks and uncertainties which are difficult to predict and many of which are beyond our control and could cause our actual results to differ from the forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "forecast," "will," "expect," "budget," "contemplate," "believe," "estimate," "continue," "project," "positioned," "strategy," "outlook" and similar expressions. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other "forward-looking" information.

All such forward-looking statements are based on our current expectations and involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. We believe it is important to communicate our expectations to our security holders. However, there may be future events that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this prospectus provide examples of risks, contingencies, uncertainties, and events that may cause our actual results to differ materially from the expectations described by us in such forward-looking statements, including among other things:

- our ability to continue as a going concern;
- our ability to maintain the listing of our securities on Nasdaq;
- changes adversely affecting the industry in which we operate;
- our restructuring plans;
- the availability or terms of future financing;
- our ability to achieve our business strategies or to manage our growth;
- general economic conditions, including the effects of COVID-19, the United Kingdom's exit from the European Union and the ongoing military conflict between Russia and Ukraine (and resulting sanctions) on the global economy, global financial markets and our business;
- regional political and economic conditions, including emerging market conditions;
- the effects of COVID-19 on supply and distribution chain, and the availability of third-party distributors generally;
- the impact and magnitude of rising energy costs;
- the impact and magnitude of inflation and currency fluctuations;
- the regulation and legalization of adult-use, recreational cannabis;
- our ability to retain our key employees; and
- other factors that are more fully discussed in this prospectus under the heading "Risk Factors" and elsewhere in this prospectus.

These risks could cause actual results to differ materially from those implied by the forward-looking statements contained in this prospectus.

All forward-looking statements included herein attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. These forward-looking statements speak only as of the date of this prospectus. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

This prospectus contains estimates, projections and other information concerning our industry, our business, and the markets for our products. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

USE OF PROCEEDS

All of the common shares and warrants (including shares underlying the warrants) offered by the selling securityholders pursuant to this prospectus will be sold by the selling securityholders for their respective accounts. We will not receive any of the proceeds from these sales. We will receive up to an aggregate of approximately $207 million from the exercise of warrants and options, assuming the exercise in full of all the warrants and options for cash. If the warrants and/or options are exercised pursuant to a cashless exercise feature we will not receive any cash from these exercises. We expect to use the net proceeds from the exercise of the warrants and options, if any, for general corporate purposes, including working capital and/or repayment of debt. Our management will have broad discretion over the use of proceeds from the exercise of the warrants and options.

There is no assurance that the holders of the warrants will elect to exercise any or all of the warrants. To the extent that the warrants are exercised on a "cashless basis," the amount of cash we would receive from the exercise of the warrants will decrease.

We will pay certain expenses associated with the registration of the securities covered by this prospectus, as described in the section entitled "*Plan of Distribution*."

DIVIDEND POLICY

We have not paid any cash dividends on our common shares to date, and there are no current plans to pay cash dividends on our common shares. The declaration, amount and payment of any future dividends will be at the sole discretion of our board of directors. See "*Risk Factors — Risks Related to Ownership of Our Securities — It is not anticipated that any dividend will be paid to holders of our common shares for the foreseeable future*."

BUSINESS

Shareholders should read this section in conjunction with the more detailed information about the Company contained in this prospectus, including our audited and unaudited financial statements and the other information appearing in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our Mission

Our mission is to innovate in cannabis products and services, from raw materials to finished products, in an environmentally friendly manner and to be an industry-leading global cannabinoid company recognized for our principles, people, and performance while fostering a healthier global community.

Our Company

We are a multi-national operator in the botanical cannabinoid and nutraceutical industries, with operations and investments in Colombia, Germany, the United States, Canada and, through December 31, 2022, Portugal. We are working to develop one of the industry's leading, low-cost global supply chains with the goal of providing high quality, pharmaceutical grade cannabis and wellness products to customers and patients at competitive prices produced in a sustainable and environmentally friendly manner. Our customers consist of retail distributors, pharmaceutical and cannabis companies, and pharmacies. The Company approved a plan to shut down its cultivation activities in Portugal in December 2022 and further approved the wind-down of the entire Portuguese operations in January 2023 to preserve cash and to cease all operations in Portugal. As we work to complete the wind-down process for our Portugal operations, we are also preparing for the sale process of these assets, with a goal to complete the sale during the fiscal year ending December 31, 2023.

We have invested in ecologically sustainable, large-scale cultivation and processing as the cornerstone of our medical cannabinoid business, and we seek to continue to develop strategic distribution channels and brands. We currently own approximately 1.8 million square feet of greenhouse cultivation capacity in Colombia. In addition, our pharmaceutical-grade extraction facility is capable of processing 108,000 kilograms of dry flower per year.

In July 2020, we became one of a small number of vertically integrated cannabis companies in the world to receive EU GMP certification for our Colombian operations. We believe this certification will provide us with one of the largest quality-certified licensed capacities for cannabis cultivation and cannabinoid extraction globally, while our strategically located operations allow us to produce our products at a fraction of the average cost of production incurred by our peers in Canada and the United States.

In addition to the cannabinoid business, we are also engaged in the non-cannabinoid business of formulating, manufacturing, marketing, selling, distributing, and otherwise commercializing nutraceutical and other natural remedies and wellness products, to more than 20,000 retail locations across the United States, through our wholly owned subsidiary Herbal Brands. Herbal Brands has an Arizona based GMP-compliant, FDA registered facility and is a national distributor of nutraceutical products. Herbal Brands' nationwide customer base provides a platform we intend to leverage for greater potential cannabinoid distribution in the future, should U.S. federal laws change and regulations permit.

Our principal operations are in four key geographies:

- ***Colombia.*** We believe we have one of the largest licensed production capacity footprints to produce medical cannabis in Colombia with 18 greenhouses creating 1.8 million square feet of cultivation space. We have let our option to acquire additional square feet of agricultural land to lapse. With 6 million square feet of leased or owned land, our greenhouse cultivation can be expanded to approximately 2.5 million square feet at our existing operating site. In 2020, our greenhouses, propagation area, and post-harvest facility were granted Good Agricultural and Collection Practices ("GACP") certification by Control Union Medical Cannabis Standard ("CUMCS") which in 2022 was complemented with the Israeli standard certification also by Control Union ("IMC-GAP GACP"). As a quality assurance standard, we believe GACP and IMC-GAP GACP certifications increase our ability to attract customers and enable us to produce pharmaceutical-grade flower and cannabis derived products for domestic and international markets. Our Colombian manufacturing facilities were granted Colombian GMP certification by the

National Institute of Surveillance of Pharmaceuticals and Food (*Instituto Nacional de Vigilancia de Medicamentos y Alimentos*), Colombia's food and drug regulatory agency ("INVIMA") in August 2019 and EU GMP certification by the Croatian Agency for Medicinal Products and Medical Devices "HALMED") in July 2020. Our post-harvest facility also received EU GMP certification in July 2020. With 39 genetic strains of cannabinoids registered in Colombia (and 133 more in our genetics bank which we will seek to register as we test them), we are mainly focused on cultivation, extraction and manufacturing activities.

- ***Germany.*** We are building a commercialization and distribution network for pharmaceutical cannabis in Germany through our subsidiary Clever Leaves Germany GmbH which currently holds a wholesaler distribution license, Good Distribution Practices Certification, from the authorities in Hamburg, and a narcotics license from the Federal Opium Agency in Germany. We are leveraging relationships with local partners, such as Cansativa GmbH ("Cansativa"), a European Union Good Distribution Practices ("EU GDP") and EU GMP certified and established cannabis importer and distributor, in which we have a minority interest. In late 2021, we launched and initiated sales of IQANNA, our pharmaceutical cannabinoid brand in Germany. We also entered into a sales agreement with a European manufacturer and distributor of pharmaceuticals products, for the sale of medical cannabis extracts produced in our EU GMP certified facilities in Colombia and have begun importing some of these extracts to Germany.

- ***United States.*** Through Herbal Brands, a GMP-compliant manufacturer and distributor of nutraceutical and wellness products to more than 20,000 retail locations in the United States, we have a platform we believe we can leverage for future cannabinoid distribution, subject to changes in U.S. federal law. In June 2020, we completed our first medical cannabis shipment into the Unites States for limited test purposes. In 2021, we exported our first shipment of tetrahydrocannabinol ("THC") flower commercially from our cultivation facilities in Portugal, which we subsequently shut down the cultivation activities there in December 2022 and further approved the wind-down of the entire Portuguese operations in January 2023, to the United States for research purposes to licensed clients. Both imports received authorization from the U.S. Drug Enforcement Administration ("DEA").

Our Competitive Strengths

We believe we distinguish ourselves from our competitors by virtue of the following strengths:

Leader in low-cost, high-quality pharma-grade cannabinoid cultivation and extraction

In Colombia, we believe we have one of the largest licensed productive capacity footprints to produce medical cannabis with 18 greenhouses creating 1.8 million square feet of cultivation space. With 6 million square feet of leased or owned land, our greenhouse cultivating can be expanded to approximately 2.5 million square feet at our existing operating site. We have 108,000 kilograms of dry flower extraction capacity per year in one of the world's few EU GMP certified vertically-integrated operations. In addition to the favorable climate, 12 hours of daily sunlight year-round and topographical benefits, Colombia's lower cost of living, labor and construction costs (as compared to the United States or Canada) help to reduce labor overhead and capital expenditure, enabling us to operate and scale our business with operating costs that are competitive across our industry.

Pharmaceutical-grade, GMP-certified production

Our production chain has been awarded certifications which demonstrate compliance with some of the world's most stringent pharmaceutical quality standards. With GACP and IMC-GAP GACP certified cultivation and EU GMP certified post-harvest and extraction in Colombia, our EU GMP certified product portfolio is distinctive in that it includes active pharmaceutical ingredients ("API"), semi-finished and finished pharmaceutical products. We believe there are a few cannabis companies globally with the breadth of EU GMP certification that we were awarded for cannabis extracts.

The EU GMP certification is a requirement for commercialization of pharmaceutical products in Europe and indicates that the products are produced to the high-quality requirements necessary in the European Union. The EU GMP certification governs the manufacture of medicinal products within the EU and constitutes one of the highest globally recognized product quality standards. The EU GMP certification asserts the manufacturer's compliance with

consistent and controlled quality standards in the covered manufacturing processes of medicines and API. The EU GMP standards are compiled in the EU GMP Guidelines, which encompass the quality standards in the production, handling, storage and packaging of the medicinal products and active pharmaceutical ingredients.

A prerequisite under EU GMP is that medicinal products are of consistently high quality and provide detailed traceability of their components. As such, EU GMP provides our customers and potential customers comfort that our products may be more suitable for their intended use than those of our non-EU GMP certified competitors. Importantly, these customers may use the product in clinical trials and in obtaining marketing authorizations. As a result, our EU GMP certification facilitates the movement of goods, contributes to the credibility of our products and expands our ability to serve the burgeoning European medical cannabis markets, which are subject to strict quality, compliance and regulatory requirements.

For emerging medical cannabis markets that have not yet established quality standards, or which do not necessarily require EU GMP certification, EU GMP certification also serves as a strong quality signal, potentially attracting customers that may not otherwise require EU GMP certification. We expect that EU GMP certification will be significant in unlocking new international markets that require such certification as well as higher price points for our products given the pharma-quality advantage and validation of quality and consistency.

The EU GMP certification we received in July 2020 covers the part of the manufacturing process that begins with the trimming of the flower at the cultivation site until packaging, which is conducted at our extraction facility in Colombia. In July 2022 we received EU GMP specifically for the isolation manufacturing process for CBD Crystals by the German authority RP Darmstadt. If we develop a new product that requires a manufacturing process not covered by our existing EU GMP certifications, we must request an audit of the new manufacturing process and its inclusion in our existing EU GMP certifications.

Each EU GMP certification is granted to specific manufacturing processes, conducted under specific conditions and, thus, it is tied to the specific facility where those manufacturing conditions were audited and certified as compliant. The EU GMP certifications we received are valid for three years, which is the maximum validity period, but this period was extended by the European Medicines Authority until December 2023. The EU GMP certifications are renewable upon assessment by EU GMP inspectors. In order to maintain our EU GMP certifications, we are required to comply with the EU GMP Guidelines and may be subject to inspections and information requests by EU GMP inspectors.

Optimized footprint for long-term

We have operations in Latin America and, through December 31, 2022, Europe in regards to our cannabinoid products, and in North America with respect to our non-cannabinoid nutraceutical products. Our business model is focused on geographic diversification and optimization, which we believe distinguishes us from many Canadian licensed producers ("LPs"), U.S. multi-state operators ("MSOs") and U.S. single-state operators ("SSOs"), which are commonly confined to one geography and may be reliant on initial market protections afforded by the existing regulatory framework in their respective jurisdictions. Unlike certain Canadian LPs, U.S. MSOs and SSOs, we can scale our production in low-cost regions in Colombia, while maintaining access to some higher value-added end markets such as the EU because of our EU GMP certifications and our global operating network. We do not plan to relocate or outsource our production to low-cost regions in the future, since we are already established in the current geographies. U.S. MSOs typically construct semi-redundant or incompatible infrastructure due to state specific regulation and licensing and face a variety of legal and operational challenges because cannabis is not legal under U.S. federal law and interstate commerce is prohibited. Although certain Canadian LPs, U.S. MSOs and SSOs may benefit from restrictions on importation of cannabis or hemp from other geographies, creating current market protections, legalization of imported cannabinoid products, should this occur, may create future new opportunities in Canada and the United States for multi-national operator ("MNOs") and create competition for incumbents.

Developing export distribution channels

We continue to build our sales pipeline with businesses in various jurisdictions that have legalized medical cannabis derived products or low THC and hemp derived products. To date, we have had export shipments of our cannabis products to Argentina, Australia, Brazil, Canada, Chile, Czech Republic, Denmark, Germany, Israel, Italy, Netherlands, New Zealand, Peru, Poland, South Africa, Spain, Switzerland, United Kingdom, and the United States. Germany, as the largest economy in the EU and a country with public insurance coverage for medical cannabis, is strategically positioned as our launch point for a further expansion into the European cannabis industry. We have

established two conduits into Germany through our wholly owned subsidiary focused on the initial stage of importation, commercialization and distribution of medicinal cannabis, and our minority investment in Cansativa, one of the largest German GMP and GDP certified pharmaceutical cannabis importers and distributors.

Advantages from early establishment in Colombia

In Colombia, plant varietals cannot be commercialized until they have been registered with Colombian Agricultural Institute ("ICA"), the Colombian agricultural regulator. We have 39 genetic strains of cannabinoids registered in Colombia. Prior to December 2018, cannabis strains were subject to a more streamlined regulatory registration process by ICA. A cannabis producer entering the Colombian cannabis industry today would likely be required to comply with more stringent and lengthy genetics registration and quarantine protocols.

In late July 2021, the Colombian government passed Decree 811, which replaced Decree 613. Decree 811 removed the prohibition contained in Decree 613 to allow the exportation of cannabis flowers. In February 2022, the Colombian government passed Regulation 227, which defines the procedures to begin cultivating cannabis for exporting the flower for medicinal use. Later, in April 2022, a joint resolution 539 was passed which allows us to export cannabis flower for medicinal use.

Our relatively long-term presence in Colombia and established track record with Colombian regulators has contributed to our receipt of some of the country's first and largest quotas for the cultivation and extraction of high-THC cannabis products. In September 2020, the Colombian National Government declared our company as a National Strategic Interest Project ("PINE"), which means that Colombian governmental institutions will attempt to expedite processes, permits and documentation for Clever Leaves. In 2019, we were the first medicinal cannabis company to receive Colombian GMP certification by INVIMA. These achievements, along with the EU GMP certifications of our post-harvest and manufacturing sites in 2020, paved the way to become the first Colombian-based manufacturer to export commercial batches of EU GMP certified cannabisbased APIs to Europe in late 2021.

Talented and experienced leadership with operational and regulatory expertise

Our Company is led by a highly knowledgeable management team of experienced professionals.

On February 8, 2022, the Board appointed Andres Fajardo as Chief Executive Officer ("CEO"), effective as of March 25, 2022. Mr. Fajardo currently also serves as a member of the Board. He has more than 20 years of management experience, having served as CEO of IQ Outsourcing, a leading Colombian business processing firm, and as a principal member at Booz & Company.

Julian Wilches, our Chief Regulatory Officer, brings extensive regulatory experience as he previously served as Director of Drug Policy for the Colombian Ministry of Justice and Law.

Henry Hague III, our Chief Financial Officer, brings extensive experience in providing financial leadership to various public and private entities in the pharmaceutical, biomedical, and cannabinoid industries.

Marta Pinto Leite, our new General Counsel and Corporate Secretary, leads our global legal and compliance function. Mrs. Pinto Leite has more than 25 years of experience in the legal profession with experience in representing companies in all facets of their businesses and in several international jurisdictions.

Our management team has significant experience identifying and scaling attractive business models, and with evaluating investment opportunities, partnerships, and other growth opportunities. We focus on making strategic decisions that will allow us to grow our business over the long-term and increase shareholder value. We intend to leverage this experience and existing relationships to build strategic partnerships with leading companies across the cannabis supply chain, including wellness, nutraceutical, and pharmaceutical companies.

Our Strategy for Growth

We plan to utilize our existing infrastructure and make future incremental investments to drive sales growth in the rapidly expanding cannabis markets globally. We aspire to build a leading international low-cost and pharmaceutical-grade cannabinoid company through the following strategies:

Securing strategic partnerships

Our business model is focused on partnering with leading and emerging cannabis and pharmaceutical businesses by providing them with lower cost product, variable cost structures, reliable supply throughout the year, and accelerated speed to market. We believe this is achievable due to our production locations, capacity, product registrations and various product certifications.

Expanding our sales and distribution footprint

We believe that our Colombian production footprint will allow us to take advantage of the opportunities arising from the global cannabis industry.

Our primary distribution channels are for wellness products and pharmaceutical products. We structure our sales efforts regionally into Australia, Germany, Israel, Latin America, the United Kingdom, the United States and rest of the world. Within each sales channel, there are a variety of products that we are licensed to manufacture and sell under various distribution arrangements. Our penetration of the wellness channel started with sales of Herbal Brands' non-cannabis product lines in the United States. Our distribution of cannabis products to date consists of export shipments for commercial or research purposes to Argentina, Australia, Brazil, Canada, Chile, Czech Republic, Denmark, Germany, Israel, Italy, Netherlands, New Zealand, Peru, Poland, South Africa, Spain, Switzerland, United Kingdom, and the United States. However, we anticipate that our Colombian GACP, IMC-GAP GACP, GMP and EU GMP certifications, our German licenses, as well as our strategic investment in Cansativa will allow us to expand our pharmaceutical distribution channel, which typically has a higher margin but a longer sales cycle. In addition, Herbal Brands' national distribution provides a platform to leverage for cannabinoid distribution in the future, subject to changes in federal law and as regulations permit.

We are focused on expanding in the following main geographies: Australia, Brazil, Colombia, Germany, Israel, the United Kingdom, and the Unites States.

- ***Australia:*** Our extracts and API sales from Colombia have been increasing to established cannabis companies in Australia. We expect Australia to be one of the largest markets for Colombian flower in 2023.
- ***Brazil:*** We have been generating initial API and final product sales under the "Compassionate Use" legal framework. We have also worked with our partners in Brazil and to date there are 6 Clever Leaves products with a special marketing authorization under the RDC 327 (Cannabis Framework), which allows us to import and distribute products in Brazil. Our first product registration was granted in November 2021, and five additional products in our portfolio have received special marketing authorization under RDC 327. We have been shipping product under RDC 327 since Q1 2022.
- ***Colombia:*** Leveraging the recent changes in regulation by which cannabis medicine is to be covered by the country's Universal healthcare system, we will be expanding our product portfolio to include oral solutions in the High-CBD, Balanced, and High-THC categories during 2023. In addition, we will be increasing efforts on demand generation at the physician level.
- ***Germany:*** Distribution of medical cannabis products in Germany is regulated by the German national and federal pharmaceutical regulators. Cannabis products are prescribed by traditional and specialist physicians and fulfilled by pharmacies. The pharmacy industry is fragmented by law, with limits on ownership of multiple pharmacy locations. Imports of cannabis into Germany is facilitated by a limited set of licensed importers and distributors. In order to navigate the challenges of entering the German market and reducing our reliance on German import partners, we have executed a strategic investment in an EU GDP and EU GMP certified German distributor, Cansativa. As of December 31, 2021, we held an approximately 14% ownership interest in Cansativa and one advisory board seat. In the first quarter of 2022, we signed an agreement to sell a portion of our investment in Cansativa, reducing our equity ownership to approximately 8%. See Note 7 to our audited consolidated financial statements for

the year ended December 31, 2022 included in this prospectus for more information. In Germany, we are actively commercializing API, establishing licensing partnerships with local and regional companies which includes a global pharmaceutical company, and commercializing IQANNA, our pharmaceutical cannabinoid brand that launched in late 2021.

- ***Israel:*** Our extracts and API sales have been continuously growing in Israel since April 2020. In 2023, we expect Israel to start selling our Colombian flower into the market and expect it to grow significantly into 2024. In 2022 we signed an agreement with Intercure to import and distribute our products in the country.
- ***United Kingdom:*** We expect to commence shipment of oral solutions and Colombian flowers into the UK market during 2023. We have already setup commercial and regulatory pathways to the market.
- ***United States:*** Our distribution in the United States currently comprises primarily Herbal Brands nutraceutical products. Either directly or through distributors, we distribute Herbal Brands products to more than 20,000 retail locations in the United States, which includes specialty and health retail stores. Most of our products are manufactured and distributed from our production facility in Tempe, Arizona.

In addition, we are building relationships with businesses in other countries with the objective of preparing, planning or executing commercial shipments to such businesses, although completion of these shipments is not guaranteed and is subject to many evolving factors including regulatory progress and approvals, agreement on commercial terms, negotiation of definitive documentation, successful test shipments, and validation by third party laboratories. We believe these are attractive markets due to their long-term potential, stringent quality requirements that fit our supply chain strengths, and improving regulatory frameworks.

Capitalize on regulatory developments

As cannabis regulations evolve, we intend to broaden our product offering.

In February 2022, the Colombian government passed a regulation that defines the procedures to begin cultivating cannabis for exporting the flower for medicinal use. We believe this represents a significant opportunity for our Company. We believe that our GACP, IMC -GAP GACP and EU GMP certifications for the sale of cannabis flower positions us to benefit from this significant regulatory change.

We have seen an emergence of interest in products derived from hemp or cannabis that have non-detectable or ultra-low levels of THC. These products may be compliant with a broader range of regulations to facilitate CBD or other hemp-derived botanical products. Expanding our capacity for THC removal could yield additional demand from our customers.

We also closely monitor the regulation of cannabinoid products in the United States. To date, we have imported cannabinoid products from Colombia with both explicit import permits from the U.S. DEA for research purposes, and under the Farm Bill for product development purposes. However, evolving regulation surrounding the 2018 Farm Bill, by the FDA for CBD or around the legalization of broader cannabis use for medical or other purposes, may create the opportunity either for imports from Colombia and/or the commercialization of cannabinoid products in the United States.

In Colombia, as of January 1, 2023, the Ministry of Health included CBD and THC magistral preparations in the list of medications that health insurance entities (EPS) pay to health service providers (IPS) with funds preapproved and budgeted under the health plan coverage (effective on January 1st, 2023). This is subject to the condition that the use of the cannabis magistral preparation is cost-efficient against alternative therapies available in the market and the patient's medical condition is among those recognized as conditions treatable with cannabis products (for which the system will take into account the guides issued by the local agency for assessment of health technologies-IETS). With this regulation, a patient registered with a health insurance entity (EPS) with a valid medical prescription can go directly to a pharmacy allied with the EPS that will deliver the cannabis product to the patient with a copayment (standard price). Then, the pharmacy charges the product to the EPS that assumes its cost with the system funds. The medical conditions initially accepted for this new coverage include chronic pain, oncological pain, epilepsy and insomnia. This new process does not impede patients to directly purchase the product ("out-of-pocket") with a medical prescription.

Our Operating History

Clever Leaves International Inc. (then known as Northern Swan) was formed on July 20, 2017. Ecomedics, currently a subsidiary of Clever Leaves (which we now refer to as "Clever Leaves Colombia"), was incorporated on April 20, 2016. In 2016, Ecomedics received its initiation extraction license in Colombia. In 2017, Clever Leaves Colombia received its high-THC cannabis cultivation license in Colombia. In the first quarter of 2018, Clever Leaves made its initial investment in Eagle, the parent company of Clever Leaves Colombia, which led to construction of the first greenhouse and receipt of a Colombian cultivation license for low-THC/hemp under Colombian law occurring in the second quarter of 2018.

By the fourth quarter of 2018, Clever Leaves Colombia completed the first phase of the Colombian extraction laboratory and commenced extraction operations. In 2018, Clever Leaves Colombia also made an investment in Cansativa, received a quota for high-THC cultivation and commenced operations in Portugal.

In the first quarter of 2019, Clever Leaves Colombia became the first Colombian licensed producer to receive an import permit from Health Canada, the Canadian governmental agency responsible for regulating the country's cannabis industry.

In the second quarter of 2019, we acquired a portfolio of non-cannabinoid nutraceutical and beverage products sold in the United States through our wholly-owned subsidiary Herbal Brands, and Clever Leaves Colombia received genetics registration from ICA for an initial 20 cannabis strains.

In the third quarter of 2019, Clever Leaves Colombia received Colombian GMP certification from INVIMA for finished products from our extraction facilities.

On October 31, 2019, to create a single organizational structure, the founders of Clever Leaves Colombia completed a transaction with Northern Swan to effect in the future the exchange of the Clever Leaves Colombia founders' minority shareholding in Eagle for shares of Northern Swan. In addition, Northern Swan later changed its name to Clever Leaves International Inc.

In November 2019, Clever Leaves received a pre-license letter from INFARMED to begin preliminary cultivation operations, including authorization to import cannabis genetics and engage in cultivation for research and development purposes. In 2019, Clever Leaves generated its first cannabinoid revenue.

In the second quarter in 2020, we completed our first test harvest of medicinal cannabis for research and development purposes in Portugal.

In July 2020, Clever Leaves Colombia received EU GMP certification from HALMED.

In August 2020, our Portuguese operations were granted a provisional license from INFARMED to cultivate, import and export dried cannabis flower produced at our Portuguese cultivation site, and, in March 2021, we received our definitive license.

On November 9, 2020, Clever Leaves and SAMA signed the Amended and Restated Business Combination Agreement.

On December 18, 2020, Clever Leaves and SAMA closed the Business Combination, as a result of which Clever Leaves Holdings Inc. became a new holding company of the combined group listed on Nasdaq.

Also in 2020, we announced the LatAm supply agreement with Canopy Growth Corp., received increased high-THC cannabis Colombian extraction and cultivation quotas and imported THC genetics into Portugal.

In March 2021, we received the GACP certification in Portugal and generated our first revenues from our operations in Portugal.

In July 2021, Clever Leaves Portugal received the license to import vegetable material for further processing. We are also targeting securing an EU GMP certification for our Portuguese operations, including a newly constructed post-harvest facility which includes various activities such as drying, trimming, and packaging. We believe the EU GMP inspection will be conducted in 2022 with certification to also occur in 2022. However, there can be no guarantee this occurs given the highly regulated and continually evolving nature of our industry.

In February 2022, our German distribution business, Clever Leaves GmbH (formerly IQANNA), obtained a narcotics license to sell cannabis products in Europe was granted in February 2022 from the German Federal Institute for Drugs and Medical Devices (Bundesinstitut für Arzneimittel und Medizinprodukte) ("BfArM").

In February 2022, the Colombian government passed Regulation 227, which defines the procedures to begin cultivating cannabis for exporting the flower for medicinal use. Later, in April 2022, a joint resolution 539 was passed which allows us to export cannabis flower for medicinal use.

In December 2022, the Company approved a plan to shut down its cultivation activities in Portugal and further approved the wind-down of the entire Portuguese operations in January 2023 to preserve cash and to cease all operations in Portugal. As we work to complete the wind-down process for our Portugal operations, we are also preparing for the sale process of these assets, with a goal to complete the sale during the fiscal year ending December 31, 2023.

Our Products

Our product portfolio is generally split into two primary categories: nutraceuticals and cannabinoids.

Nutraceuticals

Our nutraceutical products consist primarily of a variety of beverage and powder products, most of which we manufacture in our GMP-compliant, FDA registered production facility in Arizona. These products primarily include cleanses or other wellness products. We provide a limited amount of contract manufacturing for other nutraceutical companies that produce similar products.

Cannabinoids

The growth of our cannabinoid product portfolio is a significant focus area, and it emphasizes business to business solutions for our customers. We generally categorize our cannabinoid products as flower or extracts and offer both bulk raw materials (APIs) and finished products.

Flower

Our dried flower products are generally classified as either containing low levels of THC or high levels of THC.

Low-THC Flower. We currently cultivate low-THC flower (sometimes referred to as hemp) in Colombia. We are generally not subject to any limitations on the amount of low-THC flower that we can cultivate in Colombia and which is generally processed into different types of high CBD extracts and products for further distribution in Colombia and internationally.

This product can be sold as dried and unprocessed flower, but it can also undergo various forms of processing, such as decarboxylation or milling, before sale. Packaging is typically suitable for large volumes of product, such as vacuum sealed pouches or other containers.

High-THC Flower. Our flower with high levels of THC is commonly referred to as cannabis and is often considered to be psychoactive. We cultivate cannabis in Colombia where we process our high THC flower into extract products for future distribution in Colombia and internationally. In addition, we are now preparing high THC flower for export in the near future. In Germany, preliminary sales of IQANNA have commenced, our pharmaceutical cannabinoid branded flower, IQANNA uses flower produced by us as well as flower produced by third parties.

In Germany, Cansativa imports and distributes flower and other products produced by third parties such as Aurora, Bedrocan, Canopy Growth and Tilray.

Extracts

By extracting and processing our flower grown in Colombia, we produce a variety of extracted products including isolates, crude oil extracts, standardized extracts, and oral solutions. Extracted products are often defined by their formulation, typically specifying the level of cannabinoids contained therein. We currently market more than

10 different formulations of extracted products, and we plan to gradually grow our portfolio of formulations over time. These products also vary by container type, such as a bulk glass or plastic containers, and by size, such as 10 or 30 milliliter bottles.

Similar to our flower products, our extracts are generally classified as containing either low or high levels of THC. The regulatory requirements applicable to each category of flower product are more stringent as the level of THC increases. Extracts with low levels of THC can generally be commercialized more readily without requiring as many approvals, such as quotas or import and export permits, while extracts with high levels of THC are classified and regulated as controlled substances and subject to more stringent regulatory requirements, including production quotas, import and export permits, and product specific certifications. These products are sold as wellness or pharmaceutical products.

Some of our customers have requested additional assistance with extracts, either in the form of extraction as a service or to assist with their own product development. We have engaged in these services on a limited basis. These ancillary services require substantial time and know-how, but we believe our ability to provide a broader array of business-to-business solutions can help strengthen our existing customer relationships.

Operational Overview

Genetics

In Colombia, plant varietals cannot be commercialized until they have been registered with ICA, the Colombian agricultural regulator. In Colombia, we have registered 39 genetic strains of cannabinoids and we are currently planning to increase this number. We are also partnering with third parties to use their strains as a tool to complement our current portfolio. We continue to optimize the use of these strains for our specific cultivation environment and have substantially increased our productivity as measured by weight per plant since our initial harvests.

Cultivation

Colombia

We believe we have one of the largest licensed productive capacity footprints to produce medical cannabis in Colombia with 18 greenhouses and 1.8 million square feet of cultivation space. Although we have built a limited amount of preliminary infrastructure on this expansion property and we have licensed it for cultivation activity, we are currently waiting to develop it pending future increases in customer demand. Due to the scale and novelty of the operation, we may need to build additional infrastructure and develop new processes to manage the scale of biomass production at this operation.

Our Colombian cultivation operations benefit from the following certifications:

- In May 2020, some of our Colombian cultivation operations, representing approximately 100,000 square feet of propagation and nursery areas, approximately 400,000 square feet of our vegetative and flowering greenhouses, and approximately 20,000 square feet of our post-harvest and processing facility, were granted GACP certification by the Control Union Medical Cannabis Standard ("CUMCS"). This certification is recognized globally and certifies that our production complies with CUMCS' guidelines for quality and consistency based on a review and approval of our trained personnel practices, use of qualified equipment, and documentation and approval procedures. In addition, the certification attests that we operate under procedures to produce crops free of heavy metals and agrochemicals, an important differentiator for our business because of the safety measures required for pharmaceutical manufacturing. We obtained the GACP certification for an additional 14 greenhouses in November 2020 thereby, completing the certification process for all 18 of our greenhouses in Colombia.
- In July 2020, we received our EU GMP certifications from HALMED for our post-harvest facility on our cultivation site as well as for our manufacturing processes at our extraction facility, both in Colombia. EU GMP certification is often an essential requirement for exporting medical cannabis for commercial and medicinal purposes to European countries, including but not limited to Germany, the United Kingdom and Poland.

- In June 2022 and in addition to our CUMCS-GACP certification we received the IMC-GACP certification also provided by Control Union and which is the standard required by the Israeli market.
- In July 2022, we received the EU GMP certification from RP Darmstadt, including the CBD crystallization process.
- Since our decision to shut down our cultivation activities in Portugal in December 2022 and to wind-down our entire Portuguese operations in January 2023 our cultivation operations are focused in Colombia, which benefits from the following key advantages:
- Geographic conditions make Colombia well situated for cannabis cultivation. Its proximity to the equator provides approximately 12 hours of daily sunlight throughout the year. Its high-quality soil, water and warm weather provide favorable conditions for year-round cultivation without the expense of significant light supplementation;
- Within Colombia, our greenhouse cultivation operations are located at over 8,000 feet of elevation, which reduces the population of pests that can complicate agricultural operations;
- The Colombian agronomical conditions result in lower expansion costs compared to those of Canadian and U.S. competitors;
- The regulatory framework for cannabis and hemp operations is relatively well-established and was recently updated, providing more competitive advantages, in the context of a global highly regulatory-driven industry;
- Colombia has a lower cost of living, labor and construction compared to costs in the United States and Canada; and
- Due to the incumbent flower export industry in Colombia, export and logistics infrastructure is well established.

In Portugal, until December 2022, we cultivated Cannabis for sale as a raw material for further processing. In fourth quarter 2022, the Company decided to shut down its cultivation activities in Portugal as part of its ongoing restructuring initiatives due to the availability of flower from Colombia at very high quality and lower cost, higher cost to produce the flower in Portugal, and to reduce the operating cash burn and subsequently approved the wind-down of the entire Portuguese operations in January 2023.. See Notes 21 and 22, to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus for more information.

Extraction

Our Colombian extraction operations are conducted in approximately 44,000 square feet of pharmaceutical grade facilities with a fully equipped R&D laboratory. We currently lease three adjacent or nearby properties in the secured industrial park where our extraction operations are located.

Our Colombian extraction facility is capable of processing 108,000 kilograms of dry flower per year and is expandable to over 252,000 kilograms of dry flower per year with limited additional investment. Of the 108,000 annual kilograms of dry flower extraction potential, approximately 36,000 kilograms per year can be extracted in our EU GMP-certified operation. By extracting and processing our flower produced in Colombia, we produce a variety of extracted products including isolates, crude oil extracts, standardized extracts, and oral solutions. Extraction of cannabis and processing of concentrates for medical and scientific purposes in Colombia requires a license, which allows sale of such final products in the domestic Colombian market. We are one of the first companies in Colombia to have obtained the requisite extraction license.

In August 2019, our Colombian manufacturing facilities were granted Colombian GMP certification by INVIMA. We were the first Colombian cannabis company to receive Colombian GMP certification from INVIMA. This Colombian GMP certification allows the manufacture of pharmaceutical-grade products that can be prescribed through medical distribution channels.

In July 2020, our Colombian extraction facilities also received EU GMP certifications from HALMED. Our EU GMP certifications are distinctive in that they cover API, and semi-finished and finished cannabis products. EU GMP certification is often a required qualification for the European market, which adheres to strict pharmaceutical quality standards, and for other markets that accept EU GMP certification within their territories.

In July 2022 The Colombian extraction facility received the EU GMP certification for the crystallization process of the CBD. This certificate was issued by the RP Darmstadt, the regional authority in Frankfurt, Germany.

Research and Development

As part of our Colombian operations, we also have a quality control laboratory and fully equipped R&D laboratory, where we develop processes and formulations for safe and high efficacy products, develop ingredients and raw materials for new products, conduct stability tests on new products or formulations, and develop product master files or dossiers. We are developing extraction processes and methods to improve yields and efficiency as well as to create new product formats. We are also developing new products and formulations to improve efficacy or meet regulatory requirements in new markets.

Brands

Our largest brands in terms of revenue to date are those managed by Herbal Brands. We have also developed a pharmaceutical cannabis brand called IQANNA, which launched in Germany in late 2021.

Strategic Investments

We seek to partner with several value-add companies to develop and strengthen market access and global reach. In December 2018, we made an initial investment into Cansativa. Founded in 2017 and based in Frankfurt, Germany, Cansativa is a GMP-certified pharmaceutical company and holds a GDP pharmaceutical wholesale license to trade in controlled substances. Cansativa imports and distributes medical cannabis products throughout Germany. As of December 31, 2021, we held an approximately 14% ownership interest in Cansativa and one advisory board seat. In the first quarter of 2022 we signed an agreement to sell a portion of our investment in Cansativa, reducing our equity ownership to approximately 8%. See Note 7, to our audited consolidated financial statements for the year ended December 31, 2022 included in prospectus for more information. Although we have yet to sell any products to or through Cansativa, we have a preferred supply relationship with Cansativa with respect to products sourced from Colombia. We anticipate that this investment could assist us with distributing our medical cannabis products throughout the German medical marketplace.

Properties

Colombia. We have 18 greenhouses which include 1.8 million square feet of cultivation space. With 6 million square feet of leased or owned land, our greenhouse cultivation can be expanded to approximately 2.5 million square feet at our existing operating site. We also own a 40,000 square feet post-harvest facility. We own approximately 14,000 square feet and lease approximately 78,000 square feet of industrial property near Bogota. We lease a corporate office of approximately 1,100 square feet in Bogota.

Portugal. The Company owned agricultural and post-harvest facilities in Portugal which have since been wound down as a result of a restructuring initiative that was undertaken by management during December 2022.

Tempe, Arizona. We lease an approximately 45,000 square feet manufacturing, processing facility and office in Tempe, Arizona, which serves as the production center and corporate office for Herbal Brands.

Competitive Landscape

The global cannabis industry is highly competitive and evolving rapidly as the countries we serve are typically early stage and growing quickly. In more developed markets, our competition is typically derived from larger scale international and regional providers, while in emerging markets, our competitors are often smaller and more regional in scope.

Our competition is often insourced cannabinoid products from companies that are presently clients or that are targeted to become our clients. We compete against Canadian LPs that are focused on international markets outside of Canada examples of which include Aurora, Canopy Growth, Cronos Group and Tilray as well as a few European operators such as Bedrocan. We also compete against enterprise-focused companies that specialize in cannabinoid extraction including The Valens Company, MediPharm Labs, and Neptune Wellness Solutions. There are also manufacturers of synthetic cannabinoids, either through chemical processes or biosynthetic processes, which can offer similar products, notably in the purified pharmaceutical product channel.

With respect to Herbal Brands, our nutraceutical channels are highly competitive competing against numerous other cleansing and wellness products. We also find that unauthorized distribution of our branded products can be sold at lower prices on direct to consumer services such as Amazon.

We believe our low-cost cultivation and extraction business model, significant production capacity, medicinal industry and enterprise focus, and scaling, global distribution capability will allow us to be disruptive and successfully compete in the countries we serve.

Regulatory Environment

We are committed to operating in compliance with applicable law, including U.S. federal and state laws, and have focused our activities in those countries that have legalized key aspects of the production, distribution, sale and use of cannabis and cannabis derivatives, including cannabinoids. However, the patchwork of federal and local legal frameworks governing our markets and related business activities are subject to change and have the potential to affect all areas of our business. We monitor the global regulatory landscape in order to ensure ongoing regulatory compliance in our relevant markets, and to identify and capitalize on new opportunities as they emerge around the world.

Regulatory Environment in Colombia

Cannabis-related activities are regulated in Colombia, under strict compliance with the United Nations Single Convention on Narcotic Drugs 1961, to which Colombia is a signatory. Law 1787 of 2016 (the “Medical Cannabis Law”), which together with related regulations provide for the traceability of cannabis plants, the work-in-progress and resulting products and the specific activities of the licensed companies, specify the types of licenses, approvals and permits required for the respective activities, and establish various requirements applicable to the medical, veterinarian, industrial and wellness markets.

Adopted in 2016, the Medical Cannabis Law created a legal framework for the medical and scientific use of cannabis and its derivatives in Colombia and imposed the obligation on the Colombian government to create proper regulatory cannabis framework.

Licensing Requirements

In late July 2021, the Colombian government passed Decree 811, which replaced Decree 613. Decree 811 removed the prohibition contained in Decree 613, allowing the exportation of cannabis flowers. In February 2022, the Colombian government passed Joint Resolution 227, with the regulations to Decree 811 related to all activities regarding cultivation of cannabis plants for production of seeds, vegetable materials or cannabis flower, sales and export of the same materials, and manufacture of cannabis derivatives. In April 2022, the Colombian government issued Joint Resolution 539, to regulate the procedures for exporting seeds, plants, vegetable materials, cannabis flowers and cannabis derivatives.

From a legal and regulatory perspective, there are two classes of cannabis plants and cannabis derivatives which are categorized according to their THC content. A plant is considered psychoactive if its inflorescence has or may have a THC content of 1% or more on a dry weight basis. Non-psychoactive plants are those which inflorescences have or may have less than 1% THC content on a dry weight basis. Psychoactive derivatives are those resins, oils, extracts, distillates that have or may have a THC content of 1% or more. Non-psychoactive derivatives are those with less than 1% THC content.

A license is required for the cultivation of both psychoactive and non-psychoactive plants, and for the manufacture of psychoactive and non-psychoactive cannabis derivatives.

There are seven types of licenses issued with respect to the following activities relating to cannabis and cannabis derivatives for medical and scientific use:

- License to handle seeds, which covers the acquisition of seeds under any title, import, storage, marketing, distribution, possession, and final disposal, as well as their use, export and commercialization.
- License to grow psychoactive cannabis, which permits its cultivation, sowing, acquisition and production of seeds, storage, marketing, distribution, export, and final disposal.
- License to grow non-psychoactive cannabis, which permits its cultivation, sowing, acquisition and production of seeds, storage, marketing, distribution, export, and final disposal.
- License to manufacture cannabis derivatives, which is required for the transformation of cannabis into psychoactive derivatives for medical and scientific purposes and covers the manufacture, acquisition under any title, import, export, storage, transport, marketing, and distribution of psychoactive cannabis derivatives. This license to manufacture non-psychoactive derivatives (those with a THC content of less than 1%), including CBD crystals.
- License to manufacture non-psychoactive derivatives (those with a T-HC content of less than 1%), including CBD crystals.
- Extraordinary license for the cultivation of cannabis plants, granted on an as-needed basis with the option to run-out on hand inventory balances and for non-commercial investigation purposes.
- Extraordinary license for the manufacture of cannabis derivatives, granted on an as-needed basis with the option to run-out on hand inventory balances and for non-commercial investigation purposes.

Psychoactive plants also require the grant of a cultivation quota for their breeding, sowing and cultivation. The grant of a cultivation quota entails full traceability from the beginning stages of cultivation with mother plants, to the final destination of the cannabis flower (which may be for exportation, manufacture of derivatives or research). For manufacture of cannabis derivatives a manufacturing quota is required, to produce psychoactive derivatives for research, local use (i.e. sales or use as API for pharmaceutical products) or exports. All these actions are reported to and verified by the Narcotics National Fund ("Fondo Nacional de Estupefacientes — FNE") and the Ministry of Justice. Non-psychoactive plants do not require quota for their sowing and cultivation, neither do non-psychoactive derivatives for their manufacture.

We believe we have obtained the required licenses and quotas to perform our current activities.

Relevant Governmental Bodies

The regulation, oversight and enforcement of cannabis licenses are performed by several governmental bodies in Colombia, including the Ministry of Health and Social Protection, the Ministry of Justice and Law, the Ministry of Agriculture, FNE, INVIMA and ICA.

The Ministry of Justice is responsible for the evaluation of documents and the issuance of licenses to handle seeds, to grow psychoactive and non- psychoactive cannabis.

The ICA regulates the registration, protection and use of cannabis seeds and cannabis-based finished products for veterinary use, as well as the export and import processes.INVIMA is responsible for the evaluation of documents and the issuance of the licenses to manufacture cannabis derivatives. In addition, INVIMA is responsible for the authorization of the cannabis-based finished products for human consumption or use, according to the following categories: (i) phytotherapeutics (herbal medicines), (ii) pharmaceutical products, (iii) cosmetics, and (iv) magistral formulae.

The FNE regulates all activities related to the commercialization of psychoactive raw material and finished products containing more than 0.2% of THC. Marketing of non-psychoactive raw material is not under the control regime and all products with 0.2% or less of THC are not considered a controlled substance.

Allocation of Quotas to Licensed Companies

Quotas for breeding, sowing and cultivating psychoactive plants are allocated by the Ministry of Justice, based on a pre-authorized or simultaneously approved manufacture quota which is granted by the FNE based either on written commercial agreements or letters of intention with customers that reflect estimated sales for the next calendar year, or on production history of the licensee. Ordinary Quotas are granted for two years, extendable for three. Supplementary Quotas (fast track quotas for small/standardized quantities) are granted for one a year. To apply for a quota an applicant must have the relevant licenses for psychoactive cannabis.

Quotas granted to private companies for local use are related to the cannabis estimates confirmed to Colombia each year by the INCB. Quotas for exports are no longer tied to the INCB confirmed national estimates for Colombia.

Current cannabis-related licenses in good standing were issued with a five-year term, and Decree 811 allows them to be extended for five (5) additional years, or to be renewed for a completely new 10-year period, subject to the licensee's formal petition and fulfillment of requirements.

Cannabis Derivatives

The FNE regulates the disposal, import and export of controlled substances in Colombia, including cannabis-controlled derivatives. All inventory movements of psychoactive derivatives must be reported to FNE in a timely manner and must be consistent with the quotas allocated to the respective cannabis producers.

In addition to the 1% THC limit for dry weight in the plant material, in March 2020, the Colombian government established a 0.2% THC threshold for cannabis-based finished products to be considered a controlled substance which is also applicable for imports and exports of all cannabis and cannabis derived products. Finished products with less than 0.2% THC content are considered non-controlled and are not subject to the above-mentioned requirements.

Decree 811 also creates a regulatory framework for the manufacture, sale and export of food and beverages and the export of flower from Colombia. The regulatory framework for food and beverages is still under development, while the framework for exporting cannabis flower in Colombia is already in place.

Export Permits

The export of controlled substances and products (including raw material, pharmaceutical products and phytotherapeutics) outside Colombia requires an export permit issued by the FNE. The FNE grants (i) non-control certifications for general exports of cannabis products below the 0.2% THC limit and for cannabis derivatives below the 1% THC limit, if these products are considered non-controlled in the country of destination, and (ii) export permissions based on the corresponding import permission issued by the authority of the destination country.

Colombian GMP Certification

In September 2019, we received Colombian GMP certification for our Colombian facility to manufacture cannabis-based finished products for liquid-oral pharmaceutical dosage forms from INVIMA, which confirms that the products we manufacture are produced according to Colombian pharmaceutical quality standards. In May 2022 INVIMA inspected us and included Warehouse 60 in our Colombian GMP certificate, thereby expanding our certified manufacturing area.

European Union (EU) Regulatory Environment

Regulations regarding medical cannabis

There is no formal EU definition of "medical cannabis." Medical cannabis can be described as whole-plant cannabis-derived products (generally cannabis flower or oils) that are licensed by member state health systems for prescription by a physician. As recognized by the European Monitoring Centre for Drugs and Drug Addiction, medical cannabis refers to a wide variety of preparations and products that may contain different active ingredients and use different routes of administration.

From a legal and regulatory perspective, there are two categories of medical cannabis products: cannabis derived medicinal products and cannabis preparations for medical use.

- Cannabis-derived medicinal products are products which have been granted a marketing authorization from a regulatory authority (the European Medicines Agency at EU level or national competent authorities at EU member state level), after going through extensive clinical trials to test the products' safety and effectiveness. These products are regulated as (cannabis-derived) "medicinal products" in accordance with the harmonized EU regulatory system set forth by EU Directive 2001/83/EC. To date, some cannabinoid-containing medicinal products have been authorized for marketing in the EU and certain EU member states, including, among others, plant-based products Sativex® (nabiximols) and Epidyolex® (CBD), and synthetic products Marinol® (dronabinol) and Cesamet® (nabilone).
- Cannabis preparations for medical use are products which may be authorized through national distribution and use authorizations or licenses in certain EU member states. This group of products includes, among others, raw cannabis (such as the flowering tops, resin, and oils extracted from the plant). Alternatively, raw cannabis can be transformed by a pharmacist into a magistral preparation in accordance with a medical prescription, or the raw cannabis may already have been transformed by the manufacturer into standardized cannabis preparations. These cannabis preparations can vary greatly in composition, depending for example on the strain of cannabis, the growing conditions and how the preparations are stored.

Since the EU is not a party to the international conventions related to the control of drugs, the obligation to implement the requirements of said conventions sits with the individual EU member states. The regulation of medical cannabis falls largely within the competence of the EU member states, which may decide to permit the medical use of cannabis preparations (without requiring a marketing authorization in accordance with EU Directive 2001/83/EC) under specific conditions. Pursuant to Article 5(1) of Directive 2001/83/EC (which relates to so-called "named patient use" of medicinal products), the use of medical cannabis can only be authorized by member states upon medical prescription and when there is a medical need for the patient.

The regulations with respect to medical cannabis vary greatly amongst member states. While some EU member states have adopted specific legal provisions and frameworks governing the distribution and use of medical cannabis, including Germany, Czech Republic, Poland, Italy, Malta and Portugal, the status of medical cannabis in other member states remains unclear and is developing.

Regulations regarding CBD-containing products

CBD is a naturally occurring cannabinoid found in cannabis/hemp plants, which is not in itself considered as a narcotic or psychotropic substance under the International Conventions or the laws of some EU Member States, including Germany. The substance can be isolated as a pure compound, and in principle can be extracted from all parts of the plant, practically free from other cannabinoids (such as THC) and therefore free from any psychotropic or narcotic properties. The WHO considers that CBD is generally well tolerated with a good safety profile and does not exhibit effects indicative of any abuse or dependency potential.

Nevertheless, to date, the status of CBD, which can be included in different types of regulated products (e.g., cosmetics, food, etc.), remains unclear in the European Union. For example, CBD can be included as an ingredient for cosmetics, while the use of CBD in edibles is not yet clear in some countries of the European Union.

The following sections describe the legal and regulatory landscape in Germany, the EU member state in which the Company conducts its main EU operations.

Germany Regulatory Landscape

Regulations regarding medical cannabis

The importation and distribution of medical cannabis in Germany is mainly covered by §3,5, 7, and 11 of the German Narcotics Law or BtMG (Betäubungsmittelgesetz), §52a,72, and 73 of the German Medicines Act or AMG (Arzneimittelgesetz), and the German Narcotics Foreign Trade Ordinance or BtMAHV (Betäubungsmittel-Außenhandelsverordnung) as well as the Single Convention on Narcotic Drugs (1961). The relevant competent authority is the Federal Opium Agency or Bundesopiumstelle ("BOPST"), a sub-unit of the BfArM, and the German Federal authorities.

Pursuant to sec. 1 (1) in conjunction with annex I BtMG, cannabis is a narcotic drug, subject to certain exceptions including seeds and cannabis with a tetrahydrocannabinol (THC) content of less than 0.2%, which are not classified as narcotic drugs. It is a criminal offense in Germany to illicitly cultivate, produce and trade in cannabis or, without engaging in its trade, to import, export, transit, sell, supply, otherwise place it on the market or acquire or procure it in any other way.

The Act on the Amendment of Narcotic Drugs and Other Regulations (*Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften*) which came into force on March 10, 2017, introduced an exception to allow the prescription and trade of cannabis for medical purposes. Prior to March 2017, the import of cannabis was not permitted, and pharmacies could request medical cannabis from abroad for specific patients only in exceptional circumstances (upon medical prescription), subject to a special case-by-case approval issued by BfArM. Since March 2017, cannabis cultivated for medical purposes outside Germany can be imported and marketed in Germany by private companies provided they have obtained all relevant licenses that must be in line with the Single Convention.

Prescribing and Dispensing Regime

In Germany, the legal framework enables doctors to prescribe medical cannabis. Generally, medical cannabis is distributed in the form of medicinal cannabis flowers, as a cannabis extract, as a THC active single substance (dronabinol) or as a finished product. Pursuant to the German Narcotics Law, only pharmacies are permitted upon a narcotics prescription to supply cannabis to patients in the form of cannabis flowers, cannabis extracts (magistral preparations) or dronabinol or as finished products containing natural or synthetic cannabinoids. The exact recipe instructions for such magistral preparations are laid down in the New Prescription Form, which is the standard work for drug production in pharmacies and is part of the German Drug Codex.

Reimbursement Regime

Health insurance is statutorily mandated in Germany, and residents are covered by either statutory health insurance plans (covering approximately 90% of the population) or private health insurance. Prior to March 2017, only cannabis intended for the manufacture of finished medicinal products containing cannabis could be imported into Germany. Since March 10, 2017, medical cannabis can be prescribed at the expense of the statutory health insurance companies in Germany upon their prior approval.

Currently, the costs of medical cannabis can be covered by German health insurance. Insured persons with a serious disease are entitled to be supplied with cannabis in the form of dried flowers or extracts in standardized quality (and pharmaceuticals containing the active substances dronabinol or nabilone) if a generally recognized treatment in accordance with medical standards is not available or cannot be used in the individual case and there is a prospect of positive effect on the course of the disease or person's symptoms according to Section 31 Paragraph 6 German Social Insurance Code (*Fünftes Sozialgesetzbuch*).

The new Law for More Safety in the Supply of Pharmaceuticals (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung*) which became effective in August 2019 enables patients who have been granted an approval to switch smoothly between cannabis products without having to wait for a new approval.

Licensing Requirements

In order to import and distribute medical cannabis in Germany, a private company needs to secure a license for the Trade in Narcotic Drugs at the federal level from the Federal Opium Agency or BOPST, and a Wholesale Trading License from local health authorities (§§52a, 72, and 73 of AMG and §§3,5,7 and 11 of BtMG). In addition, if cannabis is imported, the company will also need an Import/manufacture License for pharmaceuticals issued by the relevant health authority. For each individual shipment of cannabis an import permit will be required after the Narcotics License is granted.

License for the Trade in Narcotic Drugs

A license for the Trade in Narcotic Drugs is required for all operations relating to the trading of narcotic drugs (such as cannabis), including, among others, cultivation, production, import and export. This license is issued by the Federal Opium Agency, a division of BfArM.

Import Authorization for Narcotics

An Import Authorization for narcotics issued by the Federal Opium Agency is required for each import of narcotics into Germany. An Import Authorization for narcotics can only be obtained by a company with business activities in Germany. The authorities have broad rights with respect to issuing Import Authorizations and may refuse to grant an Import Authorization or, in certain circumstances, restrict the quantity of the narcotics being imported.

An Import Authorization cannot be transferred to third parties and is limited to a maximum of three months (or six months for imports by sea). If the narcotics are not imported within this time frame, the import authorization must be returned to BfArM.

A company applying for a license for the Trade in Narcotic Drugs and an Import Authorization for narcotics must meet various requirements, including among other, an appointment of a responsible person with relevant expertise responsible for compliance with the regulations governing narcotics, compliance with applicable security measures and certain recordkeeping and reporting requirements.

Wholesale Trading License

Medical cannabis falls under the definition of a medicinal product, as defined in the German Medicines Act, and requires a Wholesale Trading License if a private company engages in wholesale trading of medical cannabis. Wholesale trading is defined broadly and includes any professional or commercial activity involving the procuring, storing, supplying or exporting of medicinal products, with the exception of the dispensing of medicinal products to consumers other than physicians, dentists, veterinarians or hospitals.

A company applying for an Import Authorization for narcotics with respect to the import of medical cannabis into Germany generally is also in possession of a Wholesale Trading License.

Other Licenses

A company importing medical cannabis from a third country (outside of EU) is required to have an import license for pharmaceuticals pursuant to Sec. 72 of the German Medicines Act.

If medical cannabis is treated with ionizing radiation (for example, cannabis products that are subject to electron, gamma or x-ray radiation to reduce the bacterial count) it may require a marketing authorization. In addition, a manufacturing license is required for the process, package, labeling and any other manufacturing step of cannabis as a medicinal product, including market release in Germany, according to §13 of AMG of the German Medicines Act.

EU GMP Certification

The guidelines on EU GMP describe the minimum standard that a pharmaceutical manufacturer must meet in its production processes according to European standards. Any pharmaceutical manufacturer wishing to import medicinal products into the EU must comply with EU GMP.

A prerequisite under EU GMP is that medicinal products are of consistently high quality, suitable for their intended use and meet the requirements of the marketing authorization or clinical trial authorization. For this reason, an EU GMP certification facilitates the movement of goods and contributes to the credibility of the product. In general, Article 51 of Commission Directive 2001/83/EC requires that each and every batch imported by an EU country from outside the EU is checked to ensure that it complies with EU GMP standards. If a manufacturer in a non-EU country has an EU GMP certification for its medicinal product, this batch testing is not required pursuant to Article 51(2) of Commission Directive 2001/83/EC.

Under German law, the EU GMP guidelines must be complied with respect to medicinal products and active substances that are manufactured, tested, stored, placed on the market in Germany, brought into or out of the German territory, imported or exported.

In July 2020, Clever Leaves received EU GMP certifications from HALMED allowing Clever Leaves' pharmaceutical post-harvest facility and laboratory located outside Bogota, Colombia, to produce API, semi-finished and finished cannabis products for medical purposes.

Regulations regarding CBD-containing products

In Germany, BfArM takes a view that CBD is currently not subject to the BtMG as a pure substance and is exempt from the narcotics regulations if it is produced from plants cultivated in countries of the European Union with certified seeds (hemp) or their THC content does not exceed 0.2% and certain other conditions are satisfied. This exemption from the BtMG also applies to preparations made from plants and parts of plants if they meet the above conditions.

While this position has not been officially confirmed by the German authorities with respect to cosmetics, in light of the applicable EU regulatory framework, the use of CBD isolate for commercial purposes — including use in cosmetics — may in principle be permitted in Germany provided the conditions listed above (including not exceeding 0.2% THC) are met. CBD products may be subject to additional restrictions (for example, concentration limits that must be met for the product to not be considered a medicinal product).

Regulatory Framework in the United States

While Clever Leaves owns a U.S. business that manufactures and distributes health and wellness products in the United States, neither Clever Leaves or any of its subsidiaries currently engage in the cultivation, distribution, sale or possession of medical or adult use cannabis in the United States and, as such, are not required to obtain licenses related to such activities under any state law. However, we have imported cannabinoid products from Colombia through explicit import permits from the U.S. DEA for testing purposes and under the Farm Bill for product development purposes.

Legal status of cannabis, other than hemp

All but three of the 50 U.S. states have legalized cannabis for medical purposes to some extent, and eighteen of those states and the District of Columbia have also legalized cannabis for adults for non-medical purposes (sometimes referred to as recreational use.) Those cannabis activities, however, are illegal under U.S. federal law. The Controlled Substances Act (the "CSA") continues to list cannabis (marijuana, but not hemp) as a Schedule I controlled substance (i.e., deemed to have no medical value). Accordingly, the manufacture (growth), sale or possession of cannabis is federally illegal, even for personal medical purposes.

Although the U.S. government has not recently prosecuted any state law compliant cannabis entity, the risk of future enforcement cannot be dismissed entirely. Enforcement in the U.S. could slow the progress of global legalization, which could negatively impact cannabis businesses like ours even though we are not operating in the U.S. Any federal enforcement action could, in turn, negatively impact our business.

Legal status of hemp and hemp derivatives

Until December 2018, hemp (defined by the U.S. government as Cannabis sativa L. with a THC concentration of not more than 0.3% on a dry weight basis) and hemp extracts were illegal Schedule I controlled substances under the CSA.

The Agriculture Improvement Act of 2018, Pub.L. 115-334 (the "2018 Farm Bill"), removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale and possession of hemp or extracts of hemp, including CBD, no longer violate the CSA. The 2018 Farm Bill allows hemp cultivation and the transfer of hemp and hemp-derived products across U.S. state lines for commercial or other purposes.

Despite the passage of the 2018 Farm Bill, hemp products' legal status is complicated further by other state and federal laws. The U.S. states are a patchwork of different laws with regard to hemp and its extracts, including CBD. Additionally, the FDA claims that the Food, Drugs & Cosmetics Act (the "FD&C Act") significantly limits the legality of hemp-derived CBD products, especially for ingestibles.

It is the FDA's position that "it's unlawful under the FD&C Act to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products, as, or in, dietary supplements, regardless of whether the substances are hemp-derived," and regardless of whether health claims are made. This is because CBD (and THC) are active ingredients in FDA-approved drugs and became the subject of public substantial clinical investigations when GW Pharmaceuticals submitted investigational new drug (IND) applications for Sativex and Epidiolex, both containing CBD as an active ingredient. The FDA has also warned against health claims: prior to introduction into

interstate commerce, any cannabis product, whether derived from hemp or otherwise, marketed with a disease claim (e.g., therapeutic benefit, disease prevention) must first be approved by the FDA for its intended use through one of the drug approval pathways. In determining "intended use," the FDA has traditionally looked beyond a product's label to statements made on websites, on social media or orally by the company's representatives.

On January 23, 2023, FDA issued a statement and concluded that a new regulatory pathway for CBD is needed that balances individuals' desire for access to CBD products with the regulatory oversight needed to manage risks. A new regulatory pathway would benefit consumers by providing safeguards and oversight to manage and minimize risks related to CBD products.

Certain CBD products are arguably federally legal today, notwithstanding the FDA's position. To the extent that a CBD product is outside the FDA's jurisdiction, the product is likely federally legal because CBD, unlike many drugs that the FDA regulates, is no longer listed on the FDA's schedules. CBD products other than food, beverages and supplements which are not marketed drugs, and do not include health claims, may fall outside of the FDA's authority. If so, some products that may be legal today include topical products, such as cosmetics, massage oils, lotions, and creams. Additionally, the FDA lacks authority, except in limited circumstances, to enforce claims against companies which sell CBD products provided that they do not engage in "interstate commerce." However the definition of "interstate commerce" is amorphous and may include sources of ingredients, components, or even investments, that in some way impact more than one state.

Enforcement under the FD&C Act may be criminal or civil in nature may can include those who aid and abet a violation, or conspire to violate, the FD&C Act. Criminal violations of the FD&C Act are punishable by fines and imprisonment. Civil remedies under the FD&C Act may include civil money penalties, injunctions, and seizures. The FDA also has a number of administrative remedies (such as warning letters, recalls, and debarment.) With respect to CBD products, the FDA so far has limited its enforcement to sending cease and desist letters to companies which sell CBD products that make "egregious, over-the-line" claims, such as "cures cancer", "treats Alzheimer's Disease", or "treats chronic pain."

The Federal Trade Commission ("FTC") has also sent warning letters to companies making unsubstantiated health claims about CBD products and has even filed a lawsuit against one. Neither the FDA nor the FTC has employed additional enforcement actions against companies selling CBD cosmetics without health claims.

Regulatory Framework in Canada

Canada has federal legislation which uniformly governs the cultivation, distribution, sale and possession of cannabis under the Cannabis Act (Canada). While Clever Leaves is incorporated under the laws of British Columbia, neither Clever Leaves or any of its subsidiaries currently engage in the cultivation, distribution, sale or possession of cannabis in Canada and, as such, are not required to obtain licenses related to such activities under the Cannabis Act. We have previously received three import permits from Health Canada for the import of cannabis for testing purposes and are currently pursuing commercial import permits in compliance with the Cannabis Act.

Environmental, Social and Governance

We are subject to environmental legislation, including federal and provincial statutes and regulations and municipal by-laws, which govern activities or operations that may have adverse environmental effects, including the presence or migration of contaminants at or from our properties. We believe that we are in substantial compliance with current environmental laws and are not currently aware of any material environmental liabilities.

Human Capital Resources

As of December 31, 2022 we had approximately 400 employees. Our workforce is diversified across multiple locations with 75%, 14%, and 11% of our employees located in South America, Europe and North America, respectively. We believe that our entrepreneurial, decentralized, and diversified work environment have contributed to our success. We also believe that our ability to retain our workforce is dependent on our ability to foster an environment that is sustainably safe, respectful, fair, and inclusive and promotes diversity, equity, and inclusion inside and outside of our business. We are not party to any collective bargaining agreements, and we believe we have a good relationship with our employees. Our Board of Directors guides the implementation of our corporate mission, vision, and values as an important element of risk oversight because our people are integral to the success of our corporate strategy. Our human

capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash-based compensation awards in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

Litigation

We are involved in various investigations, claims and lawsuits arising in the normal conduct of our business, none of which, in our opinion, will have a material adverse effect on our financial condition, results of operations, or cash flows. We cannot assure you that we will prevail in any litigation. Regardless of the outcome, any litigation may require us to incur significant litigation expense and may result in significant diversion of management attention.

Corporate Information

Clever Leaves Holdings Inc. is a corporation organized under the laws of British Columbia, Canada. The Company was formed on July 23, 2020. Our registered and records office is located at 20th Floor, 250 Howe St., Vancouver, British Columbia, V6C 3R8. Our principal executive office is located at Bodega 19 -B Parque Industrial Tibitoc P.H, Tocancipá - Cundinamarca, Colombia.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the "Business" section and our audited consolidated financial statements as of and for the year ended December 31, 2022 and 2021, which are included elsewhere in this prospectus. The financial information contained herein is taken or derived from such consolidated financial statements, unless otherwise indicated. The following discussion contains forward-looking statements. Actual results could differ materially from those that are discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this prospectus, particularly under "Risk Factors."

Amounts are presented in thousands of U.S. dollars, except for per share data or as otherwise noted.

Our Company

We are a multi-national operator in the botanical cannabinoid and nutraceutical industries, with operations and investments in Colombia, Germany, the United States, Canada, and through December 2022, Portugal. We are working to develop one of the industry's leading, low-cost global supply chains with the goal of providing high quality, pharmaceutical grade cannabis and wellness products to customers and patients at competitive prices produced in a sustainable and environmentally friendly manner. Our customers consist of retail distributors and pharmaceutical and cannabis companies, and pharmacies. The Company approved a plan to shut down its cultivation activities in Portugal in December 2022 to preserve cash and to cease all operations in Portugal. As we work to complete the wind-down process for our Portugal operations, we are also preparing for the sale process of these assets, with a goal to complete the sale during the fiscal year ending December 31, 2023.

We have invested in ecologically sustainable, large-scale, cultivation and processing, as the cornerstone of our medical cannabinoid business, and we seek to continue to develop strategic distribution channels and brands.

We currently own approximately 1.8 million square feet of greenhouse cultivation capacity in Colombia. In addition, our pharmaceutical-grade extraction facility is capable of processing 108,000 kilograms of dry flower per year.

In July 2020, we became one of a small number of vertically integrated cannabis companies in the world to receive European Union Good Manufacturing Practices ("EU GMP") certification for our Colombian operations. We believe this certification will provide us with one of the largest quality-certified licensed capacities for cannabis cultivation and cannabinoid extraction globally, while our strategically located operations allow us to produce our products at a fraction of the average cost of production incurred by our peers in Canada and the United States.

In addition to the cannabinoid business, we are also engaged in the non-cannabinoid business of formulating, manufacturing, marketing, selling, distributing, and otherwise commercializing nutraceutical and other natural remedies, and wellness products to more than 20,000 retail locations across the United States, through our wholly owned subsidiary Herbal Brands, Inc. Herbal Brands has an Arizona based GMP-compliant, FDA registered facility and is a national distributor of nutraceutical products. Herbal Brands' nationwide customer base provides a platform we intend to leverage for greater potential cannabinoid distribution in the future, should U.S. federal laws change and regulations permit.

Our business model is focused on partnering with leading and emerging cannabis and pharmaceutical businesses by providing them with lower cost product, variable cost structures, reliable supply throughout the year, and accelerated speed to market. We believe this is achievable due to our production locations, capacity, product registrations and various product certifications.

We manage our business in two segments: the Cannabinoid and Non-Cannabinoid segments.

1. The Cannabinoid operating segment is comprised of the Company's cultivation, extraction, manufacturing, commercialization, and distribution of cannabinoid products. This operating segment is in the early stages of commercializing cannabinoid products internationally subject to applicable international and state laws and regulations. Our customers and sales for our cannabinoid segment products are mostly outside of the U.S.

2. The Non-Cannabinoid operating segment is comprised of the brands and manufacturing assets acquired as part of our acquisition of Herbal Brands. The segment is engaged in the business of formulating, manufacturing, marketing, selling, distributing, and otherwise commercializing wellness products and nutraceuticals, excluding cannabinoid products. Our principal customers for the Herbal Brands products include specialty and health retailers, mass retailers and specialty and health stores in the United States.

Factors Impacting our Business

We believe that our future success will primarily depend on the following factors:

Globalization of the industry. Due to our MNO model focused on geographic diversification, which distinguishes us from many of our competitors and allows us to scale our production in low-cost regions of the world, we believe we are well positioned to capitalize in markets where the medical cannabis and hemp industry offers a reasonably regulated and free flow of goods across national boundaries. While certain countries, such as Canada, have historically not welcomed imported cannabis or hemp products for commercial purposes, other countries, such as Germany and Brazil, depend primarily on imports.

Global medical market expansion. Medical cannabis is now authorized at the national or federal level in over 41 countries, and more than half of these countries have legalized or introduced significant reforms to their cannabis-use laws to broaden the scope of permitted medical uses beyond the original parameters. Over the past three years, we have established regional operations in Colombia, Germany, the United States and Canada, and we have invested significant resources in personnel and partnerships to build the foundation for new export channels. The Company also owned agricultural and post-harvest facilities in Portugal which have since been wound down as a result of a restructuring initiative that was undertaken by management during December 2022.

Product development and innovation. Because of the rapid evolution of the cannabis industry, the disparate regulations across different geographies, and the time required to develop and validate pharmaceutical-grade products, the pace at which we can expand our portfolio of products and formulations will impact market acceptance for our products. To increase our output while maintaining or reducing unit costs, we may need to enhance our cultivation, extraction, and other processing methods. We believe our focus on the production of proprietary and exclusive products or formulations that comply with stringent regulations, or that result in enhanced benefits for patients or consumers, could create advantages in various markets.

Regulatory expertise and adaptation. As more markets welcome the importation of cannabis or hemp products for commercial purposes, this will require navigating and complying with the strict and evolving cannabis regulations across the different geographies. We have built a global regulatory team that is experienced in developing good relationships with regulatory agencies and governments that govern and shape the cannabis industry in their respective jurisdictions. Key expertise includes complying with and securing quotas, product approvals, export permits, import permits and other geographic specific licenses.

Strategically expanding productive capacity and manufacturing capabilities. It is beneficial to have low operating costs and to control the production process to generate consistency and quality on a large scale. As we seek to expand into new markets and grow our presence in existing markets, we will need significant investments in cultivation and processing, which will necessitate additional capital. We also aim to increase productive capacity through innovation in cultivation or processing methods, improving yields and output levels of our existing assets. While we believe our core cultivation and extraction operations in Colombia are adequately sized for our current business operations, as our cannabis sales grow and expand to flower products, we plan to expand our operations in Colombia and invest in advanced processing or finished good manufacturing capabilities.

Key Operating Metrics

We use the following key operating metrics to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance and make strategic decisions. Other companies, including companies in our industry, may calculate key operating metrics with similar names differently, which may reduce their usefulness as comparative measures.

The following table presents select operational and financial information of the Cannabinoid segment for the years ended December 31, 2022 and 2021:

	Year ended December 31,			
Operational information:	**2022**	**2021**	**Change**	
(In $000s, except kilogram and per gram data)				
Kilograms (dry flower) harvested[(a)]	11,123	52,159	(41,036)	(79)%
Costs to produce[(b)]	$ 9,661	$ 11,438	$ (1,777)	(16)%
Costs to produce per gram	$ 0.87	$ 0.22	$ 0.65	N/M
Selected financial information:				
Revenue	$ 6,119	$ 3,242	2,877	89%
Kilograms sold[(c)]	13,880	11,131	2,749	25%
Revenue per grams sold	$ 0.44	$ 0.29	$ 0.15	51%

N/M: Not a meaningful percentage

(a) Kilograms (dry flower) harvested — represents the weight of dried plants post-harvest both for sale and for research and development purposes. This operating metric is used to measure the productivity of our farms.

(b) Costs to produce — includes costs associated with cultivation, extraction, depreciation and quality assurance related to kilograms (dry flower) harvested.

(c) Kilograms sold — represents the amount in kilograms of product sold in dry plant equivalents. Extract is converted to dry plant equivalent for purposes of this metric.

During the years ended December 31, 2022 and 2021 we sold 13,880 and 11,131 kilograms, respectively, of dry flower equivalent. For the years ended December 31, 2022 and 2021, our cannabinoid segment sales were primarily in Australia, Germany, Israel, and Brazil. The increase in sale of dry flower equivalent for the Cannabinoid segment was due to continued expansion of sales activity including improvement in product mix.

We harvested 11,123 kilograms of cannabinoids in the year ended December 31, 2022, as compared to 52,159 kilograms in the year ended December 31, 2021. The decrease was primarily attributable to a decrease in our planned reduction in our production capacity at our Colombia facility in order to manage inventory levels and focus on higher margin products.

Costs to produce were approximately $0.87 per gram of dry flower equivalent for the year ended December 31, 2022, as compared to $0.22 per gram of dry flower equivalent for the year ended December 31, 2021. The increase was primarily driven by our significantly reduced agricultural output in Colombia and continued extraction processing costs on current inventory in Colombia, as well as higher expenses associated with our Portugal facilities that we are in the process of winding down.

Recent Developments

Bid Price Deficiency

On September 29, 2022, the Company received a notice (the "Notice") from the Listing Qualifications department (the "Staff") of Nasdaq notifying the Company that, based upon the closing bid price of the Company's common shares for the 30 consecutive business day period between August 17, 2022 through September 28, 2022, the Company did not meet the minimum bid price of $1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). The Notice also indicated that the Company would be provided 180 calendar days, or until March 28, 2023, to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3)(A).

On March 29, 2023, the Company received a second notice (the "Second Notice") from Nasdaq indicating that, while the Company has not regained compliance with the Minimum Bid Price Requirement, the Staff has determined that the Company is eligible for an additional 180 calendar day period, or until September 25, 2023 (the "Second Compliance Period"), to regain compliance. According to the Second Notice, the Staff's determination was based on (i) the Company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and (ii) the Company's written notice of its intention to cure the deficiency during the second compliance

period by effecting a reverse share split, if necessary. If at any time the Second Compliance Period, the closing bid price of the Company's common shares is at least $1.00 per share for a minimum of 10 consecutive business days, the Staff will provide the Company written confirmation of compliance. The Staff may, in its discretion, require the Company to maintain a bid price of at least $1.00 per share for a period in excess of ten consecutive business days, but generally no more than 20 consecutive business days, before determining that the Company has demonstrated an ability to maintain long-term compliance. If the Company chooses to implement a reverse share split, it must complete the split no later than 10 business days prior to the expiration of the Second Compliance Period. If compliance cannot be demonstrated by September 25, 2023, the Staff will provide written notification that the Company's securities will be delisted. At that time, the Company may appeal the Staff's determination to a Hearings Panel.

The Company is actively monitoring the bid price for its common shares and will consider available options to resolve the deficiency and regain compliance with the Nasdaq minimum bid price requirement

Licensing Requirement — Decree 811

In late July 2021, the Colombian government passed Decree 811, which replaced Decree 613. Decree 811 removed the prohibition contained in Decree 613 to allow the exportation of cannabis flowers. In February 2022, the Colombian government passed Regulation 227, which defines the procedures to begin cultivating cannabis for exporting the flower for medicinal use. Later, in April 2022, a joint resolution 539 was passed, which allows us to export cannabis flower for medicinal use.

2024 Convertible Note Settlement

On April 5, 2022, the Company repaid to Catalina LP ("Catalina" or the "Holder") an amount equal to $13,246, in full satisfaction of the aggregate amount outstanding, including accrued interest, under the Secured Convertible Note (the "Convertible Note") issued pursuant to the Note Purchase Agreement, dated July 19, 2021, between the Company and Catalina, as amended on January 13, 2022 (the "Note Purchase Agreement"). As a result of the repayment, all outstanding indebtedness and obligations of the Company owing to Catalina under the Note Purchase Agreement and Convertible Note have been paid in full.

Pursuant to the repayment and termination of the Convertible Note, our ancillary agreements, including the Guarantee made by Clever Leaves International, Inc., 1255096 B.C. Ltd., NS US Holdings, Inc., Herbal Brands, Inc., Northern Swan International, Inc., Northern Swan Management, Inc., Clever Leaves US Inc., Northern Swan Deutschland Holdings, Inc. and Northern Swan Portugal Holdings, Inc., in favor of Catalina, and the pledge agreements made in favor of Catalina by us, Clever Leaves International, Inc., 1255096 B.C. Ltd. and Clever Leaves US Inc., each dated as of July 19, 2021, in respect of the shares of Clever Leaves International Inc., 1255096 B.C. Ltd., Northern Swan International, Inc., Clever Leaves US, Inc., and NS US Holdings, Inc. were concurrently terminated.

Herbal Brands Loan Settlement

On May 2, 2022, the Company fully repaid its outstanding indebtedness and obligations under the Herbal Brand's Loan and Security Agreement in the aggregate principal amount of $5,592, accrued and unpaid interest of $47 and aggregate fees of $3, in full satisfaction of Herbal Brands' obligations under the Loan and Security Agreement (the "Payoff"). Notwithstanding the provisions of the Loan and Security Agreement, no Back-End Fee (as defined in the Loan and Security Agreement) was due in connection with the Payoff. In addition, in connection with the Payoff, all liens, guarantees and encumbrances under the Loan and Security Agreement were released.

As of December 31, 2022, there was no outstanding principal balance, including interest, of the Herbal Brands Loan. For more information, see Note 11 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Impact of COVID-19 Pandemic

The COVID-19 pandemic and restrictions aimed at stopping its spread have had, and may continue to have, an adverse impact on our performance and results of operations. Such restrictions have resulted in disruptions in global supply chains, including the business operations of our third-party manufacturers, suppliers and vendors. This has resulted in our inability to secure adequate supply of certain intermediate goods on which our business depends, longer lead times for receiving such goods, and inflationary pressures. It has also delayed our planned expansion of certain

product line and production processes. If new variants emerge, such disruptions may persist. In addition, the effects of COVID-19 may delay our research and development programs and our ability to execute certain of our strategic plans, including recruiting senior management professionals, construction, new product launches, new market expansions, acquisitions and access to capital. Future GMP inspections, inclusions or certifications for new product capabilities could be delayed due backlogs or restrictions on travel. For example the COVID-19 pandemic affected the completion of licensing in Portugal due to INFARMED's delay conducting physical inspections of our facilities. Our licensing could also be delayed if regulators are directed to focus their time and resources on the health emergency instead of licensing activities. Similarly, such reprioritization may slow efforts to efficiently regulate or legalize cannabis in many countries.

Even after the pandemic subsides, our businesses could be negatively impacted if the effects of COVID-19 result in lasting changes in consumer behavior, including as a result of a decline in discretionary spending or changed preferences. We cannot predict the ongoing negative impact of the COVID-19 pandemic on our business, nor how long such effects will last.

Equity Distribution Agreement

On January 14, 2022, we entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") with Canaccord Genuity LLC, as sales agent (the "Agent"). Under the terms of the Equity Distribution Agreement, we may issue and sell our common shares, without par value, having an aggregate offering price of up to $50,000 from time to time through the Agent. The issuance and sale of the common shares under the Equity Distribution Agreement have been made, and any such future sales will be made, pursuant to our effective registration statement on Form S-3 (File No. 333-262183), which includes an "at-the-market" ("ATM") offering prospectus supplement (the "Prospectus Supplement"), as amended from time to time.

On April 3, 2023, we filed Amendment No. 4 to the Prospectus Supplement indicating that it we are subject to the limitations under General Instruction I.B.6 of Form S-3. As a result of the limitations of General Instruction I.B.6, and in accordance with the terms of the Equity Distribution Agreement, we reduced the aggregate sales price of the common shares that we may sell pursuant to the Prospectus Supplement to $7,516,029. If our public float increases such that we may sell additional amounts under the Equity Distribution Agreement and the Prospectus Supplement, we will file another amendment to the Prospectus Supplement prior to making additional sales.

Subject to terms of the Equity Distribution Agreement, the Agent is not required to sell any specific number or dollar amount of common shares but has agreed to act as our sales agent, using commercially reasonable efforts to sell on our behalf all of the common shares we request to be sold, consistent with the Agent's normal trading and sales practices, on terms mutually agreed between the Agent and us. The Agent is entitled to compensation under the terms of the Equity Distribution Agreement at a fixed commission rate not to exceed 3.0% of the gross proceeds from each issuance and sale of common shares. As of March 31, 2023, we have issued and sold shares pursuant to the ATM offering having an aggregate gross sales price of $27,686,140 pursuant to the Prospectus under General Instruction I.B.1 of Form S-3. We may issue and sell additional shares, subject to the limitations under General Instruction I.B.6 of Form S-3 described above.

Restructuring and Asset Impairment

The Company has been reviewing, planning, and implementing various strategic initiatives targeted principally at reducing costs, enhancing organizational efficiency and optimizing its business model. As part of this process, the Company undertook several restructuring activities during 2022.

In February 2022, with the passage of Regulation 227, followed by the Joint Resolution 539 of 2022 by the Colombian Government in April 2022, the Company could export cannabis flower for medicinal use. With this significant development, the Company evaluated its current production capacity for cannabis extracts and thus identified the need to scale back on some of the extraction capacity and related assets. This initiative included a global workforce reduction and actions to right-size the

Company's extraction related assets, which triggered some asset write-off charges.

In December 2022, the Company approved a plan to shut-down its cultivation activities in Portugal in order to preserve cash. Subsequently, in January 2023, the Company further approved the wind-down of the entire Portuguese operations to improve operating margin and solely focusing its Cannabis cultivating and production in Colombia. Under this restructuring plan, the Company expects its Portuguese flower cultivation, post-harvest processes, and manufacturing activities to cease in full by the end of the first quarter of 2023. As we work to complete the wind-down process for our Portugal operations, we are also preparing for the sale process of these assets, with a goal to complete the sale during the fiscal year ending December 31, 2023.

Our restructuring charges in 2022 are comprised primarily of costs related to asset abandonment, including future lease commitments, and employee termination costs related to headcount reductions.

The Company does not expect further material charges because of the closure of the Portugal facilities. For more information, see Notes 21 and 22 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Components of Results of Operations

Revenue — in our Cannabinoid segment, revenue is primarily comprised of sales of our cannabis products, which currently include cannabis flowers, cannabidiol isolate, full spectrum and standardized extracts. In our Non-Cannabinoid segment, revenue is primarily composed of sales of our nutraceutical products to our retail customers. As we have only recently begun to carry out our cannabinoid sales operations, our main revenues are derived from our Herbal Brands business.

Cost of Sales — in our Cannabinoid segment, cost of sales is primarily composed of pre-harvest and post-harvest costs. Pre-harvest costs include labor and direct materials to grow cannabis, which includes water, electricity, nutrients, integrated pest management, growing supplies and allocated overhead. Post-harvest costs include costs associated with drying, trimming, blending, extraction, purification, quality testing and allocated overhead. Total cost of sales also includes cost of sales associated with accessories and inventory adjustments. In our Non-Cannabinoid segment, cost of sales primarily includes raw materials, labor, and attributable overhead, as well as packaging labelling and fulfillment costs.

Operating Expenses — We classify our operating expenses as general and administrative, sales and marketing, and research and development expenses.

- *General and administrative* expenses include salary and benefit expenses for certain employees, including share-based compensation, costs of legal expenses, professional services, general liability insurance, rent and other office and general expenses. It also includes shipment and fulfillment costs which is made up of costs of packaging, labelling, courier services and allocated overhead.
- *Sales and marketing* expenses consist primarily of services engaged in marketing and promotion of our products and costs associated with initiatives and development programs and salary and benefit expenses for certain employees.
- *Research and development* expenses primarily consist of salary and benefit expenses for employees engaged in research and development activities, as well as other general costs associated with R&D activities.

Results of Operations

Year Ended December 31, 2022 compared to year ended December 31, 2021

Consolidated Statements of Net Loss Data
(in thousands of U.S. dollars)

	Year ended December 31,	
	2022	**2021**
Revenue, net	**$ 17,800**	$ 15,374
Cost of sales	**(13,470)**	(8,565)
Gross profit	**4,330**	6,809
General and administrative expenses	**27,815**	39,279
Sales and marketing expenses	**1,897**	2,915
Research and development	**1,719**	1,546
Goodwill impairment	**—**	18,508
Depreciation and amortization expenses	**2,059**	1,768
Intangible asset impairment	**19,000**	—
Restructuring expenses	**26,942**	—
Total expenses	**79,432**	64,016
Loss from operations	**(75,102)**	(57,207)
Interest expense and amortization of debt issuance cost	**2,702**	6,818
Gain on remeasurement of warrant liability	**(2,092)**	(16,856)
Gain on investments	**(6,851)**	—
Loss (gain) on debt extinguishment, net	**2,263**	(3,262)
Foreign exchange loss	**1,129**	1,276
Other expense (income), net	**202**	(502)
Total other income, net	**(2,647)**	(12,526)
Loss before income taxes and equity investment loss	**(72,455)**	(44,681)
Deferred income tax (recovery) expense	**(6,650)**	950
Current income tax expense	**296**	—
Equity investment and securities loss	**64**	95
Net loss	**$ (66,165)**	$ (45,726)

Revenue by Channel
(in thousands of U.S. dollars)

The following table provides our revenues by channel for the years ended December 31, 2022 and 2021.

	Year ended December 31,	
	2022	**2021**
Mass retail	**$ 9,920**	$ 8,070
Distributors	**6,796**	5,835
Specialty, health and other retail	**578**	945
E-commerce	**506**	524
Total	**$ 17,800**	$ 15,374

Revenue

Revenue increased to $17,800 for the year ended December 31, 2022 from $15,374 for the year ended December 31, 2021. The increase was driven by increased sales in our Cannabinoid segment, in part offset by a slight decrease in our Non-Cannabinoid segment. The growth in our Cannabinoid segment sales reflects continued expansion of sales activity including increased sales of higher margin products and ramping commercial pathways across our core markets. The decreased sales in our Non-Cannabinoid segment were driven by current economic challenges faced by our mass retailers and specialty channels during the year ended December 31, 2022 partially offset by an increase in price.

Cost of sales

Cost of sales, increased to $13,470 for the year ended December 31, 2022 as compared to $8,565 for the year ended December 31, 2021. The increase was due to costs associated with sales from both our Non-Cannabinoid and Cannabinoid segments and increased inventory provisions related to aged, obsolete or unusable inventory, during the year ended December 31, 2022 as compared to the prior year.

During the years ended December 31, 2022 and 2021, we recognized inventory provision of $4,736 and $2,980, respectively, to cost of sales for inventory, primarily related to aged, obsolete or unsaleable inventories.

Operating expenses
(in thousands of U.S. dollars)

	Year ended December 31,			
	2022	**2021**	**Change**	
General and administrative	**$ 27,815**	$ 39,279	(11,464)	(29)%
Sales and marketing	**1,897**	2,915	(1,018)	(35)%
Research and development	**1,719**	1,546	173	11%
Goodwill impairment	**—**	18,508	(18,508)	(100)
Depreciation and amortization	**2,059**	1,768	291	16%
Intangible asset impairment	**19,000**	—	19,000	N/M
Restructuring expenses	**26,942**	—	26,942	N/M
Total operating expenses	**$ 79,432**	$ 64,016		
(as a percentage of revenue)				
General and administrative	**156%**	250%		
Sales and marketing	**11%**	25%		
Research and development	**10%**	10%		
Goodwill impairment	**—%**	120%		
Depreciation and amortization	**12%**	11%		
Intangible asset impairment	**107%**	—		
Restructuring expense	**151%**	—		
Total operating expenses	**446%**	416%		

N/M: Not a meaningful percentage

General and administrative. General and administrative expenses decreased to $27,815 for the year ended December 31, 2022 from $39,279 for the year ended December 31, 2021, primarily due to the decrease in share-based compensation related to forfeitures as a result of restructuring, along with other cost cutting measures, partially offset by a slight increase in payroll related expenses.

Sales and marketing. Sales and marketing expenses decreased to $1,897 for the year ended December 31, 2022 from $2,915 for the year ended December 31, 2021. The decrease in spending was due to cost control measures instituted by the Company.

Research and development. Research and development expenses increased to $1,719 for the year ended December 31, 2022 from $1,546 for the year ended December 31, 2021. The increase is primarily due to research and development activities related to our cannabinoid products development.

Goodwill impairment. During the year ended December 31, 2022 we recognized no charges in goodwill impairment as compared to goodwill impairment charge of $18,508 for the year ended December 31, 2021. The goodwill impairment charge of $18,508 for the year ended December 31, 2021 was related to the cannabinoid segment. For more information, see Note 9 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Depreciation and amortization. Depreciation and amortization expenses increased to $2,059 for the year ended December 31, 2022 from $1,768 for the year ended December 31, 2021. The increase is mainly attributable to higher amortization cost recognized during the year ended December 31, 2022 as compared to the year ended December 31,

2021. The increase in depreciation and amortization cost recognized was as a result of capital expenditures of our cultivation and post-harvest assets in Portugal, which we are in the process of winding down. see Note 21 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Restructuring expense. Restructuring expense increased to $26,942 for the year ended December 31, 2022 from $nil for the year ended December 31, 2021. The increase is primarily attributable to a wind-down of Portugal operations. For more information, see Note 21 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Intangible asset impairment. During the year ended December 31, 2022, we recognized intangible asset impairment charge of $19,000 related to Colombian cannabis-related licenses. The intangible asset impairment was related to the carrying value of the cannabis-related licenses intangible assets was not recoverable based on the excess of the carrying value of the asset group over the undiscounted future cash flow. For more information, see Note 8 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Non-operating income and expenses
(in thousands of U.S. dollars)

	Year Ended December 31,			
	2022	**2021**	**Change**	
Interest expense, net and amortization of debt issuance cost	**$ 2,702**	$ 6,818	$ (4,116)	(60)%
Gain on remeasurement of warrant liability	**(2,092)**	(16,856)	14,764	(88)%
Gain on other investments	**(6,851)**	—	(6,851)	N/M
Loss (gain) on debt extinguishment, net	**2,263**	(3,262)	5,525	(169)%
Foreign exchange loss	**1,129**	1,276	(147)	(12)%
Other expense (income), net	**202**	(502)	704	(140)%
Total	**$ (2,647)**	$ (12,526)	$ 9,879	N/M

N/M: Not a meaningful percentage

Interest expense, net and amortization of debt issuance cost. Interest expense, net and amortization of debt issuance cost, net for the year ended December 31, 2022 was $2,702 as compared to $6,818 for the year ended December 31, 2021. The decrease was due to no expense recognized related to the debt issuance costs in connection with the 2022 Convertible Notes and the debt discount costs in connection with the beneficial conversion factor related to the 2024 Convertible Note both of which occurred in 2021. For additional details, see Note 11 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Gain on remeasurement of warrant liability. Gains on remeasurement for the years ended December 31, 2022 and 2021 were $2,092 and $16,856, respectively. The gains for both periods are directly attributable to remeasurement of the warrant liability at December 31, 2022 and December 31, 2021 due to the decline in the underlying value related to the private warrants. For more information refer to Note 12 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Gain on investments. Gain on investment for the year ended December 31, 2022 was $6,851. There was no loss or gain on investment for the year ended December 31, 2021. The gain on investments in 2022 was related to the sale of Cansativa shares to an unrelated third-party and revaluation of the Company's retained interest of the shares still held. For more information, see Note 7 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Loss (gain) on debt extinguishment, net. The Company recognized a net loss on debt extinguishment of $2,263 for the year ended December 31, 2022 as compared to recognizing a net gain on debt extinguishment of $3,262 for the year ended December 31, 2021. The loss on debt extinguishment during the year ended December 31, 2022 was primarily related to the September 2023 Catalina LP Secured Convertible note. The gain on debt extinguishment during the year ended December 31, 2021 was primarily due to the extinguishment of debt in connection with the settlement of the 2022 Convertible Notes. For additional details, see Note 11 to our audited consolidated financial statements for the year ended December 31, 2021 included in this prospectus.

Foreign exchange loss. The impact of foreign exchange for the year ended December 31, 2022 was a loss of $1,129 compared to a loss of $1,276 for the year ended December 31, 2021. The decreased foreign exchange losses for the year ended December 31, 2022 were primarily driven by the exchange rate fluctuations between the Euro and the U.S. Dollar.

Other expense (income), net. Other expense (income), net includes costs not individually material to our consolidated financial statements.

Operating Results by Business Segment

Our management evaluates segment profit/loss for each of our reportable segments. We define segment profit/loss as income from operations before interest, taxes, depreciation, amortization, share-based compensation expense, gains/losses on foreign currency fluctuations, gains/losses on the early extinguishment of debt and miscellaneous expenses. Segment profit/loss also excludes the impact of certain items that are not directly attributable to the reportable segments' underlying operating performance. For a reconciliation of segment profit to loss from continuing operations before income taxes, see Note 16 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Revenue by segment
(in thousands of U.S. dollars)

	Year ended December 31,	
	2022	**2021**
Segment Revenue:		
Cannabinoid	**$ 6,119**	$ 3,242
Non-Cannabinoid	**11,681**	12,132
Total Revenue	**$ 17,800**	$ 15,374

Cannabinoid. Cannabinoid revenue increased to $6,119 for the year ended December 31, 2022, from $3,242 for the year ended December 31, 2021, driven primarily by increased sales of higher margin products and ramping commercial pathways across our core markets.

Non-Cannabinoid. Revenue for the year ended December 31, 2022 decreased to $11,681 from $12,132 for the year ended December 31, 2021 driven by current economic challenges faced by our mass retailers and specialty distributors during the year ended December 31, 2022.

Segment Profit/(Loss)
(in thousands of U.S. dollars)

	Year ended December 31,		Change	
	2022	**2021**	**$**	**%**
Segment Profit/(Loss):				
Cannabinoid	**$ (63,720)**	$ (16,915)	(46,805)	277%
Non-Cannabinoid	**1,346**	2,631	(1,285)	(49)%
Total Segment Loss[(a)]	**$ (62,374)**	$ (14,284)	(48,090)	337%

(a) For a reconciliation of segment profit/(loss) to loss before income tax (recovery) see Note 16 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Cannabinoid — Cannabinoid segment loss increased to $63,720 for the year ended December 31, 2022 from $16,915 for the year ended December 31, 2021 primarily due to the restructuring charges relating to the wind down of our operations in Portugal and the impairment charges related to its indefinite-lived intangible assets.

Non-Cannabinoid — Non-Cannabinoid segment profit decreased to $1,346 for the year ended December 31, 2022 compared to $2,631 the year ended December 31, 2021. The decrease was primarily attributable to lower sales combined with increased payroll related costs and sales and marketing costs, partially offset by an increase in price.

Liquidity and Capital Resources

We are actively seeking sources of financing to fund our continued operations. There can be no assurance that we will be able to complete any financing transaction in a timely manner or on acceptable terms or otherwise. If we are not able to raise additional cash, we may be forced to suspend or curtail planned programs, or cease operations altogether.

The following table sets forth the major components of our Consolidated Statements of Cash Flows for the periods presented:

(in thousands of U.S. dollars)

	Year ended December 31,	
	2022	**2021**
Net cash used in operating activities	**$ (29,066)**	$ (36,233)
Net cash provided by (used in) investing activities	**1,192**	(7,280)
Net cash provided by financing activities	**3,289**	1,834
Effect of foreign currency translation on cash and cash equivalents	**(226)**	(82)
Cash, cash equivalents, and restricted cash beginning of period	**$ 37,699**	$ 79,460
Cash, cash equivalents, and restricted cash end of period	**$ 12,888**	$ 37,699
(Decrease) in cash and cash equivalents and restricted cash	**$ (24,811)**	$ (41,761)

Cash flows used in operating activities

The decrease in net cash used in operating activities during the year ended December 31, 2022 compared to the year ended December 31, 2021 was primarily the result of decreased operating and other expenses due to implementation of cost cutting measures, and changes in operating assets and liabilities.

Cash flows from investing activities

The increase in net cash provided by investing activities during the year ended December 31, 2022 compared to the year ended December 31, 2021 was due to reduced capital expenditures as offset by sale of investments in 2022. The gain on investments was related to the sale of Cansativa shares to an unrelated third-party and revaluation of the Company's retained interest of the shares still held. For more information, see Note 7 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Cash flows from financing activities

The increase in net cash provided by financing activities during the year ended December 31, 2022, compared to the year ended December 31, 2021, was primarily driven by the net proceeds from issuance of shares under the Equity Distribution Agreement and the related shelf registration statement, offset in part by the repayment of the 2024 Convertible Note and the Herbal Brand Loans. For more information refer to Note 11 and 12 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Sources of Liquidity

We have historically financed our operations through the issuance of shares, the issuance of convertible debt and our cash from operations. As of December 31, 2022, and December 31, 2021, we had cash and cash equivalents (excluding restricted cash) of $12,449 and $37,226, respectively, which were held for working capital and general corporate purposes. This represents an overall decrease of $24,777. As of December 31, 2022, the Company's current working capital, anticipated operating expenses and net losses, and the uncertainties surrounding its ability to raise additional capital as needed, raise substantial doubt as to whether existing cash and cash equivalents will be sufficient to meet its obligations as they come due within twelve months from the date the consolidated financial statements were issued. The consolidated financial statements do not include any adjustments for the recovery and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Our outstanding warrants entitle the holder to receive one common share for each warrant, at an exercise price of $11.50 per warrant. No amount was received from the exercise of warrants during the year ended December 31, 2022. As of March 27, 2023, we have 17,777,361 warrants outstanding.

During the year ended December 31, 2022, we entered into the Equity Distribution Agreement and filed the related shelf registration statement on Form S-3 (as described above under the caption "Equity Distribution Agreement"), which we believe will provide an ongoing source of liquidity. Due to our current public float and applicable SEC rules and regulations, our ability to raise capital pursuant to this shelf registration statement may be limited. As of the date of filing this prospectus, the Company is again subject to "baby shelf" rules pursuant to Instruction I.B.6. of Form S-3. Pursuant this baby shelf cap, the Company may not offer to or sell equity securities for more than one-third of its public float, which, as of the date of this filing, limits the aggregate offering price pursuant to the ATM to approximately $7,516, but may increase if and when the Company's public float increases. See Note 12 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus for more information.

We have had operating losses and negative cash flows from operations since inception and expect to continue to incur net losses for the foreseeable future until such time, if ever, that we can generate significant revenue from the sale of our available inventories. We anticipate that we will continue to incur losses from operations due to commercialization activities, marketing and manufacturing activities, and general and administrative expenses to support operations.

We have historically been able to manage liquidity requirements through cost management and cost reduction measures, supplemented with raising additional financing. While we have been successful in raising financing in the past, there can be no assurances that additional financing will be available when needed on acceptable terms, or at all. If we are not able to secure adequate additional funding, we may be forced to make reductions in spending, extend payment terms with suppliers, suspend or curtail planned programs, or cease operations altogether. Any of these actions could materially harm our business, results of operations, financial condition, and prospects. See the section titled "*Risks Factors — Related to Our Business and Industry — There is substantial doubt about our ability to continue as a going concern included in this prospectus for more information*."

Uses of Liquidity

Our primary need for liquidity is to fund working capital requirements, capital expenditures, and for general corporate purposes. Our ability to fund operations and make planned capital expenditures and debt service obligations depends on future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors. Our consolidated financial statements have been prepared on a going concern basis, which assumes that we will continue to be in operation for the foreseeable future and, accordingly, will be able to realize our assets and discharge our liabilities in the normal course of operations as they come due. See the section titled "*Risks Factors — Related to Our Business and Industry — There is substantial doubt about our ability to continue as a going concern included in this prospectus for more information*."

We manage our liquidity risk by preparing budgets and cash forecasts to ensure we have sufficient funds to meet obligations. In managing working capital, we may limit the amount of our cash needs by selling inventory at wholesale rates, pursuing additional financing sources, and managing the timing of capital expenditures.

However, at December 31, 2022, the Company's current working capital, anticipated operating expenses and net losses, and the uncertainties surrounding its ability to raise additional capital as needed, raise substantial doubt as to whether existing cash and cash equivalents will be sufficient to meet its obligations as they come due within twelve months from the date the consolidated financial statements were issued. The consolidated financial statements do not include any adjustments for the recovery and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's ability to execute its operating plans through 2023 and beyond depends on its ability to obtain additional funding to meet planned growth requirements and to fund future operations, which may not be available on acceptable terms, or at all.

Debt

Total debt outstanding as of December 31, 2022 and 2021 was $1,530 and $25,095, respectively. The debt outstanding as of December 31, 2022 was comprised of our current and non-current portions of other borrowings of $465 and $1,065, respectively, related to the Colombia and Portugal working capital loans. The debt outstanding as of December 31, 2021 was comprised of the remaining balance of the 2024 Convertible Note of $17,699, net of debt issuance cost, that was issued in July 2021, and fully repaid in April 2022, the $5,230 (net of debt issuance cost) Herbal Brands loan (as defined below) that was issued to finance the Herbal Brands acquisition in May 2019, and the remaining debt of $2,166 from other borrowings. Other borrowing consists of the debt related to the Portugal Line of Credit and Colombia working capital loan. During the year ended December 31, 2022, we fully repaid our 2024 Convertible Note with accrued interest and Herbal Brands loan with accrued interest. For more information, refer to Note 11 to the audited consolidated financial statements included within this prospectus.

Portugal Debt

In January 2021, Clever Leaves Portugal Unipessoal LDA borrowed €1,000 ($1,213) (the "Portugal Debt"), from a local lender (the "Portugal Lender") under the terms of its credit line agreement. The Portugal Debt requires interest payments quarterly at a rate of Euribor plus 3 percentage points.

For the years ended December 31, 2022 and 2021, the Company recognized interest expense of approximately €28 ($30) and $nil, respectively, and repaid principal of approximately €250 ($264) and $nil, respectively, of the Portugal Debt in accordance with the terms of the loan agreement. The outstanding principal balance of the Portugal Debt as of December 31, 2022 and December 31, 2021 was €750 ($805) and €1,000 ($1,213), respectively. In December 2022, the Company approved a plan to shut-down its cultivation activities in Portugal in order to preserve cash. The Portugal Debt was not discharged as part of the restructuring and remains outstanding. For more information on the Restructuring, see Note 21 to our audited consolidated financial statements for the year ended December 31, 2022 included in this prospectus.

Colombia Debt

Ecomedics S.A.S. has entered into loan agreements with multiple local lenders (collectively, the "Colombia Debt"), under which the Company borrowed approximately COP$5,305,800 ($1,295) of mainly working capital loans. The working capital loans are secured by our farm land in Colombia as collateral. These loans bear interest at a range of 10.96% to 12.25% per annum denominated in Colombian pesos. The first payment of the principal and interest will be repaid six months after receiving the loan. After the first payment, the principal and interest will be repaid semi-annually. For the years ended December 31, 2022 and 2021, the outstanding principal balance was approximately COP$3,471,576 ($725) and COP$4,592,095 ($1,153), respectively.

Contingencies

We are involved in various investigations, claims and lawsuits arising in the normal conduct of our business, none of which, in our opinion, will have a material adverse effect on our financial condition, results of operations, or cash flows. We cannot assure you that we will prevail in any litigation. Regardless of the outcome, any litigation may require us to incur significant litigation expense and may result in significant diversion of management attention.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We base our estimates on our historical experience, known trends and events, and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 3 to our consolidated financial statements included in this prospectus, we believe that the following accounting policies are the most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Share-Based Payments

We measure all stock option awards granted to employees, non-employee directors and consultants based on the fair value on the date of grant and recognize compensation expense over the requisite estimated service period which is generally the vesting period of the respective award. The straight-line method of expense recognition is applied to all awards with service-only conditions. We account for forfeitures as they occur.

The fair value of each option grant is estimated using the Black-Scholes option-pricing model and restricted stock units, with a performance vesting condition based on risk-neutral Monte-Carlo model which requires assumptions regarding the expected volatility of our stock, the expected life of the options, an expectation regarding future dividends on our common shares, estimation of an appropriate risk-free interest rate and expected term. The assumptions used in our option-pricing model are as follows:

Expected Term. Due to the historical lack of a public market for the trading of our common shares and the lack of sufficient company-specific historical data, the expected term of employee options is calculated considering the weighted average mid-point of the vesting and expiry dates, compared to the grant date.

Expected Volatility. The expected volatility is based on our historical volatilities and that of similar entities within our industry for periods commensurate with the expected term assumption.

Risk-Free Interest Rate. The risk-free interest rate is based on the interest rate payable on U.S. Treasury securities in effect at the time of grant for a period that is commensurate with the assumed expected term.

Expected Dividends. The expected dividend yield is 0% because we have not historically paid, and do not expect for the foreseeable future to pay, a dividend on our common shares.

While assumptions used to calculate and account for share-based compensation awards represent management's best estimates, these estimates involve inherent uncertainties and the application of management's judgement. As a result, if revisions are made to our underlying assumptions and estimates, our share-based compensation expense could vary significantly from period to period.

Impairment of Long-Lived Assets

We regularly review our long-lived assets for impairment indicators, such as changes in market conditions or the usage of assets. If an impairment indicator is present, we perform an impairment test to determine whether the carrying value of the asset exceeds its fair value. The impairment test involves significant estimates and judgments, including the selection of appropriate valuation methods, assumptions related to future cash flows and growth rates, and the determination of appropriate discount rates. Changes in these estimates and assumptions could result in impairment charges, which could have a material impact on our financial results.

Valuation of Inventory

Our inventory is valued using the lower of cost or net realizable value (NRV) method. We estimate the cost of our inventory using the weighted average method, which involves significant estimates and judgments related to the valuation of raw materials, labor costs, and overhead expenses. We also estimate NRV based on various factors, such as market demand, product obsolescence, and quality issues. Changes in these estimates and judgments could result in adjustments to the carrying value of inventory, which could have a material impact on our financial results.

MANAGEMENT

Our Articles provide that, as long as we are a public company, the number of directors will be the greater of (i) three and (ii) the number set by directors resolution. Our board of directors is currently comprised of five directors. Pursuant to our Articles, additional directors may be added between annual meetings of shareholders, so long as the number of directors added does not exceed one-third of the total number of directors elected at the most recent annual meeting of shareholders.

Information about our directors and executive officers as of the date of this filing is set forth below.

Name	Age	Positions held
Andres Fajardo	45	Chief Executive Officer and Director
George J. Schultze	53	Chairman
Henry R. Hague III	51	Chief Financial Officer
Julian Wilches	44	Chief Regulatory Officer
Elisabeth DeMarse	69	Director
Gary Julien	53	Director
William Muecke	54	Director

Andres Fajardo

Mr. Fajardo has served as Chief Executive Officer since March 25, 2022, and as Director and our President since the consummation of the Business Combination on December 18, 2020. Prior to the consummation of the Business Combination, Mr. Fajardo served as the President of Clever Leaves since 2019. Mr. Fajardo has served in various roles within our company, including Chief Executive Officer in 2019 and Chairman in 2018 of Clever Leaves Colombia, after helping establish the Clever Leaves Colombia business in 2016. Prior to Clever Leaves, from 2016 to 2018, Mr. Fajardo was a Founding Partner of Mojo Ventures, a venture capital incubator in Colombia. Mr. Fajardo has more than 20 years of management experience, having served as Chief Executive Officer of IQ Outsourcing, a leading Colombian business processing outsourcing firm from 2010 to 2015, and previously a principal member at Booz & Company from 2000 to 2010. Mr. Fajardo also served on the boards of directors and advisory boards of a number of private companies from 2012 through 2020. Mr. Fajardo holds an MBA from Harvard Business School and a BS, with honors, from Los Andes University in Colombia in Industrial Engineering and Economics. We believe Mr. Fajardo is qualified to serve on our Board due to his experience as a Chief Executive Officer leading complex organizations, his tenure as a management consultant in a global renowned firm that is testament of his ability to design, develop, and implement business and operating strategies, his previous success as an entrepreneur, and his prior experience serving on boards of directors and advisory boards.

Henry R. Hague, III

Henry R. Hague, III has served as our Chief Financial Officer since February 22, 2021. Mr. Hague has extensive financial and accounting experience and for the past 14 years he has held the Chief Financial Officer position for companies across manufacturing, pharmaceutical, cannabis and medical technology industries. Prior to joining us, from July 2020 to February 2021, Mr. Hague served as the Chief Executive Officer of Aidance Scientific, an FDA registered manufacturer of branded and private label OTC topical medications. From October 2018 to June 2020, he served as the Chief Financial Officer of Abacus Health Products Inc., a manufacturer of topical OTC pain and skin condition products, which was acquired by Charlotte's Web Holdings, Inc. in June 2020. Mr. Hague served as the Chief Financial Officer of Foster Corporation from 2009 to 2018, as Chief Operating Officer from 2014 to 2017 and as Executive Vice President of Sales from 2012 to 2014. Mr. Hague served as the Chief Financial Officer of Scott Brass, a portfolio company of Sun Capital Partners, from 2007 to 2009. Mr. Hague holds a BS in Finance from Bentley University.

Julián Wilches

Julián Wilches has served as our Chief Regulatory Officer since the consummation of the Business Combination on December 18, 2020. Prior to the consummation of the Business Combination, Mr. Wilches served as the Chief Regulatory Officer of Clever Leaves since January 2018. Mr. Wilches has more than 17 years of experience, mostly related to narcotic drugs and interagency coordination. Prior to joining Clever Leaves, from May to November 2017,

Mr. Wilches was an employee of Olgoonik, an operator of the U.S. Embassy in Colombia. From June 2014 to January 2017, he served as the Deputy Director of Interagency Coordinator in the Attorney General's Office in Colombia. Mr. Wilches also acted as the Drug Policy Director at the Ministry of Justice and Law of Colombia from December 2011 to June 2014. Mr. Wilches graduated from Los Andes University in Colombia as Political Scientist and earned his Master's Degree from University of Alcalá de Henares.

Elisabeth DeMarse

Elisabeth DeMarse has served as a Director since the consummation of the Business Combination on December 18, 2020. Ms. DeMarse has been an independent director of Kubient Inc. (Nasdaq: KBNT) since January 2020. Ms. DeMarse has been an independent director of Trajectory Alpha Acquisition Corp. (NYSE: TCOA) since December 2021. She served as Non-Executive Chairman of Nedsense (AMS: NEDSE) from 2015 to 2016 and as an independent director of AppNexus Inc. from 2014 to 2018. Ms. DeMarse has been a limited partner at Tritium Partners, a private equity fund, since 2013, and a limited partner of Kimbark LLC, a family limited partnership, since 2002. From 2012 to 2016, Ms. DeMarse served as President, Chief Executive Officer and Chairman of TheStreet, Inc. (Nasdaq: TST). From 2010 to 2012, she served as Chief Executive Officer of Newser, an award-winning news digest and aggregation website. Ms. DeMarse was the founder and Chief Executive Officer of CreditCards.com from 2006 to 2010 and the Chief Executive Officer of Bankrate from 2000 to 2004. Prior to that, she was an Executive Vice President of Hoover's, Inc., a company information site and database, which completed its IPO in 1999. Ms. DeMarse spent a decade as Chief Marketing Officer for Bloomberg LP working directly for the founder, Michael Bloomberg, where she was instrumental in the formation of several media properties. A member of The Committee of 200, Ms. DeMarse has an MBA from Harvard Business School and a BA in History from Wellesley College, where she was a Wellesley Scholar. We believe Ms. DeMarse is qualified to serve on our Board due to her extensive experience serving in leadership roles, including as President, Chief Executive Officer and Chairman of TheStreet, Inc., a Nasdaq-listed company, and her experience serving on the boards of directors of other public companies.

Gary M. Julien

Gary M. Julien has served as a Director since the consummation of the Business Combination on December 18, 2020. Mr. Julien served as SAMA's Executive Vice President from September 2018 and also served as a director on SAMA's board of directors from December 2018 until the closing of the Business Combination. Mr. Julien was originally appointed as a Director pursuant to certain director nomination rights granted pursuant to the Investor Rights Agreement, dated as of December 18, 2020, between the Company and the Investors named therein, to SPAC Majority Holders, as defined therein. Mr. Julien also serves as a Managing Director, Acquisitions at Schultze Asset Management and as Executive Vice President and a director at Schultze Special Purpose Acquisition Corp. II. Mr. Julien has over 20 years of M&A and public and private equity investment experience across a variety of industries, including experience in the special purpose acquisition company market. Mr. Julien previously led and supported M&A initiatives on behalf of entities controlled by Mario J. Gabelli, Chairman, and Chief Executive Officer of GAMCO Investors, Inc., including as Executive Vice President, Corporate Development for PMV Acquisition Corp. LICT Corporation and CIBL, Inc. From November 2009 through 2014, Mr. Julien was Senior Vice President at Bronson Point Management, an investment management firm, where he originated, oversaw and analyzed public market investments helping to the firm grow from approximately $70 million in assets under management at launch in 2010 to $1.9 billion in 2014. From 2007 through 2009, Mr. Julien led and supported M&A and corporate finance initiatives for the private investment firm Kanders & Company, Inc. and its affiliates including as Vice President, Corporate Development of Kanders & Company, Clarus Corp. and Highlands Acquisition Corp. From 2003 through 2006, Mr. Julien was Vice President, Corporate Development for Armor Holdings, Inc., an aerospace and defense company and portfolio company of Kanders & Company, where he oversaw M&A and divestitures for the company, executing 15 transactions during this period and investing approximately $1.2 billion. During this period, Armor Holdings' revenue grew from $305 million to $2.4 billion prior to its sale to BAE Systems plc in July 2007 for $4.5 billion. Mr. Julien previously worked at Global Crossing Ltd. where he led and supported several M&A, joint ventures and minority investments. Mr. Julien received an MBA with honors in Finance from Columbia Business School and a BS from the Newhouse School of Communications at Syracuse University. We believe Mr. Julien is qualified to serve on our Board due to his M&A experience, which spans over 20 years, and public and private equity investment experience across a variety of industries.

George J. Schultze

George J. Schultze has served as a Director since February 2022. Mr. Schultze was appointed as a Director pursuant to the Waiver of Certain Rights, dated February 2, 2022, between the Company and Schultze Special Purpose Acquisition Sponsor. Mr. Schultze previously served as Chief Executive Officer and Chairman of Schultze Special Purpose Acquisition Corp., which completed a business combination with us, Clever Leaves International, Inc. and Novel Merger Sub, Inc., resulting in Schultze Special Purpose Acquisition Corp. becoming our wholly-owned subsidiary. Mr. Schultze founded Schultze Asset Management, LP in 1998 and continues to serve as Managing Member of its general partner. Mr. Schultze has served as the Chief Executive Officer and Chairman of Schultze Special Purpose Acquisition Corp. II since 2021. Mr. Schultze has been a board member of both Schultze Master Fund, Ltd and Schultze Offshore Fund, Ltd since 2004 and has served on the Litigation Trust Subcommittee of Tropicana Entertainment since 2009. Throughout his career, Mr. Schultze has served on the boards and committees of over 35 companies, including Chrysler and United Airlines. Mr. Schultze holds an MBA from Columbia Business School and a JD from Columbia Law School. Mr. Schultze earned a BA from Rutgers College, where he graduated with the Henry Rutgers Scholar distinction. We believe Mr. Schultze is qualified to serve on our Board based on his extensive investment experience and prior board memberships.

William Muecke

William Muecke has served as a Director since March 25, 2022. Mr. Muecke co-founded Artemis Growth Partners, LLC in 2017 and since then has led investment origination, due diligence and execution staff management, deal processing, legal structuring, and exits. Mr. Muecke formerly was co-founder and managing partner of CoreCo Private Equity, a 2017 recipient of "Best for the World" impact investment funds as rated by B Analytics | GIIRS (Global Impact Investment Rating System), a sister company B Corporation and part of the B Labs family of impact rating services. Prior to co-founding CoreCo Private Equity, Mr. Muecke was managing director and global co-head of the healthcare services sector in the healthcare investment banking group at Goldman, Sachs & Co. in New York City. Prior to his leadership role in the healthcare investment banking group, Mr. Muecke was global co-head of the mobile data sector in the communications, media, and entertainment group at Goldman, Sachs & Co. in San Francisco. Prior to his years at Goldman, Mr. Muecke was vice president and leveraged finance senior officer specializing in high yield debt, restructuring advisory, and leveraged buyouts at Donaldson, Lufkin & Jenrette in San Francisco. Over the duration of a 27-year career in global finance, Mr. Muecke developed expertise first as a banker in advisory, restructuring, and corporate finance, and then, later, as an investor in structuring, funding, and successfully exiting from multiple private equity deals. Mr. Muecke's technical skills in deal structuring, debt and equity funding, and merger negotiations across a wide variety of U.S. and international industries. Mr. Muecke maintains a network of executive-level contacts at global corporations, institutional investors, large family offices, private investment firms, and commercial and investment banks. Mr. Muecke earned a BA in English with a minor in Honors Chemistry from Cornell University and is a graduate of the FALCon Program in Japanese at Cornell's Graduate School. We believe Mr. Muecke is qualified to serve on our Board based on his experience supporting companies within the global cannabis sector, across the value chain.

Election of Directors

Our Articles provide that our directors are elected by shareholders annually. There is no cumulative voting for elections of directors. Vacancies on our board of directors can be filled by resolution of the remaining directors and the act by the directors to fill a vacancy is not the appointment of an additional director. Each director shall hold office until the next annual general meeting and until his or her successor is elected and duly qualified, subject to prior death, resignation, retirement, disqualification or removal from office.

Executive Officers

Our executive officers are appointed by the directors and the directors may, at any time, terminate the appointment or otherwise revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer. There are no family relationships among any of our directors or executive officers. Except as described above in the director biographies, there are no arrangements or understandings between or among our executive officers and directors pursuant to which any director or executive officer was or is to be selected as a director or executive officer.

Each director shall hold office until the next annual general meeting and until his or her successor is elected and duly qualified, subject to prior death, resignation, retirement, disqualification or removal from office.

Corporate Governance

Our common shares and warrants are listed on the Nasdaq Capital Market under the symbols "CLVR" and "CLVRW," respectively. As a Nasdaq -listed company, we are subject to the Nasdaq corporate governance requirements (the "Nasdaq rules") on an ongoing basis.

Independence of Directors

A majority of our Directors satisfy the criteria for "independent directors," under the Nasdaq rules. The Nominating and Governance Committee is required to annually review each director's independence and any material relationships such director has with the Company. Following such review, only those directors who the Board affirmatively determines have no material relationship to the Company, and otherwise satisfy the independence requirements of the Nasdaq rules, will be considered "independent directors."

Under the Nasdaq rules, a majority of a listed company's board of directors must be comprised of independent directors. In addition, the Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominations committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act and that compensation committee members satisfy independence criteria set forth in Rule 10C-1 under the Exchange Act and related Nasdaq rules.

Under the Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of the listed company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. To be considered independent for purposes of Rule 10A-3 under the Exchange Act, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries or otherwise be an affiliated person of the listed company or any of its subsidiaries.

In accordance with Rule 10C-1 under the Exchange Act and the Nasdaq rules, in affirmatively determining the independence of any director who will serve on a company's compensation committee, the company's board of directors must consider all factors specifically relevant to determining whether a director has a relationship to such company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including the source of compensation of such director (including any consulting, advisory or other compensatory fee paid by such company to the director), and whether the director is affiliated with the company or any of its subsidiaries or affiliates.

Our Board has affirmatively determined that Ms. DeMarse, Mr. Julien, Mr. Schultze and Mr. Muecke are independent directors under applicable Nasdaq and Exchange Act rules.

Committees of the Board of Directors

Audit Committee

Our audit committee consists of Elisabeth DeMarse, Gary M. Julien and George J. Schultze. Ms. DeMarse is the chair of the audit committee. Each member of the audit committee meets the independence requirements under Nasdaq rules, including the enhanced independence requirements set forth in Rule 10A-3 under the Exchange Act. Each member of the audit committee is financially literate, and Ms. DeMarse qualifies as the "audit committee financial expert," as such term is defined in Item 407 of Regulation S-K and qualifies as the "financially sophisticated" audit committee member in accordance with Rule 5605(c)(2)(A) of the Nasdaq rules.

The audit committee is, among other things, directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditor including overseeing the qualifications and independence of our outside auditor, oversee management's conduct of our financial reporting process (including the development and maintenance of systems of internal accounting and financial controls), oversee the integrity of our financial statements, oversee the performance of the internal audit functions, prepare certain reports required by the rules and regulations of the SEC, the review of the results and scope of the audit and other accounting related services, and oversee our compliance with legal and regulatory requirements.

Compensation Committee

Our compensation committee consists of Elisabeth DeMarse, Gary M. Julien and William Muecke. Each member of the compensation committee is an independent director who meets the independence requirements set forth in Rule 10C-1 under the Exchange Act and applicable Nasdaq rules.

The compensation committee, among other things, reviews and approves, or recommends to our board of directors for approval, compensation of the Chief Executive Officer and other executive officers, makes recommendations to our board of directors with respect to director compensation, oversees the succession planning process, oversees the administration of our incentive compensation plans, and prepares any report on executive compensation required by the rules and regulations of the SEC.

Nominating and Governance Committee

Our nominating and governance committee consists of Elisabeth DeMarse, Gary M. Julien and William Muecke. Mr. Julien is the chair of the nominating and governance committee. The nominating and governance committee consists of independent directors.

The nominating and governance committee is, among other things, responsible for overseeing the selection of persons to be nominated to serve on our board of directors, make recommendations to our board of directors with respect to committee members and chairs, annually evaluate the committees, and oversee and develop our corporate governance practices.

Compensation Committee Interlocks and Insider Participation

No member of the compensation committee of our board of directors has ever been an officer or employee of the Company. None of our executive officers serves, or has served during the last fiscal year, as a member of the board of directors, compensation committee, or other board committee performing equivalent functions of any other entity that has one or more executive officers serving as one of our directors or on the compensation committee.

Code of Conduct

Our Code of Conduct applies to all our employees, officers and directors, including our principal executive officer, principal financial officer and other senior financial officers. The Code of Conduct is designed to deter wrongdoing and to promote, among other things:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- the protection of the confidentiality of our non-public information;
- the procedure for confidential complaints and protection of whistleblowers;
- the responsible use of and control over our assets and resources;
- compliance with applicable laws, rules and regulations; and
- accountability for adherence to the Code of Conduct.

EXECUTIVE AND DIRECTOR COMPENSATION

This section discusses the material components of the executive compensation program for our "named executive officers." As an "emerging growth company" as defined in the JOBS Act, we are not required to include a Compensation Discussion and Analysis and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies. In 2022, our "named executive officers" were as follows:

- Andres Fajardo, our Chief Executive Officer as of March 25, 2022, who previously served as our President through March 24, 2022;
- Kyle Detwiler, our Chief Executive Officer through March 24, 2022;
- Henry R. Hague, III, our Chief Financial Officer;
- Julián Wilches, our Chief Regulatory Officer; and
- David Kastin, General Counsel and Corporate Secretary through December 6, 2022.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the years ended December 31, 2022 and 2021:

Name and Principal Position	Year	Salary ($)[1][2]	Stock Awards ($)[3]	Option Awards ($)[3]	Non-equity Incentive Plan compensation ($)[4]	All Other Compensation ($)[5]	Total ($)
Andres Fajardo	2022	232,023	1,435,200	—	—	—	1,667,223
Chief Executive Officer	2021	204,083	1,816,900	—	27,464	—	2,048,447
Kyle Detwiler	2022	67,212	452,185	—	—	283,369	802,766
Former Chief Executive Officer	2021	248,461	4,696,900	—	—	26,124	4,971,485
Henry R. Hague, III	2022	311,019	399,996	—	—	—	711,015
Chief Financial Officer	2021	235,962	1,241,861	430,585	31,895	—	1,940,303
Julián Wilches[6]	2022	202,493	55,606	—	—	—	258,099
Chief Regulatory Officer	2021	221,711	1,051,938	20,276	—	—	1,293,925
David Kastin[6]	2022	295,263	318,603	—	—	—	613,866
Former General Counsel and Corporate Secretary	2021	274,423	1,230,487	37,094	—	—	1,542,004

(1) Amounts reflect base salary earned by each named executive officer during the applicable year.

(2) 2022 amounts for Mr. Fajardo and Mr. Wilches have been converted based on the Colombia Peso/U.S. dollar exchange rate in effect as of December 31, 2022 (COP 4,810 to $1) and 2021 amounts for Mr. Fajardo and Mr. Wilches have been converted based on the Colombia Peso/U.S. dollar exchange rate in effect as of December 31, 2021 (COP 3,981.16 to $1).

(3) Amounts reflect the full grant-date fair value of stock awards and option awards granted during the applicable year computed in accordance with Financial Accounting Standards Board ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock and option awards made to named executive officers in Note 14 to our audited financial statements included in this prospectus. The amount for Mr. Detwiler also includes the incremental fair value recognized in connection with the acceleration of certain of Mr. Detwiler's equity awards upon termination of his employment, as described below in the summary of the Detwiler Separation Agreement (as defined below).

(4) As described below, the performance conditions under the annual bonus plan were not achieved, and none of the named executive officers received an annual bonus for 2022.

(5) Amounts reflect the continued base salary and the value of continued benefits provided to Mr. Detwiler as severance, as described below in the summary of the Detwiler Separation Agreement.

(6) Messrs. Wilches and Kastin were not named executive officers in 2021.

Narrative to Summary Compensation Table

2022 Base Salaries

The named executive officers receive a base salary to compensate them for services rendered to our company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. As of January 1, 2022, the annual base salaries for Messrs. Fajardo, Detwiler, Hague, Wilches and Kastin were COP 1,079,517,684, $275,000, $300,000, COP 942,124,800 and $300,000 respectively. On April 1, 2022, the salaries of Messrs. Hague and Kastin were increased to $315,000.

2022 Bonuses

Each of our named executive officers is eligible to participate in our Performance Bonus Plan, under which annual bonuses may be earned based on the achievement of individual and corporate performance goals. Under our 2022 Performance Bonus Plan, the annual bonuses for each of our named executive officers were weighted based on achievement of performance goals as follows: (i) 40% based on revenue; (ii) 40% based on adjusted free cash flow; and (iii) 20% based on a qualitative performance evaluation. For 2022, the annual target bonus amounts expressed as a percentage of base salary for Messrs. Fajardo, Hague, Wilches and Kastin were equal to 60%, 40%, 25%, and 40% respectively. The executives had the ability to receive a multiplier of 20% for their bonuses if certain revenue and adjusted cash flow goals were exceeded. None of the named executive officers received a bonus for 2022 because the performance goals were not met.

Equity Compensation

2018 Omnibus Incentive Compensation Plan

We maintain an equity incentive plan, the Northern Swan Holdings, Inc. 2018 Omnibus Incentive Compensation Plan, as amended (the "2018 Plan"), which has provided our employees (including the named executive officers), non-employee directors, consultants and independent contractors the opportunity to participate in the equity appreciation of our business through the receipt of equity awards. We believe that such equity awards function as a compelling retention tool. In addition, certain of our named executive officers received awards of restricted shares granted outside of the 2018 Plan pursuant to individual restricted share award agreements. The 2018 Plan was terminated as of December 18, 2020 in respect of future grants of awards and issuances and distributions of common shares, other than issuances of common shares upon the exercise of options or the vesting of restricted share units granted under the 2018 Plan that were outstanding on December 18, 2020. Each of our named executive officers (other than Messrs. Hague and Kastin) was granted stock options under the 2018 Plan with respect to Clever Leaves shares that were converted into awards and options with respect to our shares based on the exchange ratio in the Business Combination, as shown in the Outstanding Equity Awards at Fiscal Year -End Table. Certain of the stock options, which had exercise prices greater than the fair market value per Clever Leaves share immediately prior to the closing of the Business Combination, were repriced immediately prior to the closing, prior to being converted into stock options with respect to our shares, so that their exercise prices equaled such fair market value.

2020 Incentive Award Plan

In connection with the Business Combination, we adopted the Clever Leaves Holdings Inc. 2020 Incentive Award Plan (the "2020 Plan"). The purpose of the 2020 Plan is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions by providing these individuals with equity ownership opportunities and/or equity-linked compensatory opportunities. Equity awards and equity-linked compensatory opportunities are intended to motivate high levels of performance and align the interests of directors, employees and consultants with those of shareholders by giving directors, employees and consultants the perspective of an owner with an equity or equity-linked stake in the Company and providing a means of recognizing their contributions to its success. The Company believes that equity awards are necessary to remain competitive in the industry that the Company operates in and are essential in recruiting and retaining the highly qualified service providers who help the Company meet its goals.

2020 Earnout Award Plan

In connection with the Business Combination, we adopted the Clever Leaves Holdings Inc. 2020 Earnout Award Plan (the "Earnout Plan"). The purpose of the Earnout Plan is to provide equity awards following the closing of the Business Combination to certain directors, employees and consultants that contributed to the Business Combination. Under the Earnout Plan, (i) shares constituting 50% of the share reserve were to be issuable only if the closing price of our common shares on Nasdaq equaled or exceeds $12.50 per share (as adjusted for stock splits, reverse splits, stock dividends, reorganizations, recapitalizations or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2022 (which condition was met on March 16, 2021), and (ii) shares constituting the remaining 50% of the share reserve will be issued only if the closing price of our common shares on Nasdaq equals or exceeds $15.00 per share (as adjusted for stock splits, reverse splits, stock dividends, reorganizations, recapitalizations or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2024 (which condition has not yet been met). Equity awards granted prior to these hurdles being met vest only if the applicable hurdles are achieved; equity awards granted following the hurdles being achieved need not include the hurdles. In addition, the Company's board of directors may choose to impose additional vesting conditions. Each of our named executive officers has been granted awards under the Earnout Plan.

Other Elements of Compensation

Retirement Plans

We currently maintain a 401(k) retirement savings plan for our employees, including our named executive officers who reside in the United States, who satisfy certain eligibility requirements. Our named executive officers who reside in the United States are eligible to participate in the 401(k) plan on the same terms as other full-time employees. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

Employee Benefits

All of our full-time employees who reside in the United States, including our named executive officers who reside in the United States, are eligible to participate in our health and welfare plans, including medical, dental and vision benefits, health savings accounts and are eligible for mobile phone and relocation expense reimbursements.

No Tax Gross-Ups

We do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our company.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of our common shares underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2022.

		Option Awards[11]					Stock Awards[11]			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[10]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[10]
Andres Fajardo	1/14/22[1]	—	—	—	—	—	520,000	159,640	—	—
	7/1/21[2]	—	—	—	—	—	—	—	29,378	9,019
	7/1/21[3]	—	—	—	—	—	26,440	8,117	—	—
	3/2/21[4]	—	—	—	—	—	—	—	45,000	13,815
	3/2/21[5]	—	—	—	—	—	22,500	6,908	—	—
	7/14/20[6]	3,204	—	—	10.00	4/17/25	—	—	—	—
	10/31/19[7]	10,487	10,486	—	—	01/18/24	—	—	—	—
Kyle Detwiler	7/1/21[2]	—	—	—	—	—	—	—	2,141	657
	3/2/21[4]	—	—	—	—	—	—	—	14,209	4,362
Henry R. Hague, III	1/14/22[8]	—	—	—	—	—	144,926	44,492	—	—
	7/1/21[2]	—	—	—	—	—	—	—	19,585	6,013
	7/1/21[3]	—	—	—	—	—	17,626	5,411	—	—
	3/2/21[9]	—	—	—	—	—	45,000	13,815	—	—
	3/2/21[9]	10,000	30,000	—	14.40	3/2/31	—	—	—	—
Julián Wilches	1/14/22[10]	—	—	—	—	—	20,147	6,185	—	—
	7/1/21[2]	—	—	—	—	—	—	—	6,528	2,004
	7/1/21[3]	—	—	—	—	—	5,876	1,804	—	—
	3/2/21[4]	—	—	—	—	—	—	—	33,333	10,233
	3/2/21[5]	—	—	—	—	—	16,666	5,116	—	—
	7/14/20[6]	2,433	—	—	10.00	4/17/25	—	—	—	—
	10/31/19[7]	17,866	17,867	—	—	1/18/24	—	—	—	—
David Kastin[11]	—	—	—	—	—	—	—	—	—	—

(1) The original award granted to Mr. Fajardo covered 520,000 restricted share units. The award provides for 25% of the award to vest on each of the first four anniversaries of January 14, 2022, subject to Mr. Fajardo's continuous service with us through the applicable vesting dates.

(2) The original awards granted to Messrs. Fajardo, Detwiler, Hague and Wilches covered 29,378, 29,378, 19,585 and 6,528 restricted share units, respectively. The awards are subject to both service- and performance-vesting, subject to the named executive officer's continuous service through the applicable vesting dates. The awards will (i) service-vest in four annual installments as follows: 10% on July 1, 2022; 20% on July 1, 2023; 30% on July 1, 2024; and 40% on July 1, 2025, and (ii) performance-vest if the closing price of our common shares on Nasdaq equals or exceeds $15.00 per share (as adjusted for stock splits, reverse splits, stock dividends, reorganizations, recapitalizations or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2024 (which condition has not been met). Under the terms of the Detwiler Separation Agreement, 2,141 restricted share units covered by Mr. Detwiler's award were deemed to be service-vested as of March 24, 2022 and permitted to remain eligible to performance-vest for the applicable performance period based on actual performance.

(3) The original awards granted to Messrs. Fajardo, Hague and Wilches covered 29,378, 19,585 and 6,528 restricted share units, respectively. The awards are subject to both service- and performance-vesting, subject to the named executive officer's continuous service through the applicable vesting dates. The awards will (i) service-vest in four annual installments as follows: 10% on July 1, 2022; 20% on July 1, 2023; 30% on July 1, 2024; and 40% on July 1, 2025, and (ii) performance-vest if the closing price of our common shares on Nasdaq equals or exceeds $12.50 per share (as adjusted for stock splits, reverse splits, stock dividends, reorganizations, recapitalizations or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2022 (which condition was met on March 16, 2021).

(4) The original awards granted to Messrs. Fajardo, Detwiler and Wilches covered 45,000, 45,000 and 33,000 restricted share units respectively. The awards are subject to both service- and performance-vesting, subject to the named executive officer's continuous service through the applicable vesting dates. The awards will (i) service-vest such that 25% of each award will vest on each of the first four anniversaries of December 18, 2020, and (ii) performance-vest if the closing price of our

common shares on Nasdaq equals or exceeds $15.00 per share (as adjusted for stock splits, reverse splits, stock dividends, reorganizations, recapitalizations or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2024 (which condition has not been met). Under the terms of the Detwiler Separation Agreement, 2,959 restricted share units covered by Mr. Detwiler's award were had their service-vesting accelerated as of March 24, 2022 and were permitted to remain eligible to performance-vest for the applicable performance period based on actual performance.

(5) The original awards granted to Mr. Fajardo and Mr. Wilches covered 45,000 and 33,333 restricted share units respectively. The award provides for 25% of the award to vest on each of the first four anniversaries of December 18, 2020, subject to continuous service with us through the applicable vesting dates. The awards are subject to both service- and performance-vesting, subject to the named executive officer's continuous service through the applicable vesting dates. The awards will (i) service-vest such that 25% of each award will vest on each of the first four anniversaries of December 18, 2020, and (ii) performance-vest if the closing price of our common shares on Nasdaq equals or exceeds $12.50 per share (as adjusted for stock splits, reverse splits, stock dividends, reorganizations, recapitalizations or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2024 (which condition was met on March 16, 2021).

(6) 100% of the award vested on October 14, 2020.

(7) The original awards granted to Mr. Fajardo and Mr. Wilches covered 20,973 and 35,733 stock options respectively. The awards provide for 25% of the award to vest on each of the first four anniversaries of January 18, 2020 , subject to Mr. Fajardo and Mr. Wilches' continuous service with us through the applicable vesting dates; provided that, in the case of Mr. Fajardo the award will fully accelerate in vesting in the event of a termination of Mr. Fajardo's service by us without "Cause" (as defined in the 2018 Plan) within one year following the closing of a "Change in Control" (as defined in the 2018 Plan and which was not triggered by the Business Combination).

(8) The original award granted to Mr. Hague covered 144,926 restricted share units. The award provides for 27,173 of the restricted share units to vest in equal installments on February 22, 2023 and February 22, 2024, and for 117,753 of the restricted share units to vest in equal installments on February 22, 2023, February 22, 2024 and February 22, 2025, subject to continuous service through the applicable vesting dates.

(9) The original awards granted to Mr. Hague covered 40,000 stock options and 60,000 restricted share units. Each award provides for 25% of the award to vest on each of the first four anniversaries of March 2, 2021, subject to Mr. Hague's continuous service with us through the applicable vesting dates.

(10) The original award granted to Mr. Wilches covered 20,147 restricted share units. The award will time vest in two equal installments on the first two anniversaries of the grant date.

(11) Mr. Kastin resigned from the Company effective December 6, 2022 and forfeited all outstanding equity awards held.

(12) Values are based on the closing price of our common shares on December 31, 2022, which was equal to $0.3070.

(13) Numbers in these columns reflect conversion of awards with respect to Clever Leaves common shares to awards with respect to our common shares in connection with the Business Combination.

Executive Compensation Arrangements

Andres Fajardo Employment Agreement

We entered into an employment agreement with Mr. Fajardo in January 2018, which was amended by addenda effective October 31, 2019 and January 1 2022 (as amended, the "Fajardo Employment Agreement"). The Fajardo Employment Agreement provides for an employment term of three years subject to automatic renewal for subsequent 12-month periods unless terminated upon 90 days' notice by either party. The Fajardo Employment Agreement provides for an annual base salary of $275,000 (paid in COP) and an annual performance-based bonus of up to 70% of annual base salary. The Fajardo Employment Agreement provides that the Company will provide personal and family security services to Mr. Fajardo, if approved by the Board, but no such services were provided in 2022.

Pursuant to the Fajardo Employment Agreement, upon a termination of employment by us without cause (as defined in the Fajardo Employment Agreement), Mr. Fajardo will receive a severance payment equal to the greater of one year of his annual base salary and the amount of severance required by law, subject to Mr. Fajardo's execution of a release of claims in favor of the Company.

The Fajardo Employment Agreement provided for a one-time performance-based bonus equal to $120,000 in the event that Ecomedics S.A.S. achieves revenue of $1,250,000 over a three-month period, subject to Mr. Fajardo's continuous employment through the achievement of such goal (which goal was met in 2020, with corresponding payment in April 2021).

The Fajardo Employment Agreement includes a 12-month post-termination non-competition covenant. If Mr. Fajardo resigns or provides notice of non-renewal and the Company decides to enforce the non-competition covenant, the Company must pay Mr. Fajardo an amount equivalent to the annual base salary for the duration of the restricted period.

Detwiler Employment Agreement

In connection with the consummation of the Business Combination, we entered into an amended and restated employment agreement with Mr. Detwiler (the "Detwiler Employment Agreement") effective as of December 18, 2020. The Detwiler Employment Agreement provided for an employment term of two years, and was subject to automatic renewal for successive one-year periods thereafter, unless either we or Mr. Detwiler were to provide three months' notice of non-renewal. The Detwiler Employment Agreement provided for an annual base salary and annual target bonus of $150,000 (which amount was subsequently increased to $250,000 as of January 1, 2021) and 60% of annual base salary, respectively; provided that base salary for purposes of any severance determination would be deemed to be $250,000 or any greater base salary rate in effect on Mr. Detwiler's date of termination.

Upon a termination of employment by us without Cause (as defined in the Detwiler Employment Agreement), by Mr. Detwiler for Good Reason (as defined in the Detwiler Employment Agreement) or due to a non-renewal of the term by us, in each case occurring at any time prior to a Change of Control (as defined in the Detwiler Employment Agreement) or following the 24-month anniversary of the occurrence of a Change of Control, Mr. Detwiler would have received (i) any accrued but unpaid annual bonus for any year prior to the year in which the termination date occurred, payable when such bonus would have otherwise been paid, (ii) a pro-rated annual bonus for the year in which the termination date occurred, payable when such bonus would have otherwise been paid, (iii) accelerated vesting in full of all of Mr. Detwiler's outstanding equity and equity-based awards that were subject to service-vesting, (iv) pro-rated vesting of Mr. Detwiler's outstanding equity and equity-based awards that were subject to performance-vesting (based on the portion of the performance period served), which would have vested on the originally scheduled vesting dates based on actual performance during the performance period, (v) continued payment of Mr. Detwiler's then current annual base salary for a period of 24 months following the termination date, in accordance with our payroll practices, and (vi) subsidized COBRA premiums for Mr. Detwiler and his spouse and dependents for the lesser of 24 months following the termination of employment and such shorter period that represents the maximum period allowable under law.

Upon a termination of employment by us without Cause, by Mr. Detwiler for Good Reason or due to a non-renewal of the term by us, in each case during the 24-month period following the occurrence of a Change of Control, Mr. Detwiler would have received (i) any accrued but unpaid annual bonus for any year prior to the year in which the termination date occurred, payable when such bonus would have otherwise been paid, (ii) a pro-rated annual bonus for the year in which the termination date occurred, payable when such bonus would have otherwise been paid, (iii) accelerated vesting in full of all of Mr. Detwiler's outstanding equity and equity-based awards, (iv) a lump sum payment equal to 300% of Mr. Detwiler's then current annual base salary, and (v) subsidized COBRA premiums for Mr. Detwiler and his spouse and dependents for the lesser of 36 months following the termination of employment and such shorter period that represents the maximum period allowable under law.

Any severance payment to Mr. Detwiler would have been contingent upon the execution and non-revocation of a release of claims in favor of the Company.

Upon a termination of employment due to Mr. Detwiler's death or disability, Mr. Detwiler (or his estate, as applicable) would have received (i) any accrued but unpaid annual bonus for any year prior to the year in which the termination date occurred, payable when such bonus would have otherwise been paid, and (ii) accelerated vesting in full of all of Mr. Detwiler's outstanding equity and equity-based awards. Mr. Detwiler is subject to a one-year post-termination non-competition covenant with certain exceptions, and was subject to certain limitations on outside activities during the course of his employment.

Detwiler Separation Agreement

On February 8, 2022, our board of directors and Mr. Detwiler mutually determined that Mr. Detwiler would step down from his positions as our Chief Executive Officer and Chairman of our board of directors effective as of March 24, 2022. In connection with Mr. Detwiler's separation, he entered into a Separation and Release Agreement with us (the "Detwiler Separation Agreement"). Under the Detwiler Separation Agreement, and consistent with

the terms of the Detwiler Employment Agreement and Mr. Detwiler's equity award agreements, Mr. Detwiler has received, or will receive, the following payment and benefits following his last day of employment on March 24, 2022: (i) two times his annual base salary, payable in installments over 24 months; (ii) eligibility to be paid a 2022 annual bonus targeted at 70% of his base salary, measured against performance goals established for senior executives and pro-rated for the period from January 1, 2022 through March 24, 2022, payable at the same time 2022 annual bonuses are paid to other key executives of the Company (no such bonus was paid); (iii) Company reimbursement of COBRA premiums paid by Mr. Detwiler for continuation coverage for Mr. Detwiler and his spouse and dependents for 18 months (or up to 24 months if Mr. Detwiler is permitted to use continuation coverage under COBRA for a period in excess of 18 months); (iv) accelerated vesting of all of his unvested stock options and service-vesting restricted share units (including restricted share units that were previously subject to performance-vesting conditions that have been achieved), other than his award of service-vesting restricted share units granted on January 14, 2022 (the "2022 RSUs"); (v) accelerated vesting of 50,000 of the 2022 RSUs (which amount was scheduled to otherwise vest within 12 months of March 24, 2022); and (vi) a portion of his restricted share units that are subject to performance-vesting conditions that have not yet been met will remain outstanding and eligible to vest based on actual performance through the end of the applicable performance period.

The foregoing payments and benefits are subject to Mr. Detwiler's continued compliance with the restrictive covenants contained in the Detwiler Separation Agreement and entry into a release of claims in favor of the Company.

Henry R. Hague, III Employment Agreement

In February 2021, we entered into an employment agreement with Mr. Hague, providing for his position as Chief Financial Officer (the "Hague Employment Agreement"). The Hague Employment Agreement provides for an indefinite term, an annual base salary of $250,000 (which amount was subsequently increased to $300,000 as of July 1, 2021 and $315,000 as of April 1, 2022) and eligibility to receive a discretionary annual bonus targeted at 40% of the base salary (prorated for 2021 based on his February 2021 start date), based upon achievement of annual performance goals.

Upon a termination of employment by us without Cause (as defined in the Hague Employment Agreement), Mr. Hague will receive salary continuation of his then-existing base salary for a period of six months, payable in regular installments in accordance with the company's normal payroll practices.

Any severance payment to Mr. Hague is contingent upon the execution and non-revocation of a release of claims in favor of the Company.

Mr. Hague is subject to a 12-month post-termination non-competition restrictive covenant and an 18-month post-termination customer and employee non-solicitation restrictive covenant.

Julian Wilches Employment Agreement

We entered into an employment agreement with Mr. Wilches in January 2018, as amended by addenda effective October 21, 2019 and February 25, 2021 (as amended, the "Wilches Employment Agreement"). The Wilches Employment Agreement provides for an indefinite term. The Wilches Employment Agreement provides for an annual base salary of $240,000 (paid in COP) and an annual performance-based bonus of up to 25% of annual base salary. The Wilches Employment Agreement provides that the Company will cover personal and family security services, if approved by the Board, but no such services were provided in 2022.

The Wilches Employment Agreement does not include a severance provision (there was one that applied in before 2020, but it is no longer in effect).

Mr. Wilches is separately subject to a Confidentiality, Restrictive Covenants and Intellectual Property Agreement.

Kastin Employment Agreement

We entered into an employment agreement with Mr. Kastin (the "Kastin Employment Agreement") effective as of August 10, 2020. The Kastin Employment Agreement provided for an indefinite term. Pursuant to the Kastin Employment Agreement, Mr. Kastin's annual base salary and annual target bonus were $250,000 (which amount was subsequently increased to $300,000 as of July 1, 2021 and $315,000 as of April 1, 2022) and 40% of annual base salary, respectively.

Upon a termination of employment by us without Cause (as defined in the Kastin Employment Agreement), Mr. Kastin would have received one month of continued base salary for each three full months of employment by the Company, up to a maximum of six months of base salary.

Any severance payment to Mr. Kastin would have been contingent upon the execution and non-revocation of a release of claims in favor of the Company.

Mr. Kastin resigned voluntarily from the Company in December 2022 and did not receive any severance benefits.

Mr. Kastin is separately subject to a Confidentiality, Restrictive Covenants and Intellectual Property Agreement.

Director Compensation

Director Compensation Table

The following table sets forth information concerning the compensation of our non-employee directors for the year ended December 31, 2022.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1][2]	Total ($)
Gary M. Julien	53,750	74,312	128,062
Etienne Deffarges[3]	12,500	—	12,500
Elisabeth DeMarse	66,250	74,312	140,562
George J. Schultze[4]	56,667	87,379	144,046
William Muecke[5]	38,333	80,843	119,176

(1) Amounts reflect the full grant-date fair value of stock awards granted during the applicable year computed in accordance with Financial Accounting Standards Board ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock awards made to directors in Note 14 to our audited financial statements included in this prospectus.

(2) The table below shows the aggregate numbers of unvested restricted share units and deferred restricted share units held as of December 31, 2022 by each director who was serving as of December 31, 2022.

Name	Number of Unvested Restricted Share Units Outstanding at Fiscal Year End	Number of Deferred Restricted Share Units Outstanding at Fiscal Year End
Gary M. Julien	68,807	6,469
Etienne Deffarges	—	—
Elisabeth DeMarse	68,807	6,469
George J. Schultze	68,807	—
William Muecke	68,807	—

(3) Mr. Deffarges voluntarily resigned from our board of directors effective as of January 14, 2022.

(4) George J. Schultze was appointed as a new director and member of the Audit Committee, effective as of February 2, 2022, to fill the vacancy created by the departure of Etienne Deffarges on January 14, 2022.

(5) On March 16, 2022, William Muecke was appointed as a new director and member of the Compensation Committee and the Nominating and Governance Committee, effective as of March 25, 2022, to fill the vacancy resulting from the departure of Mr. Detwiler.

Amended and Restated Non-Employee Director Compensation Policy

Effective as of April 1, 2022, we adopted an amended and restated compensation policy for our non-employee directors (the "Amended and Restated Non-Employee Director Compensation Policy") that consists of annual cash retainer fees and long-term equity awards. Pursuant to the Amended and Restated Non-Employee Director

Compensation Policy, each of our non-employee directors receives an annual cash retainer of $50,000. The chairperson of our board of directors receives an additional annual cash retainer of $15,000, the chairperson of our audit committee receives an additional annual cash retainer of $15,000, the chairperson of our compensation committee receives an additional annual cash retainer of $5,000 and the chairperson of our nominating and governance committee receives an additional annual cash retainer of $5,000. Each annual cash retainer is paid quarterly in advance. No meeting fees are paid to any non-employee director for attending any meetings of our board of directors or its committees. Our directors who are also employees receive no compensation for their services as directors.

On the date of any annual meeting of our shareholders, each non-employee director is granted an award of restricted share units with respect to our common shares (the "Annual Award") with a grant-date value (based on the volume-weighted average price per our common share over the 20 consecutive trading-day period ending on the date of such annual meeting (or on the last preceding trading day if the date of the annual meeting is not a trading day)) equal to $75,000, rounded down to the nearest whole share. Non-employee directors who are appointed between annual meetings receive prorated awards (the "Initial Award"). Each such Annual Award and Initial Award vests on the earlier of (a) the day immediately preceding the date of the first annual meeting following the date of grant and (b) the first anniversary of the date of the annual meeting on which the award was granted (or, in the case of an Initial Award, the first anniversary of the date of the annual meeting that occurred immediately preceding the non-employee director's start date), subject to the non-employee director continuing in service on our board of directors through the applicable vesting date.

Our former Non-Employee Director Compensation Policy, which was replaced by the Amended and Restated Non-Employee Director Compensation Policy, provided for an initial grant to each non-employee director who served on our board of directors on the closing of the Business Combination (Gary M. Julien and Elisabeth DeMarse). Each such grant was made on February 26, 2021 in the form of an award of 7,000 restricted share units with respect to our common shares. Each such award vested on the day immediately preceding the date of our first annual meeting on June 29, 2021, subject to the non-employee director continuing in service on our board of directors through the applicable vesting date.

Each of the foregoing equity awards held by a non-employee director vest in full immediately prior to the occurrence of a Change in Control (as defined in the 2020 Plan), to the extent outstanding at such time. All equity awards granted under this policy are granted under, and subject to the limits of, the 2020 Plan and an award agreement thereunder.

Non-employee directors are permitted to defer settlement of shares underlying certain of their restricted share unit awards.

Pursuant to the Amended and Restated Non-Employee Director Compensation Policy, each non-employee director is reimbursed for any out-of-pocket expenses reasonably incurred by him or her in connection with services provided in such capacity.

Securities Authorized for Issuance Under Equity Compensation Plans

We maintain four equity compensation plans or arrangements under which common shares are authorized for issuance: (i) the 2020 Plan; (ii) the Earnout Plan; (iii) the 2018 Plan; and (iv) the non-plan option award agreements pursuant to which stock options were granted to certain of our Colombian service providers in 2020 (the "Non-Plan Option Agreements").

The Non-Plan Option Agreements were not approved by stockholders. Each option granted under the Non-Plan Option Agreements (i) has a per-share exercise price of $0.003, (ii) was eligible to vest in full on April 17, 2022, subject to the applicable service provider's continued service with us through such date (or, if earlier, the date of the service provider's termination of service by us without Cause within one year following the closing of a Change in Control (as such terms are defined in the 2018 Plan)), (iii) may be exercised no later than April 17, 2023, and (iv) is subject to and governed by the terms and conditions of the 2018 Plan as if such option had been granted thereunder.

The following table summarizes equity compensation plan information for the 2020 Plan, the Earnout Plan and the 2018 Plan, all stockholder approved, as a group, and for the Non-Plan Option Agreements, which are non-stockholder approved, in each case as of December 31, 2022.

Equity Compensation Plan Information Table

Plan Category	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)(a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights ($)(b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (#)(c)
Equity Compensation Plans Approved by Stockholders	2,287,501 (1)	7.54 (2)	1,680,596 (3)
Equity Compensation Plans Not Approved by Stockholders	20,920	0.0003 (2)	—
Total	2,308,421	7.15	1,680,596

(1) Includes common shares issuable pursuant to equity awards outstanding under (i) the 2018 Plan, which consists of options to purchase 327,627 common shares, (ii) the 2020 Plan, which consists of (a) options to purchase 82,850 common shares, and (b) 1,258,930 common shares subject to unvested restricted share units, and (iii) the Earnout Plan, which consists of 639,014 common shares subject to unvested restricted share units. The 2018 Plan was terminated as of December 18, 2020 in respect of future grants of awards and issuances and distributions of common shares, other than issuances of common shares upon the exercise of options or the vesting of restricted share units granted under the 2018 Plan that were outstanding on December 18, 2020.

(2) The weighted-average exercise price is calculated based solely on the exercise prices of the outstanding options and does not reflect the shares that will be issued upon the vesting of outstanding restricted share units, which have no exercise price.

(3) Includes (i) 1,141,945 common shares that remain available for future issuance under the 2020 Plan, (ii) 538,651 common shares that remain available for future issuance under the Earnout Plan.

DESCRIPTION OF SECURITIES

The following description of the material terms of our share capital includes a summary of certain provisions of our Articles that became effective upon the closing of the Business Combination. This description is qualified by reference to our Articles which are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part.

Share Capital

Our authorized share capital consists of an unlimited number of common shares without par value, an unlimited number of our non-voting common shares without par value and an unlimited number of preferred shares without par value.

Under our Articles, the common shares are entitled to receive notice of, and to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote. Each common share entitles its holder to one vote. Under our Articles, the non-voting common shares are entitled to receive notice of, and to attend all meetings of shareholders, however, the non-voting common shares shall not have any voting rights, except for any vote on special resolutions and exceptional resolutions. Under the BCA, a special resolution is a resolution on matters either as expressly set forth in our Articles or as otherwise required under the BCA passed by not less than two-thirds of the votes cast by the shareholders who voted in respect of such resolution or signed by all shareholders entitled to vote on such resolution. A special resolution is generally required to approve corporate matters that may materially affect the rights of shareholders or are of a transformative nature for the company (including, but not limited to, the winding up, dissolution or liquidation of the company, a plan of arrangement with shareholders and the removal of a director before the expiry of his or her term). An exceptional resolution is a resolution passed by a specified threshold of votes, which must be established in a corporation's articles, in excess of a special resolution. Although, under British Columbia corporate law, a corporation may specify in its articles that certain corporate actions cannot be completed unless approved by an exceptional resolution, our Articles currently do not require any matters to be passed by way of exceptional resolution. Each non-voting common share entitles its holder to one vote (voting together with common shares as a single class on an as-converted basis) with respect to all special resolutions and exceptional resolutions (except where only holders of another specified class of shares are entitled to vote pursuant to the provisions of our Articles or the BCA). Under our Articles, our board of directors has the authority to issue one or more series of preferred shares, with such special conditions to be created, defined and attached to such series by our directors.

Dividend Rights

Under the BCA, a corporation may pay a dividend out of profits, capital or otherwise: (1) by issuing shares or warrants by way of dividend or (2) in property, including money. Further, under the BCA, a corporation cannot declare or pay a dividend if there are reasonable grounds for believing that the corporation is insolvent or payment of the dividend would render the corporation insolvent.

Holders of common shares and non-voting common shares will be entitled to receive dividends when, as and if declared by our board of directors at its discretion out of funds legally available for that purpose, subject to the rights, if any, of shareholders holding shares with special rights to dividends. The timing, declaration, amount and payment of future dividends will depend on our financial condition, earnings, capital requirements and debt service obligations, as well as legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant. Under our Articles, a resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid up shares, bonds, debentures or other securities, or in any one or more of those ways, and if any difficulty arises in regard to the distribution, the directors may settle the difficulty as they think expedient, and, in particular, may set the value for distribution of specific assets or determine that cash payments in substitution for specific assets may be made to any shareholder. The holders of the non-voting common shares will be entitled to receive such dividends as may be granted to holders of the common shares in any financial year as our board of directors may by resolution determine. All dividends which our board of directors may declare on the common shares and the non-voting common shares shall be declared and paid on a *pari passu* basis on all common shares and non-voting common shares (on an as-converted basis, assuming conversion of all non-voting common shares) at the time outstanding.

Subject to the special rights and restrictions attached to the preferred shares, the holders of common shares and non-voting common shares (on an as-converted basis, assuming conversion of all non-voting common shares) shall receive, on a *pari passu* basis, our remaining property upon dissolution.

The non-voting common shares (on an as-converted basis, assuming conversion of all non-voting common shares) will participate on a *pari passu* basis with the common shares, without preference or distinction, in our remaining property and assets.

Preemptive Rights

There are no preemptive rights relating to common shares or non-voting common shares.

Amendment of Notice of Articles and Articles and Alteration of Share Capital

Under the BCA, we may amend our Articles by (1) the type of resolution specified in the BCA, (2) if the BCA does not specify a type of resolution, then by the type specified in our Articles, or (3) if our Articles do not specify a type of resolution, then by special resolution, which requires two-thirds of the votes cast by shareholders in order to pass. The BCA permits many substantive changes to a company's articles (such as a change in the company's authorized share structure or a change in the special rights or restrictions that may be attached to a certain class or series of shares) to be changed by the resolution specified in that company's articles. Our Articles provide that alterations to its authorized share structure or a change in our name by an alteration to our Notice of Articles may be passed by ordinary resolution. Furthermore, our Articles state that, if the BCA does not specify the type of resolution required for an alteration, and if our Articles do not specify a type of resolution, we may resolve to alter our Articles by ordinary resolution, which requires a majority of shareholder votes cast in order to pass.

Dissent Rights

Under the BCA, shareholders of a company are entitled to exercise dissent rights in respect of certain matters and to be paid the fair value of their shares in connection therewith. The dissent right is applicable where the company resolves such matters as to: (1) alter its articles or alter the restrictions on the powers of the company or on the business it is permitted to carry on; (2) approve certain mergers; (3) approve a statutory arrangement, where the terms of the arrangement permit dissent; (4) sell, lease or otherwise dispose of all or substantially all of its undertaking; or (5) continue the company into another jurisdiction. The BCA provides that beneficial owners of shares who wish to exercise their dissent rights with respect to their shares must dissent with respect to all of the shares beneficially owned by them, whether or not they are registered in their name.

Annual Meetings

Our Articles provide that, unless an annual general meeting is deferred or waived in accordance with the BCA, we must hold our first annual general meeting within 18 months after the date on which we were incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors (including a place or location that is entirely virtual such that the annual general meeting is held electronically without a physical location).

Board and Shareholder Ability to Call Special Meetings

Our Articles provide that meetings of the shareholders may be called by the board of directors at any time. In addition, under the BCA, the holders of not less than 5% of the issued shares of a company that carry the right to vote at a meeting may requisition that the directors call a meeting of shareholders for such purposes as stated in the requisition. Upon meeting the technical requirements set out in the BCA, the directors must, within 21 days after receiving the requisition, call a meeting of shareholders to be held not more than four months after receiving the requisition. If the directors do not call such a meeting within 21 days after receiving the requisition, the requisitioning shareholders or any of them holding in aggregate more than 2.5% of the issued shares of the company that carry the right to vote at general meetings may send notice of a meeting to be held to transact the business stated in the requisition.

Shareholder Meeting Quorum

Our Articles provide that one or more persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least 331/3% of the outstanding shares entitled to be voted at the meeting, constitute a quorum at any annual or special meeting of the shareholders.

Voting Rights

Under the BCA, at any meeting of shareholders at which a quorum is present, any action that must or may be taken or authorized by the shareholders, except as otherwise provided under the BCA and our Articles, may be taken or authorized by an "ordinary resolution," which is a simple majority of the votes cast by shareholders voting shares that carry the right to vote at general meetings. Our Articles provide that every motion put to a vote at a meeting of shareholders will be decided by a show of hands unless a poll is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy. Votes by a show of hands or functional equivalent result in each person having one vote (regardless of the number of shares such person is entitled to vote). If voting is conducted by poll, each person is entitled to one vote for each share such person is entitled to vote.

There are no limitations on the right of nonresident or foreign owners to hold or vote our securities imposed by Canadian law or by our Articles or other constituent document.

Shareholder Action by Written Consent

Under the BCA, shareholder action without a meeting may be taken by a "consent resolution" of shareholders, which requires that, after being submitted to all shareholders entitled to vote at a general meeting, the resolution is consented to in writing by: (1) in the case of a matter that would normally require an ordinary resolution, shareholders who, in the aggregate, hold shares carrying at least 66.2/3% of the votes entitled to be cast on such consent resolution, or (2) in the case of any other resolution of the shareholders, unanimous consent of the votes entitled to be cast on such consent resolution. A consent resolution of shareholders is deemed to be a proceeding at a meeting of those shareholders and to be as valid and effective as if it had been passed at a meeting of shareholders that satisfies all the requirements of the BCA and its related regulations, and all the requirements of our Articles, relating to meetings of shareholders.

Inspection of Corporate Records

We must keep at our records office, or at such other place as the BCA may permit, the documents, copies, registers, minutes and other records which we are required by the BCA to keep at such places. We must keep or cause to be kept proper books of account and accounting records in respect of all of our financial and other transactions and in compliance with the provisions of the BCA. Under the BCA, any director or shareholder may, without charge, inspect certain of our records at our records office or such other place where such records are kept during the corporation's statutory business hours. Former shareholders and directors may also inspect certain records, free of charge, but only those records pertaining to the times that they were shareholders or directors. Further, a public company must allow all persons to inspect certain records of the company free of charge. As permitted by the BCA, our Articles prohibit shareholders from inspecting any of our accounting records, unless the directors determine otherwise.

Election and Appointment of Directors

Our Articles do not provide for the board of directors to be divided into classes.

At any general meeting at which directors are to be elected, a separate vote of shareholders entitled to vote shall be taken with respect to each candidate nominated for director. Pursuant to our Articles, any casual vacancy occurring on the board of directors may be filled by the remaining directors. If we have fewer directors in office than the number set by our Articles as the necessary quorum for the directors, the directors may only act for the purpose of appointing directors up to that number or by summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the BCA, for any other purpose. If we have no directors or fewer directors in office than the number set by our Articles as the necessary quorum for the directors, the shareholders may, by ordinary resolution, elect or appoint directors to fill the vacancies of the board. Pursuant to our Articles, our directors may appoint one or more additional directors, but the number of additional directors shall not exceed one

third the number of the first directors and thereafter, not more than one third the number of directors who were elected or appointed between the two preceding annual general meetings. The filling of a casual vacancy by our directors shall not be counted against such cap.

Removal of Directors

Pursuant to our Articles, our shareholders that are entitled to vote may remove any director before the expiration of his or her term of office by special resolution, which requires a special majority requirement of two-thirds of the votes cast in favor of the resolution. In that event, the shareholders may elect, by ordinary resolution, another individual as director to fill the resulting vacancy. If the shareholders do not appoint a director to fill the vacancy contemporaneously with removal, then either the directors or the shareholders by ordinary resolution may appoint an additional director to fill that vacancy.

Our directors may remove a director before the expiration of his or her period of office if the director is convicted of an indictable offence or otherwise ceases to qualify as a director and the directors may appoint a director to fill the resulting vacancy.

Proceedings of Board of Directors

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held.

Requirements for Advance Notification of Shareholder Nominations

Pursuant to our Articles, shareholders of record entitled to vote will nominate persons for election to our board of directors only by providing proper notice to our CFO. In the case of annual meetings, proper notice must be given, generally between 30 and 65 days prior to the first anniversary of the prior year's annual meeting as first specified in the notice of meeting, however for special meetings of shareholders or in the event that the annual meeting of shareholders is held on a date that is less than 50 days after the date on which the first public announcement of the meeting was made, the notice must be given on the 10th day following the date such meeting notice is made. Such notice must include, among other information, certain information with respect to each shareholder nominating persons for elections to the board of directors, a certification signed by each nominee consenting to being named in the proxy circular as a nominee and that such nominee intends to serve as a director for the full term if so elected, disclose about any proxy, contract, arrangement, understanding or relationship pursuant to which the nominating shareholder has a right to vote our shares and any other information we may reasonably require to determine the eligibility of the nominee to serve as a director.

Approval of Certain Transactions

Under the BCA, certain corporate actions, such as: (1) amalgamations (other than with certain affiliated corporations); (2) continuances; (3) sales, leases or exchanges of all, or substantially all, the property of a corporation other than in the ordinary course of business; (4) reductions of paid-up capital for any purpose, e.g. in connection with the payment of special distributions (subject, in certain cases, to the satisfaction of solvency tests) that does not render the articles or notice of articles incorrect; and (5) other actions such as liquidations or arrangements, are required to be approved by "special resolution." A "special resolution" is a resolution passed by not less than two-thirds of the votes cast by the shareholders who voted in respect of the resolution or signed by all shareholders entitled to vote on the resolution.

In certain specified cases where share rights or special rights may be prejudiced or interfered with, a special resolution of shareholders to approve the corporate action in question affecting the share rights or special rights, is also required to be approved separately by the holders of a class or series of shares, including a class or series of shares not otherwise carrying voting rights. In specified extraordinary corporate actions, such as approval of plans of arrangements and amalgamations all shares have a vote, whether or not they generally vote and, in certain cases, have separate class votes.

For provisions of our Articles that could delay or prevent a change of control, see the section titled "Risk Factors — Risks Related to Ownership of Our Securities — Certain provisions of our Articles could hinder, delay or prevent a change in control of the Company, which could limit the price investors might be willing to pay in the future for our securities."

Limitations on Director Liability and Indemnification of Directors and Officers

Under the BCA, no provision in a contract or the articles may relieve a director or officer from (1) the duty to act in accordance with the BCA and its related regulations, or (2) liability that by virtue of any enactment or rule of law or equity would otherwise attach to that director or officer in respect of any negligence, default, breach of duty or breach of trust of which the director or officer may be guilty in relation to a company.

A director is not liable under the BCA for certain acts if the director relied, in good faith, on (1) financial statements of the company represented to the director by an officer of the company or in a written report of the auditor of the company to fairly reflect the financial position of the company, (2) a written report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person, (3) a statement of fact represented to the director by an officer of the company to be correct, or (4) any record, information or representation that the court considers provides reasonable grounds for the actions of the director, whether or not that record was forged, fraudulently made or inaccurate. Further, a director is not liable for certain acts if the director did not know and could not reasonably have known that the act done by the director or authorized by the resolution voted for or consented to by the director was contrary to the BCA.

In connection with the Closing, we approved a form of indemnity agreement for our directors and officers. For a description of the indemnity agreement, see the section titled "*Executive and Director Compensation.*"

Derivative and Other Suits

Under the BCA, a complainant (a director or shareholder of a company, which includes a beneficial shareholder, and any other person that a court considers to be an appropriate person to make such an application) may apply to the Supreme Court of the Province of British Columbia for leave to bring an action in our name and on our behalf, or to intervene in an existing action to which we are a party, for the purpose of prosecuting or defending an action on our behalf.

The court may grant leave if: (1) the complainant has made reasonable efforts to cause our directors to prosecute or defend the action; (2) notice of the application for leave has been given to us and any other person that the court may order; (3) the complainant is acting in good faith; and (4) it appears to the court to be in our best interests for the action to be brought, prosecuted or defended.

Under the BCA, the court in a derivative action may make any order it determines to be appropriate. In addition, under the BCA, a court may order a company or its subsidiary to pay the shareholder's interim costs, including legal fees and disbursements. However, the shareholder may be held accountable for the costs on final disposition of the action.

The BCA's oppression remedy enables a court to make almost any order to rectify the matters complained of if the court is satisfied upon application by a shareholder (including a beneficial shareholder and any other person that the court considers to be an appropriate person to make such an application) that our affairs are being conducted in a manner that is oppressive to one or more shareholders, or that some action has been or may be taken that is unfairly prejudicial to one or more shareholders. The applicant must be one of the persons being oppressed or prejudiced and the application must be brought in a timely manner.

The oppression remedy provides the court with extremely broad and flexible jurisdiction to intervene in corporate affairs to protect shareholders. While conduct that is in breach of fiduciary duties of directors or that is contrary to the legal right of a complainant will normally trigger the court's jurisdiction under the oppression remedy, the exercise of that jurisdiction does not depend on a finding of a breach of such legal and equitable rights.

Exclusive Forum

Our Articles provide, in all cases to the fullest extent permitted by law, that unless we consent in writing to the selection of an alternative forum, the Supreme Court of the Province of British Columbia, Canada will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or shareholders to us or our shareholders, any action asserting a claim arising pursuant to the BCA or our Articles, and any action asserting a claim related to the relationships among us, our affiliates and their respective shareholders, directors or officers. The exclusive U.S. federal forum provision in our Articles requires claims arising under the Securities Act to be brought in U.S. federal court. Pursuant to the Exchange Act, U.S. federal courts have exclusive jurisdiction for claims arising under the Exchange Act. Investors cannot waive compliance with the U.S. federal securities laws and the rules and regulations thereunder. The exclusive British Columbia forum provision in our Articles would not prevent derivative shareholder actions based on claims arising under U.S. federal securities laws under the Securities Act or the Exchange Act from being raised in a U.S. federal court. The BCA restricts derivative actions brought pursuant to the BCA to the Supreme Court of the Province of British Columbia, Canada. There is uncertainty whether a U.S. court would enforce the exclusive British Columbia forum provision in our Articles.

If any such action or proceeding is filed in a Court other than the Supreme Court of the Province of British Columbia, Canada and the appellate courts therefrom (a "Foreign Action") in the name of any securityholder, such securityholder shall be deemed to have consented to the personal jurisdiction of the Supreme Court of the Province of British Columbia, Canada and the appellate courts therefrom, in connection with any action or proceeding brought in any such court to enforce the preceding sentence and having service of process made upon such securityholder in any such action or proceeding by service upon such securityholder's counsel in the Foreign Action as agent for such securityholder.

Warrants

In connection with the Closing, on December 18, 2020, we entered into an assignment, assumption and amendment agreement (the "Warrant Amendment") with respect to the warrant agreement, dated as of December 10, 2018, initially between SAMA and Continental (the "Warrant Agreement") with SAMA and Continental, as warrant agent, pursuant to which, as of the Merger Effective Time, (a) each SAMA warrant that was outstanding immediately prior to the Merger Effective Time no longer represents a right to acquire one share of SAMA common stock and instead represents the right to acquire one common share under the same terms as set forth in the Warrant Agreement, and (b) SAMA assigned to us all of SAMA's right, title and interest in and to the Warrant Agreement and we assumed, and agreed to pay, perform, satisfy and discharge in full, all of SAMA's liabilities and obligations under the Warrant Agreement arising from and after the Merger Effective Time. As of March 27, 2023, there were 17,777,361 warrants to acquire our common shares issued and outstanding.

On April 12, 2021, the Company, Continental and Computershare Inc. ("Computershare") entered into the Second Warrant Agreement, pursuant to which Computershare replaced Continental as the warrant agent under the Warrant Agreement.

Pursuant to the Waiver, the Sponsor waived its right to exercise any of its 4,900,000 warrants to purchase our common shares, which waiver the Sponsor may terminate by providing us 61 days' prior written notice.

Exercise of warrants

The warrants became exercisable 30 days after the Closing and will expire on December 18, 2025 (the fifth anniversary of the Closing), at 5:00 p.m., New York City time, or earlier upon redemption or liquidation. No warrants will be exercisable for cash unless we have an effective and current registration statement covering the common shares issuable upon exercise of the warrants and a current prospectus relating to such common shares. Notwithstanding the foregoing, warrant holders may, during any period when we have failed to maintain an effective registration statement covering the common shares issuable upon exercise of the public warrants, exercise warrants on a cashless basis pursuant to the exemption provided by Section 3(a)(9) of the Securities Act, provided that such exemption is available. If that exemption, or another exemption, is not available, warrant holders will not be able to exercise their warrants on a cashless basis. In such event, each holder would pay the exercise price by surrendering the warrants for that number of

common shares equal to the quotient obtained by dividing (x) the product of the number of common shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" by (y) the fair market value. The "fair market value" for this purpose will mean the average reported last sale price of common shares for the five trading days ending on the trading day prior to the date of exercise. Under the terms of the Warrant Agreement (as amended by the Warrant Amendment), we agreed that, as soon as practicable after the closing of the Business Combination, we would use our best efforts to file with the SEC a registration statement for the registration under the Securities Act of the common shares issuable upon exercise of the warrants and to maintain the effectiveness of such registration statement until the expiration of the warrants. The Post-Effective Amendment No. 4 is being filed to comply with this requirement.

Redemption of warrants

We may call the warrants for redemption (excluding the private placement warrants), in whole and not in part, at a price of $0.01 per warrant,

- at any time during the exercise period;
- upon not less than 30 days' prior written notice of redemption to each warrant holder;
- if, and only if, the reported last sale price of common shares equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations), for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the common shares underlying such warrants.

The right to exercise will be forfeited unless the warrants are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of a warrant will have no further rights except to receive the redemption price for such holder's warrant upon surrender of such warrant.

If we call the warrants for redemption as described above, our management will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis." In such event, each holder would pay the exercise price by surrendering the warrants for that number of common shares equal to the quotient obtained by dividing (x) the product of the number of common shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of common shares for the five trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

Adjustments

The exercise price and number of common shares issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or our recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of shares of common stock at a price below their respective exercise prices.

Amendments to terms of warrants

The warrants were issued in registered form under the Warrant Agreement (as amended by the Warrant Amendment). The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval, by written consent or vote, of the holders of at least 50% of the then outstanding warrants in order to make any change that adversely affects the interests of the registered holders.

Private placement warrants

The private placement warrants are identical to the public warrants, except that, if held by the original holder or their permitted assigns, they (i) may be exercised on a cashless basis and (ii) are not subject to redemption.

If holders of the private placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of common shares equal to the quotient obtained by dividing (x) the product of the number of common shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" by (y) the fair market value. The "fair market value" for this purpose will mean the average reported last sale price of the common shares for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

Other terms

Warrant holders will not have the rights or privileges of holders of common shares and any voting rights until they exercise their warrants and receive common shares.

No fractional shares will be issued upon exercise of the warrants. If, by reason of any adjustment made pursuant to the Warrant Agreement, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number the number of common shares to be issued to the warrant holder.

Warrant holders may elect to be subject to a restriction on the exercise of their warrants such that an electing warrant holder would not be able to exercise their warrants to the extent that, after giving effect to such exercise, such holder would beneficially own in excess of 9.8% of the common shares outstanding.

Any common share issued upon the exercise of a warrant may be issued by us in uncertificated or book entry form.

Listing of Securities

Our common shares and warrants are listed on the Nasdaq Capital Market under the symbols "CLVR" and "CLVRW", respectively.

Registration Rights

Investors' Rights Agreement

In connection with, and as a condition to the consummation of, the Business Combination, we entered into the Investors' Rights Agreement with certain SAMA stockholders. Pursuant to the terms of the Investors' Rights Agreement, such SAMA stockholders have demand, "piggy-back" and Form S-3 registration rights, subject to certain minimum requirements and customary conditions. For further details see "*Certain Relationships and Related Person Transactions — Transactions Related to the Business Combination — Investors' Rights Agreement*."

Warrant Agreement

Pursuant to the Warrant Agreement that was assumed by us in connection with the Business Combination, we are required to use our best efforts to maintain the effectiveness of the registration statement coving the common shares issuable upon exercise of the warrants until the expiration of the warrants. This Post-Effective Amendment No. 4 is being filed to comply with this requirement. Warrant holders may during any period when we shall have failed to maintain an effective registration statement, exercise warrants on a cashless basis.

Subscription Agreements

Pursuant to the terms of the Subscription Agreements, we are required to use our commercially reasonable efforts to maintain the effectiveness of the Resale Registration Statement until the earliest of (a) the date on which all of the PIPE Shares may be sold without restriction under Rule 144, (b) the date on which the Subscribers cease to hold any PIPE Shares acquired pursuant to the Business Combination, and (c) the second anniversary of the Closing; provided that the period under this clause (c) may be extended by the same number of days that the Resale Registration Statement is entitled to be suspended under the Subscription Agreements. This Post-Effective Amendment No. 4 is being filed to comply with this requirement.

We are entitled to delay, postpone or suspend the effectiveness of the Resale Registration Statement if an event has occurred that our board of directors reasonably believes would require additional disclosure by the Company in the Resale Registration Statement of material non-public information. However, we may not delay or suspend the Resale Registration Statement on more than two occasions in any 12-month period or for more than 60 consecutive days, or more than 90 total days, in each case during any 12-month period.

Transfer Restrictions

Transfer Restrictions under our Articles

Pursuant to our Articles, no holder of non-voting common shares may transfer any of the non-voting common shares, except pursuant to a Merger Event (as defined in our Articles).

Rule 144

Pursuant to Rule 144 under the Securities Act ("Rule 144"), a person who has beneficially owned restricted common shares or warrants for at least six months would be entitled to sell their securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale and have filed all required reports under Section 13 or 15(d) of the Exchange Act during the 12 months (or such shorter period as it was required to file reports) preceding the sale.

Persons who have beneficially owned restricted common shares or warrants for at least six months but who are our affiliates at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- one percent (1%) of the total number of common shares then issued and outstanding; or
- the average weekly reported trading volume of the common shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by our affiliates under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about the Company.

Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports; and
- at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Related Party Transaction Policy

Our Board adopted a written policy regarding the review, approval and ratification of transactions with related persons as that term is defined in Item 404(a) of Regulation S-K ("Related Person"). This policy provides any proposed related party transaction involving our directors, officers, nominees for directors or a 5% shareholder, or an otherwise Related Person, shall be brought to our attention and reviewed by our general counsel. Our general counsel obtains the facts to determine whether a conflict or potential conflict exists and determines whether the transaction or relationship constitutes a related party transaction or should otherwise be reviewed by the Audit Committee. The Audit Committee is responsible for the review, approval or ratification of related party transactions and may, in its discretion, approve, ratify or take other action with respect to a transaction.

Certain Relationships and Transactions with Related Persons

On February 2, 2022, we entered into the Waiver of Certain Rights (the "Waiver") with the Sponsor, pursuant to which the Sponsor (1) waived its right to exercise any of its 4,900,000 warrants to purchase our common shares, which waiver the Sponsor may terminate by providing us 61 days' prior written notice; (2) waived its right to nominate a director to the Board pursuant to the Investors' Rights Agreement, dated December 18, 2020, by and among us, the Sponsor and certain investors named therein, until the earlier of when George J. Schultze (i) is no longer a member of the Audit Committee or (ii) ceases to be a eligible to be a member of the Audit Committee under the rules and regulations of Nasdaq (the period commencing on February 2, 2022 and ending on such date, the "Restricted Period"); (3) agreed not to acquire, directly or indirectly, by means of purchase or in any other manner, beneficial or economic ownership of any of our securities during the Restricted Period; and (4) agreed that it will not, without prior written consent of the Board, dispose of any of our common shares, warrants or any securities convertible into, or exercisable, or exchangeable for, common shares until the date that is 12 months after the date of the Waiver.

Other Agreements

For a description of the employment agreements and compensation arrangements with our executive officers and directors, see the section titled "*Executive and Director Compensation.*"

PRINCIPAL SECURITYHOLDERS

The following table sets forth information regarding beneficial ownership of our common shares as of March 27, 2023 by each of our directors and named executive officers, all our directors and current executive officers as a group and each person known by us to be the beneficial owner of more than 5% of our issued and outstanding common shares.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all common shares beneficially owned by them.

In accordance with the SEC rules governing beneficial ownership, the calculation of percentage ownership includes common shares that each holder has the right to acquire within 60 days but does not include any other common shares issuable upon the exercise of any other outstanding options, warrants or similar instruments held by other persons.

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned	Percentage of Outstanding Common Shares[1]
Directors and Named Executive Officers:[2]		
Kyle Detwiler[3]	2,363,236	5.3%
Andres Fajardo[4]	516,777	1.2%
Henry R. Hague III[5]	74,793	*
David Kastin	8,276	*
Julian Wilches[6]	744,604	1.7%
Elisabeth DeMarse[5]	7,000	*
Gary M. Julien[5]	7,000	*
George J. Schultze[5][7]	2,255,313	5.1%
William Muecke[5]	57,816	*
All directors and current executive officers as group (7 persons)	3,663,303	8.2%
Greater than 5% Shareholders:		
Neem Holdings, LLC[8]	2,668,551	6.0%
Schultze Special Purpose Acquisition Sponsor, LLC (the "Sponsor")[9]	2,248,844	5.0%

* Less than 1%

(1) Percentages are based on 44,577,483 common shares outstanding as of March 27, 2023.

(2) Unless otherwise noted, the business address of each of these individuals is Bodega 19 -B Parque Industrial Tibitoc P.H, Tocancipá — Cundinamarca, Colombia.

(3) The number of common shares shown as beneficially owned by Mr. Detwiler consists of (i) 2,161,026 common shares owned directly by Mr. Detwiler, (ii) 202,210 common shares issuable upon exercise of the vested options owned by Mr. Detwiler. The number of common shares shown as beneficially owned does not include equity awards that do not vest within 60 days of March 27, 2023.

(4) Includes 405,607 common shares owned by Inversiones Mojo CL FA S.A.S., which is controlled by Mr. Fajardo, and shares issuable upon exercise of options that are exercisable within 60 days. The number of common shares shown as beneficially owned does not include equity awards that do not vest within 60 days of March 27, 2023.

(5) The number of common shares shown as beneficially owned does not include equity awards that do not vest within 60 days of March 27, 2023.

(6) Includes common shares owned by Just Go S.A.S., which is controlled by Mr. Wilches, and shares issuable upon exercise of options that are exercisable within 60 days. The number of common shares shown as beneficially owned does not include equity awards that do not vest within 60 days of March 27, 2023.

(7) Based on information contained in Amendment No. 1 to Schedule 13D filed February 7, 2022, consists of 2,248,844 common shares held by the Sponsor and 6,469 RSUs Mr. Schultze received in connection with his appointment to the Board and in accordance with the Non-Employee Director Compensation Policy. The number of common shares shown as beneficially owned does not include 4,900,000 warrants that cannot be exercised within 60 days of March 27, 2023. The address for the entity and individual identified in this footnote is c/o Schultze Special Purpose Acquisition Sponsor, LLC, 800 Westchester Avenue, Suite S-632, Rye Brook, New York 10573.

(8) Based on information contained in Amendment No. 2 to Schedule 13G filed February 9, 2023, consists of 2,668,551 common shares held by Neem Holdings, LLC ("Neem Holdings"). Farallon Capital Management, L.L.C. ("FCM"), as the manager of Neem Holdings, may be deemed to beneficially own such common shares held by Neem Holdings. Each of Philip D. Dreyfuss, Michael B. Fisch, Richard B. Fried, Varun N. Gehani, Nicolas Giauque, David T. Kim, Michael G. Linn, Rajiv A. Patel, Thomas G. Roberts, Jr., William Seybold, Andrew J.M. Spokes, John R. Warren and Mark D. Wehrly (the "Managing Members"), as a senior managing member or managing member, as the case may be, of FCM, in each case with the power to exercise investment discretion, may be deemed to beneficially own such common shares held by Neem Holdings. Each of FCM and the Managing Members disclaims beneficial ownership of any such common shares. The address for each of the entities and individuals identified in this footnote is c/o Farallon Capital Management, L.L.C., One Maritime Plaza, Suite 2100, San Francisco, California 94111.

(9) Based on information contained in Amendment No. 1 to Schedule 13D filed February 7, 2022, the number of common shares shown as beneficially owned does not include 4,900,000 warrants that cannot be exercised within 60 days of March 27, 2023. The address for the Sponsor is c/o Schultze Special Purpose Acquisition Sponsor, LLC, 800 Westchester Avenue, Suite S-632, Rye Brook, New York 10573.

SELLING SECURITYHOLDERS

This prospectus relates to the possible resale by the selling securityholders of up to (i) 3,654,707 common shares beneficially owned by the selling securityholders, (ii) 4,900,000 warrants held by the Sponsor and (iii) 4,900,000 common shares issuable upon the exercise of warrants held by the Sponsor.

The selling securityholders may from time to time offer and sell any or all of the securities set forth below pursuant to this prospectus. When we refer to the "selling securityholders" in this prospectus, we mean the persons listed in the table below, and the pledgees, donees, transferees, assignees, successors and others who later come to hold any of the selling securityholders' interest in our securities after the date of this prospectus.

The table below identifies each of the selling securityholders and provides other information regarding the beneficial ownership of our common shares by each of the selling securityholders. The second column lists the number of common shares and warrants, and the percentage beneficially owned by each selling securityholder, based on its ownership of our securities as of March 27, 2023 unless otherwise stated. In accordance with SEC rules, individuals and entities below are shown as having beneficial ownership over shares they own or have the right to acquire within 60 days, as well as shares for which they have the right to vote or dispose of such shares. Also in accordance with SEC rules, for purposes of calculating percentages of beneficial ownership, shares which a person has the right to acquire within 60 days are included both in that person's beneficial ownership as well as in the total number of shares issued and outstanding used to calculate that person's percentage ownership but not for purposes of calculating the percentage for other persons. For purposes of this column, the Sponsor is indicated to own 4,900,000 warrants, although the Sponsor does not beneficially own such warrants in accordance with SEC rules as the Sponsor has waived its right to exercise any of such warrants without providing us 61 days' prior written notice. See "*Certain Relationships and Related Person Transactions*."

The third column lists the maximum number of common shares and warrants being offered pursuant to this prospectus by the selling securityholders.

The fourth column lists the common shares and warrants, and the percentage to be beneficially owned by each selling securityholder after completion of this offering.

The information presented regarding the selling securityholders is based, in part, on information the selling securityholders provided to us in writing specifically for use herein. The securities held by certain of the selling securityholders are subject to transfer restrictions, as described in the section entitled "*Description of Securities — Transfer Restrictions.*"

We cannot advise you as to whether the selling securityholders will in fact sell any or all of such securities. In addition, the selling securityholders may sell, transfer or otherwise dispose of, at any time and from time to time, the securities in transactions exempt from the registration requirements of the Securities Act after the date of this prospectus, subject to applicable law. Because the selling securityholders may not sell or otherwise dispose of some or all of the securities covered by this prospectus and because there are currently no agreements, arrangements or understandings with respect to the sale or other disposition of any of the securities, we cannot estimate the number of securities that will be held by the selling securityholders after completion of the offering. However, for purposes of this table, we have assumed that all of the common shares and warrants beneficially owned by the selling securityholders that are covered by this prospectus will be sold by them.

Selling securityholder information for each additional selling securityholder, if any, will be set forth by prospectus supplement to the extent required prior to the time of any offer or sale of such selling securityholder's securities pursuant to this prospectus. Any prospectus supplement may add, update, substitute, or change the information contained in this prospectus, including the identity of each selling securityholder and the number of common shares registered on its behalf. A selling securityholder may sell all, some or none of such securities in this offering. See "*Plan of Distribution*."

Unless otherwise indicated, we believe that the persons named below have sole voting and dispositive power with respect to all securities that they beneficially own. The shares owned by the selling securityholders named below do not have voting rights different from the shares owned by other holders.

	Securities Beneficially Owned prior to this Offering			Maximum Number of Securities to Be Sold in this Offering		Securities Beneficially Owned after this Offering		
Name of Selling Securityholder	Common Shares	Warrants	Percentage[(1)]	Common Shares	Warrants	Common Shares	Warrants	Percentage[(1)]
Schultze Special Purpose Acquisition Sponsor, LLC[(2)]	2,248,844	4,900,000	5.0%	2,248,844	4,900,000	—	—	—
Neem Holdings, LLC[(3)]	2,668,551	—	6.0%	563,909	—	2,155,209	—	4.8%
Kyle Detwiler[(4)]	2,363,236	—	5.3%	500,000	—	1,960,684	—	4.4%
CONTEXT|TCM TACTICAL OPPORTUNITIES SERIES OF THE CONTEXT TCM SERIES FUND LP[(5)]	281,954	—	1.0%	281,954	—	—	—	—
William G. LaPerch[(6)]	20,000	—	*	20,000	—	—	—	—
William T. Allen[(7)]	20,000	—	*	20,000	—	—	—	—
John J. Walker[(8)]	20,000	—	*	20,000	—	—	—	—

* Less than 1%

(1) Percentages are based on 44,577,483 common shares outstanding as of March 27, 2023.2) Based on information contained in Amendment No. 1 to Schedule 13D filed February 7, 2022, the percentage of securities shown as beneficially owned before the offering does not include 4,900,000 warrants that cannot be exercised within 60 days of March 27, 2023. Schultze Asset Management is the manager of the Sponsor, and Schultze Master Fund, Ltd is the majority owner of the Sponsor. Each of Schultze Asset Management and Schultze Master Fund, Ltd is controlled by George J. Schultze. Accordingly, Mr. Schultze may be deemed to beneficially own all of the shares held by the Sponsor. Mr. Schultze disclaims beneficial ownership of any securities held by the Sponsor except to the extent of his pecuniary interest therein. The address of each of the individuals is 800 Westchester Avenue, Suite S -632, Rye Brook, New York 10573. Our securities owned by the Sponsor are subject to certain transfer restrictions. For further details see the sections titled "*Description of Securities — Transfer Restrictions — Transfer Restrictions under the Stock Escrow Agreement,"* and *"Description of Securities — Transfer Restrictions — Transfer Restrictions under the Transaction Support Agreement*."

(3) Based on information contained in Amendment No. 2 to Schedule 13G filed February 9, 2023, consists of 2,668,551 common shares held by Neem Holdings, LLC ("Neem Holdings"). This prospectus registers the resale of 421,053 common shares acquired by Neem Holdings in the SAMA PIPE and 142,856 common shares acquired by Neem Holdings in connection with the Convertible Debenture Investment. Farallon Capital Management, L.L.C. ("FCM"), as the manager of Neem Holdings, may be deemed to beneficially own such common shares held by Neem Holdings. Each of Philip D. Dreyfuss, Michael B. Fisch, Richard B. Fried, Varun N. Gehani, Nicolas Giauque, David T. Kim, Michael G. Linn, Rajiv A. Patel, Thomas G. Roberts, Jr., William Seybold, Andrew J.M. Spokes, John R. Warren and Mark D. Wehrly (the "Managing Members"), as a senior managing member or managing member, as the case may be, of FCM, in each case with the power to exercise investment discretion, may be deemed to beneficially own such common shares held by Neem Holdings. Each of FCM and the Managing Members disclaims beneficial ownership of any such common shares. The address for each of the entities and individuals identified in this footnote is c/o Farallon Capital Management, L.L.C., One Maritime Plaza, Suite 2100, San Francisco, California 94111.

(4) The number of common shares shown as beneficially owned by Mr. Detwiler consists of (i) 2,126,993 common shares owned directly by Mr. Detwiler, and (ii) 236,243 common shares owned by Silver Swan, LLC, which is controlled by Mr. Detwiler. The number of common shares shown as beneficially owned does not include equity awards that do not vest within 60 days of March 27, 2023. This prospectus registers the resale of (i) 300,000 common shares owned directly by Mr. Detwiler, and (ii) 200,000 common shares owned by Silver Swan, LLC, which is controlled by Mr. Detwiler. The business address of Mr. Detwiler and Silver Swan, LLC is 6501 Congress Ave, Suite 240, Boca Raton, Florida. Mr. Detwiler was our Chief Executive Officer and Chairman of our board of directors until March 24, 2022. Our common shares received by Mr. Detwiler in exchange for his securities of Clever Leaves as part of the Business Combination are subject to certain transfer restrictions.

(5) The number of common shares shown as beneficially owned and registered for resale consists of 210,526 common shares acquired in the SAMA PIPE and 71,428 common shares acquired in connection with the Convertible Debenture Investment. The business address of CONTEXT|TCM TACTICAL OPPORTUNITIES SERIES OF THE CONTEXT TCM SERIES FUND LP is 777 Westchester Avenue, Suite 203, White Plains, NY 10604.

(6) The business address of Mr. LaPerch is 800 Westchester Avenue, Suite S -632 Rye Brook, New York 10573. Our common shares owned by Mr. LaPerch are subject to certain transfer restrictions.

(7) The business address of Mr. Allen is 800 Westchester Avenue, Suite S -632 Rye Brook, New York 10573. Our common shares owned by Mr. Allen are subject to certain transfer restrictions.

(8) The business address of Mr. Walker is 800 Westchester Avenue, Suite S -632 Rye Brook, New York 10573. Our common shares owned by Mr. Walker are subject to certain transfer restrictions.

Material Relationships with Selling Securityholders

Other than as described in this prospectus, including the section titled "*Certain Relationships and Related Person Transactions*," the selling securityholders have not within the past three years had any position, office or other material relationship with us or any of our predecessors or affiliates other than as a holder of our securities.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary based on present law of certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) of common shares, warrants and options granted under the 2018 Plan. This discussion is not a complete description of all tax considerations that may be relevant to a U.S. Holder of common shares warrants, or options granted under the 2018 Plan; it is not a substitute for tax advice. It applies only to U.S. Holders that will hold common shares, warrants or options granted under the 2018 Plan as capital assets and use the U.S. dollar as their functional currency. In addition, it does not describe all of the U.S. federal income tax considerations that may be relevant to a U.S. Holder in light of a U.S. Holder's particular circumstances, including U.S. Holders subject to special rules, such as banks or other financial institutions, insurance companies, tax-exempt entities, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, partnerships and other pass-through entities (including S-corporations), U.S. expatriates, persons liable for the alternative minimum tax, persons that directly, indirectly or constructively, own 5% or more of the total combined voting power of the Company's voting stock or of the total value of the Company's equity interests, investors that will hold common shares, warrants or options granted under the 2018 Plan in connection with a permanent establishment or fixed base outside the United States, or investors that will hold securities as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction. This summary also does not address U.S. federal taxes other than the income tax (such as estate or gift taxes) or U.S. state and local, or non-U.S. tax laws or considerations.

As used in this section, "U.S. Holder" means a beneficial owner of common shares, warrants or options granted under the 2018 Plan that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court; or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal income tax treatment of a partner in a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that holds common shares or warrants generally will depend on the status of the partner and the activities of the partnership. Partnerships that hold Company shares or warrants should consult their own tax advisors regarding the specific U.S. federal income tax consequences to their partners of the partnership's ownership and disposition of common shares or warrants.

U.S. federal income tax consequences of U.S. Holders of common shares and warrants

Taxation of dividends and other distributions on our common shares

Subject to the discussion below under "— Passive Foreign Investment Company Rules," the gross amount of any distribution of cash or property (other than certain pro rata distributions of ordinary stock) with respect to common shares will be included in a U.S. Holder's gross income as ordinary income from foreign sources when actually or constructively received. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations. Dividends received from a "qualified foreign corporation" by eligible non-corporate U.S. Holders that satisfy a minimum holding period and certain other requirements generally will be taxed at the preferential rate applicable to qualified dividend income. A non-U.S. corporation is treated as a qualified foreign corporation with respect to dividends it pays on shares that are readily tradable on an established securities market in the United States. U.S. Treasury guidance indicates that shares listed on Nasdaq will be considered readily tradable on an established securities market in the United States. There can be no assurance, however, that common shares will be considered readily tradable on an established securities market in future years. Non-corporate U.S. holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code (dealing with the deduction for investment interest expense) will not be eligible for the reduced rates of taxation regardless of the Company's status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to the positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. The Company will not constitute a qualified foreign corporation for purposes of these rules if it is a passive foreign investment company for the taxable year in which it pays a dividend or for the preceding taxable year. See "— *Passive Foreign Investment Company Rules*."

Dividends paid in a currency other than U.S. dollars will be included in income in a U.S. dollar amount based on the exchange rate in effect on the date of receipt, whether or not the currency is converted into U.S. dollars at that time. A U.S. Holder's tax basis in the non-U.S. currency will equal the U.S. dollar amount included in income. Any gain or loss realized on a subsequent conversion or other disposition of the non-U.S. currency for a different U.S. dollar amount generally will be U.S. source ordinary income or loss. If dividends paid in a currency other than U.S. dollars are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to certain conditions and limitations, withholding taxes, if any, on dividends paid by the Company may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability under the U.S. foreign tax credit rules. For purposes of calculating the U.S. foreign tax credit, dividends paid on the — common shares will generally be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing the U.S. foreign tax credit are complex. U.S. Holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit under their particular circumstances.

Dividends received by certain non-corporate U.S. Holders generally will be includible in "net investment income" for purposes of the Medicare contribution tax.

Taxation of dispositions of common shares and warrants

Subject to the discussion below under "— Passive Foreign Investment Company Rules," a U.S. Holder generally will recognize capital gain or loss on the sale or other disposition of common shares or warrants in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. Holder's adjusted tax basis in the disposed common shares or warrants. Any gain or loss generally will be treated as arising from U.S. sources and will be long-term capital gain or loss if the U.S. Holder's holding period exceeds one year. Deductions for capital loss are subject to significant limitations.

It is possible that Canada may impose an income tax upon sale of common shares or warrants. Because gains generally will be treated as U.S. source gain, as a result of the U.S. foreign tax credit limitation, any Canadian income tax imposed upon capital gains in respect of common shares or warrants may not be currently creditable unless a U.S. Holder has other foreign source income for the year in the appropriate U.S. foreign tax credit limitation basket. U.S. Holders should consult their tax advisors regarding the application of Canadian taxes to a disposition of common shares and their ability to credit a Canadian tax against their U.S. federal income tax liability.

Capital gains from the sale or other disposition of common shares or warrants received by certain non-corporate U.S. Holders generally will be includible in "net investment income" for purposes of the Medicare contribution tax.

Passive Foreign Investment Company Rules

Based on the composition of the Company's current gross assets and income and the manner in which the Company expects to operate its business in future years, the Company believes that it should not be classified as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for its current taxable year and does not expect to be so classified in the foreseeable future. In general, a non-U.S. corporation will be a PFIC for any taxable year in which, taking into account a pro rata portion of the income and assets of 25% or more owned subsidiaries, either (i) 75% or more of its gross income is passive income, or (ii) 50% or more of the average quarterly value of its assets are assets that produce, or are held for the production of, passive income or which do not produce income. For this purpose, passive income generally includes, among other things and subject to various exceptions, interest, dividends, rents, royalties and gains from the disposition of assets that produce passive income. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending among other things upon changes in the composition and relative value of its gross receipts and assets. Because the market value of the Company's assets (including for this purpose goodwill) may be measured in large part by the market price of the common shares, which is likely to fluctuate, no assurance can be given that the Company will not be a PFIC in the current year or in any future taxable year.

If the Company were a PFIC for any taxable year in which a U.S. Holder holds common shares or warrants, such U.S. Holder would be subject to additional taxes on any excess distributions and any gain realized from the sale or other taxable disposition of common shares or warrants (including certain pledges) regardless of whether the Company continues to be a PFIC. A U.S. Holder will have an excess distribution to the extent that distributions

on common shares during a taxable year exceed 125% of the average amount received during the three preceding taxable years (or, if shorter, the US Holder's holding period). To compute the tax on excess distributions or any gain, (i) the excess distribution or gain is allocated rateably over the U.S. Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC is taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years is taxed at the highest applicable marginal rate in effect for each year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year.

If, as is not expected to be the case, the Company were a PFIC for any taxable year in which a U.S. Holder holds common shares, a U.S. Holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark common shares to market annually. The election is available only if the common shares are considered "marketable stock," which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange (which includes Nasdaq). If a U.S. Holder makes the mark-to-market election, any gain from marking common shares to market or from disposing of them would be ordinary income. Any loss from marking common shares to market would be recognized only to the extent of unreversed gains previously included in income. Loss from marking common shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the common shares will be traded in sufficient frequency and quantity to be considered "marketable stock". A valid mark-to-market election cannot be revoked without the consent of the IRS unless the common shares cease to be marketable stock. Currently, a mark-to-market election may not be made with respect to warrants to acquire common shares.

As an alternative, if the Company were to be treated as a PFIC, a U.S. Holder may avoid the excess distribution rules described above in respect of common shares (but not warrants) by electing to treat the Company (for the first taxable year in which the U.S. Holder owns any common shares) and any lower-tier PFIC (for the first taxable year in which the U.S. Holder is treated as owning an equity interest in such lower-tier PFIC) as a "qualified electing fund" (a "QEF"). If a U.S. Holder makes an effective QEF election with respect to the Company (and any lower-tier PFIC), the U.S. Holder will be required to include in gross income each year, whether or not the Company makes distributions, as capital gains, its pro rata share of the Company's (and such lower-tier PFIC's) net capital gains and, as ordinary income, its pro rata share of the Company's (and such lower-tier PFIC's) net earnings in excess of its net capital gains. U.S. Holders can make a QEF election only if the Company (and each lower-tier PFIC) provides certain information, including the amount of its ordinary earnings and net capital gains determined under U.S. tax principles. A U.S. Holder may not make a QEF election with respect to its warrants to acquire common shares. The Company has not determined whether it will provide U.S. Holders with this information if it determines that it is a PFIC.

U.S. Holders of common shares and warrants should consult their own tax advisors concerning the Company's possible PFIC status and the consequences to them if the Company were classified as a PFIC for any taxable year.

Exercise or Lapse of a Warrant

Except as discussed below with respect to the cashless exercise of a warrant, a U.S. Holder generally will not recognize taxable gain or loss from the acquisition of common shares upon exercise of a warrant for cash. A U.S. Holder's tax basis in the common shares received upon exercise of the warrant generally will be an amount equal to the sum of the U.S. Holder's basis in the warrant and the exercise price. A U.S. Holder's holding period for the common shares received upon exercise of the warrants will begin on the date following the date of exercise (or possibly the date of exercise) of the warrants and will not include the period during which the U.S. Holder held the warrants. If a warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to its tax basis in the warrant.

The tax consequences of a cashless exercise of a warrant are not clear under current tax law. A cashless exercise may be tax-free, either because the exercise is not a gain realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either tax-free situation, a U.S. Holder's basis in the common share received would equal its basis in the warrant. If the cashless exercise were treated as not being a gain realization event, a U.S. Holder's holding period in the common shares would be treated as commencing on the date following the date of exercise (or possibly the date of exercise) of the warrant. If the cashless exercise were treated as a recapitalization, the holding period of the common shares would include the holding period of the warrant.

It is also possible that a cashless exercise could be treated in part as a taxable exchange in which gain or loss would be recognized. In such event, a U.S. Holder could be deemed to have surrendered warrants equal to the number of common shares having a value equal to the exercise price for the total number of warrants to be exercised. A U.S. Holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the common shares represented by the warrants deemed surrendered and its tax basis in the warrants deemed surrendered. In this case, a U.S. Holder's tax basis in the common shares received would equal the sum of the fair market value of the common shares represented by the warrants deemed surrendered and the U.S. Holder's tax basis in the warrants exercised. A U.S. Holder's holding period for the common share would commence on the date following the date of exercise (or possibly the date of exercise) of the warrant.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their tax advisors regarding the tax consequences of a cashless exercise.

Possible Constructive Distributions

The terms of each warrant provide for an adjustment to the number of shares of common stock for which the warrant may be exercised or to the exercise price of the warrant in certain events. An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. Holder would, however, be treated as receiving a constructive distribution from the Company if, for example, the adjustment increases the U.S. Holder's proportionate interest in the Company's assets or earnings and profits (e.g., through an increase in the number of common shares that would be obtained upon exercise) as a result of a distribution of cash to the holders of common shares which is taxable to the U.S. Holders of such shares as described under "— *Taxation of dividends and other distributions on our common shares*" above. Such constructive distribution would be subject to tax as described under that section in the same manner as if a U.S. Holder received a cash distribution from the Company equal to the fair market value of such increased interest.

Conversion of non-voting common shares into common shares

The conversion of non-voting common shares by a U.S. Holder into common shares should not result in recognition of gain or loss for U.S. federal income tax purposes. Accordingly, a U.S. Holder's basis in common shares received pursuant to the conversion should equal the adjusted tax basis of the non-voting common shares converted, and the holding period of the common shares received should include the holding period of the non-voting common shares converted.

U.S. federal income tax consequences of U.S. Holders to the options granted under the 2018 Plan

- *Non-Qualified Stock Options* ("NSO"). If a U.S. Holder is granted an NSO under the 2018 Plan, the U.S. Holder should not have taxable income on the grant of the option. Generally, the U.S. Holder should recognize ordinary income at the time of exercise in an amount equal to the fair market value of our common shares acquired on the date of exercise, less the exercise price paid for such common shares. The U.S. Holder's basis in the common shares for purposes of determining gain or loss on a subsequent sale or disposition of such shares generally will be the fair market value of our common shares on the date the U.S. Holder exercises such option. Any subsequent gain or loss will be taxable as a long-term or short-term capital gain or loss. The Company or its subsidiaries or affiliates generally should be entitled to a federal income tax deduction at the time and for the same amount as the U.S. Holder recognizes ordinary income.

- *Incentive Stock Options* ("ISO"). A U.S. Holder receiving ISOs should not recognize taxable income upon grant. Additionally, if applicable holding period requirements are met, the U.S. Holder should not recognize taxable income at the time of exercise. However, the excess of the fair market value of our common shares received over the option exercise price is an item of tax preference income potentially subject to the alternative minimum tax. If our common shares acquired upon exercise of an ISO are held for a minimum of two years from the date of grant and one year from the date of exercise and otherwise satisfy the ISO requirements, the gain or loss (in an amount equal to the difference between the fair market value on the date of disposition and the exercise price) upon disposition of the shares will be treated as a long-term capital gain or loss, and the Company will not be entitled to any deduction. If the holding period

requirements are not met, the ISO will be treated as one that does not meet the requirements of the Code for ISOs and the U.S. Holder will recognize ordinary income at the time of the disposition equal to the excess of the amount realized over the exercise price, but not more than the excess of the fair market value of our common shares on the date the ISO is exercised over the exercise price, with any remaining gain or loss being treated as capital gain or capital loss. The Company or its subsidiaries or affiliates generally are not entitled to a federal income tax deduction upon either the exercise of an ISO or upon disposition our common shares acquired pursuant to such exercise, except to the extent that the U.S. Holder recognizes ordinary income on disposition of the shares.

Information Reporting and Backup Withholding

Dividends on common shares and proceeds from the sale or other disposition of common shares and warrants may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting. Any amount withheld may be credited against the holder's U.S. federal income tax liability subject to certain rules and limitations. U.S. Holders should consult with their own tax advisers regarding the application of the U.S. information reporting and backup withholding rules.

Certain non-corporate U.S. Holders are required to report information with respect to common shares and warrants not held through an account with a domestic financial institution to the IRS. U.S. Holders that fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in common shares or warrants.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR U.S. HOLDER. EACH U.S. HOLDER OF COMMON SHARES AND WARRANTS IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF OWNING AND DISPOSING OF COMMON SHARES AND WARRANTS IN LIGHT OF THE U.S. HOLDER'S OWN CIRCUMSTANCES.

MATERIAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the material Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "Tax Act"), as of the date hereof, that are generally applicable to a beneficial owner of common shares and/or non-voting common shares that for the purposes of the Tax Act and at all relevant times: (i) is not, and is not deemed to be, resident in Canada, (ii) deals at arm's length with the Company; (iii) is not affiliated with the Company; and (iv) holds its common shares, non-voting common shares, warrants and options as capital property and does not use or hold, and is not deemed to use or hold, any such securities in a business carried on in Canada (each a "Holder"). Generally, the common shares, non-voting common shares, options and warrants will be capital property to a Holder unless they are held or acquired, or are deemed to be held or acquired, in the course of carrying on a business of trading or dealing in securities or in one or more transactions considered to be an adventure or concern in the nature of trade.

Other than as specifically described below, this summary does not address all issues relevant to Holders of warrants and options or to Holders who acquired their common shares on the exercise of warrants or options. In particular, this summary does not apply to Holders who are Company employees and received their shares pursuant to an employee stock option. As well, this summary does not address the tax consequences to a Holder of a warrant or option who disposes of such warrant or option other than on exercise of such warrant or option to acquire shares. Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences to them of the expiry, exercise or redemption of, the continued holding of, and replacement or disposition of such options, warrants, or other rights, as applicable, and of the acquisition, holding and disposing of the common shares, non-voting common shares or any other securities in respect thereof, which may differ materially from the discussion provided in this summary.

This summary is based on the current provisions of the Tax Act and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("CRA") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that the Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not take into account or anticipate any changes in law or administrative policies or assessing practice of the CRA whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may be different from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, regulatory or judicial action, or changes in the administrative policies or assessing practices of the CRA.

This summary is of a general nature only and is not intended to be, and should not construed to be, legal, business or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Currency Conversion

For purposes of the Tax Act, any amount relating to the acquisition, holding or disposition of common shares, or non-voting common shares, including dividends, adjusted cost base and proceeds of disposition, must be expressed in Canadian dollars using the applicable rate of exchange (for purposes of the Tax Act) quoted by the Bank of Canada on the date such amounts arose, or such other rate of exchange as is acceptable to the Minister of Finance (Canada).

Dividends on the common shares or non-voting common shares

Dividends received or deemed to be received by a Holder on common shares or non-voting common shares will be subject to withholding tax under the Tax Act at a rate of 25% unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of a beneficial owner of dividends who is a resident of the United States for purposes of the Canada-United States Tax Convention (1980), as amended, and who is fully entitled to the benefits of that treaty, the rate of withholding will generally be reduced to 15% (or 5% in the case of a company beneficially owning at least 10% of our voting shares). Holders should consult their own tax advisors in this regard.

Conversions of Non-Voting Common Shares into Common Shares

If a Holder converts their non-voting common shares and no consideration other than common shares is received by the Holder on the conversion, the conversion will be deemed not to be a disposition of the Holder's shares and will not be subject to tax under the Tax Act. The cost to the Holder of the common shares received in such a conversion will be equal to the adjusted cost base, immediately prior to the conversion, of the non-voting common shares so converted.

Exercise of Warrants or Options to Acquire Common Shares

Generally, no gain or loss will be realized by a Holder upon the exercise of a warrant or option to acquire a common share. When a warrant or option is exercised, the Holder's cost of the common share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such warrant or option and the exercise price paid to acquire the common share. The Holder's adjusted cost base of the common share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all common shares owned by the Holder as capital property immediately prior to such acquisition.

Disposition of a common share or non-voting common share

A Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of common shares or non-voting common shares, unless the common shares or non-voting common shares are "taxable Canadian property" to the Holder for purposes of the Tax Act and the common shares or the non-voting common shares are not "treaty-protected property" of the Holder for purposes of the Tax Act.

Generally, the common shares and non-voting common shares will not constitute taxable Canadian property to a Holder at the time of disposition provided that such shares are listed at that time on a designated stock exchange (which includes Nasdaq) unless at any particular time during the 60-month period that ends at that time: (i) one or any combination of: (a) the Holder; (b) persons with whom the Holder does not deal with at arm's length; and (c) partnerships in which the Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of Company capital stock; and (ii) more than 50% of the fair market value of the common shares or the non-voting common shares, as the case may be, was derived directly or indirectly from one or any combination of: (a) real or immovable properties situated in Canada; (b) "Canadian resource properties" (as defined in the Tax Act); (c) "timber resource properties" (as defined in the Tax Act); and (d) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, common shares and non-voting common shares could be deemed to be taxable Canadian property.

Even if the common shares or non-voting common shares are taxable Canadian property to a Holder, a taxable capital gain resulting from the disposition of the common shares or non-voting common shares will not be included in computing the Holder's taxable income earned in Canada for the purposes of the Tax Act if, at the time of the disposition, the common shares or non-voting common shares, as the case may be, constitute "treaty-protected property" of the Holder for purposes of the Tax Act. The common shares and non-voting common shares will generally be considered "treaty-protected property" of a Holder for purposes of the Tax Act at the time of the disposition if the gain from their disposition would, because of an applicable income tax treaty between Canada and the country in which the Holder is resident for purposes of such treaty and in respect of which the Holder is entitled to receive benefits thereunder, be exempt from tax under the Tax Act.

In the event that the common shares or non-voting common shares are considered to be taxable Canadian property but not treaty-protected property, such Holder will realize a capital gain (or capital loss) as if the Holder were resident in Canada. Generally, one-half of any such capital gain (a "taxable capital gain") realized by a Holder must be included in computing the Holder's income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, a Holder must deduct one-half of any capital loss realized in a taxation year (from the dispositions of taxable Capital property, other than treaty-protected property) (an "allowable capital loss") from taxable capital gains realized in that taxation year. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year (against net taxable capital gains realized in such years) to the extent and under the circumstances described in the Tax Act. If the Holder is a corporation, any such capital loss realized on the sale of a common share or non-voting common share may be reduced by the amount of certain dividends which have been received by the Holder on such share to the extent and in circumstances prescribed by the

Tax Act. Similar rules may apply where a common share or non-voting common share is owned by a partnership or trust of which a corporation is, directly or indirectly through a trust or partnership, a member of such partnership or a beneficiary of such trust.

Taxable capital gains realized by a Holder who is an individual (including certain trusts) may give rise to alternative minimum tax depending on the Holder's circumstances.

Holders whose common shares or non-voting common shares are taxable Canadian property should consult their own advisors for advice having regard to their particular circumstances, including whether their common shares or non-voting common shares constitute treaty-protected property.

PLAN OF DISTRIBUTION

We are registering the issuance by us of up to (i) 17,777,361 common shares issuable upon the exercise of our warrants, each entitling its holder to purchase one common share at a price of $11.50 per share (the "warrants"), and (iii) 125,370 common shares issuable upon the exercise of options to acquire our common shares.

This prospectus also relates to the offer and sale from time to time by the selling securityholders named in this prospectus or their permitted transferees (collectively, the "selling securityholders") of up to (i) 3,654,707 common shares, (ii) 4,900,000 warrants held by the Sponsor, and (iii) 4,900,000 common shares issuable upon the exercise of the warrants held by the Sponsor (collectively, the "securities"). This prospectus covers any additional securities that may become issuable by reason of share splits, share dividends and other events described therein.

We will not receive any of the proceeds from the sale of the securities by the selling securityholders. We will receive proceeds from warrants and options exercised in the event that such warrants and options are exercised for cash. The aggregate proceeds to the selling securityholders will be the purchase price of the securities less any discounts and commissions borne by the selling securityholders.

The selling securityholders will pay expenses incurred by the selling securityholders for brokerage, accounting, tax or legal services or any other expenses incurred by the selling securityholders in disposing of the securities. We will bear all other costs, fees and expenses incurred in effecting the registration of the securities covered by this prospectus, including, without limitation, all registration and filing fees, Nasdaq listing fees and fees and expenses of our counsel and our independent registered public accountants.

The securities beneficially owned by the selling securityholders covered by this prospectus may be offered and sold from time to time by the selling securityholders. The term "selling securityholders" includes donees, pledgees, transferees or other successors in interest selling securities received after the date of this prospectus from a selling securityholder as a gift, pledge, partnership distribution or other transfer. The selling securityholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. Such sales may be made on one or more exchanges or in the over-the-counter market or otherwise, at prices and under terms then prevailing or at prices related to the then current market price or in negotiated transactions. Each selling securityholder reserves the right to accept and, together with its respective agents, to reject, any proposed purchase of securities to be made directly or through agents. The selling securityholders and any of their permitted transferees may sell their securities offered by this prospectus on any stock exchange, market or trading facility on which the securities are traded or in private transactions.

Subject to the limitations set forth in any applicable registration rights agreement, the selling securityholders may use any one or more of the following methods when selling the securities offered by this prospectus:

- purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this prospectus;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- block trades in which the broker-dealer so engaged will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- an over-the-counter distribution in accordance with the rules of Nasdaq;
- through trading plans entered into by a selling securityholder pursuant to Rule 10b5-1 under the Exchange Act that are in place at the time of an offering pursuant to this prospectus and any applicable prospectus supplement hereto that provide for periodic sales of their securities on the basis of parameters described in such trading plans;
- to or through broker-dealers;
- in "at the market" offerings, as defined in Rule 415 under the Securities Act, at negotiated prices;
- at prices prevailing at the time of sale or at prices related to such prevailing market prices, including sales made directly on a national securities exchange or sales made through a market maker other than on an exchange or other similar offerings through sales agents;

- directly to purchasers, including through a specific bidding, auction or other process or in privately negotiated transactions;
- in options transactions;
- through a combination of any of the above methods of sale; or
- any other method permitted pursuant to applicable law.

In addition, a selling securityholder that is an entity may elect to make a pro rata in-kind distribution of securities to its members, partners or shareholders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus with a plan of distribution. Such members, partners or shareholders would thereby receive freely tradeable securities pursuant to the distribution through a registration statement. To the extent a distributee is an affiliate of ours (or to the extent otherwise required by law), we may file a prospectus supplement in order to permit the distributees to use the prospectus to resell the securities acquired in the distribution.

There can be no assurance that the selling securityholders will sell all or any of the securities offered by this prospectus. In addition, the selling securityholders may also sell securities under Rule 144 under the Securities Act, if available, or in other transactions exempt from registration, rather than under this prospectus. The selling securityholders have the sole and absolute discretion not to accept any purchase offer or make any sale of securities if they deem the purchase price to be unsatisfactory at any particular time.

The selling securityholders also may transfer the securities in other circumstances, in which case the transferees, pledgees or other successors-in-interest will be the selling beneficial owners for purposes of this prospectus. Upon being notified by a selling securityholder that a donee, pledgee, transferee, other successor-in-interest intends to sell our securities, we will, to the extent required, promptly file a supplement to this prospectus to name specifically such person as a selling securityholder.

With respect to a particular offering of the securities held by the selling securityholders, to the extent required, an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement of which this prospectus is part, will be prepared and will set forth the following information:

- the specific securities to be offered and sold;
- the names of the selling securityholders;
- the respective purchase prices and public offering prices, the proceeds to be received from the sale, if any, and other material terms of the offering;
- settlement of short sales entered into after the date of this prospectus;
- the names of any participating agents or broker-dealers; and
- any applicable commissions, discounts, concessions and other items constituting compensation from the selling securityholders.

In connection with distributions of the securities or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of the securities in the course of hedging the positions they assume with selling securityholders. The selling securityholders may also sell the securities short and redeliver the securities to close out such short positions. The selling securityholders may also enter into option or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). The selling securityholders may also pledge securities to a broker-dealer or other financial institution, and, upon a default, such broker-dealer or other financial institution, may effect sales of the pledged securities pursuant to this prospectus (as supplemented or amended to reflect such transaction).

In order to facilitate the offering of the securities, any agents involved in the offering of such securities may engage in transactions that stabilize, maintain or otherwise affect the price of our securities. Specifically, the agents may overallot in connection with the offering, creating a short position in our securities for their own account. In addition, to cover overallotments or to stabilize the price of our securities, the agents may bid for, and purchase, such securities in the open market. Any of these activities may stabilize or maintain the market price of the securities above independent market levels. The agents are not required to engage in these activities, and may end any of these activities at any time.

The selling securityholders may solicit offers to purchase the securities directly from, and they may sell such securities directly to, institutional investors or others. In this case, no agents would be involved. The terms of any of those sales, including the terms of any bidding or auction process, if utilized, will be described in the applicable prospectus supplement.

We cannot give any assurance as to the liquidity of the trading market for our securities. Our common shares and warrants are listed on Nasdaq under the symbols “CLVR” and “CLVRW,” respectively.

The selling securityholders may authorize broker-dealers or agents to solicit offers by certain purchasers to purchase the securities at the public offering price set forth in the prospectus supplement (or, if appropriate, a post-effective amendment to the registration statement of which this prospectus is part) pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the prospectus supplement (or such post-effective amendment), and such document will set forth any commissions we or the selling securityholders pay for solicitation of these contracts.

A selling securityholder may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by any selling securityholder or borrowed from any selling securityholder or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from any selling securityholder in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and will be identified in the applicable prospectus supplement (or a post-effective amendment). In addition, any selling securityholder may otherwise loan or pledge securities to a financial institution or other third party that in turn may sell the securities short using this prospectus. Such financial institution or other third party may transfer its economic short position to investors in our securities or in connection with a concurrent offering of other securities.

In effecting sales, broker-dealers or agents engaged by the selling securityholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the selling securityholders in amounts to be negotiated immediately prior to the sale.

In compliance with the guidelines of the Financial Industry Regulatory Authority (“FINRA”), the aggregate maximum discount, commission, fees or other items constituting underwriting compensation to be received by any FINRA member or independent broker-dealer will not exceed 8% of the gross proceeds of any offering pursuant to this prospectus and any applicable prospectus supplement.

If at the time of any offering made under this prospectus a member of FINRA participating in the offering has a “conflict of interest” as defined in FINRA Rule 5121, that offering will be conducted in accordance with the relevant provisions of Rule 5121.

To our knowledge, there are currently no plans, arrangements or understandings between the selling securityholders and any broker-dealer or agent regarding the sale of the securities by the selling securityholders. Upon our notification by a selling securityholder that any material arrangement has been entered into with a broker-dealer for the sale of securities through a block trade, special offering, exchange distribution, secondary distribution or a purchase by a broker-dealer, we will file, if required by applicable law or regulation, a supplement to this prospectus pursuant to Rule 424(b) under the Securities Act disclosing certain material information relating to such broker-dealer and such offering.

Broker-dealers or agents may facilitate the marketing of an offering online directly or through one of their affiliates. In those cases, prospective investors may view offering terms and a prospectus online and, depending upon the particular broker-dealer or agent, place orders online or through their financial advisors.

In offering the securities covered by this prospectus, the selling securityholders and any broker-dealers or agents who execute sales for the selling securityholders may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. Any discounts, commissions, concessions or profit they earn on any resale of those securities may be underwriting discounts and commissions under the Securities Act.

The broker-dealers and agents may engage in transactions with us or the selling securityholders, or perform services for us or the selling securityholders, in the ordinary course of business.

In order to comply with the securities laws of certain states, if applicable, the securities must be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

We have advised the selling securityholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of securities in the market and to the activities of the selling securityholders and their affiliates. The selling securityholders may indemnify any broker-dealer that participates in transactions involving the sale of the securities against certain liabilities, including liabilities arising under the Securities Act.

Exercise of Warrants

The warrants became exercisable 30 days after the closing of the Business Combination. The warrants will expire at 5:00 p.m., New York City time, on December 18, 2025 or earlier upon redemption.

The warrants can be exercised by delivering to the warrant agent at its corporate trust department in the Borough of Manhattan, City and State of New York, (i) the warrants to be exercised on the records of the Depositary (as defined below) to an account of the warrant agent at The Depository Trust Company (the "Depositary") designated for such purposes in writing by the warrant agent to the Depositary from time to time, (ii) an election to purchase common shares pursuant to the exercise of a warrant, properly delivered by the DTC participant in accordance with the Depositary's procedures, and (iii) by paying in full the warrant price for each full common share as to which the warrant is exercised and any and all applicable taxes due in connection with the exercise of the warrant, the exchange of the warrant for the common shares and the issuance of such common shares.

During any period when we shall have failed to maintain an effective registration statement, warrant holders may exercise warrants on a cashless basis.

The warrants will be required to be exercised on a cashless basis in the event of a redemption of such warrants pursuant to the Warrant Agreement governing such warrants in which our management has elected to require all holders of the warrants who exercise their warrants to do so on a cashless basis. In such event, such holder may exercise his, her or its warrants on a cashless basis by paying the exercise price by surrendering his, her or its warrants for that number of common shares equal to the quotient obtained by dividing (x) the product of the number of common shares underlying the warrants, multiplied by the excess of the "fair market value" (defined below) over the exercise price of the warrants by (y) the fair market value. The "fair market value" means the average reported closing price of the common shares for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

No fractional shares will be issued upon the exercise of the warrants. If, upon the exercise of such warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon the exercise, round down to the nearest whole number of common shares to be issued to such holder.

LEGAL MATTERS

Dentons Canada LLP, Canadian counsel for the Company, has passed upon the validity of the common shares offered by this prospectus and certain legal matters as to Canadian law. Freshfields Bruckhaus Deringer US LLP has passed upon the validity of the warrants.

EXPERTS

The consolidated financial statements of Clever Leaves for the fiscal year ended December 31, 2022, appearing in this prospectus, have been so included in reliance on the report of Marcum LLP, an independent registered public accounting firm, appearing elsewhere in this prospectus, given on the authority of said firm as experts in auditing and accounting. The report on the consolidated financial statements contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

The consolidated financial statements of Clever Leaves for the fiscal year ended December 31, 2021, appearing in this prospectus, have been so included in reliance on the report of BDO Canada LLP, an independent registered public accounting firm, appearing elsewhere in this prospectus, given on the authority of said firm as experts in auditing and accounting. The report on the consolidated financial statements contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is incorporated under the laws of British Columbia, Canada and, as a result, the rights of the holders of its securities will be governed by Canadian law and the Company's amended organizational documents. Following the Business Combination, the Company conducts its operations through subsidiaries which are located outside the United States. Substantially all of the Company's assets are located outside the United States, and substantially all of the Company's business is conducted outside the United States. In addition, some of the Company's directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets may be located outside the United States. As a result, it could be difficult or impossible for you to effect service of process on these individuals in the United States in the event that you believe that your rights have been infringed under applicable securities laws or otherwise or to enforce in the United States judgments obtained in U.S. courts against the Company or those persons based on civil liability provisions of the U.S. securities laws. There can be no assurance that U.S. investors will be able to enforce against the Company, members of its board of directors, officers or certain experts named herein who are residents of Canada or other countries outside the United States, any judgments in civil and commercial matters, including judgments under the federal securities laws. There is uncertainty with respect to whether a Canadian court would take jurisdiction on a matter of liability predicated solely upon U.S. federal securities laws, and uncertainty with respect to whether a Canadian court would enforce a foreign judgement on liabilities predicated upon the securities laws of the United States.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement (including amendments and exhibits to the registration statement) on Form S-1 under the Securities Act, including exhibits, under the Securities Act of 1933, as amended, with respect to the common stock offered by this prospectus. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC as required by the Exchange Act. You can read our SEC filings, including this prospectus, over the Internet at the SEC's website at *http://www.sec.gov*.

Our website address is *www.cleverleaves.com*. Through our website, we make available, free of charge, the following documents as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC, including our Annual Reports on Form 10-K; our proxy statements for our annual and special stockholder meetings; our Quarterly Reports on Form 10-Q; our Current Reports on Form 8-K; Forms 3, 4 and 5 and Schedules 13D with respect to our securities filed on behalf of our directors and our executive officers; and amendments to those documents. The information contained on, or that may be accessed through, our website is not a part of, and is not incorporated into, this prospectus.

FINANCIAL STATEMENTS
CLEVER LEAVES HOLDINGS INC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Clever Leaves Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Clever Leaves Holdings Inc. (the "Company") as of December 31, 2022, the related consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the year then ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the one year in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph — Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has negative cash flows from operations, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2022.

New York, NY

March 30, 2023

Tel: 604 688 542
Fax: 604 688 513
www.bdo.ca

BDO Canada LLP
Suite 1100
1055 West Georgia Street
Vancouver BC V6E 3P3 Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors

Clever Leaves Holdings Inc.

Boca Raton, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Clever Leaves Holdings Inc. (the "Company") as of December 31, 2021, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021, and the results of its operations and its cash flows for the year then ended**,** in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, had an accumulated deficit as of December 31, 2021, as well as operating losses and negative cash flows from operations since inception and expects to continue to incur net losses for the foreseeable future until such time that it can generate significant revenues from the sale of its available inventories. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO Canada LLP

We have served as the Company's auditor from 2018 to 2022.

Vancouver, Canada

March 24, 2022

CLEVER LEAVES HOLDINGS INC.
Consolidated Statements of Financial Position
(Amounts in thousands of U.S. Dollars, except share and per share data)

	Note	December 31, 2022	December 31, 2021
Assets			
Current:			
Cash and cash equivalents		$ 12,449	$ 37,226
Restricted cash		439	473
Accounts receivable, net		2,252	2,222
Prepaids, deposits and other receivables	6	2,708	5,064
Inventories, net	5	8,399	15,408
Total current assets		26,247	60,393
Investment – Cansativa	7	5,679	1,458
Property, plant and equipment, net of accumulated depreciation of $7,120 and $5,702 for the years ended December 31, 2022 and 2021, respectively	10	15,463	30,932
Intangible assets, net	8	3,354	23,117
Operating lease right-of-use assets, net	20	1,303	—
Other non-current assets		52	260
Total Assets		**$ 52,098**	**$ 116,160**
Liabilities and Shareholders' Equity			
Current:			
Accounts payable		$ 2,299	$ 3,981
Accrued expense and other current liabilities		4,238	2,898
Convertible note due 2024, current portion	11	—	16,559
Loans and borrowings, current portion	11	465	949
Warrant liability	12	113	2,205
Operating lease liabilities, current portion	20	1,239	—
Deferred revenue		1,072	653
Total current liabilities		9,426	27,245
Convertible note due 2024	11	—	1,140
Loans and borrowings	11	1,065	6,447
Deferred revenue		—	1,548
Operating lease liabilities – long-term	20	1,087	—
Deferred tax liabilities		—	6,650
Other long-term liabilities		112	360
Total Liabilities		**$ 11,690**	**$ 43,390**
Contingencies and commitments	19		
Shareholders' equity			
Preferred shares, without par value, unlimited shares authorized, nil shares issued and outstanding for each of December 31, 2022 and 2021	12	—	—
Common shares, without par value, unlimited shares authorized: 43,636,783 and 26,605,797 shares issued and outstanding as of December 31, 2022 and 2021, respectively	12	—	—
Additional paid-in capital		221,313	187,510
Accumulated deficit		(180,905)	(114,740)
Total shareholders' equity		**40,408**	**72,770**
Total liabilities and shareholders' equity		**$ 52,098**	**$ 116,160**

See accompanying notes to the consolidated financial statements

CLEVER LEAVES HOLDINGS INC.
Consolidated Statements of Operations and Comprehensive Loss
(Amounts in thousands of U.S. Dollars, except share and per share data)

		For the year ended	
	Note	December 31, 2022	December 31, 2021
Revenue, net	15	**$ 17,800**	$ 15,374
Cost of sales		**(13,470)**	(8,565)
Gross profit		**4,330**	6,809
Expenses			
General and administrative	13	**27,815**	39,279
Sales and marketing		**1,897**	2,915[(a)]
Research and development		**1,719**	1,546
Restructuring expenses	21	**26,942**	—
Intangible asset impairment	8	**19,000**	—
Goodwill impairment	9	**—**	18,508
Depreciation and amortization	8, 10	**2,059**	1,768
Total expenses		**79,432**	64,016
Loss from operations		**(75,102)**	(57,207)
Other Expense (Income), net			
Interest expense and amortization of debt issuance cost		**2,702**	6,818
Gain on remeasurement of warrant liability	12	**(2,092)**	(16,856)
Gain on investments	7	**(6,851)**	—
Loss (gain) on debt extinguishment, net	11	**2,263**	(3,262)
Foreign exchange loss		**1,129**	1,276
Other expense (income), net		**202**	(502)
Total other income, net		**(2,647)**	(12,526)
Loss before income taxes and equity investment loss		**(72,455)**	(44,681)
Deferred income tax (recovery) expense	17	**(6,650)**	950
Current income tax expense	17	**296**	—
Equity investment share of loss	7	**64**	95
Net loss		**$ (66,165)**	$ (45,726)
Net loss per share – basic and diluted	18	**$ (1.72)**	$ (1.78)
Weighted-average common shares outstanding – basic and diluted		**38,392,392**	25,690,096

(a) The Company reclassified $818 of sales and marketing, reported in previous period in general and administrative expense, to conform to the current period presentation.

See accompanying notes to the consolidated financial statements.

CLEVER LEAVES HOLDINGS INC.
Consolidated Statements of Shareholders' Equity
(Amounts in thousands of U.S. Dollars, except share and per share data)

		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Note	Shares	$			
Balance at December 31, 2020		**24,883,024**	**$ —**	**$ 164,264**	**$ (69,014)**	**$ 95,250**
Founders earnout shares vested		570,212	—	—	—	—
Issuance of common shares upon vesting of RSUs		268,895	—	—	—	—
Exercise of warrants		122,639	—	1,410	—	1,410
Stock option exercise		40,942	—	10	—	10
Share-based compensation expense		—	—	11,451	—	11,451
Beneficial conversion feature of Convertible Note		—	—	4,748	—	4,748
Conversions of Convertible Note to common shares		720,085	—	6,047	—	6,047
Reclassification and other		—	—	(420)	—	(420)
Net Loss		—	$ —	$ —	$ (45,726)	$ (45,726)
Balance at December 31, 2021		**26,605,797**	**$ —**	**$ 187,510**	**$ (114,740)**	**$ 72,770**
Issuance of common shares, gross	12	14,994,765	—	27,686	—	27,686
Issuance of common shares upon vesting of RSUs	14	377,527	—	—	—	—
Stock option exercise		151,694	—	22	—	22
Share-based compensation expense	14	—	—	2,343	—	2,343
Equity issuance costs		—	—	(1,361)	—	(1,361)
Beneficial conversion feature of Convertible Note	11	—	—	1,750	—	1,750
Conversions of Convertible Note to common shares	11	1,507,000	$ —	3,363	—	3,363
Net Loss		—	—	—	(66,165)	(66,165)
Balance at December 31, 2022		**43,636,783**	**$ —**	**$ 221,313**	**$ (180,905)**	**$ 40,408**

See accompanying notes to the consolidated financial statements.

CLEVER LEAVES HOLDINGS INC.
Consolidated Statements of Cash Flows
(Amounts in thousands of U.S. Dollars)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
Cash Flow from Operating Activities			
Net loss		$ (66,165)	$ (45,726)
Adjustments to reconcile to net cash used in operating activities:			
Depreciation and amortization	8, 10	3,672	3,508
Amortization of debt discount and debt issuance cost		1,949	4,227
Inventory provision	5	4,736	2,980
Restructuring and related costs		25,809	—
Fixed Asset write-off		—	228
Gain on remeasurement of warrant liability	12	(2,092)	(16,856)
Non-cash lease expense		127	—
Deferred income tax (recovery) expense	17	(6,650)	950
Foreign exchange loss		1,129	1,276
Share-based compensation expense	14	2,343	11,451
Intangible asset impairment	8	19,000	—
Goodwill impairment	9	—	18,508
Loss on equity method investment, net	7	64	95
Gain on investment		(6,851)	—
(Gain) loss on debt extinguishment, net	11	2,263	(3,262)
Other non-cash expense, net		600	697
Changes in operating assets and liabilities:			
(Increase) in accounts receivable		(278)	(546)
Decrease in prepaid expenses	6	190	506
Decrease (Increase) in other receivables and other non-current assets		538	(1,298)
(Increase) in inventory	5	(4,453)	(8,198)
(Decrease) in accounts payable and other current liabilities		(4,749)	(4,197)
(Decrease) in accrued and other non-current liabilities		(248)	(576)
Net cash used in operating activities		**$ (29,066)**	**$ (36,233)**
Cash Flow from Investing Activities			
Purchase of property, plant and equipment		(1,306)	(7,280)
Proceeds from partial sale of equity method investment		2,498	—
Net cash provided by (used in) investing activities		**$ 1,192**	**$ (7,280)**
Cash Flow from Financing Activities			
Proceeds from issuance of long-term debt	11	—	25,000
Repayment of debt	11	(23,131)	(26,538)
Other borrowings		73	2,917
Proceeds from issuance of shares		27,686	—
Equity issuance costs		$ (1,361)	$ —
Proceeds from exercise of warrants		—	1,410
Deferred debt issuance costs		—	(965)
Stock option exercised	14	$ 22	$ 10
Net cash provided by financing activities		**$ 3,289**	**$ 1,834**
Effect of exchange rate changes on cash, cash equivalents & restricted cash		(226)	(82)

CLEVER LEAVES HOLDINGS INC.
Consolidated Statements of Cash Flows — (Continued)
(Amounts in thousands of U.S. Dollars)

		For the year ended	
	Notes	**December 31, 2022**	**December 31, 2021**
(Decrease) in cash, cash equivalents and restricted cash		$ (24,811)	$ (41,761)
Cash, cash equivalents & restricted cash, beginning of period[a)]		37,699	79,460
Cash, cash equivalents & restricted cash, end of period[a)]		$ 12,888	$ 37,699
Supplemental schedule of cash flow information:			
Cash paid for interest		$ 285	$ 492
Supplemental disclosures for non-cash activity:			
Conversions of debt to common shares	11	$ 3,363	6,047
Right-of-use asset recognized	20	3,764	—
Beneficial conversion feature	11	1,749	—
Non-cash paid-in-kind-interest	11	$ 281	697
Unpaid property, plant and equipment		$ —	546

(a) These amounts include restricted cash of $439 and $473 as of December 31, 2022 and December 31, 2021, respectively, which are comprised primarily of cash on deposits for certain lease arrangements.

See accompanying notes to the consolidated financial statements.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

1. CORPORATE INFORMATION

Clever Leaves Holdings Inc., (the "Company") is a multi-national U.S. based holding company focused on cannabinoids. In addition to the cannabinoid business, the Company is also engaged in the non-cannabinoid business of nutraceutical and other natural remedies and wellness products. The Company is incorporated under the Business Corporations Act of British Columbia, Canada.

The mailing address of the Company's principal executive office is Bodega 19-B Parque Industrial Tibitoc P.H, Tocancipá — Cundinamarca, Colombia.

Business Combination

On December 18, 2020 (the "Closing Date"), Clever Leaves International Inc., a corporation organized under the laws of British Columbia, Canada ("Clever Leaves"), and SAMA consummated the previously announced Business Combination contemplated by the Amended and Restated Business Combination Agreement, dated as of November 9, 2020 (the "Business Combination Agreement"), by and among SAMA, Clever Leaves, Clever Leaves Holdings Inc., a corporation organized under the laws of British Columbia, Canada ("Holdco" or the "Company"), and Novel Merger Sub Inc., a Delaware corporation ("Merger Sub"). Pursuant to the Business Combination Agreement, SAMA agreed to combine with Clever Leaves in the Business Combination that resulted in both Clever Leaves and SAMA becoming wholly-owned subsidiaries of Holdco.

Clever Leaves was deemed the accounting acquirer in the Business Combination based on an analysis of the criteria outlined in Accounting Standards Codification ("ASC") 805. This determination was primarily based on Clever Leaves' stockholders prior to the Business Combination having a majority of the voting interests in the combined company, Clever Leaves' operations comprising the ongoing operations of the combined company, Clever Leaves' board of directors comprising a majority of the board of directors of the combined company, and Clever Leaves' senior management comprising the senior management of the combined company. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Clever Leaves' issuing stock for the net assets of SAMA, accompanied by a recapitalization. The net assets of SAMA are stated at historical cost, with no goodwill or other intangible assets recorded.

While Holdco was the legal acquirer in the Business Combination, because Clever Leaves was deemed the accounting acquirer, the historical financial statements of Clever Leaves became the historical financial statements of the combined company upon the consummation of the Business Combination. As a result, the financial statements included in this report reflect (i) the historical operating results of Clever Leaves prior to the Business Combination; (ii) the combined results of the Company and Clever Leaves following the closing of the Business Combination; (iii) the assets and liabilities of Clever Leaves' at their historical cost; and (iv) the Company's equity structure before and after the Business Combination.

In accordance with applicable guidance, the equity structure has been restated in all comparative periods to reflect the number of shares of the Company's common shares, issued to Clever Leaves' shareholders in connection with the recapitalization transaction. As such, the shares and corresponding capital amounts and earnings per share related to Clever Leaves' convertible preferred shares and Clever Leaves' common shares prior to the Business Combination have been retroactively restated as shares reflecting the exchange ratio of 0.3288 shares (the "Exchange Rate") established in the Business Combination Agreement. Activity within the statement of shareholders' equity for the issuances and repurchases of Clever Leaves' convertible preferred shares were also retroactively converted to Clever Leaves' common shares. See Note 12 for more information.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

2. BASIS OF PRESENTATION

The Company's consolidated financial statements and accompanying notes are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission, and include the accounts of the Company and its wholly owned subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. All intercompany transactions, balances, unrealized gains and losses resulting from intra-group transactions, have been eliminated.

Going Concern

These consolidated financial statements have been prepared in accordance with U.S. GAAP which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

As shown in the accompanying consolidated financial statements, the Company had an accumulated deficit as of December 31, 2022, as well as operating losses and negative cash flows from operations since inception and expects to continue to incur net losses for the foreseeable future until such time that it can generate significant revenues from the sale of its inventories.

On December 31, 2022, the Company had cash and cash equivalents of $12,449. As of December 31, 2022, the Company's current working capital, anticipated operating expenses and net losses, and the uncertainties surrounding its ability to raise additional capital as needed, raise substantial doubt as to whether existing cash and cash equivalents will be sufficient to meet its obligations as they come due within twelve months from the date the consolidated financial statements were issued. The consolidated financial statements do not include any adjustments for the recovery and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's ability to execute its operating plans through 2023 and beyond depends on its ability to obtain additional funding, which may include several initiatives such as raising capital, reducing working capital, and monetizing non-core assets, to meet planned growth requirements and to fund future operations, which may not be available on acceptable terms, or at all.

Impact of COVID-19 Pandemic

The Company expects its operations to continue to be affected by the direct and indirect results of the outbreak of the coronavirus disease ("COVID-19"). The spread of COVID-19 has severely impacted many economies around the globe. In many countries, including those where the Company operates, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions and the Company has taken steps to obtain financial assistance made available from jurisdictional governments, however the Company expects its future financial performance to continue to be impacted and result in a delay of certain of its go-to-market initiatives.

More recently, other, more infectious, variants of COVID-19 have been identified, which continue to spread throughout the U.S. and worldwide. We could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the current COVID-19 pandemic. Since the onset of the global pandemic in 2020, we have been closely monitoring the spread of COVID-19 and its variants, and plan to continue taking steps to identify and mitigate the adverse impacts on, and risks to, our business posed by its spread and actions taken by governmental and health authorities to address the COVID-19 pandemic. Where and to the extent permitted to be open under local regulations, our office sites are operational with appropriate safety precautions based on vaccination rates and local guidance. The effects of the COVID-19 pandemic continue to evolve and, at this time, we cannot predict when certain restrictions that remain in place to protect our employees and customers will no longer be needed. Recognizing that local conditions vary for our offices around the

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

2. BASIS OF PRESENTATION (cont.)

world and that the trajectory of the virus continues to be uncertain, we may adjust our plans for employees returning to our offices as deemed necessary. Since early 2021, global vaccination efforts have been underway to control the pandemic. However, due to the speed and fluidity with which the COVID-19 pandemic continues to evolve, and the emergence of highly contagious variants, we do not yet know the full extent of the impact of COVID-19 on our business operations. The ultimate extent of the impact of any epidemic, pandemic, outbreak, or other public health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic, outbreak, or other public health crisis and actions taken to contain or prevent the further spread, including the effectiveness of vaccination and booster vaccination campaigns, among others. Accordingly, we cannot predict the extent to which our business, financial condition and results of operations will be affected. We remain focused on maintaining a strong balance sheet, liquidity and financial flexibility and continue to monitor developments as we deal with the disruptions and uncertainties from a business and financial perspective relating to COVID-19 and variants thereof. For additional information related to the actual or potential impacts of COVID-19 on our business, please read Part I, Item 1A, “Risk Factors” of this Annual Report on Form 10-K.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Accounting Estimates

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes in the reported period. While the significant estimates made by management in the preparation of the consolidated financial statements are reasonable, prudent, and evaluated on an ongoing basis, actual results may differ materially from those estimates. The information below outlines several accounting policies applied by the Company in preparing its consolidated financial statements that involve complex situations and judgment in the development of significant estimates and assumptions. Significant estimates made by management include, but are not limited to: economic lives of leased assets; inputs used in the valuation of inventory; allowances for potential collectability of accounts receivable, provisions for inventory obsolescence; impairment assessment of long- lived assets; depreciable lives of property, plant and equipment; useful lives of intangible assets; accruals for contingencies including tax contingencies; valuation allowances for deferred income tax assets; and estimates of the fair value of stock-based payment awards.

Consolidation

The determination of whether or not to consolidate entities under U.S. GAAP requires significant judgment.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity and attributable to the controlling interest.

In regard to the Company’s interests in entities that do not meet the requirements for consolidation, refer to *Investments* discussion later in this footnote.

Foreign Currencies

The functional currency of the Company, and for each subsidiary, is the currency of the primary economic environment in which it operates. All figures presented in the consolidated financial statements are reflected in U.S. dollars, which is the functional currency of the Company and all of its subsidiaries.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Once the Company determines the functional currency of a subsidiary, it is consistently used unless there are significant and clear indications that the functional currency has changed in economic facts and circumstances. Previously issued financial statements are not restated for any change in the functional currency.

Any transactions not denominated in the Company's functional currency are considered foreign currency transactions, and exchange differences arising from translation are recognized in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash balances at financial institutions and highly liquid short-term investments with original maturities of three months or less that are readily convertible into known amounts of cash. Cash and cash equivalents are stated at cost which approximates fair value. Cash and cash equivalents are primarily held in U.S. dollars, Canadian dollars, Euros, and Colombian pesos. Cash and cash equivalents are invested in banks in the U.S., Canada, Columbia. and Germany. Such deposits in the United States may be in excess of insured limits and are not insured in other jurisdictions. The Company has not experienced any losses on deposits of cash and cash equivalents.

Restricted Cash

Restricted cash is comprised of cash on deposit for payments related to the cash on deposit for certain of the Company's lease arrangements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and accounts receivable. The Company limits its exposure by primarily placing its cash in accounts with high credit quality financial institutions.

The Company derives its accounts receivable from revenues earned from customers. The Company bases credit decisions primarily on a customer's past credit history, before the customer is granted standard credit terms, which range from net 30 to 60 days.

As of December 31, 2022, four of the Company's customers accounted for an aggregate of approximately 55% of the Company's outstanding accounts receivable.

As of December 31, 2021, three of the Company's customers accounted for an aggregate of approximately 43% of the Company's outstanding accounts receivable.

Accounts Receivable

Accounts receivable represent payments due to the Company for previously recognized net sales, reduced by an allowance for doubtful accounts for balances which are estimated to be uncollectible at period end.

Allowance for Doubtful Accounts

The Company records it allowance for doubtful accounts based on its assessment of various factors, including historical experience, age of the accounts receivable balances, credit quality of the Company's customers, current economic conditions and other factors that may affect the customers' ability to pay. Allowance for doubtful accounts as of December 31, 2022 and 2021 were $885 and $917 respectively.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Other Receivables

Other receivables arise from transactions other than credit sales. The Company's other receivables primarily relate to value added taxes, other taxes and recoverable sales.

Inventories

Inventories consist of raw materials, work-in-progress, and finished goods, and are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is equal to the estimated selling price in the ordinary course of business, less estimated costs of sale or completion. Cost of inventories include all direct expenditures to get the inventory ready for sale, attributable overhead, and are determined as follows:

Raw materials

- Purchase costs on a weighted average cost basis.
- Consist of soil, fertilizers, seeds, and other supplies and consumables used in the cultivation and processing of cannabis. In addition, flavorings, sugars, vitamins, additives, and components used to manufacture finished goods including bottles, packaging, and shrink wrap are used in the production of the Company's nutraceutical products.

Work-in-progress

- Costs of direct raw materials, labor, and attributable overhead incurred to cultivate cannabis plants, and process and develop cannabis derivatives, manufacture, handle and shipment of finished goods.
- Consist of cannabis buds currently in the propagation, vegetation, or flowering stages (i.e. cultivated cannabis), and any harvested dry cannabis to be used in the production of cannabis derivatives (i.e. harvested cannabis and extracts).

Finished goods

- Costs of direct raw materials, labor, and attributable overhead incurred based on normal operating capacity to complete finished goods.
- Consist of completed cannabis derivatives, such as cannabis oils and capsules (i.e. cannabis extracts); health and wellness supplements such as liquid and solid dose personal cleansing products, dietary supplements, and personal health care items.

The Company writes down inventory for any obsolescence during the period or when the net realizable value of inventory is less than the carrying value. These adjustments are estimates, which could vary significantly, either favorably or unfavorably, from the amounts that the Company may ultimately realize upon the disposition of inventories if future economic conditions, customer inventory levels, product discontinuances, sales return levels or competitive conditions differ from the Company's estimates and expectations. Any inventory write-downs to net realizable value are not reversed for subsequent recoveries in value, except in cases of changes in exchange rates.

Investments

The Company determines the appropriate classification of its equity investments at the date of purchase and reevaluates the classification at the statement of financial position date. The Company measures equity instruments at fair value and recognizes any changes in fair value in its consolidated statement of operations. The Company measures

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

equity investments without a readily determinable fair value that do not qualify for the net asset value practical expedient under Topic 820 at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

In regards to the Company's interests in entities that do not meet the requirements for consolidation, the Company uses either the cost method of accounting whereby it records the investments at historical cost (as a policy choice in accordance with ASC 321 measurement alternative) or the equity method of accounting whereby it records its share of the underlying income or loss of these entities, as well as adjustments for basis differences. The evaluation of whether the Company exerts control or significant influence over the financial and operational policies of an entity requires judgment based on the facts and circumstances surrounding each individual entity.

Equity Method Investments

Investments are assessed to determine whether they qualify as an investment in an entity that does not represent a controlling financial interest but provides the Company with significant influence in the investee. The Company determines whether the equity investment is an in-substance common share investment in the entity. This assessment considers subordination, risks and rewards of ownership, and obligation to transfer value in determining whether risks and reward characteristics that are substantially similar to the entity's common shares. The Company applies judgment in considering various indicators of the ability to exercise significant influence over the investee, such as through ownership of 20% or more of the investee voting stock but not greater than 50%, board representation, and/or participation in the financial, operating, or governance decisions made by the investee.

Investments where the Company has the ability to exercise significant influence in the investee qualify for equity method accounting and are presented separately on the consolidated statements of financial position. The equity method investment is recognized using a cost accumulation model, based on the cost of consideration transferred and related transaction costs.

Fair Value of Financial Instruments

The Company's financial instruments are measured and reported at fair value, which is the price receivable upon sale of an asset or payable upon transfer of a liability in the principal or most advantageous market for the asset or liability, conducted in an orderly transaction between market participants at the measurement date. Carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable (trade and accrued liabilities) approximate their fair value, as the time between initiation and the eventual realization of their value is relatively short-term in nature. Estimates of the fair value of an asset or liability consider the unique characteristics of the asset or liability, and consider inputs such as liquidity risk, foreign exchange risk, and volatility.

The fair value hierarchy is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Based on quoted (unadjusted) market prices in active markets using observable inputs, for identical assets or liabilities;
- Level 2 — Based on inputs other than quoted prices in active markets, that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Based on unobservable inputs, where little to no market data exists, that is significant to the fair value measurement is unobservable and thus require more assumptions by the Company.

For assets and liabilities recognized at fair value on a recurring basis, the Company reassesses categorization to determine whether changes have occurred between the hierarchy levels at the end of each reporting period.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Property, Plant and Equipment, Net

Property, plant and equipment, net is recorded at cost, net of accumulated depreciation and any accumulated impairment losses, if applicable. Attributed costs include the original cost of the item, any direct materials and labor to bring the asset into working condition, borrowing costs, and costs of replacing parts if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of operations as incurred.

Depreciation begins when the asset becomes available for use and is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Estimated Useful Life (In Years)
Land	N/A – indefinite
Buildings & warehouse	2 – 40 years
Leasehold improvements	Shorter of lease term or useful life
Furniture and appliances	5 years
Agricultural equipment	2 – 10 years
Computer equipment	3 years
Laboratory equipment	3 – 20 years

The Company reviews the depreciation method, residual values, and useful lives of property, plant and equipment at least annually and adjusts prospectively, if appropriate.

The carrying amount of an asset and any significant part is derecognized on disposal of the asset, or when no future economic benefits are expected from its continued use. Any gain or loss arising on derecognition of the asset (equal to the difference between the net disposal proceeds and the carrying amount) is included in the consolidated statement of operations in the period of derecognition.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the Company estimates the undiscounted future cash flows (excluding interest) resulting from the use of the asset and its ultimate disposition. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset. We recognized an impairment charge of $14,160 related to our long-lived assets during the year ended December 31, 2022. For more information refer to Note 21. There were no impairment charges to long-lived assets during the year ended December 31, 2021.

Borrowing costs, which consist of interest and other costs incurred by the Company in connection with the borrowing of funds, are capitalized as part of the cost of a qualifying asset if it is directly attributable to the acquisition, construction or production of the respective asset. All other borrowing costs are expensed in the period in which they are incurred.

Intangible Assets

Intangible assets include the licenses acquired as part of the acquisition of Herbal Brands and Clever Leaves through business combinations (Note 8), as well as trade name, customer relationships, contracts and customer lists. Intangible assets acquired in a business combination are initially recognized as cost at their fair value based on the present value of expected future cash flows as at the date of acquisition. After initial measurement, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Costs of internally developed intangible assets are not capitalized, and related expenditures are recognized in profit or loss as incurred.

Intangible assets are assessed to determine whether they have finite or indefinite useful lives, and the carrying values and remaining estimated useful lives are subject to impairment testing to determine if events or circumstances warrant a revision.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Intangible Assets with Finite Useful Lives

Intangible assets with finite lives are amortized over their respective useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The Company reviews the amortization period and the amortization method for an intangible asset with a finite useful life on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates to be applied prospectively. The amortization expense on intangible assets with finite lives is recognized in profit or loss. The finite lived intangible assets acquired in the Herbal Brands acquisition and the related estimated useful lives at time of acquisition were as follows:

	Remaining Useful Life at the Acquisition Date (In Years)
Finite-lived intangible assets:	
Customer contracts	8.7
Customer relationships	4 – 7
Customer list	5
Trade name	10

Amortization of finite lived intangibles is calculated on a straight — line basis over the estimated useful lives of the assets.

Intangible Assets with Indefinite Useful Lives

Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing at least annually. The assessment of indefinite life is reviewed on an annual basis to determine whether the indefinite life is still appropriate. If not, the change in useful life from indefinite to finite is made on a prospective basis as a change in accounting estimate.

Intangible assets are not revalued subsequently. Intangible assets are subject to impairment testing at least annually and such test considers the estimated future cash flows expected to result from use of the intangible asset or asset group, and eventual disposal. An indefinite-life intangible asset is considered impaired if its fair value is less than its carrying amount.

2024 Note Purchase Agreement

On July 19, 2021, the Company entered into a Note Purchase Agreement with Catalina LP (the "Note Purchase Agreement") and issued a secured convertible note (the "Convertible Note") to Catalina LP pursuant to the Note Purchase Agreement. Based upon the overall assessment of settlement possibilities, the Company concluded that the Convertible Note is not subject to ASC 480. In order for the Convertible Note to be subjected to ASC 480, this obligation must also be the predominant settlement outcome at inception. In the case of the Convertible Note, settlement may be in cash at maturity, converted based upon the First Conversion Feature (fixed rate conversion), converted based upon the Second Conversion Feature (fixed rate conversion), or settled with a variable number of shares under the Share Redemption Feature. Consistent with the objective allowing only a "small" amount of variability in settlement value, the Company determined that in order for the Convertible Note to be subject to ASC 480, there must be a 90% likelihood of settlement using a variable number of shares such that the monetary value is substantially fixed.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Warrant Liability

Warrants are accounted for in accordance with the applicable authoritative accounting guidance as either liabilities or as equity instruments depending on the specific terms of the agreements. Liability-classified instruments are recorded at fair value at each reporting period with any change in fair value recognized as a component of change in fair value of warrant liabilities in the consolidated statements of operations and comprehensive loss.

Revenue Recognition

The Company elected to use the practical expedient prescribed by the standard and applied the standard using a portfolio approach to contracts (or performance obligations) with similar characteristics, as the Company reasonably expects that the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within that portfolio. The Company's policy is to recognize revenue at an amount that reflects the consideration that the Company expects that it will be entitled to receive in exchange for transferring goods or services to its customers. The Company's policy is to record revenue when control of the goods transfers to the customer. The Company evaluates the transfer of control through evidence of the customer's receipt and acceptance, transfer of title, the Company's right to payment for those products and the customer's ability to direct the use of those products upon receipt. Typically, the Company's performance obligations are satisfied at a point in time, and revenue is recognized, either upon shipment or delivery of goods. In instances where control transfers upon customer acceptance, the Company estimates the time period it takes for the customer to take possession and the Company recognizes revenue based on such estimates. The transaction price is typically based on the amount billed to the customer and includes estimated variable consideration where applicable.

In instances when the Company's products are sold under consignment arrangements, the Company does not recognize revenue until control over such products has transferred to the end consumer.

The Company's net revenues are comprised of gross revenues from sales of products less expected product returns, trade discounts and customer allowances, which include costs associated with mark-downs and other price reductions. Product returns are not material to Company net sales.

The Company incurs costs associated with product distribution, such as freight and handling costs. The Company has elected to treat these costs as fulfillment activities and recognizes these costs at the same time that it recognizes the underlying product revenue.

See Note 16 for disaggregated revenue data.

Embedded Conversion Features

The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion features should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion feature.

Share-Based Compensation

The Company grants share-based awards to employees, directors and consultants of the Company as compensation for services rendered or performance achieved. We recognize the cost of share-based awards granted to employees, directors and consultants based on the estimated grant-date fair value of the awards. The fair value is recognized as compensation expense over the requisite service period for all awards that vest. For performance-based stock options, compensation cost is recognized over the requisite service period if it is probable that the performance condition will be satisfied. Compensation costs for awards that cliff vest and for graded vesting awards based solely on service

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

conditions are recognized on a straight-line basis. Graded vesting based on performance conditions are recognized on a ratable basis over the requisite service period using the accelerated attribution model. For restricted stock, compensation cost is recognized over the original restriction period. The Company reverses previously recognized costs for unvested options in the period that forfeitures occur. The Company's restricted stock units with a performance vesting condition were measured at fair value on its grant date using a risk-neutral Monte-Carlo simulation model. The Monte-Carlo model includes assumptions for expected term, volatility, risk free interest rate and dividend yield, each of which are determined in reference to the Company's historical results. The Company determines the fair value of the stock options using the Black-Scholes option pricing model, which are impacted by the following assumptions:

- *Expected Term* — Expected option term is calculated considering the weighted average mid-point of the vesting and expiry dates, compared to the grant date. The expected term used in the Monte-Carlo simulation model to determine the fair value of the market-based RSUs granted was 2.1 – 2.4 years.
- *Expected Volatility* — Volatility range is based on historical industry volatility at the grant date.
- *Expected Dividend Yield* — The dividend rate used is zero as we have never paid any cash dividends on common shares and do not anticipate doing so in the foreseeable future.
- *Risk-Free Interest Rate* — The interest rates used are based on USD treasury yields at the grant date, with a term to maturity matching the expected option term.

Restructuring

Restructuring charges may occur when the Company takes action to exit or significantly curtail a part of the Company's operations or change the deployment of assets or personnel. A restructuring charge can consist of an impairment, severance costs associated with reductions to the workforce, costs to terminate an operating lease or contract, write-off of inventory and charges for legal obligations for which no future benefit will be derived. For more information refer to Note 21.

Reportable Segments

Refer to Note 16 for more information on the Company's operating segments.

Income Taxes

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities and includes foreign income taxes from the Company's operations that are consolidated, combined, for accounted for under the equity method. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Management makes an assessment of the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Changes in recognition or measurement are reflected in the period in which judgment occurs.

The Company recognizes any interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying Consolidated Statements of Net Loss and Comprehensive Loss.

Net Loss Per Share

The Company applies basic and diluted net (loss) income per share attributable to the Company's common shareholders when shares meet the definition of participating securities.

Basic net loss per share attributable to the Company shareholders is computed by dividing net loss by the weighted-average number of shares outstanding during the period without consideration of potentially dilutive common shares.

Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue the Company's common shares were exercised or converted into common shares or resulted in the issuance of common shares that then shared in the earnings of the Company unless inclusion of such shares would be anti-dilutive. For periods in which the Company reports net losses, diluted net loss per common share attributable to the Company common shareholders is the same as basic net loss because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Research and Development Costs

The Company expenses research and development ("R&D") costs as incurred. R&D includes expenditures for new products and process innovation, as well as significant technological improvements to existing products and processes. The Company's R&D expenditures primarily consist of payroll-related costs and office and general costs attributable to time spent on R&D activities. Other costs include depreciation and amortization of facilities and equipment and legal and professional fees related to R&D activities.

Reclassifications

As part of our ongoing efforts to enhance the transparency and consistency of our financial reporting, we have reclassified certain financial statement line items of our Form 10-K. We believe that these reclassifications provide a more accurate representation of our financial position and results of operations.

These reclassifications do not impact our previously reported financial results, as they represent a reorganization of the presentation of the financial statements rather than a change in the underlying accounting principles or policies. The reclassifications are intended to align our financial statement presentation with industry practices and improve comparability with peer companies.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and Form 10-K, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Recently Adopted Accounting Pronouncements

ASU No. 2016-02, Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, Leases ("ASU 2016-02") and in July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements ("ASU 2018-11") (collectively referred to as "ASC 842"). This guidance requires the recognition of right-of-use ("ROU") assets and lease liabilities, arising from financing and operating leases, on the consolidated balance sheet, along with additional qualitative and quantitative disclosures. Companies are required to adopt this guidance using a modified retrospective approach and apply the transition provisions under the guidance at either 1) the later of the beginning of the earliest comparative period presented in the financial statements and the commencement date of the lease, or 2) the beginning of the period of adoption (i.e., on the effective date). Under the transition method using the second application date, a company initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The Company adopted the guidance on January 1, 2022, beginning of our calendar year 2022, using the modified retrospective transition method and initially applied the transition provisions at January 1, 2022, which allowed us to continue to apply the legacy guidance in ASC 840 for periods prior to calendar year 2022. We elected the package of transition practical expedients, which among other things, allows us to keep the historical lease classifications and not have to reassess the lease classification for any existing leases as of the date of adoption. We also made the following accounting policy elections as allowed by ASC 842:

- to apply the short-term lease exception, which allows us to keep leases with an initial term of twelve months or less off the statement of financial position.
- to account for each separate lease component of a contract and its associated non-lease components as a single-lease component for all our leases.

As a result of the adoption of this standard, there was no adjustment to the opening balance of retained earnings as there was no cumulative effect adjustment at the date of adoption. Accordingly, the primary impact of adopting ASC 842 was the recognition of ROU assets and lease liabilities for operating leases of approximately $4,120 and $4,120, respectively for all existing leases which had remaining obligations as of January 1, 2022. ASC 842 did not have a material impact on our results of operations or statement of cash flow.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASU No. 2021-04, Earnings Per Share (Topic 260)

In May 2021, the FASB issued ASU No. 2021-04, Earnings Per Share (Topic 260), Debt — Modifications and Extinguishments (Subtopic 470-50), Compensation — Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options ("ASU No. 2021-04"), which provides a principles-based framework to determine whether an issuer should recognize the modification or exchange as an adjustment to equity or an expense. ASU No. 2021-04 requires issuers to account for modifications or exchanges of freestanding equity-classified written call options (e.g., warrants) that remain equity classified after the modification or exchange based on the economic substance of the modification or exchange. The amendments in ASU No. 2021-04 are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for all entities, including adoption in an interim period. The adoption of ASU No. 2021-04 did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU No. 2020-06, Debt (Topic 815)

In August 2020, the FASB issued ASU No. 2020-06, Debt — (Topic 815) ("ASU No. 2020-06"), which simplifies an issuer's accounting for convertible instruments and its application of the derivatives scope exception for contracts in its own equity. The amendments in ASU No. 2020-06 are effective for public companies, other than smaller reporting companies, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the effect of adopting ASU No. 2020-06.

ASU No. 2016-13- Credit Losses on Financial Instruments (Topic 326)

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (collectively with amendments issued subsequently thereto, "ASC 326"). ASC 326 eliminates the probable recognition threshold for credit impairments. The new guidance broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually to include forecasted information, as well as past events and current conditions. There is no specified method for measuring expected credit losses, and an entity is allowed to apply methods that reasonably reflect its expectations of the credit loss estimate. ASU 2016-13 will be effective for the Company beginning on January 1, 2023. The Company does not expect the adoption to have a material impact to its consolidated financial statements.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

4. FAIR VALUE MEASUREMENTS

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities, except for those assets and liabilities that are short term in nature and approximate the fair values, as of the periods presented:

	Level 1	Level 2	Level 3	Total
As of December 31, 2022				
Assets:				
Investment – Cansativa	—	—	**5,679**	**5,679**
Total Assets	**$ —**	**$ —**	**$ 5,679**	**$ 5,679**
Liabilities:				
Loans and borrowings	—	**1,530**	—	**1,530**
Warrant liability	—	—	**113**	**113**
Total Liabilities	**$ —**	**$ 1,530**	**$ 113**	**$ 1,643**
As of December 31, 2021				
Assets:				
Investment – Cansativa	—	—	1,458	1,458
Total Assets	$ —	$ —	$ 1,458	$ 1,458
Liabilities:				
Loans and borrowings	$ —	$ 7,396	$ —	$ 7,396
Warrant Liability	—	—	2,205	$ 2,205
Convertible notes	—	17,699	—	17,699
Total Liabilities	$ —	$ 25,095	$ 2,205	$ 27,300

Investment — Cansativa

Our investment in Cansativa's equity securities that was previously accounted for using the equity method was partially divested during the three months ended June 30, 2022. Given that this investment does not have a "readily determinable fair value," or is not traded in a verifiable public market, the Company accounted for this investment under ASC 321, Investments — Equity Securities. The Company used the practical expedient available under ASU 2016-01, the cost method investment which presents and carries this investment using the alternative measurement method which is cost minus impairment, if any, plus or minus changes resulting from observable price changes in "orderly transactions," as defined in ASC 321, for the identical or a similar investment of the same issuer. The Company periodically reviews the investments for other than temporary declines in fair value below cost and more frequently when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As of December 31, 2022, the Company believes the carrying value of its cost method investments were recoverable in all material respects. Refer to Note 7 for more information.

The following table provides a summary of changes in fair value of the Company's Level 3 investments for the year ended December 31, 2022:

	Level 3
Balance, December 31, 2021 (Measured at equity method)	$ 1,458
Share of Equity investment loss	$ (64)
Partial sale on investments	$ (515)
Gain due to change in fair value included in earnings	$ 4,868
Change in value due to foreign exchange loss	$ (68)
Balance, December 31, 2022	$ 5,679

During the years ended December 31, 2022 and December 31, 2021, there were no transfers between fair value measurement levels.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

4. FAIR VALUE MEASUREMENTS (cont.)

The change in fair value of warrant liabilities related to private warrants during the year ended December 31, 2022 is as follows:

Private Placement Warrants:	**Total Warrant Liability**
Warrant liability at December 31, 2021	$ 2,205
Change in fair value of warrant liability	(2,092)
Warrant liability at December 31, 2022	**$ 113**

The Company determined the fair value of its private warrants using the Monte Carlo simulation model. The following assumptions were used to determine the fair value of the Private Warrants as of December 31, 2022 and December 31, 2021:

	As of	
	December 31, 2022	**December 31, 2021**
Risk-free interest rate	4.23 %	1.11 %
Expected volatility	105 %	60 %
Share Price	$ 0.31	$ 3.10
Exercise Price	$ 11.50	$ 11.50
Expiration date	December 18, 2025	December 18, 2025

- The risk-free interest rate assumptions are based on U.S. dollar zero curve derived from swap rates at the valuation date, with a term to maturity matching the remaining term of warrants.
- The expected volatility assumptions are based on average of historical volatility based on comparable industry volatilities of public warrants.

5. INVENTORIES, NET

Inventories are comprised of the following items as of the periods presented:

	December 31, 2022	**December 31, 2021**
Raw materials	**$ 1,204**	$ 1,477
Work in progress – cultivated cannabis	**—**	1,241
Work in progress – harvested cannabis and extracts	**21**	1,070
Finished goods – cannabis extracts	**6,703**	11,432
Finished goods – other	**471**	188
Total	**$ 8,399**	$ 15,408

During the years ended December 31, 2022 and 2021, the Company recorded inventory provision for approximately $4,736 and $2,980, respectively, to cost of sales for obsolete inventories.

As disclosed in Note 21, the Company executed a restructuring plan to shutdown Portugal operations in December 2022 and recorded inventory provision of $6,726 as part of restructuring. For more information refer to Note 22.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

6. PREPAID, DEPOSITS AND OTHER RECEIVABLES

Prepaid, deposits and other receivables are comprised of the following items as of the periods presented:

	December 31, 2022	December 31, 2021
Prepaid expenses	590	935
Indirect tax receivables[(a)]	2,007	2,322
Deposits	51	47
Other receivables and advances[(a)]	60	1,760
Total	**$ 2,708**	$ 5,064

(a) December 31, 2021 amounts include $2,396 of other advances and indirect tax receivables to confirm to the current year presentation.

Prepaid expenses and deposits represent amounts paid upfront to vendors for director and officer's insurance, security deposits and supplies. As part of restructuring, $1,837 is written off from other receivables and advances. For more information refer to Note 21.

7. INVESTMENTS

Cansativa

On December 21, 2018, the Company, through its subsidiary Northern Swan Deutschland Holdings, Inc., entered into a seed investment agreement with the existing stockholders of Cansativa GmbH ("Cansativa"), a German limited liability company primarily focused on the import and sale of cannabis products for medical use and related supplements and nutraceuticals. Prior to the Company's investment, Cansativa's registered and fully paid-in share capital amounted to 26,318 common shares. Under the investment agreement, the Company has agreed with the existing stockholders to invest up to EUR 7,000 in Cansativa in three separate tranches of, respectively, EUR 1,000, EUR 3,000 and up to a further EUR 3,000. The first EUR 1,000 (specifically, EUR 999.92, approximately $1,075, or "Seed Financing Round") was invested in Cansativa to subscribe for 3,096 newly issued preferred voting shares at EUR 322.97 per preferred share, and as cash contributions from the Company to Cansativa. The seed EUR 322.97 per share price was based on a fully diluted pre-money valuation for Cansativa of EUR 8,500, and the increase of Cansativa's registered share capital by the 3,096 preferred shares in the Seed Financing Round provided the Company with 10.53% of the total equity ownership of Cansativa. The Company paid the seed investment subscription by, first, an initial nominal payment of EUR 3.10, (i.e., EUR 1.00 per share) upon signing the investment agreement to demonstrate the Company's intent to invest, and the remainder of EUR 996.82 was settled in January 2019 to officially close the investment deal after certain closing conditions have been met by the existing stockholders and Cansativa. The Company accounts for its investment in Cansativa using the equity accounting method, due to the Company's significant influence, in accordance with ASC 323, *Investments — Equity Method and Joint Ventures.*

The Company recorded its investment in Cansativa at the cost basis of an aggregated amount of EUR 999.92, approximately $1,075, which is comprised of EUR 3.10 for the initial nominal amount of the Seed Financing Round and EUR 996.82 for the remaining Seed Financing Round (i.e., Capital Reserve Payment), with no transaction costs.

In accordance with the seed investment agreement, in September 2019, the Company made an additional investment of approximately EUR 650, or approximately $722, for 2,138 shares in Cansativa, thereby increasing its equity ownership to 16.6% of the book value of Cansativa's net assets of approximately EUR 1,233, and approximately EUR 1,122 of equity method goodwill as Cansativa was still in the process of getting the licenses and expanding its operations. As of September 30, 2020, balance of Tranche 2 option expired unexercised and as a result the Company recognized a loss on investment of approximately $370 in its Statement of Operations and Comprehensive Loss and the carrying value of the Tranche 2 option was reduced to $nil.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

7. INVESTMENTS (cont.)

In December 2020, Cansativa allocated shares of its common stock to a newly-installed employee-stock ownership plan ("ESOP"). As a result of the ESOP installment, the Company's equity ownership of Cansativa, on a fully-diluted basis, decreased from 16.59% to 15.80% of the book value of Cansativa's net assets. Additionally, Cansativa raised additional capital through the issuance of Series A preferred stock ("Cansativa Series A Shares") to a third-party investor at a per share price of EUR 543.31. As a result of the Series A Share issuance, the Company's equity ownership of Cansativa, on a fully diluted basis, decreased from 15.80% to 14.22% of the book value of Cansativa's net assets. The Company accounted for the transaction as a proportionate sales of ownership share and recognized a gain of approximately $211 in its consolidated statement of operations within loss on investments line. This change did not impact the equity method classification.

In April 2022, the Company sold 1,586 shares in Cansativa to an unrelated third-party for approximately EUR 2,300. Additionally Cansativa issued 10,184 series B and 992 ESOP shares. As a result, the Company's equity ownership of Cansativa, on a fully diluted basis, decreased from 14.22% to 7.6% of the book value of Cansativa's net assets. Furthermore, the Company relinquished the board seat, indicating that the Company's influence was no longer "significant", to which the equity method of accounting was applicable. The Company started to account for this investment under ASC 321, Investments — Equity Securities. The Company utilized the practical expedient under ASC 321 as the investment does not qualify for the practical expedient under ASC 820 and there is no readily determinable fair value for these privately held shares of Cansativa on a recurring basis.

At the time of the sale, the Company compared the transaction value of the shares sold to the carrying value of shares sold and recognized a gain of $1,983. Immediately following the sale, the Company remeasured its retained interest which resulted in an additional gain of $4,868. As a result, a total of $6,851 was recorded in other income in the Consolidated Statements of Operations during the year ended December 31, 2022. Using the measurement alternative, as defined in ASC 321, the Company will remeasure the value of its retained interest if and when additional sales of Cansativa shares occur with third parties. For the years ended December 31, 2022 and 2021, the Company's share of net losses from the investment were $64 and $95, respectively.

8. INTANGIBLE ASSETS, NET

The Company had acquired cannabis-related licenses as part of a business combination in 2018 with a gross value of approximately $19,000, which have indefinite useful lives as they are expected to generate economic benefit to the Company in perpetuity. In addition, as part of the Herbal Brand acquisition in 2019, the Company acquired finite-lived intangible assets with a gross value of approximately $7,091. We recognized an impairment charge of $19,000 related to its indefinite-lived intangible assets during the year ended December 31, 2022. There were no impairment charges to long-lived assets during the year ended December 31, 2021. During the years ended December 31, 2022 and 2021 the Company recorded approximately $763 and $1,162, respectively, of amortization related to its finite-lived intangible assets.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

8. INTANGIBLE ASSETS, NET (cont.)

The following tables present details of the Company's total intangible assets as of December 31, 2022 and December 31, 2021.

The value of product formulation intangible asset is included in the value of Brand:

	December 31, 2022			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Useful Life (in Years)
Finite-lived intangible assets:				
Customer contracts	**$ 925**	**$ 925**	**$ —**	**0.0**
Customer relationships	**1,000**	**669**	**331**	**3.0**
Customer list	**650**	**478**	**172**	**1.3**
Brand	**4,516**	**1,665**	**2,851**	**6.3**
Total finite-lived intangible assets	**$ 7,091**	**$ 3,737**	**$ 3,354**	
Indefinite-lived intangible assets:				
Licenses	**$ 19,000**	**N/A**	**$ 19,000**	
Impairment Charge	**$ (19,000)**	**N/A**	**$ (19,000)**	
Total indefinite-lived intangible assets	$ —		$ —	
Total intangible assets	**$ 7,091**	**$ 3,737**	**$ 3,354**	

	December 31, 2021			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Useful Life (in Years)
Finite-lived intangible assets:				
Customer contracts	$ 925	$ 925	$ —	0.0
Customer relationships	1,000	487	513	3.4
Customer list	650	346	304	2.3
Brand	4,516	1,216	3,300	7.3
Total finite-lived intangible assets	$ 7,091	$ 2,974	$ 4,117	
Indefinite-lived intangible assets:				
Licenses	$ 19,000	N/A	$ 19,000	
Total indefinite-lived intangible assets	$ 19,000	N/A	$ 19,000	
Total intangible assets	$ 26,091	$ 2,974	$ 23,117	

Annual Impairment Testing

In accordance with ASC Topic 350, "Intangibles — Goodwill and Other," the Company performs its annual impairment test as of December 31 of each year. As part of the review, the Company has performed a qualitative assessment to determine whether indicators of impairment existed, along with considering, among other factors, the financial performance, industry conditions, as well as microeconomic developments. The Company also reviews intangibles for impairment whenever events or changes in circumstances indicate that the carrying value of its intangibles may not be recoverable. After the close of each interim quarter, management assesses whether any indicators of impairment exist requiring the Company to perform an interim goodwill and other intangible assets impairment analysis.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

8. INTANGIBLE ASSETS, NET (cont.)

Impairment Testing — Finite-Lived Intangibles

In conjunction with the annual impairment testing, see Note 9, the Company reviewed finite-lived intangible assets for impairment. In performing such review, the Company makes judgments about the recoverability of purchased finite lived intangible assets whenever events or changes in circumstances indicate that an impairment may exist. The Company recognizes an impairment if the carrying amount of the long-lived asset group exceeds the Company's estimate of the asset group's undiscounted future cash flows. For the year ended December 31, 2022, no impairment was recognized related to the carrying value of any of the Company's finite lived intangible assets.

Impairment Testing — Indefinite-Lived Intangibles

Due to the continued decline in the Company's stock price and the current year's projected revenues falling behind target, the Company performed an interim impairment assessment on its indefinite-lived intangible assets, consisting of cannabis related licenses for its Colombian operations. Significant assumptions used in the impairment analysis include financial projections of free cash flow (including assumptions about revenue projections, regulations, operating margins, capital requirements and income taxes), long-term growth rates for determining terminal value beyond the discretely forecasted periods and discount rates. Utilizing a discounted cash flow model with a weighted average cost of capital ("WACC") of 22%, the Company performed the assessment and recognized an impairment charge of $19,000 along with the related deferred tax liability write-off of $6,650 for the year ended December 31, 2022.

For the year ended December 31, 2021, no impairment was recognized related to the carrying value of any of the Company's finite or indefinite-lived intangible assets.

Amortization Expense

The following table reflects the estimated future amortization expense for each period presented for the Company's finite-lived intangible assets as of December 31, 2022:

	Estimated Amortization Expense
2023	$ 702
2024	585
2025	542
2026	482
2027	452
Thereafter	591
Total	$ 3,354

9. GOODWILL

The following table presents the changes in goodwill by segment:

Cost	Cannabinoid	Non-Cannabinoid	Total
Balance at December 31, 2020	$ 18,508	$ —	$ 18,508
Impairment	$ (18,508)	$ —	$ (18,508)
Balance at December 31, 2021	$ —	$ —	$ —
Impairment	—	—	—
Balance at December 31, 2022	**$ —**	**$ —**	**$ —**

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

9. GOODWILL (cont.)

In accordance with ASC Topic 350, "Intangibles — Goodwill and Other," the Company performs its annual impairment test as of December 31 of each year. As part of the review, the Company has performed a qualitative assessment to determine whether indicators of impairment existed, along with considering, among other factors, the financial performance, industry conditions, as well as microeconomic developments. The Company also reviews goodwill for impairment whenever events or changes in circumstances indicate that the carrying value of its goodwill may not be recoverable. After the close of each interim quarter, management assesses whether any indicators of impairment exist requiring the Company to perform an interim goodwill impairment analysis.

Annual Impairment Testing

During the fourth quarter of 2021, the Company assessed whether there were events or changes in circumstances that would indicate that our goodwill was impaired. The Company performed a quantitative impairment test, including computing the fair value of the reporting units and comparing that value to its carrying value. The Company considered external and internal factors, including overall financial performance and entity-specific factors as part of the assessment. We recognized the challenge of the overall decline in the cannabinoid sector in the months preceding to December 31, 2021, combined with our stock price volatility experience and related factors and as a result the Company determined that it was more likely than not that the carrying value of its cannabinoid operating segment exceeds the fair value as of the year end testing date. Based upon the Company's annual goodwill impairment test, the Company concluded that goodwill was impaired as of the testing date of December 31, 2021. During the year ended December 31, 2021 the Company recognized $18,508 non-cash goodwill impairment charge related to the cannabinoid segment. No goodwill impairment charge was recognized for the year ended December 31, 2022.

The Company calculated the fair value of the operating segments using discounted estimated future cash flows. The weighted-average cost of capital used in testing the reporting unit for impairment was 14%, with a perpetual growth rate of 3%.

10. PROPERTY, PLANT AND EQUIPMENT, NET

The Company has property, plant, and equipment related to land, buildings and warehouses, leasehold improvements, laboratory, and construction in progress. Property, plant and equipment, net consisted of the following:

	December 31, 2022	December 31, 2021
Land	$ 3,306	$ 5,065
Building & warehouse	7,658	13,381
Laboratory equipment	6,416	6,295
Agricultural equipment	1,477	2,404
Computer equipment	1,397	1,681
Furniture & appliances	785	852
Construction in progress[(b)]	240	5,709
Other	1,304	1,247
Property, plant and equipment, gross	**22,583**	**36,634**
Less: accumulated depreciation[(a)]	**(7,120)**	**(5,702)**
Property, plant and equipment, net	**$ 15,463**	**$ 30,932**

(a) The Company recorded total depreciation expense in the Consolidated Statement of Operations for approximately $1,418 and $2,346 in 2022 and 2021, respectively. Total depreciation for the year ended December 31, 2022 includes approximately $1,213 and $802 of depreciation, included in inventory and cost of goods sold, respectively. Total depreciation for the year ended December 31, 2021 includes approximately $1,133 and $586 of depreciation, included in inventory and costs of goods sold, respectively.
(b) Construction in progress primarily relate to on-going construction of the Company's Colombian facilities.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

11. DEBT

	December 31, 2022	December 31, 2021
Convertible Note due 2024, current portion[(a)]	$ —	$ 16,559
Herbal Brands Loan due May 2023, current portion	—	470
Other loans and borrowings, current portion	465	479
Total debt, current portion	**$ 465**	**$ 17,508**
Convertible Note due 2024	—	1,140
Herbal Brands Loan due May 2023[(b)]	—	4,760
Other loans and borrowings	1,065	1,687
Total debt, long term	**$ 1,065**	**$ 7,587**
Ending balance	**$ 1,530**	**$ 25,095**

(a) Convertible Note, current portion reflects, net of debt discount and debt issuance costs of $nil and $2,197 in December 2022 and 2021, respectively.
(b) Herbal Brand's Loan, non-current is reflected net of debt issuance costs of $410 in as of December 31, 2021

2024 Note Purchase Agreement

On July 19, 2021, the Company entered into a Note Purchase Agreement with Catalina LP (the "Note Purchase Agreement") and issued a secured convertible note (the "Convertible Note") to Catalina LP ("SunStream"), an affiliate of SunStream Bancorp Inc., a joint venture initiative sponsored by Sundial Growers Inc. (Nasdaq: SNDL), pursuant to the Note Purchase Agreement in the principal amount of $25,000. The Convertible Note matures three years from the date of issuance and accrues interest from the date of issuance at the rate of 5% per annum. Interest on the Convertible Note is payable on a quarterly basis, either in cash or by increasing the principal amount of the Convertible Note, at the Company's election. The Company may, in its sole discretion, prepay any portion of the outstanding principal and accrued and unpaid interest on the Convertible Note at any time prior to the maturity date.

The principal and accrued interest owing under the Convertible Note may be converted at any time by the holder into the Company's common shares, without par value, at a per share price of $13.50. Up to $12,500 in aggregate principal under the Convertible Note may be so converted within one year of issuance, subject to certain additional limitations.

Subject to certain limitations set forth in the Convertible Note, each of the Company and the noteholder may redeem all or a portion of the outstanding principal and accrued interest owing under the Convertible Note into common shares, at a per share price equal to the greater of (x) an 8% discount to the closing price per share on the applicable redemption date or (y) $6.44 (the "Optional Redemption Rate"). Up to $12,500 in aggregate principal under the Convertible Note may be so redeemed within one year of issuance, subject to certain additional limitations.

If the closing price per share of the Company's common shares on the Nasdaq Capital Market is below $7.00 for 15 consecutive trading days, neither party will be permitted to redeem any portion of the Convertible Note until the closing price per common share has been above $7.00 for 15 consecutive trading days. At any time, including during the time while the holder is restricted from redeeming all or any portion of the Notes, the holder of the Convertible Note may elect to receive cash repayment of principal and accrued interest on the Convertible Note, in an amount not to exceed $3,500 in any 30 consecutive calendar day period, which amount shall be reduced to $2,000 when the principal on the Convertible Note is less than $12,500.

The holder of the Convertible Note will not be entitled to convert any portion of the Convertible Note if, after such conversion, such holder would have beneficial ownership of, and direct or indirect control or direction over, more than 9.99% of the Company's outstanding common shares.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

11. DEBT (cont.)

The Convertible Note is subject to certain events of default.The occurrence of these events of default would give rise to a 5% increase in the interest rate to a total of 10% per annum for as long as the event of default continues and give the holder of the Convertible Note the right to redeem the outstanding principal and accrued interest on the Convertible Note at the Optional Redemption Rate. Certain events of default also require the Company to repay all outstanding principal and accrued interest on the Convertible Note. In addition, in certain circumstances, if the Company fails to timely deliver common shares as required upon conversion or redemption of the Convertible Note, then the Company will be required to pay, on each day that such failure to deliver common shares continues, an amount in cash equal to 0.75% of the product of (x) the number of common shares the Company failed to deliver (on or prior to share delivery deadline and to which holder is entitled) multiplied by (y) any closing trading price of the common shares (selected by the Holder in writing during the period beginning on the applicable Conversion/Redemption Date and ending on the applicable Conversion/Redemption Share Delivery Deadline.) The obligations of the Company under the Note Purchase Agreement are guaranteed by certain of the Company's subsidiaries.

The Company evaluated all settlement possibilities to conclude if the Convertible Note represented an obligation under ASC 480. As of the inception of the Convertible Note, the Company analyzed whether the Share Redemption is predominant based on the likelihood the Convertible Note will settle in accordance with that particular provision, compared to the likelihood of settling under all other possibilities and determined that in order for the Convertible Note to be subject to ASC 480, there must be a 90% likelihood of settlement using a variable number of shares such that the monetary value is substantially fixed. Based upon the overall assessment of settlement possibilities, the Company concluded that the Convertible Note is not subject to ASC 480.

In connection with the 2024 Convertible Note and issuance of common shares upon Convertible Note conversions during year 2021, the Company analyzed the convertible instrument for a beneficial conversion feature in accordance with ASC 470-10 and in accordance to ASC 815. The Company determined it was not a derivative requiring liability treatment and the redemption feature was not bifurcated as a derivative liability. The Company concluded that during October 2021, the contingency linked to the beneficial conversion factor was met and the beneficial conversion factor with discount on debt was recognized. The Company recorded a beneficial conversion feature of $4,748 in Additional Paid in Capital. The discount created by the beneficial conversion factor was amortized from the date the contingency was met to maturity or earlier redemption date of holder's put. As a result, the Company recorded $3,519 total debt amortization, within Interest expense in the Consolidated Statement of Operations for 2021. The Conversion feature was evaluated under ASC 815 for an embedded derivative and noted that conversion features qualifies for the scope exception for instruments that are indexed to its own equity and bifurcation is not require from the host debt instrument.

The Company evaluated the guidance for Beneficial Conversion Features ("BCF") per ASC 470. At the commitment date, the fair value of the shares contingently issuable upon conversion was greater than the allocated proceeds and calculated the intrinsic value of conversion feature for the amount of $9,496 which should be recognized in earnings if and when the contingencies are resolved. In establishing the accounting policy for the recognition of this contingent BCF, the Company considered that this settlement is only available to a limited portion of principal ($12,500 convertible in the first year), when price is below $7. The second half of the debt becomes convertible when the trading price falls to $7.00 during the second or third year the Convertible Note is outstanding. During 2021, first contingency feature was resolved and BCF for $4,748 was recorded.

Additionally, the Company recorded debt issuance cost of $630 and debt discount of $335, together total of $965. The discount created by the beneficial conversion factor was amortized from the date the contingency was met to maturity or earlier redemption date of holder's put. These costs are amortized to interest expense over the life of the debt. A portion of the discount was accelerated in proportion to the extent note holder had the right to exercise contingent put to receive cash repayments on account of principal and accrued Interest.

On January 13, 2022, the Company and Catalina LP entered the First Amendment to the Secured Convertible Note (the "First Amendment Agreement"), amending certain terms of the original Secured Convertible Note issued by the Company to Catalina. The amendment changed the Optional Redemption Price to be the greater of (i) $2.208

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

11. DEBT (cont.)

($6.44 in the Original Note); and (ii) an 8% discount to the 4-day lowest volume weighted average trading price (VWAP) of the Common Shares on the Nasdaq Capital Market on each of the three days prior to and including the date of the Optional Redemption Notice (the Original Note provided for an 8% discount to the closing price of the Common Shares on the Original Redemption Date). These amendments were temporary amendments that would have expired on July 19, 2022, at which time the terms of the original note would have applied with respect to such amendments. The First Amendment Agreement allowed Catalina to elect to receive cash repayment on account of Principal if the closing price per share of the Company's common shares on the Nasdaq Capital Market was below $2.20 (from $7.00 in the original Secured Convertible Note) on any 10 of the previous 20 trading days. The terms of the Original Note would have applied to redemptions or repayments after July 19, 2022, unless further amended by the parties thereto.

The amendment also added the limitations on redemptions into Common Shares by Catalina as follows: (1) from and after February 1, 2022, Catalina may redeem up to an aggregate amount of $2,000 (the "Base Redemption Amount") during a calendar month at the Optional Redemption Price; (2) from and after February 1, 2022, Catalina may redeem up to an additional $1,500 (the "Additional Redemption Amount") during a calendar month at a redemption price that is the greater of (i) $4.60 and (ii) an 8% discount to the 4-day VWAP; and (3) until January 31, 2022, Catalina may redeem up to an aggregate amount of $4,000 (the "Make-Up Base Redemption Amount") at the Optional Redemption Price; and (4) until January 31, 2022, Catalina may redeem up to an additional $3,000 (the "Make-Up Additional Redemption Amount") at a redemption price that is the greater of (i) $4.60 and (ii) an 8% discount to the 4-day VWAP. The Company compared the change in fair value of the conversion feature to the pro forma carrying amount and noted it to be more than 10%. The Company accounted for this amendment as a debt extinguishment. The Company also compared the effective conversion price with fair value of the Company's common stock and noted no BCF to be reacquired at the time of extinguishment. As a result, during the three months ended March 31, 2022, the Company recognized a loss on debt extinguishment of $2,263 which included unamortized debt issuance cost and BCF that was evaluated under the terms of the original Catalina LP Secured Convertible note.

At the amendment date, new terms were evaluated for BCF per ASC 470 and noted that the fair value of the shares issuable upon conversion was greater than the allocated proceeds. As a result, the Company calculated and recorded the intrinsic value of conversion feature and BCF of $1,749. The Company recognized $1,644 discount created by the BCF for the quarter ended March 31, 2022, accelerating amortization on straight line basis from the date of amendment to the date of payment. No other derivative bifurcation was noted.

In April 2022, the Company fully repaid its 2024 Convertible Note with accrued interest. As a result of the full repayment of the 2024 Convertible Note, the Company recognized the remaining balance of $105 discount created by the BCF for the quarter ended June 30, 2022, within interest expense in the Consolidated Statement of Operations.

The Company repaid principal of $16,719 and accrued interest of $27, for a total amount of $16,746, of the 2024 Convertible Note during the year ended December 31, 2022.

During the years ended December 31, 2022 and 2021, the Company issued a total of 1,507,000 and 720,085 common shares upon Convertible Note conversion to the noteholder of $3,363 and $6,047 aggregate principal amounts, respectively. As of December 31, 2022 and 2021, there were nil and $16,559 outstanding principal balance, including interest and net of debt discount and debt issuance cost, of the 2024 Convertible Note payable, respectively.

Other Borrowings

Portugal Debt

In January 2021, Clever Leaves Portugal Unipessoal LDA borrowed €1,000 ($1,213) (the "Portugal Debt"), from a local lender (the "Portugal Lender") under the terms of its credit line agreement. The Portugal Debt pays interest quarterly at a rate of Euribor plus 3 percentage points.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

11. DEBT (cont.)

For the years ended December 31, 2022 and 2021, the Company recognized interest expense of approximately €28 ($30) and nil, respectively, and repaid principal of approximately €250 ($264) and nil, respectively, of the Portugal Debt in accordance with the terms of the loan agreement. The outstanding principal balance of the Portugal Debt as of December 31, 2022 and December 31, 2021 was €750 ($805) and €1,000 ($1,213), respectively. In December 2022, the Company approved a plan to shut-down its cultivation activities in Portugal in order to preserve cash. The Portugal Debt was not discharged as part of the restructuring and remains outstanding. For more information on the Restructuring, see Note 21 to our audited consolidated financial statements for the year ended December 31, 2022 included in this Form 10-K.

Colombia Debt

Ecomedics S.A.S. has entered into loan agreements with multiple local lenders (collectively, the "Colombia Debt"), under which the Company borrowed approximately COP$5,305,800 ($1,295) of mainly working capital loans. The working capital loans are secured by mortgage of our farm land in Colombia as collateral. These loans bear interest at a range of 10.96% to 12.25% per annum denominated in Colombian pesos. The first payment of the principal and interest will be repaid six months after receiving the loan. After the first payment, the principal and interest will be repaid semi-annually. For the years ended December 31, 2022 and 2021, the outstanding principal balance was approximately COP$3,471,576 ($725) and COP$4,592,095 ($1,153), respectively.

Herbal Brands Debt

In May 2019 and in connection with the Herbal Brands, Inc ("Herbal Brands") acquisition, the Company entered into a loan agreement (the "Loan and Security Agreement") with Rock Cliff Capital under which the Company secured a non-revolving loan of $8,500 (the "Herbal Brands Loan"). The Herbal Brands Loan bore interest at 8.00% per annum, calculated based on the actual number of days elapsed, due and payable in arrears on the first day of each fiscal quarter commencing July 1, 2019. The Herbal Brands Loan was to be repaid or prepaid prior to its maturity date of May 2, 2023 and required the Company to repay, on a quarterly basis, 85% of positive operating cash flows. The Company could also choose to prepay a portion of or the full balance of the loan, subject to a fee equal to the greater of (i) zero, and (ii) $2,338, net of interest payments already paid on such prepayment date. The loan was secured by inventory, property plant and equipment and other assets as collateral.

In connection with the Herbal Brands Loan, the Company issued equity-classified warrants for Class C preferred shares to Rock Cliff Capital (the "Rock Cliff Warrants") with an initial fair value of $717, which was reflected in additional paid-in capital, with an initial expiration date of May 3, 2021. For more information, refer to Note 12.

The Herbal Brands Loan and Rock Cliff Warrants were deemed freestanding financial instruments with the loan accounted for as debt, subsequently measured using amortized cost, and the Rock Cliff Warrants, representing a written call option, accounted for as an equity-classified contract with subsequent changes in fair value not recognized as long as warrants continue to be classified as equity. Using a relative fair value method, at the time of issuance, the Company recognized approximately $7,783 as loans and borrowings and approximately $717 in additional paid-in capital for the equity classified warrant.

In August 2020, the Company amended certain terms of the Herbal Brands Loan to provide for additional interest of 4.00% per annum, compounding quarterly and payable in-kind at maturity. In addition, the Company extended the expiration date of the Rock Cliff Warrants to May 3, 2023. As part of the amendment, the net debt to EBITDA covenant test was no longer required due to the occurrence of a Qualified IPO on December 18, 2020. The Company accounted for the amendment to the Herbal Brands Loan as a debt modification. Due to the extension of the warrants expiration, the Company reviewed the fair value of the options before and after the amendment, as a result the Company recognized approximately $400 of additional debt issuance costs related to the increase in the fair value of the warrants in its statement of financial position at December 31, 2021. Such costs will be amortized on a straight-line basis through the amended expiration date of the Rock Cliff Warrants.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

11. DEBT (cont.)

Following the closing of the business combination on December 18, 2020 between Clever Leaves International Inc., a corporation organized under the laws of British Columbia, Canada, Schultze Special Purpose Acquisition Corp., a Delaware corporation, Novel Merger Sub Inc., a Delaware corporation and the Company, which resulted in both Clever Leaves International Inc. and Schultze Special Purpose Acquisition Corp. becoming wholly owned subsidiaries of the Company (the "Business Combination") and pursuant to the terms, the holder of the Rock Cliff Warrants can purchase 63,597 of the Company's common shares at a strike price of $26.73 per share.

For the years ended December 31, 2022 and 2021, the Company recognized interest expense of approximately $715 and $733, respectively, from the Herbal Brands Loan and repaid principal of approximately $5,642 and $1,495, respectively, of the Herbal Brands Loan in accordance with the terms of the loan agreement.

As of December 31, 2022, there was no outstanding principal balance, including interest, of the Herbal Brands Loan.

12. CAPITAL STOCK

Common Shares

As of December 31, 2022 and 2021, a total of43,636,783 and 26,605,797 common shares were issued and outstanding, respectively. The increase in outstanding shares was primarily the result of shares issued under the ATM. See Equity Distribution Agreement disclosed below.

In April 2022, the Company fully repaid its 2024 Convertible Note with accrued interest. In connection with the convertible note purchase agreement, the Company issued a total of 1,507,000 and 720,085, common shares upon debt conversion to the noteholder as of December 31, 2022 and 2021, respectively. For more information, refer to Note 11 to our financial statements.

Equity Distribution Agreement

On January 14, 2022, the Company entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") with Canaccord Genuity LLC, as sales agent (the "Agent"). Under the terms of the Equity Distribution Agreement, the Company may issue and sell its common shares, without par value, having an aggregate offering price of up to $50,000 from time to time through the Agent. The issuance and sale of the common shares under the Equity Distribution Agreement have been made, and any such future sales will be made, pursuant to the Company's effective registration statement on Form S-3 (File No. 333-262183), which includes an "at-the-market" ("ATM") offering prospectus supplement (the "Prospectus Supplement"), as amended from time to time.

Following the filing of this annual report on Form 10-K, we expect to be subject to the limitations under General Instruction I.B.6. of Form S-3. As such, we will not be able to sell more than one-third of the aggregate market value of the voting and non-voting common equity held by non-affiliates, with such aggregate market value calculated using figures from a date or dates, as the case may be, within the preceding 60-days from the date of filing this Annual Report. Pursuant to this baby shelf cap, we will not be able to offer to or sell equity securities for more than one-third of our public float.

For the year ended December 31, 2022, the Company had issued and sold14,994,765 shares pursuant to the ATM offering, for aggregate net proceeds $26,325, which consisted of gross proceeds of $27,686 and $1,361 equity issuance costs.

No shares were sold pursuant to the ATM offering during the three months ended December 31, 2022.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

12. CAPITAL STOCK (cont.)

Warrants

As of December 31, 2022, excluding the Rock Cliff warrants, the Company had 12,877,361 of its public warrants classified as a component of equity and 4,900,000 of its private warrants recognized as liability. Each warrant entitles the holder to purchase one common share at an exercise price of $11.50 per share commencing 30 days after the closing of the Business Combination and will expire on December 18, 2025, at 5:00 p.m., New York City time, or earlier upon redemption. Once the warrants are exercisable, the Company may redeem the outstanding public warrants at a price of $0.01 per warrant if the last reported sales price of the Company's common shares equals or exceeds $18.00 per share (as adjusted for share splits, share capitalization, reorganizations, recapitalization and the like) for any 20 trading days within a 30 trading day period ending on the third trading day prior to the date on which the Company will send the notice of redemption to the warrant holders. The private warrants were issued in the same form as the public warrants, but they (i) are not redeemable by the Company and (ii) may be exercised for cash or on a cashless basis at the holder's option, in either case as long as they are held by the initial purchasers or their permitted transferees (as defined in the warrant agreement). Once a private warrant is transferred to a holder other than an affiliate or permitted transferee, it is treated as a public warrant for all purposes. The terms of the warrants may be amended in a manner that may be adverse to holders with the approval of the holders of at least a majority 50.1% of the then outstanding warrants.

In accordance to ASC 815, certain provisions of private warrants that do not meet the criteria for equity treatment are recorded as liabilities with the offset to additional paid-in capital and are measured at fair value at inception and at each reporting period in accordance with ASC 820, *Fair Value Measurement*, with changes in fair value recognized in the statement of operations in the period of change.

As of December 31, 2022 and 2021, the Company performed a valuation of the private warrants and as a result recorded a net gain on remeasurement of approximately $2,092 and $16,856, respectively in its consolidated statement of operations.

Herbal Brands Acquisition

In April 2019, the Company issued the Rock Cliff Warrants to purchase 193,402 Clever Leaves Class C convertible preferred shares on a 1:1 basis, at a strike price of $8.79 per share. The fair value of the Rock Cliff Warrants was $717. The warrants can be exercised in part or in whole at any time prior to the expiration date of May 3, 2021, and are not assignable, transferable, or negotiable. The equity classified warrants are amortized to interest expense over the life of the debt.

In August 2020 and in connection with the Company's modification to the Herbal Brands Loan, the Company extended the expiration date of the Rock Cliff Warrants to May 3, 2023. Following the closing of the Business Combination and pursuant to the terms, the holder of the Rock Cliff Warrants can purchase 63,597 of the Company's common shares at a strike price of $26.73 per share.

In May 2022, the Company fully repaid the Herbal Brands Loan in the amount of approximately $5,642, including interest and fees, in full satisfaction of Herbal Brands' obligations under the Loan and Security Agreement. As a result of the full repayment of the Herbal Brand Loan, the Company recorded the remaining amortization balance of the Rock Cliff Warrants within interest and amortization of debt issuance cost in the consolidated statement of operation as of June 30, 2022.

During the years ended December 31, 2022 and 2021, the Company amortized $38 and $410, respectively, to interest expense.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

13. GENERAL AND ADMINISTRATION

The components of general and administrative expenses were as follows:

	Year ended	
	December 31, 2022	December 31, 2021
Salaries and benefits	**$ 14,665**	$ 14,309
Office and administration	**4,778**	5,024
Professional fees	**4,030**	6,227
Share based compensation	**2,343**	11,451
Rent	**1,382**	1,082
Other[(a)(b)]	**617**	1,186
Total	**$ 27,815**	$ 39,279

(a) The Company reclassified $818 of sales and marketing, reported in previous period in general and administrative expense, to conform to the current period presentation.
(b) For the years ended December 31, 2022 and 2021, other general and administrative costs includes freight-out cost of approximately $541 and $623, respectively, related to costs of packaging, labelling, and courier services, respectively.

14. SHARE-BASED COMPENSATION

Northern Swan Holdings, Inc. 2018 Omnibus Incentive Compensation Plan

The Northern Swan Holdings, Inc. 2018 Omnibus Incentive Compensation Plan, as amended (the "2018 Plan") provides for the Company to grant incentive stock options, nonqualified stock options, restricted share units ("RSUs") and other share-based awards to its employees, directors, officers, outside advisors and non-employee consultants. The 2018 Plan was terminated as of December 18, 2020 in respect of future grants of awards and issuances and distributions of common shares, other than issuances of common shares upon the exercise of options or the vesting of RSUs granted under the 2018 Plan that were outstanding on December 18, 2020.

As of December 31, 2020, the Company had reserved 4,500,000 common shares for issuance to its employees, directors, outside advisors and non-employee consultants pursuant to the 2018 Plan Unless otherwise provided, at the time of grant, the options issued pursuant to the 2018 Plan expire ten years from the date of grant and generally vest over four years, with 25% of the award vesting in four equal installments. No new awards have been issued under the 2018 Plan since 2020.

Clever Leaves Holdings Inc. 2020 Incentive Award Plan

In connection with the Business Combination, the Company adopted the Clever Leaves Holdings Inc. 2020 Incentive Award Plan (the "2020 Plan") which provides for the Company to grant incentive stock options, nonqualified stock options, RSUs and other shares-based awards to its employees, directors, officers, outside advisors and non-employee consultants.

Under the 2020 Plan, the Company had reserved 2,813,215 common shares for issuance to its employees, directors, outside advisors and non-employee consultants. Unless otherwise provided, at the time of grant, the options and RSUs issued pursuant to the 2020 Plan generally expire ten years from the date of grant and generally vest over four years, with 25% of the award vesting in four equal installments. As of December 31, 2022 and December 31, 2021, 1,141,945 and 2,378,365 common shares, respectively, were available for future grants of the Company's common shares under the 2020 Incentive Award Plan.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

14. SHARE-BASED COMPENSATION (cont.)

Clever Leaves Holdings Inc. 2020 Earnout Award Plan

In connection with the Business Combination, the Company adopted the Clever Leaves Holdings Inc. 2020 Earnout Award Plan (the "Earnout Plan"). The purpose of the Earnout Plan is to provide equity awards following the closing of the Business Combination to certain directors, employees and consultants that have contributed to the Business Combination. Under the Earnout Plan, (i) shares constituting 50% of the share reserve were to be issuable only if the closing price of the Company's common shares on Nasdaq equals or exceeds $12.50 per share (as adjusted for shares splits, reverse splits, stock dividends, reorganizations, recapitalization or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before the second anniversary of the closing (which condition was met on March 16, 2021), and (ii) shares constituting the remaining 50% of the share reserve will be issued only if the closing price of the Company's common shares on Nasdaq equals or exceeds $15.00 per share (as adjusted for stock splits, reverse splits, stock dividends, reorganizations, recapitalizations or any similar event) for any 20 trading days within any consecutive 30 trading day period on or before the fourth anniversary (December 18, 2024) of the closing. Equity awards granted prior to these hurdles being met will vest only if the applicable hurdles are achieved; equity awards granted following the hurdles being achieved need not include the hurdles. In addition, the Company's board of directors may choose to impose additional vesting conditions.

The 2018 Plan, 2020 Plan, and Earnout Plan are administered by the Company's board of directors or, at the discretion of the Company's board of directors, by a committee thereof. The exercise prices, vesting and other restrictions are determined at the discretion of the Company's board of directors, or its committee if so delegated. The Company's board of directors values the Company's common shares, taking into consideration the most recently available valuation thereof performed by third parties, as well as additional factors which may have changed since the date of the most recent contemporaneous valuation through the date of grant.

As of December 31, 2022 and December 31, 2021, 538,651 and 35,602 common shares, respectively, were available for future issuance under the 2020 Earnout Award Plan.

Share-Based Compensation Expense

The following table summarizes the Company's share-based compensation expense for each of its awards, included in the Consolidated Statement of Operations:

	Year Ended	
	December 31, 2022	**December 31, 2021**
Share-based compensation award type:		
Stock Options	$ 237	$ 1,293
RSUs	2,106	10,158
Total Shared Based Compensation Expense	**$ 2,343**	$ 11,451

The Company recognized share-based compensation expense in general and administrative expenses.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

14. SHARE-BASED COMPENSATION (cont.)

Share-Based Award Valuation

The following table presents the weighted average assumptions used in the Black-Scholes Merton option pricing model to determine the fair value options granted during the periods presented:

	Weighted Average Assumptions	
	December 31, 2022	**December 31, 2021**
Risk-free interest rate	**0.40% – 2.82%**	**0.78% – 1.09%**
Expected dividend yield	**0.0%**	**0.0%**
Expected volatility	**75% to 90%**	**75% to 90%**
Expected life (in years)	**0.25 – 6.08**	**5.00 – 6.25**
Exercise price (per share)[(a)]	**$ 1.64 – $2.76**	**$ 11.07 – $14.40**

(a) The Company has reported exercise price in previous period to conform to the current period presentation.

Stock Options

The following table summarizes the Company's stock option activity during the years ended December 31, 2022 and 2021:

	Stock Options	Weighted-verage Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance as at December 31, 2020	**896,888**	**$ 5.22**	**3.96**	**$ 2,889**
Granted	64,736	$ 13.81	**9.23**	$ —
Exercised	(40,942)	$ 0.24	—	$ 434
Forfeited	(46,830)	$ 10.65	—	$ —
Expired	(89,659)	$ 9.43	—	$ —
Balance as at December 31, 2021	**784,193**	**$ 5.91**	**3.68**	**$ —**
Granted	23,114	$ 2.16	7.05	
Exercised	(158,882)	$ 0.24	—	$ 130
Forfeited	(60,789)	$ 7.53	—	$ —
Expired	(177,159)	$ 6.34	—	$ —
Balance as at December 31, 2022	**410,477**	**$ 7.15**	**2.56**	**$ —**
Vested and expected to vest as at December 31, 2022	**399,944**	**$ 7.07**	**2.58**	**$ —**
Vested and exercisable as at December 31, 2022	**306,575**	**$ 6.75**	**2.09**	**$ —**

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common shares for all stock options that had exercise prices lower than the fair value of the Company's common shares.

The weighted-average grant-date fair value per share of stock options granted during the years ended December 31, 2022 and 2021 was $9.05 and $9.97, respectively.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

14. SHARE-BASED COMPENSATION (cont.)

The share-based compensation expense related to unvested stock options awards not yet recognized as of December 31, 2022 and 2021 was $392 and $1,414, which is expected to be recognized over a weighted average period of 1.0 years and 1.4 years respectively.

Restricted Share Units

Time-based Restricted Share Units

The fair value for time-based RSUs is based on the closing price of the Company's common shares on the grant date.

The following table summarizes the change in the Company's time-based restricted share unit activity during the years ended December 31, 2022 and 2021:

	Restricted Share Units		Weighted-Average Grant Date Fair Value
Unvested as of December 31, 2020	78,634	$	3.25
Granted	592,213	$	12.61
Vested	(151,000)	$	13.86
Canceled/forfeited	(17,146)	$	7.86
Unvested as of December 31, 2021	**502,701**	**$**	**10.93**
Granted	2,004,324	$	2.53
Vested	(276,921)	$	9.19
Canceled/forfeited	(861,953)	$	3.75
Unvested as of December 31, 2022	**1,368,151**	**$**	**3.50**

The stock-based compensation expense related to unvested time-based restricted share units not yet recognized as of December 31, 2022 and 2021 were $2,949 and $4,708, respectively, which is expected to be recognized over a weighted average period of 1.8 years and 2.4 years respectively.

Market-based Restricted Share Units

The Company has previously granted RSUs with both a market conditions and a service condition (market-based RSUs) to the Company's employees. No such market-based RSU were granted during the year ended December 31 2022. The market-based condition for these awards requires that (i) the Company's common share maintain a closing price equal to or greater than $12.50 for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2022 (which condition was met on March 16, 2021) or (ii) the Company's common share maintain a closing price equal to or greater than $15.00 for any 20 trading days within any consecutive 30 trading day period on or before December 18, 2024. Provided that the market-based condition is satisfied, and the respective employee remains employed by the Company, the market-based RSUs will vest in four equal annual installments on the applicable vesting date. The RSUs with the closing-price condition of $12.50 or more was met in the year ended December 31, 2021.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

14. SHARE-BASED COMPENSATION (cont.)

The following table summarizes the change in the Company's market-based restricted share units activity during the years ended December 31, 2021 and December 31, 2022.

	Restricted Share Units	Weighted-Average Grant Date Fair Value
Unvested as of December 31, 2020	—	$ —
Granted	1,256,785	13.06
Vested	(117,895)	13.91
Canceled/forfeited	(65,559)	13.53
Unvested as of December 31, 2021	**1,073,331**	**$ 12.94**
Granted	—	—
Vested	(100,607)	13.91
Canceled/forfeited	(442,931)	12.90
Unvested as of December 31, 2022	**529,793**	**$ 12.79**

The share-based compensation expense related to unvested market-based RSUs not yet recognized as of December 31, 2022 and 2021 were $2,081, and 8,462 which is expected to be recognized over a weighted average period of 2.1 years and 3.1 years respectively.

The following table represents the weighted-average assumptions used in the Monte Carlo simulation model to determine the fair value of the restricted share units granted during the years ended December 31, 2021 and December 31, 2022.

	Weighted Average Assumptions	
	December 31, 2022	December 31, 2021
Grant date share price	**$ 2.53**	**$ 13.68**
Risk-free interest rate	**1.56%**	**0.52%**
Expected dividend yield	**0.0%**	**0.0%**
Expected volatility	**75%**	**90%**
Expected life (in years)	**2.1 – 2.4**	**1.3 – 3.8**

15. REVENUE

Disaggregation of Revenue

See Note 16 Segment Reporting for disaggregation of revenue data.

Contract Balances

The timing of revenue recognition, billing and cash collections results in billed accounts receivable, deferred revenue primarily attributable to advanced customer payment, on the Consolidated Statements of Financial Position. Accounts receivables are recognized in the period in which the Company's right to the consideration is unconditional. The Company's contract liabilities consist of advance payment from a customer, which is classified on the Consolidated Statements of Financial Position as current and non-current deferred revenue.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

15. REVENUE (cont.)

As of December 31, 2022, the Company's deferred revenue, included in current liabilities and non-current were $1,072 and $nil, respectively.

As of December 31, 2021, the Company's deferred revenue, included in current liabilities and non-current was $653 and $1,548, respectively.

16. SEGMENT REPORTING

Operating segments include components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the Company's Chief Executive Officer, "CEO") in deciding how to allocate resources and in assessing the Company's performance.

Operating segments for the Company are organized by product type and managed by segment managers who are responsible for the operating and financial results of each segment. Due to the similarities in the manufacturing and distribution processes for the Company's products, much of the information provided in these consolidated financial statements and the footnotes to the consolidated financial statements, is similar to, or the same as, that information reviewed on a regular basis by the Company's CEO.

The Company's management evaluates segment profit/loss for each of the Company's operating segments. The Company defines segment profit/loss as income from continuing operations before interest, taxes, depreciation, amortization, share-based compensation expense, gains/losses on foreign currency fluctuations, gains/losses on the early extinguishment of debt and miscellaneous expenses. Segment profit/loss also excludes the impact of certain items that are not directly attributable to the reportable segments' underlying operating performance. Such items are shown below in the table reconciling segment profit to consolidated income from continuing operations before income taxes. The Company does not have any material inter-segment sales. Information about total assets by segment is not disclosed because such information is not reported to or used by the Company's CEO. Segment goodwill and other intangible assets, net, are disclosed in Note 9 Goodwill and Note 8 Intangible Assets, respectively.

As of December 31, 2022 and 2021, the Company's operations were organized in the followingtwo reportable segments:

(1) The Cannabinoid operating segment: comprised of the Company's cultivation, extraction, and commercialization of cannabinoid products. This operating segment is in the early stages of commercializing cannabinoid products internationally pursuant to applicable international and domestic legislation, regulations, and other permits. The Company's principal customers and sales for its products are primarily outside of the U.S.

(2) Non-Cannabinoid operating segment: comprised of the brands acquired as part of the Herbal Brands acquisition in May 2019. The segment is engaged in the business of formulating, manufacturing, marketing, selling, distributing, and otherwise commercializing nutraceutical and other natural remedies, wellness products, detoxification products, and nutritional and dietary supplements. The Company's principal customers for its Herbal Brands products include mass retailers, specialty and health retailer and distributors in the U.S.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

16. SEGMENT REPORTING (cont.)

The following table is a comparative summary of the Company's net sales and segment profit for by reportable segment for the periods presented:

	Year ended	
	December 31, 2022	**December 31, 2021**
Segment Net Revenue:		
Cannabinoid	**$ 6,119**	$ 3,242
Non-Cannabinoid	**11,681**	12,132
Total Net Revenue	**17,800**	15,374
Segment Profit (Loss):		
Cannabinoid	**(63,720)**	(16,915)
Non-Cannabinoid	**1,346**	2,631
Total Loss	**$ (62,374)**	$ (14,284)
Reconciliation:		
Total Segment Loss	**(62,374)**	(14,284)
Unallocated corporate expenses	**(8,327)**	(11,196)
Non-cash share based compensation	**(2,343)**	(11,451)
Depreciation and amortization	**(2,058)**	(1,768)
Goodwill impairment	**—**	(18,508)
Loss from operations	**$ (75,102)**	$ (57,207)
Loss (gain) on debt extinguishment, net	**2,263**	(3,262)
Gain on remeasurement of warrant liability	**(2,092)**	(16,856)
Gain on investment	**(6,851)**	—
Foreign exchange loss	**1,129**	1,276
Interest expense	**2,702**	6,818
Other expense (income), net	**202**	(502)
Loss from operations before income taxes and equity investment loss	**$ (72,455)**	$ (44,681)

Customers with an accounts receivable balance of10% or greater of total accounts receivable and customers with net revenue of 10% or greater of total revenues are presented below for the periods indicated:

	Percentage of Revenues December 31,		Percentage of Accounts Receivable December 31,	
	2022	**2021**	**2022**	**2021**
Customer B[(a)]	12%	17%	18%	25%
Customer C[(b)]	*	*	13%	18%
Customer H[(a)]	*	*	15%	*
Customer I[(a)]	*	*	10%	*

* *denotes less than 10%*
(a) net sales attributed are reflected in the cannabinoid segments
(b) net sales attributed are reflected in the non-cannabinoid segments

During 2022 and 2021, the Company's net sales for the non-cannabinoid segment were in the U.S; cannabinoid net sales were mostly outside of the U.S., primarily in Colombia, Israel, Brazil and Australia.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

16. SEGMENT REPORTING (cont.)

The following table disaggregates the Company's long-lived assets, by segment for the periods presented:

	December 31, 2022	December 31, 2021
Long-lived assets		
Cannabinoid	**$ 15,308**	$ 30,709
Non-Cannabinoid	**155**	216
Other[(a)]	**—**	7
Total	**$ 15,463**	$ 30,932

(a) "Other" includes long-lived assets primarily in the Company's corporate offices.

Long-lived assets consist of non-current assets other than goodwill; intangible assets, net; deferred tax assets; investments in unconsolidated subsidiaries and equity securities; and financial instruments. The Company's largest market in terms of long-lived assets is in Colombia.

The following table disaggregates the Company's revenues by channel for the periods presented:

	Year ended	
	December 31, 2022	December 31, 2021
Mass retail	**$ 9,920**	$ 8,070
Distributors	**6,796**	5,835
Specialty, health and other retail	**578**	945
E-commerce	**506**	524
	$ 17,800	$ 15,374

The following table represents the Company's revenues attributed to countries based on location of customer:

	Year Ended December 31,	
	2022	2021
United States	**$ 11,461**	$ 12,132
Israel	**1,424**	809
Australia	**1,835**	1,584
Brazil	**1,431**	153
Germany	**1,431**	100
Other	**218**	596
Total	**$ 17,800**	$ 15,374

(a) The Company has presented December 31, 2021 information to conform to the current period presentation.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

17. INCOME TAX

Income tax recognized in the statement of operations:

	Year ended	
	December 31, 2022	**December 31, 2021**
Current tax		
Current tax expense in respect of the current year	**$ 296**	$ —
Deferred tax		
Deferred tax expense (recovery) in the current year	**(6,650)**	950
Total income tax expense recognized in the current year	**$ (6,354)**	**$ 950**

The reconciliation of income tax expense attributable to loss before income taxes differs from the amounts computed by applying the combined federal and provincial combined tax rate of 27% (2021 — 27%) of pre-tax loss as a result of the following:

	Year ended	
	December 31, 2022	**December 31, 2021**
Net loss before income tax	**$ (72,455)**	$ (44,681)
Expected federal income tax recovery calculated at 27%[a]	**(19,563)**	(12,064)
Effect of income/expenses, net, that are not (taxable)/deductible (permanent differences) in determining taxable profit	**591**	3,493
Tax rates differences applicable to foreign subsidiaries	**616**	(708)
Loss related to loan conversion	**(319)**	—
Change valuation allowance	**13,825**	7,988
Foreign exchange	**—**	1,226
Changes in tax rates	**—**	950
Intangible asset impairment – effect of tax rate difference	**(1,520)**	—
Other	**16**	65
Income tax expense	**$ (6,354)**	**$ 950**

(a) Due to the substantial alignment of the taxable income base between Canada and its provinces, the combined federal and provincial rate has been used as the reconciliation rate.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

17. INCOME TAX (cont.)

The following net deferred tax assets are not recognized in the consolidated financial statements due to the unpredictability of future income as of the periods presented:

	Year ended	
	December 31, 2022	**December 31, 2021**
Deferred tax asset (liability)		
Non-capital losses carry forward	**$ 36,794**	$ 24,139
Capital losses carryforward	**516**	98
Other	**4,222**	3,765
Property, plant and equipment	**978**	595
Intangibles	**625**	581
Deferred tax assets	**$ 43,135**	$ 29,178
Valuation allowance	**(42,338)**	(28,513)
Intangible assets	**—**	(6,650)
Investments	**(600)**	—
Other	**(197)**	(665)
Net deferred tax liability	**$ —**	$ (6,650)

As at December 31, 2022, the Company has operating losses, which may be carried forward to apply against future year's income tax for income tax purposes, subject to final determination by taxation authorities and expiring as follows:

	Canada	**United States**	**Colombia**	**United Kingdom**	**Portugal**	**Germany**	**Total**
2030	$ —	$ —	$ 2,689	$ —	$ —	$ —	$ 2,689
2031	—	—	12,395	—	1,802	—	$ 14,197
2032	—	—	6,135	—	3,859	—	$ 9,994
2033	—	—	7,591	—	3,925	—	$ 11,516
2034	—	—	25,247	—	7,778	—	$ 33,025
2037	—	641	—	—	—	—	$ 641
2038	—	—	—	—	—	—	$ —
2039	479	—	—	—	—	—	$ 479
2040	10,824	—	—	—	—	—	$ 10,824
2041	8,675	—	—	—	—	—	$ 8,675
2042	7,090	—	—	—	—	—	$ 7,090
Indefinite	—	15,692	—	49	—	10,350	$ 26,091
Total	**$ 27,068**	**$ 16,333**	**$ 54,057**	**$ 49**	**$ 17,364**	**$ 10,350**	**$ 125,221**

Should all of the deferred tax assets be recognized as an asset in the future, approximately $90 of the benefit would be credited to share capital. Due to the losses sustained by the Company in the current and prior periods, no amount of deferred tax related to investments in subsidiaries has been recognized.

Uncertain Tax Benefits

The Company has recorded no provisions for, or reserved amounts related to unrecognized deferred tax assets in respect of, uncertain tax benefits for the year ended December 31, 2022 and 2021, and there are no foreseeable changes for the 12 months following December 31, 2022. During the years ended December 31, 2022 and 2021, the Company recorded $109 and $44, respectively of interest or penalties related to Canadian foreign reporting late filing penalties. All years since the incorporation of the Company and its subsidiaries remain open to be audited by tax authorities.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

18. NET LOSS PER SHARE

Basic net loss per share is calculated by dividing net loss by the weighted-average number of common shares outstanding during the year, without consideration for common share equivalents. Diluted net loss per share is computed by dividing net loss by the weighted-average number of common share equivalents outstanding for the year determined using the treasury-stock method. For purposes of this calculation, common share warrants and stock options are considered to be common share equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive.

The following table sets forth the computation of basic and diluted net loss and the weighted average number of shares used in computing basic and diluted net loss per share:

	Year Ended	
	December 31, 2022	**December 31, 2021**
Numerator:		
Net loss	**$ (66,165)**	$ (45,726)
Adjustments to reconcile to net loss available to common stockholders:		
Net loss – basic and diluted	**$ (66,165)**	$ (45,726)
Denominator:		
Weighted-average common shares outstanding – basic and diluted	**38,392,392**	25,690,096
Net loss per common share – basic and diluted	**$ (1.72)**	$ (1.78)

The Company's potentially dilutive securities, which include common stock warrants, stock options, and unvested restricted stock have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

The Company excluded the following potential common shares, presented based on amounts outstanding at December 31, 2022 and 2021, from the computation of diluted net loss per share attributable to common shareholders because including them would have had an anti-dilutive effect:

	December 31, 2022	**December 31, 2021**
Common stock warrants	**17,840,951**	17,840,951
SAMA earnout shares	**570,211**	570,211
Stock options	**410,477**	784,193
Unvested restricted share units	**1,897,943**	**1,576,031**
Total	**20,719,582**	20,771,386

19. CONTINGENCIES AND COMMITMENTS

The Company is involved in various legal claims and actions arising in the normal course of the Company's operations. Although the outcome of these claims cannot be predicted with certainty, the Company does not expect these matters to have a material adverse effect on the Company's financial position, cash flows or results of operations.

Commitments

The Company does not have any commitments to purchase raw materials at specific prices under any supplier contracts. The Company is committed to pay approximately $1,100 for the year 2023 insurance coverage. Additionally, see Note 11 for information on the Company's debt obligations.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

20. LEASES

On January 1, 2022, we adopted the accounting standard ASC 842, Leases, using the modified retrospective method. We elected this adoption date as our date of initial application. As a result, we have not updated financial information related to, nor have we provided disclosures required under ASC 842 for, periods prior to January 1, 2022. The primary changes to our policies relate to recognizing most leases on our statement of financial position as liabilities with corresponding right-of-use ("ROU") assets.

The Company has entered into agreements under which we lease various real estate spaces in North America, Europe and Latin America, under non-cancellable leases that expire on various dates through calendar year 2029. Some of our leases include options to extend the term of such leases for a period from 12 months to 60 months, and/or have options to early terminate the lease. Some of our leases require us to pay certain operating expenses in addition to base rent, such as taxes, insurance and maintenance costs.

As the Company's leases do not typically provide an implicit rate, the Company utilizes the appropriate incremental borrowing rate, determined as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and in a similar economic environment.

Practical Expedients

The modified retrospective approach included a package of optional practical expedients that we elected to apply. Among other things, these expedients permitted us not to reassess prior conclusions regarding lease identification, lease classification and initial direct costs under ASC 842. The Company does not separate lease and non-lease components in determining ROU assets or lease liabilities for real estate leases. Additionally, the Company does not recognize ROU assets or lease liabilities for leases with original terms or renewals of one year or less.

	Financial Statement Classification	**Year Ended December 31, 2022**
Operating lease costs:		
Operating lease costs-Fixed	General and administrative	$ 1,440
Sub-lease income	General and administrative	$ (212)
Operating lease costs	Inventory	$ 154
Total lease costs		$ 1,382

The table above includes amounts relating to the Company's lease costs, which includes net costs recognized in our operating expenses during the period, including amounts capitalized as part of the costs of Inventory, in accordance with ASC 330. Variable lease costs primarily include maintenance, utilities and operating expenses that are incremental to the fixed base rent payments and are excluded from the calculation of operating lease liabilities and ROU assets. For year ended December 31, 2022, cash paid for amounts associated with our operating lease liabilities was approximately $1,611, which was classified as operating activities in the consolidated statement of cash flows.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

20. LEASES (cont.)

The following table shows our undiscounted future fixed payment obligations under our recognized operating leases and a reconciliation to the operating lease liabilities as of December 31, 2022:

Leases and a reconciliation to the operating lease liabilities as of December 31, 2022		
2023	$	1,202
2024		755
2025		279
2026		131
2027		113
Thereafter		100
Total future fixed operating lease payments	**$**	**2,580**
Less: Imputed interest	**$**	**266**
Total operating lease liabilities	**$**	**2,314**
Weighted-average remaining lease term – operating leases		2.73
Weighted-average discount rate – operating leases		8.2%

Due to our election to apply the effective date method of adoption for ASC 842, we have included the following additional disclosure under our historical lease accounting under ASC 840.

As of December 31, 2021, future minimum lease payments under non-cancelable operating lease were as follows

Future minimum lease payments		
2023	$	1,910
2024		1,562
2025		845
2026		337
2027		152
Thereafter		286
Total	**$**	**5,092**

21. RESTRUCTURING AND ASSET IMPAIRMENT CHARGES

The Company has been reviewing, planning, and implementing various strategic initiatives targeted principally at reducing costs, enhancing organizational efficiency and optimizing its business model. As part of this process, the Company undertook several restructuring activities during 2022.

In February 2022, with the passage of Regulation 227, followed by the Joint Resolution 539 of 2022 by the Colombian Government in April 2022, the Company could export cannabis flower for medicinal use. With this significant development, the Company evaluated its current production capacity for cannabis extracts and thus identified the need to scale back on some of the extraction capacity and related assets. This initiative included a global workforce reduction and actions to right-size the Company's extraction related assets, which triggered some asset write-off charges.

In December 2022, the Company approved a plan to shut-down its cultivation activities in Portugal in order to preserve cash. Subsequently, in January 2023, the Company further approved the wind-down of the entire Portuguese operations to improve operating margin and solely focusing its Cannabis cultivating and production in Colombia. Under this restructuring plan, the Company expects its Portuguese flower cultivation, post-harvest processes, and manufacturing activities to cease in full by the end of the first quarter of 2023. As we work to complete the wind-down process for our Portugal operations, we are also preparing for the sale process of these assets, with a goal to complete the sale during the fiscal year ending December 31, 2023.

CLEVER LEAVES HOLDINGS INC.
Notes to the Consolidated Financial Statements
(Amounts in thousands of U.S. dollars, except share and per share amounts and where otherwise noted)

21. RESTRUCTURING AND ASSET IMPAIRMENT CHARGES (cont.)

Our restructuring charges are comprised primarily of costs related to asset abandonment, including future lease commitments, and employee termination costs related to headcount reductions.

The following table summarizes the activities related to the restructuring program for the year ended December 31, 2022:

	Employee severance and related benefits	Asset Impairment	Costs associated with Exit and Disposal Activities	Total
Total restructuring charges	$ 2,233	$ 23,865	$ 844	$ 26,942
Charges against the reserve	—	(23,571)	—	(23,571)
Cash payment	(826)	(294)	(14)	(1,134)
Balance at December 31, 2022	**$ 1,407**	**$ —**	**$ 830**	**$ 2,237**

As part of its restructuring activities, the Company has incurred expenses that qualify as exit and disposal costs under GAAP. For the year ended December 31, 2022, total restructuring charges included employee severance of $2,233, asset write-off of $23,865, and exit and disposal cost of $844. Asset write off includes Property, plant and equipment write offs of $ 10,396 and other assets write off of $1,494 related to the exit of the Portuguese operations including inventory reserve of $6,726 and costs to maintain the facilities until an orderly wind-down. The Company charged the restructuring program costs to other operating expenses. The Company does not expect further material charges because of the closure of the Portugal facilities.

During the year ended December 31, 2022, the Company made payments of $1,134 for employee-related and other costs, respectively. The remaining exit and disposal costs were non-cash expenses. As of December 31, 2022, the liability related to the exit and disposal costs was $2,237, which is included in Accrued expenses and Other current liabilities.

22. SUBSEQUENT EVENTS

The Company expanded the scope of its restructuring plan in January 2023, designed to improve operating margin and support the company's growth, scale, and profitability objectives. As part of this plan, the Company started winding down its operations in Portugal, resulting in a 21% reduction in the total workforce and an approximately 96% reduction in the workforce in Portugal. The Company incurred charges related to severance, employee benefits, real estate and equipment exit costs, and write-offs of inventories.

The Company has identified and disclosed all subsequent events that require disclosure as of the date of this statement. Therefore, apart from the event disclosed, there are no other subsequent events that require disclosure as of the year end December 31, 2022.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

Set forth below is an itemization of the total expenses which are expected to be incurred by us in connection with the offer and sale of our common shares by our selling securityholders. With the exception of the SEC registration fee, all amounts are estimates.

		USD
SEC registration fee	$	34,147.05
FINRA filing fee		47,454.29
Legal fees and expenses		325,000.00
Accounting fees and expenses		35,000.00
Printing expenses		10,000.00
Transfer agent fees and expenses		15,000.00
Miscellaneous expenses		50,000.00
Total	$	516,601.34

Item 14. Indemnification of Directors and Officers

Under the BCA, a company may indemnify a director or officer, a former director or officer, or a person who acts or acted at the company's request as a director or officer, or an individual acting in a similar capacity, of another entity, which we refer to as an eligible party, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal, administrative, investigative or other proceeding in which he or she is involved because of that association with the company or other entity, if: (1) the individual acted honestly and in good faith with a view to the best interests of such company or the other entity, as the case may be; and (2) in the case of a proceeding other than a civil proceeding, the individual had reasonable grounds for believing that the individual's conduct was lawful. A company cannot indemnify an eligible party if it is prohibited from doing so under its articles, even if it had agreed to do so by an indemnification agreement (provided that the articles prohibited indemnification when the indemnification agreement was made). A company may advance the expenses of an eligible party as they are incurred in an eligible proceeding only if the eligible party has provided an undertaking that, if it is ultimately determined that the payment of expenses was prohibited, the eligible party will repay any amounts advanced. On application from an eligible party, a court may make any order the court considers appropriate in respect of an eligible proceeding, including the indemnification of penalties imposed or expenses incurred in any such proceedings and the enforcement of an indemnification agreement.

Our Articles require us to indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and we must after final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with us on the terms of the indemnity contained in our Articles. Subject to the BCA, we may also indemnify any other person. In addition, our Articles specify that failure of an eligible party to comply with the provisions of the BCA or our Articles, or if applicable, any former legislation or articles, will not invalidate any indemnity to which he or she is entitled. Our Articles also allow for us to purchase and maintain insurance for the benefit of specified eligible parties.

We entered into indemnity agreements with our directors and certain officers (the "Nominees"). Subject to certain limited exceptions, the indemnity agreements provide indemnification for all liabilities or obligations imposed upon or incurred by each Nominee and his or her heirs, executors, administrators and personal representatives (each, an "indemnitee" and, collectively, the "indemnitees") at law, in equity or under any statute or regulation and all expenses in relation to any claim, action, proceeding, investigation, or order whether civil, criminal or administrative and whether made or commenced by any person by reason of: (i) the Nominee being or having been a director, alternate director, officer or a person in an equivalent position of the Company or any associated corporation (as defined in the BCA), or (ii) any act or omission, whether or not negligent, of the Nominee acting as a director, alternate director, officer or a

person in an equivalent position of the Company or any associated corporation, including without limitation, legal fees and disbursements and all costs of investigation and defense incurred by the indemnitees as permitted by applicable law and pursuant to the indemnity agreement.

We may purchase insurance policies relating to certain liabilities that our directors and officers may incur in such capacity.

Item 15. Recent Sales of Unregistered Securities.

Catalina LP Convertible Note

In connection with conversions under the and the Catalina LP Convertible Note, issued in connection with the Notes Purchase Agreement, dated July 19, 2021, between the Company and Catalina LP (the "Catalina LP Convertible Note"), during the year ended December 31, 2022, we issued 1,507,000 common shares. These issuances were made in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act. We relied on this exemption from registration based in part on representations made by the holder of the Catalina LP Convertible Note in the exchange agreements pursuant to which the common shares were issued.

SAMA PIPE

In connection with the Business Combination, on November 9, 2020, SAMA entered into the Subscription Agreements, by and among each Subscriber, SAMA and the Company, pursuant to which the Subscribers agreed to purchase the PIPE Shares for a purchase price of $9.50 per share in the SAMA PIPE. As part of the SAMA PIPE, certain Subscribers who are holders of the 2022 Convertible Notes have agreed to purchase PIPE Shares in exchange for the transfer of the PIK Notes received in satisfaction of all accrued and outstanding interest under the 2022 Convertible Notes from January 1 to December 31, 2020.

At the closing of the SAMA PIPE immediately prior to the Merger Effective Time, the Subscribers purchased an aggregate of 934,819 PIPE Shares for an aggregate of approximately $8.9 million, of which $6.0 million was paid in cash and approximately $2.9 million was paid via the transfer of the PIK Notes received in satisfaction of the accrued and outstanding interest under the 2022 Convertible Notes. At the Closing, the PIPE Shares issued in the SAMA PIPE pursuant to Section 4(a)(2) of the Securities Act were automatically converted into an aggregate of 934,819 our common shares on a one-for-one basis. This prospectus registers the 845,863 PIPE Shares held by certain of the Subscribers.

Pursuant to the Subscription Agreements, the Company agreed to file a Resale Registration Statement if the common shares issuable to the Subscribers in exchange for their PIPE Shares are not registered in connection with the Business Combination. For further details see the section titled "*Description of Securities — Registration Rights — Subscription Agreements*".

Convertible Debenture Investment

On November 9, 2020, certain Subscribers in the SAMA PIPE signed subscription agreements with Clever Leaves to invest $1.5 million in the aggregate in additional September 2023 Convertible Debentures convertible into Clever Leaves common shares, which would be exchanged for our common shares as part of the Arrangement. The Convertible Debenture Investment was completed shortly before the Arrangement Effective Time and resulted in the issuance of 214,284 common shares pursuant to Section 4(a)(2) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules

Exhibit No.	Description
2.1†	Amended and Restated Business Combination Agreement, dated as of November 9, 2020, by and among Schultze Special Purpose Acquisition Corp., Clever Leaves Holdings Inc., Novel Merger Sub Inc. and Clever Leaves International Inc. (incorporated by reference to Exhibit 2.1 of Schultze Special Purpose Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on November 9, 2020).
3.1	Amended and Restated Articles of Clever Leaves Holdings Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on December 23, 2020).
4.1	Specimen Common Share Certificate of Clever Leaves Holdings Inc. (incorporated by reference to Exhibit 4.1 of the Quarterly Report on Form 10-Q filed with the SEC by Clever Leaves Holdings Inc. on May 17, 2021).
4.2	Specimen Warrant Certificate of Clever Leaves Holdings Inc. (incorporated by reference to Exhibit 4.2 of the Quarterly Report on Form 10-Q filed with the SEC by Clever Leaves Holdings Inc. on May 2021).
4.3	Warrant Agreement, dated December 10, 2018, between Schultze Special Purpose Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 of Schultze Special Purpose Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on December 14, 2018).
4.4	Assignment, Assumption and Amendment Agreement, dated as of December 18, 2020, among Clever Leaves Holdings Inc., Schultze Special Purpose Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.4 of the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on December 28, 2020).
4.5	Assignment, Assumption and Amendment Agreement No. 2, dated as of April 12, 2021, among Clever Leaves Holdings Inc., Continental Stock Transfer & Trust Company and Computershare Inc. (incorporated by reference to Exhibit 4.3 of the Quarterly Report on Form 10-Q filed with the SEC by Clever Leaves Holdings Inc. on May 17, 2021).
4.6	Waiver of Certain Rights, dated February 2, 2022, between Schultze Special Purpose Acquisition Sponsor, LLC and Clever Leaves Holdings Inc. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on February 2, 2022).
5.1	Opinion of Dentons Canada LLP (incorporated by reference to exhibit 5.1 of the Registration Statement on Form S-1 (File No. 333-252241) filed with the SEC by Clever Leaves Holdings Inc. on January 19, 2021).
5.2	Opinion of Freshfields Bruckhaus Deringer US LLP (incorporated by reference to exhibit 5.2 of the Registration Statement on Form S-1 (File No. 333-252241) filed with the SEC by Clever Leaves Holdings Inc. on January 19, 2021).
10.1	Transaction Support Agreement, dated July 25, 2020, by and among Schultze Special Purpose Acquisition Corp., Clever Leaves International Inc., Clever Leaves Holdings Inc., Schultze Special Purpose Acquisition Sponsor, LLC and other parties named therein (incorporated by reference to Exhibit 10.2 of Schultze Special Purpose Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on July 29, 2020).
10.2†	Amendment No. 1, dated as of November 9, 2020, to the Transaction Support Agreement, dated July 25, 2020, by and among Schultze Special Purpose Acquisition Corp., Clever Leaves International Inc., Clever Leaves Holdings Inc., Schultze Special Purpose Acquisition Sponsor, LLC and other parties named therein (incorporated by reference to Exhibit 10.2 of Schultze Special Purpose Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on November 9, 2020).
10.3	Form of Shareholder Support Agreement by and among Schultze Special Purpose Acquisition Corp., Clever Leaves Holdings Inc. and certain of the shareholders of Clever Leaves International Inc. (incorporated by reference to Exhibit 10.1 of Schultze Special Purpose Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on July 29, 2020).
10.4	Investors' Rights Agreement, dated as of December 18, 2020, among Clever Leaves Holdings Inc. and certain shareholders named therein (incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on December 28, 2020).
10.5	Stock Escrow Agreement, dated December 10, 2018, among Continental Stock Transfer & Trust Company and Schultze Special Purpose Acquisition Corp. and its initial stockholders (incorporated by reference to Exhibit 10.3 of Schultze Special Purpose Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on December 14, 2018).

Exhibit No.	Description
10.6	Amendment No. 1 to Stock Escrow Agreement among Continental Stock Transfer & Trust Company and Schultze Special Purpose Acquisition Corp. and its initial stockholders, dated as of December 2020 (incorporated by reference to Exhibit 10.6 of the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on December 28, 2020).
10.7	Warrant Certificate, dated as of March 30, 2019, with respect to 28,922 warrants to purchase common shares of Clever Leaves International Inc. (formerly known as Northern Swan Holdings, Inc.) (incorporated by reference to Exhibit 10.28 to Amendment No. 1 to the Registration Statement on Form S-4 (File No. 333-241707) filed with the SEC by Clever Leaves Holdings Inc. on September 11, 2020).
10.8	Form of Subscription Agreement for cash investors by and among, Schultze Special Purpose Acquisition Corp., Clever Leaves Holdings Inc. and the Subscriber party thereto (incorporated by reference to Exhibit 10.3 of Schultze Special Purpose Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on November 9, 2020).
10.9	Form of Indemnity Agreement (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on December 21, 2020).
10.10	Note Purchase Agreement, dated as of July 19, 2021, between Catalina LP and Clever Leaves Holdings Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.11	First Amendment to Secured Convertible Note, dated as of January 13, 2022, by and among Clever Leaves Holdings Inc. and Catalina LP (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on January 13, 2022).
10.12	Guarantee, dated as of July 19, 2021, by each of Clever Leaves US, Inc., Clever Leaves International Inc., 1255096 B.C. Ltd., NS US Holdings, Inc., Herbal Brands, Inc., Northern Swan International, Inc., Northern Swan Management, Inc., Northern Swan Deutschland Holdings, Inc. and Northern Swan Portugal Holdings, Inc. in favor of Catalina LP. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.13	Pledge Agreement, dated as of July 19, 2021, made by Clever Leaves Holdings, Inc in favor of Catalina LP. (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.14	Pledge Agreement, dated as of July 19, 2021, made by Clever Leaves International Inc. in favor of Catalina LP. (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.15	Pledge Agreement, dated as of July 19, 2021, made by 1255096 B.C. Ltd. in favor of Catalina LP. (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.16	Pledge Agreement, dated as of July 19, 2021, made by Clever Leaves US, Inc. in favor of Catalina LP. (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.17	Registration Rights Agreement, dated as of July 19, 2021, between Catalina LP and Clever Leaves Holdings Inc. (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.18	Payout and Release Agreement, dated as of July 13, 2021, by and among Clever Leaves International Inc., Clever Leaves Holdings Inc., GLAS Americas LLC, as collateral agent, GLAS USA LLC, as paying agent, and other parties named therein. (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.19	Subordination Agreement, entered into as of July 19, 2021, by and between Catalina LP and Rock Cliff Capital LLC. (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on July 19, 2021).
10.20	Equity Distribution Agreement, dated January 14, 2022, by and between Clever Leaves Holdings Inc. and Canaccord Genuity LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on January 14, 2022.)
16.1	Letter from BDO Canada LLP as to the change in certifying accountant, dated as of September 14, 2022 (incorporated by reference to Exhibit 16.1 to the Current Report on Form 8-K filed with the SEC by Clever Leaves Holdings Inc. on September 14, 2022).
21.1	Subsidiaries of Clever Leaves Holdings Inc. (incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K filed with the SEC by Clever Leaves Holdings Inc. on March 30, 2023).

Exhibit No.	Description
23.1*	Consent of BDO Canada LLP.
23.2*	Consent of Marcum LLP.
23.3	Consent of Dentons Canada LLP (included in Exhibit 5.1).
23.4	Consent of Freshfields Bruckhaus Deringer LLP (included in Exhibit 5.2).
24.1	Power of Attorney (included on the signature page of this Post-Effective Amendment No. 4).
101.INS	XBRL Instance Document — the instance document does not appear in the Interactive Data Filebecause its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

* Filed herewith

† Certain exhibits and schedules to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant hereby agrees to furnish a copy of any omitted exhibits or schedules to the Commission upon request.

 Indicates management contract or compensatory plan or arrangement

Item 22. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the

registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) For the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions hereof, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 3rd day of April 2023.

	Clever Leaves Holdings Inc.
	By: /s/ Andres Fajardo
	Name: Andres Fajardo
	Title: Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Andres Fajardo and Henry R. Hague III, and each of them singly, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and re-substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and any subsequent registration statement filed by the registrant pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file or cause to be filed the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ Andres Fajardo Andres Fajardo	Director and Chief Executive Officer (Principal Executive Officer, Director and Authorized Representative in the United States)	April 3, 2023
/s/ Henry R. Hague, III Henry R. Hague, III	Chief Financial Officer (Principal Financial and Accounting Officer)	April 3, 2023
/s/ Elisabeth DeMarse Elisabeth DeMarse	Director	April 3, 2023
/s/ Gary M. Julien Gary M. Julien	Director	April 3, 2023
/s/ George Schultze George Schultze	Director	April 3, 2023
/s/ William Muecke William Muecke	Director	April 3, 2023

Exhibit 23.1

Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
Unit 1100-Royal Centre
1055 West Georgia Street P.O.Box 11101
Vancouver BC, V6E 3P3 Canada

Consent of Independent Registered Public Accounting Firm

Clever Leaves Holdings Inc. Tocancipá - Cundinamarca, Colombia

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement Post-Effective Amendment No. 4 on Form S-1 (No.333-252241) of Clever Leaves Holdings Inc. (the "Company") of our report dated March 24, 2022 relating to the consolidated financial statements of the Company for the year ended December 31, 2021 which is contained in this Prospectus. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ BDO Canada LLP

Vancouver, Canada
April 3, 2023

Exhibit 23.2

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Clever Leaves Holdings Inc. on the post-effective Amendment No. 4 to Form S-1 (File No. 333-252241) of our report dated March 30, 2023, which includes an explanatory paragraph as to the company's ability to continue as a going concern with respect to our audit of the consolidated financial statements of Clever Leaves Holdings Inc. as of December 31, 2022 and for the year then ended, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum llp

Marcum llp
New York, New York
April 3, 2023