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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 11, 2023

Clever Leaves Holdings Inc.
(Exact name of registrant as specified in its charter)

British Columbia, Canada	001-39820	Not Applicable
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

Bodega 19-B Parque Industrial Tibitoc P.H, Tocancipá - Cundinamarca, Colombia	N/A
(Address of principal executive offices)	(Zip Code)

(561) 634-7430
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
Common shares without par value	CLVR	The Nasdaq Stock Market LLC
Warrants, each warrant exercisable for one common share at an exercise price of $11.50	CLVRW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 11, 2023, Clever Leaves Holdings Inc. issued a press release announcing its financial results for the first quarter ended March 31, 2023. A copy of the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Item 2.02, including the related information set forth in the earnings press release attached hereto as Exhibit 99.1 and incorporated by reference herein, is being "furnished" and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by the specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press release dated May 11, 2023 - Clever Leaves Reports First Quarter 2023 Results
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Clever Leaves Holdings Inc.

By:	/s/ Marta Pinto Leite
Name:	Marta Pinto Leite
Title:	General Counsel and Corporate Secretary

Date: **May 11, 2023**

CLEVER LEAVES

Clever Leaves Reports First Quarter 2023 Results

- Continued Commercial Momentum Within Core Cannabinoid Markets -

- Recent Commercial Launches of Colombian Dry Flower Exports to Australia and Germany Mark Key Operational Milestone -

- Continuing Cost Reduction Measures Drive Leaner Operational Infrastructure -

- Reiterating Previously Issued 2023 Outlook -

TOCANCIPÁ, COLOMBIA, May 11, 2023 – Clever Leaves Holdings Inc. (NASDAQ: CLVR, CLVRW) ("Clever Leaves" or the "Company"), a global medicinal cannabis company, is reporting financial and operating results for the first quarter ended March 31, 2023. All financial information is provided in US dollars unless otherwise indicated.

"Our first quarter performance reflects the progress we are making on our key growth objectives, including our focused commercial strategy, Colombian production, and leaner cost structure," said Andres Fajardo, CEO of Clever Leaves. "We continued to build upon our commercial momentum within our core target markets—notably Brazil, Australia, and Israel—and ramp our Colombian smokable dry flower exports. Within our non-cannabinoid segment, we also generated sequential and year-over-year margin improvements. In addition, we drove an approximately 48% year-over-year decrease in our operating expenses, demonstrating the significant and sustained benefit of our restructuring and cost reduction initiatives. As a result, net loss was reduced by nearly 75% and adjusted EBITDA loss was reduced by 35% as we continued to progress on our path to cash flow positivity. As we move further into 2023, we aim to continue executing on these fronts to drive greater operational efficiency and enhance our positioning within the global cannabinoid supply chain."

First Quarter 2023 Summary vs. Same Year-Ago Quarter[1]

- Revenue was $4.0 million compared to $5.0 million. Cannabinoid revenue was $1.2 million compared to $1.8 million, and non-cannabinoid revenue was $2.8 million compared to $3.2 million. The decrease in cannabinoid revenues is the result of a one-time order from Brazilian customers to fill the distribution pipeline in Q1 2022, as well as the discontinuation of Portuguese flower while Colombian flower production is being ramped up. The decrease in non-cannabinoid revenue was due to some

[1] Due to the cessation of the Company's production operations in Portugal, as well as the ongoing wind-down process for these operations, Clever Leaves has determined that these operations meet the "discontinued operations" criteria as of March 31, 2023, in accordance with Accounting Standards Codification (ASC) 205, Presentation of Financial Statements. As a result, the Company's Consolidated Balance Sheets and Consolidated Statements of Operations, and the notes to the Consolidated Financial Statements, have been restated for all periods presented to reflect the discontinuation of these operations in accordance with ASC 205. For additional detail on this presentation, please refer to the Company's Form 10-Q for the three months ended March 31, 2023.

marketplace adjustments with the onboarding of a new online marketplace partner and implementing new sales terms in its specialty channels.

- All-in cost per gram of dry flower was $1.29 compared to $0.12, attributed to the Company's significantly reduced agricultural output, along with ongoing extraction and processing costs at its Colombian operations.
- Gross profit, including a $0.1 million inventory provision, was $2.2 million, compared to a $2.6 million gross profit in the year-ago quarter, which included a $0.3 million inventory provision. Adjusted gross profit (a non-GAAP financial measure defined and reconciled herein), which excluded such inventory provisions, was $2.4 million compared to $2.9 million. The reduction in gross profit was a result of the lower revenue levels during the quarter.
- Gross margin, which included such inventory provision of $0.1 million, increased 480 basis points to 56.2% compared to 51.4%, which included such inventory provision of $0.3 million. Adjusted gross margin (a non-GAAP financial measure defined and reconciled herein), which excluded such inventory provisions, increased 160 basis points to 59.2% compared to 57.6%.
- Net loss improved substantially to $4.1 million compared to $16.1 million, driven primarily by the Company's continued restructuring and cost reduction measures, as well as significantly reduced interest expense and amortization of debt issuance cost compared to the year-ago period. Net loss in the year-ago quarter included a $3.8 million restructuring charge related to charging off certain excess extraction equipment for the Company's Colombian operations and employee exit costs, as well as $2.3 million in loss on debt extinguishment.
- Adjusted EBITDA (a non-GAAP financial measure defined and reconciled herein) improved to $(3.0) million compared to $(4.7) million.

Fajardo continued: "With Colombia now serving as our sole cannabinoid cultivation and production geography, we are focused on our core competency and working to leverage our existing cost advantages as we ramp our first commercial flower sales in Germany and Australia in the second quarter. We have already completed commercial flower shipments to both countries, and we will refine our products based on market feedback. Within our flower cultivation strategy, we continue to focus on growing the most premium and commercially viable strains. Accordingly, we have remained diligent with right-sizing and optimizing our harvests towards the cultivation of THC flower, which we expect to drive greater demand and cost efficiencies as the business continues to scale.

"We have also successfully continued with winding down our operations in Portugal. We have now sold most of our remaining Portuguese flower inventory into Australia[2], leveraging our core competencies that we previously developed in the Australian market. As of the end of the first quarter, our Portuguese flower cultivation, post-harvest processes, and manufacturing activities have all ceased in full, and we have completed the bulk of our workforce reductions. Additionally, we are optimistic about our ability to sell these non-core assets before the end of the year based on expected demand and thanks to the tireless and dedicated efforts of our team.

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[2] The Company's sales of its Portuguese flower to Australia amounted to approximately $300,000 during the first quarter of 2023, recognized as part of its discontinued operation. See Note 19 in the Company's Form 10-Q for the

three months ended March 31, 2023 for further information.

"While restructuring cash expenditures will continue through the first half of 2023, we will reach a lower cash expenditure run rate later in the second quarter. Taken in conjunction with the significant opex reductions we have driven—and the minimal capex required by our Colombian production operations—we believe we are positioned to operate from a much leaner foundation and drive towards becoming a positive cash flow generative business. To further support our growth and enhance our liquidity position, we continue to evaluate potential sources of additional capital. We expect to report on progress on selling our non-core Portuguese assets this year, while also identifying other opportunities to generate cash from non-core asset sales.

"Across our core markets, we have continued to develop commercial progress and sign new partnerships. We recently complemented our existing Brazilian product sales under RDC 327 with the announcement of our five-year partnership with a leading pharmaceutical company, Hypera Pharma. Under the agreement, we will continue supplying CBD-dominant oral solutions for prescription to Brazilian patients. We also announced a new partnership with Praetorian Global Inc., a US-based cannabis and hemp brand owner, including Binske, and intellectual property provider, to cultivate and produce premium flower and branded products for distribution to medical cannabis patients across the European Union, United Kingdom, and Australia by Q2 2024. These agreements highlight the pipeline we are steadily developing throughout our key geographies.

"Looking ahead, we believe we are positioned to further optimize our capital efficiency and cost structure, as well as to expand our dry flower and extracts sales. We look forward to providing further updates on our strategic progress going forward."

First Quarter 2023 Financial Results[1]

Revenue in the first quarter of 2023 was $4.0 million compared to $5.0 million for the same period in 2022. The decrease in cannabinoid revenues reflect a one-time influx of pipeline shipments to Brazil in the year-ago period that did not repeat during the first quarter of 2023. The decrease in non-cannabinoid segment revenues was due to some marketplace adjustments with the onboarding of a new on-line marketplace partner and implementing new sales terms in our specialty channels as well as current economic challenges amongst select customers.

All-in cost per gram of dry flower in the first quarter of 2023 was $1.29 per gram compared to $0.12 per gram for the same period in 2022. The increase was primarily attributable to the Company's significantly reduced agricultural output in Colombia, along with continued extraction and processing costs on existing inventory.

Gross profit, including a $0.1 million inventory provision, was $2.2 million in the first quarter of 2023 compared to $2.6 million for the same period of 2022, which included a $0.3 million inventory provision. Gross margin, which included such provisions, increased 480 basis points to 56.2% in the first quarter of 2023 compared to 51.4% for the same period of 2022. The increase reflects a lower inventory provision relative to the year-ago quarter, as well as improved gross margin performance within the Company's non-cannabinoid segment. Adjusted gross profit, which excluded the above provisions, was $2.4 million compared to $2.9 million for the same period of 2022. Adjusted gross margin, which excluded such provisions, increased 160 basis points to 59.2% compared to 57.6% for the same period of 2022.

Operating expenses in the first quarter of 2023 improved significantly to $6.4 million compared to $12.3 million for the same period in 2022. The decrease in operating expenses was driven by the Company's

continued restructuring and cost reduction initiatives. Operating expenses in the year-ago quarter included a $3.8 million restructuring charge related to charging off certain excess extraction equipment for our Colombian operations, as well as employee exit costs.

Net loss in the first quarter of 2023 improved to $4.1 million compared to a net loss of $16.1 million for the same period in 2022. This was driven primarily by the Company's ongoing restructuring and cost reduction measures, as well as a significantly lower interest expense and amortization of debt issuance cost compared to the year-ago period. Net loss in the year-ago quarter included the aforementioned $3.8 million restructuring charge, as well as a $2.3 million loss on debt extinguishment.

Adjusted EBITDA in the first quarter of 2023 improved to $(3.0) million compared to $(4.7) million for the same period in 2022. The improvement was mainly attributable to realized cost reductions and implemented restructuring initiatives.

Cash, cash equivalents and restricted cash were $6.7 million at March 31, 2023, compared to $12.9 million at December 31, 2022. The decrease was primarily attributable to operating losses, working capital needs, and upfront cash expenditures related to the wind-down of the Company's Portuguese operations. As the Company completes the sale of non-core assets from our Portugal operations, it currently expects that a material portion of those upfront cash expenditures will be offset. In addition, while it expects restructuring cash expenditures to persist through the first half of 2023, the Company is already seeing a significantly reduced cash burn rate in the second quarter, which is expected to continue to improve going forward.

Reiterated 2023 Outlook

Based on current commercial traction within our core markets, along with the benefit of its sustained cost improvement initiatives, Clever Leaves is reaffirming its full year 2023 revenue outlook to a range of between $19 million and $22 million, with an adjusted gross margin between 58% and 63%. The Company also continues to expect its 2023 adjusted EBITDA to range between $(13.6) million and $(10.6) million, which represents a substantial improvement compared with last year's AEBITDA loss of $(23.4) million. Additionally, Clever Leaves expects approximately $0.5 million to $0.7 million of annual capital expenditures in 2023, representing an estimated 50% reduction compared to 2022.

Conference Call

Clever Leaves will conduct a conference call today at 5:00 p.m. Eastern time to discuss its results for the first quarter ended March 31, 2023.

Clever Leaves management will host the conference call, followed by a question-and-answer session.

Conference Call Date: Thursday, May 11, 2023
Time: 5:00 p.m. Eastern time
Toll-free dial-in number: 1-855-238-2333
International dial-in number: 1-412-317-5222
Conference ID: 10177405

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Group at (949) 574-3860.

please contact Gateway Group at ([illegible]) [illegible].

The conference call will be broadcast live and available for replay here.

A telephonic replay of the conference call will also be available after 8:00 p.m. Eastern time on the same day through May 18, 2023.

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 10177405

About Clever Leaves Holdings Inc.

Clever Leaves is a global medical cannabis company. Its operations in Colombia produce EU GMP cannabinoid active pharmaceutical ingredients (API) and finished products in flower and extract form to a growing base of B2B customers around the globe. Clever Leaves aims to disrupt the traditional cannabis production industry by leveraging environmentally sustainable, ESG-friendly, industrial-scale and low-cost production methods, with the world's most stringent pharmaceutical quality certifications. 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 (https://cleverleaves.com). 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 release, and references to our website addresses and social media channels are inactive textual references only.

Non-GAAP Financial Measures

In this press release, Clever Leaves refers to certain non-GAAP financial measures including Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Margin. Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Margin do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Adjusted EBITDA is defined as income/loss from continuing operations before interest, taxes, depreciation and amortization, share-based compensation expense, restructuring expenses, foreign exchange gain/loss, gains/losses on the early extinguishment of debt, gain/loss on remeasurement of warrant liability, equity investment share of gain/loss, other expense/income and income/loss from discontinued operations. Adjusted Gross Profit (and the related Adjusted Gross Margin measure) is defined as gross profit excluding inventory provision. Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Margin also exclude the impact of certain non-recurring items that are not directly attributable to the underlying operating performance. Clever Leaves considers Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Margin to be meaningful indicators of the performance of its core business. Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Margin should neither be considered in isolation nor as a substitute for the financial measures prepared in accordance with U.S. GAAP. For reconciliations of Adjusted EBITDA, Adjusted Gross Profit and Adjusted Gross Margin to the most directly comparable U.S. GAAP measures, see the relevant schedules provided with this press release. We have not provided or reconciled the non-GAAP forward-looking information to

their corresponding GAAP measures because the exact amounts for these items are not currently determinable without unreasonable efforts but may be significant.

Forward-Looking Statements

This press release 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. Forward-looking statements generally are accompanied by words such as "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "evolve," "expect," "forecast," "future," "guidance," "intend," "may," "opportunity," "outlook," "pipeline," "plan," "predict," "potential," "projected," "seek," "seem," "should," "will," "would" and similar expressions (or the negative versions of such words or expressions) that predict or indicate future events or trends or that are not statements of historical matters. Such forward-looking statements as well as our outlook for 2023 are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. Important factors that may affect actual results or the achievability of the Company's expectations include, but are not limited to: (i) our ability to continue as a going concern; (ii) our ability to maintain the listing of our securities on Nasdaq; (iii) our ability to implement our restructuring initiatives; (iv) expectations with respect to future operating and financial performance and growth, including if or when Clever Leaves will become profitable; (v) Clever Leaves' ability to execute its business plans and strategy and to receive regulatory approvals (including its goals in its five key markets); (vi) Clever Leaves' ability to capitalize on expected market opportunities, including the timing and extent to which cannabis is legalized in various jurisdictions; (vii) global economic and business conditions, including recent economic sanctions against Russia and their effects on the global economy; (viii) geopolitical events (including the ongoing military conflict between Russia and Ukraine), natural disasters, acts of God and pandemics, including the economic and operational disruptions and other effects of COVID-19; (ix) regulatory developments in key markets for the Company's products, including international regulatory agency coordination and increased quality standards imposed by certain health regulatory agencies, and failure to otherwise comply with laws and regulations; (x) uncertainty with respect to the requirements applicable to certain cannabis products as well as the permissibility of sample shipments, and other risks and uncertainties; (xi) consumer, legislative, and regulatory sentiment or perception regarding Clever Leaves' products; (xii) lack of regulatory approval and market acceptance of Clever Leaves' new products which may impede its ability to successfully commercialize its products; (xiii) the extent to which Clever Leaves' is able to monetize its existing THC market quota within Colombia; (xiv) demand for Clever Leaves' products and Clever Leaves' ability to meet demand for its products and negotiate agreements with existing and new customers, including the sales agreements identified as a part of the Company's 2023 strategic growth objectives; (xv) developing product enhancements and formulations with commercial value and appeal; (xvi) product liability claims exposure; (xvii) lack of a history and experience operating a business on a large scale and across multiple jurisdictions; (xviii) limited experience operating as a public company; (xix) changes in currency exchange rates and interest rates; (xx) weather and agricultural conditions and their impact on the Company's cultivation and construction plans, (xxi) Clever Leaves' ability to hire and retain skilled personnel in the jurisdictions where it operates; (xxii) Clever Leaves' rapid growth, including growth in personnel; (xxiii) Clever Leaves' ability to remediate a material weakness in its internal control cover financial reporting and to develop and maintain effective internal and disclosure controls; (xxiv) potential litigation; (xxv) access to additional financing; and (xxvi) completion of our construction initiatives on time and on budget. The foregoing list of factors is not exclusive. Additional information concerning certain of these and other risk factors is contained in Clever Leaves' most recent filings with the SEC. All subsequent written and oral forward-looking statements concerning Clever Leaves and attributable to Clever Leaves or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Clever Leaves expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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CLEVER LEAVES

CLEVER LEAVES HOLDINGS INC.
Consolidated Statements of Financial Position
(Amounts in thousands of U.S. Dollars, except share and per share data)
(Unaudited)

	March 31, 2023	December 31, 2022
Assets		
Current:		
Cash and cash equivalents	$ 6,362	$ 12,449
Restricted cash	327	439
Accounts receivable, net	2,648	2,252
Prepaids, deposits and other receivables	3,778	2,708
Inventories, net	8,015	8,399
Total current assets	21,130	26,247
Investment – Cansativa	5,753	5,679
Property, plant and equipment, net	13,491	13,963
Asset held for sale - Land	1,500	1,500
Intangible assets, net	3,164	3,354
Operating lease right-of-use assets, net	1,144	1,303
Other non-current assets	54	52
Total Assets	$ 46,236	$ 52,098
Liabilities		
Current:		
Accounts payable	1,776	2,299
Accrued expenses and other current liabilities	3,826	4,238
Loans and borrowings, current portion	457	465
Warrant liability	157	113
Operating lease liabilities, current portion	599	1,239
Deferred revenue	988	1,072
Total current liabilities	$ 7,803	$ 9,426
Loans and borrowings	1,020	1,065
Operating lease liabilities - Long-term	619	1,087
Other long-term liabilities	24	112
Total Liabilities	$ 9,466	$ 11,690
Shareholders' equity		
Additional paid-in capital	221,756	221,313
Accumulated deficit	(184,986)	(180,905)
Total shareholders' equity	36,770	40,408
Total liabilities and shareholders' equity	$ 46,236	$ 52,098

CLEVER LEAVES

CLEVER LEAVES HOLDINGS INC.
Consolidated Statements of Operations and Comprehensive Loss
(Amounts in thousands of U.S. Dollars, except share and per share data)

	(Unaudited)	
	For the three months ended March 31,	
	2023	2022
Revenue, net	$ 3,978	$ 5,041
Cost of sales	(1,744)	(2,448)
Gross Profit	2,234	2,593
Expenses		
General and administrative	5,367	6,998
Sales and marketing	549	732
Research and development	212	412
Restructuring expenses	-	3,843
Depreciation and amortization	236	327
Total expenses	6,364	12,312
Loss from operations	(4,130)	(9,719)
Other Expense (Income), Net		
Interest (income)/expense and amortization of debt issuance cost	(17)	2,109
Loss (gain) on remeasurement of warrant liability	44	(490)
Loss on debt extinguishment, net	-	2,263
Foreign exchange (gain) loss	(45)	211
Other expense (income), net	39	(51)
Total other expenses, net	21	4,042
Loss before income taxes and equity investment loss	(4,151)	(13,761)
Equity investment share of loss	-	64
Loss from continuing operations	(4,151)	(13,825)
Income (loss) from discontinued operations	70	(2,315)
Net loss	$ (4,081)	$ (16,140)
Net loss per share:		
Basic and diluted from continuing operations	$ (0.09)	$ (0.50)
Basic and diluted from discontinued operations	$ -	$ (0.08)
Net loss per share - basic and diluted	$ (0.09)	$ (0.58)
Weighted-average common shares outstanding - basic and diluted	43,903,285	27,960,584

CLEVER LEAVES

CLEVER LEAVES HOLDINGS INC.
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands of U.S. Dollars)
(Unaudited)

	For the three months ended March 31,	
	2023	2022
Cash Flow from Operating Activities:		
Loss from continuing operations	$ (4,151)	$ (13,825)
Income (loss) from discontinued operations	70	(2,315)
Net loss	$ (4,081)	$ (16,140)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	623	896
Amortization of debt discount and debt issuance cost	-	1,681
Loss on disposal of fixed assets	74	-
Inventory provision	121	845
Non-cash lease expense	(289)	137
Restructuring and related costs	-	3,919
Loss (gain) on remeasurement of warrant liability	44	(490)
Foreign exchange (gain) loss	(45)	345
Share-based compensation expense	468	500
Loss on equity method investment, net	-	64
Loss on debt extinguishment, net	-	2,263
Other non-cash expense, net	-	281
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(396)	(359)
(Increase) in prepaid expenses	(1,070)	(1,578)
(Increase) in other receivables and other non-current assets	(2)	(150)
Decrease (increase) in inventory	263	(1,667)
(Decrease) in accounts payable and other current liabilities	(1,611)	(830)
(Decrease) in accrued and other non-current liabilities	(176)	(88)
Net cash used in operating activities	$ **(6,077)**	$ **(10,371)**
Cash Flow from Investing Activities:		
Purchase of property, plant and equipment	(35)	(1,215)
Net cash used in investing activities	$ **(35)**	$ **(1,215)**
Cash Flow From Financing Activities:		
Repayment of debt	(82)	(3,554)
Proceeds from issuance of shares	-	23,400
Equity issuance costs	(25)	(1,177)
Stock option exercise	-	22
Net cash (used in) provided by financing activities	$ **(107)**	$ **18,691**
Effect of exchange rate changes on cash, cash equivalents & restricted ca	20	(22)
Net (decrease) in cash, cash equivalents & restricted cash	$ (6,199)	$ 7,083
Cash, cash equivalents & restricted cash, beginning of period	12,888	37,699
Cash, cash equivalents & restricted cash, end of period	$ **6,689**	$ **44,782**

CLEVER LEAVES

CLEVER LEAVES HOLDINGS INC.
Adjusted EBITDA Reconciliation (Non-GAAP Measure)
(Amounts in thousands of U.S. Dollars)
(Unaudited)

	Three Months Ended March 31,			
	2023		2022	
Net Loss	**$**	**(4,081)**	$	(16,140)
Loss (gain) on remeasurement of warrant liability		**44**		(490)
Share-based compensation		**468**		500
Restructuring expenses		**-**		3,843
Depreciation and amortization		**623**		706
Interest (income)/expense and amortization of debt issuance costs		**(17)**		2,109
Foreign exchange (gain) loss		**(45)**		211
Loss on debt extinguishment, net		**-**		2,263
Equity investment share of loss		**-**		64
Other expense (income), net		**39**		(51)
(Income) loss from discontinued operations		**(70)**		2,315
Adjusted EBITDA (Non-GAAP Measure)	**$**	**(3,039)**	$	(4,670)

CLEVER LEAVES

CLEVER LEAVES HOLDINGS INC.

Adjusted Gross Profit Reconciliation (Non-GAAP Measure)

(Amounts in thousands of U.S. Dollars)

(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue	**$ 3,978**	$ 5,041
Cost of sales, before inventory provision	**(1,623)**	(2,136)
Inventory provision	**(121)**	(312)
Gross Profit	**$ 2,234**	$ 2,593
Inventory provision	**(121)**	(312)
Adjusted Gross Profit (Non-GAAP Measure)	**$ 2,355**	$ 2,905
Gross Profit Margin (%)	**56.2%**	51.4%
Adjusted Gross Profit Margin (Non-GAAP Measure) (%)	**59.2%**	57.6%