



## Schwazze Announces Second Quarter 2023 Financial Results

August 9, 2023

Q2 Revenue of \$42.4 Million; Income from Operations of \$5.0 Million; Adjusted EBITDA of \$13.8 Million or 33% of revenue

Generated \$2.7 Million of Operating Cash Flow

DENVER, Colo., Aug. 9, 2023 /CNW/ - Medicine Man Technologies, Inc., operating as Schwazze, (OTCQX: SHWZ) (NEO: SHWZ) ("Schwazze" or the "Company"), today announced financial and operational results for the second quarter ended June 30, 2023.



### Second Quarter 2023 Summary

|                              | For the Three Months Ended |                |               |
|------------------------------|----------------------------|----------------|---------------|
| \$ in Thousands USD          | June 30, 2023              | March 31, 2023 | June 30, 2022 |
| Revenue                      | \$42,375                   | \$40,001       | \$44,263      |
| Gross Profit                 | \$24,519                   | \$23,033       | \$25,156      |
| Income from Operations       | \$4,957                    | \$5,650        | \$9,036       |
| Adjusted EBITDA <sup>1</sup> | \$13,814                   | \$14,525       | \$15,021      |
| Operating Cash Flow          | \$2,683                    | \$(880)        | \$(13,486)    |

<sup>1</sup> Adjusted EBITDA represents earnings before interest, taxes, depreciation, and amortization, adjusted for other income, non-cash share-based compensation, one-time transaction related expenses, or other non-operating costs. The Company uses adjusted EBITDA as it believes it better explains the results of its core business.

### Management Commentary

"We continued to execute on our 'go deep' retail strategy in the second quarter, demonstrated by our acquisitions of Everest Apothecary in New Mexico in June, as well as Standing Akimbo and Smokey's in Colorado," said Nirup Krishnamurthy, CEO of Schwazze. "Although it is early in the integration process and these stores have yet to ramp, in July we began to recognize synergies from bulk purchasing, introducing new product assortment, and leveraging best cultivation practices to improve yields, among other improvements. We expect to realize additional benefits as we further integrate our assets in the months ahead.

"The cannabis market environment in Colorado and New Mexico remains a challenge due to pricing pressure and license proliferation in key markets. However, we are beginning to see early signs of wholesale pricing stabilization in Colorado and are hyper-focused on customer acquisition and experience, while maintaining our brand standards and margin through targeted promotions for customers. Through these efforts, we increased market share in both Colorado and New Mexico, demonstrating the effectiveness of our operating playbook and acquisition strategy, as well as our ability to execute in a competitive environment.

"Looking ahead, we will continue to run a lean operation while implementing the Schwazze retail playbook across our markets to expand our customer base, increase labor and price optimization, and improve customer loyalty and brand penetration. We are well positioned to continue driving strong adjusted EBITDA margins and consistent cash flow generation in 2023."

### Recent Highlights

- Completed the acquisition of Everest Apothecary in June, increasing the Company's New Mexico operations to 32 dispensaries, four cultivation facilities, two manufacturing facilities and over 400 employees statewide.
- Appointed Nirup Krishnamurthy as Chief Executive Officer.
- Acquired two Colorado retail dispensaries from Smokey's Cannabis Company.
- Acquired Standing Akimbo, the largest medical cannabis dispensary in Colorado, and opened the Company's first medical dispensary in Colorado Springs under the Standing Akimbo banner.
- Ecommerce penetration in New Mexico and Colorado grew approximately 45% and 15%, respectively, compared to the first quarter of 2023 when the program was first launched.
- Experienced 17% sequential growth of new customer loyalty members in the second quarter of 2023.

### Second Quarter 2023 Financial Results

Total revenue in the second quarter of 2023 was \$42.4 million compared to \$44.3 million for the same quarter last year. The decrease was primarily due to lower wholesale revenue resulting from a 25% year-over-year decline in wholesale pricing and the proliferation of new licenses in key New Mexico markets, partially offset by growth from new stores compared to the prior year period.

Gross profit for the second quarter of 2023 was \$24.5 million or 57.9% of total revenue, compared to \$25.2 million or 56.8% of total revenue for the same quarter last year. The increase in gross margin was primarily driven by efficiency gains across retail, cultivation, and production, partially offset by the aforementioned wholesale pricing pressure.

Operating expenses for the second quarter of 2023 were \$19.6 million compared to \$16.1 million for the same quarter last year. The increase was primarily due to the four-wall SG&A increases associated with 27 additional stores in Colorado and New Mexico that are still ramping, as well as an increase in stock-based compensation. This was partially offset by efficiencies implemented throughout the Company's operations.

Income from operations for the second quarter of 2023 was \$5.0 million compared to \$9.0 million in the same quarter last year. Net loss was \$6.6 million compared to net income of \$33.8 million for the second quarter of 2022, primarily driven by a \$35.2 million change in the non-cash accounting revaluation of the derivative liability related to the Company's convertible note.

Adjusted EBITDA for the second quarter of 2023 was \$13.8 million or 32.6% of revenue, compared to \$15.0 million or 33.9% of revenue for the same quarter last year. The decrease in adjusted EBITDA margin was primarily driven by lower revenue and higher SG&A associated with new stores that are still ramping, partially offset by improved gross margin.

As of June 30, 2023, cash and cash equivalents were \$19.9 million compared to \$38.9 million on December 31, 2022, while operating working capital increased by \$5.8 million to \$10.0 million during this period. Total debt as of June 30, 2023, was \$155.4 million compared to \$127.8 million on December 31, 2022.

Schwazze CFO Forrest Hoffmaster added, "In addition to our focus on top line growth, supply chain efficiencies and cash generation, we are capitalizing on our hyper-regional retail strategy with a series of cost optimization programs that are improving our cash position and margins. We have begun to see the benefit of these initiatives and expect to drive further improvements in the months ahead."

### Conference Call

The Company will conduct a conference call today, August 9, 2023, at 5:00 p.m. Eastern time to discuss its results for the second quarter ended June 30, 2023.

Schwazze management will host the conference call, followed by a question-and-answer period. Interested parties may submit questions to the Company prior to the call by emailing [ir@schwazze.com](mailto:ir@schwazze.com).

Date: Wednesday, August 9, 2023

Time: 5:00 p.m. Eastern time

Toll-free dial-in number: (888) 664-6383

International dial-in number: (416) 764-8650

Conference ID: 70252888

Webcast: [SHWZ Q2 2023 Earnings Call](#)

The conference call will also be broadcast live and available for replay on the investor relations section of the Company's website at <https://ir.schwazze.com>.

Toll-free replay number: (888) 390-0541

International replay number: (416) 764-8677

Replay ID: 252888

If you have any difficulty registering or connecting with the conference call, please contact Elevate IR at (720) 330-2829.

### About Schwazze

Schwazze (OTCQX: SHWZ) (NEO: SHWZ) is building a premier vertically integrated regional cannabis company with assets in Colorado and New Mexico and will continue to take its operating system to other states where it can develop a differentiated regional leadership position. Schwazze is the

parent company of a portfolio of leading cannabis businesses and brands spanning seed to sale.

Schwazze is anchored by a high-performance culture that combines customer-centric thinking and data science to test, measure, and drive decisions and outcomes. The Company's leadership team has deep expertise in retailing, wholesaling, and building consumer brands at Fortune 500 companies as well as in the cannabis sector.

Medicine Man Technologies, Inc. was Schwazze's former operating trade name. The corporate entity continues to be named Medicine Man Technologies, Inc. Schwazze derives its name from the pruning technique of a cannabis plant to enhance plant structure and promote healthy growth. To learn more about Schwazze, visit [www.schwazze.com](http://www.schwazze.com).

#### Forward-Looking Statements

This press release contains "forward-looking statements." Such statements may be preceded by the words "may," "will," "could," "would," "should," "expect," "intends," "plans," "strategy," "prospects," "anticipate," "believe," "approximately," "estimate," "predict," "project," "potential," "continue," "ongoing," or the negative of these terms or other words of similar meaning in connection with a discussion of future events or future operating or financial performance, although the absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements are not guarantees of future events or performance, are based on certain assumptions, and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control and cannot be predicted or quantified. Consequently, actual events and results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) regulatory limitations on our products and services and the uncertainty in the application of federal, state, and local laws to our business, and any changes in such laws; (ii) our ability to manufacture our products and product candidates on a commercial scale on our own or in collaboration with third parties; (iii) our ability to identify, consummate, and integrate anticipated acquisitions; (iv) general industry and economic conditions; (v) our ability to access adequate capital upon terms and conditions that are acceptable to us; (vi) our ability to pay interest and principal on outstanding debt when due; (vii) volatility in credit and market conditions; (viii) the loss of one or more key executives or other key employees; and (ix) other risks and uncertainties related to the cannabis market and our business strategy. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's website at <http://www.sec.gov>. The Company assumes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise except as required by law.

#### MEDICINE MAN TECHNOLOGIES, INC.

##### CONDENSED CONSOLIDATED BALANCE SHEETS

For the Periods Ended June 30, 2023 and December 31, 2022

Expressed in U.S. Dollars

|                                                                                             | June 30,<br>2023 | December 31,<br>2022 |
|---------------------------------------------------------------------------------------------|------------------|----------------------|
|                                                                                             | (Unaudited)      | (Audited)            |
| <b>ASSETS</b>                                                                               |                  |                      |
| Current Assets                                                                              |                  |                      |
| Cash & Cash Equivalents                                                                     | \$ 19,872,099    | \$ 38,949,253        |
| Accounts Receivable, net of Allowance for Doubtful Accounts                                 | 6,179,662        | 4,471,978            |
| Inventory                                                                                   | 33,821,282       | 22,554,182           |
| Notes Receivable - Current, net                                                             | -                | 11,944               |
| Marketable Securities, net of Unrealized Loss of \$1,816 and Loss of \$39,270, respectively | 456,099          | 454,283              |
| Prepaid Expenses & Other Current Assets                                                     | 6,203,056        | 5,293,393            |
| Total Current Assets                                                                        | 66,532,198       | 71,735,033           |
| Non-Current Assets                                                                          |                  |                      |
| Fixed Assets, net Accumulated Depreciation of \$7,007,889 and \$4,899,977, respectively     | 31,128,357       | 27,089,026           |

|                                                                                                |                |                |
|------------------------------------------------------------------------------------------------|----------------|----------------|
| Investments                                                                                    | 2,000,000      | 2,000,000      |
| Goodwill                                                                                       | 75,968,130     | 94,605,301     |
| Intangible Assets, net Accumulated Amortization of \$24,981,817 and \$16,290,862, respectively | 168,892,605    | 107,726,718    |
| Note Receivable - Non-Current, net                                                             | 1,313          | -              |
| Other Non-Current Assets                                                                       | 1,222,805      | 1,527,256      |
| Operating Lease Right of Use Assets                                                            | 23,213,504     | 18,199,399     |
| Total Non-Current Assets                                                                       | 302,426,714    | 251,147,700    |
| Total Assets                                                                                   | \$ 368,958,912 | \$ 322,882,733 |

#### **LIABILITIES & STOCKHOLDERS' EQUITY**

##### Current Liabilities

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Accounts Payable                  | \$ 12,105,250 | \$ 10,701,281 |
| Accounts Payable - Related Party  | 6,073         | 22,380        |
| Accrued Expenses                  | 6,398,115     | 7,462,290     |
| Derivative Liabilities            | 6,538,485     | 16,508,253    |
| Lease Liabilities - Current       | 4,026,595     | 3,139,289     |
| Current Portion of Long Term Debt | 6,583,334     | 2,250,000     |
| Income Taxes Payable              | 14,113,477    | 7,297,815     |
| Total Current Liabilities         | 49,771,329    | 47,381,308    |

##### Non-Current Liabilities

|                                                       |                |                |
|-------------------------------------------------------|----------------|----------------|
| Long Term Debt, net of Debt Discount & Issuance Costs | 148,861,810    | 125,521,520    |
| Lease Liabilities - Non-Current                       | 22,096,232     | 17,314,464     |
| Deferred Income Taxes, net                            | 178,031        | 502,070        |
| Total Non-Current Liabilities                         | 171,136,073    | 143,338,054    |
| Total Liabilities                                     | \$ 220,907,402 | \$ 190,719,362 |

##### Stockholders' Equity

Preferred Stock, \$0.001 Par Value. 10,000,000 Shares Authorized; 86,994 Shares Issued and

86,994 Shares Outstanding as of June 30, 2023 and 86,994 Shares Issued and 86,994 Shares

Outstanding as of December 31, 2022. 87 87

Common Stock, \$0.001 Par Value. 250,000,000 Shares Authorized; 71,730,449 Shares Issued

and 70,590,451 Shares Outstanding as of June 30, 2023 and 56,352,545 Shares Issued and

55,212,547 Shares Outstanding as of December 31, 2022. 71,730 56,353

Additional Paid-In Capital 201,116,605 180,381,641

Accumulated Deficit (51,103,785) (46,241,583)

Common Stock Held in Treasury, at Cost, 920,150 Shares Held as of June 30, 2023 and 920,150

Shares Held as of December 31, 2022. (2,033,127) (2,033,127)

Total Stockholders' Equity 148,051,510 132,163,371

Total Liabilities & Stockholders' Equity \$ 368,958,912 \$ 322,882,733

**MEDICINE MAN TECHNOLOGIES, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND (LOSS)**

*For the Three and Six Months Ended June 30, 2023 and 2022*

*Expressed in U.S. Dollars*

|                                              | For the Three Months Ended |               | For the Six Months Ended |               |
|----------------------------------------------|----------------------------|---------------|--------------------------|---------------|
|                                              | June 30,                   |               | June 30,                 |               |
|                                              | 2023                       | 2022          | 2023                     | 2022          |
|                                              | (Unaudited)                | (Unaudited)   | (Unaudited)              | (Unaudited)   |
| Operating Revenues                           |                            |               |                          |               |
| Retail                                       | \$ 38,098,957              | \$ 38,138,799 | \$ 73,919,068            | \$ 64,664,515 |
| Wholesale                                    | 4,274,483                  | 6,080,843     | 8,333,408                | 11,288,231    |
| Other                                        | 1,660                      | 43,750        | 123,560                  | 88,200        |
| Total Revenue                                | 42,375,100                 | 44,263,392    | 82,376,036               | 76,040,946    |
| Total Cost of Goods & Services               | 17,856,050                 | 19,106,944    | 34,824,320               | 39,946,995    |
| Gross Profit                                 | 24,519,050                 | 25,156,448    | 47,551,716               | 36,093,951    |
| Operating Expenses                           |                            |               |                          |               |
| Selling, General and Administrative Expenses | 8,838,936                  | 6,666,044     | 19,054,847               | 13,521,755    |
| Professional Services                        | 487,860                    | 1,516,544     | 1,675,224                | 4,101,016     |

|                                                               |                |               |                |              |
|---------------------------------------------------------------|----------------|---------------|----------------|--------------|
| Salaries                                                      | 7,389,172      | 7,240,368     | 13,154,165     | 12,537,145   |
| Stock Based Compensation                                      | 2,845,691      | 697,842       | 3,060,235      | 1,688,925    |
| Total Operating Expenses                                      | 19,561,659     | 16,120,798    | 36,944,471     | 31,848,841   |
| Income from Operations                                        | 4,957,391      | 9,035,650     | 10,607,245     | 4,245,110    |
| Other Income (Expense)                                        |                |               |                |              |
| Interest Expense, net                                         | (7,890,439)    | (7,489,205)   | (15,636,294)   | (14,791,459) |
| Unrealized Gain (Loss) on Derivative Liabilities              | 1,468,083      | 36,705,764    | 9,969,768      | 23,288,292   |
| Other Loss                                                    | -              | -             | -              | 7            |
| Unrealized Gain (Loss) on Investments                         | -              | (5,264)       | 1,816          | (13,813)     |
| Total Other Income (Expense)                                  | (6,422,356)    | 29,211,295    | (5,664,710)    | 8,483,027    |
| Pre-Tax Net Income (Loss)                                     | (1,464,965)    | 38,246,945    | 4,942,535      | 12,728,137   |
| Provision for Income Taxes                                    | 5,142,559      | 4,405,962     | 9,804,737      | 5,665,856    |
| Net Income (Loss)                                             | \$ (6,607,524) | \$ 33,840,983 | \$ (4,862,202) | \$ 7,062,281 |
| Less: Accumulated Preferred Stock Dividends for the Period    | (2,353,883)    | (1,766,575)   | (4,383,277)    | (3,510,019)  |
| Net Income (Loss) Attributable to Common Stockholders         | \$ (8,961,407) | \$ 32,074,408 | \$ (9,245,479) | \$ 3,552,262 |
| Earnings (Loss) per Share Attributable to Common Stockholders |                |               |                |              |
| Basic Earnings (Loss) per Share                               | \$ (0.15)      | \$ 0.65       | \$ (0.16)      | \$ 0.07      |
| Diluted Earnings (Loss) per Share                             | \$ (0.15)      | \$ 0.24       | \$ (0.16)      | \$ 0.03      |
| Weighted Average Number of Shares Outstanding - Basic         | 60,538,317     | 49,178,494    | 57,999,461     | 49,178,494   |
| Weighted Average Number of Shares Outstanding - Diluted       | 60,538,317     | 133,481,667   | 57,999,461     | 133,481,667  |
| Comprehensive Income (Loss)                                   | \$ (6,607,524) | \$ 33,840,983 | \$ (4,862,202) | \$ 7,062,281 |

**MEDICINE MAN TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*For the Six Months Ended June 30, 2023 and 2022*  
*Expressed in U.S. Dollars*

**For the Six Months Ended**

**June 30,**

|                                                                             | 2023             | 2022               |
|-----------------------------------------------------------------------------|------------------|--------------------|
|                                                                             | (Unaudited)      | (Unaudited)        |
| Cash Flows from Operating Activities:                                       |                  |                    |
| Net Income (Loss) for the Period                                            | \$ (4,862,202)   | \$ 7,062,281       |
| Adjustments to Reconcile Net Income (Loss) to Cash for Operating Activities |                  |                    |
| Depreciation & Amortization                                                 | 10,826,289       | 1,553,817          |
| Non-Cash Interest Expense                                                   | 1,992,280        | 2,165,366          |
| Non-Cash Lease Expense                                                      | 3,316,171        | 4,705,059          |
| Deferred Taxes                                                              | (324,039)        | -                  |
| Change in Derivative Liabilities                                            | (9,969,768)      | (23,288,292)       |
| Amortization of Debt Issuance Costs                                         | 843,025          | 843,025            |
| Amortization of Debt Discount                                               | 4,088,319        | 3,590,017          |
| (Gain) Loss on Investments, net                                             | (1,816)          | 13,813             |
| Stock Based Compensation                                                    | 3,060,235        | 776,917            |
| Changes in Operating Assets & Liabilities (net of Acquired Amounts):        |                  |                    |
| Accounts Receivable                                                         | (923,614)        | (1,689,914)        |
| Inventory                                                                   | (5,937,100)      | 3,924,172          |
| Prepaid Expenses & Other Current Assets                                     | (909,663)        | (5,219,898)        |
| Other Assets                                                                | 304,451          | (185,589)          |
| Change in Operating Lease Liabilities                                       | (2,661,202)      | (8,873,051)        |
| Accounts Payable & Other Liabilities                                        | (3,853,458)      | 5,922,458          |
| Income Taxes Payable                                                        | 6,815,662        | (1,163,770)        |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                  | <b>1,803,570</b> | <b>(9,863,589)</b> |
| Cash Flows from Investing Activities:                                       |                  |                    |
| Collection of Notes Receivable                                              | 10,631           | -                  |
| Cash Consideration for Acquisition of Business, net of Cash Acquired        | (15,834,378)     | (56,875,923)       |

|                                                            |                     |                     |
|------------------------------------------------------------|---------------------|---------------------|
| Purchase of Fixed Assets                                   | (4,704,093)         | (7,076,116)         |
| Purchase of Intangible Assets                              | -                   | (2,825)             |
| <b>Net Cash Provided by (Used in) Investing Activities</b> | <b>(20,527,840)</b> | <b>(63,954,864)</b> |

Cash Flows from Financing Activities:

|                                                               |                  |                  |
|---------------------------------------------------------------|------------------|------------------|
| Payment on Notes Payable                                      | (750,000)        | -                |
| Proceeds from Issuance of Common Stock, net of Issuance Costs | 397,116          | 1,280,660        |
| <b>Net Cash Provided by (Used in) Financing Activities</b>    | <b>(352,884)</b> | <b>1,280,660</b> |

|                                                     |                      |                      |
|-----------------------------------------------------|----------------------|----------------------|
| Net (Decrease) in Cash & Cash Equivalents           | (19,077,154)         | (72,537,793)         |
| Cash & Cash Equivalents at Beginning of Period      | 38,949,253           | 106,400,216          |
| <b>Cash &amp; Cash Equivalents at End of Period</b> | <b>\$ 19,872,099</b> | <b>\$ 33,862,423</b> |

Supplemental Disclosure of Cash Flow Information:

|                        |               |              |
|------------------------|---------------|--------------|
| Cash Paid for Interest | \$ 10,931,090 | \$ 9,004,575 |
|------------------------|---------------|--------------|

**MEDICINE MAN TECHNOLOGIES, INC.**

**ADJUSTED EBITDA RECONCILIATION (NON-GAAP)**

*For the Three and Six Months Ended June 30, 2023 and 2022*

*Expressed in U.S. Dollars*

|                                                          | For the Three Months Ended |                      | For the Six Months Ended |                     |
|----------------------------------------------------------|----------------------------|----------------------|--------------------------|---------------------|
|                                                          | June 30,                   |                      | June 30,                 |                     |
|                                                          | 2023                       | 2022                 | 2023                     | 2022                |
| <b>Net Income (Loss)</b>                                 | <b>\$ (6,607,524)</b>      | <b>\$ 33,840,983</b> | <b>\$ (4,862,202)</b>    | <b>\$ 7,062,281</b> |
| Interest Expense, net                                    | 7,890,439                  | 7,489,205            | 15,636,294               | 14,791,459          |
| Provision for Income Taxes                               | 5,142,559                  | 4,405,962            | 9,804,737                | 5,665,856           |
| Other (Income) Expense, net of Interest Expense          | (1,468,083)                | (36,700,500)         | (9,971,584)              | (23,274,486)        |
| Depreciation & Amortization                              | 3,865,190                  | 2,960,603            | 10,478,004               | 5,506,627           |
| <b>Earnings Before Interest, Taxes, Depreciation and</b> |                            |                      |                          |                     |
| <b>Amortization (EBITDA) (non-GAAP)</b>                  | <b>\$ 8,822,581</b>        | <b>\$ 11,996,253</b> | <b>\$ 21,085,249</b>     | <b>\$ 9,751,737</b> |
| Non-Cash Stock Compensation                              | 2,845,691                  | 697,842              | 3,060,235                | 1,688,925           |



|                                               |                      |                      |                      |                      |
|-----------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Deal Related Expenses                         | 733,718              | 1,656,529            | 1,929,520            | 3,913,463            |
| Capital Raise Related Expenses                | -                    | 41,312               | 35,068               | 605,632              |
| Inventory Adjustment to Fair Market Value for |                      |                      |                      |                      |
| Purchase Accounting                           | -                    | 246,613              | -                    | 6,507,047            |
| Severance                                     | 185,681              | 44,537               | 304,117              | 49,102               |
| Retention Program Expenses                    | 115,000              | -                    | 395,632              | -                    |
| Employee Relocation Expenses                  | 26,468               | 332                  | 52,175               | 19,110               |
| Other Non-Recurring Items                     | 1,085,005            | 338,050              | 1,477,028            | 334,632              |
| <b>Adjusted EBITDA (non-GAAP)</b>             | <b>\$ 13,814,144</b> | <b>\$ 15,021,468</b> | <b>\$ 28,339,024</b> | <b>\$ 22,869,648</b> |
| Revenue                                       | 42,375,100           | 44,263,392           | 82,376,036           | 76,040,946           |
| Adjusted EBITDA Percent                       | 32.6 %               | 33.9 %               | 34.4 %               | 30.1 %               |

**MEDICINE MAN TECHNOLOGIES, INC.**  
**OPERATING WORKING CAPITAL RECONCILIATION (NON-GAAP)**  
For the Periods Ended June 30, 2023 and December 31, 2022  
Expressed in U.S. Dollars

|                                                | <b>June 30,</b>      | <b>December 31,</b> |
|------------------------------------------------|----------------------|---------------------|
|                                                | <b>2023</b>          | <b>2022</b>         |
| Current Assets                                 | \$ 66,532,198        | \$ 71,735,033       |
| Less: Cash & Cash Equivalents                  | (19,872,099)         | (38,949,253)        |
| <b>Adjusted Current Assets (non-GAAP)</b>      | <b>46,660,099</b>    | <b>32,785,780</b>   |
| Current Liabilities                            | \$ 49,771,329        | \$ 47,381,308       |
| Less: Derivative Liabilities                   | (6,538,485)          | (16,508,253)        |
| Less: Current Portion of Long Term Debt        | (6,583,334)          | (2,250,000)         |
| <b>Adjusted Current Liabilities (non-GAAP)</b> | <b>36,649,510</b>    | <b>28,623,055</b>   |
| <b>Operating Working Capital (non-GAAP)</b>    | <b>\$ 10,010,589</b> | <b>\$ 4,162,725</b> |

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SOURCE Schwazze