CubicFarm Systems Corp. Announces Q2 Results

VANCOUVER, BC, Aug. 15, 2023 /CNW/ - **CubicFarm® Systems Corp. ("CubicFarms" or the "Company")** (TSX: CUB), a local chain agricultural technology company, today reported its second quarter financial and operating results for the three and six months ended June 30, 2023. All amounts are in Canadian dollars, unless otherwise stated.

Second Quarter Financial Results

- Revenue for the three months ended June 30, 2023, was $3.3 million up from $2.9 million in the previous year.
- Net losses for the three months ended June 30, 2023, were $4.0 million, compared to a net loss of $9.0 million in the previous year.
- As a result of the Company's ongoing cost reduction measures, operating expenses, comprising of selling, general & administrative and research & development expenses for the three months ended June 30, 2023, was $2.9 million, reduced from $9.3 million in the previous year.

Second Quarter Operational Highlights

- HydroGreen has added a new stream of revenue in the three months ended June 30, 2023, with the addition of Feed as a Service ("**FaaS**"). FaaS is an innovative agricultural model where HydroGreen builds a regional feed hub facility equipped with Automated Vertical Pastures™ and sells the sprouted-grain nutrition to livestock feeding operations in the area.
- On January 17, 2023, the Company announced its lease arrangement of FreshHub machinery and equipment to Langley Indoor Produce. CubicFarms has the option to retain up to 97.6% equity interest in Langley Indoor Produce upon closing. As part of the deal, CubicFarms will provide a license for FreshHub intellectual property specifically for indoor, non-containerized use of patented equipment.
- On March 7, 2023, the Company's subsidiary, HydroGreen Inc., announced the successful installation of two units for Jim Cheney Inc. in Utah, further solidifying its presence in the livestock feed market.
- On March 17, 2023, the Company finalized its previously announced public offering of units, each comprising a common share and a common share purchase warrant. A total of 56,027,000 units were issued at an offering price of $0.05 per unit, generating gross proceeds of $2,801,350. This included units issued to reduce working capital obligations. The Company also issued compensation warrants and agreed to cash commissions.
- On May 5, 2023, Carlos Yam, Chief Financial Officer, resigned, and Michael Brendan Kyne, CFA, was appointed as Interim CFO. Mr. Kyne, with extensive experience in investment management and business leadership spanning over 20 years.
- On June 12, 2023, the Company commissioned its advanced growing technology at Vertical Acres Farm LLC. This technology, consisting of 20 CubicFarm machines and 1 fertigator, empowers Vertical Acres Farm to produce and distribute fresh produce on a commercial scale.
- On June 27, 2023, the Company announced a FaaS partnership with J&D Wilson Farms in Riverdale, California.

"Our second quarter results underscore our commitment to operational discipline and efficiency. Our activities highlight our ongoing strategic pivot towards our Feed division and the pursuit of creating recurring revenue through our FaaS program. As a Company, we remain focused on expansion within key markets where opportunity is ripest, and are excited by the promising trajectory ahead," said John de Jonge, CEO and President of HydroGreen.

The Company's second quarter financial statements and management's discussion and analysis will be issued and filed on SEDAR at www.sedar.com on August 14, 2023 and will be available on the same day on CubicFarms' website at https://cubicfarms.com/investors/.

About HydroGreen

HydroGreen produces Automated Vertical Pastures™, a type of smart farming equipment that uses a unique process to sprout grains such as wheat and barley, in a controlled growing environment to efficiently produce a high-performance feed ingredient for livestock 365 days a year. HydroGreen's equipment is simple and easy to operate and performs all growing functions automatically, including seeding, watering, lighting, harvesting, and re-seeding, which allows livestock businesses to feed consistent nutrition every day with minimal labour. When balanced correctly in the ration, HydroGreen sprouted grain modifies animal digestion which enhances productivity and reduces the amount of enteric methane emitted in ruminant livestock. The result also enables environmental benefits to the farm while helping to meet increasing demand for valuable farm-based inset and offset carbon credits.

About CubicFarms

CubicFarms is a leading local chain agricultural technology company developing and deploying technology to feed a changing world. Its proprietary ag-tech solutions enable growers to produce high quality, predictable produce and fresh livestock feed with HydroGreen Nutrition Technology, a division of CubicFarm Systems Corp. The CubicFarms™ system contains patented technology for growing leafy greens and other crops onsite, indoors, all year round. CubicFarms provides an efficient, localized food supply solution that benefits our people, planet, and economy.

For more information, please visit www.cubicfarms.com.

Forward looking and other cautionary statements

This release may contain certain "forward-looking statements" or "forward-looking information" under applicable securities laws. Such statements involve known and unknown risks, uncertainties, and other factors and assumptions which may cause the actual results, performance, or achievements of CubicFarm Systems Corp., or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such statements can be identified by the use of words such as "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", and other similar terminology, or state that certain actions, events, or results "may", "can", "could", "would", "might", or "will" be taken, occur, or be achieved.

These statements reflect the Company's current expectations regarding future events, performance, and results and speak only as of the date of this news release. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Except as required by securities disclosure laws and regulations applicable to the Company, the Company undertakes no obligation to update these forward-looking statements if the Company's expectations regarding future events, performance, or results change.

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