

# Trichome Financial To Acquire James E. Wagner Through Restructuring Process

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- **Premium indoor cannabis cultivation assets acquired free of all liabilities**
- **Trichome estimates pro-forma forward twelve-month EBITDA of \$10 million with no additional capital spend**
- **Total acquisition cost of \$13 million or less than 1.5x Trichome's estimate of pro forma EBITDA, compared to \$60 million invested by JWC**

**TORONTO, ON / ACCESSWIRE / May 19, 2020 /** Trichome Financial Corp. (the "**Company**", "**Trichome**" or "**Trichome Financial**") (CSE:TFC) is pleased to announce, following the conclusion of the Sales and Investor Solicitation Process ("**SISP**") conducted by Stoic Advisory, that it has been confirmed as the successful bidder for the business and assets of James E. Wagner Cultivation Corp ("**JWC**"). It is expected that a Sale Approval Motion will be heard on or around May 29, 2020 by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") and a final closing will occur upon Health Canada license approval. The business and assets of JWC are being purchased free and clear of any liabilities for an effective purchase price of approximately \$13 million, being the value of Trichome Financial's pre-filing secured claim of \$7.5 million plus the estimated amount of the outstanding debtor-in-possession financing upon closing.

"Having been invested in JWC since February 2019, Trichome Financial had a very good understanding of JWC's business and assets and was prepared to be the stalking horse in the court-approved SISP. A comprehensive operational review has been underway since April 9, 2020 led by Howard Steinberg in his capacity as Chief Restructuring Officer and a team of industry experts. The team of industry experts retained by JWC during these proceedings has worked with Mr. Steinberg to develop an operating plan that we believe will allow JWC to grow and prosper over the long term. We welcome working with the hard-working employees at JWC to make this a success for all," commented Michael Ruscetta, Chief Executive Officer of Trichome Financial.

"As the Canadian cannabis industry continues to mature, we believe that our investment in JWC will prove to be prescient. We have created our investment in one of the largest licensed indoor cannabis facilities in Canada at less than 1.5x our estimated pro forma forward twelve-month EBITDA and a fraction of the amount of capital that has been invested in JWC. This transaction has the potential to earn multiples of our invested capital on a standalone basis and may well become a transformational platform to lead industry consolidation through our Trichome Special Opportunities business," continued Michael Ruscetta.

## **JWC Highlights and Operating Plan**

JWC's assets that are being acquired through the restructuring process include:

- 114,000 sq. ft. of licensed indoor capacity, among the largest indoor facilities in the country.
- Annual cultivation capacity of approximately 7,000 kilograms per year of premium cannabis.
- Focus on "premium value" market through high THC flower and single-origin derivative products with a genetic bank that has been extensively phenotyped, allowing for special runs depending on market appetite and demand.
- Reset balance sheet free, clear of any liabilities and 100%-owned by Trichome Financial.

With the significant insight gained on operations, sales, distribution, spending and strategy since making its initial loan to JWC, Trichome Financial developed a business plan which forecasts production of 7,000 kgs per year of high-quality cannabis generating approximately \$10 million of EBITDA within 12 months with no incremental capital expenditures.

"Many thanks to the entire team who worked together seamlessly and put their heart into JWC and in particular James Andrews, John Fowler, Doug Wilson, David Hyde and Sarah Seale. I am excited to continue working with these individuals and the very talented people at JWC and look forward to the opportunity to create significant value for stakeholders," said Mr. Steinberg.

### **About Trichome Financial Corp.**

Trichome Financial is a specialty finance company focused on providing flexible and creative credit solutions to the global legal cannabis market. Trichome was created to address the lack of credit availability in the large, growing and increasingly complex cannabis market. Trichome Financial's experienced founders and management team has a unique edge to capitalize on proprietary deal flow and industry insight while developing a first mover advantage as a global cannabis focused specialty finance company. Trichome Financial provides customized financing solutions across the industry value chain to support growth, capital expenditures, mergers, acquisitions, working capital and other needs. Leveraging the combined resources and knowledge of its founders, it is able to offer significant value-added financial, product, market and operational support to its partner companies.

For further information about Trichome Financial please visit us at [www.trichomefinancial.com](http://www.trichomefinancial.com) or @trichomefinance on Twitter and refer to the joint information circular of Trichome Financial and 22 Capital dated May 29, 2019 which is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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### **Contact Information**

Michael Ruscetta, CEO  
Telephone: (416) 467-5229  
[info@trichomefinancial.com](mailto:info@trichomefinancial.com)

Marc Charbin, Investor Relations  
Telephone: (416) 467-5229  
Email: [marc.charbin@loderockadvisors.com](mailto:marc.charbin@loderockadvisors.com)

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