

Trichome Financial Reports Financial Results for Q1 2020 and Provides Outlook

Friday, May 29, 2020 8:30 AM EDT

- ***Outstanding loan principal increased to \$18.5 million as of March 31, 2020 and to \$23.1 million on May 28, 2020 with loans to Heritage, Cresco, Hello Cannabis, JWC and Good Buds***
- ***Expanded financing solutions platform for cannabis industry with launch of Trichome Special Opportunities and Trichome Advisory Partners***
- ***Confirmed as successful bidder for assets of JWC for estimated consideration of \$13.0 million, forecast pro-forma EBITDA of \$10.0 million***

TORONTO, ONTARIO / ACCESSWIRE / May 29, 2020 / Trichome Financial Corp. (the "**Company**" or "**Trichome Financial**") (CSE:TFC) today announced its financial results for the three-month period ended March 31, 2020 ("Q1 2020"). The complete Financial Statements and Management's Discussion and Analysis for the three-month period ended March 31, 2020, along with additional information about the Company and all of its public filings are available at www.sedar.com.

"Trichome Financial has made significant strategic progress thus far in 2020 to drive our business forward with a focus on maximizing returns on our shareholders' capital. Our platform of financial solutions to the global cannabis sector now comprises private credit, private equity and advisory services. Each of these business units will help us to capitalize both on the increasing need for capital across the sector and our ever expanding deal flow, while leveraging our unique sector expertise and complimentary skill sets," said Michael Ruscetta, Chief Executive Officer. "Most recently, we were successful in our stalking horse credit bid for the assets of James E. Wagner Cultivation. For the estimated consideration of \$13.0 million, we have acquired state-of-the-art assets, free of liabilities and retained a focused operating team to produce up to 7,000kg of premium cannabis products for the Canadian recreational and medical markets. Based on our comprehensive operating plan, we estimate JWC alone can generate EBITDA of \$10.0 million within 12 months and can serve as a base for the consolidation of similar assets. With access to capital still very difficult for many operators in the cannabis sector, we are confident there will continue to be excellent opportunities for Trichome Financial shareholders."

Business highlights

Highlights during Q1 2020:

- Entered into a senior secured term loan with Heritage Cannabis Holdings Corp. (CSE:CANN), advancing a first tranche of \$4.875 million with a further \$1.825 million to be advanced under certain conditions;
- As a syndicate member, entered into a senior secured term loan with Cresco Labs Inc. (CSE:CL), with Trichome Financial advancing US\$2.0 million as part of a US\$100 million total loan;
- Advanced a \$1.0 million senior secured term loan to Hello Cannabis, an established retail operator, with the potential to increase the loan by an additional \$1.25 million; and
- Increased loan principal advanced to \$18.5 million with a weighted average interest rate of 14.6% plus \$1.8 million in commitments.

Highlights subsequent to Q1 2020:

- Expanded the Trichome Financial platform of financial solutions to the global cannabis sector through the launch of Trichome Special Opportunities ("TSO") to provide private equity solutions and Trichome Advisory Partners ("TAP") to assist operators, lenders and investors optimize their financial interests through advisory services;
- Confirmed as the successful bidder for the assets of James E. Wagner Cultivation Corp. ("JWC"), whereby Trichome Financial will acquire the assets of JWC free of liabilities for approximately \$13 million while retaining the operating team; and
- Increased loan principal advanced to \$23.1 million with a weighted average interest rate of 16.4%, with unfunded commitments of \$3.3 million as of May 28, 2020.

Outlook

While challenging and unprecedented, the current environment in the cannabis sector is favourable for each of Trichome Financial's business segments. Trichome Financial's business model is unique in that it benefits from both the structural, long-term growth of the global cannabis industry as well as periods of market volatility when investor confidence wanes. Since the middle of 2019, a series of events have contributed to creating a negative feedback loop for investor confidence in the cannabis sector. More recently, the effects of COVID-19 and measures being taken to suppress it have exacerbated the operating and capital plans of many participants in the cannabis sector. The potential trends for Trichome Financial's business model include:

- An increase in the number of companies in need of Trichome Financial's debt and equity solutions, including term debt, receivables financing, capital for recapitalizations, financial advice, and restructurings;

- An increase in overall borrower quality as a result of being able to select from a larger pool of opportunities;
- Improving risk-adjusted returns, with both increasing contractual returns as well as higher warrant or equity coverage at more attractive valuations; and
- An ability to negotiate favourable structural enhancements on transactions that serve to protect Trichome Financial's capital.

Trichome Financial has raised gross proceeds of approximately \$31.8 million to construct a portfolio of diligently underwritten and structured income generating credit investments. To date, Trichome Financial has closed fifteen credit transactions to ten unique counterparties, with six of those loans having been repaid.

As at March 31, 2020, the par value of loans outstanding was \$18.5 million with unfunded commitments of \$1.8 million. Subsequent to quarter-end, the par value of loans outstanding increased to approximately \$23.1 million, with unfunded commitments of \$3.3 million. As of May 28, 2020, Trichome Financial had approximately \$6.2 million in cash and cash equivalents on hand. The weighted average effective interest rate of the portfolio is approximately 16.4%, excluding warrants, bonus shares, or royalties.

Financial results Q1 2020

In Q1 2020, interest revenue increased to \$635,079, as compared to \$57,262 for the period ended March 31, 2019. This is the result of the par value of total advances increasing to \$18.5 million, from \$4.8 million as of March 31, 2019.

Trichome Financial realized an adjusted loss per share of \$(0.02), as compared to \$(0.03) for the period ended March 31, 2019. The variance between periods in adjusted loss per share is attributable to increased interest revenue, a higher weighted average share count and increases to operating expenses related to hiring employees, leasing office space, insurance, and expenses incurred to perform due diligence on new loans. Adjusted loss is calculated by excluding certain non-cash and non-recurring items from net loss as calculated under IFRS.

Cash and cash equivalents totaled \$11.7 million as of March 31, 2020, compared to \$20.9 million on December 31, 2019.

Active loans as at March 31, 2020:	Market segment	Maturity date	Coupon Interest rate	Effective interest rate ¹	Loan principal	Committed	Fair value of warrants or
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							equity held⁴	
JWC - Initial loan	Premium cultivator	2/19/2021	9.3%	13.9%	\$ 3,500,000	\$ -	\$ -	
JWC - Tranche 1	Premium cultivator	11/6/2021	9.3%	13.3%	2,850,000	-	118,105	
JWC - Tranche 2	Premium cultivator	11/6/2021	9.3%	13.8%	1,150,000	-	126,300	
Good Buds	Premium cultivator	9/1/2020	11.5%	17.5%	2,350,000	-	95,128	
Cresco	MSO - cultivation, distribution, retail	7/31/2021	12.7%	14.8%	2,785,594 ³	-	-	
Heritage	Extraction, medical, cultivation	1/31/2022	9.5%	14.6%	4,875,000	1,825,000	-	
Hello	Retail (Ontario)	8/28/2021	10.5%	13.1%	1,000,000	-	-	
<i>Portfolio Weighted Average² / Subtotal</i>			10.2%	14.6%	18,510,594	1,825,000	339,533	
Loans issued after March 31, 2020 and up to date of MD&A:		Maturity date	Coupon Interest rate	Effective interest rate¹	Loan principal	Committed	Fair value of warrants or equity held⁵	
JWC - DIP loan	Premium cultivator	6/30/2020	10.0%	23.4%	4,024,000	1,476,000	-	
Good Buds 2	Premium cultivator	9/1/2020	11.5%	25.7%	550,000	-	30,040	

Subtotal 4,574,000 # 1,476,000 30,040

Portfolio				\$	\$	\$
Weighted Average² / Total	10.2 %	16.4 %	23,084,594	3,301,000	369,573	

Loans fully repaid during quarter:	Settle ment date	Coup on Interest rate	IRR ⁶	Loan amount	MOIC ⁷	Fair value of warrants or equity held ⁴	
Pure Alpha	Retail (Ontario)	2/19/2020	0.0 %	0.0%	50,000	-	-
Settled Weighted Average² / Total		0.0 %	0.0%	\$ 50,000	-	\$ -	

(1) Annualized effective return excludes the impact of warrants, equity, royalty, or transaction costs.

(2) Weighted average based on loan amount.

(3) Cresco loan is denominated in USD. Foreign exchange rate on March 31, 2020 was used to calculate balance in Canadian dollars.

(4) As at March 31, 2020. Note: JWC ceased trading on TSXV on April 7, 2020 therefore value will have subsequently decreased.

(5) As at date of loan issuance.

(6) Internal Rate of Return on the loan

(7) Multiple on Invested Capital

	March 31, 2020	March 31, 2019
Consolidated Statements of Net Loss		
Interest revenue	\$ 635,079	\$ 57,262
Operating expenses	1,212,467	604,363
Operating loss	(577,388)	(547,101)

Other expenses	227,558	372,453
Total net and comprehensive loss	(804,946)	(919,554)
Net loss per common share - basic & diluted	(0.03)	(0.13)
Adjusted loss	(518,510)	(178,681)
Adjusted loss per share	\$ (0.02)	\$ (0.03)
Weighted average common shares - basic & diluted	25,074,828	6,960,000

About Trichome Financial Corp.

Trichome Financial is a specialty finance company focused on providing creative capital solutions and advisory services to participants in the global legal cannabis market. Trichome Financial was created to address the lack of credit availability in the increasingly complex cannabis market and has since broadened its platform to offer private equity solutions and advisory services. Trichome Financial's experienced management team and founding partners have a unique edge to capitalize on proprietary deal flow and insight while developing an early-mover advantage as a global cannabis focused specialty finance company. With the depth and breadth of knowledge Trichome Financial has obtained, the Company is well positioned to weather the uncertainties brought-on by the everchanging North American cannabis industry.

For further information about Trichome Financial please visit us at 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.

READER ADVISORY

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved)

are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things: the development of the global cannabis industry and trends in the cannabis capital markets, the future market opportunity for Trichome Financial, pro-forma estimates relating to the operations of JWC and other factors that may improve future profitability. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; and the delay or failure to receive board, shareholder or regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, Trichome Financial assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered or sold within the United States or to United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Non-IFRS Financial Measures

The Company reports non-IFRS financial measures, including adjusted loss and adjusted loss per share, as key measures used by management to evaluate performance of the business, to compensate employees and to facilitate a comparison of quarterly and annual results of ongoing operations. While used to assist in evaluating the operating performance of the Company, readers are cautioned that adjusted loss as reported by the Company may not be comparable in all instances to adjusted loss as reported by other companies. For a detailed explanation of how the Company's non-IFRS measures are calculated, please refer to the Company's MD&A filing for the year ended December 31, 2019, which can be accessed via the SEDAR Web site (www.sedar.com).

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