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THC BioMed Releases First Quarter Results

THC - CSE

THCBF - OTC

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Vancouver, Canada, December 24, 2020 -- THC BioMed Intl Ltd. (CSE:THC) ("THC BioMed" or the "Company") is pleased to report its financial results for the three months ended October 31, 2020.

Q1 HIGHLIGHTS

- Began shipment of *Pure Cannabis Sticks* for the recreational market
- Submitted the 60-day notice period for new products to Health Canada for *THC Kiss Gummies* and *THC Kiss Water*
- On October 21, 2020, the Company completed the first tranche of a private placement to total \$1,500,000. In the first tranche, the Company issued 1,363,637 units ("Units") at a price of \$0.11 per Unit, for total proceeds of \$150,000. Each Unit consists of one common share and one common share purchase warrant. Each Unit warrant entitles the holder to purchase one common share of the Company for a period of 24 months from closing at a price of \$0.15 per share. Commission of 7% cash was paid and 7% broker warrants for 95,455 broker warrants were issued. The broker warrants have the same terms as the Unit warrants. The Company intends to close additional tranches in the near-term.

HIGHLIGHTS SUBSEQUENT TO OCTOBER 31, 2020

- On November 12, 2020, the Company completed the second tranche of a private placement to total \$1,500,000 leaving a balance of \$950,000 remaining. In the second tranche, the Company issued 3,636,363 units ("Units") at a price of \$0.11 per Unit, for total proceeds of \$400,000. Each Unit consists of one common share and one common share purchase warrant. Each Unit warrant entitles the holder to purchase one common share of the Company for a period of 24 months from closing at a price of \$0.15 per share. Commission of 7% cash was paid and 7% broker warrants for 254,545 broker warrants were issued. The broker warrants have the same terms as the Unit warrants. The Company intends to close additional tranches in the near-term.
- Began shipment of *THC Kiss Gummies* for the recreational market

MANAGEMENT COMMENT

"The overall selling prices for dried cannabis in the recreational market are lower, putting pressure on Licensed Producers. During the first quarter, we provided price reductions of approximately \$150,000 to the provinces in order to move dried cannabis product which directly impacted sales revenue. Now that we have identified the right price to move dried cannabis product quickly will help in producing revenue, while we concentrate on our 2.0 edible product line. Going forward, we intend on concentrating on the edibles market and specifically our cannabis beverage shot, *THC Kiss* and our *THC Kiss Gummies* which will improve our gross margin," said THC BioMed President & CEO, John Miller.

SUMMARY OF QUARTERLY RESULTS

Quarter Ended			Revenue	Net Income (Loss)	Income (Loss) Per Share
Q1/2021	October 31, 2020	(1)	622,025	(692,177)	\$ -
Q4/2020	July 31, 2020	(1)	\$ 990,940	\$ (642,989)	\$ (0.01)
Q3/2020	April 30, 2020	(1)	\$ 896,104	\$ (295,717)	\$ -
Q2/2020	January 31, 2020	(1)	\$ 1,246,625	\$ 88,191	\$ -
Q1/2020	October 31, 2019	(1)	\$ 1,044,510	\$ 688,925	\$ 0.01
Q4/2019	July 31, 2019		\$ 382,096	\$ (4,177,572)	\$ (0.04)
Q3/2019	April 30, 2019		\$ 354,326	\$ (4,905,797)	\$ (0.03)
Q2/2019	January 31, 2019		\$ 474,041	\$ (4,722,819)	\$ (0.04)

⁽¹⁾ Includes excise taxes

For the quarter ended October 31, 2020, we produced 405.3 kilograms of dried marijuana and sold 150.3 kilograms at an average selling price of \$3.20 per gram reflecting overall lower selling prices in the retail market.

STATEMENT OF COMPREHENSIVE INCOME (LOSS) SUMMARY

	October 31 2020	October 31 2019
Revenue	\$ 622,025	\$ 1,044,510
Cost of sales	(729,379)	(749,030)
Gross profit before fair value adjustments	(107,354)	295,480
Net change in fair value of biological assets	20,353	1,364,404
Gross margin	(87,001)	1,659,884
Total expenses	605,176	970,959
Net and comprehensive income (loss) for the period	\$ (692,177)	\$ 688,925

BALANCE SHEET SUMMARY

As at	October 31 2020	July 31 2020
Current assets	\$ 7,664,539	\$ 8,039,001
Total assets	\$ 21,199,802	\$ 21,774,654
Current liabilities	\$ 5,452,696	\$ 5,569,427
Total liabilities	\$ 6,819,581	\$ 6,901,682
Working capital	\$ 2,211,843	\$ 2,469,574
Accumulated deficit	\$ 25,932,576	\$ 27,309,521

CASH FLOW STATEMENT SUMMARY

	October 31 2020	October 31 2019
Net and comprehensive income (loss) for the period	\$ (692,177)	\$ 688,925
Cash, end of the period	\$ 232,091	\$ 180,856

NON-IFRS EARNINGS MEASURE

	October 31 2020	October 31 2019
Net and comprehensive income (loss) for the period	\$ (692,177)	\$ 688,925
Add back		
Interest	96,480	41,777
Depreciation and amortization	241,882	351,921
EBITDA⁽¹⁾ from continuing operations	(353,815)	1,082,623
Realized fair value changes in biological assets included in inventory sold	578,325	125,678
Share-based compensation	34,620	373,209
Unrealized gain on changes in fair value of biological assets	(598,678)	(1,490,082)
Adjusted EBITDA⁽¹⁾	\$ (339,548)	\$ 91,428

¹ The Company defines Adjusted EBITDA as net income (loss) excluding fair value changes on growth of biological assets, realized fair value changes on inventory sold or impaired, amortization of property plant and equipment & intangible assets, share based payments, finance expense, loss on disposal of property plant and equipment, unrealized gains or losses on investments and income taxes. This non-IFRS measure is defined in the Company's MD&A for the three months ended October 31, 2020.

All financial information in this press release is reported in Canadian dollars, unless otherwise indicated. This press release is intended to be read in conjunction with the Company's Condensed Interim Consolidated Financial Statements and Management's Discussion & Analysis for the three months ended October 31, 2020, which has been filed on SEDAR (www.sedar.com).

ABOUT THC

THC BioMed is a small batch *Cannabis Act* Licensed Producer of medical and recreational cannabis. It is licensed to cultivate and sell dried, extract, edible and topical cannabis. The Company is on the leading edge of scientific research and the development of products and services related to the cannabis industry.

Please visit our website for a more detailed description of our business and services available. www.thcbiomed.com

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Forward-Looking Information

This press release may include forward-looking information within the meaning of Canadian securities legislation, concerning the business of THC BioMed Intl Ltd. ("THC"). Forward-looking information is based on certain key expectations and assumptions made by the management of THC. In some cases, you can identify forward-looking statements by the use of words such as "will," "may," "would," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "could" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Forward-looking statements in this press release are made as of the date of this press release and include that THC will focus now on production of *THC Kiss* and *Pure Cannabis Sticks*. Although THC believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because THC can give no assurance that they will prove to be correct. THC disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The Canadian Securities Exchange (CSE) has not reviewed and does not accept responsibility for the adequacy or the accuracy of the contents of this release.