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THC BioMed Releases Second Quarter Results

THC - CSE

THCBF - OTC

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Vancouver, Canada, April 1, 2022 -- THC BioMed Intl Ltd. (CSE:THC) ("THC BioMed" or the "Company") is pleased to report its financial results for the three and six months ended January 31, 2022.

Q2 HIGHLIGHTS

- Sales of edibles in Q2 made up 39% of total sales
- Sales of our newly launched biscuits make up 44% of edible sales and 10% of overall sales
- Increased the facility by 12.5% through new lease arrangements
- Granted a license by an overseas government to cultivate cannabis for medical and scientific use
- Closed a non-brokered private placement of a convertible debenture for gross proceeds of \$250,000 from a company owned by the Chief Executive Officer and Chief Financial Officer. The convertible debenture is dated January 7, 2022 for a one year term and bears interest at 12% per annum. The debenture is convertible into common shares of the Company at a price of \$0.08 per share or 3,125,000 common shares of the Company at any time at the election of the company holding the debenture. In the event that the Company's common share price on a Canadian stock exchange is \$0.60 or greater per common share for a period of ten or more consecutive trading days, the Company can force the conversion of the entire principal amount plus interest accrued into common shares of the Company at \$0.08 per share.

HIGHLIGHTS SUBSEQUENT TO JANUARY 31, 2022

- Completing a transition to right-size the Company based on current market conditions
- Adding seven additional strains under the brand name "Smoke That Thunders" to produce dried cannabis with tetrahydrocannabinol between 18% and 24%
- Launching a new website called "Smoke That Thunders" to coincide with the introduction of the new strains on 4/20 of 2022

MANAGEMENT COMMENT

"We are pleased to report a gross margin profit before the fair value adjustments. The fair value adjustments include items such as a reduction in the fair value of biological assets which is a paper-only cost. We have been adjusting, streamlining, and refining the Company's processes to right-size its expenditures in accordance with the revenue it generates. With this, we can now leverage our profitable portfolio of proprietary products to grow the Company while making a profit. We have shown a reduction of revenue which was necessary to remove unprofitable products and replace them with more profitable products. We have reduced costs over this quarter, in line with right sizing the Company to the revenue it generates. We further reduced the fair value of our biological assets to reflect today's actual values this resulted in the negative changes in fair value at three months and six months ended January 31, 2022," said THC BioMed President and CEO, John Miller. "Going forward, we intend to concentrate on the edibles market and specifically our *THC Kiss Beverage Shot*, *THC Kiss Gummies* and *THC Kiss Biscuits* which will continue to improve our gross margin and subsequent bottom line."

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended	Revenue	Net Income (Loss)	Income (Loss) Per Share
Q2/2022	January 31, 2022	\$ 606,826	\$ (1,547,016)	\$ (0.01)
Q1/2022	October 31, 2021	\$ 1,136,796	\$ 25,006	\$ -
Q4/2021	July 31, 2021	\$ 1,020,804	\$ (1,426,064)	\$ (0.01)
Q3/2021	April 30, 2021	\$ 1,109,503	\$ (1,319,503)	\$ (0.01)
Q2/2021	January 31, 2021	\$ 1,021,989	\$ (2,921,510)	\$ (0.02)
Q1/2021	October 31, 2020	\$ 622,025	\$ (692,177)	\$ -
Q4/2020	July 31, 2020	\$ 990,940	\$ (642,989)	\$ (0.01)
Q3/2020	April 30, 2020	\$ 896,104	\$ (295,717)	\$ -

STATEMENT OF NET AND COMPREHENSIVE LOSS SUMMARY

	For the three months ended		For the six months ended	
	January 31 2022	January 31 2021	January 31 2022	January 31 2021
Revenue	\$ 606,826	\$ 1,021,989	\$ 1,743,622	\$ 1,644,014
Cost of sales	(436,672)	(1,226,557)	(1,505,783)	(1,955,936)
Gross profit before fair value adjustments	170,154	(204,568)	237,839	(311,922)
Net change in fair value of biological assets	(1,112,221)	(2,062,637)	(468,145)	(2,042,284)
Gross margin	(942,067)	(2,267,205)	(230,306)	(2,354,206)
Total expenses	604,949	654,305	1,291,704	1,259,481
Net and comprehensive loss for the period	\$ (1,547,016)	\$ (2,921,510)	\$ (1,522,010)	\$ (3,613,687)

STATEMENT OF FINANCIAL POSITION SUMMARY

As at	January 31 2022	July 31 2021
Current assets	\$ 4,378,138	\$ 4,271,435
Total assets	\$ 17,411,393	\$ 17,396,441
Current liabilities	\$ 6,234,151	\$ 5,968,492
Total liabilities	\$ 8,977,660	\$ 7,613,032
Working capital	\$ (1,856,013)	\$ (1,697,057)
Accumulated deficit	\$ 31,882,977	\$ 30,551,021

CASH FLOW STATEMENT SUMMARY

	For the three months ended		For the six months ended	
	January 31 2022	January 31 2021	January 31 2022	January 31 2021
Net and comprehensive loss for the period	\$ (1,547,016)	\$ (2,921,510)	\$ (1,522,010)	\$ (3,613,687)
Cash, end of the period	\$ 125,028	\$ 771,102	\$ (405,219)	\$ 771,102

NON-IFRS EARNINGS MEASURE

	For the three months ended		For the six months ended	
	January 31	January 31	January 31	January 31
	2022	2021	2022	2021
Net and comprehensive loss for the period	\$ (1,547,016)	\$ (2,921,510)	\$ (1,522,010)	\$ (3,613,687)
Add back				
Interest	92,448	61,914	196,033	158,095
Depreciation and amortization	234,983	245,767	454,835	487,649
EBITDA from continuing operations	(1,219,585)	(2,613,829)	(871,142)	(2,967,943)
Accretion expense on convertible debentures	7,719	-	16,414	-
Share-based compensation	-	66,199	94,204	100,819
Net changes in fair value of biological assets	1,112,221	2,062,637	468,145	2,042,284
Adjusted EBITDA	\$ (99,645)	\$ (484,993)	\$ (292,379)	\$ (824,840)

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, accretion expense on convertible debentures, 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 six months ended January 31, 2022.

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 six months ended January 31, 2022 and 2021, which has been filed on SEDAR (www.sedar.com).

ABOUT THC

THC BioMed is one of Canada's oldest active licensed cannabis companies. It was first licensed to deal with cannabis in 2013 under a Health Canada Section 56 exemption under the *Controlled Drugs and Substances Act* and has been a Licensed Producer under the current regime since 2016. It is a small batch producer and aims to be a leader in the beverage and edible space.

THC BioMed is a Licensed Producer of medical and recreational cannabis under the *Cannabis Act*. 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. THC BioMed is well-positioned to be in the forefront of this rapidly growing 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 be on the forefront of this rapidly growing industry. Although THC BioMed 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 BioMed 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.