TREES

TREES REPORTS RECORD THIRD QUARTER 2022 FINANCIAL RESULTS

TORONTO, Nov. 14, 2022 /CNW/ - Trees Corporation (NEO: TREE) (the "**Company**" or "**Trees**"), is pleased to announce its third-quarter financial results for the three and nine month periods ended September 30, 2022, and 2021.

HIGHLIGHTS OF THE THIRD QUARTER OF 2022 (the "QUARTER")

- Record Sales and System-wide sales[(1)] of $2.5 million and $3.7 million respectively, for the Quarter;
- 40% growth in same-store corporate sales[(1)], from the third quarter of 2021;
- Gross margin of $1.0 million, or 36% of sales, a 71% increase from the third quarter of 2021 and a 27% increase from the second quarter of 2022;
- 13 Trees Cannabis branded stores currently operating at the date of this release, with a 14th store (Etobicoke, Ontario) scheduled to open before year end; and
- Receipt of B.C. retail license approval, allowing for imminent closure of B.C. 5-store acquisition.

The Company has increased revenues in the Quarter by 60% from the first quarter of 2022, while total gross profit has increased by 78% over the same period due to a strengthening retail gross profit margin percentage which averaged 32% in the Quarter compared to 28% in the first quarter of 2022.

"I am very proud of our team and their exceptional work in delivering continued strong growth in sales and profitability over the past 9 months", said Campbell Becher, CEO of Trees. Mr. Becher added "With the imminent acquisition of our 5 Trees brand licensed store in B.C., anticipated to close before year end, our quarterly revenue and gross profit margin will jump by nearly 50% beginning in the first full quarter after the closing."

Surging sales growth in 2022 is largely attributed to same-store sales growth of 40% over the third quarter in 2021. Jeff Holmgren, President and CFO said, "our strong same-store sales growth demonstrates the ever-increasing depth of our relationships within existing communities in which we serve. With a continued hyper-focus on the consumer experience, despite intense competition in Canadian retail cannabis markets, Trees is proving its operational excellence while forging a near-term path towards corporate profitability and long term sustainable growth, one customer at a time."

Selected Financial Information

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Change	Change	**2022**	2021	Change	Change
	$	$	$	%	**$**	$	$	%
Revenue from retail sales	**2,490,597**	1,418,394	1,072,203	76 %	**6,141,792**	2,749,308	3,392,484	123 %
Revenue from wholesale accessory sales	**43,824**	29,858	13,966	47 %	**104,775**	52,090	52,685	101 %
Revenue from consulting	**-**	6,530	6,530	(100 %)	**-**	14,269	(14,269)	(100 %)
Brand license royalties	**105,214**	-	105,214	100 %	**210,428**	-	210,428	100 %
Interest income	**62,246**	105,120	42,875	100 %	**175,138**	105,120	70,018	100 %
Total revenue	**2,701,880**	1,559,902	1,141,978	73 %	**6,632,132**	2,920,787	3,711,345	127 %
Total gross profit	**967,973**	567,630	400,344	71 %	**2,270,107**	1,028,973	1,241,135	121 %
Total Gross profit margin %	**36 %**	36 %	0.01	(2 %)	**34.23 %**	35 %	- 0.01	(3 %)
Retail Gross profit margin %	**32 %**	31 %	0.00	0 %	**30 %**	32 %	(0.02)	(7 %)
Operating expenses	**535,107**	549,205	14,097	(3 %)	**1,364,143**	976,699	387,445	40 %
General and administrative expenses	**345,595**	421,511	75,916	(18 %)	**1,956,057**	1,164,278	791,779	68 %
Loss from operations	**(935,100)**	(4,973,992)	4,038,892	81 %	**(3,608,006)**	(11,632,776)	8,024,770	69 %

Loss per share (basic)	**(0.01)**	(0.63)	0.63	99 %	**(0.03)**	(1.48)	1.45	98 %
Loss per share (diluted)	**(0.01)**	(0.63)	0.63	99 %	**(0.03)**	(1.48)	1.45	98 %

1. *'System-wide sales' and 'Same-store sales' are non-IFRS financial measure. For more detail, see the " Non-IFRS Financial Measures " below.*

Consolidated Financial Statements and MD&A

The results discussed herein are a summary and are qualified in their entirety by reference to the Company's unaudited interim condensed consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2022 and 2021, and related management's discussion and analysis of financial condition and results of operations, copies of which are available under the Company's profile on SEDAR and the Company's Investor Relations website at www.TreesCorp.ca.

About Trees

Trees is a cannabis company at the intersection of community, content, and commerce. Publicly traded on the NEO Exchange, Trees offers a differentiated retail experience, that aims to educate, amplify and unlock emerging consumer segments and need states that allows Trees to uniquely engage the 360-cannabis consumer. The Company currently has 13 Trees branded storefronts in Canada, including eight (8) stores owned and operated in Ontario (with a 9th store scheduled to open before the end of the year) and five (5) stores operated in BC, subject to the closing of the acquisition of the assets of 101 pursuant to the terms of the third amended and restated asset purchase agreement between Trees and 1015712 B.C. Ltd. (the "**APA**"). The closing of the APA is subject to certain conditions precedent, including the receipt of certain licensing approvals and related regulatory consents. Until such time as the closing of the acquisition of the assets under the terms of the APA, the BC stores are subject to a brand license agreement and are included when reporting System-Wide Retail Sales[1]. In September 2022, the Company received its provincial license to operate in British Columbia from the British Columbia Liquor and Cannabis Regulation Branch. The Company has commenced with the closing of the APA which it anticipates completing in the fourth quarter of 2022.

Non-IFRS Financial Measures

Throughout this MD&A, references are made to non-IFRS financial measures, including system-wide sales, same store sales, earnings before interest, taxes, and depreciation, and amortization ("EBITDA"). These measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-IFRS measures provide investors with a supplemental measure of the Company's operating performance and therefore highlight trends in Company's core business that may not otherwise be apparent when relying solely on IFRS measures. Management uses non-IFRS measures in measuring the financial performance of the Company.

System-wide retail sales represents the sum of the revenue reported to Trees by (i) brand licensed retail cannabis stores, which are subject to a brand license agreement providing Trees with a royalty interest, and (ii) Company-owned retail cannabis stores. Management believes this measure is useful to the investment community in evaluating brand scale and market penetration and is used by management of Trees to assess the financial and operational performance of the Company and the strength of the Company's market position relative to its competitors.

Cautionary Note Regarding Forward-Looking Statements

This press release contains statements that constitute "forward-looking information" ("**forward-looking information**") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking information and are based on expectations, estimates and projections as at the date of this news release. Any statement that discusses 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 information.

Forward-looking statements in this document include, among others, statements relating to the Trees' expectations regarding the closing of the transactions contemplated by the APA and receipt of regulatory approvals in connection therewith, expectations regarding the Company's ability to unlock and capture emerging consumer segments across its platforms, expectations regarding the Company's ability to engage its customers and new consumer segments and need states, the expectation that the Company will be successful in its growth strategy, and other statements that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others: (a) the Company may require additional financing from time to time in order to continue its operations which may not be available when needed or on acceptable terms and conditions acceptable; (b) compliance with extensive government regulation; (c) domestic and foreign laws and regulations could adversely affect the Company's business and results of operations; (d) the stock markets have experienced volatility that often has been unrelated to the performance of companies and these fluctuations may adversely affect the price of the Company's securities, regardless of its operating peers; (e) adverse changes in the public perception of cannabis; (f) the impact of COVID-19; and (g) general business, economic, competitive, political and social uncertainties. Accordingly, readers should not place undue reliance on the forward-looking information contained in this press release.

The forward-looking information contained in this news release represents the expectations of the Company as of the date of this news release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

The NEO Exchange has neither approved nor disapproved the contents of this press release and accepts no responsibility for the adequacy or accuracy of this release.

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