Trees Corporation Announces the Closing of a $13.5M Senior Secured Convertible Note Offering; Expansion Capital Goals Attained

DENVER, Sept. 16, 2022 (GLOBE NEWSWIRE) -- TREES CORPORATION (OTCQB: CANN) ("TREES" or the "Company") is pleased to announce the closing of a $13.5M Senior Secured Convertible Note ("Notes") offering. The Notes will bear interest at an annual rate of 12% and will mature on September 16, 2026 (the "Maturity Date"), providing ample time to execute on our long-term growth strategy. Investors have the option to convert up to 50% of the outstanding Notes into TREES Common Stock at a fixed conversion price equal to $1.00 per share, a significant premium to the current market price. The proceeds will be used to fund capital expenditures and fuel the Company's plans for near-term acquisitions in the Colorado market.

While the equity markets for U.S. MSOs and Single State Operators have been challenged, it is a testament to our strategy and disciplined execution that the Lead Investor (the "Lead"), after extensive due diligence, committed to fund our growth. The Lead, an institutional-quality organization with a 20-year history, specializes in providing flexible and tailored capital solutions to help companies achieve their business objectives.

In connection with the offering, holders of the Notes received warrants (the "Warrants") to purchase shares of TREES Common Stock, with coverage equal to 20% of the aggregate principal amount at $0.70 per share. The Lead received an additional 10% warrant coverage. Payment on the Notes is secured by substantially all of the assets of the Company.

Adam Hershey, Interim CEO, said, "I'm thrilled with this funding round as an affirmation of the progress that we have made as a team in a short amount of time and the confidence in the TREES brand and its growth prospects. I'd like to thank both our employees for their hard work and our debt holders for their support and look forward to continuing to execute our growth strategy focused on the Colorado market."

ABOUT TREES

TREES is the parent company of a vertically-integrated cannabis company and multi-state operator in the U.S., operating in Colorado and Oregon. TREES is pursuing a roll-up strategy of licensed assets in mature markets, while maintaining loyal, local customer bases. TREES currently owns and operates a 17,000 square foot light-deprivation greenhouse cultivation facility in Boulder, Colorado, a dispensary in Englewood, Colorado and three dispensaries in Portland, Oregon. TREES trades on the OTCQB market under the symbol CANN. For more information, please visit treescann.com.

Forward-looking Statements

This press release contains "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements may be identified by the use of words such as "anticipate", "believe", "expect", "estimate", "plan", "outlook", and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Forward-looking statements are not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances. Although TREES believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, caution must be exercised in relying on forward-looking statements because TREES can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties include, but are not limited to, current and future market conditions; the expected or potential impact of the COVID-19 pandemic on TREES' business operations, financial results and position, as well as world economy and volatility, risks related to federal, state, local and foreign government laws, rules and regulations, including changes in the regulation of medical and recreational cannabis use; as well as those risks and uncertainties discussed from time to time in TREES' most recent Annual Report on Form 10-K and most recent Quarterly Reports on Form 10-Q under the heading "Risk Factors" and in subsequent filings with the Securities and Exchange Commission. The statements in this press release are made as of the date of this release. TREES undertakes no duty to update any forward-looking statements made herein.

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