

SACHEM CAPITAL REPORTS THIRD QUARTER 2023 RESULTS – PRODUCES REVENUE GROWTH OF 29.5% TO \$17.5 MILLION

▪ Company to Host Webcast and Conference Call ▪

BRANFORD, Conn., November 13, 2023 (GLOBE NEWSWIRE) -- Sachem Capital Corp. (NYSE American: SACH) announced its financial results for the third quarter ended September 30, 2023.

John Villano, CPA, Sachem Capital's Chief Executive Officer, stated, "Once again we demonstrated our ability to grow revenue and profits during a very difficult macroeconomic backdrop. Our enhanced focus on deliberate underwriting, our conservative approach to balance sheet leverage and our experience in navigating past cycles continues to support our dividend that as of today yields over 12% on a trailing twelve month basis. Our portfolio is designed to produce steady performance in all economic conditions while protecting our capital for future opportunities."

Results of operations for quarter ended September 30, 2023

Total revenue grew 29.5% to \$17.5 million, compared to \$13.5 million for the quarter ended September 30, 2022. The growth in revenue was due primarily to an increase in lending operations, as well as the increase in rates that the company was able to charge borrowers in comparison to the quarter ended September 30, 2022. For the third quarter 2023, interest income was \$14.3 million compared to \$11.5 million for the 2022 period.

Total operating costs and expenses for the quarter ended September 30, 2023 were \$11.3 million, compared to \$8.5 million for 2022 period. The largest contributor to this increase was interest and amortization of deferred financing costs, which were \$7.7 million in the quarter, compared to \$6.0 million in 2022. The other significant contributors to operating costs and expenses for the period include (i) \$606,000 in general and administrative expenses, (ii) \$226,000 of compensation, fees and taxes, and (iii) \$198,000 loss on the sale of real estate.

Net income attributable to common shareholders for the three months ended September 30, 2023 was \$5.2 million, or \$0.12 per share, compared to \$4.1 million, or \$0.11 per share for the three months ended September 30, 2022.

Balance Sheet

Total assets at September 30, 2023 grew 12.8% to \$637.8 million compared to \$565.7 million at December 31, 2022. The increase was due primarily to the growth in the company's mortgage loan portfolio, its investment securities holdings and investments in partnerships, which increased \$35.3 million, \$12.5 million and \$9.1 million, respectively. In addition, during the three months ended September 30, 2023, the Company had net investments in real estate of \$10.4 million. Total liabilities at September 30, 2023 were \$402.3 million compared to \$348.0 million at December 31, 2022.

Total indebtedness at quarter end was \$382.1 million, which included \$281.8 million of unsecured notes payable (net of \$6.6 million of deferred financing costs), \$51.3 million balance on margin loan account with Wells Fargo Advisors and on the revolving credit facility with Needham Bank, \$47.9 million outstanding on the master repurchase financing facility with an affiliate of Churchill Real Estate, and \$1.1 million outstanding on the mortgage loan with New Haven Bank.

Total shareholders' equity at September 30, 2023 rose \$17.8 million to \$235.5 million compared to \$217.7 million at December 31, 2022. The change was primarily due to additional paid-in capital of \$17.6 million, relating to sales of common shares and Series A Preferred Stock under the company's at-the-market offering facility.

Dividends

Subsequent to quarter end, on November 7th, 2023, the company paid a quarterly dividend of \$0.11 per share to shareholders of record as of the close of trading on the NYSE American on October 31, 2023.

The company currently operates and qualifies as a Real Estate Investment Trust (REIT) for federal income taxes and intends to continue to qualify and operate as a REIT. Under federal income tax rules, a REIT is required to distribute a minimum of 90% of taxable income each year to its shareholders, and the company intends to comply with this requirement for the current year.

Investor Conference Webcast and Call

The company will host a webcast and conference call Tuesday, November 14, 2023 at 8:00 a.m. Eastern Daylight Time, to discuss in greater detail its financial results for the quarter ended September 30, 2023. A webcast of the call may be accessed on Sachem's website at <https://ir.sachemcapitalcorp.com/ir-calendar>.

Interested parties can access the conference call via telephone by dialing toll free 844-825-9789 for U.S. callers or +1-412-317-5180 for international callers.

Replay

The webcast will also be archived on the company's website and a telephone replay of the call will be available through Tuesday, November 28, 2023 and can be accessed by dialing 1-844-512-2921 for U.S. callers or +1 412-317-6671 for international callers and by entering replay passcode: 10184246.

About Sachem Capital Corp

Sachem Capital Corp. is a mortgage REIT that specializes in originating, underwriting, funding, servicing, and managing a portfolio of loans secured by first mortgages on real property. It offers short-term (i.e., three years or less) secured, non-banking loan to real estate investors to fund their acquisition, renovation, development, rehabilitation, or improvement of properties. The company's primary underwriting criteria is a conservative loan to value ratio. The properties securing the loans are generally classified as residential or commercial real estate and, typically, are held for resale or investment. Each loan is secured by a first mortgage lien on real estate and is personally guaranteed by the principal(s) of the borrower. The company will also make opportunistic real estate purchases apart from its lending activities.

Forward Looking Statements

This press release may contain forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "anticipate," "estimate," "expect," "project," "plan," "seek," "intend," "believe," "may," "might," "will," "should," "could," "likely," "continue," "design," and the negative of such terms and other words and terms of similar expressions are intended to identify forward-looking statements. These forward-looking statements are based primarily on management's current expectations and projections about future events and trends that management believes may affect the company's financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to several risks, uncertainties and assumptions as described in the Annual Report on Form 10-K for 2022 filed with the U.S. Securities and Exchange Commission on March 31, 2023, as supplemented by subsequently filed Quarter Reports on Form 10-Q. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this press release may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although the company believes that the expectations reflected in the forward-looking statements are reasonable, the company cannot

guarantee future results, level of activity, performance, or achievements. In addition, neither the company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The company disclaims any duty to update any of these forward-looking statements. All forward-looking statements attributable to the company are expressly qualified in their entirety by these cautionary statements as well as others made in this press release. You should evaluate all forward-looking statements made by the company in the context of these risks and uncertainties.

Investor & Media Contact:

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SACHEM CAPITAL CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Assets		
Cash and cash equivalents	\$ 25,811,964	\$ 23,713,097
Investment securities	37,044,657	24,576,462
Mortgages receivable, net	495,917,840	460,633,268
Investments in rental real estate, net	10,434,591	—
Interest and fees receivable	7,922,415	6,309,845
Due from borrowers	7,415,413	5,276,967
Real estate owned	3,481,177	5,216,149
Investments in partnerships	39,959,110	30,831,180
Property and equipment, net	3,433,613	4,121,721
Other assets	6,427,159	4,983,173
Total assets	<u>\$ 637,847,939</u>	<u>\$ 565,661,862</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Unsecured notes payable (net of deferred financing costs of \$6,641,817 and \$8,352,597)	\$ 281,759,933	\$ 280,049,153
Repurchase facility	47,929,713	42,533,466
Mortgage payable	1,100,635	750,000
Line of credit	51,339,905	3,587,894
Accrued dividends payable	—	5,342,160
Accounts payable and accrued liabilities	2,060,788	1,439,219
Advances from borrowers	12,505,033	9,892,164
Below market lease intangible	664,737	—
Deferred revenue	4,959,079	4,360,452
Total liabilities	<u>402,319,823</u>	<u>347,954,508</u>
Commitments and Contingencies		
Shareholders' equity:		
Preferred shares - \$.001 par value; 5,000,000 shares authorized; 2,903,000 shares designated as Series A Preferred Stock; 1,996,000 and 1,903,000 shares of Series A Preferred Stock issued and outstanding at September 30, 2023 and December 31, 2022, respectively	1,996	1,903
Common shares - \$.001 par value; 200,000,000 shares authorized; 45,364,429 and 41,093,536 issued and outstanding at September 30, 2023 and December 31, 2022, respectively	45,364	41,094
Paid-in capital	243,834,113	226,220,990
Accumulated other comprehensive loss	(459,684)	(561,490)
Accumulated deficit	<u>(7,893,673)</u>	<u>(7,995,143)</u>

Total shareholders' equity

235,528,116 217,707,354

Total liabilities and shareholders' equity

\$ 637,847,939 \$ 565,661,862

SACHEM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Interest income from loans	\$ 14,273,858	\$ 11,545,748	\$ 37,155,668	\$ 30,490,694
Investment gain, net	284,841	238,225	893,510	586,166
Income from partnership investments	781,530	523,067	2,337,731	1,112,560
Origination and modification fees, net	1,194,645	1,669,034	4,434,828	5,759,650
Fee and other income	1,239,552	641,749	3,518,132	2,048,921
Unrealized gain (loss) on investment securities	(239,989)	(1,076,836)	360,610	(3,607,498)
Total revenue	17,534,437	13,540,987	48,700,479	36,390,493
Operating costs and expenses:				
Interest and amortization of deferred financing costs	7,683,059	5,974,975	21,694,966	15,083,228
Compensation, fees and taxes	1,735,430	1,509,518	5,077,213	3,691,421
General and administrative expenses	1,321,807	715,994	3,537,266	1,993,812
Other expenses	336,480	90,899	633,025	320,231
(Gain) Loss on sale of real estate	198,849	962	71,988	(121,381)
(Recovery of) provision for loan losses	(131,382)	—	65,065	105,000
Impairment loss	200,000	195,000	612,500	685,500
Total operating costs and expenses	11,344,243	8,487,348	31,692,023	21,757,811
Net income	6,190,194	5,053,639	17,008,456	14,632,682
Dividends paid on Series A Preferred Stock	(966,754)	(921,766)	(2,816,279)	(2,765,297)
Net income attributable to common shareholders	5,223,440	4,131,873	14,192,177	11,867,385
Other comprehensive loss				
Unrealized gain (loss) on investment securities	(83,606)	(131,569)	101,806	(81,525)
Comprehensive income	\$ 5,139,834	\$ 4,000,304	\$ 14,293,983	\$ 11,785,860
Basic and diluted net income per common share outstanding:				
Basic	\$ 0.12	\$ 0.11	\$ 0.32	\$ 0.32
Diluted	\$ 0.12	\$ 0.11	\$ 0.32	\$ 0.32
Weighted average number of common shares outstanding:				
Basic	44,754,921	38,829,610	43,805,310	36,723,305
Diluted	44,754,921	38,829,852	43,805,310	36,729,184

SACHEM CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 17,008,456	\$ 14,632,682
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs and bond discount	1,832,236	1,664,822
Depreciation expense	169,368	66,533
Write-off of other assets - pre-offering costs	477,047	—
Stock based compensation	616,679	357,321
Provision for credit losses	65,065	105,000
Impairment loss	612,500	685,500
(Gain) Loss on sale of real estate	71,988	(121,381)
Unrealized (gain) loss on investment securities	(360,610)	3,607,498
Gain on sale of investment securities	—	148,565
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Interest and fees receivable	(1,641,747)	(2,154,704)
Other assets - miscellaneous	(1,235,523)	(418,176)
Due from borrowers	(2,170,729)	(1,505,785)
Other assets - prepaid expenses	192,370	153,842
(Decrease) increase in:		
Accrued Interest	54,660	431,110
Accounts payable and accrued liabilities	41,423	53,818
Deferred revenue	598,627	(171,690)
Advances from borrowers	2,612,869	(5,129,286)
Total adjustments	1,936,223	(2,227,013)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,944,679	12,405,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(21,064,492)	(39,715,900)
Proceeds from the sale of investment securities	9,060,095	62,160,599
Purchase of interests in investment partnerships, net	(9,120,284)	(16,487,103)
Proceeds from sale of real estate owned	148,842	1,571,467
Acquisitions of and improvements to real estate owned, net	(214,642)	(101,168)
Proceeds from sale (purchases) of property and equipment, net	518,740	(1,292,160)
Investment in rental real estate, net	(10,725,237)	—
Principal disbursements for mortgages receivable	(159,678,482)	(252,370,675)
Principal collections on mortgages receivable	123,495,534	95,173,969
Other assets - pre-offering costs	—	(166,360)
NET CASH USED FOR INVESTING ACTIVITIES	(67,579,926)	(151,227,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (repayment of) line of credit	47,752,011	(29,635,178)
Net proceeds from repurchase facility	5,396,247	24,012,957
Proceeds from mortgage	350,635	—
Accounts payable and accrued liabilities - principal payments on other notes	(6,014)	(20,161)
Dividends paid on common stock	(16,943,293)	(13,507,787)
Dividends paid on Series A Preferred Stock	(2,816,279)	(2,765,297)
Proceeds from issuance of common shares, net of expenses	15,331,931	36,654,419
Common stock buyback	(226,327)	—
Proceeds from issuance of Series A Preferred Stock, net of expenses	1,895,203	—
Gross proceeds from issuance of fixed rate notes	—	122,125,000
Financings costs incurred in connection with fixed rate notes	—	(4,516,931)
NET CASH PROVIDED BY FINANCING ACTIVITIES	50,734,114	132,347,022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,098,867	(6,474,640)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	23,713,097	41,938,897
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 25,811,964	\$ 35,464,257