April 3, 2019

MediPharm Labs Reports Q4 2018 Revenue of $10.2 Million and Adjusted EBITDA of $2.1 Million

TORONTO, April 03, 2019 (GLOBE NEWSWIRE) -- MediPharm Labs Corp. (TSXV: LABS) (OTCQB: MLCPF) (FSE: MLZ) ("MediPharm Labs" or the "Company") a global leader in specialized, research-driven cannabis extraction, distillation, purification and cannabinoid isolation, is pleased to announce fourth quarter and full year financial results for the year ended December 31, 2018. The audited consolidated financial statements and management's discussion and analysis for the periods are available on SEDAR.

Fourth Quarter 2018 Highlights

- Revenue of $10.2 million, commencing November 12th after receipt of sales license from Health Canada
- Gross Profit of $4.0 million, Gross Margin 39%
- Adjusted EBITDA(1) of $2.1 million, Adjusted EBITDA(1) margin of 21%
- Became first fully Licensed Producer to specialize solely in cannabis extraction
- Signed large private label cannabis oil sale agreement with Canopy Growth Corporation for the sale of up to 900 kg over 18 months
- Expanded licensed extraction throughput capacity by 50% to 150,000 kg per year

Full Year 2018 Highlights

- Strengthened management team adding deep scientific, processing, supply chain, finance and regulatory affairs expertise
- Signed 4 multi-year tolling agreements with James E. Wagner Cultivation Corporation, INDIVA Limited, Emerald Health Therapeutics, Inc. and The Supreme Cannabis Company, Inc.
- Purchased 3.8 million grams of dried cannabis from multiple Licensed Producers to build inventory of cannabis oil to address significant consumer demand
- Initiated construction of MediPharm Labs Australia state-of-the-art cannabis extraction facility with License expected H2/19
- Completed equity financings of over $25 million and debuted as a public company on the TSX Venture Exchange on October 4, 2018
- Awarded "Start-Up of the Year" at the Canadian Cannabis Awards by Lift & Co

"2018 was a breakthrough year for MediPharm Labs. We became the first fully Licensed Producer to specialize solely in extraction and quickly scaled operations to emerge as the

dominant market leader in the manufacturing of high quality, pharmaceutical-like production of cannabis derivative products – the future of cannabis," said Patrick McCutcheon, Chief Executive Officer.

"As leading extraction specialists, we demonstrated our ability to rapidly expand our footprint and achieve significant revenue and positive operating cash flow just weeks after receiving our sales License, and our strong operations have continued into 2019. The strength of this performance validates our uniquely focused strategy and investments. We are proud that the MediPharm Labs team stands out among the top global players in the cannabis industry producing tangible results with significant future potential."

2018 Key Financial Measures

	Three months ended December 31,		Year ended December 31,	
	2018 $(000's)	**2017 $(000's)**	**2018 $(000's)**	**2017 $(000's)**
Revenues	10,198	-	10,198	-
Gross profit	3,967	-	3,967	-
Gross margin %	*39%*	-	*39%*	-
Net loss	(3,542)	(742)	(8,466)	(995)
Adjusted EBITDA[(1)]	2,129	(695)	(875)	(948)
Adjusted EBITDA[(1)] margin %	*21%*	-	*(9%)*	-

2019 Year-to-Date Highlights

- Executed Private Label Sales Agreements in place valued in excess of $85 million over 15-month period from December 2018
- Executed large Private Label cannabis oil sale for $35 million with additional $13.5 million purchase option over 13-month period
- Signed a 3-year Tolling Agreement with TerrAscend Corp.
- First extraction only LP to sign an International Private Label Sale Agreement with AusCann Group Holdings Ltd. – Export of cannabis oil from Canada to Australia for the manufacturing of hard-shell cannabinoid capsules
- Launched White Label Solutions Platform to extract, purify, formulate, process and distribute for LP's, direct-to-consumer brands and non-cannabis consumer packaged goods (CPG) companies for provincial distribution
- Signed first White Label agreement to formulate, process and distribute tincture bottles on behalf of an existing brand commencing H2 2019
- Acquired over 5,000 KG of dried cannabis for Private Label cannabis oil production in final two weeks of March
- Initiated trading on OTCQB under symbol "MLCPF" and FSE under symbol "MLZ"

Mr. McCutcheon continued, "Looking ahead, we are now working on an ambitious, well-planned agenda for 2019 that will enable MediPharm Labs to extend our first-mover advantage. We are ramping up production, adding capacity, targeting EU GMP certification, expanding product offerings, developing R&D and IP, signing new sales agreements, and

executing on our M&A and international growth pipeline."

"Most importantly, we see all of this as a starting point. We expect to accelerate our growth globally as the size of our addressable market increases and we strengthen our foothold domestically with the expected legalization of vapeables, edibles, beverages and topicals providing a strong growth trajectory in Canada. We will continue to capitalize on the numerous opportunities available to us through effective capital deployment and continued expert execution to create shareholder value for the long term."

2019 Strategic Priorities

1. **Forge additional domestic and International sales and supply agreements**– Utilizing a first-mover and other proprietary advantages, the Company is focused on procuring cost efficient, bulk dried cannabis supply, increasing wholesale Private Label cannabis concentrate (crude resin and distillate) production and value-added products, services and tolling to win new business domestically and internationally.

2. **Expand White-Label Solutions Platform Including Formulation, Processing and Distribution Services** – Expected legalization of vapeables, edibles, beverages and topicals in October 2019 is also expected to expand the Company's addressable market and act as a catalyst to encourage a broad array of direct-to-consumer brands and non-cannabis consumer packaged goods companies to seek partners like MediPharm Labs for formulation, processing and provincial distribution.

3. **Increase cGMP Production Capacity** – The Company is on track with the installation and commissioning of 2 additional primary extraction lines at its Barrie facility that are expected to increase annual processing capacity to 250,000 kg over a total of 7 extraction lines. Utilizing cGMP methodology, multiple extraction lines provide flexibility to dedicate to specific customer batches and significantly enhance productivity. Flexibility over multiple extraction lines will be transformative, providing a continued competitive advantage in the cannabis market.

4. **Achieve European Union GMP Certification at Barrie Facility**– Expect to achieve certification in the H2 2019 enabling the Company to serve substantial European demand.

5. **Complete First International Facility in Australia** – Australian centre of excellence is expected to be commissioned in H2 2019, pending licensing, and will act as hub to access Asia-Pacific regions. The facility is designed to produce to cGMP standards with annual extraction capacity of approximately 75,000 kg of dried cannabis. The Australia region provides a strong backdrop for cultivation given more favorable farming conditions where the Company expects to procure locally sourced lower-cost supply inputs for production.

6. **Expand Secondary Extraction Capabilities** – Advancing industrial-scale distillation and commercial chromatography capabilities to produce active pharmaceutical ingredients that require cannabinoid purity of at least 99.9%. Development is underway for specialized, proprietary chromatography processing with trials to commence H2 2019.

7. **M&A and Joint Venture Opportunities** – The Company has established a robust pipeline of opportunities to replicate its unique business model in other jurisdictions and complementary acquisitions to further enhance and accelerate organic growth.

2018 Financial Highlights

All dollar amounts are expressed in Canadian dollars unless otherwise stated.

	Three months ended December 31,		Year ended December 31,	
	2018 $(000's)	**2017 $(000's)**	**2018 $(000's)**	**2017 $(000's)**
Revenue	10,198	-	10,198	-
Cost of sales	(6,231)	-	(6,231)	-
Gross profit	**3,967**	**-**	**3,967**	**-**
General administrative expenses	(1,749)	(694)	(3,556)	(947)
Marketing and selling expenses	(597)	-	(1,272)	-
Share-based compensation expense	(738)	-	(1,965)	-
Transaction fee	(4,230)	-	(4,230)	-
Other operating expenses	(19)	(1)	(996)	(1)
Operating loss	**(3,366)**	**(695)**	**(8,052)**	**(948)**
Finance income	22	16	64	16
Finance expense	(198)	(63)	(478)	(63)
Net loss for the year	**(3,542)**	**(742)**	**(8,466)**	**(995)**
Operating loss – as reported	**(3,366)**	**(695)**	**(8,052)**	**(948)**
Add:				
Share-based compensation expense	738	-	1,965	-
Transaction fee	4,230	-	4,230	-
Depreciation	528	-	982	-
Adjusted EBITDA[(1)]	**2,129**	**(695)**	**(875)**	**(948)**

1. Adjusted EBITDA is not a recognized performance measure under IFRS, does not have a standardized meaning and therefore may not be comparable to similar

measures presented by other issuers. Adjusted EBITDA is included as a supplemental disclosure because Management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges or gains that are nonrecurring. Adjusted EBITDA is defined as net loss excluding interest, taxes, depreciation and amortization, and share-based compensation and listing expense. Adjusted EBITDA has limitations as an analytical tool as it does not include depreciation and amortization expense, interest income and expense, taxes, share-based compensation and transaction fees. Because of these limitations, Adjusted EBITDA should not be considered as the sole measure of the Company's performance and should not be considered in isolation from, or as a substitute for, analysis of the Company's results as reported under IFRS. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is operating income (loss). The above is a reconciliation of the Company's operating loss to Adjusted EBITDA. See "Reconciliation of non-IFRS measures" in the Company's Management's Discussion and Analysis for the year ended December 31, 2018 additional information.

About MediPharm Labs Corp.

Founded in 2015, MediPharm Labs has the distinction of being the first company in Canada to become a licensed producer for cannabis oil production under the ACMPR without first receiving a cannabis cultivation license. This expert focus on cannabis concentrates from our cGMP (current Good Manufacturing Practices) and ISO standard clean rooms and critical environments laboratory, allows MediPharm Labs to produce purified, pharmaceutical-like cannabis oil and concentrates for advanced derivative products. MediPharm Labs has invested in an expert, research-driven team, state-of-the-art technology, downstream extraction methodologies and purpose-built facilities to deliver pure, safe and precisely-dosed cannabis products to patients and consumers. MediPharm Labs' private label program is a high margin business for the Company, whereby it opportunistically procures dry cannabis flower and trim from its numerous product supply partners, to produce proprietary cannabis oil concentrate products for resale globally on a private label basis.

Through its subsidiary, MediPharm Labs Australia Pty. Ltd., MediPharm Labs has also completed its application process with the federal Office of Drug Control to extract and import medical cannabis products in Australia.

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This news release contains "forward-looking information" and "forward-looking statements"

(collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to 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 statements. In this news release, forward-looking statements relate to, among other things, expectations for expanding product offerings, development of R&D and IP, signing new sales and supply agreements, expanding white-label solutions platform, increasing production capacity, expanding merger and acquisition and international growth pipeline, expanding secondary extraction capabilities, GMP certification and the completion of Australian facility and establishment of operations in Australia. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of MediPharm Labs to obtain adequate financing; and the delay or failure to receive regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm Labs assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

MediPharm Labs

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