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MPX International Announces Third Quarter 2019 Financial Results

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TORONTO, ON / ACCESSWIRE / August 28, 2019 /MPX International Corporation (“MPX International”, “MPXI” or the “Company”) (CSE:MPXI) (OTC Pink:MPXOF) today reports financial results for its fiscal third quarter for the three and nine month period ended June 30, 2019. All figures are presented in Canadian dollars unless otherwise indicated.

Recent Highlights:

- Acquired HolyWeed, the only CBD brand officially designated “Swiss Certified Organic,” giving MPXI a premiere brand presence in Europe
- Completed the acquisition of Alphafarma, a GMP-ready facility in Malta that will form the basis of MPXI’s European production hub
- Acquired exclusive rights to develop and commercialize the Medical Cannabis Learning Network, a unique solution to educate and capture patients in a compliant manner
- Acquired the remaining interest of MPX Australia and applied to the Australian Office of Drug Control for a medical cannabis production and cultivation licence
- Received a sales licence for MPXI’s Canveda facility, enabling the sale of cannabis directly to medical patients, provincial and territorial boards and other licensees holding a licence to sell for medical purposes
- Established a joint venture with First Growth Holdings in South Africa to provide raw cannabis materials to other operations in Canada, Europe and Oceania
- Strengthened internal capabilities with senior management hires of Dr. Amer Cheema and Nicholas Varone, and appointment of Dr. Charles Akle to Medical Advisory Board
- Featured in a BBC Documentary entitled “Legalising Cannabis: Canada’s Story: <https://www.bbc.co.uk/news/av/newsbeat-49132155/legalising-cannabis-canada-s-story>

“The significant momentum we are experiencing in moving our strategic growth plan forward is reflected in the number of critical corporate milestones we have been able to achieve in the last quarter and subsequent period. We now have many of the elements in place to actualize on our mission of becoming a premier global cannabis producer,” said W. Scott Boyes, Chairman, President and Chief Executive Officer of MPXI. “Domestically, we have established and growing production capabilities as well as the sales licence for the Canveda Facility. Worldwide, we are moving fast to secure our future legacy as a global leader.”

“In Canada, we now have the ability to sell cannabis directly into a market that has been hampered by supply constraints. And with our exclusive rights to develop the Medical Cannabis Learning Network kiosks and our ability to reach veterans through Spartan Wellness, we have a strong tactical plan to grow our brand awareness, patient base and revenue.”

“Importantly, we are executing our European expansion and global growth strategy. Acquiring HolyWeed gives us access to one of the most well-known brands in Europe. Fully vertically-integrated from seed to sale, HolyWeed’s wide range of products provide MPXI with instant brand credibility. Development of our GMP-ready facility in Malta is continuing and will provide a production hub for Salus BioPharma products for distribution across Canada, Europe and Oceania,” continued Mr. Boyes. “That we will be one of the first companies to be entering multiple jurisdictions with such premier products provides us with a first mover advantage that we expect to capitalize on as the CBD market across Europe continues to grow rapidly.”

“Furthermore, MPXI Labs in Nyon, Switzerland provides us with our greatest source of near term revenue, with 70 hectares of sun-grown certified organic cannabis planted in spring 2019 nearly ready for harvesting and processing,”

said Mr Boyes. "These specialized low THC cannabis strains with high CBD content and unique terpene profiles continue to set our products apart, driving both brand awareness and sales."

"MPXI is also creating the ability to expand quickly into other global jurisdictions. Our Australian operations and future facility in Tasmania will be able to provide quick access to markets opening up in Asia. In addition, our joint venture in South Africa with First Growth provides us a strong foothold in a low cost production jurisdiction to supply quality raw cannabis inputs to our operations in Canada, Europe and Oceania."

"We have accomplished each of these milestones just a few months after commencing operations. The strong, definable value we created in the United States was the result of our ability to create unique opportunities through being one of the first companies on the ground and by knowing how to navigate multiple regulatory jurisdictions," noted Mr. Boyes. "As evidenced by the rapid development MPX International has achieved in this relatively new entity, we are committed to recreating our previous success."

Business Update:

- **Canveda:** Canveda, wholly-owned subsidiary of MPXI, is a licence holder producing high quality cannabis flower in its fully built-out 12,000 square foot facility located in Peterborough, Ontario. Subsequent to quarter's end, Canveda received its final sales licence enabling it to sell fresh and dried cannabis directly to medical patients, provincial and territorial boards and other licensees holding a licence to sell for medical purposes.
- **Spartan Wellness:** Spartan, a wholly-owned subsidiary of MPXI, helps veterans suffering from various ailments, mostly psychological, to reduce or eliminate dependencies on highly addictive and unsafe opioids by directing them towards medical cannabis. With the receipt of Canveda's final sales licence, MPXI now intends to convert the Spartan patient base to patients of Canveda.
- **BioCannabis:** BioCannabis, a wholly-owned subsidiary of MPXI, has submitted an application to Health Canada for a licence to cultivate, process and sell cannabis. BioCannabis leases a 72,342 square foot facility in Owen Sound, Ontario, where it is building out its cultivation, extraction and processing capabilities to meet the expected demand for SALUS and MPX products in the Canadian market. Construction is planned to commence during the fourth calendar quarter of 2019 and partial operations are expected to commence during the first half of 2020.
- **Salus BioPharma:** Salus BioPharma, a wholly-owned subsidiary of MPXI, is engaged in the development and production of pharma grade cannabidiol medicinal products, medicinal preparations and medicinal accessories
- **HolyWeed:** HolyWeed, a wholly-owned subsidiary of MPXI, is officially designated 'Swiss Certified Organic' and produces 100% Swiss grown cannabis light/high CBD pre-rolls, dry flowers, sublingual oils and cosmetics, all compliant with Swiss regulations of <1% THC. HolyWeed products are also available for sale online and delivered by courier free-of-charge across Switzerland. MPXI is developing plans to develop a GMP-grade manufacturing facility to broaden HolyWeed's product lines of CBD extracts and isolates for both domestic sale and export and plans to open branded retail stores in Geneva and Zurich. HolyWeed is also one of the first companies to have received authorization from the government of Belgium to commercialise CBD products with THC below 0.2% throughout Belgium.
- **MPXI Malta:** MPXI Malta, a Maltese-company owned by MPXI (80%) and Malta-based Bortex Group (20%), completed the acquisition of all of the outstanding shares of Alphafarma Operations Ltd. subsequent to quarter's end. MPXI Malta was also awarded a letter of intent (the "LOI") to receive a licence to import, extract, produce finished products and distribute cannabis and cannabis derivatives (the "Licence") for medicinal use in Malta and export to certain international markets, such as the European Union. Upon receipt of the Licence, which is contingent on the completion and EU-GMP certification of a cannabis processing facility, MPXI will produce EU-GMP quality cannabis oils and cannabis derivative products and pursue regulated medical cannabis distribution opportunities in the European Union through its medical brand, Salus BioPharma.
- **MPX Australia:** Subsequent to quarter's end, MPXI acquired the remaining interest in MPX Australia. MPXI has applied to the Australian Office of Drug Control for a medicinal cannabis licence (cultivation and production) and has commenced construction of a 47,000 square feet indoor operation in Tasmania.

Financial Overview

The key financial measures indicated below were used by management in evaluating and assessing the performance of MPXI's business for the fiscal third quarter of 2019. A more detailed discussion of these and other metrics, as well as operational events, can be found in the Company's Financial Statements and Management Discussion & Analysis ("MD&A") filed on www.sedar.com. All figures are presented in Canadian dollars.

Revenue

For the three months ending June 30, 2019, MPXI reported revenue of \$674,745 (three months ending June 30, 2018: \$4,771). For the nine months ending June 30, 2019, MPXI reported revenue of \$1,143,518 (nine months ending June 30, 2018: \$10,315).

Gross Profit

Gross profit before adjustment for the unrealized gain in the fair value of biological assets for the three months ending June 30, 2019 was \$406,979 which represents a gross margin of 60.3%. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was \$1,684,065 which represents a gross margin of 249.6%.

Gross profit before adjustment for the unrealized gain in the fair value of biological assets for the three months ending June 30, 2018 was \$3,583 which represents a gross margin of 75.1%. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was \$3,583 which represents a gross margin of 75.1%.

Operating Expenses

Professional fees increased to \$680,464 for the three months ended June 30, 2019 as compared to \$86,577 in the comparable period. Professional fees increased to \$1,433,286 for the nine months ended June 30, 2019 as compared to \$67,019 in the comparable period.

As part of the Company's incentive stock option plan, the Company recognized \$17,705 of share-based compensation for the three months ended June 30, 2019 as compared to \$125,842 in the comparable period. The Company granted stock options to employees, directors and officers of the Company under the Company's stock option plan on February 26, 2019 and May 29, 2019. For the nine months ended June 30, 2019, the Company recognized \$1,248,081 of share-based compensation, as compared to \$214,932 in the comparable period.

General and administrative expenses were \$2,353,978 for the three months ended June 30, 2019 as compared to \$246,928 in the comparable period. General and administrative expenses increased to \$5,085,336 for the nine months ended June 30, 2019 as compared to \$525,871 in the comparable period.

Overall, the increase in general and administrative costs for the three and nine months ended June 30, 2019, as compared to the three and nine months ended June 30, 2018, was largely due to increases in salaries and benefits, consulting fees to third parties, office and general and occupancy costs, ramping up operations at Canveda and preparing for the Company's expanding operations.

Other income and expenses

Other income was \$734,804 for the three months ended June 30, 2019 as compared to \$15,612 in the comparable period. Other expenses were \$43,530 for the nine months ended June 30, 2019 as compared to other income of \$15,612 in the comparable period.

Adjusted EBITDA

Adjusted EBITDA was a loss of \$2,611,862 for the three months ended June 30, 2019 as compared to a loss of \$329,922 in the comparable period. Adjusted EBITDA was a loss of \$5,502,152 for the nine months ended June 30, 2019 as compared to a loss of \$585,386 in the comparable period.

Cash and Cash Equivalents

As of June 30, 2019, the Company had cash and cash equivalents available of \$23,448,668, down from \$30,253,164 at March 31, 2019.

About MPX International Corporation

MPX International Corporation is focused on developing and operating assets across the global cannabis industry with an emphasis on cultivating, manufacturing and marketing products which include cannabinoids as their primary active ingredient.

Cautionary Statement Regarding Forward-Looking Information

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, MPX International's objectives and intentions. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause 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 and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in MPX International's public documents filed on SEDAR at www.sedar.com; and other matters discussed in this news release. Although MPX International believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, MPX International disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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