

May 30, 2019



## MPX International Corporation Reports Financial Results for the Second Quarter of Fiscal 2019

**NOT FOR DISTRIBUTION TO NEWSWIRE SERVICES IN THE UNITED STATES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAWS.**

**TORONTO, ON / ACCESSWIRE / May 30, 2019 / MPX International Corporation ("MPX International", "MPXI" or the "Company")** (CSE: MPXI; OTC: MPXOF) today reports financial results for the fiscal second quarter and six-month period ended March 31, 2019. All figures are presented in Canadian dollars unless otherwise indicated.

### Recent Highlights:

- **Acquisition of Non-U.S. Assets of MPX Bioceutical Corporation ("MPX"):** On February 5, 2019, MPXI acquired all the Non-U.S.-assets of MPX. MPXI subsequently commenced trading on the Canadian Securities Exchange on February 6, 2019.
- **Private Placement Offering:** On March 21, 2019, MPXI completed a non-brokered private placement of C\$26,905,162 (approximately US\$20,200,000). Proceeds will be used to fund the build out of a facility located in Owen Sound, Ontario, and for acquisitions, working capital and general corporate purposes.
- **Receipt of License by Canveda Inc. ("Canveda"):** MPXI received its sale for medical purposes and standard processing licenses effective as of February 22, 2019 for its cultivation and production facility in Peterborough, Ontario. The license will allow Canveda, conditional upon Health Canada's final pre-sales inspection, to develop its medical patient and product strategy and to commence selling their own products directly to registered patients for medical purposes.
- **Agreement to Acquire Alphafarma Operations Ltd. ("Alphafarma"):** On April 23, 2019, MPXI entered into a definitive agreement to acquire a GMP-ready pharmaceutical facility in Malta, and received a letter of intent from the economic development agency for the Republic of Malta to receive a license to import, extract, produce finished products and distribute cannabis and cannabis derivatives.
- **Acquisition of HolyWorld SA ("HolyWeed"), Switzerland:** On May 22, 2019, MPXI completed the acquisition of HolyWeed, a Swiss CBD brand, for CHF10,000,000 (C\$13,384,000).

W. Scott Boyes, Chairman, Chief Executive Officer and President of MPX International, commented, "Since completion of the spin-out of non-US assets on February 5th of this year, we have made excellent progress establishing a strong corporate and operational foundation to support our international and domestic growth strategies. Our recent accomplishments include completing a C\$26.9 million capital raise, successfully listing on the CSE, and completing the acquisition of HolyWeed, the only Swiss CBD brand officially 'Swiss Premium Certified Organic', which has given us a foothold in Europe and the opportunity to expand into other legal 'cannabis-light' international markets. HolyWeed already offers a diverse product range that is compliant with Swiss regulations and benefits from a wholesale distribution network spanning more than 4,000 kiosks across Switzerland. We are working toward broadening HolyWeed's product offering, launching branded retail stores in Geneva and Zurich and expanding to wider export markets across Europe, starting with recent approval to export into Belgium. To advance these goals, we are also developing a GMP-grade manufacturing facility in Switzerland."

"To further drive our European expansion strategy, we entered into a definitive agreement to acquire a 'GMP-ready' pharmaceutical facility in Malta and received a LOI for a cannabis production license. By establishing ourselves as one of the first licensed cannabis producers to export cannabinoid-based medicines into the EU from Malta, we are in a strong position to build brand recognition of our products and gain market share," continued Mr. Boyes."

"This acquisition strategy enables us to use our first mover advantage to rapidly penetrate the under-served European market. We will continue to develop our portfolio of leading cannabis assets internationally and expect to

take full advantage of the growth of the CBD industry in Europe over the coming years."

"In conjunction with our international strategy, we are investing in the build out of our Owen Sound facility in Canada, which will significantly increase our cultivation, growing and manufacturing capacity. We have applied to Health Canada for this facility to become a licensed producer, and, on April 24, 2019, received notice from Health Canada that it is at the 'Confirmation of Readiness' stage. We expect partial operations to commence by the end of December 2019, pending receipt of the final license from Health Canada. The Canveda operations are currently in full production and it received its sale for medical purposes and standard processing licences in February, 2019. The Canveda assets are expected to be one of the first to generate significant revenues to the Company."

## Business Update

- **Canveda:** Canveda, wholly-owned subsidiary of MPXI, is a licensed producer capable of producing high quality cannabis flower in its fully built-out 12,000 square foot facility located in Peterborough, Ontario. Canveda harvested its initial crop in November 2018 and successfully achieved consistent THC values as part of the process of passing microbial testing in mid-December 2018. Additionally, Canveda is licenced to produce cannabis oils and capsules and has commenced the build-out of a small production laboratory scheduled to be complete around the end of calendar Q2 2019. Canveda expects to receive final approval for its sales license during the calendar third quarter of 2019, including the approval of the amendment to produce cannabis oil using ethanol.
- **Spartan Wellness Corporation ("Spartan):** 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. Spartan currently receives sales commissions from licensed producers that supply its network of veterans with medical cannabis. Upon the receipt of a sales license by Canveda, MPXI intends to convert the Spartan patient base to patients of Canveda.
- **BioCannabis Products Ltd. ("BioCannabis"):** BioCannabis, a wholly-owned subsidiary of MPXI, has submitted an application to Health Canada to become a licensed producer. 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.
- **Salus Biopharma Corporation ("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, produces 100% Swiss grown cannabis light/high CBD pre-rolls, dry flowers, sublingual oils and cosmetics, all compliant with Swiss regulations of <1% THC. Holy Weed is the only Swiss CBD brand awarded the official 'Swiss Certified Organic' label. 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 has contracted the planting of approximately 55 hectares of its unique high CBD cannabis strain which are expected to produce 3.3 million grams of high quality, Swiss certified organic CBD distillate or approximately 3 million grams of CBD isolate. CBD distillate and isolate currently carry wholesale values in the market of US\$10-15 per gram.
- **MPXI Malta Property Ltd. ("MPXI Malta"):** MPXI Malta, a Maltese-company owned by MPXI (80%) and Malta-based Bortex Group ("**Bortex**") (20%) has entered into a definitive agreement to purchase all outstanding shares of Alphafarma Operations Ltd. from Alpha Farma Limited. MPXI Malta was also awarded a letter of intent (the "**LOI**") from Malta Enterprise, the economic development agency for the Republic of Malta, a member of the European Union, to receive a license to import, extract, produce finished products and distribute cannabis and cannabis derivatives (the "License") for medicinal use in Malta and export to certain international markets, such as the European Union. Upon receipt of the License, 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 PTY Ltd. ("MPX Australia"),** MPX Australia, which is 50% owned by MPXI, is applying to the Australian Office of Drug Control for a medicinal cannabis license (cultivation and production) and has commenced construction of a 47,000 square feet indoor operation in Tasmania, Australia which will include a

high-tech plant tissue culture lab, cultivation, extraction and processing facilities. MPX Australia will target the growing domestic market as well as the rest of Oceania and Southeast Asia.

## **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 second 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, Management Discussion & Analysis ("MD&A") filed on [www.sedar.com](http://www.sedar.com). All figures are presented in Canadian dollars.

### Revenue

For the three months ending March 31, 2019, MPXI reported revenue of \$212,201 (three months ending March 31, 2018: \$3,736). For the six months ending March 31, 2019, MPXI reported revenue of \$468,773 (six months ending March 31, 2018: \$5,544)

### Gross Profit

Gross profit for the three months ending March 31, 2019, before adjustment for the unrealized gain in the fair value of biological assets was \$203,832 which represents a gross margin of 96.1%. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was \$267,992 calculated at 126.2% of sales. The unrealized gain in fair value of biological assets relates the first batch of plants in our Canveda facility.

Gross profit for the six months ending March 31, 2019, before adjustment for the unrealized gain in the fair value of biological assets was \$443,153 which represents a gross margin of 94.5%. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was \$793,057 calculated at 169.1% of sales. The unrealized gain in fair value of biological assets relates the first batch of plants in our Canveda facility.

### Operating Expenses

Professional fees increased to \$435,292 for the three months ended March 31, 2019 as compared to \$12,388 in the comparable period. This increase is due to the change in volume and complexity of accounting and legal services required by the Corporation driven by growth, acquisitions and the arrangement. These fees include expenses related to audit, legal work, government and investor relations, consulting and costs associated with Board of Directors.

Professional fees increased to \$752,822 for the six months ended March 31, 2019 as compared to (\$19,558) in the comparable period.

As part of the Corporation's incentive stock option plan, the Corporation recognized \$1,034,694 of share-based compensation for the three months ended March 31, 2019 as compared to \$68,682 in the comparable period. The Corporation granted stock options to employees, directors and officers of the Corporation under the Corporation's stock option plan on February 26, 2019. For the six months ended March 31, 2019, the Corporation recognized \$1,230,376 of share-based compensation, as compared to \$89,090 in the comparable period.

The increase in amortization and depreciation relates to intangible and capital assets acquired and the commencement of amortization of the Canveda license during Q2 2019.

General and administrative expenses were \$1,916,284 for the three months ended March 31, 2019 as compared to \$157,166 in the comparable period. General and administrative expenses increased to \$2,731,358 for the six months ended March 31, 2019 as compared to \$278,943 in the comparable period.

Overall, the increase in general and administrative costs for the three and six months ended March 31, 2019, as compared to the three and six months ended March 31, 2018, was largely due to increases in salaries and benefits, consulting fees to third parties, office and general and occupancy costs due to new acquisitions coming on board (Canveda & Spartan) and preparing for the Corporation's expanding operations.

### Other income and expenses

Other expenses were \$194,451 for the three months ended March 31, 2019 as compared to income of \$53,743 in the comparable period. Other expenses were \$778,334 for the six months ended March 31, 2019 as compared to \$Nil in the comparable period.

### Adjusted EBITDA

Adjusted EBITDA was a loss of \$1,997,007 for the three months ended March 31, 2019 as compared to a loss of \$166,888 in the comparable period of 2018. Adjusted EBITDA was a loss of \$2,890,290 for the six months ended March 31, 2019 as compared to a loss of \$255,464 in the comparable period of 2018.

### Cash and Cash Equivalents

As of March 31, 2019, the Corporation had cash and cash equivalents available of \$30,253,164, up from \$164,579 at September 30, 2018. This increase was mainly due to financing activities, primarily driven by the proceeds from a private placement and funds received pursuant to the arrangement, totalling \$33,485,318.

### **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](http://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.*

### **For further information, please contact:**

MPX International Corporation  
W. Scott Boyes, Chairman, President and CEO  
T: +1-416-840-3725  
[info@mpxinternationalcorp.com](mailto:info@mpxinternationalcorp.com)  
[www.mpxinternationalcorp.com](http://www.mpxinternationalcorp.com)

### **Statements of Operations**

The following relates only to Canadian cannabis-related-activities which is all of the activity of MPXI for the three and six months ended March 31, 2019:

<b>Selected Results and Earnings</b>	<b>Three months ended</b>		<b>Six Months ended</b>		
	<b>March 31,</b>		<b>March 31,</b>		
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	
Revenue	212,201	3,736	468,773	5,544	
Gross profit (loss) before fair value adjustments	203,832	2,666	443,153	3,921	
Percent of sales	96.1	% 71.4	% 94.5	% 70.7	%
Unrealized gain from changes in fair market value of biological assets	64,160	-	349,904	-	
Gross profit (loss) after fair value adjustments	267,992	2,666	793,057	3,921	
Percent of sales	126.2	% 71.4	% 169.1	% 70.7	%
Total operating expenses	(3,663,186 )	(252,931 )	(5,083,213 )	(363,201 )	
Operating profit (loss)	(3,395,194 )	(250,265 )	(4,290,156 )	(359,280 )	

Other income (expenses)	(194,451 )	53,743	(778,334 )	-
Net income (loss)	(3,589,645 )	(196,522 )	(5,068,490 )	(359,280 )
Total comprehensive income (loss)	(3,518,229 )	(196,522 )	(4,992,771 )	(359,280 )
Basic and diluted net income (loss) per share	(0.10 )	-	(0.27 )	-
Weighted average number of shares - basic and diluted	33,974,480	-	18,531,731	-

### **Selected Statement of Financial Position Figures**

	<b>March 31, 2019</b>	<b>September 30, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>
Cash and cash equivalents	30,253,164	164,579
Inventory	391,253	66,286
Biological assets	407,227	40,552
Other current assets	993,452	374,985
Non-current assets	31,174,346	26,569,832
Current and long-term debt	3,986,286	-
Accounts payable, accrued liabilities and income tax payable	1,198,837	147,162
Other long-term liabilities	901,777	953,519
Shareholders' equity / owner's net investment	57,132,542	26,115,553

### **Adjusted EBITDA (Non-IFRS Measure)**

#### Adjusted EBITDA

<b>Adjusted EBITDA</b>	<b>Three months ended</b>		<b>Six Months ended</b>	
	<b>March 31,</b>	<b>March 31,</b>	<b>March 31,</b>	<b>March 31,</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Loss from operations	(3,395,194)	(250,265 )	(4,290,156)	(359,280 )
<b>Adjustments:</b>				
Share based compensation	1,034,694	68,682	1,230,376	89,090
Amortization and depreciation	276,916	14,695	368,657	14,726
Consulting fees settled by equity instruments	150,737	-	150,737	-
Unrealized gain from changes in fair value of biological assets	(64,160 )	-	(349,904 )	-
	(1,997,007)	(166,888 )	(2,890,290)	(255,464 )

*The Corporation uses "Adjusted EBITDA", which is not defined under IFRS. Management believes that these measures provide useful supplemental information to investors and is computed on a consistent basis for each reporting period. "Adjusted EBITDA" is a metric used by management which is income (loss) from operations, as reported, before interest, tax, and adjusted for removing other non-cash items, including the stock-based compensation expense, amortization and depreciation, non-cash occupancy costs, and the non-cash effects of accounting for biological assets and the non-cash effect of accounting for inventory acquired through acquisition at fair value. Management believes "Adjusted EBITDA" is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash items and acquisition related activities.*

**SOURCE:** MPX International Corporation