

December 21, 2021



## MediPharm Labs Provides Operational Update and Confirms Profitability Improvement Initiatives are Underway

- Strong cash balance and continued reduction of convertible debt to less than \$500K.
- Opportunities for optimization of the operating strategy between Australia and Canada as the Canadian Drug Establishment Licence (DEL) unlocks many manufacturing and supply chain pathways. These pathways will reduce infrastructure cost, improve delivery times, and increase customer satisfaction.
- Delivery to five international medical cannabis markets including first deliveries of advanced GMP CBD isolate to traditional pharmaceutical companies.

TORONTO, Dec. 21, 2021 (GLOBE NEWSWIRE) -- MediPharm Labs Corp. (TSXV: LABS) (OTCQX: MEDIF) (FSE: MLZ) ("MediPharm Labs" or the "Company") a pharmaceutical company specialized in precision-based cannabinoids, is pleased to provide an update on the significant strategic profitability improvement initiatives underway at the Company.

"Although the cannabis industry has seen a pull back in the capital markets, I remain extremely positive in my outlook for MediPharm Labs as it is a unique and well positioned organization. With a robust sales funnel, tangible opportunities to work more efficiently and reduce costs, and already recognized progress in improving our direct margin through strategic sourcing, we are on path to improvement," said Bryan Howcroft, CEO, MediPharm Labs.

"In a very short period, the Board has seen improvements in organizational focus and decisiveness. Bryan has clearly come with positive energy, an ability to simplify strategy that enables execution, and tenacity to drive results. This leadership is exactly what we need to deliver on the improvements and growth we plan to achieve," said Chris Taves, Chairman of the Board, MediPharm Labs.

2021 was a year of transition for MediPharm Labs and paved the strategic foundation for the future. The following highlights the Company's focus areas on its path to profitability.

### **Strong Financial Foundation: Strong Cash Position with no Material Debt**

MediPharm Labs continues to operate with a strong cash position and clean balance sheet. With the Company's only debt agreement being a 2020 convertible debenture that holds a balance of less than \$500K, down from an original balance of over \$40M. This position

paired with a robust plan to reduce overhead, operating expenses and general and administrative expenses gives MediPharm Labs longevity to execute on its sales contracts and pipeline. This strong financial position is especially important given the current capital markets conditions in the cannabis industry.

### **Pharmaceutical Business Development: Uniquely Placed for a Promising Market**

MediPharm Labs is not an ordinary cannabis company. Being the only purpose-built facility in North America to receive a domestic GMP licence specifically for the extraction of natural cannabinoids, MediPharm Labs continues to use its Drug Establishment Licence to build its pharmaceutical business. There are over 20 strong novel cannabinoid-based drugs currently in the late-stage research process and this business continues to develop with the approach of FDA patent challenges for generic forms of current drugs. Notwithstanding the longer pharmaceutical sales cycle of these products, MediPharm Labs has already shipped GMP CBD for development purposes to multiple established pharmaceutical companies.

The cannabis-based drug opportunity is predicted to be over \$25 billion by 2025 according to Prohibition Partners. The sector has seen major progress in 2021, which started in February with the Jazz Pharmaceuticals' \$7.2 billion acquisition of GW Pharma, the UK based producer of natural CBD and THC based drugs. It continued in December with Pfizer's \$6.7 billion acquisition of Arena Pharmaceuticals, a drug development company with cannabis products in its pipeline.

### **Progress in International Medical Markets: Unlocking New Revenue Opportunities**

In 2021, MediPharm Labs delivered medical cannabis products to five different countries providing its clients, including pharmaceutical and large cannabis companies, with a full product and supply chain solution so that they can focus on their end consumer. MediPharm Labs being one of the only white label providers in international markets has resulted in multiple contracts and filled the Company's sales pipeline with opportunity that will be monetized as regulatory channels open. Projects like Brazilian product authorization will unlock new international revenue opportunities in 2022.

Adding multiple new customers to the Company's international business has allowed for new volume-based buying that will improve gross margins on international business in the near term.

International cannabis markets continue to see the achievement of big milestones, for example the recent legalization in Malta and a new coalition government in Germany who have indicated cannabis legalization as part of their mandate. As more countries make legislative advances in cannabis, MediPharm Labs benefits through its experience of having existing international customers and supply channels.

### **Building a Successful Canadian Adult Use Business: Higher Quality Products and Growing Market Share**

Although MediPharm Labs long-term focus has been international wellness and pharmaceutical markets, Canada offers the Company near-term positive margin and a product development testing ground. MediPharm Labs intention is to capitalize on opportunities to grow where it is strategically aligned.

“We have continued to improve our presence in the Canadian cannabis market. Led by premium high quality oil products, the Company has seen continued improvement in retail store listings. As an example of this progress, in Ontario, from Q1 2021 to Q3 2021 our market share in the oil category went from 4% to 8%, as reported by the Ontario Cannabis Store,” said Bryan Howcroft, CEO, MediPharm Labs.

MediPharm Labs premium cannabis oil has an average price of nearly double what the Company’s top competitors are selling for. This shows that consumers recognize the value in a higher quality product offering.

To expand in this category, MediPharm Labs will continue to focus on its premium portfolio sales in retail while driving innovation. The Company continues to launch unique oil SKUs with its new Cannabinol (CBN) with only trace amounts of THC oil launched in Q4 2021.

### **About MediPharm Labs**

Founded in 2015, MediPharm Labs specializes in the development and manufacture of purified, pharmaceutical-quality cannabis concentrates, active pharmaceutical ingredients (API) and advanced derivative products utilizing a Good Manufacturing Practices certified facility with ISO standard-built clean rooms. MediPharm Labs has invested in an expert, research driven team, state-of-the-art technology, downstream purification methodologies and purpose-built facilities with five primary extraction lines for delivery of pure, trusted and precision-dosed cannabis products for its customers. Through its wholesale and white label platforms, MediPharm Labs formulates, develops (including through sensory testing), processes, packages and distributes cannabis extracts and advanced cannabinoid-based products to domestic and international markets.

In 2021, MediPharm Labs received a Pharmaceutical Drug Establishment License from Health Canada, becoming the only company in North America to hold a domestic Good Manufacturing License for the extraction of natural cannabinoids. The Company carries out its operations in compliance with all applicable laws in the countries in which it operates.

### **Cautionary Note Regarding Forward-Looking Information:**

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, statements regarding: optimization of operating strategy; reduced infrastructure costs; improved delivery times; increased customer satisfaction; positive outlook; unique and well positioned organization; working more efficiently; reducing costs; improved direct margin; being on the path to improvement; driving results; achieving improvements and growth; reducing

overhead, operating expenses and general and administrative expenses gives; longevity; executing on sales contracts and pipeline; the value of the cannabis-based drug opportunity; monetizing opportunity as regulatory channels open; new international revenue opportunities in 2022; improved gross margins; legislative advances benefiting the Company; focus on the Company's premium portfolio sales; near-term positive margin; driving innovation; and launching unique oil SKUs. 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; the delay or failure to receive regulatory approvals; and other factors discussed in MediPharm Labs' filings, available on the SEDAR website at [www.sedar.com](http://www.sedar.com). 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.

For further information, please contact:

MediPharm Labs Investor Relations  
Telephone: +1 416.913.7425 ext. 1525  
Email: [investors@medipharmlabs.com](mailto:investors@medipharmlabs.com)  
Website: [www.medipharmlabs.com](http://www.medipharmlabs.com)



Source: MediPharm Labs Corp.