

November 15, 2021



# MediPharm Reports Third Quarter 2021 Results; Announces New CEO to Start Today

BARRIE, Ontario, Nov. 15, 2021 (GLOBE NEWSWIRE) -- MediPharm Labs Corp. (TSX: LABS) (OTCQX: MEDIF) (FSE: MLZ) (“MediPharm” or the “Company”) a pharmaceutical company specialized in precision-based cannabinoids today announced its financial results for the three and nine months ended September 30, 2021, a period of transition in establishing itself as an international pharmaceutical company specializing in cannabis.

## Q3 2021 Key Highlights

- Received North America’s sole Drug Establishment Licence (“DEL”) amongst cannabis companies, which will allow MediPharm to conduct pharmaceutical manufacturing and sale of Active Pharmaceutical Ingredients and Finished Dose Goods containing cannabis. MediPharm’s current and future domestic Canadian cannabis partners will benefit from the DEL as MediPharm can now provide them a conduit to pharmaceutical and international markets. The DEL is a key enabler of the Company’s future successes.
- International sales increased 16.5% sequentially to \$2.9 million and represented 53% of sales in Q3.
- Announced new CEO, Mr. Bryan Howcroft to drive international and pharmaceutical sales growth.
- Strong balance sheet position, with \$38 million in cash and cash equivalents as at September 30, 2021.
- Succeeded in the Ontario Cannabis Store product call adding SKUs in oil and vape formats, particularly a high demand CBD vape product that contains only CBD and naturally derived terpenes. This CBD vape is more shelf stable versus current Canadian competitors.
- Achieved Major Pharmaceutical Milestone for global distribution, including in the U.S.
- New product development innovation for new areas of growth in CBN and other cannabinoids.

## Q3 Overview

“In Q3 2021, we were awarded one of the most important licences in our Company’s history related to North American GMP certifications, the DEL. The DEL establishes the Company as a true pharmaceutical partner while continuing to deliver on our international medical cannabis sales,” said Keith Strachan, President, MediPharm. “We increased our international medical presence and sales by 16.5% q/q, which is a testament to our efforts to lead in this area. We view the international medical cannabis market to be a key driver of our future revenue growth. We also continue to innovate in new product development, with minor cannabinoids such as CBN, as well as our clinical trial program.”

“Looking ahead, efforts are well underway to ensure MediPharm maintains a leading position in the projected multibillion-dollar global cannabinoid-derived pharmaceuticals and international medical markets. This is where our unique licenses and professional expertise will make us the go-to partner for pharmaceutical companies around the globe with potential for material revenue growth for years to come.” To this end, we are delighted to welcome our new CEO to MediPharm, effective today, Mr. Bryan Howcroft. Mr. Howcroft’s deep expertise in navigating complex regulated international markets will enable MediPharm’s transition towards pharmaceutical and medical markets to reach new heights.

### Balance Sheet Stability Supports Strategic Execution

- Cash and cash equivalents totaled \$38 million at September 30, 2021 and the cash balance outstanding under the convertible notes was under \$1.9 million. As of today, the balance outstanding under the convertible notes is only \$0.5 million. This strong cash balance is sufficient to support the Company’s long-term growth strategy.

### Financial Results Summary Table

	Three months ended		
	September 30 2021 \$'000s	June 30 2021 \$'000s	March 31 2021 \$'000s
Revenue	5,401	5,072	5,495
Gross Profit	(1,860)	(7,733)	(680)
Adjusted Gross Profit <sup>(1)</sup>	(1,354)	(1,419)	(680)
Net loss	(7,356)	(11,812)	(13,867)
Loss per share – basic and diluted	(0.03)	(0.05)	(0.07)
Adjusted EBITDA <sup>(2)</sup>	(5,622)	(3,675)	(6,159)

(1) Adjusted Gross Profit is a non-IFRS measure. See Non-IFRS Measures section of this news release.

(2) Adjusted EBITDA is a non-IFRS measure. See Non-IFRS Measures section of this news release.

### Q3 2021 FINANCIAL RESULTS CONFERENCE CALL

MediPharm executive management team will host a conference call and audio webcast to

discuss the results and outlook for the three and nine month period ended September 30, 2021 on Monday, November 15, 2021, at 8:30 a.m. eastern time.

### **Audio Conference Call Dial in Details:**

Date: November 15, 2021  
Time: 8:30 a.m. eastern time  
Dial In: Toll-free number: +1-833-502-0471 / International number: +1-236-714-2179  
Conference ID: 4889291  
Audio Webcast: WEBCAST or <https://ir.medipharmlabs.com/news-events> in the Events section  
Replay: +1-800-585-8367/ International +1-416-621-4642 Conference ID: 4889291 until November 22, 2021 at 11:59 p.m. eastern time

### **NON-IFRS MEASURES**

Adjusted EBITDA and adjusted Gross Profit are not recognized performance measures under IFRS, do not have a standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Adjusted EBITDA and adjusted Gross Profit are 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 non-recurring. Adjusted EBITDA is defined as net loss excluding interest, taxes, depreciation and amortization expense, interest income and expense, finance fees, gain in revaluation of derivative liabilities, taxes, impairment losses on inventory, write down of deposits and share-based compensation. 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 period ended September 30, 2021 for additional information. Adjusted gross profit is defined as gross profit/(loss) excluding the adjustments for accelerated depreciation, write down of non-current deposits and write down of inventory. Adjusted gross profit is a useful measure as it represents gross profit for management purposes based on costs to manufacture, package and ship inventory sold, exclusive of any impairments due to changes in internal or external influences.

### **About MediPharm**

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. As a global leader, MediPharm Labs has completed commercial exports to Australia and completed commercialization of its Australian extraction facility which generated its first revenues in H1 2020. MediPharm Labs Australia was established in 2017.

In 2021, MediPharm Labs received a Pharmaceutical Drug Establishment Licence from Health Canada, becoming the only company in North America to hold a domestic Good Manufacturing License for the extraction of natural cannabinoids.

### **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: the Company establishing itself as an international pharmaceutical company; a leading position in the projected multibillion-dollar global cannabis pharmaceutical market; becoming the go-to partner for pharmaceutical companies around the globe; potential for material revenue growth for years to come; and the Company’s transition towards pharmaceutical and medical markets reaching new heights. 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 to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in MediPharm’s 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 assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

For further information, please contact:

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