



## **MediPharm Labs Reports Fourth Quarter and Full Year 2021 Results**

TORONTO, March 31, 2022 (CISION NEWSWIRE) – MediPharm Labs Corp. (TSX: LABS) (OTCQX: MEDIF) (FSE: MLZ) (“MediPharm”, “MediPharm Labs” or the “Company”) a pharmaceutical company specialized in precision-based cannabinoids, today announced its financial results for the three and twelve months ended December 31, 2021.

### **2021 – Select Operating Highlights**

#### **Expanded international footprint**

- International sales more than doubled in 2021, to \$9.5 million (44% of Revenue), driven by shipments to seven customers in Germany, including the completion of first shipments to STADA Arzneimittel AG, a leading European Consumer Healthcare and Generics company with a product presence in 120 countries.
- Germany will continue to be a priority market for MediPharm. It is already the largest medical market in the world, and is expected to reach a market value of €7.7 billion by 2028<sup>i</sup>.

#### **Grew Canadian distribution**

- The Company significantly expanded its sales force, which led to new listings in all provinces including the Ontario Cannabis Store, AGLC, BCLG and entry into Québec and New Brunswick.
- The Company’s provincial sales grew 18% during 2021, to \$7.4 million, primarily driven by sales of new and innovative products. Q4 provincial sales grew to \$2.8 million in Q4 from \$1.2 million in Q3.

#### **Introduced new, innovative products in the Canadian and international markets**

- In Canada, the Company launched new products including *CBD 100 Ultra Formula Oil*, *THC30 Plus Formula Oil*, *CBN1:2 Nighttime Formula*, *1:2 Relax Formula Oil*, and a *Northbound High CBN* and *High CBD vape cartridge*.
- In Q4, MediPharm’s cannabigerol (“CBG”), product was accepted for sale by provincial distributors, with initial deliveries planned for Q1 2022.
- Subsequent to the end of the year, the Company announced the acquisition of Shelter Cannabis, adding highly reputable, specialty dried flower and pre-roll products to its portfolio. This transaction fills a gap in the MediPharm Canadian product offering while leveraging existing infrastructure and overhead, and opens the opportunity to expand its current international flower business.



- MediPharm began to sell EU GMP certified dried flower in the international market during 2021, and it accounted for \$3.5 million in revenue.

#### **Continued progress in growing precision-based cannabinoid market**

- Received a Cannabis Drug Licence and a Good Manufacturing Practices (“GMP”) Drug Establishment Licence from Health Canada.
- Entered into a research partnership master agreement with McMaster University to develop drugs containing cannabis candidates, and began to provide clinical trial material.
- Began to ship Active Pharmaceutical Ingredients (“APIs”), to two well-known pharmaceutical companies during the year, generating early revenue in a business that is expected to grow significantly over the next several years.
- Subsequent to the end of the fiscal year, the Company entered the U.S. pharmaceutical market with the submission of an FDA Drug Master File (“DMF”) for pure natural CBD APIs.

#### **Solid balance sheet, no debt, outright ownership of key assets**

- Completed the payment of all outstanding convertible debt. The Company is materially debt free and has outright ownership of its assets, including two GMP facilities; one in Ontario, Canada and the other in Victoria, Australia.

#### **Management Commentary**

**Bryan Howcroft, CEO, MediPharm Labs** commented, “MediPharm achieved several key strategic objectives during 2021. Our team opened key new markets both domestically and internationally, while increasing sales and marketing efforts to execute on these opportunities. Innovation is part of the Company’s DNA, and the launch of new products through the year resulted in both growth in domestic sales into year-end, as well as a win for the Company’s CBD dominant oil line at the 2021 Kind Awards, where it was named CBD Brand of the Year. When I joined MediPharm at the end of 2021, I saw a company with a solid foundation, positioned to be one of very few winners in the international cannabinoid pharma space. The team’s progress against this objective during the year, culminating in the recent filing of a DMF with the U.S. FDA, reinforces that this company has the sophistication it needs to become an important supplier as this opportunity continues to develop.”



**Greg Hunter, CFO, MediPharm Labs** added, “MediPharm is on solid financial footing, having exited the year with \$34 million in cash, no debt and outright ownership of its key facilities. In Q4 we generated sequential growth in key focus areas such as domestic white label sales, and sales into the German market. We expect to continue building on this progress through 2022, leveraging recent investments in sales and marketing resources in the Canadian market, and the growth of the German and EU markets, overall. Over the next 12 months, we will continue to advance the Company’s core focus on building a leading global precision-based cannabinoid business, while balancing that longer term focus with a commitment to innovation, revenue growth and progressing toward profitability.”

## 2021 – Financial Summary

	Year ended	Three-months ended			
	December 31, 2021	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Revenue	21,711	5,743	5,401	5,072	5,495
Gross profit	(15,246)	(4,973)	(1,860)	(7,733)	(680)
Adjusted Gross Profit*	(4,520)	(1,068)	(1,354)	(1,418)	(680)
Net loss	(54,801)	(21,766)	(7,356)	(11,812)	(13,867)
Adjusted EBITDA*	(26,684)	(6,573)	(6,518)	(7,434)	(6,159)

## Leadership Change

Warren Everitt and MediPharm Labs have mutually agreed to end the role of CEO Asia Pacific, a position held by Warren. MediPharm Labs would like to thank Warren for his significant contribution to the business over the past 5 years and wishes him all the best in his future endeavours.

## Q4 2021 Financial Results Conference Call

MediPharm will host a conference call and webcast to discuss the Company’s financial results and outlook.

**Date:** April 1, 2022 | Time: 8:30 a.m. ET

**Conference ID:** 4921762

**Participant Dial-in:** +1 (888) 330-2454 / International number: +1 (236) 789-2714

(Participants are asked to dial in approximately 15 minutes before the start of the call)

An audio webcast will be available in the Events section of the MediPharm website <https://www.medipharmlabs.com/investors> or by visiting the following link [here](#).



For those who are unable to participate on the live conference call or webcast, a replay will be available approximately one hour after completion of the call.

### **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 December 31, 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 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 Licence from Health Canada, becoming the only company in North America to hold a domestic Good Manufacturing Licence 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.



**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)

**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: growth and forecasts regarding the German market; the opportunity to expand current international flower business; significant growth of API business; being one of very few winners in the international cannabinoid pharma space; becoming an important supplier as this in the cannabinoid pharma space; the cannabinoid pharma opportunity continuing to develop; building on progress through 2022; leveraging recent investments in sales and marketing resources in the Canadian market; growth of the German and EU markets; advancing the Company’s core focus on building a leading global precision-based cannabinoid business; innovation; revenue growth; and progressing toward profitability. 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.

---

<sup>i</sup> Forbes