



## **MediPharm Labs Reports First Quarter Results**

TORONTO, May 16, 2022 – 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 months ended March 31, 2022.

### **Q1 2022 – Select Operating Highlights**

#### **Continued leadership in global cannabis pharmaceuticals – poised to grow in U.S. market**

- In Q1, MediPharm entered the United States pharmaceutical market with the completion of the FDA Drug Master File (the “DMF”) process for pure natural CBD APIs. A first for CBD by a Canadian company and the second natural CBD DMF at commercial scale in North America, the DMF allows for the registration of APIs with the FDA for commercial opportunities in pharmaceutical development, novel drugs, and generic drugs. The cannabis-based drug opportunity is predicted to be over USD\$25 billion by 2025<sup>1</sup>.

#### **Further expanded international medical footprint with entry into U.K. and Brazilian markets**

- Completed first delivery of products to the UK medical cannabis market. A market the Company will expand with new territory specific staff added in Q1.
- Received product authorization from Brazilian Health Regulatory Agency (Anvisa). This represents one of just 15 products approved for sale under Brazil’s medical access program and the only authorization for a Canadian product. The Company expects first shipments to be delivered following export approval, which is projected for the second half of 2022. Additional product authorizations have been submitted by the Company. While slow to develop to date, the Company expects that Brazil, with a population of over 200 million people, will evolve into an important global medical market.

#### **Ongoing growth in Canadian distribution, driven by new product launches and Shelter Cannabis integration**

- In March 2022, the Company closed the acquisition of Shelter Cannabis, adding highly reputable, specialty dried flower and pre-roll products to its portfolio. This transaction filled a gap in MediPharm’s Canadian product offering and opened the opportunity for the Company to expand its current international flower business. First deliveries to provincial distributors began May 10, 2022.

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<sup>1</sup> Prohibition Partners



- The Company completed deliveries of its first CBG products in ingestible oil and vapable formats as well as its first water soluble cannabinoid SKU. Deliveries to the provinces began in late March 2022 with sales to retailers initiated during Q2.

#### **Experienced pharma and med tech executive David Pidduck appointed CEO of the Company**

- Subsequent to the end of Q1, MediPharm announced that it had appointed David Pidduck as Chief Executive Officer and Director of the Company. David brings more than 20 years of proven senior leadership experience to MediPharm, including serving as President and CEO of a Canadian pharmaceutical company, where he was also a member of the board of directors. Over his career, Mr. Pidduck has been involved in the successful ground-up commercialisation of several products in both Canadian and international markets and brings a track record of both organic execution as well as M&A and integration expertise to the Company.

#### **Solid balance sheet, materially debt free, outright ownership of key assets**

- The Company remains 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**

**David Pidduck, CEO, MediPharm Labs** commented, “Since joining MediPharm as CEO in late April, I have been impressed with the quality of the team, as well as the foundation for growth that has already been established. In my more than 20 years of experience in the Pharma and Medtech spaces, I have successfully led several companies through transformative periods, and I see a real and achievable opportunity for MediPharm to attain a leadership position in this sector globally, with the growth and profitability to match.”

**Mr. Pidduck** continued, “The MediPharm team has already opened sales channels into key markets that, with the right application of strategy and execution, are primed to deliver meaningful organic growth and ROI. In the current environment, I also expect to see an expansion in the M&A opportunity set as weaker players come under growing pressure. With a strong balance sheet, world class facilities with spare capacity, an expanding sales force and a toehold in key global markets, MediPharm is well-positioned to leverage a prudent M&A strategy into accretive growth. I am very confident that with the right combination of short and long-term strategies, we can turn this company to profitability and create significant value for shareholders.”

**Greg Hunter, CFO, MediPharm Labs** added, “While Q1 is a seasonally slower period, we expect our top-line to improve beginning in Q2, as seasonality dissipates, the distributor inventory draw-downs from Q1 reverse, and recent investments in sales and marketing resources, and new, innovative products, begin to pay off. The brands we acquired as part of our acquisition of Shelter Cannabis’ IP portfolio and that we are now manufacturing out of our Barrie facility, began shipping in May and will contribute to revenue beginning in Q2. MediPharm is on solid financial footing, having exited the quarter with \$28.3 million in cash, materially debt free and outright ownership of its key facilities.”



## Q1 2022 Summary – Financial Summary

	March 31, 2022 \$'000s	March 31, 2021 \$'000s	December 31, 2021 \$'000s
Revenue	4,877	5,495	5,743
Gross profit	(403)	(680)	(4,973)
Adjusted Gross Profit <sup>2</sup>	(403)	(680)	(1,068)
Net loss	(7,457)	(13,867)	(21,957)
Adjusted EBITDA <sup>2</sup>	(5,684)	(6,159)	(6,573)

## Q1 2022 Financial Results Conference Call

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

**Date:** May 16, 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

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<sup>2</sup> Adjusted Gross Profit and Adjusted EBITDA are non-IFRS measures. See the Non-IFRS Measures section of this news release.



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 March 31, 2022 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:**

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**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.