



*For immediate release*

## **MediPharm Labs Reports Second Quarter Results**

BARRIE, August 15, 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 and six months ended June 30, 2022.

### **Q2 2022 – Select Recent Operating Highlights**

#### **Streamlining and Focusing Operations**

- On April 20<sup>th</sup>, experienced Pharma and Med Tech executive David Pidduck was named Chief Executive Officer and Director of the Company.
- Subsequent to the quarter, entered into a Share Purchase Agreement for the sale of MediPharm Labs Australia PTY for a minimum of AUD\$6.9M, which is expected to close in Q3 or Q4 2022. The sale strengthens the balance sheet while enhancing capacity utilization at the Company’s Canadian GMP facility. The Company expects to save approximately \$4M in expenses annualized following the sale of this facility.
- Implemented a restructuring plan that will reduce Canadian non-manufacturing headcount by approximately 30%, reducing annualized expenses by approximately \$3M beginning in Q3 2022.
- Engaged strategic M&A advisors to assess inorganic growth opportunities

#### **Continued Progress Towards Leadership in the Cannabis-Based Pharmaceutical Opportunity**

- Subsequent to the quarter, entered into a research support agreement with the Keck School of Medicine of University of Southern California to conduct a Phase 2 trial on the efficacy of THC and CBD to treat hospice-eligible patients diagnosed with dementia and experiencing agitation. The lead investigators have been awarded a total of US\$16M in the form of grants from the US National Institute of Health and the National Institute on Aging.

#### **Further Expansion of International Medical Business**

- The Company’s German partners, such as STADA, generated sequential growth in patient sales during Q2. MediPharm expects inventory replenishment by these partners during H2 2022 to have an incrementally positive impact on wholesale sales.
- Subsequent to the quarter, MediPharm received its first regulatory permits to ship GMP API to Denmark.



- Received its first commercial volume import permits from the Brazilian Health Regulatory Agency (Anvisa). Brazil is a large potential market with rigorous regulatory oversight. MediPharm is a one of only a few manufacturers with approved products for sale under the country's medical access program and has the only authorization for a product produced in Canada. First commercial shipments to Brazil are expected to be delivered in H2 2022.

### **Innovation and New Product Launches Drive Canadian Distribution Growth**

- MediPharm began distributing Shelter Cannabis dried flower products in late Q2, beginning in Ontario, BC, and Alberta, followed by Quebec and Saskatchewan. Initial product feedback and demand has been positive.
- The Company successfully launched its innovative CBN and CBD soft chew, and a novel all-in one rechargeable vape pen and vape cartridge variety pack with three units per package. These products were delivered to the Ontario Cannabis Store warehouse in July and were available to consumers at the beginning of August, with plans to expand nationally in the coming months.
- As the Company continues to expand its portfolio to grow future sales, the MediPharm wellness cannabis oil remains a core product line. In Q2 2022, MediPharm held the number two market share nationally in this subcategory.

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

- In July, the company was awarded a favourable summary judgment in the Ontario Court of Justice in connection with a supply agreement dispute in the amount of \$9.8M. This summary judgement and subsequent payment, and the conditional sale of the Australian facility, are expected to add over \$16M in cash to the balance sheet.
- The Company remains materially debt free and has outright ownership of its assets, including its GMP facility in Ontario.

### **Management Commentary**

**David Pidduck, CEO, MediPharm Labs** commented, "I joined MediPharm in late April, and we immediately increased our focus on improving efficiency, maximizing capacity utilization and re-allocating capital to the core opportunities that will maximize revenue growth potential. I continue to be impressed by the team's focus on being one of the most Pharma focused companies in the global Cannabis market. Our quality processes and GMP approach allow us to participate in the Pharmaceutical cannabis market, while being early entrants into large evolving international Cannabis markets that require GMP licences. The recent signing of a research agreement with the Keck School of Medicine at USC provides further evidence that MediPharm is well-positioned as a strong Pharma cannabinoid partner."



**Mr. Pidduck**, continued, “We will continue to push on innovation in the Canadian market and this quarter saw eight product launches. July saw the approval of four new products in the German market, which combined with the beginning of commercial shipments to Brazil, should contribute to growing international sales in the second half of the year. While we have more work to do, I am pleased with our progress over the past few months, and I look forward to continuing to update shareholders as we focus on driving efficiency and revenue growth.”

**Greg Hunter, CFO, MediPharm Labs** added, “In Q2 MediPharm made notable progress growing its revenue base, reducing cash burn, and driving toward sustainable growth and profitability. The combination of the sale of our Australian asset and recent Canadian restructuring should result in approximately \$7M in annualized savings beginning in Q3. With a strong cash balance of \$22 million and no material debt, we are well positioned to take advantage of the growing global cannabis pharmaceutical and wellness markets.”

## Q2 2022 – Financial Summary

	June 30, 2022 \$'000s	June 30, 2021 \$'000s	March 31, 2022 \$'000s
Revenue	4,362	5,072	4,877
Gross profit	(532)	(7,733)	(403)
Adjusted Gross Profit <sup>1</sup>	(47)	(1,418)	(403)
Adjusted EBITDA <sup>1</sup>	(6,345)	(7,434)	(5,684)

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

**Date:** August 15, 2022 | Time: 8:30 a.m. ET

**Conference ID:** 4921762

**Participant Dial-in:** +1 (888) 330-2454 / International number: +1 (240) 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](#).

<sup>1</sup> Adjusted Gross Profit and Adjusted EBITDA are non-IFRS measures. See the Non-IFRS Measures section of this news release.



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:**

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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: cash savings from the sale of the Australian facility and the corporate restructuring; the collection of the favourable summary judgment; the closing of the sale of the Australian facility; 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.