August 2, 2018

MPX Bioceutical Corporation Reports Financial Results for Its Fiscal Year 2018

Company reports FY 2018 revenues of $21.3 million

TORONTO, Aug. 02, 2018 (GLOBE NEWSWIRE) -- **MPX Bioceutical Corporation** ("**MPX**" or the "**Company**") (CSE: MPX; OTC: MPXEF) today reports financial results for its fiscal year ended March 31, 2018 and provides a general business update. All figures are presented in Canadian dollars.

Q4 Operational Highlights

- Total revenues of $8.0 million for Q4 2018 (vs. $4.4 million for Q4 2017)
- Appointed David McLaren as the Company's new Chief Financial Officer
- Expanded Arizona footprint through the acquisition of The Holistic Center ("**THC**") dispensary, bringing the Company's total number of dispensaries in the state to four, doubling its cultivation capacity and adding the Black Label and Timeless concentrate brands to its product offerings
- Entered into a management agreement through the Company's indirect wholly-owned subsidiary, S8 Management, LLC, with GreenMart of Maryland, LLC, which is authorized to operate a dispensary and sell medical cannabis products in Maryland
- Entered into management and option agreements with a concentrate production facility and second dispensary in Maryland
- Entered into a definitive agreement with Panaxia Pharmaceutical Industries Ltd., an Israeli company engaged in the business of development and production of pharma grade cannabidiol medicinal products, medicinal preparations, and medicinal accessories through MPX's wholly-owned subsidiary Salus BioPharma Corporation

"We recorded strong topline year-end results, with revenue increasing $16.9 million year over year, to $21.3 million, fueled primarily by the Health for Life medical cannabis dispensaries in Phoenix, Arizona," said W. Scott Boyes, Chairman, President and CEO of MPX. "We are pleased with the success of our business model in Arizona, where both our Health for Life retail dispensary brand and MPX wholesale brand have rapidly gained traction and proved to be popular among medical cannabis patients."

Mr. Boyes continued, "Our Arizona assets are all cash flow positive. Our strategy is to continue to invest heavily in replicating this Arizona business model in targeted states across the U.S., to rapidly grow market share and to achieve our goal of becoming one of the largest participants in the burgeoning cannabis sector. During the fiscal year 2018, we made excellent progress laying the foundation for this growth by completing management and production agreements in Maryland and Massachusetts. Furthermore, we also reported our first revenues from Nevada, as sales of our wholesale MPX branded products commenced following our acquisition of GreenMart Nevada."

Beth Stavola, COO added, "Fiscal year 2018 was a breakthrough year for the Company. As a result of our heavy investment in our long term growth strategy, our operations now span multiple jurisdictions in the U.S. and Canada, and we believe we have the capabilities to continue to execute our aggressive expansion strategy to meet the demands of the evolving medicinal and adult-use cannabis market. As we look to the remainder of 2018, we are focused on growing our footprint in a highly competitive and fast paced industry."

Fiscal Year 2018 Business Overview

Following the acquisition of its first two dispensaries in Arizona, which operate under the Health for Life brand along with a 12,000 square foot indoor cultivation and processing facility in a foundational 2017 fiscal year, the Company has continued its rapid growth and development highlighted by the following achievements:

- **Corporate Update:** The Company changed its name to MPX Bioceutical Corporation and began trading on the Canadian Securities Exchange under the new name and symbol 'MPX' effective November 6, 2017.
- In May 2017, MPX closed one of its Mesa, Arizona locations and relocated it to a new 2,500 square foot flagship dispensary on a major thoroughfare in North Mesa. This was followed by the opening of a third dispensary in April 2018 in the Phoenix suburb of Apache Junction which also operates under the Health for Life brand.
- THC, the fourth Arizona dispensary managed by the Corporation was acquired in March 2018, is operated under The Holistic Center brand and is fully integrated with a 15,000 square foot indoor cultivation and production lab producing "Black Label" and "Timeless" brand concentrates.
- In addition, the Company also owns and operates an, extraction and processing facility, which was re-located to its new North Mesa facility in Spring 2018. The new facility has additional capacity to support a quadrupling of production of the Company's MPX-branded concentrates.
- **Maryland:** In December 2017 and January 2018, MPX entered into management and 'option to buy' agreements with Budding Rose, Inc., LMS Wellness, Benefit LLC and GreenMart of Maryland, LLC, to operate three medical cannabis dispensaries, and with Rosebud Organics, Inc., which is a fully built out and licensed cultivation and production facility. Subsequent to the year end, during the summer of 2018, final licensing approval was secured from the Maryland Medical Cannabis Commission to operate three dispensaries under the Health for Life brand. The Company expects the dispensaries to open throughout the summer and autumn of 2018 with the production facility having just commenced operations.
- **Massachusetts:** In June 2017, the Company entered the Massachusetts market through the acquisition of 51% of Massachusetts-based cannabis management company IMT, LLC ("**IMT**") and real estate holding company, Fall River Developments, LLC ("**FRD**"). While not cultivating or selling cannabis products itself, IMT has a long-term management agreement to provide material support to Cannatech Medicinals Inc. ("**CMI**"), which is licensed to directly cultivate, produce,

own, possess and sell cannabis and cannabis-infused products. The Company has commenced construction of the first of three planned dispensaries and a cultivation and processing facility, which is owned by FRD and will be operated by the Company. The Company expects to commence cultivation during the third quarter of calendar 2018 and that all three dispensaries will be fully operational during the fourth quarter.

- **Nevada:** MPX expanded into Nevada in December 2017 through its acquisition of GreenMart of Nevada NLV, LLC ("**GreenMart NV**"), a fully licensed cultivation, production and wholesale cannabis business, which was finalized in December, 2017. Since then, it has ramped up production of its MPX-branded line of concentrates, which are now being sold in 39 dispensaries across Nevada.
- **California:** Subsequent to the year end, in July 2018, the Company entered into an extraction agreement with Case Farms Collective, the largest cannabis processing facility in Southern California. Case Farms will provide full scale cannabis processing services to MPX, with all concentrate products manufactured to MPX's proprietary specifications and guidelines.
- **Canada:** Subsequent to the year end, in April 2018, MPX acquired 8423695 Canada Inc. operating as Canveda ("**Canveda**"), a licensed producer under Health Canada's Access to Cannabis for Medical Purposes Regulations. Canveda's fully built-out 12,000 square foot facility, located in Peterborough, Ontario, is ready to commence its first production run and is capable of producing 1,000-1,200 kilograms of high quality cannabis flower annually. The Company also leases a property in Owen Sound, Ontario, for which an application to Health Canada has been made for a cannabis production and sales license. Furthermore, the Company is working to expand its arrangement with Panaxia Pharmaceutical Industries Ltd. The Company plans to manufacture Panaxia's products to patients in Canada at its Owen Sound site and to market these products to patients in Canada and potentially for export under MPX's Salus Biopharma brand.

Financial Overview

Below outlines the key financial metrics for MPX for FY 2018. A more detailed discussion of these and other metrics, as well as operational events, can be found in the Corporation's Financial Statements, Management Discussion & Analysis filed on www.sedar.com. All figures are presented in Canadian dollars.

Revenues

Revenues increased 387% to $21.3 million for FY 2018, up from $4.4 million in FY 2017. Revenue was generated primarily by the Company's Arizona management operations including sales from the three dispensaries in Arizona as well as wholesale sales of and MPX branded concentrates to other licensed dispensaries operating within the State and one month of sales from the recent THC acquisition mentioned above. The GreenMart NV operations generated wholesale concentrate sales in the current period of $379,657.

Gross Profit

Gross profit for the fiscal year before adjustment for the unrealized gain in the fair value of biological assets was $7.1 million, which represents a gross margin of 33%, as compared to $92,000 and 2.1% in FY 2017. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $11.2 million, reflecting 52.4% gross margin, as compared to $1.0 million and 23.5% in FY 2017.

Expenses

Expenses for the fiscal year were $20.7 million, as compared to $5.8 million in FY 2017. The increase in operating expenses was attributable primarily to an increase in general and administrative expenses, which were $13.0 million, as compared to $3.2 million in FY 2017. This increase was largely driven by increased acquisition activity, capacity expansion, and additional support staffing and consulting services to facilitate the Company's growth.

Mr. Boyes commented on the expenses, "Our expansion efforts drove the higher expenses seen in fiscal year 2018. These expenses include license applications, the hiring of construction managers to oversee the build-out of new dispensary, production and cultivation sites, and the hiring and training of new staff and supervisors in advance of site openings. Furthermore, we utilized consultants to find and secure real estate in target markets which face restrictive zoning rules, and lobbyists for advice and general government relations. We believe this investment in infrastructure and staffing will support our strategy to penetrate new markets, bring our brands to a wider patient base and grow our footprint."

Other Income and Expenses

The Company recorded $11.8 million in Other Expenses in FY 2018, as compared to $0.9 million of Other Expenses in FY 2017. This increase in expenses included a $7.7 million Change in the fair value of derivative liability, relating primarily to the Hi-Med Facility as well as the convertible debentures issued during the prior year. Other Expenses also included $2.0 million in interest and financing costs for the year ended March 31, 2018, as compared to $328,348 in the comparable prior period, which relate primarily to the AZ Promissory Note and the Hi-Med Facility, and $1,103,590 of transaction costs, compared to $524,881 in FY 2017.

Adjusted EBITDA

Adjusted EBITDA was negative $2.7 million, as compared to a negative $1.2 million for the fiscal year ended March 31, 2017. This was the result of additional costs incurred throughout the year, driven by costs largely related to continued capacity expansion.

Net Comprehensive Loss

The Company recorded a net comprehensive loss of $18.8 million in the fiscal year, as compared to a net comprehensive loss of $4.7 million in FY 2017. The basic and diluted loss per MPX Share for the year ended March 31, 2018 totaled $0.07 versus $0.06 for the year ended March 31, 2017.

Additional corporate expenses were related to the Company's expansion initiatives, including costs associated with acquisitions in Arizona, Maryland, Massachusetts, and

Nevada, a strengthened corporate function, and other overheads related to ongoing expansion initiatives. Management anticipates that as additional assets become operational across the Company's portfolio, revenue growth will outpace the related increase in expenses.

Financing Activities

The Company reported cash provided by financing activities during the year ended March 31, 2018 of $39.2 million. This was due to proceeds from convertible facility of $12.5 million, proceeds from the issuance of private placements net of issuance costs of $27.8 million, proceeds from the exercise of warrants of $1.2 million and proceeds from the exercise of stock options of $1.7 million. This was partially offset by advances to related parties of $2.6 million, $196,520, repayment of term loans of $422,300 and interest paid of $768,979.

As of March 31, 2018, the Company has drawn down US$10 million under the US$25 million revolving credit facility. The funds drawn down against the facility are earmarked specifically for making further acquisitions, capacity expansion, and the development of new facilities in Massachusetts and Maryland.

Cash Balance and Liquidity

As at March 31, 2018, the Company had cash and cash equivalents available of $8.5 million down from $21.5 million at the end of fiscal 2017. The decrease from the end of fiscal 2017 was mainly due to cash used in operations of $6.8 million, cash purchases of acquisitions and capital expenditures of $44.8 million, offset by cash inflows from net cash from financing activities primarily driven by private placement and convertible debt of $39.2, and loss on exchange on cash of $607,529.

Additional Information

Additional information relating to the Company, including with respect to financial results, operational events, acquisitions and financings, is available on SEDAR at www.sedar.com in the Company's Audited Annual Financial Statements and Management Discussion & Analysis ("**MD&A**").

Conference Call

The Company will host a conference call today, Thursday, August 2, 2018 at 4:30 PM Eastern Time to discuss the results.

Participant Dial-In Numbers:
Toll-Free: 1-800-239-9838
Toll / International: 1-323-794-2551
Participants should request the MPX earnings call or provide confirmation code 8528659

Investors are invited to listen via webcast available on the MPX investor section of the Company's website at https://mpxbioceutical.com/investors/. Please visit the website 15 minutes prior to the call to register, download, and install any necessary audio software. For interested individuals unable to join the conference call, a replay of the call will be available through August 9, 2018, at 1-844-512-2921 (U.S. Toll Free) or 1-412-317-6671 (International). Participants must use the following code to access the replay of the call: 8528659. The online archive of the webcast will be available on the investor section of the Company's website for 30 days following the call.

W. Scott Boyes, Chairman, President and Chief Executive Officer of MPX, David McLaren, Chief Financial Officer, and Beth Stavola, Chief Operating Officer, will be answering shareholder questions at the conclusion of the call.

To be added to the distribution list, please email MPX@kcsa.com with "MPX" in the subject line.

About MPX Bioceutical Corporation

MPX, through its wholly-owned subsidiaries in the U.S., provides substantial management, staffing, procurement, advisory, financial, real estate rental, logistics and administrative services to three medicinal cannabis enterprises in Arizona operating under the Health for Life (dispensaries) and the award-winning Melting Point Extracts (high-margin concentrates wholesale) brands. The successful Health for Life brand operates in the rapidly growing Phoenix Metropolitan Statistical Area. With the acquisition of The Holistic Center, MPX added another operating medical cannabis enterprise to its footprint in Arizona.

GreenMart of Nevada NLV, LLC ("**GreenMart NV**") is an award winning licensed cultivation, production and wholesale business, licensed for both the medical and "adult use" sectors in Las Vegas, Nevada, and is already selling wholesale into the Nevada medical cannabis market. GreenMart NV has also optioned suitable locations and intends to enter the higher-margin retail arena by applying for at least two dispensary licenses in the Las Vegas market which will operate under the "Health for Life" brand.

In Massachusetts, MPX is building out and will operate a cultivation and production facility as well as up to three dispensaries and manages three full service dispensaries and one producer in Maryland.

In Canada, MPX has acquired Canveda, which has received its cultivation license from Health Canada, will operate a cultivation and production facility in Peterborough, Ontario. The Company also leases a property in Owen Sound, Ontario, for which an application to Health Canada has been made for a cannabis production and sales license. In addition, the Company will continue its efforts to develop its legacy nutraceuticals business.

Cautionary Statement Regarding Forward-Looking Information

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but *are not limited to, MPX's objectives and intentions. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause 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 and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in MPX's public documents filed on SEDAR at ; and other matters discussed in this news release. Although MPX believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, MPX disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

On behalf of the Board of Directors

MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation)
W. Scott Boyes, Chairman, President and CEO

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Statements of Operations

	Three months ended March 31,		Year ended March 31,	
	2018 ($)	2017 ($)	2018 ($)	2017 ($)

Revenue	7,980,065	4,383,962	21,332,640	4,383,962
Gross Profit	3,017,156	1,029,624	11,181,980	1,029,624
Operating Expenses	(8,342,559)	(4,824,237)	(20,720,776)	(5,756,172)
Adjusted EBITDA	(1,305,169)	(288,430)	(2,697,784)	(1,220,365)
Loss from Operations	(5,325,403)	(3,794,613)	(9,538,796)	(4,726,548)
Net Loss before taxes	(6,116,861)	(4,475,234)	(21,368,076)	(5,648,545)
Comprehensive Loss	(3,022,202)	(3,554,854)	(18,806,538)	(4,737,573)
Net loss per share basic and diluted	(0.01)	(0.02)	(0.07)	(0.06)

Consolidated Balance Sheets

	As at March 31, 2018 ($)	As at March 31, 2017 ($)
Cash	8,503,274	21,519,289
Current Assets	20,793,256	26,612,731
Total Assets	150,405,652	72,930,112
Current Liabilities	18,581,530	2,317,539
Total Liabilities	68,371,060	30,791,648
Shareholders' Equity	75,307,544	42,440,276

Adjusted EBITDA (Non-IFRS Measure)

	Three months ended March 31,		Year ended March 31,	
	2018 ($)	2017 ($)	2018 ($)	2017 ($)
Loss from operations	(5,325,403)	(3,794,613)	(9,538,796)	(4,726,548)
Adjustments				
Share-based compensation	1,468,028	1,495,353	2,691,193	1,495,353
Amortization and depreciation	391,700	338,565	1,901,998	338,565
Consulting fees settled by:				
Equity instruments	814,264	-	901,579	-
Non-cash occupancy costs	-	508,446	-	508,446
Unrealized gain from changes in fair value of biological assets	(234,806)	(936,974)	(234,806)	(936,974)
Fair value adjustment of inventory from acquisition	973,335	2,100,793	973,335	2,100,793

Start-up costs - Massachusetts	238,034		238,034	
Start-up costs - Maryland	369,679		369,679	
Adjusted EBITDA	(1,305,169)	(288,430)	(2,697,784)	(1,220,365)

Source: MPX Bioceutical Corporation