November 29, 2018

MPX Reports Financial Results for Its Fiscal Second Quarter of 2019

Quarterly Revenues increased 233% to $14.7 Million

TORONTO, Nov. 29, 2018 (GLOBE NEWSWIRE) -- **MPX Bioceutical Corporation** (“**MPX**” or the “**Company**”) (CSE: MPX; OTC: MPXEF) today reports financial results for its fiscal second quarter for the three month period ended September 30, 2018 and provides a general business update. All figures are presented in Canadian dollars unless otherwise indicated.

Operational and Financial Highlights for the Fiscal Second Quarter of 2019

- Record quarterly revenues of $14.7 million for the fiscal second quarter of 2019, versus $4.4 million for the fiscal second quarter of 2018, up 233%.
- Entered into a binding share purchase agreement to acquire Spartan Wellness Corporation (“**Spartan**”), a Canadian veteran advisory group.
- Expanded Maryland footprint with the opening of its first managed Health for Life Dispensary located in downtown Bethesda.
- Adjusted EBITDA loss of $1.0 million, a 42% sequential improvement from fiscal Q1 2019.

Subsequent Events (October 2018)

- Announced arrangement agreement pursuant to which MPX will combine with iAnthus in an all-stock transaction with offered equity consideration to MPX shareholders valued at $835 million.
- Successfully upgraded U.S. share trading to the OTCQX® Best Market after meeting strict financial, disclosure and third party sponsorship requirements.
- Expanded Maryland footprint with the opening of the second and third managed Health for Life dispensaries in Baltimore and White Marsh.

“For the second quarter, we again experienced strong growth, with revenue increasing $10.3 million year over year, topping $14.7 million, driven by the strong performance of our Arizona operations and much improved production from our facility in Nevada,” said W. Scott Boyes, Chairman, President and CEO of MPX. “We continue to execute upon our aggressive expansion strategy, as demonstrated by the successful openings of the Health for Life dispensaries in Maryland managed by one of MPX’s subsidiaries. Additionally, we continue to lay the framework for growth in our international operations, with renovations underway at our Owen Sound factory in Canada. We are also working to expand our agreement with Panaxia, which we believe will strategically bolster our growth strategy. Looking ahead, we expect our expanded Maryland footprint to drive significant revenue growth, as well as our Arizona operations as we continue to ramp production of our wholesale products."

Beth Stavola, COO of MPX, added, "Adding to our continued growth, we are excited about the prospect of merging with iAnthus for a deal that would further support our dramatic growth, allowing us to benefit from a larger platform that would extend the combined reach to ten states."

Business Overview for the Fiscal Second Quarter of 2019 and Recent Weeks

- **Arizona**: MPX continued to ramp up revenues from its Arizona operations, with sales increasing on both a year over year and sequential basis, driven by its four dispensaries and sales of its MPX-branded concentrates. MPX continues to increase production in Arizona. The anticipated addition of production and revenues from the Panaxia agreement to launch "pharma-grade" cannabis-based products in Arizona is expected to add to revenue growth in the state during the fiscal Q4 2019.

- **California:** In July 2018, the Company entered into an extraction agreement with Case Farms Collective, the largest cannabis processing facility in Southern California, marking MPX's entry into the State of California. Case Farms will provide full scale cannabis processing services to MPX, with all concentrate products manufactured to MPX's proprietary specifications and guidelines. MPX-branded cannabis concentrates will be sold through Case's network of licensed dispensaries throughout California beginning in January 2019.

- **Massachusetts:** The Company owns the majority of Massachusetts-based cannabis management company IMT, LLC ("**IMT**") and real estate holding company, Fall River Developments, LLC ("**FRD**"). MPX is currently building-out a 40,000 square feet cultivation and production facility and a dispensary in the community of Fall River. Both are expected to commence operations before the end of calendar Q1 2019.

- **Maryland:** August saw the opening of the first Health for Life branded dispensary. This was followed by the opening of two more Health for Life branded dispensaries subsequent to the quarter end, in October 2018, one in Baltimore and a second in White Marsh, Maryland. The Company, through its wholly-owned subsidiary, S8 Management, LCC, manages each of the Health for Life dispensaries as well as a production facility in the state which is already selling MPX concentrates to multiple Maryland dispensaries.

- **Nevada:** GreenMart NV's fully-operational cultivation, production and kitchen facilities are operating at full capacity producing MPX-branded wholesale products for both the adult-use and medical markets in Nevada. The Company is committed to growing market share in Nevada by expanding GreenMart NV's reach to include more consumers and patients. GreenMart NV has also applied for at least two dispensary licenses in the higher margin Las Vegas market which will operate under the "Health for Life" brand.

- **Canada:** MPX acquired the outstanding shares in the capital of Spartan, an organization whose mission is to help veterans suffering from various ailments, mostly psychological, to reduce or eliminate dependencies on opioids by directing them towards medical cannabis.

  Spartan will direct a percentage of its sales through Canveda Inc. ("**Canveda**"), a wholly-owned subsidiary of the Company and a licensed producer under Health Canada's Access to Cannabis for Medical Purposes Regulations. Canveda continues to plant crops at its fully built-out 12,000 square foot facility, located in Peterborough, Ontario, with the first crop expected to be ready for sale during the fiscal third quarter of 2019.

  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. MPX has started work transforming part of the factory in Owen Sound into a state-of-the-art medical cannabis production facility.

  Furthermore, the Company is working to expand its arrangement with Panaxia. The Company plans to manufacture Panaxia's products 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 its fiscal second quarter of 2019. A more detailed discussion of these and other metrics, as well as operational events, can be found in the Company's Financial Statements, Management Discussion & Analysis ("**MD&A**") filed on www.sedar.com.

Revenues

Revenues increased 233% to $14.7 million for the three months ended September 30, 2018, up from $4.4 million for the three months ended September 30, 2017. Revenue growth is primarily attributable to the Company's Arizona management operations including sales from the four dispensaries in Arizona to patients holding medical marijuana cards issued by the State as well as wholesale sales of MPX branded concentrates to other licensed dispensaries within the state.

Gross Profit

Gross profit for the three months ending September 30, 2018, before adjustment for the unrealized gain in the fair value of biological assets, was $4.4 million or 30.1%, as compared to $1.9 million or 42.6% for the three months ended September 30, 2017. Gross profit after adjustment for the unrealized gain in the fair value of biological assets was $6.4 million, or 43.7% of sales, as compared to $2.9 million and 65.3% for the three months ended September 30, 2017. Lower margins reflect the impact from the recent Arizona acquisition, which included a portion of sales through a co-packed arrangement.

Expenses

Operating expenses for the three months ended September 30, 2018 were $12.1 million, as compared to $3.9 million for the three months ended September 30, 2017. The increase was primarily attributable to $7.4 million in general and administrative expenses, due largely to increases in salaries and benefits as the Company increased staffing in Maryland and Massachusetts, and consulting fees to third parties, office and general. Professional fees in the three months ended September 30, 2018 was $1.8 million, as compared to approximately $758,000 in the three months ended September 30, 2017. Share based compensation expenses were $2.3 million, as compared to approximately $182,000 in the year-ago period.

Other Income and Expenses

The Company recorded $11.5 million in Other Expenses for the three months ended September 30, 2018, as compared to approximately $466,000 in Other Expenses for the three months ended September 30, 2017. The increase in expenses includes accretion expenses of $1.4 million (non-cash), as compared to approximately $11,000 in the year-ago period, related to the convertible loan. The Company identified a write-down on inventory, recognizing an expense of approximately $528,000. Interest and financing costs were approximately $977,000 in the three months ended September 30, 2018, as compared to approximately $236,000 in the three months ended September 30, 2017, primarily related to the Hi-Med Facility and financing costs for the convertible loan. We also incurred expenses related to the change in fair value for the Hi-Med Facility and convertible loan for $9.2 million (these are non-cash adjustments) as compared to approximately $9,000 in the three months ended September 30, 2018.

Adjusted EBITDA

Adjusted EBITDA was loss of $1.0 million for the three months ended September 30, 2018, a 42% improvement over the loss of $1.8 million reported in the first fiscal quarter of 2019.

Net Comprehensive Loss

The Company recorded a net comprehensive loss of $19.2 million for the three months ended September 30, 2018, as compared to a net comprehensive loss of $3.9 million for the three months ended September 30, 2017. The basic and diluted loss per MPX share for the three months ended September 30, 2018 totaled $0.05 versus $0.02 for the comparable period. The increase in net comprehensive loss is attributable to loss from operations of $5.7 million, accretion expense of $1.4 million and expenses related to the change in fair value for the Hi-Med Facility and convertible loan for $9.2 million (these are non-cash adjustments).

Financing Activities

The Company reported cash provided by financing activities during the six months ended September 30, 2018 of $36.5 million primarily due to proceeds from convertible loan of $51.9 million and proceeds from the exercise of warrants of $1.7 million. This was partially offset by advances to related parties of $1,209,821, repayment of a term loan of $12,249,300, repayment of a promissory note of $12,400, repayment of contingent consideration $573,500 and interest and financing charges paid of $3,270,549.

Cash Balance and Liquidity

As of September 30, 2018, the Company had cash and cash equivalents of $17.7 million, up from $8.5 million as of March 31, 2018. The increase is due to proceeds from convertible loan and the exercise of warrants.

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 MD&A.

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, and 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 www.sedar.com; 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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MPX Bioceutical Corporation
Interim condensed consolidated statements of net loss and comprehensive loss (unaudited)

(in Canadian dollars)

	Three Months Ended		Six Months Ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Sales	**$ 14,673,713**	$ 4,406,091	**$ 29,138,702**	$ 8,781,529
Cost of sales	**10,259,713**	2,528,440	**21,650,362**	5,195,415
Gross profit before unrealized gain from changes in fair value of biological assets	**4,414,000**	1,877,651	**7,488,340**	3,676,114
Unrealized gain from changes in fair value of biological assets	**1,998,869**	999,430	**3,845,660**	1,936,390
Gross profit	**6,412,869**	2,877,081	**11,334,000**	5,612,504
Expenses				
General and administrative	**7,316,753**	2,434,384	**13,046,986**	4,641,251
Professional fees	**1,741,737**	758,297	**3,116,623**	1,184,529
Share-based compensation	**2,312,028**	181,577	**4,601,019**	363,837
Amortization and depreciation	**746,227**	520,630	**1,413,485**	917,796
	12,116,745	3,894,888	**22,178,113**	7,107,413
Loss from operations	**(5,703,876)**	(1,017,807)	**(10,844,113)**	(1,494,909)
Other expense (income)				
Foreign exchange	**(674,202)**	**(28,643)**	**200,656**	25,112
Interest income	**(1,562)**	40,634	**(1,529)**	(26,502)
Inventory write-down	**528,088**	-	**528,088**	
Share of loss of joint venture	**44,149**	-	**44,149**	
Interest and financing charges	**977,242**	235,929	**3,232,915**	484,785
Accretion expense	**1,429,579**	11,332	**2,027,038**	13,459

Change in fair value of derivative liability	**7,489,308**	(1,898)	**10,067,088**	(101,367)
Loss on the fair value of the convertible loan		**1,668,636**	**-**	**2,290,905**
Transaction costs	**2,525**	209,133	**21,794**	384,473
	11,463,763	466,487	**18,411,104**	779,960
Net loss	**$ (17,167,639)**	$ (1,484,294)	**$ (29,255,217)**	$ (2,274,869)
Income tax expense	**321,961**	527,155	**1,016,017**	770,636
Net loss after income taxes	**$ (17,489,600)**	$ (2,011,449)	**$ (30,271,234)**	$ (3,045,505)
Net loss attributable to:				
MPX Bioceutical Corporation	**$ (17,388,830)**	$ (1,928,973)	**$ (30,108,244)**	$ (2,948,675)
Non-controlling interest	**(100,770)**	(82,476)	**(162,990)**	(96,830)
	$ (17,489,600)	$ (2,011,449)	**$ (30,271,234)**	$ (3,045,505)
Other comprehensive (loss) income				
Exchange differences on translating foreign operations	**$ (1,733,230)**	$ (1,870,695)	**$ 8,670**	$ (3,131,950)
Comprehensive loss for the period	**$ (19,222,830)**	$ (3,882,144)	**$ (30,262,564)**	$ (6,177,455)
Comprehensive loss attributable to:				

MPX Bioceutical Corporation	**$ (19,122,060)**	$ (3,799,668)	**$ (30,099,574)**	$ (6,080,625)
Non-controlling interest	**(100,770)**	(82,476)	**(162,990)**	(96,830)
	$ (19,222,830)	$ (3,882,144)	**$ (30,262,564)**	$ (6,177,455)
Loss per share, basic and diluted	**$ (0.05)**	$ (0.02)	**$ (0.08)**	$ (0.02)
Basic and diluted weighted average number of shares outstanding	**384,879,900**	257,415,473	**384,832,577**	256,477,831

MPX Bioceutical Corporation

Interim condensed consolidated statements of financial position (unaudited)

(in Canadian dollars) As at	**September 30, 2018**	March 31, 2018
Assets		
Current		
Cash	**$ 17,665,170**	$ 8,503,724
Accounts receivable	**2,260,359**	1,286,725
Inventory	**10,126,145**	6,469,970
Biological assets	**1,767,979**	1,273,424
Prepaid expenses	**538,045**	587,131
Due from related parties	**1,445,137**	235,316
Assets held for sale	**2,446,605**	2,436,966
	36,249,440	20,793,256
Non-current		
Property, plant and equipment	**45,625,241**	27,460,705
Intangible assets	**82,952,403**	60,295,209
Goodwill	**41,014,839**	41,226,840
Joint venture	**96,341**	-
Deposits	**686,243**	629,642
Total assets	**$ 206,624,507**	$ 150,405,652

Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 7,851,719**	$ 5,018,520
Income tax payable	**284,682**	33,444
Current portion of mortgage payable	**8,994**	8,781
Current portion of promissory note	**46,338**	43,467
Current portion of contingent consideration	**1,173,745**	1,228,018
Current portion of term loans	**-**	12,249,300
	9,365,478	18,581,530
Non-current		
Mortgage payable	**418,430**	422,030
Promissory note	**1,199,145**	1,218,181
Contingent consideration	**887,998**	1,467,764
Term loans	**12,945,000**	12,894,000
Lease inducement	**1,744,483**	1,773,136
Convertible debentures and credit facility	**9,785,907**	8,581,166
Option component of convertible debentures and credit facility	**17,375,295**	12,962,330
Convertible loan	**34,813,115**	-
Option component of convertible loan	**23,799,546**	-
Deferred income taxes	**11,218,471**	10,470,923
	114,187,390	49,789,530
Total liabilities	**123,552,868**	68,371,060
Equity		
Share capital	**106,687,523**	85,173,626
Warrants	**19,047,763**	14,351,233
Contributed surplus	**12,532,305**	7,443,121
Accumulated other comprehensive income (loss)	(609,927)	(618,597)
Deficit	**(61,150,083)**	(31,041,839)
Equity attributable to shareholders of the Corporation	**76,507,581**	75,307,544
Non-controlling interests	**6,564,058**	6,727,048
	83,071,639	82,034,592
Total liabilities and equity	**$ 206,624,507**	$ 150,405,652

Adjusted EBITDA (Non-IFRS Measure)

	Three months ended September 30,		**Six months ended September 30, 2016**	
Figures in CDN $	**2018 ($)**	**2017 ($)**	**2018 ($)**	**2017 ($)**
Loss from operations	(5,703,876)	(1,017,807)	(10,844,113)	(1,494,909)
Adjustments				
Share-based compensation	2,312,028	181,577	4,601,019	363,837
Amortization and depreciation	746,227	520,630	1,413,485	917,796

Consulting fees settled by:				
Equity instruments	85,139	-	169,351	-
Startup costs – Massachusetts	898,478	-	1,195,791	-
and Maryland	622,621	-	622,621	-
Application fees for licences not granted				
Adjusted EBITDA	(1,039,383)	(315,600)	(2,841,846)	(213,276)

The Corporation uses "Adjusted EBITDA", which is not defined under IFRS. Management believes that these measures provide useful supplemental information to investors and is computed on a consistent basis for each reporting period. "Adjusted EBITDA" is a metric used by management which is income (loss) from operations, as reported, before interest, tax, and adjusted for removing other non-cash items, including the stock-based compensation expense, amortization and depreciation, non-cash occupancy costs, and the non-cash effects of accounting for biological assets and the non-cash effect of accounting for inventory acquired through acquisition at fair value. Management believes "Adjusted EBITDA" is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash items and acquisition related activities.

MPX BIOCEUTICAL CORPORATION

Source: MPX Bioceutical Corporation