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**PRESS RELEASE
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VALEO PHARMA REPORTS ITS 2020 SECOND QUARTER RESULTS AND INITIATES \$1 MILLION DEBENTURE PRIVATE PLACEMENT

- **Revenues of \$2.1 million, up 112% compared to Q2 2019**
- **Net loss of \$0.9 million, down 25% compared to Q2 2019**
- **EBITDA loss down 42% at \$0.6 million compared to \$1.1 million for Q2 2019**

MONTREAL, QUEBEC , July 2, 2020 – [Valeo Pharma Inc.](#) (CSE:VPH) (“**Valeo**” or the “**Company**”), a Canadian specialty pharmaceutical company, today reported its financial results for the second quarter ended April 30, 2020.

“With the recent addition of Ametop and Yondelis, as well as FDA approval of Ethacrynate Sodium, the depth and diversity of our product portfolio continues to grow”, said Steve Saviuk, President and Chief Executive Officer. “Further, we expect approval of Redesca (biosimilar low molecular weight heparin (“LMWH”)) in early Fall. LMWHs have long established themselves as an important class of drugs used for the prevention and treatment of blood clots. They are increasingly used to help prevent complications when novel coronavirus (COVID-19) infection is suspected”.

Commenting on the second quarter 2020 results, Luc Mainville, Senior Vice-President and Chief Financial Officer said: “We continued to improve our financial performance during the second quarter. We have experienced significant increases in revenues, gross margin, continued decrease of our net loss and EBITDA loss. The expansion of our commercial portfolio has positively impacted our results and with the launch of the above noted products this summer, we remain committed to achieve EBITDA profitability in 2020 ”.

Second Quarter 2020 Financial Highlights

- Revenues were \$2.1 million for the quarter ended April 30, 2020 compared to \$1.0 million for the quarter ended April 30, 2019 and \$1.7 million for the quarter ended January 31, 2020 respectively;
- Gross margin of \$0.5 million for the quarter ended April 30, 2020 compared to \$0.1 million for the quarter ended April 30, 2019 and \$0.3 million for the quarter ended January 31, 2020 respectively;



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- Net loss of \$0.9 million for the quarter ended April 30, 2020 compared to \$1.1 million for the quarter ended April 30, 2019 and \$1.1 million for the quarter ended January 31, 2020 respectively;
- EBITDA loss of \$0.6 million for the quarter ended April 30, 2020 compared to \$1.1 million for the quarter ended April 30, 2019 and \$0.9 million for the quarter ended January 31, 2020 respectively; and
- In February 2020, the Company closed a non-brokered private placement of convertible debentures for gross proceeds of \$2.1 million. A subsequent closing for additional gross proceeds of \$0.1 million took place in March 2020 at the same terms.

Year to Date 2020 Financial Results

- Revenues were \$3.8 million for the six months ended April 30, 2020 compared to \$2.8 million for the six months ended April 30, 2019, a 37% increase. The year to date increase in revenues mainly result from the addition of several commercial products as well as a strong performance from products already in our portfolio, such as M-Eslon and Sodium Ethacrylate;
- Net loss of \$2.0 million for the six months ended April 30, 2020 compared to \$2.1 million for the six months ended April 30, 2019, a 7% decrease. The decrease mainly results from the incremental sales and gross margin contribution from new products;
- Net EBITDA loss of \$1.6 million for the six months ended April 30, 2020 compared to \$2.0 million for the six months ended April 30, 2019, a 22% improvement; and
- Gross margin of \$0.8 million for the six months ended April 30, 2020 compared to \$0.4 million for the six months ended April 30, 2019, a 115% increase. The increase mainly results from the strong impact of products launched over the last 12 months and the strong contribution of our hospital injectable portfolio.

Second Quarter 2020 Business and Product Highlights

- In April 2020, the Company entered into a licensing agreement with Alliance Pharma plc for the exclusive commercialization rights to Ametop™ Gel (Tetracaine hydrochloride gel) in Canada;
- In March 2020, the Company commented on the World Health Organization's issued interim guidance regarding the prophylaxis use of low molecular weight heparin ("LMWH") to help prevent complications in the clinical management of severe acute respiratory infections when novel coronavirus (COVID-19) infection is suspected;



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- In February 2020, the Company received notice of a positive recommendation by INESSS to the Health Minister for the inclusion of Onstryv® on the list of medications covered by the Régie de l'assurance maladie du Québec; and
- The outbreak of a novel strain of the coronavirus, ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown which may impact demand for our products and our ability to secure timely access to supplies. As of today, our revenues and supply chain have not been significantly impacted by the COVID-19 outbreak and we continue to interact with the medical community while respecting social-distancing recommendations.

Second Quarter 2020 Subsequent Events

- In June 2020, the Company received a Notice of Compliance from Health Canada authorizing the transfer of the commercial rights of Yondelis® to Valeo. Yondelis® (trabectedin) is a novel marine-derived antitumor agent manufactured by PharmaMar S.A., based in Madrid, Spain;
- In June 2020, the Company received approval for its Abbreviated New Drug Application ("ANDA") from the U.S. Food and Drug Administration ("FDA") for Ethacrynate Sodium 50 mg;
- In June 2020, the Company received a \$220 thousand loan from Manitex Capital Inc. The loan included a \$50 thousand commitment into a non-convertible debenture financing expected to take place before the end of Q3 2020. The balance represents a \$170 thousand Demand Promissory Note, with interest at 12% per annum. The Note may be repaid by Valeo, in whole or in part, at any time;
- In June 2020, The Company also initiated a non-brokered private placement of up to 1,000 unsecured non-convertible debenture units (the "Debenture Units") at a price of \$1,000 per Debenture Unit for maximum gross proceeds of \$1,000,000 (the "Private Placement"). Each Debenture Unit will consist of one 12% unsecured non-convertible debenture of the Company in the principal amount of \$1,000 (each, a "Debenture") with a maturity date of 24 months following the Closing Date and 1,500 Class "A" share purchase warrants (each, a "Warrant") expiring 24 months after the date of issuance of such Warrants. Each Warrant will entitle the holder thereof to purchase one Class "A" Share of the Company (each, a "Share") at an exercise price of \$0.60 at any time up to 24 months following the closing date of the Offering (the "Closing Date"). In the event that the average VWAP of the Company's Shares (VPH:CSE) over any twenty (20) consecutive trading days is greater or equal to



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\$1.10, the Company may give notice to the Warrant holder that it must exercise its remaining Warrants within a period of 30-days from the date of receipt of the notice, failing which the Warrants will automatically expire. The net proceeds of the Offering will be used: 1) to fund the launch of new products; and 2) for working capital and general corporate purposes. Closing of the Private Placement is expected to occur on or about July 10, 2020 and is subject to regulatory approval including that of the CSE.

- In June 2020, the Company issued 1.55 million stock options to its staff and management as consideration for having agreed to a 5-month reduction of their compensation. On April 6, 2020, in response to the COVID-19 outbreak, Valeo implemented certain cost-related measures aimed at addressing possible short and long-term financial impact that the crisis may have on the company. These measures were implemented in order to ensure Valeo is in the best position when the Covid-19 outbreak is over. The pricing and vesting terms of the options were set in accordance with the Company's Stock Option Plan; and
- In June 2020, the Company issued 1.5 million warrants with an exercise price of \$0.60 and expiring June 30, 2021. The warrants were issued to non-related persons providing social media support and corporate branding services.

Financial Statements and MD&A

Valeo Pharma's financial statements and Management's Discussion and Analysis for the three-month and six-month periods ended April 30, 2020 are available on SEDAR at www.sedar.com

About Valeo Pharma

Valeo Pharma is a specialty pharmaceutical company dedicated to the commercialization of innovative prescription products in Canada. With a focus on Neurodegenerative Diseases, Oncology and Hospital Specialty Products, Valeo Pharma has a growing portfolio of innovative products and the full infrastructure to properly manage these products through all stages of commercialization. Headquartered in Kirkland, Quebec, Valeo Pharma has all capabilities internally to register and market health care solutions for Canadian patients. For more information, please visit <http://www.valeopharma.com> and follow us on LinkedIn and Twitter.

Forward-Looking Statements

This news release may contain certain forward-looking statements regarding the Company's expectations for future events. Such expectations are based on certain assumptions that



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are founded on currently available information. If these assumptions prove incorrect, actual results may differ materially from those contemplated by the forward-looking statements contained in this press release. Factors that could cause actual results to differ include, amongst others, uncertainty as to the final result and other risks. The Company disclaims any intention or obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, other than as required by security laws.

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For more information:

Steve Saviuk
President and CEO
514-693-8830
saviuk@valeopharma.com

or

Luc Mainville
Senior Vice-President and Chief Financial Officer
514-693-8854
mainville@valeopharma.com

or

Frederic Dumais
Director, Communications and Investor Relations
514-782-8803
dumais@valeopharma.com