Valeo Pharma Announces Record Revenues and Gross Margins for its Third Quarter 2021

written by Raj Shah | September 23, 2021
September 22, 2021 (Source) –

- **Record revenues of $5.7 million for Q3 2021, up 280% over Q3 2020 and 114% over prior quarter.**
- **Record gross margin of $2.2 million, up 1602% over Q3 2020 and 204% over prior quarter.**
- **Record 9 months revenues at $10.2 million, up 94%.**
- **Private and public reimbursement coverage expanding for Redesca®**
- **New corporate structure completed with full commercial activities ongoing for Redesca®, Enerzair® Breezhaler® and Atectura® Breezhaler®**
- **Valeo launches new corporate image, logo and website**

Valeo Pharma Inc. (CSE: VPH) (OTCQB: VPHIF) (FSE: VP2) ("**Valeo**" or the "**Company**"), a Canadian pharmaceutical company, today reported its financial results for the third quarter ended July 31, 2021.

Third quarter and year to date 2021 Results Highlights:

- Record revenues of $5.7 million compared to $1.5 million in Q3 2020, up 280%
- Record gross margin of $2.2 million compared to $0.1 in Q3 2020, up 1602%
- Net loss of $2.9 million compared to $1.6 in Q3 2020
- Adjusted EBITDA loss of $0.8 million compared to $0.7 million in Q3 2020

- Record YTD revenues after 9 months of $10.2 million, up 94% over the first 9 months of 2020.

“The Q3 commercial launches of Redesca, Enerzair and Atectura, three products that are transformative for Valeo, contributed to our record third quarter results. Valeo is rapidly evolving into a leading Canadian pharmaceutical company with strong management and an extensive commercial infrastructure. Our innovative products and pipeline point to robust revenue growth for the coming years,” said Steve Saviuk, CEO. “Redesca has rapidly become our best selling product while intial healthcare professional interest in Enerzair and Atectura, our two newly launched asthma therapies, has been very strong and supports our view that these therapies will be important revenue drivers.”

“We will look back at the third quarter of 2021 and the implementation of our new corporate structure as a pivotal moment for Valeo. Valeo’s two business units are now fully staffed with a dedicated national sales force supported by head office functions, powerful data management and communication technological tools. Both units are now led by industry veterans that will drive maximum market share gains,” said Frederic Fasano, President and COO. “We are very pleased to have successfully met the challenge of assembling a solid team in 2021. We are already seeing the benefits of our new structure and look forward to leverage its commercial potential.”

Commenting on the record third quarter 2021 results, Luc Mainville, Senior Vice-President and Chief Financial Officer said, “We have continued to build on the momentum of previous quarters and once again delivered record revenues and margins during the quarter. In addition to significantly improving our product mix and contributing margins from product sales, our quarter has been impacted by a few material non-recurrent expenses. Our G&A expenses for the quarter reflect the costs

associated with the successful hiring, training and launch of a nation-wide sales force and new head office functions to support the commercial activities of Redesca, Enerzair Breezhaler and Atectura Breezhaler. We also had to record a provision for the potential loss associated with a bank fraud which impacted Valeo and one of its suppliers until the respective liabilities and recovery are fully determined. We expect our Sales and Marketing costs as well as our G&A expenses, as a percentage of overall revenues, to trend downward going forward as revenue from our lead products reach their full market potential."

Third Quarter 2021 Financial Results

- Record revenues were $5.7 million for the quarter ended July 31, 2021 compared to $1.5 million for the quarter ended July 31, 2020 representing a 280% increase. The increase over the previous comparable period is mainly due to the strong contribution of new products launched over the past 12 months, including revenues from Redesca, Enerzair and Atectura, Ametop Gel and Yondelis;
- Record gross margin of $2.2 million for the quarter ended July 31, 2021 compared to $0.1 million for the quarter ended July 31, 2020, representing a 1602 % increase. The addition of revenues from new branded products contributed to the record gross margin recorded;
- Net loss of $2.9 million for the quarter ended July 31, 2021 compared to $1.6 million for the quarter ended July 31, 2020. The increase in net loss results from the addition of staff and expenses required to position Valeo for a solid revenue growth in FY-21 and beyond, as well as the expansion of Valeo's commercial, medical and support staff required to capitalize on the significant market opportunities for Redesca, Enerzair Breezhaler and Atectura Breezhaler. Our net lost has also been impacted by material non-recurrent expenses such as hiring fees

totaling $0.6 million for the quarter compared to nil last year, as well as a $0.5 million special provision representing a preliminary charge specific to losses incurred due to a bank fraud involving Valeo and one of its major supplier. Ultimate responsibility for the loss has not yet been fully determined and we anticipate that the net loss to be incurred as a result of this event will be significantly reduced after the completion of recovery initiatives; and

- Adjusted EBITDA loss of $0.8 million for the quarter ended July 31, 2021 compared to $0.7 million for the quarter ended July 31, 2020. The 19% increase can be attributed to respective increases in Sales & Marketing and General & Administrative expenses required to position Valeo for growth in 2021 and beyond, including $1.1 million of specific non-recurrent costs.

Year to Date 2021 Financial Results

- Record year-to-date revenues were $10.2 million for the nine months ended July 31, 2021 compared to $5.2 million for the nine months ended July 31, 2020. The 94% increase in net revenues is mainly due to the strong contribution of new products launched over the past 12 months, including revenues from Redesca, Enerzair and Atectura, Ametop® Gel and Yondelis®;
- Net loss of $6.5 million for the nine months ended July 31, 2021 compared to $3.6 million for the nine months ended July 31, 2020. The increase in net loss results from the addition of staff and expenses required to position Valeo for a solid revenue growth in FY-21 and beyond; and
- Adjusted EBITDA loss of $3.0 million for the nine months ended July 31, 2021 compared to an adjusted EBITDA loss of $2.2 million for the nine months ended July 31, 2020.

Third Quarter 2021 Highlights

- In July 2021, the Company confirmed that Redesca was now covered for public reimbursement in 7 provinces and territories across the country in addition to several governmental agencies and 70% of privately insured lives in Canada for private payer health plans reimbursement;
- In June 2021, the Company entered into an agreement with Research Capital Corporation acting as the lead underwriter and sole bookrunner (the “Lead Underwriter”), on behalf of a syndicate of underwriters (collectively, the “Underwriters”), and issued on a bought-deal basis, 11,500,000 Units of the Company (the “Units”) at a price of $1.00 per Unit for gross proceeds to the Company of $11,500,000 (the “Offering”), including the full exercise of the over-allotment option. Each Unit was comprised of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $1.25 for a period of 36 months following the closing of the Offering. The net proceeds from the Offering will be used for the purposes described in the final short form prospectus of the Company dated June 22, 2021;
- In June 2021, the Company commenced commercialization of Enerzair Breezhaler and Atectura Breezhaler following product shipments across Canada and the initial deployment of its national respiratory sales force;
- In June 2021, the Company confirmed that private health plan payers, covering 80% of privately insured lives in Canada, had agreed to provide reimbursement for Enerzair Breezhaler and Atectura Breezhaler; and
- In May 2021, the Company was accepted for admission into the Innovative Medicines Canada Association (“IMC”) as a

full member. IMC has represented Canada's innovative pharmaceutical industry since 1914, with 47 members across the spectrum of small, mid-size and large national and multi-national companies.

Third Quarter 2021 Subsequent Events

- In August 2021, the Company completed the implementation of its new corporate structure and launched full commercial activities in support of Enerzair Breezhaler and Atectura Breezhaler. The Company is structured into 2 business units, Respiratory and Specialty Products. With the completion of a full national sales structure for each business unit, Valeo's sales team has expanded to 65 professionals out of a total of 100 full time employees. The Company has also recently expanded its head office and warehouse capacity to support the growth of its commercial activities.
- In September 2021, the Company updated and rebranded its corporate image, logo and website to reflect the dynamic change the Company has undergone positioning it at the forefront of innovation and growth within the Canadian pharmaceutical industry.

Q3 2021 Webcast and Conference Call

Valeo will host a conference call to discuss its third quarter 2021 results and highlights on Thursday September 23, 2021 at 8.30am (ET). The telephone numbers to access the conference call are 416-764-8659 and 1-888-664-6392. An audio replay of the call will be available. The numbers to access the audio replay are 416-764-8677 and 1-888-390-0541 using the following access code (326073 #).

A live audio webcast of the conference call will be available via: https://produceredition.webcasts.com/starthere.jsp?ei=14931

92&tp_key=bd0508d9b1

Financial Statements and MD&A

Valeo Pharma's financial statements and Management's Discussion and Analysis for the three and nine month periods ended July 31, 2021 are available on SEDAR at www.sedar.com

About Valeo Pharma

About Valeo Pharma is a pharmaceutical company dedicated to the commercialization of innovative prescription products in Canada with a focus on Respirology, Neurodegenerative Diseases, Oncology and other specialty products. Headquartered in Kirkland, Quebec, Valeo Pharma has the full capability and complete infrastructure to register and properly manage its growing product portfolio through all stages of commercialization. For more information, please visit www.valeopharma.com and follow us on LinkedIn and Twitter.

Forward Looking Statements

This press release contains forward-looking statements about Valeo's objectives, strategies and businesses that involve risks and uncertainties. These statements are "forward-looking" because they are based on our current expectations about the markets we operate in and on various estimates and assumptions. Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate.

NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ITS REGULATIONS SERVICES PROVIDER HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

SOURCE Valeo Pharma Inc.

For further information: Steve Saviuk, 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