

# Valeo Pharma Reports Its First Quarter 2022 Results and Highlights

written by Raj Shah | March 25, 2022

- Q1-22 revenues of \$4.2 million, up 128% over Q1-21
- Q1-22 gross margins of \$1.4 million, up 266% over Q1-21
- Public reimbursement secured in key provinces for Enerzair, Ateectura and Redesca
- \$25.0 million convertible debenture financing completed

March 24, 2022 ([Source](#)) – [Valeo Pharma Inc.](#) (CSE: VPH) (OTCQB: VPHIF) (FSE: VP2) (“**Valeo**” or the “**Company**”), a Canadian pharmaceutical company, today reported its financial results for the first quarter ended January 31, 2022.

## Q1 Fiscal 2022 Financial Highlights:

- Q1-22 revenues of \$4.2 million compared to \$1.9 million for Q1-21 up 128%
- Q1-22 gross margin of \$1.4 million compared to \$0.4 million for Q1-21 up 266%
- Net loss of \$5.9 million for Q1-22 compared to \$1.7 million for Q1-21
- Q1-22 Adjusted EBITDA loss of \$4.4 million compared to \$1.1 million
- Q1-22 Net loss and EBITDA loss down 23% and 19% compared to prior Q4-21 quarter.

## Q1 Fiscal 2022 Business Highlights

- Closing of a \$25.0 million convertible debenture financing in December 2021;

- Aectura and Enerzair reimbursed by the Quebec RAMQ, and by Nova Scotia Minister of Health since December 2021;
- Listing and public reimbursement of Redesca secured in November 2021 with Quebec and Alberta;
- Hesperco, now available in 300 stores under the Loblaw's banners; and
- Hesperidin Covid-19 clinical trial results concluded that hesperidin could have beneficial effects and may help reduce certain Covid-19 symptoms;

## **Q1 Fiscal 2022 Subsequent Events**

- Enerzair and Aectura accepted for reimbursement in Ontario, Manitoba, New Brunswick, Saskatchewan, PEI and with the NIHB and VAC federal programs; and
- Listing and public reimbursement of Redesca, confirmed in British Columbia.
- Issuance of 2,800,419 common shares of the Corporation following the conversion of \$1,04 million of convertible debenture maturing February 27, 2023 plus accrued interest, as well as 200,000 stock options held by insiders.

“Expanding our reimbursement coverage in all provinces for our three lead products has always been a key objective, with more than 90% private and public Canadian coverage now secured for Redesca, Enerzair and Aectura. As we had forecasted, Redesca has rapidly become Valeo's best selling product. Reimbursement coverage is positively impacting prescription growth for Enerzair and Aectura which is accelerating on a monthly basis”, said Steve Saviuk, CEO. “While we are focused on executing the commercial plan for our existing products, we continue to pursue business development opportunities that can leverage our capabilities and broaden our revenue base”.

Commenting on the first quarter 2022 results, Luc Mainville,

Senior Vice-President and Chief Financial Officer said, “Our first quarter 2022 results clearly demonstrated the growing impact of Redesca, Enerzair and Atectura on our revenues and margins. With the cost of implementing our new business and commercial infrastructure now fully accounted for, we anticipate that the sequential revenue growth of our lead products will expand our operating margins. This will help steadily decline our quarterly operating loss and favourably position Valeo to achieve cash flow positive status in the last quarter of the year on a going forward basis”.

### **First Quarter 2022 Financial Results**

- Revenues were \$4.2 million for the quarter ended January 31, 2022 compared to \$1.9 million for the quarter ended January 31, 2021 and \$3.4 million for the fourth quarter ended October 31, 2021, representing a 128% increase and 25% increase respectively. The increase resulted mainly from the added contribution of Redesca, and also a strong contribution from other products in the portfolio;
- Gross margin was \$1.4 million for the quarter ended January 31, 2022 compared to \$0.4 million for the quarter ended January 31, 2021 and \$0.7 million for the fourth quarter ended October 31, 2021, representing a 266% increase and 101% increase respectively. The significant growth of revenues from new branded products and improvement in product mix contributed to the increase in gross margin recorded;
- Net loss was \$5.9 million for the quarter ended January 31, 2022 compared to \$1.7 million for the quarter ended January 31, 2021, representing an increase of 240%. The increase in net loss results from the addition of

staff and expenses required to position Valeo for a solid revenue growth in FY-22 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 and Atectura;

- Adjusted EBITDA loss was \$4.4 million for the quarter ended January 31, 2022 compared to \$1.1 million for the quarter ended January 31, 2021, representing an increase of 299%. Our Adjusted EBITDA loss in Q1-22 includes adjustments as Share-Based Compensation, as well as other non-recurrent adjustments to our net loss; and
- Net loss and Adjusted EBITDA in Q1-22 were down 23% and 19% respectively as compared to the prior Q4-21 quarterly performance. The improvement of our financial performance over the prior quarter results from improvement of our operating margins derived mainly from the revenue growth of our three lead products, Redesca, Enerzair and Atectura.

### **Q1-2022 Webcast and Conference Call**

Valeo will host a conference call to discuss its first quarter 2022 results and highlights on Friday March 25, 2022 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 (726898 #).

A live audio webcast of the conference call will be available via: [https://produceredition.webcasts.com/starthere.jsp?ei=1536136&tp\\_key=d562d32471](https://produceredition.webcasts.com/starthere.jsp?ei=1536136&tp_key=d562d32471)

### **Financial Statements and MD&A**

Valeo Pharma's financial statements and Management's Discussion and Analysis for the three month period ended January 31, 2022 are available on SEDAR at [www.sedar.com](http://www.sedar.com)

## About Valeo Pharma

About Valeo Pharma Valeo Pharma is a pharmaceutical company dedicated to the commercialization of innovative prescription products in Canada with a focus on Respiriology, 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](http://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.

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