Valeo Pharma Reports Record Quarterly and Annual Revenues for the Fourth Quarter and the Fiscal Year 2022

written by Raj Shah | January 30, 2023

- **Record quarterly revenues of $12.7 million in Q4-22, up 274% over Q4-21**
- **Record revenues in 2022 of $27.7 million, up 105% over 2021**
- **Record revenues forecasted in Q1-23**
- **Creation of Ophthalmology Business Unit following the addition of XIIDRA® and SIMBRINZA®, expansion of Respiratory Business Unit to include allergy following the addition of ALLERJECT®**
- **In excess of $60 million raised in financings in 2022**

January 30, 2023 (Source) – Valeo Pharma Inc. (TSX: VPH) (OTCQB: VPHIF) (FSE: VP2) ("**Valeo**" or the "**Company**"), a fast-growing Canadian pharmaceutical company, today reported its financial results for the fourth quarter and year-ended October 31, 2022.

Fourth quarter and year-end 2022 Results Highlights:

- Record quarterly revenues of $12.7 million in Q4-22, compared to $3.4 million in Q4-21, up 274%
- Record annual revenues of $27.7 million for 2022, compared to $13.6 million in 2021, up 105%
- Record adjusted gross profit of $3.6 million in Q4-22

compared to $0.9 million in Q4-2021, up 320%

- Record annual adjusted gross profit for 2022 of $9.4 million compared to $4.5 million in 2021, up 109%
- Q4-22 net loss of $9.3 million compared to $7.7 million in Q4 2021
- 2022 net loss of $25.7 million compared to 14.2 million in 2021
- Q4-22 adjusted EBITDA loss of $2.9 million compared to $5.5 million in Q4-21
- 2022 adjusted EBITDA loss of $14.5 million compared to 8.6 million in 2021
- Cash and liquidities of $22.5 million at October 31, 2022

“2022 saw Valeo take a major step forward in becoming a leading Canadian owned pharmaceutical company. We generated record annual revenues, doubling our 2021 performance, and expanded our product portfolio by acquiring rights to three growth assets XIIDRA, SIMBRINZA and ALLERJECT”, said Steve Saviuk, CEO. “With the addition of these new products and the continued strong performance of our asthma therapies, Enerzair and Atectura, and anticoagulant Redesca, we anticipate all our business units to continue producing strong revenue and margin growth in 2023 as we forecast delivering record quarterly revenues again in the first quarter of 2023”.

Commenting on the record fourth quarter and annual 2022 results, Luc Mainville, Senior Vice-President and Chief Financial Officer said, “The contribution of new products and the continued growth of our core assets during fiscal year 2022 has generated significant revenue growth for Valeo. The investments we have made during prior years in our corporate and commercial infrastructure is starting to pay off by providing considerable operating leverage which will help pave the way to Valeo’s profitability as our commercial portfolio reaches its

full potential.”

Fourth Quarter 2022 Financial Results

- Record revenues were $12.7 million for the quarter ended October 31, 2022 compared to $3.4 million for the quarter ended October 31, 2021 representing a 274% increase. The increase over the previous comparable period is mainly due to the addition of XIIDRA, SIMBRINZA and ALLERJECT, as well as continued growth and market share gains of our other core products, Redesca, Enerzair and Atectura;
- Adjusted gross profit was $3.6 million for the quarter ended October 31, 2022 compared to $0.9 million for the quarter ended October 31, 2021, representing a 320% increase. The increase is taking under consideration certain adjustments such as increased amortization charges following the signing of the Xiidra, Simbrinza and Allerject agreements and COGS impacted by impairment charges related to non-core products, such as Ontryv and by the write-off of inventory acquired pre-launch of Redesca and Enerzair/Atectura;
- Net loss was $9.3 million for the quarter ended October 31, 2022 compared to $7.7 million for the quarter ended October 31, 2021. The increase in net loss in Q4-22 was mainly due to the increase in financial expenses, non-recurrent impairment charges and write-offs which have more than offset the significant expansion of our operating profit; and
- Adjusted EBITDA loss was $2.9 million for the quarter ended October 31, 2022 compared to $5.5 million for the quarter ended October 31, 2021.

2022 Financial Results

- Record 2022 revenues were $27.7 million for the year-ended October 31, 2022 compared to $13.6 million for the year-ended October 31, 2021. The 105% increase in net revenues over the previous comparable period is mainly due to the addition of XIIDRA, SIMBRINZA and ALLERJECT, as well as continued growth and market share gains of our other core products, Redesca, Enerzair and Atectura;
- Record adjusted gross profit was $9.4 million for the year-ended October 31, 2022 compared to $4.5 million for the year-ended October 31, 2021, representing a 109% increase. The increase is taking under consideration certain adjustments such as increased amortization charges following the signing of the Xiidra, Simbrinza and Allerject agreements and COGS impacted by impairment charges related to non-core products, such as Onstryv and by the write-off of inventory acquired pre-launch of Redesca and Enerzair/Atectura;
- Net loss was $25.7 million for the year-ended October 31, 2022 compared to $14.2 million for the year-ended October 31, 2021; and
- Adjusted EBITDA loss was $14.5 million for the year-ended October 31, 2022 compared to an adjusted EBITDA loss of $8.6 million for the year-ended October 31, 2021.

2022 Highlights

- In September 2022, the Company entered into a Commercial Services Agreement with Veru Inc. for sabizabulin in Canada, a novel dual antiviral and anti-inflammatory agent being targeted for the treatment of hospitalized moderate-severe COVID-19 patients at high risk for acute respiratory distress syndrome (ARDS) and death;
- In August 2022, the Company appointed Kyle Steiger to the role of Senior Vice-President and Chief Commercial Officer

and Jean-François Fournier as its new Business Unit Head – Ophthalmology;

- In July 2022, the Company closed a non-dilutive US$30 million Secured Term Loan from Sagard Healthcare Partners;
- In July 2022, the Company entered into entered into a License, Supply, and Commercialization agreement with Kaléo Inc. for the Canadian rights to ALLERJECT, (epinephrine injection, USP) auto-injector for the treatment of serious allergic reactions;
- In July 2022, the Company entered into a Commercialization and Supply Agreement with Novartis Pharmaceuticals Canada Inc. for the Canadian commercialization by Valeo of two innovative ophthalmic therapies, XIIDRA® and SIMBRINZA® in Canada;
- In April 2022, the Company 12% Convertible Unsecured Subordinated Debentures issued pursuant to the $15.0 million bought deal private placement closed in December 2021, began trading on the TSX under the symbol "VPH.DB";
- In March 2022, the Company received final approval for the listing of its common shares and warrants on the Toronto Stock Exchange ("**TSX**") with an effective trading date of March 29, 2022;
- In March 2022, the Company entered into a Product Listing Agreement ("PLA") with the British Columbia Minister of Health, for the listing and public reimbursement of Redesca and Redesca HP, its low molecular weight heparin biosimilar. The Company also announces that Enerzair Breezehaler and Atectura Breezhaler, were also accepted for public reimbursement by the Saskatchewan Drug Plan and the Prince Edward Island ("P.E.I.") Pharmacare Drug Plan; and
- In February 2022, the Company confirmed its two innovative Asthma therapies; Enerzair Breezehaler and Atectura

Breezhaler, were now reimbursed by the Ontario Drug Benefit program, the Manitoba Pharmacare Program, the New Brunswick Drug plan, and the NIHB and VAC federal programs;
- In December 2021, the Company closed its bought deal private placement of $15.0 million through a syndicate of underwriters led by Desjardins Capital Markets and a concurrent $10.0 million private placement of convertible unsecured debentures issued on the same terms with Investissement Québec resulting in gross proceed from the Offering and Concurent Private Placement of $25.0 million to the Company.

2022 Subsequent Events

- On January 27, 2023, the Company granted 26,786 RSUs as well as 395,850 DSUs to members of management in accordance with and subject to the terms of the Corporation's Equity Incentive Plan;
- In January 2023, the Company announced that Health Canada accepted for review Veru's New Drug Submission ("NDS-CV") for sabizabulin for COVID-19. Sabizabulin is a novel dual antiviral and anti-inflammatory agent being developed for the treatment of hospitalized moderate to severe COVID-19 adult patients at high risk for acute respiratory distress syndrome (ARDS) and death;
- In November 2022, the Company announced the resignation of Frederic Fasano as President and Chief Operating Officer;

Q4 and year-end 2022 Webcast and Conference Call

Valeo will host a conference call to discuss its fourth quarter and year-end 2022 results and highlights on Tuesday January 31,

2023 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 (880970 #).

A live audio webcast of the conference call will be available via:

https://app.webinar.net/5Mk1QyJpzYx

Financial Statements and MD&A

Valeo Pharma's financial statements and Management's Discussion and Analysis for the three and twelve month periods ended October 31, 2022 are available on SEDAR at www.sedar.com.

About Valeo Pharma

Valeo Pharma is a fast growing Canadian pharmaceutical company dedicated to the commercialization of innovative prescription products in Canada with a focus on Respiratory/Allergy, Ophthalmology and Hospital Specialty Products. Headquartered in Kirkland, Quebec Valeo Pharma has all the required capabilities and the full 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.

SOURCE Valeo Pharma Inc.

For further information: Steve Saviuk, CEO, 514-693-8830, steve.saviuk@valeopharma.com; or Luc Mainville, Senior Vice-President and Chief Financial Officer, 514-693-8854, luc.mainville@valeopharma.com; or Frederic Dumais, Director, Communications and Investor Relations, 514-693-8847, frederic.dumais@valeopharma.com