Valeo Pharma Reports Record Annual Revenues for Fiscal 2021

written by Raj Shah | March 1, 2022
February 28, 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 fourth quarter and year-ended October 31, 2021.

Fourth quarter and year-end 2021 Results Highlights:

- Record 2021 revenues of $13.6 million compared to $7.5 million in 2020, up 81%
- Record 2021 gross margin of $4.0 million compared to $1.4 in 2020, up 186%
- Revenues of $3.4 million in Q4-21 compared to $2.2 million in Q4-20, up 53%
- Net loss of $7.7 million in Q4-21 compared to $1.2 in Q4 2020
- Q4-21 Adjusted EBITDA loss of $5.4 million compared to $0.5 million in Q4 2020

"2021 was marked with several key milestone achievements by Valeo. We delivered record annual revenues, successfully launched three products with significant revenue growth potential, completed the implementation of a new corporate and commercial infrastructure necessary to support our growth objectives and secured extensive private and public reimbursement for our lead products across the country", said Steve Saviuk, CEO. "In 2021 we made major investments to expand our commercial team and broaden our infrastructure. These upfront investments, while increasing our loss in the short

term, are now providing commercial momentum to our recent product launches and driving revenue growth at a rate that will place us amongst the leaders in our industry in 2022 and beyond. Q1-22 revenues will demonstrate important top line and margin growth over the prior quarter and we expect continued sequential quarterly growth as Valeo transitions to positive cash flow by the end of the year".

Commenting on the fourth quarter and record year-end 2021 results, Luc Mainville, Senior Vice-President and Chief Financial Officer said, "As expected, the significant increase in Q4-2021 revenues and record annual revenues resulted mainly from the addition of the new products launched during the year. Valeo is now very well positioned to leverage its new corporate and commercial infrastructure to capitalize on the market potential of its existing product portfolio," added Mr. Mainville.

Fourth Quarter 2021 Financial Results

- Revenues were $3.4 million for the quarter ended October 31, 2021 compared to $2.2 million for the quarter ended October 31, 2020 representing a 53% 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, and to a lesser extent, Enerzair Breezhaler and Atectura Breezhaler, Ametop Gel and Yondelis;
- Gross margin was $0.7 million for the quarter ended October 31, 2021 compared to $0.4 million for the quarter ended October 31, 2020, representing a 60 % increase. The addition of revenues from new branded products contributed to the increase in gross margin recorded;
- Net loss was $7.7 million for the quarter ended October

31, 2021 compared to $1.2 million for the quarter ended October 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 the discontinued product settlement, intangible impairments, hiring fees, as well as special provisions for the cyber-attack bank fraud.; and

- Adjusted EBITDA loss was $5.4 million for the quarter ended October 31, 2021 compared to $0.5 million for the quarter ended October 31, 2020. The increase can be attributed to the net impact of the creation of our new commercial and corporate structure which was required to capitalized on the significant market opportunity of our expanded product portfolio.

2021 Financial Results

- Record 2021 revenues were $13.6 million for the year-ended October 31, 2021 compared to $7.5 million for the year-ended October 31, 2020. The 81% 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 Breezhaler and Atectura Breezhaler, Ametop® Gel and Yondelis®;
- Gross margin was $4.0 million for the year-ended October 31, 2021 compared to $1.4 million for the year-ended October 31, 2020, representing a 186 % increase. The addition of revenues from new branded products and an improvement of the product mix contributed to the increase in gross margin recorded;

- Net loss was $14.2 million for the year-ended October 31, 2021 compared to $4.8 million for the year-ended October 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 was $8.5 million for the year-ended October 31, 2021 compared to an adjusted EBITDA loss of $2.6 million for the year-ended October 31, 2020.

2021 Highlights

- In October 2021, the Company was awarded two multi-year listing agreements by two of Canada's largest Group Purchasing Organizations ("GPO") for Redesca as well as three additional hospital specialty products (Amikacin, Ethacrynate Sodium and Benztropine), for a 3-year period starting on October 1, 2021;
- In September 2021, the Company completed its negotiations and entered into a letter of intent ("LOI") with the pan-Canadian Pharmaceutical Alliance (pCPA) regarding Enerzair Breezhaler and Atectura Breezhaler, its two innovative asthma therapies;
- In July 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 has also recently expanded its head office and warehouse capacity to support the growth of its commercial activities;
- 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, 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.;

- 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 Insurers covering 80% of privately insured lives in Canada, had agreed to provide reimbursement for Enerzair Breezhaler and Atectura Breezhaler;
- In April 2021, the Company upsized and closed a $6.645 million non-brokered private placement of unsecured non-convertible debenture units. The Company issued 6,645 unsecured non-convertible debentures units at a purchase price of $1,000 per Debenture Unit for gross proceeds of $6,645,000. Each Debenture Unit consist of one (1) unsecured non-convertible debenture of the Company in the principal amount of $1,000 and 200 Class “A” share purchase warrants. Each Warrant entitles the holder thereof to purchase one Class “A” Share of the Company at an exercise price of $1.60 at any time up to 24 months following the closing date of the Offering. The Debentures will mature at the latest 9 months after the closing and bear interest at a rate of 8% per annum from the date of issue, payable in cash, semi-annually in arrears;
- In April 2021, the Company entered into a Product Listing Agreement (“PLA”) for the listing of Redesca® and Redesca HP®, its low molecular weight heparin (“LMWH”) biosimilar, on the Ontario Drug Benefit Formulary effective April 30, 2021;
- In April 2021, the Company commenced commercial shipments across Canada of Redesca™ and Redesca HP™;

- In March 2021, the Company entered into a Commercialization and Supply Agreement with Novartis Pharmaceuticals Canada Inc. for the Canadian commercialization by Valeo of two asthma therapies, Enerzair Breezhaler and Atectura Breezhaler. Under the Agreement, Valeo will be responsible for medical and commercial activities for an initial 8 year period;
- In February 2021, the Company announced that its Hesperco capsules, approved by Health Canada for immune support, were at the core of the Montreal Heart Institute's ("MHI") clinical trial, "The Hesperidin Coronavirus Study". The MHI's study evaluated the effect of hesperidin on COVID-19 symptoms and its ability to reduce disease severity and the need for hospitalization in patients with COVID-19. The randomized, double-blind, placebo controlled study enrolled 216 confirmed COVID-19 symptomatic patients;
- In January 2021, the Company received notice of a positive recommendation by Quebec's Institut national d'excellence en santé et en services sociaux ("INESSS") to the Health Minister for the inclusion of its Low Molecular Weight Heparin biosimilar (LMWH), Redesca™ and Redesca™ HP, on the list of medications covered by the Régie de l'assurance maladie du Québec (RAMQ) for the prevention and treatment of thromboembolic disorders;
- In January 2021, the Company appointed Mr. Frederic Fasano to the newly created position of President and Chief Operating Officer, effective January 18th, to augment its senior leadership team and support expansion of Valeo's commercial activities;
- In December 2020, the Company received from a Notice of Compliance from Health Canada for Redesca and Redesca HP low molecular weight heparin ("LMWH") biosimilars; and
- In November 2020, the Company received a Notice of Compliance from Health Canada granting market

authorization for Amikacin, an antibiotic used within the hospital setting. Valeo also announced that shipments of Ethacrynate Sodium had commenced in the U.S. market.

2021 Subsequent Events

- In February 2022, the Company announced that Enerzair Breezehaler and Atectura Breezhaler had been accepted for reimbursement by the Ontario Drug Benefit program, the Manitoba Pharmacare Program, the New Brunswick Drug plan, and the NIHB and VAC federal programs;
- In January 2022, the Company announced the availability of Hesperco in approximately 300 stores under the Loblaw's banners including Loblaws, Dominion, Zehrs, Fortinio's, Your Independent Grocer and Superstore. The Company also announced that the results of the Hesperidin Covid-19 clinical trial using Hesperco capsules had been submitted for publication. The study concluded that hesperidin could have beneficial effects and may help reduce certain Covid-19 symptoms.;
- In December 2021, the Company announced that Atectura Breezhaler and Enerzair Breezehaler were now reimbursed by the Quebec RAMQ, and by Nova Scotia Minister of Health;
- In December 2021, the Company repriced 1,336,700 warrants issued on April 27, 2021 as part of a bridge private placement of non-convertible debenture units. Consequently, the Company announced the amendment of the exercise price of the Bridge Warrants from $1.60 per Share to $1;
- In December 2021, the Company closed of a bought deal private placement of $15.0 million aggregate principal amount of 12.0% convertible unsecured debentures of the Company due December 31, 2024 at a price of $1,000 per Debenture. The Company also closed a concurrent $10.0 million private placement of convertible unsecured

debentures issued on the same terms as those issuable pursuant to the Offering, resulting in gross proceed from the Offering and Concurrent Private Placement of $25.0 million to the Company. The Company issued a total of 25,000 Debentures accruing interest at the rate of 12% per annum payable quarterly beginning on March 31, 2022. ;

- In November 2021, the Company successfully entered into a Product Listing Agreement with Quebec Minister of Health, for the listing and public reimbursement of Redesca and Redesca HP on the Quebec RAMQ list of medications, effective November 10, 2021; and
- In November 2021, the Company successfully entered into a Product Listing Agreement with Alberta Minister of Health, for the listing and public reimbursement of Enerzair Breezhaler and Atectura Breezhaler on the Alberta Drug Benefit list effective November 1, 2021.

Q4 and year-end 2021 Webcast and Conference Call

Valeo will host a conference call to discuss its fourth quarter and year-end 2021 results and highlights on Tuesday March 1, 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 (559410 #).

A live audio webcast of the conference call will be available via: https://produceredition.webcasts.com/starthere.jsp?ei=1528479&tp_key=5ba0d2c6d7

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, 2021 are available on SEDAR at 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 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; Luc Mainville, Senior Vice-President and Chief Financial Officer, 514-693-8854, mainville@valeopharma.com; Frederic Dumais, Director, Communications and Investor Relations, 514-782-8803, dumais@valeopharma.com