

WeedMD Inc

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WeedMD posts 23% jump in first-quarter revenue to C\$3.3 million

WeedMD Inc (CVE:WMD) (OTCMKTS:WDDMF) posted financial results Friday that showed a jump in revenue in the first quarter as successful harvests from six additional grow rooms boosted cannabis supply.

For the quarter ended March 2019, the Toronto-based company recorded net sales of C\$3.3 million, representing a quarter-over-quarter increase of 23%.

Shares in WeedMD closed 1.5% higher to US\$1.37 in the OTC Markets on Thursday.

READ: WeedMD, the medical cannabis producer, well positioned and evolving going into 2019

"We continue to deliver consistent improvement in our results, quarter-over-quarter," said WeedMD CFO Nichola Thompson. "With the successful harvests from six additional grow rooms licensed at the end of 2018 now coming to market, we expect significant revenue increases throughout the balance of the year."

Key financial highlights

- The company sold 793 kgs of dried cannabis, representing an increase of 46% from the previous quarter.
- Improved gross profit margin to 15% before changes in fair value
- WeedMD holds \$13.9 million of inventory and biological assets as of March 31, 2019, an increase of \$5.9 million or 74% from the prior quarter
- The all-in weighted average cost per gram for the first quarter was \$2.90, compared to \$3.28 for the fourth quarter in 2018 and \$3.66 in the first quarter a year ago.

WeedMD owns and operates two facilities in southwestern Ontario to produce and distribute medical-grade cannabis.

The Aylmer, Ontario facility houses 26,000 square feet of grow space on an expandable site across four acres of land, while its 158-acre Strathroy, Ontario facility includes both indoor and outdoor grow capacity. It also has a 610,000 square foot greenhouse facility.

Secures outdoor cannabis cultivation licence

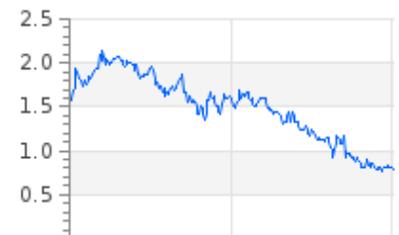
In March 2019, WeedMD announced that it had applied for an amendment to its Strathroy licence to expand beyond its existing cultivation with an initial 27-acre, large-scale, low-cost, outdoor cannabis grow operation.

WeedMD issued a press statement Friday indicating that it has been granted approval from Health Canada for 27 acres of low-cost, outdoor cultivation on its Strathroy, Ontario property. The company said it will start planting "more than 20,000 clones in early June with plans to harvest in fall 2019, increasing potential production output by an additional 27,000 kgs."

Price: 0.79

Market Cap: \$147.3 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: WMD

Listing: TSX-V

52 week High Low
2.15 0.74

Sector: Cannabis

Website: www.weedmd.com

Company Synopsis:

WeedMD Inc. is the publicly-traded parent company of WeedMD Rx Inc., a federally-licensed producer and distributor of cannabis products for both the medical and adult-use markets. The Company owns and operates two facilities: a 26,000 sq. ft. facility in Aylmer, Ontario and a 158-acre state-of-the-art greenhouse and outdoor facility located in Strathroy, Ontario.

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The two locations are expected to yield more than 150,000 kilograms per year of cannabis once peak production is achieved in 2020.

Best is yet to come

"We are pleased with our performance improvements in the first quarter, but the best is yet to come," said WeedMD CEO Keith Merker. "In Strathroy, we have more than 20,000 clones ready to be planted across our outdoor operation once the licence is secured. Our next stage of licensing will be the 110,000 square feet of hybrid greenhouse that is already fully built out, which will lead to rapid production growth, quarter-over-quarter in 2019 and beyond."

WeedMD secured additional provincial distribution agreements with Manitoba and Saskatchewan. Shipping to a total of six provinces across the country, the company is now able to reach about 70% of Canada's projected adult-use market.

The company also kicked off a retail initiative by partnering with Pioneer Cannabis and Pita Pit. A cannabis retail and licensing agreement was signed with an Ontario cannabis retail lottery winner who will own and operate the first Pioneer Cannabis store in Burlington, Ontario.

--(Updates with outdoor cannabis cultivation licence)--

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