



# FSD Pharma Reports Third Quarter 2019 Financial Results

- Announces intent to initiate Phase 1 first-in-human safety and tolerability trials for its lead candidate, PP 101 micro-PEA during 1Q20 –
- Raises \$4.59 million in additional capital at \$20.10 per share –

TORONTO, Nov. 29, 2019 /CNW/ - **FSD Pharma Inc. (CSE: HUGE) (OTCQB: FSDDF) (FRA: 0K9)** ("FSD Pharma" or the "Company") today reported financial and operational results for the three and nine months ended September 30, 2019. These filings are available for review on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

These financial results are unaudited, are prepared in accordance with International Financial Reporting Standards (IFRS) and are reported in Canadian dollars.

"During the third quarter, we continued to advance our efforts to transform into a specialty, biotech pharmaceutical R&D company focused on developing over time a robust pipeline of FDA approved synthetic compounds targeting the endocannabinoid system of the human body to treat certain diseases of the central nervous system and autoimmune disorders of the skin, GI tract and the musculoskeletal system. The Company intends to initiate Phase 1 first-in-human safety and tolerability trials for its lead candidate, PP 101 micro-PEA during 1Q20. In addition, the Company accelerated set-up activities to commence medical cannabis sales in August from our Cobourg facility," stated Raza Bokhari, MD, Executive Co-Chairman and CEO.

Dr. Bokhari continued, "In Q3, the Company also raised more than \$4.5 million in additional capital at \$20.10 per share, with no warrant overhang, through a private placement in which the management, founders and board members contributed in excess of \$2.5 million. This capital raise at a premium has indeed increased the visibility of the Company amongst institutional grade investors and is an important milestone achieved that is very helpful towards our effort to list on a major U.S. stock exchange.

"During the quarter, we entered into a letter of intent with World-Class Extractions with an aim to diversify our revenue stream. We also added former U.S. Congressman Stephen Buyer to our Board of Directors.

"To date in the fourth quarter, we have generated \$260,000 from the sale of medical cannabis, which represents a meaningful increase in our revenue from our core business. With more than \$70 million in cash and non-cash assets, we believe we have reasonable financial means to advance the strategic objectives of FSD Pharma to transform into a specialty, biotech pharmaceutical R&D company."

## Select Recent Operational Highlights:

- On November 4, the Company closed a second tranche of its previously announced private placement. FSD Pharma has raised total gross proceeds of \$4,596,285 under the private placement from investors, including members of senior management and the Board of Directors. The Company closed the initial tranche under the private placement on October 1, 2019. The net proceeds from the private placement will be used for the expansion of the Company's

biosciences division, including the research and development of PP-101 (micro-palmitoylethanolamide, or micro-PEA, the Company's drug development candidate and for general corporate purposes including working capital, potential investments and acquisitions.

- On October 11, FSD Pharma appointed former U.S. Congressman Stephen Buyer to its Board of Directors to further strengthen the independence and profile of the Board, leverage his broad leadership experience and pharmaceutical industry relationships, and enhance the Company's visibility, especially among U.S. institutional investors and on Capitol Hill in Washington, D.C.
- On September 25, FSD Pharma signed a letter of intent to establish a collaboration with World-Class Extractions to develop, manage and operate a cannabis extraction and processing center at FSD Pharma's facility in Cobourg, Ontario. This partnership provides the Company with additional revenue opportunities from the processing of pharmaceutical-grade cannabis flower into high-quality oil-based products to meet the increasing demand for such products in the medicinal cannabis market.

#### Third Quarter 2019 Financial Results Summary (all comparisons are with the third quarter of 2018):

- Revenue of \$12,805 compared with \$13,833. The Company commenced medical cannabis sales in August 2019, generating nominal revenue during the third quarter of 2019. Revenue during the prior-year quarter was primarily from subleasing a portion of the Cobourg facility to unrelated third parties.
- Operating loss of \$12.9 million compared with an operating loss of \$3.0 million, with the increase reflecting expenses incurred in the development of the business, the continued renovation and build-out of the Cobourg facility and ongoing operating expenses, among others.
- Net loss of \$16.7 million or \$2.20 per share, compared with net income of \$3.9 million or \$0.50 per diluted share. The third quarter of 2019 included a \$1.7 million loss on change in fair value of derivative liability and a \$2.1 million loss on changes in fair value of other investments. The third quarter of 2018 included a \$6.9 million gain on changes in fair value of other investments. The per-share figures reflect a 1-for-201 share consolidation completed in October 2019.
- Cash used in operating activities during Q3 2019 amounted to \$2.9 million vs. \$2.1 million in Q3 2018.
- Cash and cash equivalents of \$7.3 million as of September 30, 2019.
- Non-cash assets of \$62.8 million as of September 30, 2019.

#### **About FSD Pharma**

FSD Pharma is focused on the research and development of novel cannabinoid-based treatments for certain central nervous system disorders and autoimmune diseases of the skin, GI tract and musculoskeletal system, including chronic pain and on the development of the highest quality indoor grown, pharmaceutical-grade cannabis. The Company is licensed to cultivate cannabis in approximately 25,000 square feet of its facility in Cobourg, Ontario.

FSD's wholly-owned subsidiary, FV Pharma, is a licensed producer under Canada's Cannabis Act and Regulations, having received its cultivation license on October 13, 2017 and its full Sale for Medical Purposes license on June 21, 2019. FV Pharma intends to cover all aspects of the cannabis industry, including cultivation, legal, processing, manufacturing, extracts and research and development.

#### **Forward-Looking Statements**

*Neither the Canadian Securities Exchange nor its regulation services provider accept responsibility for the adequacy or accuracy of this release.*

*Certain statements contained in this press release, including statements relating to the Consolidation and the Company's intent to list on a major U.S. exchange, constitute forward-*

*looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on FSD Pharma's current belief or assumptions as to the outcome and timing of such future events. Actual future results and developments may differ materially. The forward-looking information contained in this press release is made as of the date hereof, and FSD Pharma is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward looking-information. The foregoing statements expressly qualify any forward-looking information contained herein.*

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