

## Isodiol International Inc. Reports Fiscal Year 2019 Audited Financial Results

Aug 16, 2019 – Vancouver, BC – [Isodiol International Inc.](#) (CSE: [ISOL](#)) (OTCQB: [ISOLF](#)) (FSE: [LB6B.F](#)) (the “Company” or “Isodiol”), announces that it has filed its audited consolidated financial statements and MD&A for the year ended March 31, 2019.

Highlights of Fiscal Year 2019 include:

- Total revenues of \$22,248,171, an increase of 16.26% over the prior year, and which figure does not include revenues from divested companies Azure, Kure or BSPG, as had previously been included in the consolidated statement of loss for the FY2019 Q1, Q2 and Q3 periods;
- Gross profits of \$7,378,194, realizing gross margins of 33.16%;
- Total Q4 revenue of \$9,089,401; a historic number for the Company. The Company is especially pleased with this number, as this figure does not include the activities of the recently divested assets of Azure, Kure, or BSPG;
- Total operating expenses decreased by \$3,283,658.

Breakdown of Significant Other Expenses:

- Loss on the sale of business of \$35M is primarily non-cash and is attributable to the divestitures of Azure, Kure and BSPG;
  - i. The primary reason for divesting Kure was to prevent significant shareholder dilution. Given the current share price, the Company believed that future acquisition payments of USD\$35M couldn’t be justified given the risks associated with uncertainty surrounding the pending FDA regulations on the vape industry;
  - ii. The sale of BSPG was due to the significant financial requirements needed for expansion. The Company sold BSPG for a sale price of USD\$14M, of which, USD\$9.75M has been received to date, with USD\$4.5M of such amount paid to complete the final obligation towards the original acquisition, and the remainder used for general working capital. The divestment terms included an off-take right in favour of the Company, giving the Company access to the API required for Purodiol, Isodiolox and Isoderma in the Brazil Pharma market;
  - iii. The Company moved away from manufacturing and is now focusing on high margin consumer goods; with that, the Company divested Azure for sale price of USD\$1M.
- Asset impairment of \$38,877,626 can be broken down into two primary categories:

i. *Terminations and divestitures:*

- \$14.6M of the balance relates to the carrying values associated with the divestiture of certain operations, investments and acquisition deposits that do not directly benefit from: a focus on sale of finished goods; were not in line with our core business; didn't contribute to our bottom line; and represented significant future outflows of cash before any ROI could be realized; and

ii. *Impairment of goodwill and intangible assets*

- \$24.3M of the balance specifically relates to the IFRS requirement to assess the Company's goodwill for impairment annually and intangible assets for indicators of impairment. Impairment of goodwill was determined through a comparison of the capitalized cash flows to the carrying amounts of these assets. Because the Company's US-based cash generating units were operating at a loss, this inherently resulted in the requirement to impair goodwill and the related intangible assets as they were in excess of the measured recoverable amount. Although, these assets have now been expensed, the Company considers them to continue to add value to our bottom line and will continue to use them to drive revenues and build our operations.

"We have just realized our most profitable quarter to date and have reduced our operating expenses considerably, which will be seen in the first quarter of FY2020," said CEO of Isodiol, Marcos Agramont. "The majority of losses experienced in FY 2019 are a by-product of our shift in our focus towards higher margin consumer products vs raw ingredient supply, prevention of massive shareholder dilution and protecting our future cash flows through divestitures". Marcos went on, "Over the last several months we have sharpened our focus significantly, cut costs, curbed shareholder dilution and we believe the Company is in a strong position heading into FY2020 and beyond".

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**About Isodiol International Inc.**

[Isodiol International Inc.](https://www.isodiol.com/) is focused on the nutritional health benefits that are derived from hemp and is a product development, sales, marketing and distribution company of hemp-based Consumer Packaged Goods (CPG) and solutions. Isodiol has commercialized a 99%+ pure, naturally isolated CBD, including micro-encapsulations, and nano-technology for quality consumable and topical skin care products. Isodiol's growth strategy includes the development of over-the-counter and pharmaceutical drugs and continued international expansion into Latin America, Asia, and Europe.

ON BEHALF OF THE BOARD

Marcos Agramont, CEO & Director

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The CSE has not reviewed, approved or disapproved the content of this press release.

***Forward-Looking Information:*** This news release contains "forward-looking information" within the meaning of applicable securities laws relating to statements regarding the Company's business, business plans, products and future the Company's business, its product offerings and plans for sales and marketing, including with respect to the Company's expectation that it will have continued access to the API required for Purodiol, Isodiolex and Isoderm, the Company's expectations generally regarding the market for high margin consumer goods, and the Company's belief that its operating expenses will continue to remain at a relatively reduced level into the next financial quarter or beyond. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking information. Such forward-looking statements are subject to risks and uncertainties that may cause actual results, performance and developments to differ materially from those contemplated by these statements depending on, among other things, the risks that the Company's products and plan will vary from those stated in this news release, that the Company may not be able to carry out its business plans as expected, including with respect to having continued access to the API required for Purodiol, Isodiolex and Isoderm, that the Company will achieve a favourable position within the high margin consumer goods market, and that the Company's operating expenses will remain at a relatively reduced level into the next financial quarter or beyond. Except as required by law, the Company expressly disclaims any obligation and does not intend, to update any forward-looking statements or forward-looking information in this news release. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove

*to be correct and makes no reference to profitability based on sales reported. The statements in this news release are made as of the date of this release.*

*The CSE has not reviewed, approved or disapproved the content of this press release.*