

Salona Global Confirms First Acquisition (SDP) Exceeded 12-Month Revenue, Cash Flow Targets For Full Equity Earn Out

SAN DIEGO, July 28, 2022 (GLOBE NEWSWIRE) – Salona Global Medical Device Corporation (“**Salona Global**,” “**SGMD**,” or the “**Company**”) (**TSXV:SGMD**) announced today that as a result of exceeding all revenue and cashflow targets for the 12-month period from June 1, 2021 to May 31, 2022, the non-arm’s length parties of Salona Global, namely, Les Cross, Executive Chairman and Luke Faulstick, Chief Executive Officer of SGMD, through GAP Partners, Inc., an entity Mr. Faulstick has a 50% interest in, that were shareholders of South Dakota Partners, Inc. (“**SDP**”) have been awarded their full equity earn out. Salona Global had previously announced, in a April 14, 2022 press release, that it expected the full SDP earnout would be achieved based upon recent revenue and margin growth.

During the 12-month measurement period SDP exceeded both of its required targets of US\$11,900,000 in revenues and US\$2,800,000 in adjusted net assets. As a result, Mr. Cross and GAP Partners, Inc. will have the right over the next five years to exchange their minority U.S. subsidiary shares into an aggregate of 12,323,890 non-voting Class A shares of SGMD. These Class A shares can be converted to SGMD common shares at the option of the holder, allowing for a maximum conversion of 362,000 common shares of SGMD by a holder at any one time.

The foregoing securities will be issued in reliance on exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and applicable state securities laws, and will be issued as “restricted securities” (as defined in Rule 144 under the U.S. Securities Act) with a U.S. restrictive legend.

Restrictions, Hold Periods and Conversion into Common Shares

The former SDP shareholders, Les Cross, Executive Chairman, and GAP Partners, Inc./Luke Faulstick, Chief Executive Officer of SGMD, will update their SEDI filings and issue an early warning press release regarding their right to convert U.S. subsidiary holdings into securities of SGMD shortly. Once converted into SGMD Class A shares, holders can only convert and hold 362,000 SGMD common shares at any one time, with all shares having an attached U.S. restrictive legend that must be removed by the shareholder, with the Company’s consent, in compliance with U.S. securities laws to enable a sale.

Led by Luke Faulstick, Salona Global’s CEO and former COO of DJ Global, SDP has had a foundational role in creating the fully integrated medical device company that is now Salona Global. SDP’s low-cost FDA-approved robotics facility in South Dakota provides a platform for growth. All aspects of Salona Global leverage this platform to create growth opportunities: (1) The M&A team leverages SDP as the integration hub for operations of

product-based acquisitions, (2) the IP acquisition team uses SDP to productize IP, (3) Simbex, SGMD's R&D unit, uses SDP to create and develop products, and (4) Mio-Guard, SGMD's sales unit, uses SDP as a service depot for products it secures for distribution.

"My former SDP shareholders and I are happy to become long term shareholders of Salona Global," said Luke Faulstick, CEO of Salona Global and President of SDP. "We are heavily staked in the future of Salona Global. Les and I have maintained our shares in a U.S. subsidiary structure as a sign of that commitment. We look forward to the coming years where we aim to recreate our success in this industry and grow this business to a much larger scale."

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Additional Information

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.