

May 27, 2021



# Khiron Life Sciences Reports First Quarter 2021 Financial Results

- Record revenues of \$2.8 million in Q1 2021, a 49% increase from the prior year and 13% increase from Q4 2020
- Record gross profits (before fair market value adjustments) of \$1.1 million, a 171% improvement over Q4 2020 and record consolidated gross margin of 38%
- Medical cannabis sales reach 20% of revenues, contributing over 45% of gross profits
- More than 7,500 prescriptions filled in Q1 2021 and over 19,000 to date
- First sales in Germany achieved in Q1 2021, with international sales representing approximately 10% of total Medical Cannabis Product revenues
- Khiron real-world evidence is improving physician engagement, patient outcomes and strategic decision-making; initial results show significant benefits to quality of life as well as significant cost benefit to key insurance clients
- \$12.5 million in cash as of March 31, 2021 with working capital of \$22.5 million

TORONTO, May 27, 2021 /CNW/ - Khiron Life Sciences Corp. ("Khiron" or the "Company") (TSXV: KHRN) (OTCQX: KHRNF)(Frankfurt: A2JMZC), a vertically integrated cannabis leader with core operations in Latin America and Europe, announced today its financial results for the quarter ended March 31, 2021. These filings are available for review on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.



## Summary of Key Financial Results

	3 Months ended Mar 31 2021	3 Months ended Mar 31 2020	3 Months ended Dec 31 2020
<i>Canadian dollars</i>			
Revenues ('000s)	\$ 2,837	\$ 1,901	\$ 2,518
Medical Cannabis	563	1	234
Gross profit before fair value adjustments ('000s)	1,090	437	402
General and administrative costs ('000s)	5,592	5,847	5,157
Net loss ('000s)	(5,494)	(9,237)	(2,374)
Adjusted EBITDA <sup>(1)</sup> ('000s)	(4,019)	(5,865)	(4,335)
Net loss per share (basic and diluted)	(0.04)	(0.08)	(0.01)
Weighted average shares outstanding ('000s)	150,718	116,607	130,292

(1) Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization or in this case loss) is a non-International Financial Reporting Standards ("IFRS") measure calculated as net loss before tax as reported under IFRS and adding back share-based compensation expense, transaction fees, unrealized gain on changes in fair value of biological assets, depreciation and non-recurring items. Refer to the "Non-IFRS Measures" note below for further information and the Company's MD&A for a reconciliation.

## Q1 2021 operating highlights and subsequent events

- Insurance coverage in Colombia continues to be a catalyst for growth, with more than 7,500 prescriptions filled in Q1 2021 and over 19,000 prescriptions filled to date. With continued month-over-month growth, Q2 2021 continues to build on the achievements of Q1 2021.
- Insurance coverage continues to improve patient access to medical cannabis, with the percentage of prescriptions issued and covered by insurance increasing from over 40% in Q4 2020 to over 60% in Q1 2021.
- Returning medical cannabis patients in Colombia reached nearly 50% in Q1 2021, as compared to approximately 20% in Q3 2020, providing a more stable Medical

Cannabis revenue base.

- Khiron real-world evidence is improving physician engagement, patient outcomes and strategic decision-making.
- Initial analysis of Khiron medical cannabis patient data for various neuropathic conditions shows a significant reduction in the intake of other medications (including opioids), improved quality of life, and material annual savings. Khiron's patient data continues to mount and will provide real-world evidence for pharmacoeconomic studies intended to support the Company's goal of reaching more patients.
- Following the initial success of its Medellin satellite clinic, the Company opened five additional satellite clinics in Colombia in 2021, for a total of nine clinics including the three health centres in Bogota and six satellite clinics across the country.
- Khiron recently partnered with the Colombia Cancer League to deliver an additional 3,000 medical cannabis patient consultations during the month of June, in collaboration with 21 leading medical institutions in 11 cities throughout Colombia.
- Q1 2021 medical cannabis sales in Peru increased by over 175% compared to sales in 2020 (which began late in Q3 2020). Given the positive reception to Khiron products in Peru, the Company expects to open its first international Zerenia™ satellite clinic in Peru in the coming weeks.
- The Company plans to deploy its Zerenia™ medical cannabis clinic and telehealth strategy in Mexico and Brazil, building on the success of its vertical integration strategy in Colombia.
- In March 2021, the Company successfully exported its Colombian-registered cannabis strains, in the form of live clones, from Colombia to Europe.
- In March 2021, Khiron commenced sales in Germany with the successful delivery of EU-GMP medical cannabis products. Khiron 1/14 (High CBD flower) has been used to treat indications such as anxiety, substance-use disorder and migraines.
- The Company continues to advance its operations in the UK. In April 2021, the Company introduced Khiron 1/14 (High CBD flower) in addition to 5-gram jars of flower products. In addition, the Company's medical cannabis e-learning certification, Khiron Academy, recently received accreditation for Continuing Professional Development credits in the UK.

### **Discussion of Operations for the Three Months Ending March 31, 2021**

During the first quarter of 2021, the Company reported record revenues of \$2.8 million, a 49% increase as compared to Q1 2020 due to normalized clinic operations and the growth of medical cannabis sales. Relative to Q4 2020, first quarter revenues increased 13% due to a 141% increase in Medical Cannabis Product sales, which reached \$563,000 in the quarter, as the Company benefited from medical cannabis insurance coverage in its core market of Colombia.

At \$1.1 million, or 38% of revenues, the Company achieved record gross profits due to increasing Medical Cannabis Product sales and margin improvements within the Health Services segment. Notably, Medical Cannabis margins remained high at 90% of revenues, while Health Service margins increased to 26% of revenues in Q1 2021, from 7% in Q4 2020.

In Q1 2021, the Company incurred lower general and administrative costs as compared to Q1 2020 due cost cutting measures implemented in the second quarter of 2020 and the devaluation of the Colombian peso. Overall, the Company recorded a net loss of \$5.5

million in Q1 2021, which compares to a net loss of \$9.2 million in Q1 2020 and \$2.4 million in Q4 2020. Adjusted EBITDA losses of \$4.0 million compared to losses of \$5.9 million in Q1 2020 due to ongoing cost management initiatives and improved sales and margins.

### **Management Commentary**

"Q1 was a record quarter for the company, in terms of both revenues and gross profits, driven by strong results in our Medical Cannabis segment, which achieved another quarter of more than 100% growth. Insurance coverage for medical cannabis in Colombia continues to have a positive impact, providing greater revenue stability as returning patients reached 50% of medical cannabis patient volumes in Q1. I am also happy to report that our gross profits were well above Q4 2020, driven by strong clinic performance and growth from our vertical integrated medical cannabis strategy. As of April, prescriptions in Colombia were already equal to 44% of those filled in Q1, positioning us for another record quarter in Q2," comments Alvaro Torres, Chief Executive Officer and Director of the Company.

"In Europe, our world-class team continues to execute, recently delivering first sales in Germany and a strategic partnership with Cellen Therapeutics, a leader in digital healthcare in the UK and fellow founding member of Project Twenty21. We also received UK CPD accreditation for our global medical cannabis education platform, Khiron Academy, and imported the first ever live cannabis clones from Colombia to Europe. Collectively, these achievements will help us deliver on our mission of improving patients' lives by increasing access to medical cannabis products both at home and abroad," continued Alvaro Torres.

### **Webcast Details**

Khiron invites individual and institutional investors, as well as advisors and analysts, to attend a webcast and Q&A to discuss the Company's Q1 2021 financial statements and further activities.

**DATE:** May 28, 2021

**TIME:** 10:00am ET/7:00am PT

**PRESENTERS:** Alvaro Torres, Khiron Chief Executive Officer and Director, Joel Friedman, Khiron Chief Financial Officer, and Chris Naprawa, Chairman of Khiron's Board of Directors

**FORMAT:** Live 30 minutes presentation & Q&A session

**REGISTER LINK:**

<https://event.on24.com/wcc/r/3196006/0652A31C731C234FE0C2F998FCEBFFEB>

### **About Khiron Life Sciences Corp.**

Khiron is a vertically integrated medical and CPG cannabis company with core operations in Latin America, and operational activity in Europe and North America. Khiron is the leading medical cannabis provider in Colombia and the first company licensed in Colombia for the cultivation, production, domestic distribution and sales, and international export of both low and high THC medical cannabis products. The Company has filled medical cannabis prescriptions in Colombia, Peru, Germany and the United Kingdom, and is positioned to commence sales in Mexico and Brazil in 2021.

Leveraging wholly-owned medical clinics and proprietary telemedicine platforms, Khiron combines a patient-oriented approach, physician education programs, scientific expertise, product innovation, and agricultural infrastructure to drive prescriptions and brand loyalty. Its Wellbeing unit launched the first branded CBD skincare brand in Colombia, with Kuida™ now marketed in multiple jurisdictions in Latin America, the US and United Kingdom. The

Company is led by Co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced and diverse executive team and Board of Directors.

Visit Khiron online at [investors.khiron.ca](http://investors.khiron.ca) and on Instagram @khironlife.

Cautionary Notes

### **Forward-Looking Statements**

This press release may contain certain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation. All information contained herein that is not historical in nature may constitute forward-looking information. Khiron undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of Khiron, its securities, or financial or operating results (as applicable). Although Khiron believes that the expectations reflected in forward-looking statements in this press release are reasonable, such forward-looking statement has been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond Khiron's control, including the risk factors discussed in Khiron's Annual Information Form which is available on Khiron's SEDAR profile at [www.sedar.com](http://www.sedar.com). The forward-looking information contained in this press release is expressly qualified by this cautionary statement and is made as of the date hereof. Khiron disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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