

August 23, 2021



Khiron Reports Q2 Results, 47% QoQ Increase in Medical Cannabis Revenues Driven by Colombia and Germany

- Q2 2021 revenues of \$2.8 million, up 68% YoY
- Medical cannabis revenues reach \$825,500, up 47% sequentially, with sales in Colombia, Germany, UK, and Peru contributing to gross medical cannabis profit margin of 88%
- European medical cannabis sales growth of 280% sequentially, representing over 25% of total medical cannabis revenues
- Medical cannabis expected to become dominant revenue stream, with monthly revenues forecast to increase to over \$1 million by Q1 2022, on top of expected \$1 million in health services
- \$9.4 million in cash as of June 30, 2021, a decrease of \$3.2 million from March 31st 2021, and proforma Q2 2021 cash balance of \$20.6 million, including estimated net proceeds from the Company's July 2021 offering

TORONTO, Aug. 23, 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, today announces its financial results for the quarter ended June 30, 2021. These filings are available for review on the Company's SEDAR profile at 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 Jun 30 2021	3 Months ended Jun 30 2020	3 Months ended Mar 31 2021
<i>Canadian dollars</i>			
	\$	\$	\$
Revenues ('000s)	2,803	1,670	2,837
Medical Cannabis	826	25	563
Gross profit before fair value adjustments ('000s)	1,046	319	1,090
General and administrative costs ('000s)	4,428	4,531	5,592
Net loss ('000s)	(4,796)	(5,713)	(5,494)
Adjusted EBITDA ⁽¹⁾ ('000s)	(3,850)	(3,855)	(4,019)
Net loss per share (basic and diluted)	(0.03)	(0.05)	(0.04)
Weighted average shares outstanding ('000s)	151,027	116,546	150,718

(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.

Key Operating Statistics

	3 Months ended Jun 30 2021	3 Months ended Jun 30 2020	3 Months ended Mar 31 2021
Medical Cannabis			
Revenue generating countries (#)	4	1	4
Latin America (Units)	11,058	380	7,969
Europe (Grams)	42,890	N/A	11,080

Health Services			
Patient interactions (#)	32,984	19,151	32,331
Wellness			
Units (#)	3173	3,064	2,758

Management Commentary

"In Q2, we continued to achieve strong results within our Medical Cannabis segment, reporting 47% sequential growth and margins of over 85% for the fourth consecutive quarter. With revenues increasing across all markets, our medical cannabis segment contributed 29% of revenues and 70% of gross profits, showcasing how our medical cannabis business can fundamentally shift margin profiles as revenues increase," comments Alvaro Torres, Chief Executive Officer and Director of the Company.

Mr. Torres continues, "In Q2 and subsequently, we achieved a number of very significant milestones. With the start of sales in Brazil in July, our sales presence has expanded to five of our six target markets. In addition, we are making strides toward launching our Zerenia™ clinics in Mexico this year, and recently expedited our entry into Mexico by several months with the receipt of a high-THC extract export quota from Colombia. We continue to expand patient access within our core markets, partnering with the Colombia Cancer League and 21 leading medical institutions to deliver 3,000 medical cannabis consultations at no cost to patients. In June, we also opened our first clinic outside of Colombia in Lima, Peru, which is expected to have a positive impact on prescription volumes going forward. Finally, in Europe we expanded our product offerings in both the UK and Germany, and delivered our largest shipment to date, resulting in a significant revenue contribution from Europe during the second quarter."

"With these milestones behind us, we expect to increase sales of medical cannabis products across all markets over the coming 12 months. As we continue to expand our clinic and patient networks, partnerships with insurance providers, and distribution channels, we anticipate that global medical cannabis revenues will reach \$1 million per month by Q1 2022. In addition, we anticipate that revenues from Health Services will stabilize at \$1 million per month, consistent with levels achieved in March 2021," continued Alvaro Torres.

Q2 2021 operating highlights and subsequent events

- Medical cannabis revenues increased 47% from the prior quarter, reaching over \$825,000; in total, medical cannabis products contributed 29% of total revenues and 70% of gross profits.
- Driven by growth in medical cannabis, the Company achieved a gross profit margin (before fair market value adjustments) of 37%, or \$1.0 million, reflecting a 228% improvement over the prior year.

Latin America

- Insurance coverage in Colombia continues to be a catalyst for growth, with more than 10,600 prescriptions filled in Q2 2021, a 40% increase from Q1 2021. The percentage of prescriptions issued in Colombia and covered by insurance also increased from over 40% in Q4 2020 to over 50% in Q2 2021.
- Returning medical cannabis patients in Colombia reached nearly 50% in Q2 2021,

providing a more stable Medical Cannabis revenue base.

- With more than 24,000 prescriptions filled year-to-date in Latin America and continued month-over-month growth, Q3 2021 continues to build on Q2 2021 levels.
- In June 2021, the Company opened its first Zerenia™ clinic outside of Colombia, in Lima, Peru, a city of over 10 million and home to a third of the country.
- In June 2021, Khiron was awarded high-THC medical cannabis quotas for exports to Mexico from Colombia.
- In July 2021, Khiron successfully exported medical cannabis into Brazil under an import authorization from the Brazilian health authority, ANVISA. Also, Dr. Eduardo Faveret was appointed Medical Director for Khiron Brazil, positioning the Company to expand its Zerenia™ clinics in key cities in Brazil.
- 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.

Europe

- Q2 2021 sales in the UK and Germany increased significantly, up 475% and 265%, respectively, from the prior quarter, driven by expanded medical cannabis products lines and increased product availability. As a result, Europe accounted for over 25% of Q2 medical cannabis sales.
- In the UK, the Company's medical cannabis e-learning certification, Khiron Academy, received accreditation for Continuing Professional Development credits in the UK.
- In Q2 2021, the Company recorded gross profits for European medical cannabis of \$214,573, representing a gross margin of 100% thanks to our business strategy in that region

Discussion of Operations for the Three Months Ending June 30, 2021

During the second quarter of 2021, the Company reported revenues of \$2.8 million, a 68% increase as compared to Q2 2020 due to normalized clinic operations and the growth of medical cannabis sales. Relative to Q1 2021, second quarter revenues were relatively consistent as a result of a 13% decline in Health Services revenues, offset by a 47% increase in Medical Cannabis Product sales, which reached \$825,500 in the quarter, as the Company benefited from significant growth in Europe and a growing patient base in Colombia. While health services were impacted by rising COVID-19 cases and foreign exchange rates during the quarter, clinic revenues are expected to stabilize at \$1 million per month, consistent with March 2021 levels.

At \$1.0 million, or 37% of revenues, the Company's gross profits benefited from increasing Medical Cannabis Product sales, which offset margin compression within Health Services. Medical cannabis margins remained high at 88% of revenues, while health service margins decreased quarter-over-quarter to 15% of revenues, as a result of geo-political events and a surge of COVID-19 cases in Colombia which impacted clinic volumes and service mix. Q2 2021 health services margins were consistent with prior year levels.

Overall, the Company recorded a net loss of \$4.8 million in the second quarter, which compares to a net loss of \$5.7 million in the prior year and \$5.5 million in the prior quarter. Adjusted EBITDA losses for Q2 2021 were \$3.9 million, compared to the prior quarter loss of \$4.0 million and prior year loss of \$3.9 million.

The Company reported \$9.4 million in cash as of June 30, 2021, compared to \$12.5 million in cash at the end of Q1 2021 and \$21.6 million in cash at the end of 2020. On a proforma basis, the Company's Q2 2021 cash balance was \$20.6 million, including estimated net proceeds from the Company's July offering.

Webcast Details

Khiron invites individual and institutional investors, as well as advisors and analysts, to attend the Company's Second Quarter 2021 Conference Call, followed by a Q&A session.

DATE: August 23, 2021

TIME: 10:00am ET/7:00am PT/4:00pm CET

PRESENTERS: Alvaro Torres, Khiron Chief Executive Officer and Director, Joel Friedman, Khiron Chief Financial Officer, Franziska Katterbach, President Khiron Europe and Chris Naprawa, Chairman of Khiron Board of Directors

FORMAT: Live 60-minute presentation & Q&A session

REGISTER LINK:

<https://event.on24.com/wcc/r/3368735/FAE8C9703BB105D1B088594F064C2FCD>

About Khiron Life Sciences Corp.

Khiron is a leading vertically integrated medical cannabis company with core operations in Latin America and Europe. Leveraging wholly-owned medical health centres 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 with patients worldwide. The Company has a sales presence in Colombia, Peru, Germany, UK, and Brazil and is positioned to commence sales in Mexico in 2021. 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 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. 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.

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 press release.

Investor Contact:

Paola Ricardo

E: investors@khiron.ca

T: +1 (647) 556-5750

Media Contact:

Elsa Navarro

Vice President, Communications

E: enavarro@khiron.ca

Khiron Europe:

Franziska Katterbach, President

E: fkatterbach@khiron.ca

View original content to download multimedia <https://www.prnewswire.com/news-releases/khiron-reports-q2-results-47-qoq-increase-in-medical-cannabis-revenues-driven-by-colombia-and-germany-301360337.html>

SOURCE Khiron Life Sciences Corp.