

May 31, 2022



# Khiron Life Sciences Reports First Quarter 2022 Financial Results with Record Revenue in Medical Cannabis

- The Corporation recorded revenues of \$4.6 million in Q1 2022, a 65% increase from Q1 2021, and a 28% increase from Q4 2021
- Record revenue in medical cannabis of over \$2.6 million in Q1 2022, a 470% increase from the prior year and 32% increase from Q4 2021
- Gross profit before fair value adjustments grew to \$2.1 million, up 96% from Q1 2021, driven primarily by its 75% gross margin medical cannabis business, compared to 49% in Q4 2021.
- In Q1 2022, Europe (the UK and Germany) represented 53% of all medical cannabis revenue, compared to 10% in Q1 2021.
- The net change in cash and cash equivalents of -\$3.3 million, compared to -\$8.6 million in Q1 2021, ending Q1 2022 with \$5.1 million in cash

TORONTO, May 31, 2022 /CNW/ - Khiron Life Sciences Corp. ("Khiron" or the "Corporation") (TSXV: KHRN) (OTCQX: KHRNF) (Frankfurt: A2JMZC), a global leader in medical cannabis throughout Latin America and Europe, announced today its financial results for the quarter ended March 31, 2022, reporting record revenue in the medical cannabis business. These filings are available for review on the Corporation'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:

<i>Canadian dollars ('000s)</i>	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>3 Months Ended</b>
	<b>March 31 2022</b>	<b>March 31 2021</b>	<b>Dec 31 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	4,643	2,836	3,636
Medical Cannabis	2,650	563	2,011
Gross profit before fair value adjustments	2,137	1,090	1,083
Gross profit from Medical Cannabis before FV	1,973	505	1,068
General and administrative costs	5,550	6,313	5,304
Net loss	(5,412)	(5,494)	(19,969)
Adjusted EBITDA <sup>(1)</sup>	(3,057)	(4,019)	(5,649)
Net loss per share (basic and diluted)	(0.03)	(0.04)	(0.11)
Net cash used in operating activities	(2,803)	(8,195)	(5,166)
Weighted average shares outstanding	179,395	150,718	179,144

(1) Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization or in this case loss) does not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and is therefore unlikely to be comparable to similar measures presented by other issuers. The Corporation calculates Adjusted EBITA 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. Please refer to the section entitled "Non-IFRS Financial Measures" in this press release.

## Q1 2022 operating highlights and subsequent events:

- Khiron's unique patient-focused medical cannabis segment posted 7th quarter of

consecutive revenue growth in Q1 2022, and now represents 57% of the Corporation's revenue and 92% of its total gross profits. In the month of March 2022, Khiron had surpassed \$1 million in monthly revenues in medical cannabis alone.

- Khiron's unique business model is already beginning to yield positive financial results during Q1 2022. ILANS SAS (Khiron's health service business in Colombia) has been instrumental in driving higher gross margin medical cannabis and clinical services.
- Both Khiron's European expansion and continued growth in Colombia, is driving the medical cannabis segment growth in Q1 2022. In Q1 2022, Khiron surpassed \$1 million in medical cannabis revenues in the United Kingdom.
- In Colombia, Khiron continues to be a market leader in medical cannabis with its unique vertically integrated approach and leverage of insurance coverage on its clinics. Over 82% of sales were sold through insurance coverage, and over 84% of the sales were sold to returning patients, who are now purchasing up to 1.8 bottles per month.
- At the end of Q1 2022, the Corporation had \$37.6 million in total assets (excluding goodwill), with more than \$9.4 million in land and buildings, high-quality medical cannabis inventory of \$8.1 million, healthy Accounts Receivables with credit-worthy clients in Colombia and Europe of \$4.4 million and \$0.8 million in financial debt.
- The Corporation's cash used in operating activities for Q1 2022 was \$2.8 million, compared to -\$8.2 million in Q1 2021 and approximately -\$5.4 million in Q4 2021, resulting in net cash of \$5.1 million at the end of Q1 2022. This is a result of actively managing the working capital cycle, improving collection times for the Corporation's Accounts Receivable, and extending payment terms on its Accounts Payables while reducing overall general and administrative costs and increasing its high gross margin medical cannabis business.

### **Management commentary:**

Alvaro Torres, Khiron CEO and Director, comments, "Khiron is the top-selling medical cannabis brand in Latin America and one of the top-selling brands in the United Kingdom. Our unique approach will continue to generate double-digit revenue and gross profits quarter over quarter in markets poised to become significant in the coming years. Our focus is to leverage the infrastructure we have built to continue driving sales in our target markets while maintaining discipline in our expenses so we can achieve profitability in the near future, and then continue to look for more growth opportunities in Latin America and Europe."

Mr. Torres added, "The results of Q1 2022 continue to showcase the success of Khiron's global expansion and the Corporation's unique "patient-first" strategy.

### **Webcast Details:**

Khiron invites individual and institutional investors, as well as advisors and analysts, to attend the Corporation's First Quarter 2022 Conference Call, followed by a Q&A session.

DATE: Tuesday, May 31th, 2022

TIME: 10:00am ET

PRESENTERS: Alvaro Torres, Khiron Chief Executive Officer and Director, Swapan Kakumanu, Khiron Chief Financial Officer, and Franziska Katterbach, President of Khiron Europe.

FORMAT: Live 45 minute presentation & Q&A session

REGISTER LINK: [https://us02web.zoom.us/join/register/WN\\_VVgAryILSI-W9at7iftkCQ](https://us02web.zoom.us/join/register/WN_VVgAryILSI-W9at7iftkCQ)

## About Khiron Life Sciences Corp.

Khiron is a leading vertically integrated international medical cannabis corporation with core operations in Latin America and Europe. Leveraging medical health clinics and proprietary telemedicine platforms, Khiron combines a patient-oriented approach, physician education programs, scientific, product innovation, and cannabis operations expertise to drive prescriptions and brand loyalty with patients worldwide. The Corporation has a sales presence in Colombia, Peru, Germany, United Kingdom, and Brazil and is positioned to commence sales in Mexico. The Corporation 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 <https://investors.khiron.ca>.

Linkedin <https://www.linkedin.com/company/khiron-life-sciences-corp/>

## Non-IFRS Financial Measures

This press release includes references to Adjusted EBITDA, which is a financial measure that does not have a standardized meaning prescribed by IFRS. Adjusted EBITDA is 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. Adjusted EBITDA provides an indication of the results generated by the Corporation's principal business activities prior to how these activities and assets are financed (including mark-to-market movements of the warrant value), depreciated and amortized or how the results are taxed in various jurisdictions, impairment of property, plant, and equipment, impairment of intangible assets, changes in fair value of inventory, unrealized changes in fair value of biological assets, prior to the effect of foreign exchange, other income and expenses, and non-cash share-based payment expense. The term Adjusted EBITDA does not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers. The Corporation believes Adjusted EBITDA not only provides management with comparable financial data for internal financial analysis but also provides meaningful supplemental information to investors. In particular, management believes that this financial measure can provide information useful to its shareholders in understanding the performance of the Corporation and may assist in the evaluation of its business relative to that of its peers. Investors are cautioned that this non-IFRS measure should not be considered in isolation or construed as an alternative to the measurements of performance calculated in accordance with IFRS as, given the non-standardized meaning, it may not be comparable to similar measures presented by other issuers. Existing Adjusted EBITDA is not necessarily predictive of the Corporation's future performance or the Adjusted EBITDA of the Corporation as at any future date.

## Calculation and Reconciliation of Adjusted EBITDA

The following table provides a reconciliation of net loss to Adjusted EBITDA.

For the three months ending March 31		
(\$ Cdn thousands)	2022	2021
Net loss before tax	(5,412)	(5,494)

Add back (deduct):

Interest expense	155	95
Taxes	(6)	(7)
Depreciation and amortization	596	298
Net fair value adjustment on biological assets and cannabis product sales	642	(471)
Impairment on other items	3	
Share-based compensation	309	721
Amortization of signing bonus	-	839
Unrealized gain on warrants	686	-
	<b>(3,057)</b>	<b>(4,019)</b>

## Cautionary Statement Regarding Forward-Looking Statements

This press release may contain "forward-looking information" within the meaning of applicable securities legislation. All information contained herein that is not historical in nature constitutes forward-looking information. Forward-looking information contained in this news release include, without limitation, statements pertaining to the Corporation's business plans and goals, including its goal of achieving profitability in the near future and improving revenue collections, reducing cash outflows, and leveraging the Corporation's assets to generate more working capital. Forward-looking information and statements contained in this news release reflect management's current beliefs and is based on information currently available and on assumptions that management believes to be reasonable. These assumptions include, but are not limited to, assumptions regarding the future regulatory developments and economic conditions, the Corporation's ability to continue its growth and reduce costs.

Although management believes that its expectations and assumptions to be reasonable, forward-looking information is always subject to known and unknown risks, uncertainties and other factors, many of which are beyond the control of management, that may cause actual results to differ materially from those expressed or implied in such forward-looking information. Such risks and uncertainties include but are not limited to the following: risks relating to general economic conditions and capital markets; risks relating to the availability of financing on satisfactory terms; risks relating to the COVID-19 pandemic or other health crises; risks relating to regulatory, legislative, competitive and political conditions; as well as those other risk factors discussed in Khiron's most recent annual information form which is available on Khiron's SEDAR profile at [www.sedar.com](http://www.sedar.com).

As a result of the foregoing and other risks and uncertainties, readers are cautioned not to place undue reliance on forward-looking information contained in this press release. Readers are further cautioned that the foregoing risks and uncertainties is not exhaustive, and there may be other risks and uncertainties, presently unknown to management of the Corporation, that may cause actual results to differ materially from those expressed or implied in forward-looking statements contained in this press release. The forward-looking information contained in this press release is expressly qualified by this cautionary statement. Khiron disclaims any intention to update or revise any forward-looking information disclosed herein, whether as a result of new information, future events or otherwise, except as required by law.

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SOURCE Khiron Life Sciences Corp.