

# PharmaCielo Announces Financial Results for the First Quarter Ended March 31, 2021

- *Recurring orders during Q1 2021 supported 31% Revenue growth compared to Q1 2020.*
- *Strong first quarter growth in demand for PharmaCielo's products, demonstrated by increased volume and repeat sales of CBD isolate and more complex products such as Broad-Spectrum Distillate.*
- *Continued growth in interest from potential customers in initiating GMP/EU GMP compliance audits, which the Company sees as one indicator of future demand.*
- *Targeted efficiency initiatives and streamlined organizational model resulted in a 17% reduction in total SG&A<sup>1</sup> expenses compared to Q1 2020.*
- *Ian D. Atacan to become CFO of PharmaCielo on June 7, 2021*

*.All figures are in Canadian dollars (\$) unless otherwise specified*

TORONTO, Canada and RIONEGRO, Colombia, May 31, 2021 /CNW/ - **PharmaCielo Ltd.** ("PharmaCielo" or the "Company") (TSXV: PCLO), (OTCQX: PCLOF), the Canadian parent of Colombia's premier cultivator and producer of medicinal-grade cannabis extracts, PharmaCielo Colombia Holdings S.A.S., today announced financial results for the first quarter ended March 31, 2021.

## Management Commentary

"Our results for Q1 2021 demonstrate the positive impact of both our refocused commercial model, and streamlined organizational model, which together resulted in Revenue growth of 31% and a 17% decrease in SG&A<sup>1</sup> compared to Q1 2020," said **Henning von Koss, Chief Executive Officer of PharmaCielo**. "Our sales pipeline continued to expand through Q1; specifically supported by recurring orders from existing customers, and we are better positioned than ever to execute on our growing sales pipeline. Marcelo Durante, who joined as Global Head of Business Development and Sales earlier this month, hit the ground running and is building his team with a focus on both closing late-stage opportunities, and gaining access to more and better B2B<sup>2</sup> opportunities globally. While we are still early in our growth curve, PharmaCielo is positioned to continue steadily building its revenue base, while leveraging higher volume more effectively through a more efficient cost structure. I look forward to continuing to update you as we progress our plans through the remainder of the year."

## Summary Financial Information

	Three months ended		
	March 31, 2021	March 31, 2020	December 31, 2020
Revenue	\$675,264	\$514,409	\$881,054
Adjusted EBITDA (loss)	(\$3,299,461)	(\$3,548,777)	(\$5,828,291)
Net income (loss)	(\$6,542,056)	(\$6,317,998)	(\$19,901,383)
Basic and diluted (loss) per common share	(\$0.05)	(\$0.06)	(\$0.16)

- "All-in" operating cost to produce dried cannabis of \$0.05 per gram for the three months ended March 31, 2021, compared to \$0.03 per gram for the same period in 2020.
- The Company had cash and cash equivalents of \$4.0 million at March 31, 2021, compared to \$8.9 million at December 31, 2020. The Company closed an overnight marketed equity offering by means of prospectus for gross proceeds of \$13.5 million on April 7, 2021, after the end of Q1.

## Non-IFRS Financial Measures

*Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization):*

The term Adjusted EBITDA does not have any standardized meaning under IFRS. Therefore, it may not be comparable to similar measures presented by other companies. The following table provides a reconciliation of net loss to adjusted EBITDA:

In CAD (000's)

	Three months ended		
	March 31, 2021	March 31, 2020	December 31, 2020
Net income (loss) for the period	(\$6,542)	(\$6,318)	(\$19,901)
Add Back:			
Amortization of PP&E and intangibles <sup>3</sup>	378	434	361
Amortization expense included in production costs	130	130	130
EBITDA	(\$6,034)	(\$5,755)	(\$19,411)
Adjustments:			
Share based payments	1,809	1,716	4,269
Non-recurring expenses	651	-	-
Non-recurring professional fees	275	490	9,314
Adjusted EBITDA	(\$3,299)	(\$3,549)	(\$5,828)

## About PharmaCielo

[PharmaCielo Ltd.](#) (TSXV: PCLO, OTCQX: PCLOF) is a global company, headquartered in Canada, with a focus on ethical and sustainable processing and supplying of all natural, medicinal-grade cannabis oil extracts and related products to large channel distributors. PharmaCielo's principal (and wholly owned) subsidiary is PharmaCielo Colombia Holdings S.A.S., headquartered at its cultivation and processing centre located in Rionegro, Colombia.

The board of directors and executive team of PharmaCielo are comprised of a diversely talented group of international business executives and specialists with relevant and varied expertise. PharmaCielo recognized the significant role that Colombia's ideal location plays in building a sustainable business in the medical cannabis industry, and the Company, together with its directors and executives, is executing on a business plan focused on supplying the international marketplace.

## Forward-Looking Statements:

*This news release contains certain "forward-looking information" and "forward-looking statements" (collectively referred to as "forward-looking statements"). These forward-looking statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. Forward-looking statements in this news release include, but may not be limited to, statements about: the future execution on the Company's growing sales pipeline; the building-out of the Company's global sales organization; the ability of the Company to close on sales opportunities; the Company's ability to gain access to more and better B2B sales opportunities; the ability of the Company to continue building its revenue base; the ability of the Company to leverage higher volumes more effectively through a more efficient cost structure; and the ability of the Company to continue progressing its plans through the remainder of the year. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.*

*Forward-looking statements are based on management's assumptions at the date the forward-*

looking statements are provided, including assumptions regarding: the Company's ability to execute its business plan, including the growth of its global sales team, as currently contemplated; the Company's ability to obtain necessary governmental, regulatory, and TSXV approvals for the export of its products from Colombia and import of its products into other countries; there being sufficient demand for the Company's products; that the Company's development plans will not change as a result of unforeseen events; that the Company's business generally and shipping logistics are not disrupted by COVID 19 or other factors; that the Company will be able to maintain its customer contracts in good standing; that the Company will be able to obtain GMP and EU-GMP certification for the Company's Processing and Extraction Center ("PEC"); that potential customers will be satisfied with the results of audit processes; that any changes to Colombian cannabis legislation will not negatively impact the Company's business; that the Company will be able to locate and retain necessary personnel to achieve its business goals; the Company's ability to maintain its distribution contracts in good standing; and the accuracy of the Company's projections regarding the market for cannabinoid products; currency exchange rates; and competition in the Company's markets.

Though management believes that its assumptions are reasonable in the circumstances, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from all or any of the future results, performance or achievements expressed or implied by forward-looking statements. Factors that could cause the Company's actual results, performance, or achievements to differ from the forward-looking statements in this news release include, but may not be limited to the risk that: any of the assumptions referred to above proves not to be valid or reliable, and additional risks described in the Company's Annual Information Form for the year ended December 31, 2019 filed with the Canadian securities regulatory authorities under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Accordingly, readers should not place undue reliance on forward-looking statements.

The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.

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

<sup>1</sup> Selling, General & Administrative expenses
<sup>2</sup> Business-to-business
<sup>3</sup> PP&E= Property, Plant & Equipment

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