

## PharmaCielo Announces Q2-2021 Financial Results and Appointment of Bill Petron as CEO

- On track for Revenue growth in the back half of fiscal 2021, as recently signed sales agreements translate into higher volumes. Generated early revenue from more than ten countries in the quarter.
- Bill Petron, the Company's Chairman and a global operations and cannabis veteran, has been appointed Chief Executive Officer of PharmaCielo.
- Most recently, Mr. Petron co-founded Alternative Medical Enterprises LLC, and co-led the company through its December 2020 merger with Verano Holdings LLC.

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

**TORONTO, Canada and RIONEGRO, Colombia** (August 20, 2021) – **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 second quarter ended June 30, 2021. The Company also announced that The Company's Chairman, Bill Petron, has been appointed Chief Executive Officer (“**CEO**”) of PharmaCielo, effective today. Henning von Koss has stepped down as CEO and as a director of the Company.

### Summary Financial Information

During the first six months of 2021, PharmaCielo focused on growing and diversifying its customer base and geographic exposure. While the Company is still in the early stages of its commercial revenue growth, with quarter-to-quarter fluctuations to be expected, PharmaCielo has successfully diversified its client mix both by geography and by position in the value chain. During Q2-2021, the Company sold product to 11 countries compared to only two in the same period of 2020. In addition, PharmaCielo generated higher monthly recurring sales during the first six months of 2021, compared to the same period in 2020.

	For the six months ended June 30	
	2021	2020
Revenue	<b>\$1.121 million</b>	\$1.746 million
Adjusted EBITDA*	<b>(\$7.832) million</b>	(\$7.562) million
Net loss	<b>(\$13.766) million</b>	(\$14.038) million
Basic and diluted loss per common share	<b>(\$0.10)</b>	(\$0.14)

- The Company expects revenue growth to accelerate in the second half of 2021 as sales agreements and initial commercial sales translate into higher recurring revenue and the shipment of additional value-added products beyond CBD isolate, with better margin profiles.
- All-in operating cost\* to produce dried cannabis of \$0.04 per gram for the six months ended June 30, 2021 (2020 - \$0.04).

- The Company had cash and cash equivalents of \$11.0 million at June 30, 2021, compared to \$8.9 million at December 31, 2020. The Company closed an overnight marketed equity offering by means of a prospectus for gross proceeds of \$13.5 million on April 7, 2021.
- For further detailed information and analysis, please see the financial statements and management’s discussion and analysis for the period ending June 30, 2021, as posted at [sedar.com](http://sedar.com) and [pharmacielo.com](http://pharmacielo.com)

### **\*Non-IFRS Financial Measures**

The discussion of financial results in this press release includes references to “Adjusted EBITDA”, (*earnings before interest, taxes, depreciation and amortization*) and “All-in operating cost”, which are non-IFRS performance measures. The Company presents these measures to provide additional information regarding the Company’s financial results and performance. Please refer to the Company’s MD&A for the three and six-month periods ended June 30, 2021, for a reconciliation of these measures to reported IFRS results.

### **Management Commentary**

**Henning von Koss, outgoing CEO of PharmaCielo**, commented, “While PharmaCielo is still in the early days of its commercial growth, since assuming the President role in early 2020 and as the CEO since December 2020, I have worked with our team to ensure the foundation required to support the Company’s success as a global provider of cannabinoid products and APIs was complete. As I pass the CEO role to Bill, I would like to thank the global PharmaCielo team for all their work over the past several months, as well as the rest of our board and shareholders.”

**Marc Lustig, lead director on PharmaCielo’s board of directors**, commented, “On behalf of the board of directors, I would like to extend our thanks to Henning for his hard work over the past several months, and wish him the best. I am thrilled to welcome Bill Petron to the CEO role. Bill and I recently spent several days on the ground in Rionegro, and were both impressed with the scale and quality of the facilities and the professionalism of the team, which I would suggest are among the absolute best we have ever seen in the global space. As an early investor in Altmed, over the years I have interacted extensively with Bill. He has the vision, the industry depth, and the proven leadership capabilities to fully leverage PharmaCielo’s asset base to create value for shareholders.”

**Bill Petron, Chairman and incoming CEO of PharmaCielo** added, “I am thrilled at the opportunity to lead PharmaCielo as we begin to leverage one of the largest, lowest cost cannabis assets in the world, today. Having seen hundreds of facilities around the world over the past several years, and run several in the U.S. market, I can confidently say that what the Company has built in Rionegro is one of the most impressive vertically integrated complexes I have ever seen, backed by one of the best genetics libraries in the world today. I was even more impressed with the quality and depth of the operating team on the ground. From agricultural propagation all the way through to extraction and sales, the team in Rionegro is engaged and highly qualified, and I look forward to relocating to Colombia to ensure I am right there on the ground with them

as we build this organization.”

**Mr. Petron** added, “The global cannabis supply chain is growing and maturing rapidly and PharmaCielo’s targeted role within that supply chain is unique and of increasing importance. I look forward to realizing the massive potential I see to leverage PharmaCielo’s footprint in Colombia both to create a global leader that the country can be proud of, and to realize the significant value embedded in what PharmaCielo has built, for the benefit of all stakeholders.”

### **Background – Bill Petron**

Bill Petron is a highly respected entrepreneur with a diverse background in manufacturing, logistics and medical cannabis.

In 1999, Mr. Petron founded MSI Integrated Solutions headquartered in Porto Alegre, Brazil. This start-up designed and developed electrical systems for the Latin American commercial off-road vehicle market, supplying companies such as CNH, John Deere, Fiat Powertrain and Mercedes. MSI was sold in 2006 with annual revenues that exceeded \$50 million.

In 2006, Mr. Petron founded Magnus Logistics Solutions Inc. headquartered in Toronto, Ontario. The start-up company managed the North American supply chains for CNH Latin America and Fiat Powertrain Latin America. Magnus supplied over 4,000-part numbers to six production facilities located throughout Brazil.

In 2014, Mr. Petron co-founded Alternative Medical Enterprises LLC (“**Altmed**”) headquartered in Sarasota, Florida. A license was acquired in Phoenix, Arizona and Mr. Petron ran the vertical operations of the company in the state. In December 2020, Altmed merged with Verano Holdings LLC and completed a public offering on the Canadian Securities Exchange in February 2021 with a valuation in excess of \$6.0 billion.

### **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.

### **For further information:**

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**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.*

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