

PharmaCielo Announces Q3-2021 Financial Results

- *Received confirmation of Colombian GMP Certification for Phytotherapeutics manufactured with proprietary PharmaCielo extracts and cultivars.*
- *Currently working toward EU-GMP certification, expected to be achieved in the first half of 2022.*
- *Executing on opportunities to streamline the business – In the three months ended September 30, 2021, the Company reduced its Adjusted EBITDA loss from \$7.2 million to \$4.3 million.*
- *PharmaCielo's upstream and downstream scale and quality uniquely position the Company to be a dominant competitor with current suppliers of psychoactive flower to the EU and other markets. The Colombian government is solidifying the final rules that will govern dried flower export and the Company expects sales to begin in early 2022, growing through the year.*
- *The Company has already ramped-up THC flower production and is prepared to shift this product into the dry flower export market as the government finalizes the rules governing dried flower exports.*

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

TORONTO, Canada and RIONEGRO, Colombia (November 29, 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 third quarter ended September 30, 2021.

Summary of Recent Developments

On August 20, 2021, PharmaCielo announced that Bill Petron, the Company's Chairman and a global operations and cannabis veteran, had been appointed Chief Executive Officer of the Company. Since that time, the Company has received confirmation of Colombian GMP Certification for Phytotherapeutics manufactured with proprietary PharmaCielo extracts and cultivars. Under Mr. Petron's leadership, the Company has been focused on:

- **Strengthening the Company's sales team to support its go-to-market strategy:** PharmaCielo has grown its global business development organization; recruited Technical Business Developers in Europe and appointed a President of Sales, EU., and while the global export market is still in its early days, the team is making promising early progress in developing long-term relationships.
- **Streamlining the business to minimize operating costs:** In the three months ended September 30, 2021, the Company reduced its Adjusted EBITDA loss from \$7.2 million to \$4.3 million. In the nine months ended September 30, 2021, consulting fees and professional fees were lower by 61% and 38%, respectively, compared to the same period in 2020. Since the end of Q3, management has further reduced discretionary expenses to lower the Company's use of cash and ensure a leaner organization with a lower cost base.

- Preparing for the transition to dried flower export in 2022:** With PharmaCielo's upstream and downstream scale and quality, the Company is uniquely positioned to be a solid competitor with psychoactive flower currently being imported into the EU and other markets from Canada and other producing countries. PharmaCielo expects dried flower exports to begin in early 2022 and to grow throughout 2022, as the Colombian government publishes regulations and guidelines to govern these exports. The Company has already ramped-up THC flower production and is prepared to shift this product into the dry flower export market as the government finalizes the rules governing dry flower exports.
- Solidifying the path to EU-GMP certification:** The Company is currently working toward EU-GMP certification of all of its products and has accelerated its efforts. As a result, management expects the Company to achieve certification during the first half of 2022. This will better position PharmaCielo to sign larger, longer term supply agreements with global pharmaceutical and cosmetics customers.
- Re-focusing the Company's product strategy:** With a growing business development organization, and the short-term potential to sell dried flower into several markets globally, management has re-focused PharmaCielo's product strategy to emphasize THC and broad-spectrum products, which are expected to have more sustainable long-term margin profiles than CBD isolate.

Summary Financial Information*

	For the three months ended September 30	
	2021	2020
Revenue	\$485,165	\$25,193
Adjusted EBITDA*	(\$4.308) million	(\$7.232) million
Net loss	(\$8.751) million	(\$9.794) million
Basic and diluted loss per common share	(\$0.06)	(\$0.08)

	For the nine months ended September 30	
	2021	2020
Revenue	\$1.606 million	\$1.773 million
Adjusted EBITDA*	(\$12.247) million	(\$14.719) million
Net loss	(\$22.517) million	(\$23.832) million
Basic and diluted loss per common share	(\$0.16)	(\$0.22)

- The Company had cash and cash equivalents of \$6.0 million at September 30, 2021, compared to \$8.9 million at December 31, 2020.



- For further detailed information and analysis, please see the financial statements and management's discussion and analysis for the period ending September 30, 2021, as posted at [sedar.com](https://www.sedar.com) and [pharmacielo.com](https://www.pharmacielo.com)

Management Commentary

Bill Petron, Chairman and CEO of PharmaCielo commented, "Since I assumed the CEO position in late August, we have re-focused the team from a strategic sales perspective, taken the necessary steps to ensure we are prepared for the opening of dried flower exports, moved to 100% in-house cultivation, made significant progress streamlining the operating cost structure and accelerated our efforts to achieve EU-GMP certification."

Mr. Petron continued, "Having relocated to Colombia to lead this organization, I am even more impressed by our team and facilities than I was on my initial visits to site. PharmaCielo's Rionegro complex is one of the largest, lowest cost cannabis cultivation and processing facilities in the world today, and our team is highly motivated to build PharmaCielo into a global leader. I have been involved in the cannabis industry since its inception in the U.S., and we are reaching a point globally where the supply chains more typical of other CPG industries are going to become not only more common, but necessary, to meet the demand of patients and consumers, and the needs of brand and distribution companies. I expect 2022 to be a pivotal year as we leverage our core assets and with a re-focused strategy and team, build what we expect will be one of the most important B2B companies in the global cannabis supply chain."

*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 nine-month periods ended September 30, 2021, for a reconciliation of these measures to reported IFRS results.

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:

Bill Petron, Chief Executive Officer, PharmaCielo
b.petron@pharmacielo.com

Ian Atacan, Chief Financial Officer, PharmaCielo
+1.416.562.3220 i.atacan@pharmacielo.com

Investor & Media Inquiries:

investors@pharmacielo.com

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. 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.