



PHARMACIELO LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2022**

**(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Pharmacielo Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of PharmaCielo Ltd. (the "Company" or "PharmaCielo") for the three and nine months ended September 30, 2022, and 2021 have been prepared by the management of PharmaCielo, reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have been reviewed by an auditor.

October 28, 2022

"Bill Petron"

William B. Petron
Chairman and Chief Executive Officer

"Ian Atacan"

Ian D. Atacan
Director and Chief Financial Officer

PHARMACIELO LTD.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(unaudited)

	Note Reference	As at September 30, 2022	As at December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		425,837	5,338,371
Trade receivables	3	25,943	277,048
Marketable securities	4	107,000	291,000
Prepaid expenses and other receivables	5	924,654	1,009,436
Inventory and Biological assets	6	2,473,738	2,280,859
Total current assets		3,957,172	9,196,714
Non-current assets			
Property, plant, and equipment	7	22,484,777	25,189,968
Investment in sublease	8	321,149	-
Right-of-use assets	8	41,747	930,485
Investment in joint ventures	19	-	639,643
Long-term Investment	20	301,960	-
Total non-current assets		23,149,633	26,760,096
Total assets		27,106,805	35,956,810
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		6,298,433	7,732,631
Current portion of lease obligations	8	273,177	147,945
RSU obligations	14	25,930	111,780
Current portion of debt	9	401,775	79,330
Current portion of debentures	10	313,822	-
Total current liabilities		7,313,137	8,071,686
Non-current liabilities			
Non-current portion of lease obligations	8	101,090	1,064,506
Non-current portion of debt	9	2,159,342	2,573,652
Non-current portion of debentures	10	8,370,462	4,564,646
Deferred income		-	356,378
Total non-current liabilities		10,630,893	8,559,182
Total liabilities		17,944,030	16,630,868
Shareholders' Equity			
Share capital	11	158,692,360	156,338,336
Shares to be issued	11	560,000	1,955,000
Reserves	12,13,14	36,637,278	35,136,180
Other comprehensive loss		(7,227,166)	(6,205,549)
Deficit		(179,499,697)	(167,898,025)
Total shareholders' equity		9,162,775	19,325,942
Total liabilities and shareholders' equity		27,106,805	35,956,810

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements

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PHARMACIELO LTD.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(unaudited)**

	Note Reference	Three Months Ended		Nine Months Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue:					
Sale of Cannabis derivative products		457,484	464,153	3,734,393	1,550,445
Revenue from Telemedicine services		17,839	21,012	60,897	55,935
Total revenue		475,323	485,165	3,795,290	1,606,380
Cost of goods sold - Cannabis derivative products		574,510	566,541	2,596,708	2,451,306
Cost of goods sold - Telemedicine services		-	869	421	1,315
Cost of goods sold - Inventory impairment		-	577,668	-	1,899,924
Gross (loss) profit before fair value adjustments		(99,187)	(659,913)	1,198,161	(2,746,165)
Realized fair value on inventory sold		-	(26,786)	-	(162,679)
Unrealized loss on fair value of biological assets	6	(206,663)	(662,851)	(566,134)	(843,689)
Gross (loss) profit		(305,850)	(1,349,550)	632,027	(3,752,533)
Operating expenses					
Agricultural operating costs	6	35,408	60,450	114,767	163,421
Selling, general, and administrative expenses					
General and administrative					
Consulting fees		84,026	173,717	287,506	744,039
Office and general		323,164	708,861	1,211,842	1,824,877
Professional fees		227,360	487,406	872,703	2,194,691
Salaries and wages		1,442,610	2,576,686	4,102,687	4,998,941
Travel and accommodation		36,647	33,701	162,803	71,231
Share-based compensation		672,992	2,079,351	1,611,185	5,872,532
Selling, marketing, and promotion		213,952	274,976	871,370	829,319
Amortization and depreciation	7,8	376,734	344,349	1,244,984	1,001,356
Expected credit losses		-	39,555	1,138	133,797
Total selling, general, and administrative expenses		3,377,485	6,718,602	10,366,218	17,670,783
Other (income) expense					
Bank charges		12,185	14,665	45,232	50,434
Interest expense		359,064	112,001	874,263	348,408
Change in unrealized loss on marketable securities		42,000	89,000	184,000	340,000
Exchange loss		61,678	190,081	225,621	59,440
Other non-operating expense (income)		145,028	-	(66,297)	-
Interest income		(357)	(602)	(357)	(2,200)
Amortization of deferred income		-	-	(136,632)	(136,632)
Change in unrealized loss (gain) on Xphyto investment		-	109,666	(219,619)	(1,173)
Realized gain on sale of marketable securities		-	-	-	(35,937)
Share of loss on investment in joint ventures	19	838,425	107,314	846,503	308,086
Total other expense		1,458,023	622,125	1,752,714	930,426
Net loss for the period		(5,176,766)	(8,750,727)	(11,601,672)	(22,517,163)

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements

PHARMACIELO LTD.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(unaudited)**

		Three Months Ended		Nine Months Ended	
	Note Reference	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Other comprehensive loss					
Currency translation adjustment		(629,296)	71,667	(1,021,617)	(2,679,829)
Net comprehensive loss		(5,806,062)	(8,679,060)	(12,623,289)	(25,196,992)
Basic and diluted loss per share	15	(0.03)	(0.06)	(0.08)	(0.16)
Weighted average number of common shares outstanding - basic and diluted		151,205,366	147,809,973	150,466,951	144,568,392

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

PHARMACIELO LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars) (unaudited)

	Note Reference	Number of Common Shares	Share Capital	Shares to be Issued	Reserves	Accumulated other comprehensive loss	Deficit	Total
Balance at December 31, 2020		138,747,660	138,082,419	559,999	31,456,069	(2,583,161)	(141,268,332)	26,246,994
Options exercised	13	870,835	1,250,301	-	(580,264)	-	-	670,037
Warrants exercised	12	983,169	856,742	-	(217,682)	-	-	639,060
Vested RSUs	14	1,830,833	3,847,250	835,001	(4,682,251)	-	-	-
Issued DSUs					2,485,750	-	-	2,485,750
April 2021 issuance	11	6,301,866	13,549,012	-	-	-	-	13,549,012
Issuance costs for April 2021 equity financing			(1,278,352)	-	-	-	-	(1,278,352)
Share-based compensation	11,12,13,14	-	-	-	5,866,009	-	-	5,866,009
Currency translation adjustment for the period		-	-	-	-	(2,679,830)	-	(2,679,830)
Net loss for the period		-	-	-	-	-	(22,517,163)	(22,517,163)
Balance at September 30, 2021		148,734,363	156,307,372	1,395,000	34,327,632	(5,262,991)	(163,785,495)	22,981,518
Balance at December 31, 2021		149,268,163	156,338,336	1,955,000	35,136,180	(6,205,549)	(167,898,025)	19,325,942
Warrants exercised	12	128,000	111,655	-	(28,455)	-	-	83,200
Vested RSUs	14	1,541,667	1,976,666	(1,395,000)	(581,667)	-	-	(1)
Share-based compensation	11,12,13,14	-	-	-	1,697,035	-	-	1,697,035
Warrants issued		-	-	-	414,185	-	-	414,185
Shares issued for debenture interest payment	11	474,058	265,703	-	-	-	-	265,703
Currency translation adjustment for the period		-	-	-	-	(1,021,617)	-	(1,021,617)
Net loss for the period		-	-	-	-	-	(11,601,672)	(11,601,672)
Balance at September 30, 2022		151,411,888	158,692,360	560,000	36,637,278	(7,227,166)	(179,499,697)	9,162,775

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements

PHARMACIELO LTD.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (unaudited)

		Nine Months Ended	
	Note Reference	September 30, 2022	September 30, 2021
Operating Activities			
Net loss		(11,601,672)	(22,517,163)
Items not affecting cash:			
Amortization and depreciation	7,8	1,244,985	980,860
Disposal of property, plant and equipment	7	193,919	-
Expected credit losses		1,138	133,797
Unrealized loss on fair market value of biological assets	6	566,134	843,689
Unrealized gain on fair market value of XPhyto investment		(219,619)	(1,173)
Gain on revaluation of sublease		(250,449)	-
Share of loss on investment in joint ventures	19	639,643	308,086
Amortization of deferred income		(136,632)	(136,632)
Fair value adjustment on sale of inventory	6	-	162,679
Interest expense		463,564	208,180
Non-cash salary expense		-	2,485,750
Share-based compensation		1,611,185	5,872,531
Inventory impairment		-	1,899,924
Exchange gain (loss)		(112,757)	(579,617)
Unrealized loss on marketable securities		184,000	340,000
Remeasurement adjustment- ROU asset	8	1,089,007	-
Remeasurement adjustment- Lease liability	8	(652,900)	-
Realized gain on marketable securities		-	(35,937)
Changes in non-cash working capital items			
Trade receivables	3	253,766	(111,446)
Prepaid expenses and other receivables	5	49,004	498,625
Inventory and biological assets	6	19,580	(2,675,636)
Investment in sublease	8	(321,149)	-
Accounts payable and accrued liabilities		(1,094,184)	(2,577,091)
Net cash and cash equivalents used in operating activities		(8,073,437)	(14,900,574)
Investing Activities			
Investment in joint ventures		-	(540,855)
Exercise warrants held in Xphyto Therapeutics Corp.		-	(750,000)
Long-term Investment	20	(301,960)	-
Proceeds from sale of XPhyto marketable securities		-	777,089
Purchase of property, plant, and equipment	7	(459,460)	(716,882)
Net cash and cash equivalents used in investing activities		(761,420)	(1,230,648)
Financing Activities			
Options and warrants exercised	12,13	83,200	1,309,097
Cash received from debentures	10	4,220,000	-
Cash received from shares issued		-	13,549,012
Share issue costs		-	(1,278,352)
Loan principal payments	9	(151,596)	(41,301)
Lease payments	8	(229,280)	(233,884)
Net cash and cash equivalents provided by financing activities		3,922,323	13,304,572
Net decrease in cash and cash equivalents		(4,912,534)	(2,826,650)
Cash and cash equivalents, beginning of period		5,338,371	8,859,714
Cash and cash equivalents, end of period		425,837	6,033,064

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements

PHARMACIELO LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS

PharmaCielo Ltd. ("PharmaCielo" or the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) on May 30, 2017 under the name "AAJ Capital 1 Corp." Upon completion of its Qualifying Transaction (as such term is defined in Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange ("TSXV") Corporate Finance Manual ("Policy 2.4")) in accordance with the policies of the TSXV on January 15, 2019, the Company changed its name to "PharmaCielo Ltd." The Company carries on business under the name "PharmaCielo Ltd."

On January 18, 2019, PharmaCielo's common shares (the "Common Shares") started trading on the TSXV under the symbol "PCLO". On June 21, 2019, Common Shares started trading on the OTC Markets under the symbol "PCLOF". The head office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

Through the Company's wholly owned subsidiary, PharmaCielo Colombia Holdings S.A.S. ("PharmaCielo Colombia"), the Company is licensed by the Colombian Ministry of Health and Social Protection and the Colombian Ministry of Justice and Law to cultivate, produce, and distribute (domestically and internationally) both THC (tetrahydrocannabinol) and CBD (cannabidiol) medicinal cannabis extracts.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited condensed interim consolidated financial statements of the Company have been prepared under International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS' issued and outstanding as of October 28, 2022, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements follow the same accounting policies and method of computation as the Company's annual audited consolidated financial statements for the year ended December 31, 2021, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Principles of consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Subsidiaries are included in the consolidated financial results of the Company from the date of acquisition up to the date of disposition or loss of control. All intercompany balances and transactions are eliminated upon consolidation in preparing these financial statements.

PHARMACIELO LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at September 30, 2022, the following companies have been included within the unaudited condensed interim consolidated financial statements:

Company	Location	Principal activity
PharmaCielo Ltd.	Toronto, Canada	Parent company
PharmaCielo Holdings Ltd. ⁽¹⁾	Toronto, Canada	Holding company
Ubiquo Telemedicina S.A.S. ⁽²⁾	Medellin, Colombia	Telemedicine software company
PharmaCielo Colombia Holdings S.A.S. ⁽²⁾	Medellin, Colombia	Cultivation and processing company

⁽¹⁾ 100% owned by PharmaCielo Ltd. and controlled and consolidated by the parent company. Any intercompany transactions are eliminated on consolidation

⁽²⁾ 100% owned by PharmaCielo Holdings Ltd.

Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosures.

Judgment is used mainly in determining how a balance or transaction should be recognized in the unaudited condensed interim consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Estimates and judgements made by management in the preparation of these unaudited condensed interim consolidated financial statements are subject to a higher degree of measurement uncertainty due to the impacts of COVID-19.

These unaudited condensed interim consolidated financial statements follow the same significant accounting judgments and estimates as the Company's annual audited consolidated financial statements for the year ended December 31, 2021. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing these unaudited condensed interim consolidated financial statements. Management prepares the unaudited condensed interim consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The assessment of the Company's ability to execute its strategy and finance the operations through achieving positive cash flow from operations or by obtaining additional funding through debt or equity financing involves judgments. Management monitors future cash requirements to assess the Company's ability to realize assets and discharge its liabilities in the normal course of operations.

Management believes that the going concern assumption is appropriate for these unaudited condensed interim consolidated financial statements and that the Company will be able to meet its budgeted administrative and development costs during the upcoming year and beyond when considering the Company's current financial forecast. PharmaCielo continues to enter into strategic agreements and finance offerings to source funds and maintain its operations. The assessment of the appropriateness of the going concern assumption includes significant judgements. From the Company's perspective this includes the assumption that a portion of warrant and option holders will continue to exercise their instruments during the year and also that if the Company were required to limit its variable costs on cultivation and production, it would be able to do so in a short time frame with limited additional restructuring costs.

PHARMACIELO LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company may need to seek further financing in the future to maintain its current level of activity. To date, PharmaCielo has been successful in raising funds to sustain operations. However, there can be no assurance that adequate funding will be available in the future, or under terms favorable to the Company.

Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these unaudited condensed interim consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities.

New, amended and future IFRS pronouncements

The following IFRS standards have been recently issued by the IASB but are not yet effective. The Company has assessed the impact of these new standards and found they do not have a material impact on the financial statements of the Company as at September 30, 2022.

Amendments to IFRS 9: Financial Instruments

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

PHARMACIELO LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

3. TRADE RECEIVABLES

	September 30, 2022	December 31, 2021
For sale of cannabis derivative products	91,481	453,089
For revenue from telemedicine services	9,043	16,206
Expected credit loss	(74,581)	(192,247)
Total trade receivables	\$ 25,943	\$ 277,048

Most of the Company's sales consist of bulk cannabis products sold internationally to various customers. Some of these companies may have been operational for a short period of time and may have limited working capital and have limited credit history. As such, the Company has considered these factors in establishing an expected credit loss. As of September 30, 2022, the Company recorded an expected credit loss of \$74,581 (December 31, 2021- \$192,247).

4. MARKETABLE SECURITIES

	Number of shares	Cost	Unrealized gain / (loss)	Fair value
September 30, 2022				
Khiron Life Sciences Corp. ("Khiron")	100,000	\$ 12,500	\$ (3,000)	\$ 9,500
XPhyto Therapeutics Corp.	250,000	680,000	(582,500)	97,500
Total marketable securities		\$ 692,500	\$ (585,500)	\$ 107,000
December 31, 2021				
Khiron Life Sciences Corp. ("Khiron")	100,000	\$ 12,500	\$ 8,500	\$ 21,000
XPhyto Therapeutics Corp.	250,000	680,000	(410,000)	270,000
		\$ 692,500	\$ (401,500)	\$ 291,000

5. PREPAID EXPENSES AND OTHER RECEIVABLES

	As at September 30, 2022	As at December 31, 2021
Prepaid expenses	815,708	721,296
Other receivables	108,946	288,140
Total prepaid expenses and other receivables	\$ 924,654	\$ 1,009,436

6. INVENTORY AND BIOLOGICAL ASSETS

Inventory

	As at September 30, 2022	As at December 31, 2021
Agricultural supplies and other	97,040	193,897
Work-in-progress	1,611,511	1,267,796
Finished products	765,187	819,166
Closing balance	\$ 2,473,738	\$ 2,280,859

During the three and nine months ended September 30, 2022, inventory recognized as cost of goods sold was \$574,510 and \$2,596,708, respectively (three and nine months ended September 30, 2021 - \$1,170,995 and \$4,513,909, respectively), consisting of realized fair value changes on inventory sold of \$Nil (three and nine months ended September 30, 2021 - \$26,786 and \$162,679, respectively), impairment costs reducing the inventory value to

PHARMACIELO LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

6. INVENTORY AND BIOLOGICAL ASSETS (continued)

its net realizable value of \$Nil (three and nine months ended September 30, 2021 - \$577,668 and \$1,899,924, respectively), and capitalized post-harvest costs expensed during the period as cannabis inventory is sold of \$574,510 and \$2,596,306, respectively (three and nine months ended September 30, 2021 - \$566,541 and \$2,451,306, respectively).

Biological assets

Determination of the fair values of the biological assets requires the Company to make various estimates and assumptions. The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy.

The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions as at September 30, 2022:

- Selling prices – selling prices are based on the Company's expected selling price per kilogram based on selling history, adjusted for current market conditions. A selling price of \$1,480 per kilogram of CBD isolate was used to calculate the biological assets at September 30, 2022 (December 31, 2021 - \$1,233).
- Post-harvest costs – the costs are based on actual processing costs incurred by drying, trimming, extracting, testing and packaging activities incurred in the period, including overhead allocations for these activities. Post-harvest processing costs averaged \$618 per kilogram of CBD isolate (December 31, 2021 - \$1,322).
- The stage of plant growth – the stage of plant growth is estimated by the number of days into the growing stage compared to the estimated growing time for a full harvest. The estimated stage of growth of the cannabis plants as at September 30, 2022 averaged 0% (December 31, 2021 - 49%).
- Expected yield – the expected yield per plant is based on the Company's historical adjusted average yield per plant. Expected yield per plant is 0.74 grams of CBD isolate (December 31, 2021 - 0.63 grams).

As at September 30, 2022, the Company's biological assets consist of cannabis plants. The changes in the fair value of biological assets are as follows:

Carrying amount, December 31, 2021	-
Production costs capitalized	837,807
Changes in fair value less costs to sell due to biological transformation	(566,134)
Transferred to inventory upon harvest	(279,842)
Effect of foreign currency exchange differences	8,169
Balance, September 30, 2022	\$ -

As at September 30, 2022 the biological assets have been valued to be \$Nil (December 31, 2021 - \$Nil), therefore the Company has assessed the sensitivity analysis on selling price, yield and post-harvest costs to be immaterial to disclose.

Net effect of changes in fair value of biological assets and inventory include:

Unrealized change in fair value of biological assets	(566,134)
Realized fair value on inventory sold	-

During the three and nine months ended September 30, 2022, the Company incurred \$35,408 and \$114,767, respectively, in non-capital related agricultural operating costs at the Company's cultivation facility in Colombia (three and nine months ended September 30, 2021 - \$60,450 and \$163,421, respectively).

PHARMACIELO LTD.
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

7. PROPERTY, PLANT AND EQUIPMENT

COST	Land	Construction in progress	Building	Machinery and equipment	Office furniture and fixtures	Computer and communication equipment	Vehicles	Equipment in transit	Total
Balance, December 31, 2020	\$ 7,534,546	\$ 9,957,377	\$ 3,531,011	\$ 8,104,450	\$ 1,044,557	\$ 1,127,102	\$ 132,396	\$ 2,108,419	\$ 33,539,858
Additions	-	929,326	140,188	239,415	21,903	69,323	12,441	-	1,412,596
Reclassification	-	(9,389,518)	6,070,138	5,084,766	96,249	3,129	-	(1,864,764)	-
Disposals	(118,896)	(40,851)	-	(35,772)	-	(36,804)	(32,268)	(9,996)	(274,587)
Effect of foreign currency exchange differences	(734,361)	(1,445,707)	(268,647)	(1,429,837)	(40,622)	(154,777)	(19,223)	(52,965)	(4,146,139)
Balance, December 31, 2021	\$ 6,681,289	\$ 10,627	\$ 9,472,690	\$ 11,963,022	\$ 1,122,087	\$ 1,007,973	\$ 93,346	\$ 180,694	\$ 30,531,728
Additions	-	425,389	-	32,519	-	1,552	-	-	459,460
Reclassification	-	(321,175)	267,111	103,408	(1,982)	(24,946)	(22,416)	-	-
Disposals	-	(49,431)	-	(216,592)	(164,775)	(137,033)	(865)	(172,093)	(740,789)
Effect of foreign currency exchange differences	(186,870)	(472)	(346,302)	(531,106)	(15,880)	(41,704)	(4,149)	(8,601)	(1,135,084)
Balance, September 30, 2022	\$ 6,494,419	\$ 64,938	\$ 9,393,499	\$ 11,351,251	\$ 939,450	\$ 805,842	\$ 65,916	\$ -	\$ 29,115,315
ACCUMULATED DEPRECIATION									
Balance, December 31, 2020	\$ -	\$ -	\$ 1,111,358	\$ 1,275,592	\$ 503,241	\$ 808,522	\$ 86,515	\$ -	\$ 3,785,228
Additions	-	-	627,129	910,439	243,954	214,374	28,089	-	2,023,985
Disposals	-	-	-	-	-	(31,714)	(27,973)	-	(59,687)
Effect of foreign currency exchange differences	-	-	(99,986)	(144,447)	(30,638)	(120,128)	(12,567)	-	(407,766)
Balance, December 31, 2021	\$ -	\$ -	\$ 1,638,501	\$ 2,041,584	\$ 716,557	\$ 871,054	\$ 74,064	\$ -	\$ 5,341,760
Additions	-	-	380,526	1,506,805	119,284	74,333	69	-	2,081,017
Disposals	-	-	(832)	(210,440)	(167,131)	(163,345)	(5,122)	-	(546,870)
Effect of foreign currency exchange differences	-	-	(52,888)	(141,107)	(11,526)	(36,753)	(3,095)	-	(245,369)
Balance, September 30, 2022	\$ -	\$ -	\$ 1,965,307	\$ 3,196,842	\$ 657,184	\$ 745,289	\$ 65,916	\$ -	\$ 6,630,538
CARRYING AMOUNT									
Balance, December 31, 2021	\$ 6,681,289	\$ 10,627	\$ 7,834,189	\$ 9,921,438	\$ 405,530	\$ 136,919	\$ 19,282	\$ 180,694	\$ 25,189,968
Balance, September 30, 2022	\$ 6,494,419	\$ 64,938	\$ 7,428,192	\$ 8,154,409	\$ 282,266	\$ 60,553	\$ -	\$ -	\$ 22,484,777

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

PharmaCielo Colombia Holdings S.A.S. farm and processing plant, located in Rio Negro in the municipality of La Cieja (Antioquia), for the purpose of cultivating and sowing, as well as assembly of the cannabis oil. The farm includes greenhouses, offices, and agricultural areas.

For the three and nine months ended September 30, 2022, depreciation costs of \$343,441 and \$884,080, respectively (three and nine months ended September 30, 2021 - \$103,637 and \$462,052, respectively) was capitalized to biological assets and inventory.

8. LEASES

Right-of-use assets

Balance as at December 31, 2021	930,485
Lease revaluation	(652,900)
Transfer to recognition of investment in sublease	(436,107)
Gain on revaluation of sublease	250,449
Depreciation	(48,048)
Foreign exchange adjustment	(2,132)
Balance, September 30, 2022	\$ 41,747

Right-of-use assets consist of office spaces. Right-of-use assets are depreciated over 12 to 48 months.

Maturity analysis - contractual undiscounted cash flows

Balance, September 30, 2022

Less than one year	307,403
One to three years	104,643
Total undiscounted lease obligation	\$ 412,046

Lease obligations

On August 24, 2018, the Company entered into a sixty-month lease agreement (plus extension periods) for new office space to serve as our corporate headquarters in Toronto, Ontario, commencing on January 1, 2019. Under the lease, the Company is required to pay a base rent of \$13,875 per month. In addition to the base rent, the Company must pay its proportionate share of utilities, maintenance and other related costs for the leased premises. Lease payments are discounted over 122 months using an interest rate of 13.95%.

Upon initial recognition of a lease liability and right-of-use asset, the Company has elected to use the practical expedient not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

On March 1, 2022, the Company entered into a sublease agreement for the Toronto office space, mentioned above. As a result of the sublease, the Company has revalued the lease obligation due to a reduction in the lease term from 10 to 5 years, derecognized the Right-of-use asset, and recognized an investment in sublease.

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8. LEASES (continued)

The following table illustrates the lease agreements as at September 30, 2022:

	PharmaCielo Ltd.	PharmaCielo Colombia Holding S.A.S
Country	Canada	Colombia
City	Toronto	Medellín
Initial contract period	March 1, 2019 to February 29, 2024	October 1, 2018 to September 30, 2021
Auto renewal	No	Yes
Annual lease payments: CAD\$		
2022	\$ 251,142	\$ 47,803
2023	251,142	40,366
2024	41,857	-
Interest rate	13.95%	10.75%

The continuity of the lease liability is presented in the table below:

Lease liability continuity

Balance as at December 31, 2021	1,212,451
Lease revaluation	(652,900)
Interest expense	48,334
Lease payments	(229,280)
Foreign exchange adjustment	(4,338)
Balance, September 30, 2022	\$ 374,267
Balance, September 30, 2022	
Lease obligations	374,267
Less current portion	(273,177)
Non-current portion	\$ 101,090

9. LOANS AND BORROWINGS

As at September 30, 2022, the company had the following loans and borrowings:

	Term loan	Revolving loan	Total
Balance, December 31, 2021	\$ 2,538,557	\$ 189,511	\$ 2,728,067
Accrued interest	-	-	-
Accretion	101,407	1,688	103,095
Principal payment	-	(151,596)	(151,596)
Interest payment	-	(1,688)	(1,688)
Foreign exchange adjustment	(116,761)	-	(116,761)
Balance, September 30, 2022	2,523,203	37,915	2,561,117
Current portion of debt	-	(401,775)	(401,775)
Non-current portion of debt	\$ 2,523,203	\$ (363,860)	\$ 2,159,342

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9. LOANS AND BORROWINGS (continued)

In December 2020, the Company entered into a loan agreement with Banco Agrario de Colombia S.A. ("Banco Agrario"), consisting of term and revolving components for a total value of \$8,500,000,000 COP (\$3,151,684 CAD). The term loan is for seven (7) years and makes up \$8,000,000,000 COP (\$2,966,076 CAD) of the initial loan proceeds received. Per the details of the agreement, the term loan bears interest at a variable rate of IBR + 7.85%, payable semi-annually during the first 24 months, and quarterly thereafter. The term loan is subject to a capital amortization grace period of up to 24-months. The revolving loan consists of \$500,000,000 COP (\$185,608 CAD) available to be drawn down by the Company. As at December 31, 2020, the Company had drawn the full amount down. The revolving loan is payable semi-annually, over a period of 24 months. The revolving loan bears interest at a variable rate of IBR + 6%, payable semi-annually. There are certain externally imposed capital requirements as a result of the loan. The Loan is secured against part of the Company's La Margarita property. La Margarita is the location of the Company's nursery and propagation center consisting of 12 hectares of open-air greenhouses situated on a 26.3-hectare property, located in the municipality of Rio Negro in the department of Antioquia, Colombia.

10. DEBENTURES

The following table is a summary of the Company's debentures as at September 30, 2022:

Balance as at December 31, 2021	\$	4,564,646
Proceeds received as at September 30, 2022		4,220,000
Value allocated to warrants		(414,185)
Balance as at September 30, 2022	\$	8,370,461
Accrued interest payable included in accounts payable and accrued liabilities		313,823
Debentures balance, September 30, 2022	\$	8,684,284
Current portion of the Debentures		313,822
Non current portion of the Debentures	\$	8,370,462

11. SHARE CAPITAL

a) Authorized share capital

The authorized share capital consists of an unlimited number of Common Shares. The Common Shares do not have a par value. All currently issued and outstanding Common Shares are fully paid.

b) Common Shares issued and outstanding

151,411,888 Common Shares (December 31, 2020 - 149,268,163 Common Shares).

For the year ended December 31, 2021

- (i) During the year ended December 31, 2021, cash proceeds of \$670,037 were received towards 870,835 options that were exercised, resulting in the issuance of 870,035 Common Shares. In addition, the Company issued 1,016,969 Common Shares for cash proceeds of \$661,030 upon the exercise of warrants.
- (ii) During the year ended December 31, 2021, 3,464,834 RSUs were fully vested, which resulted in the issuance of 2,330,833 Common Shares including 666,666 RSUs vested in 2020 that were previously recorded as shares to be issued, with 1,791,667 shares pending issuance at December 31, 2021 and recorded as shares to be issued in the statement of changes in shareholders' equity, and the remaining 9,000 RSUs to be settled in cash.
- (iii) During April 2021, the Company completed an overnight marketed offering of Common Shares by issuing 6,301,866

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11. SHARE CAPITAL (continued)

shares at a stock price of \$2.15 for aggregate gross proceeds of \$13,549,012. The Company incurred related costs of \$1,278,352.

For the nine months ended September 30, 2022

- (iv) During the nine months ended September 30, 2022, the Company issued 128,000 Common Shares for cash proceeds of \$83,200 upon the exercise of warrants.
- (v) During the nine months ended September 30, 2022, 1,541,667 Common Shares were issued upon vesting of 416,667 RSUs and the conversion of 1,125,000 RSUs that vested in 2021 previously recorded as shares to be issued. As at September 30, 2022, 666,667 shares were pending issuance and were recorded as shares to be issued in the statement of changes in shareholders' equity.
- (vi) During the nine months ended September 30, 2022, the Company issued 474,058 shares for debenture interest payment of \$265,703.

12. WARRANTS

The following table reflects the continuity of warrants for the periods ended September 30, 2022 and December 31, 2021:

	Number of warrants	Weighted average exercise price (USD)	Weighted average exercise price (CAD)
Balance, December 31, 2020	11,199,212	2.25	0.64
December 24 Debenture (i)(a)	1,250,000	-	1.44
Exercised (i)(b)	(1,016,969)	-	0.65
Balance, December 31, 2021	11,432,243	2.25	0.73
Balance, December 31, 2021	11,432,243	2.25	0.73
Issued (ii)(a)	1,055,000	-	1.44
Exercised (ii)(b)	(128,000)	-	0.65
Expired (ii)(c)	(38,043)	-	0.65
Balance, September 30, 2022	12,321,200	2.25	0.79

- (i) Warrants issued or exercised in the year ended December 31, 2021 include the following:
 - a. As part of the December Non-Brokered Private Placement, the Company issued 1,250,000 warrants exercisable at \$1.44 per Warrant Share.
 - b. A total of 1,016,969 warrants were exercised for cash proceeds for \$661,030.
- (ii) Warrants issued, exercised or expired/forfeited in the nine months ended September 30, 2022 include the following:
 - a. As part of the December 24, 2021 Non-Brokered Private Placement, the Company issued 1,055,000 warrants exercisable at \$1.44 per Warrant Share.
 - b. A total of 128,000 warrants were exercised for cash proceeds for \$83,200.
 - c. A total of 38,043 warrants were expired at an exercise price of \$0.65.

PHARMACIELO LTD.**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2022****(Expressed in Canadian Dollars)****(Unaudited)**

12. WARRANTS (continued)

The following table reflects the warrants issued and outstanding as at September 30, 2022:

Number of warrants outstanding	Exercise price (USD)	Exercise price (CAD)	Expiry date
1,000,000	-	0.50	November 20, 2022
9,007,200	-	0.65	November 20, 2022
9,000	2.25	-	December 15, 2022
2,305,000	-	1.44	December 24, 2022
12,321,200			

13. STOCK OPTIONS

The following table reflects the continuity of options for the periods ended September 30, 2022 and December 31, 2021:

	Number of options	Weighted average exercise price (USD)	Weighted average exercise price (CAD)
Balance, December 31, 2020	13,622,336	1.51	1.69
Granted (i)	2,806,748	-	1.80
Exercised	(870,835)	0.58	0.82
Expired/Forfeited	(925,000)	-	-
Balance, December 31, 2021	14,633,249	1.75	1.78
Balance, December 31, 2021	14,633,249	1.75	1.78
Granted (ii)	1,626,200	-	0.46
Expired/Forfeited	(977,501)	-	-
Balance, September 30, 2022	15,281,948	1.71	1.68

(i) Options granted in the year ended December 31, 2021 include the following:

- a. On April 7, 2021, the Company granted a total of 314,163 incentive stock options as broker options, issued as part of the April 7th capital raise. Each option is exercisable for one Common Share at a price of \$2.15 on or before April 7, 2026. All options vest immediately. The fair value of each option has been estimated at \$1.41 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$1.90, exercise price of \$2.15, expected stock price volatility of 103%, risk-free rate of 1.50%, and expected life of 5 years. During the year ended December 31, 2021, the Company recorded \$443,441 as share capital issuance cost related to these stock options in the consolidated statements of financial position.
- b. On April 29, 2021, the Company granted a total of 212,585 incentive stock options to a consulting company as part of their agreement. Each option is exercisable for one Common Share at a price of \$1.47 on or before April 29, 2026. The options vest as follows: 70,862 on the first anniversary of the grant date; 70,862 on the second anniversary of the grant date; 70,862 on the third anniversary of the grant date. The fair value of each option has been estimated at \$1.17 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$1.54, exercise price of \$1.47, expected stock price volatility of 102%, risk-free rate of 1.56%, and expected life of 5 years. During the

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13. STOCK OPTIONS (continued)

year ended December 31, 2021, the Company recorded \$64,236 in share-based payments expense related to these stock options in the consolidated statement of loss and comprehensive loss.

- c. On May 13, 2021, the Company granted a total of 200,000 incentive stock options to the Board of Directors. Each option is exercisable for one Common Share at a price of \$2.15 on or before May 13, 2026. The options vest as follows: 66,667 on the first anniversary of the grant date; 66,667 on the second anniversary of the grant date; 66,666 on the third anniversary of the grant date. The fair value of each option has been estimated at \$1.05 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$1.49, exercise price of \$2.15, expected stock price volatility of 101%, risk-free rate of 1.56%, and expected life of 5 years. During the year ended December 31, 2021, the Company recorded \$49,205 in share-based payments expense related to these stock options in the consolidated statement of loss and comprehensive loss.
- d. On June 10, 2021, the Company granted a total of 620,000 incentive stock options to the Board of Directors. Each option is exercisable for one Common Share at a price of \$2.10 on or before June 10, 2026. The options vest as follows: 206,667 on the first anniversary of the grant date; 206,667 on the second anniversary of the grant date; 206,666 on the third anniversary of the grant date. The fair value of each option has been estimated at \$1.16 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$1.63, exercise price of \$2.10, expected stock price volatility of 100%, risk-free rate of 1.38%, and expected life of 5 years. During the year ended December 31, 2021, the Company recorded \$149,186 in share-based payments expense related to these stock options in the consolidated statement of loss and comprehensive loss.
- e. On July 2, 2021, the Company reinstated 10,000 stock options held by a consultant of the Company, previously cancelled December 31, 2020.
- f. On September 14, 2021, the Company granted a total of 550,000 incentive stock options to a director and employee of the Company. Each option is exercisable for one Common Share at a price of \$1.25 on or before September 14, 2026. The options vest as follows: 183,334 on the first anniversary of the grant date; 183,334 on the second anniversary of the grant date; 183,332 on the third anniversary of the grant date. The fair value of each option has been estimated at \$0.91 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$1.24, exercise price of \$1.17, expected stock price volatility of 100%, risk-free rate of 1.38%, and expected life of 5 years. During the year ended December 31, 2021, the Company recorded \$13,388 in share-based payments expense related to these stock options in the consolidated statement of loss and comprehensive loss.
- g. On November 11, 2021, the Company granted a total of 500,000 incentive stock options to employees of the Company. Each option is exercisable for one Common Share at a price of \$1.10 on or before November 11, 2026. The options vest as follows: 166,667 on the grant date; 166,667 on the first anniversary of the grant date; 166,666 on the second anniversary of the grant date. The fair value of each option has been estimated at \$0.72 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$1.00, exercise price of \$1.10, expected stock price volatility of 100%, risk-free rate of 1.68%, and expected life of 5 years. During the year ended December 31, 2021, the Company recorded \$103,536 in share-based payments expense related to these stock options in the consolidated statement of loss and comprehensive loss.

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13. STOCK OPTIONS (continued)

h. On December 20, 2021, the Company granted a total of 400,000 incentive stock options to a former Director of the Company. The options vested on the grant date. The fair value of each option has been estimated at \$0.61 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$0.89, exercise price of \$1.10, expected stock price volatility of 100%, risk-free rate of 1.38%, and expected life of 5 years. During the year ended December 31, 2021, the Company recorded \$245,946 in share-based payments expense related to these stock options in the consolidated statement of loss and comprehensive loss.

(ii) Options granted in the nine months ended September 30, 2022 include the following:

a. On August 29, 2022, 2021, the Company granted a total of 1,626,200 incentive stock options to the Board of Directors and Officers of the Company. Each option is exercisable for one Common Share at a price of \$0.46 on or before August 29, 2027. The options vest as follows: 542,066 immediately on the grant date; 542,066 on the first anniversary of the grant date; 542,068 on the second anniversary of the grant date. The fair value of each option has been estimated at \$0.33 as at the date of the grant based on the Black-Scholes option pricing model. The following assumptions were used: share price of \$0.46, exercise price of \$0.46, expected stock price volatility of 100%, risk-free rate of 3.02%, and expected life of 5 years. During the nine months ended September 30, 2022, the Company recorded \$205,092 in share-based payments expense related to these stock options in the consolidated statement of loss and comprehensive loss.

14. RESTRICTED SHARE UNITS ("RSUs") and DEFERRED SHARE UNITS ("DSUs")

	Number of unvested RSUs and DSUs outstanding
Balance, December 31, 2021	2,525,000
Granted (i)	2,672,200
Vested (ii)	(416,667)
Balance, September 30, 2022	4,780,533

(i) On August 29, 2022, the Company granted 2,672,200 RSUs to Officers of the Company. 2,043,055 of the RSUs vest on the first anniversary of the grant date and the remaining 629,145 RSUs vest on the second anniversary of the grant date.

(ii) During the nine months ended September 30, 2022, 1,541,667 Common Shares were issued upon vesting of 416,667 RSUs and the conversion of 1,125,000 RSUs that vested in 2021 previously recorded as shares to be issued. As at September 30, 2022, 666,667 shares were pending issuance and were recorded as shares to be issued in the statement of changes in shareholders' equity.

As at September 30, 2022, there were 4,780,533 unvested RSUs and DSUs outstanding.

15. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2022 was based on the loss attributable to common shareholders of \$5,176,766 and \$11,601,672, respectively (three and nine months ended September 30, 2021 - \$8,750,727 and \$22,517,163, respectively) and the weighted average number of Common Shares outstanding of 151,205,366 and 150,466,951 (three and nine months ended September 30, 2021- 147,809,973 and 144,568,392). Diluted loss per share is equal to basic diluted loss per share as any effects of the potential convertible securities would be anti-dilutive.

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16. TRANSACTIONS WITH RELATED PARTIES

Compensation of Key Management

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and the Board of Directors, as well as certain key officers and board members of the Company's subsidiary.

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Management compensation	\$ 307,254	\$ 336,717	\$ 945,629	\$ 837,270
Termination benefits	-	1,050,000	-	1,050,000
Directors' fees ⁽¹⁾	40,625	84,321	135,000	160,442
Share-based compensation ⁽²⁾	544,365	2,169,967	1,305,709	4,609,561
Total management compensation	\$ 892,244	\$ 3,641,005	\$ 2,386,338	\$ 6,657,273

(1) Includes meeting fees and committee chair fees.

(2) Share-based compensation represents the fair value of options and RSUs granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans.

The above related party transactions were in the normal course of operations and have been valued in the unaudited condensed interim consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts owing to related parties are non-interest bearing and due on demand.

17. COMMITMENTS

- Included in accounts payable and accrued liabilities, and other non-current liabilities are accruals for certain provisions, including termination related commitments to former officers, directors and employees of \$1.7 million.
- The Company has lease commitments for office space rented in Toronto, Canada and Medellín, Colombia. Payments occur on a monthly basis in accordance with the table presented in Note 8.
- \$128,133 (75,000 GBP) of the \$301,960 long-term investment (Note. 20) remains payable and is recorded in accounts payable and accrued liabilities.
- \$110,514 (80,000 EURO) of the \$182,036 (132,000 EURO) settlement payment to PharmaCielo Italia S.R.L. (Note. 19) remains payable and is recorded in accounts payable and accrued liabilities.

18. SEGMENTED INFORMATION

An operating segment is a component of the Company (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

The Company is considered to be operating in one segment based on its business nature and strategic decision-making method.

The Company is located and operates in Canada and Colombia.

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18. SEGMENTED INFORMATION (continued)

The Company's net loss by geographic locations are as follows:

Net loss for the period ended	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Canada	\$ 3,201,553	\$ 5,489,460	\$ 6,322,091	\$ 13,588,978
Colombia	1,975,213	\$ 3,261,267	5,279,581	8,928,185
Total	\$ 5,176,766	\$ 8,750,727	\$ 11,601,672	\$ 22,517,163

The Company's total assets by geographic location are as follows:

Total assets	September 30, 2022	December 31, 2021
Canada	\$ 4,481,614	\$ 10,873,965
Colombia	22,625,191	25,082,845
Total	\$ 27,106,805	\$ 35,956,810

Operating segment - September 30, 2021	Corporate	Cannabis	Total
Revenues	\$ -	\$ 1,606,380	\$ 1,606,380
Cost of sales	-	2,452,621	2,452,621
Loss for the period	13,588,978	8,928,185	22,517,163

Operating segment - September 30, 2022	Corporate	Cannabis	Total
Revenues	\$ -	\$ 3,795,290	\$ 3,795,290
Cost of sales	-	2,597,129	2,597,129
Loss for the period	6,322,091	5,279,581	11,601,672

Revenues by continent	Cannabis	Total
Americas	\$ 3,451,269	\$ 3,451,269
Europe	344,021	\$ 344,021
Total Revenue	\$ 3,795,290	\$ 3,795,290

Revenue Concentration

The Company's business is such that, at any given time, it sells its products and services to a relatively small number of customers. During the nine months ended September 30, 2022, one customer accounted for 87% of cannabis revenue in Americas, which represents 85% of total revenue.

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September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

19. INVESTMENT IN JOINT VENTURES

On May 24, 2022, the Company and Mino Labs S.A. de C.V mutually suspended the joint venture agreement executed between them.

On August 11, 2022, the Company terminated the joint venture agreement with Eugene S.r.l. and signed a settlement agreement. The Company agreed to pay Eugene S.r.l. \$24,823 (18,000 EURO) and Pharmaciello Italia S.r.l. \$182,036 (132,000 EURO) as part of the settlement agreement.

During the nine months ended September 30, 2022, the Company recorded \$631,565 in share of loss on investment in joint ventures expense in the consolidated statement of loss and comprehensive loss to write-off its investment in joint ventures.

Investment in joint ventures as at September 30, 2022, was \$Nil (December 31, 2021 - \$639,643) as follows:

Balance, December 31, 2021	\$ 639,643
Share of loss on investment in joint ventures	(8,078)
Write-off of investment in joint ventures	(631,565)
Balance, September 30, 2022	\$ -

20. LONG-TERM INVESTMENT

During the nine months ended September 30, 2022, the Company signed an investment agreement with Soteria Holdings Limited, a UK based portfolio company of Artemis Growth Partners. Under the terms of the Agreement, Soteria's Polish operating subsidiary will apply for a number of licenses to import and wholesale the Company's medical cannabis flower and extracts in the Polish market. In addition, Soteria's Polish subsidiary will support a group of the country's leading medical cannabis professionals to provide education and training programs to doctors in Poland looking to prescribe medical cannabis to their patients.

Investment in Soteria Holdings Limited as at September 30, 2022, was \$301,960 (December 31, 2021 - \$Nil), as follows:

Balance, December 31, 2021	\$ -
Investment in Soteria Holdings	313,362
Foreign exchange adjustment	(11,402)
Balance, September 30, 2022	\$ 301,960