

PharmaCielo Announces Financial Results for the Fourth Quarter and Fiscal Year Ended December 31, 2022

- During 2022, PharmaCielo made shipments to 23 clients in 9 countries, with continued growth expected for 2023.
- The Company’s measured investments in revenue-generating sales channels resulted in revenues of \$5.3 million in 2022, almost three-times more than the \$1.9 million reported in 2021.
- Consistent progress on streamlining the business, to move toward profitability – 2022 SG&A expenses represent a 40% reduction vs. 2021 and were 65% lower compared to 2020.
- PharmaCielo’s previously announced non-brokered private placement of debenture units will generate \$6 million in additional capital through the end of Q3 2023.

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

TORONTO and RIONEGRO, Colombia, May 1, 2023 - **PharmaCielo Ltd.** ("**PharmaCielo**" or the "**Company**") (TSXV: PCLO) (OTCQX: PCLOF), the Canadian parent of Colombia's premier cultivator and producer of dried flower and medicinal-grade cannabis extracts, PharmaCielo Colombia Holdings S.A.S., today announced financial results for the fourth quarter and year ended December 31, 2022.

Management Commentary

Bill Petron, Chairman and CEO of PharmaCielo commented, “Against an environment in 2022 that was challenging for all cannabis companies, our team succeeded in growing revenue by almost three-times our 2021 results, while bringing Sales, General and Administrative expenses down by over 40% compared to last year. There were many positive developments during the year, including the opening of psychoactive flower export from Colombia, which we see as a massive opportunity for PharmaCielo. Our fully built-out facilities, ability to scale quickly and structural cost advantage position us as a formidable competitor to EU imports from Canada and other producing countries. We expect to continue shifting our sales mix toward dried flower and higher value Active Pharmaceutical Ingredients during 2023, while growing revenue as a whole. Likewise, we will maintain strict cost discipline and a focus on efficiency, in order to move the Company closer to generating profitability and cash flow. The opportunity ahead of us is large, and while the evolution of the market is still in its early stages, I am confident that we have the right team in place to build a very profitable business, while generating returns for shareholders.”

Summary Financials

(000’s)	Three months ended		Twelve months ended	
	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
Revenue	\$ 1,513	\$ 339	\$ 5,309	\$ 1,945
Adjusted EBITDA (Loss)*	\$ (942)	\$ (4,464)	\$ (7,179)	\$ (16,360)
Net Loss	\$ (2,915)	\$ (4,113)	\$ (14,516)	\$ (26,630)
Net Loss per Share	\$ (0.02)	\$ (0.03)	\$ (0.10)	\$ (0.18)

*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.

- PharmaCielo had cash equivalents of \$0.2 million at December 31, 2022, compared to \$5.3 million at December 31, 2021. On August 30, 2022, the Company announced that its previously disclosed non-brokered private placement of debenture units was oversubscribed, with a total of \$15.1 million raised or committed. In 2023, year-to-date, the Company has raised \$1,510,000 as part of the third tranche of the Offering (see “Non-Brokered Private Placement of Debenture Units”, below).

- For further detailed information and analysis, please see the financial statements and management's discussion and analysis for the period ending December 31, 2022, as posted at [sedar.com](https://www.sedar.com) and [pharmacielo.com](https://www.pharmacielo.com)

Summary of Recent Developments

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 Global President of Sales. The team has already made significant early progress, with sales to Argentina, Brazil, Colombia, Paraguay, the Czech Republic, Uruguay, and Spain, as well as progress in markets such as Germany, Mexico, Morocco, Portugal, and Poland.

Streamlining the business to minimize operating costs:

In 2022, the Company reduced its Adjusted EBITDA loss from \$16.4 million (2021) to \$7.2 million. Management continues to focus on reducing discretionary expenses to lower the Company's use of cash and ensure a leaner organization with a lower cost base, while continuing to invest in the sales team, to drive top line growth. PharmaCielo has recently initiated additional steps in this ongoing efficiency plan, which it expects will result in a reduction of its annualized fixed costs by approximately 25% compared to 2022.

Preparing for dried flower export:

In February 2022, the Colombian government passed regulation to enable dried flower export. With PharmaCielo's upstream and downstream scale and quality, the Company is uniquely positioned to be a formidable competitor with psychoactive flower currently being imported into the EU and other markets from Canada and other producing countries. On April 19, 2023, PharmaCielo announced that it had partnered with CANNPRISMA PHARMA, LDA ("CANNPRISMA"), a Portuguese Contract Manufacturing Organization ("CMO"), to supply high-quality EU-GMP certified medicinal cannabis flower to the European market. PharmaCielo will provide GACP flower to CANNPRISMA, which will convert the flower to EU-GMP standards and distribute it directly from Portugal to European customers. PharmaCielo continues to expect additional dried flower trial shipments during 2023 with commercial shipments in the second half of 2023. The Company has taken the necessary steps to ensure psychoactive flower and extract quotas are in place for 2023 and 2024 exports. On September 14, 2022, PharmaCielo announced that it had received a five-ton quota to grow THC-dominant cannabis strains for export as dried flower to support the fulfillment of current sales agreements, beginning in 2023.

Solidifying the path to EU-GMP certification:

PharmaCielo is currently working towards EU-GMP certification of all of its products, including CBD isolate, full and broad-spectrum CBD products, as well as THC distillates and full-spectrum products. Management expects the Company to achieve certification in the second half of 2023. This will better position PharmaCielo to sign larger, longer-term supply agreements with global pharmaceutical and cosmetics customers. The EU-GMP certification is highly respected by global customers and is expected to be an important differentiator for PharmaCielo.

Successfully re-focused 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

broad-spectrum products, as well as dried flower. These products are expected to have long-term high-margin profiles that are more sustainable than CBD isolate, The Company has had several recent wins, including: a sales agreement with a Brazilian Phyto-therapeutic customer for a proprietary CBD derivative formulation; a shipment of CBD full spectrum oil and to another Brazilian customer; a shipment of 300kg of CBD Full Spectrum Oil to a Spanish pharmaceutical company; and an agreement to supply THC final products to be commercialized in Germany. Most recently, PharmaCielo received ICANN G.A.P & GACP Certifications, which open commercial access to the Israeli market. The Company expects to begin shipping dried flower to Israel in the second half of 2023.

Non-Brokered Private Placement of Debenture Units:

In 2023, Year-to-date, the Company raised \$1,510,000 as part of the third tranche of its previously announced non-brokered private placement (the "Offering"), consisting of an aggregate of 1,510 debenture units (each a "Unit"). The Units were issued at a price of \$1,000 per Unit for aggregate proceeds of \$1,510,000. To date, since its announcement of the initial offering, the Company has raised \$12,305,000 principal amount of Units. As disclosed in the Company's news release dated December 22, 2021, the Company intends to use the proceeds from the sale of the new Units for operations, working capital, EU-GMP certification and the build-out of its international psychoactive dried flower sales program.

Other developments:

On November 22, 2022, the Company announced that the TSX Venture Exchange ("TSXV") has approved the extension of 9,007,200 warrants originally issued on November 20, 2020 under the TSXV Symbol PCLO.WT. In accordance with the TSXV's rules for warrant amendments set out in section 3 of Policy 4.1 of the TSXV's Corporate Finance Policies, amendments to warrants listed for trading are not permitted. As such, the Warrants were delisted from trading at market close on November 21, 2022, and will be exercisable until November 20, 2024.

About PharmaCielo

PharmaCielo Ltd. (TSXV: PCLO, OTCQX: PCLOF) is a global company, headquartered in Canada, with a focus on ethical and sustainable cultivating, processing and supply of all natural, pharmaceutical-grade medical dried cannabis flower and cannabis 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 center 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 forward-looking statements. Forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "intends", "anticipates", "believes", or variations of such words and phrases or state that certain actions, events or results "may" or "will" be taken, occur or be completed or achieved. Forward-looking statements in this news release include, without limitation, statements regarding the issuance of the debenture units, including the timing and completion of any future issuances thereof.

The forward-looking statements in this news release are necessarily based on assumptions, including assumptions with respect to PharmaCielo's ability to obtain necessary approvals for the issuance of the debenture units.

Forward-looking statements can be affected by known and unknown risks, uncertainties and other factors, including changes to PharmaCielo's development plans, the failure to obtain and maintain all necessary regulatory approvals relating to the export of cannabinoid products and the import of these products into other countries, TSX Venture Exchange approval, the inability to export or distribute commercial products through sales channels as anticipated due to economic or operational circumstances, risks associated with operating in Colombia, fluctuation of the market price for the Company's products, risks associated with global economic instability relating to COVID-19 or other developments, risks related to retention of key Company personnel, currency exchange risk, competition in PharmaCielo's market and other risks discussed or referred to under the heading "Risk Factors" in PharmaCielo's Annual Information Form for the financial year ended December 31, 2019, which is available at www.sedar.com. Accordingly, readers should not place undue reliance on forward-looking statements. Except as required by law, PharmaCielo undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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.