



Khiron Life Sciences Reports 2019 Fiscal Year End Results and Provides Corporate Update

- Net working capital of \$36.4 Million CAD at December 31, 2019
- On March 20, 2020 Khiron became the first and only company in Colombia to receive full authorization to manufacture high- and low-THC medical cannabis, and to fill prescriptions for low-THC medical cannabis
- Khiron became the only Company authorized to export THC products
- Filled first medical cannabis prescriptions ever using cannabis from their fully completed state-of-the-art, 14,000 square foot GMP and ISO 17025 compliant extraction and analysis lab in Ibagué, Colombia
- Opened European operations, and became the exclusive Latin American provider to Project Twenty21, Europe's largest medical cannabis study with 20,000 patients
- Khiron's cultivation facilities and health centres remain operational during COVID-19 pandemic under an exemption from the Government of Colombia, without any requirement for further authorization

TORONTO, May 1, 2020 /CNW/ - Khiron Life Sciences Corp. ("Khiron" or the "Company") (TSXV: [KHRN](#)), (OTCQX: KHRNF), (Frankfurt: A2JMZC), a vertically integrated cannabis leader with core operations in Latin America, is pleased to report its financial results for the year ended December 31, 2019. Khiron has filed today its audited consolidated financial statements and related management's discussion and analysis (md&a), both of which are available on Khiron's profile at www.sedar.com. All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

Summary of key financial results

(Canadian dollars)	Years ended December 31		Quarters ended			
	2019	2018	Q4 2019	Q3 2019	Q2 2019	Q1 2019
	\$	\$			\$	\$
Revenues ('000s)	9,582	892	2,510	2,773	2,208	2,091
Gross profit ('000s)	2,436	297	1,048	593	382	412
Net loss ('000s)	(36,378)	(19,807)	(7,107)	(10,621)	(10,646)	(8,004)
Adjusted EBITDA ⁽¹⁾ ('000s)	(24,504)	(13,969)	(6,342)	(5,438)	(7,056)	(5,668)
Net loss per share (basic and diluted)	(0.36)	(0.42)	(0.06)	(0.09)	(0.11)	(0.12)
Weighted average shares outstanding ('000s)	101,966	48,519	115,399	113,997	95,973	75,895

1. Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization or in this case loss) is a non-IFRS measure calculated as net loss as reported under International Financial Reporting Standards and adding back share-based compensation expense, transaction fees, depreciation and non-recurring items. Refer to the Company's md&a for a reconciliation.

Financial Highlights Commentary

The Company recorded a net loss for the year ended December 31, 2019 of \$36.4 million (\$0.36 per share) compared to a net loss of \$19.8 million for the same period in 2018. Adjusted EBITDA, which excludes mostly non-cash items and some non-recurring items, was \$24.5 million for the year ended December 31, 2019. The Company ended the year with \$36.9 million balance in cash and short-term investments and minimal current debt obligations of \$1.0 million, most of which are related to lease payments for office and medical buildings.

Adjusted EBITDA was a loss of \$24.5 million for 2019 compared to \$14.0 million for 2018. In March 2020 the Company received its final certification required to manufacture medical cannabis. The year 2019 focused on moving the Company towards this objective specifically:

- Growing and harvesting its first crop for manufacturing medical cannabis, recording approximately \$3 million in research and development expenses in 2019.
- Raised net equity financing in the amount of \$53 million; as a result, the Company incurred higher professional fees from the transactions and increased its investor relations and marketing efforts concurrently with the increased shareholder base, together increasing costs by approximately \$2 million.
- Prepared for global expansion and first sales of medical cannabis by increasing capacity at its corporate offices, hiring employees and planting a footprint in several Latin American countries and Europe.
- Achieved revenues of \$9.3 million and gross profit of \$2.2 million at the Company's ILANS clinics, with ILANS selling the Company's first medical cannabis product in March 2020.

The Company has a strong financial position at December 31, 2019 but must prudently manage its cash and maintain its liquidity amidst the uncertainty of incoming cash flows during the COVID-19 pandemic. The Company's core focus will be on its medical businesses using a predominantly digital strategy to grow its patient network and sell its medical cannabis products both locally in Colombia and globally. Maintaining high quality harvests and extracts at its cultivation site will be critical to the Company's success. Cost reductions in salaries, marketing and other administrative functions have been initiated, and capital expenditure programs have been postponed, where possible.

The Colombian government has resolved to provide health care service companies with financial relief, which could result in the deferral of loan repayments and lease payments by ILANS. While the Company will avail itself of financial relief measures, management believes that the Company should be able to maintain a positive cash balance through 2020. Maintaining liquidity through the crisis and continuing with its core strategy should place the Company in a very strong competitive position once the crisis ends.

Management Commentary

"2019 was a building year for Khiron. Now the focus of the company turns to sales execution, and revenue generation. Khiron has achieved a significant competitive advantage, and in March 2020 Khiron became the first and only company authorized to sell low THC medical cannabis in Colombia. We have much work to do in the months ahead but are positioned to benefit from these significant achievements," commented Alvaro Torres, Khiron CEO and director.

"We recognize the unprecedented global health and economic pressures caused by the COVID-19 pandemic and have acted swiftly, aligning our expenditures, and leveraging our digital capabilities and staff medical teams to give patients access to telemedicine consultations and remote product delivery," added Mr. Torres.

COVID-19

Khiron has established contingency plans in place for all its facilities, including medical facilities which are essential to serving the community. Those plans were put into action and the Company's facilities and supply chain remain operating within strict government guidelines established as a result of the current pandemic.

Khiron's ILANS and Zerenia clinics have been deemed essential services by the government of Colombia and continue to operate without requirement of any further authorization. The Company's recently announced teleconsultation services ensure patients, including those from its ILANS and Zerenia network, have access to clinic services and doctors trained to prescribe medical cannabis and other treatments.

For the time being and until economies stabilize, Khiron has shifted its strategic approach to focus on our highest margin businesses, and revenue opportunities, alter marketing methods and conserve cash, but has maintained its overall strategic direction to improve the quality of life of patients and consumers. The Company continues to prioritize the physical and mental health of its employees, health professionals and partners during this pandemic.

Highlights

- Expanded to Europe in October 2019, and now has teams in Germany and the U.K.
- Granted approval to cultivate 9.3 tons of THC cannabis, representing 17% of the total allocated quota for Colombia in 2020, subsequent to the year end
- Completed Company's state-of-the-art, 14,000 square foot GMP and ISO 17025 compliant extraction and analysis lab in Ibagué, Colombia
- Received first Colombian authorization to commercialize high-THC cannabis for domestic and export sales
- Authorized in Colombia to manufacture high- and low-THC medical cannabis, and to fill prescriptions for low-THC medical cannabis, effective March 20, 2020

Brazil and Peru

- Authorization from the Brazilian Health Regulatory Agency (ANVISA) allows for Khiron medical cannabis product to be imported for use on an individual patient basis, subsequent to the year end
- Signed a 2-year exclusive agreement to manufacture and distribute Khiron-branded medical cannabis products in Lima, Peru's largest city with 8.6 million inhabitants

Research and Development

- Participant and exclusive Latin American provider to Project Twenty21, Europe's largest medical cannabis study with 20,000 patients
- Initiated pre-clinical medical cannabis studies with Universidad de la República de Uruguay and Institut Pasteur de Montevideo in Uruguay
- Entered an agreement with prominent Colombian research hospital, Centro Dermatológico Federico Lleras Acosta ("CDFLLA"), establishing a clinical research partnership focused on the effectiveness of medical cannabis for dermatological conditions

Education and Awareness

- Embraced online education with a signed agreement with Tecnológico de Monterrey, a leading Latin American university (Third Ranked in Latin America) in Mexico bringing Khiron's online education program to reach 1,500 physicians and healthcare practitioners
- Hosts Canadian Pavilion at Cannamexico World Summit 2019, targeting over 2,000 global cannabis business leaders
- Entered into an agreement with Universidad Peruana Cayetano Heredia, a Peruvian university to sponsor workshops and remote talks in the university's international course on Medicinal Use of Cannabis
- Through 2019, participated in more than 30 medical events around Latin America geared towards educating physicians on the use and benefits of medical cannabis

Health Services

- Launched Telemedicine, to meet essential patient needs without the need for an in person visit
- Acquired 100% of ILANS, a neurological clinic with a network of approximately 120,000 patients in Colombia
- Launched Zerenia Clinic, an integrative medical care service clinic, increasing Company's patient capacity in Colombia by 75%, with medical cannabis and other services, subsequent to the year end
- Patient network served through Khiron-owned clinics increased to over 155,000 medical transactions

Wellbeing Products

- Expanded Kuida CBD-based cosmeceutical brand distribution to over 300 points of sale in Colombia
- Received approval from INVIMA, Colombia's health agency, to sell 3 additional Kuida® CBD skin care products, expanding on the 7 products already on the market in Colombia
- Secured initial Kuida sales in the UK and the US in Q4 2019 and Q1 2020, respectively
- Entered into a multi-year agreement with Centro Dermatológico Federico Lleras Acosta (CDFLLA), to jointly conduct medical cannabis research and host educational activities focusing on skin conditions and symptoms

Financing

- Closed \$28.84 Million bought deal financing on February 28, 2019, including full exercise of over-allotment option
- Closed \$28.75 Million bought deal financing on May 28, 2019, including full exercise of over-allotment option

Webcast and Q&A

Khiron invites individual and institutional investors, as well as advisors and analysts, to attend a webcast and Q&A to discuss the Company's 2019 year-end results and corporate update.

DATE: May 4, 2020

TIME: 10:00am ET/7:00am PT

PRESENTERS: Alvaro Torres, Khiron CEO and Director, and Chris Naprawa, Khiron President

FORMAT: Live 20 minutes presentation & Q&A session

REGISTER LINK: <https://event.on24.com/wcc/r/2307088/CDF8CB87D88B5A9CC5D225E0634845EF>

About Khiron Life Sciences Corp.

Khiron Life Sciences Corp. is the dominant integrated medical cannabis company in Latin America. Khiron has core operations in Latin America, along with activity in North America and Europe, and is licensed in Colombia for the cultivation, production, domestic distribution, and international export of both tetrahydrocannabinol (THC) and cannabidiol (CBD) medical cannabis. The Company delivers best in class regulatory compliance, has the first approved line of CBD cosmetic products on shelf in Colombia, and is fully authorized to manufacture high- and low-THC medical cannabis, and to fill prescriptions for low-THC medical cannabis in the country.

With a focused regional strategy and patient oriented approach, the Company combines global scientific expertise, agricultural advantages, branded product market entrance experience and education to drive prescription and brand loyalty to address priority medical conditions such as chronic pain, epilepsy, depression and anxiety in the Latin American market of over 620 million people. The Company is led by Co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced executive team, and a knowledgeable Board of Directors that includes former President of Mexico, Vicente Fox.

Visit Khiron online at www.khiron.ca and on Instagram @khironlife

Cautionary Notes

Forward-Looking Statements

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