

August 24, 2020



Khiron Reports Second Quarter 2020 Financial Results

Company achieved first High-THC cannabis sales in Colombia, continued focus towards higher margin medical businesses

- Company held \$20 million in cash at the end of June 2020, after closing Q1 with \$24 million
- Cash used in Q2 was \$4 million compared to \$12 million in Q1 and \$10 million in Q4 2019
- Despite COVID-19 pandemic, and with prudent cash management, Company achieved meaningful progress across its medical cannabis and health services business units in Q2, including acceleration of medical cannabis sales in Colombia, and receipt of full authorization to commence CBD medical cannabis sales in Peru
- Achieved significant milestone in surpassing 1,000 medical cannabis patient prescriptions in Colombia in the first 10 weeks of sales activity and by the second week of August the Company had issued more than 1,500 prescriptions, subsequent to the quarter
- Launched teleconsultation platform in Colombia, strengthening Company's COVID-19 response and giving patients vital access to health services and doctors trained to prescribe medical cannabis
- Successfully delivered first medical cannabis prescriptions for patients participating in Project Twenty21 in the United Kingdom (UK), subsequent to the quarter
- Entered into medical cannabis sales and distribution agreement with Locatel, a pharmacy, healthcare products, and medical equipment retailer with a database of over 2 million patients in Colombia
- Signed an exclusive agreement with Medlive, a leading marketer and distributor of pharmaceutical products serving 3,000 clinics, hospitals and pharmacies in southern Brazil
- Received authorization from Colombia's National Narcotics Fund for the sale of magistral preparation of high-THC medical cannabis. As a result, Khiron became the first and, to date, only company fully authorized to manufacture and sell high-THC medical cannabis for patient prescriptions in Colombia
- Entered the German medical cannabis market, Europe's largest, signing an agreement with Nimbus Health for Khiron branded medical cannabis product import and sales

TORONTO, Aug. 24, 2020 /PRNewswire/ - 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 and Europe, announced today its financial results for the quarter ended June 30, 2020. These filings are available for review on the Company's SEDAR profile at www.sedar.com All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.



Summary of Key Quarterly Financial Results

<i>Canadian dollars</i>	3 Months ended June 30 2020	3 Months Ended June 30 2019	6 Months ended June 30 2020	6 Months Ended June 30 2019
	\$	\$	\$	\$
Revenues ('000s)	1,670	2,208	3,571	4,299
Gross profit before fair value adjustments ('000s)	319	382	756	794
General and administrative costs ('000s)	(4,531)	(5,463)	(10,378)	(9,934)
Net loss ('000s)	(5,713)	(9,518)	(14,950)	(17,521)
Adjusted EBITDA ⁽¹⁾ ('000s)	(3,855)	(7,056)	(9,720)	(12,724)
Net loss per share (basic and diluted)	(0.05)	(0.10)	(0.13)	(0.20)
Weighted average shares outstanding ('000s)	116,546	95,973	116,579	87,808

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

Discussion of Operations for the Three Months Ending June 30, 2020

The Company recorded a net loss of \$5.7 million in the second quarter of 2020. This compares to a net loss of \$9.5 million in the prior year second quarter. On an adjusted EBITDA basis Q2 2020 was a \$3.9 million loss compared to the adjusted loss of \$7.1 million in Q2 2019. The reduced adjusted EBITDA loss is largely due to lower general and administrative spending and the progression from research and development to commercial cultivation activities resulting in the capitalization of operating costs to inventory in Q2 2020.

Q2 and the impact of COVID-19 – starting in March 2020, the Company's health centres experienced a decline in patient visits due to the Colombian government's strict quarantine regulations limiting the number of patients that could visit, including the suspension of surgeries. By June, however, the health centres have significantly increased the number of patient services approaching the levels experienced at the beginning of the year, including complex services such as surgeries. The Company experienced a 27% decline in service revenues in Q2 2020 compared to Q2 2019. The Company reacted quickly to the potential impacts from the pandemic and initiated several cost cutting measures. In comparing Q2 2020 general and administrative costs to Q1 2020, the Company saved approximately \$1 million dollars.

Despite the challenges faced with COVID-19, the Company progressed its strategy and sold both low- and high-THC medical cannabis through its health centres in Colombia. Revenue

contributions were not significant in the quarter, but prescriptions and sales are accelerating on a weekly basis. Cultivation is focused on growing for ultimate sales purposes and less spending on research and development. In Q2 2020, the Company capitalized \$0.5 million in operating costs to inventory and recorded its initial fair value gain on biological assets of \$0.7 million.

Management Commentary

"I am proud to report that despite the global impact of COVID-19, we have been able to responsibly move our business forward and continue building a strong position in the medical cannabis space to ensure sales growth in Colombia, and sales entry into new markets in the UK, Peru, and Germany. In Q2 the Company focused sales activity on our higher margin medical businesses, while ensuring prudent cash management across all operations. Our clinics remained operational through the pandemic as a designated essential service, allowing us to generate medical cannabis sales and conduct revenue generating medical procedures, subject to pandemic restrictions," comments Alvaro Torres, Khiron CEO and Director.

"The pandemic has been an extraordinary health and economic event, but at Khiron we moved quickly to shift our strategic approach to limit global expansion, alter marketing methods and conserve cash while maintaining an overall strategic direction to improve the quality of life of our patients and consumers. This has enabled us to continue to make progress under difficult conditions and positions us to be a global cannabis leader. This progress would not be possible without our remarkable global team, partners and stakeholders who I would like to thank for their continued dedication and commitment," continued Alvaro Torres.

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 second quarter fiscal 2020 results.

DATE: Monday, August 24, 2020

TIME: 11:00am EDT/8:00am PDT

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

FORMAT: Live 20 minutes presentation and Q&A session

REGISTER

LINK: <https://event.on24.com/wcc/r/2584069/2FAA39C7AF2B3ADDA058E63DFE9AA017>

About Khiron Life Sciences Corp.

Khiron is a vertically integrated medical and CPG cannabis company with core operations in Latin America, and operational activity in Europe and North America. Khiron is the leading cannabis company in Colombia and the first company licensed in Colombia for the cultivation, production, domestic distribution, and international export of both low and high THC medical cannabis products. The Company has presence in Mexico, Peru, Uruguay, Brazil, UK, Spain and Germany, where it is positioned to begin sales of medical cannabis.

Leveraging its first-mover advantage, and patient oriented approach, Khiron combines global scientific expertise, product innovation, agricultural infrastructure, wholly-owned medical clinics, and online doctor education programs to drive prescription and brand loyalty to address priority medical conditions. Its Wellbeing unit launched the first branded CBD

skincare brand in Colombia, with Kuida™ now marketed in multiple jurisdictions in Latin America, the US and UK. The Company is led by Co-founder and Chief Executive Officer, Alvaro Torres, together with an experienced and diverse executive team and Board of Directors.

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

Cautionary Notes

Forward-Looking Statements

This press release may contain certain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation. All information contained herein that is not historical in nature may constitute forward-looking information. Khiron undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of Khiron, its securities, or financial or operating results (as applicable). Although Khiron believes that the expectations reflected in forward-looking statements in this press release are reasonable, such forward-looking statement has been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond Khiron's control, including the risk factors discussed in Khiron's Annual Information Form which is available on Khiron's SEDAR profile at www.sedar.com. The forward-looking information contained in this press release is expressly qualified by this cautionary statement and is made as of the date hereof. Khiron disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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