

PharmaCielo Announces Financial Results for the First Quarter Ended March 31, 2022

- The Company expects Revenue to continue to grow – recently shipped 300 kg of CBD Full Spectrum Oil to a [Spanish pharmaceutical company](#), announced [entrance into Polish market](#), and [shipments to Germany](#) expected by late 2022. Steadily building pipeline in other key markets.
- Continued progress on streamlining the business, while continuing to invest in revenue-generating sales functions – SG&A expenses reduced by approximately 50% in Q1 2022 vs. Q1 2021, with further reductions expected.
- Expect to receive EU-GMP certification in the second half of 2022.

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

TORONTO and RIONEGRO, Colombia, May 30, 2022 /CNW/ - **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 first quarter ended March 31, 2022.

Management Commentary

Bill Petron, Chairman and CEO of PharmaCielo commented, "I am pleased with our performance in the first quarter, as the team's efforts over the past several months to build the sales pipeline, generate revenue growth and manage expenses, began to pay off. While quarter to quarter top line performance may fluctuate given the size of the Company, we expect continued momentum with shipments to Germany scheduled to begin later this year, and continued progress in markets like Argentina and Brazil. Our investment in an international salesforce has translated into a growing pipeline that we expect will further accelerate growth, with continued expansion in Spain and Germany, the potential for commercial shipments to Poland, as well as growth in a short list of additional key markets such as Israel."

Mr. Petron continued, "PharmaCielo is well positioned to continue gaining market share from incumbent exporters from developed nations such as Canada. We have effectively re-positioned the organization towards THC and higher value CBD products such as CBD Full Spectrum Oil, as well as added dried flower to our portfolio, with the Colombian government's recent approval of its export. PharmaCielo has a deep product shelf, a structural cost advantage, a sophisticated approach to genetics and processing, and the ability to scale efficiently, which give the Company a significant competitive advantage. I look forward to continuing to update shareholders as the year progresses. This will be an exciting year for our company."

Summary Financials

(000's)	Q1 2022	Q1 2021
Revenue	\$ 1,201	\$ 675
Adjusted EBITDA (loss)	\$ (1,571)	\$ (3,299)
Net Income (Loss)	\$ (2,912)	\$ (6,542)
Net Income (Loss) per Share	\$ (0.02)	\$ (0.05)

- PharmaCielo had cash equivalents of \$1.4 million at March 31, 2022, compared to \$5.3 million at December 31, 2021. The Company is engaged in ongoing discussions with specific parties and now expects to complete the previously announced debenture financing by the end of Q2 2022.

- For further detailed information and analysis, please see the financial statements and management's discussion and analysis for the period ending March 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 President of Sales, EU. The team has already made significant early progress, with deals in Germany, Poland and Spain, as well as progress in markets such as Argentina, Brazil and Israel.
- **Streamlining the business to minimize operating costs:** In the three months ended March 31, 2022, the Company reduced its Adjusted EBITDA loss from \$3.3 million to \$1.6 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.
- **Preparing for the transition to 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 solid competitor with psychoactive flower currently being imported into the EU and other markets from Canada and other producing countries. PharmaCielo expects dried flower exports to grow throughout the second half of 2022. The Company has already ramped-up THC flower production and is prepared to shift this product into the dry flower export market.
- **Solidifying the path to EU-GMP certification:** The Company is currently working toward EU-GMP certification of all of its products. Management expects the Company to achieve certification in Q4 2022. This will better position PharmaCielo to sign larger, longer term supply agreements with global pharmaceutical and cosmetics customers.
- **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 and broad-spectrum products, which are expected to have more sustainable long-term margin profiles than CBD isolate. The Company's recent shipment of [300kg of CBD Full Spectrum Oil to a Spanish pharmaceutical company](#) and its agreement to supply [THC final products to be commercialized in Germany](#), are two examples of the success of this strategy.

About PharmaCielo

PharmaCielo Ltd. (TSXV: PCLO, OTCQX: PCLOF) is a global company, headquartered in Canada, with a focus on ethical and sustainable processing and supplying of all-natural, pharmaceutical-grade medical 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 "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 Units, including the terms thereof and the closing date therefor.

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 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.

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