



A GLOBAL CANNABIS COMPANY THAT IMPROVES PEOPLE'S QUALITY OF LIFE

# Investment Highlights

TSXV: KHRN | OTCQX: KHRNF | FRANKFURT: A2JMZC



**Khiron Life Sciences (TSXV: KHRN), (OTCQX: KHRNF), (Frankfurt: A2JMZC)** is a global health & wellness company positioned to capitalize on the fast-growing international cannabis market. With operations and sales spanning nine countries and three continents, Khiron recently became the first company fully authorized to sell medical cannabis in Colombia. As Khiron shifts toward the sales-execution phase of its business plan, it is targeting markets it perceives as having the greatest near-term revenue potential and ROIC; these countries include Colombia, Brazil, Peru, the UK, and Germany, where sales have commenced or are expected.

By 2024, Khiron aims to reach 1 million patients by leveraging its first-mover advantage, regulatory expertise, robust education platform and advanced supply chain. With a focus on creating brand loyalty, the company aims to deliver a seamless customer experience through traditional and digital channels.

## Market leader in Latin America

- Effective June 2020, Khiron became the first and the only cannabis company authorized to sell high and low-THC cannabis products in Colombia as magistral preparations. By integrating medical cannabis into its network of wholly-owned clinics and pharmacies, Khiron expects to achieve favourable patient conversion rates and acquisition costs.
- In Q4 2018 Khiron launched Kuida, Latin America's first mass-market branded CBD skincare line. Since then, the company has significantly increased distribution, with 11 SKUs now being sold on three continents, four countries (including Colombia, the US, the UK and Spain) and over 200 retail locations. The company continues to increase its digital presence, achieving 30% online sales as of May 2020.

## Focused on patients and brands versus grams

- In Colombia, Khiron is focused on building brand loyalty by creating an exceptional customer experience featuring an integrated telemedicine platform, broad pharmacy distribution, high-quality medications, and robust patient follow-up protocols.
- Physician education is a key marketing strategy for the company; recently, Khiron announced a major partnership with Tec of Monterrey to train up to 1,500 physicians affiliated with the prestigious university.
- With gross margins in excess of 60%, Kuida is also a strategic tool on which to build brand awareness, distribution networks, retail relationships and public awareness regarding cannabinoids. Kuida has also presence in UK, Spain, Hong Kong and US.

## Positioned for exponential global growth

- With a robust supply chain in place and EU-GMP certification underway in Colombia, the company has commenced medical sales in Colombia and the UK, with sales in Germany and Peru expected in the current quarter. Khiron also has a presence in Spain, Mexico and the US.

**Khiron has embraced digital platforms, having implemented an advanced teleconsultation service with the capacity to support 150,000/year patient transactions<sup>1</sup>**  
**Khiron also aim to have more than 50% of its CPG sales online.**



<sup>1</sup>) Medical transactions include: consultation, surgical procedure, therapeutic support, diagnostic service, etc.



## Colombia

By leveraging its extensive network of patients and physicians, Khiron is driving toward exponential sales growth in Colombia. At its three wholly-owned clinics, Khiron has trained 40 medical cannabis specialists with expectations of issuing 1,000 prescriptions per week as new physicians are onboarded. As the company works to optimize processes and protocols, increasing patient access and convenience remains a top priority. Khiron is also committed to increasing third-party pharmacy distribution and recently announced a milestone agreement with Locatel pharmacies.

## Peru

In Peru, Khiron is close to achieving first sales, which would make it one of the first companies authorized to sell medical cannabis in the country of 32M. To date, Khiron has signed 2-year manufacturing and distribution agreements and received import license and all authorizations to commercialize high CBD full spectrum medical cannabis products. Sales are contingent on the receipt of a THC import quota and are forecast to start in Q3/20.



## Brazil

With a population of over 210M and a potential market size exceeding US\$4.5B, Brazil represents the largest addressable market in Latin America. In January 2020<sup>2</sup>, Brazil approved guidelines for the import of medical cannabis. The new regulatory framework provided Khiron with a unique opportunity to import its high and low-THC medical cannabis products to the country. To date, Khiron has obtained authorizations for compassionate care imports and entered into an exclusive agreement with Medlive, a leading marketer and distributor of pharmaceutical products in southern Brazil. Through this agreement, physicians in Medlive's extensive network will receive medical education and training related to Khiron products, allowing Khiron to market its medical cannabis products through Medlive's extensive network of doctor offices, clinics, hospitals and governmental institutions. The company expects to initially serve patients through compassionate care channels, with first sales planned for Q3/20.



## UK

With an eye on global expansion, Khiron became the exclusive Latin American company participating in Project Twenty21. Management believes the company's participation in Europe's 1st and largest national medical cannabis registry (which aims to enroll 20,000 patients by the end of 2021) will bolster Khiron's credibility and commercial opportunities throughout Europe while generating significant revenues throughout the study. In Q2/20, Khiron issued its first high-THC medical prescriptions in the UK, a market which is projected to reach US\$ 1.3B /year by 2024.

## Germany

Outside of North America, Germany is the largest medical cannabis market globally with a population of 82M and projected TAM of €7.7B by 2028<sup>4</sup>. On June 25, 2020, Khiron announced a distribution agreement with Nimbus Health, a leading medical cannabis distributor in Germany, with broad reach into domestic pharmacies. Medical education and marketing activities are expected to begin imminently with first sales expected in Q3/20.

## Medical Cannabis

<b>86.0</b> Million Patients	<b>\$ 28.9</b> US\$ Billion in 2024
<b>18,0</b>	<b>\$22,3</b>
<b>68,0</b>	<b>\$6,6</b>
<b>■ LatAm</b>	<b>■ Europe</b>

Sources: Prohibition Partners Global Cannabis Report, Nov 2019, European Cannabis Report, 5<sup>th</sup> Edition. Mgmt estimates on patient base.

2) New Frontier Data - THE LATIN AMERICA REGIONAL 2019 INDUSTRY OUTLOOK  
 3) Prohibition Partners The UK Cannabis Report, January 2020  
 4) Prohibition Partners – The Germany Cannabis Report, October 2019



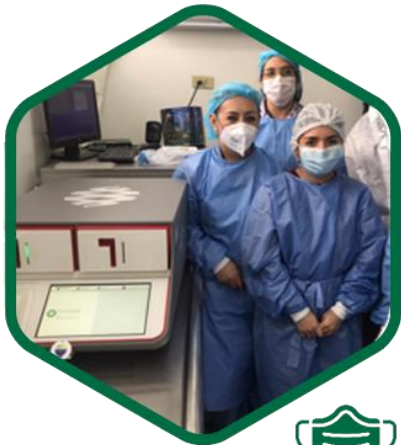
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### Experienced, aligned management committed to ESG principals

Khiron has a diverse, highly experienced management team, supported by extensive global branding, project and regional business expertise at the Board level. The company is led by co-founder and Chief Executive Officer, Álvaro Torres, an industrial engineer who has overseen more than \$1B in infrastructure projects. The company's Board of Directors includes former President of Mexico, Vicente Fox, institutional capital markets expert Chris Naprawa, and Deborah Rosati who offers more than 30 years of experience in technology, consumer, retail, cannabis, private equity and venture capital. In total, management and the Board hold 20% of shares outstanding.

## COVID-19 RESPONSE



## ENVIRONMENT SOLAR PARK, DOIMA-IBAGUE



## SOCIAL RESPONSABILITY



### Clean capital structure and strong balance sheet

Khiron has a clean capital structure with 117.5M shares outstanding and 11.7M warrants, options and RSUs outstanding. As of March 31, 2020, the company had \$24.4M in cash and \$2.9M in debt. With a basic market cap of \$61M (July 8, 2020) and EV of \$39.5M, Khiron has numerous potential near-term catalysts including the start of medical sales in Peru, Brazil and Germany, physician training and onboarding, and incremental distribution agreements. The company remains committed to preserving its balance sheet by reducing cash expenses over the next twelve months.

Basic Shares Outstanding <sup>1</sup>	117.5 million
Recent Share Price (CAD) <sup>2</sup>	\$0.52
Current Market Capitalization (CAD) <sup>1</sup>	\$61 million
Aligned Management and Board <sup>2</sup>	20%
Warrants, Options and RSU's Outstanding (CAD)	11.7 million
Weighted Average Strike Price for Warrants (CAD) <sup>3</sup>	\$2.09
Cash (CAD) <sup>3</sup>	\$24.4 million
Total assets minus goodwill & intangible (CAD) <sup>3</sup>	\$50.3 million

**Notes:**

- 1) As at July 8, 2020
- 2) Fully Diluted as for Nov 25, 2019
- 3) As at March 31, 2020