January 10, 2022

Skye Bioscience Issues Shareholder Letter Providing Progress Update and Business Outlook for 2022

SAN DIEGO, CA, Jan. 10, 2022 (GLOBE NEWSWIRE) -- Skye Bioscience, Inc. (OTCQB: SKYE) ("Skye"), a pharmaceutical company developing proprietary, synthetic, cannabinoid-derived molecules to treat diseases with significant unmet need, issued today the following letter from Chief Executive Officer and Chair, Punit Dhillon.

Dear Shareholders, Colleagues and Collaborators,

I would like to thank you for your steadfast support and dedication in bringing our novel cannabinoid-based compounds to life as a potential new class of medicines.

Over the last 18 months, our singular mission has been to establish Skye's novel cannabinoid-based compound for glaucoma as an important medicine for patients, recognizing that we are operating in a global pharmaceutical market that is changing rapidly and challenging us to stay one step ahead of the curve in terms of innovation. This is the urgency that drives us as we focus on consistently executing our goals until meaningful progress is achieved.

2021 represented an important year of fundamental progress for Skye. We further strengthened our team and work towards completing the preclinical development necessary to advance SBI-100 into the clinic. Our preclinical research to date gives us confidence that SBI-100 can be a promising drug candidate to treat glaucoma, the world's leading cause of irreversible blindness.

The journey to prepare our lead product, SBI-100, for its next stage of development has not come without challenges, especially when set against the backdrop of a global pandemic. However, we are now on the verge of entering the most exciting and rewarding phase – becoming a clinical-stage company with a drug-disease combination that has the ability to produce a possibly significant and meaningful data outcome in a short and resource-efficient manner. The potential impact of our drug on glaucoma inspires us to also target a broader range of ocular diseases, pave the path for the adoption of novel cannabinoid compounds, and expand Skye's drug pipeline.

Today, I am pleased to provide you with updates on our progress and insight into 2022 with a bold commitment to pursue every opportunity within our means to develop and expand an ophthalmology pipeline. We are preparing to make significant headway with the clinical development of SBI-100, the expansion of our R&D program, and the placement of resources and capabilities to support our escalating contributions toward disruptive innovation in the development of pharmaceutical cannabinoids.

SBI-100: Opportunity to Transform the Treatment of Glaucoma
At Skye, innovation lies at the center of our research and development process, and it drives

our belief that targeting cannabinoid receptors has broad applicability to modify diseases in the eye. The basis of drug development at Skye rests on evidence that modulation of the endocannabinoid system (ECS) can provide therapeutic benefit for multiple diseases. By targeting ECS receptors such as CB1, CB2, PPAR-y, and GPR55, we can develop drugs to address an extensive set of pathologies in ophthalmology. For the ocular setting, this means showing improvement or modification of intraocular pressure, pain, inflammation, neovascularization, wound healing, neuroprotection, and fibrosis.

In 2021, we completed several important preclinical studies to demonstrate the safety and efficacy of SBI-100. In vitro safety studies included an epi-ocular irritation study that demonstrated little to no irritation induced by its eye drop formulation, plus genotoxicity studies that demonstrated SBI-100 caused no chromosomal damage or genetic mutations.

In vivo efficacy studies included a combination study that again demonstrated SBI-100's ability to decrease intraocular pressure (IOP) to a greater degree and over a longer duration than the standard of care for the treatment of glaucoma as a standalone agent. The studies also demonstrated SBI-100's ability to further enhance the IOP-lowering benefit when co-administered with other classes of commercially available therapies, such as rho-kinase inhibitors. This data was presented at the American Association of Pharmaceutical Scientists (AAPS) and has been submitted to a peer-reviewed journal for publication consideration.

Additionally, I am pleased to share that we recently completed our good laboratory practice (GLP) toxicology study, which provides the final non-clinical dataset required for submission to the Australian Therapeutic Goods Administration to receive ethics approval, a necessary step before initiating our first-in-human trials with SBI-100. Before the end of 2021, we also completed a neuroprotection study to assess the potential of SBI-100 to protect retinal ganglion cells in an optic nerve crush model. We plan to share additional details from both studies upon a thorough review of the findings in the near term.

SBI-100 Entering the Clinic in 2022

We are fast approaching the initiation of our first-in-human Phase I study in the first half of 2022, with topline data expected in the third quarter of 2022 and the full data readout in the fourth quarter. Our Phase I study will evaluate the safety and tolerability of SBI-100 in healthy volunteers. The objective is to check an important box for regulatory authorities by demonstrating that our drug has minimal to no side effects in the eye and no unwanted systemic side effects from THC.

What is more significant, of course, is potentially demonstrating the IOP-reducing effects of SBI-100 in patients with glaucoma. We have therefore laid out a plan to initiate a Phase II study before the end of 2022. This study will be designed to evaluate the IOP-reducing effects of SBI-100 compared to both placebo control and an active control. It will be conducted in the US through an Investigational New Drug (IND) application, and I am pleased to share that in December 2021 we completed our pre-IND meeting with the U.S. Food and Drug Administration (FDA). We received valuable guidance from the FDA regarding the clinical development of SBI-100 in the U.S. and they agreed with the overall design of the proposed Phase II efficacy trial. This provides Skye with a clear path to move forward with an IND submission and, subject to approval, the initiation of its Phase II study, which we expect to begin in Q4 2022.

Cannabinoid Pharmaceutical Innovation Program
In the fourth quarter, we announced the launch of a new initiative to establish a proprietary screening platform to identify novel compounds with potential therapeutic benefit in ophthalmology and other diseases. This research with leading experts and academic collaborators around the world offers the prospect of increasing Skye's development pipeline. It also raises the bar for the entire ophthalmology and cannabinoid research field, bringing a science-based proprietary approach to these potential medicines to benefit patients.

Expansion of Leadership Team
In the second half of 2021, we added substantial depth to our leadership team, adding vital roles and pertinent pharmaceuticals development experience, notably in the area of ophthalmology during a time of exponential growth.

Kaitlyn Arsenault, CPA - Chief Financial Officer
Ms. Arsenault brings over 14 years of experience in accounting, auditing, financial reporting, mergers, acquisitions, and business operations in the life science and technology sectors. Prior to her appointment as CFO of Skye, she served as an independent consultant for emerging public and private companies, including Skye, for the past six years, providing expertise and addressing complex issues related to SEC reporting, technical accounting, stock-based compensation, and revenue recognition, among other subjects.

Tu Diep, MSc. - Chief Development Officer
Mr. Diep, a proven leader in drug development, brings more than 15 years of experience in research, clinical and strategic operations, business process, CMC, regulatory affairs, and business development.

Rhea Williams, MPH - Head of Regulatory Affairs and Quality Assurance
Ms. Williams brings over 25 years of experience in drug development, regulatory affairs, and quality assurance. She's supported the development of small and large molecules in the areas of neurology, hematology, oncology, women's health, cardiology, and ophthalmology. Previously she held management positions at Johnson & Johnson, Schering-Plough, and Eisai.

Varun Khurana, PhD - Senior Director of Research and Development
Dr. Khurana brings over 7 years of comprehensive experience in pre-formulation and formulation development, technical transfer, CMC, CMO/CRO management, and regulatory submissions for innovative and complex drug development programs. His expertise encompasses product ideation, portfolio strategy, due diligence, lifecycle management, and intellectual property strategy. Dr. Khurana has worked on several dosage forms, including ophthalmic, injectable, oral, and sublingual.

We also announced the appointment of two new independent directors to the board, who bring extensive experience in ophthalmic drug clinical development.

Praveen Tyle, PhD – Director
Dr. Tyle is a biotech executive with over 37 years of broad pharmaceutical executive leadership, extensive experience working with ocular disorders, and a wealth of academic insight. He serves as President, CEO, and Director of Invectys, Inc. and previously held senior leadership positions at Novartis and Bausch & Lomb.

Keith W. Ward, PhD – Director
Dr. Ward is a life sciences executive with over 25 years of experience in the biotech and pharmaceutical industry. He is President and CEO of InterveXion Therapeutics and was previously Global Vice President of Pharmaceutical R&D at Bausch & Lomb.

Financial Update
In 2021, we completed a financing of $7.0 million via a registered direct offering. These proceeds are being used primarily for preclinical and clinical development of SBI-100, R&D activities, and general corporate purposes.

As of September 30, 2021, our cash position was $11.1M, an increase of $6.9M from $4.2M on September 30, 2020. Our working capital was $9.9M and stockholders' equity was $8.3M, positioning us with the strongest balance sheet in the Company's history and enabling us to advance our development initiatives.

Looking Forward in 2022
As with all diseases, the main driver for innovation in ophthalmology is unmet patient need. This is where Skye has an exceptional opportunity to be disruptive. At Skye, our innovation and development strategy and value creation plan are linked to the following milestones for 2022:

1. Completion of a Phase I study to establish safety and tolerability of SBI-100 in humans
2. Initiation of a robust placebo and active-controlled Phase II study for SBI-100 in glaucoma
3. Development of a drug development platform to uncover novel molecules and mechanisms of action capable of modulating the endocannabinoid system to improve outcomes for a broad set of ophthalmic disease

2022 will undoubtedly be a transformative year for Skye. We have positioned the Company to execute on its ambitious agenda, transitioning from a preclinical to clinical-stage company and pursuing the compelling opportunities ahead of us.

As always, we thank you for your continued support and on behalf of the entire Skye team, we wish you a safe, healthy, and prosperous 2022.

Sincerely,

Punit Dhillon
CEO & CHAIR

About Skye Bioscience
Skye Bioscience Inc. is a biopharmaceutical company unlocking the pharmaceutical potential of cannabinoids through the development of its proprietary, cannabinoid-derived molecules to treat diseases with significant unmet needs. The company's lead program, SBI-100, is focused on treating glaucoma, a disease with no cure and the world's leading cause of irreversible blindness. For more information, please visit: www.skyebioscience.com.

CONTACT
Angelita Garcia
Director, Corporate Communications

Email: ir@skyebioscience.com
Phone: (858) 410-0266

FORWARD LOOKING STATEMENTS

This letter contains forward-looking statements, including statements regarding our product development, business strategy, timing of clinical trials and commercialization of cannabinoid-derived therapeutics. Such statements and other statements in this press release that are not descriptions of historical facts are forward-looking statements that are based on management's current expectations and assumptions and are subject to risks and uncertainties. If such risks or uncertainties materialize or such assumptions prove incorrect, our business, operating results, financial condition, and stock price could be materially negatively affected. In some cases, forward-looking statements can be identified by terminology including "anticipated," "plans," "goal," "focus," "aims," "intends," "believes," "can," "could," "challenge," "predictable," "will," "would," "may" or the negative of these terms or other comparable terminology. We operate in a rapidly changing environment and new risks emerge from time to time. As a result, it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. Risks and uncertainties that may cause actual results to differ materially include, among others, our capital resources, uncertainty regarding the results of future testing and development efforts and other risks that are described in the Risk Factors section of Skye's most recent annual or quarterly report filed with the Securities and Exchange Commission. Except as expressly required by law, Skye disclaims any intent or obligation to update these forward-looking statements.

Source: Skye Bioscience, Inc.