



Khiron Life Sciences Corp.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian Dollars, unless otherwise noted)

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statements of Financial Position

(expressed in Canadian Dollars)

Unaudited

	Note	March 31 2021 \$	December 31 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	12,504,652	21,649,041
Accounts receivable	4	4,786,581	4,583,241
Inventories and biological assets	5,6	8,238,379	8,337,206
Prepaid expenses and other current assets	15	2,771,522	1,845,673
Total current assets		28,301,134	36,415,161
Non-current assets			
Property, plant and equipment	7	15,928,712	17,517,635
Intangible assets	8	14,924,989	15,134,217
Goodwill	8	3,762,847	4,112,233
Total assets		62,917,682	73,179,246
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		4,719,943	6,263,944
Current portion of long-term debt	9	985,462	1,078,362
Total current liabilities		5,705,405	7,342,306
Non-current liabilities			
Long-term debt	9	1,329,378	1,711,927
Deferred tax liabilities		837,805	896,026
Total liabilities		7,872,588	9,950,259
Shareholders' equity			
Share capital		137,099,232	137,080,855
Other reserves		14,441,792	13,738,964
Accumulated other comprehensive loss		(7,318,593)	(3,907,846)
Deficit		(89,177,337)	(83,682,986)
Total shareholders' equity		55,045,094	63,228,987
Total liabilities and shareholders' equity		62,917,682	73,179,246

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 17)

Subsequent events (Note 18)

Signed on behalf of the Board:

"Alvaro Torres"

Alvaro Torres, Director

"Deborah Rosati"

Deborah Rosati, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian Dollars)

Unaudited

		For the three months ended	
	Note	2021	March 31 2020
		\$	\$
Revenues			
Service revenues		2,237,922	1,817,870
Medical Cannabis		563,159	480
Wellness products		35,492	82,299
		2,836,573	1,900,649
Cost of sales		1,746,505	1,463,737
Gross profit before fair value adjustments		1,090,068	436,912
Changes in fair value of inventory sold		(39,661)	-
Unrealized gain on changes in fair value of biological assets	6	510,752	-
Gross profit		1,561,159	436,912
Expenses			
General and administrative costs	13	5,591,748	5,847,296
Share-based compensation	11,12	721,205	2,148,615
Selling, marketing and promotion		397,903	759,219
Research and development		347,145	943,519
		7,058,001	9,698,649
Other income		(51,301)	(143,955)
Other expenses		55,708	121,108
Net loss before tax		5,501,249	9,238,890
Current income tax expense		-	6,068
Deferred income tax recovery		(6,898)	(7,771)
Net loss		5,494,351	9,237,187
Other comprehensive loss:			
Foreign currency translation		3,410,747	1,298,371
Comprehensive loss		8,905,098	10,535,558
Loss per share – basic and diluted	14	0.04	0.08
Weighted average number of shares outstanding		150,717,735	116,606,697

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statements of Cash Flow

(expressed in Canadian Dollars)

Unaudited

		For the three months ended	
		March 31	
	Note	2021	2020
		\$	\$
Operating activities			
Net loss before tax		(5,501,249)	(9,238,890)
Adjustments for:			
Share-based compensation	11,12	721,205	2,148,615
Changes in fair value of inventory sold		39,661	-
Unrealized gain on fair value of biological assets	6	(510,752)	-
Depreciation and amortization		297,568	289,580
Accrued interest		-	(118,481)
Changes in non-cash working capital items:			
Accounts receivable		(604,894)	1,768,152
Inventories		(171,460)	(122,164)
Prepays and other assets		(985,439)	(2,983,813)
Accounts payable and accrued liabilities		(1,480,028)	(1,630,582)
Net cash used in operating activities		(8,195,388)	(9,887,583)
Investing activities			
Purchase of property, plant and equipment		(110,128)	(1,384,527)
Short-term investments		-	22,597,507
Net cash provided by investing activities		(110,128)	21,212,980
Financing activities			
Repayment of long-term debt		(249,426)	(249,994)
Shares purchased and cancelled		-	(212,389)
Net cash used in financing activities		(249,426)	(462,383)
Cash and cash equivalents, beginning of period		21,649,041	9,344,878
Net change in cash and cash equivalents		(8,554,942)	10,863,014
Effect of movements in exchange rates on cash held		(589,447)	(814,288)
Cash and cash equivalents, end of period		12,504,652	19,393,604

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(expressed in Canadian Dollars)

Unaudited

	Note	Number of common shares	Share capital	Share- based compensatio n reserve	Warrants reserve	Accumulated other comprehensive income	Retained deficit	Total
		#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2019		116,612,318	121,290,474	8,247,913	3,157,335	(2,693,240)	(59,963,728)	70,038,754
Shares repurchased and cancelled		(511,500)	(532,020)	-	-	-	319,631	(212,389)
Fair value of share-based payments		-	-	2,148,615	-	-	-	2,148,615
Net loss for the period		-	-	-	-	-	(9,237,187)	(9,237,187)
Other comprehensive loss		-	-	-	-	(1,298,371)	-	(1,298,371)
Balance, March 31, 2020		116,100,818	120,758,454	10,396,528	3,157,335	(3,991,611)	(68,881,284)	61,439,422
Balance, December 31, 2020		150,717,068	137,080,855	10,002,029	3,736,935	(3,907,846)	(83,682,986)	63,228,987
Share issuance - RSUs exercised	12	7,500	18,377	(18,377)	-	-	-	-
Fair value of share-based payments	11,12	-	-	721,205	-	-	-	721,205
Net loss for the period		-	-	-	-	-	(5,494,351)	(5,494,351)
Other comprehensive loss		-	-	-	-	(3,410,747)	-	(3,410,747)
Balance, March 31, 2021		150,724,568	137,099,232	10,704,857	3,736,935	(7,318,593)	(89,177,337)	55,045,094

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

Unaudited

1. Nature of operations and going concern

Khiron Life Sciences Corp. (“Khiron” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on May 16, 2012. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “KHRN”, the OTCQX Best Market under the symbol “KHRNF” and on the Frankfurt Stock Exchange under the symbol “A2JMXC”.

Going concern

These unaudited condensed interim consolidated financial statements (the “consolidated interim financial statements”) have been prepared by management on a going concern basis which assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2021, the Company has not yet achieved profitable operations and had a loss of \$5.5 million for the three months ended March 31, 2021. More vital to the analysis of going concern is the pandemic stemming from the coronavirus disease pandemic (“COVID-19”), as declared by the World Health Organization. These factors cast significant doubt on the Company’s ability to continue as a going concern. COVID-19 has had far-reaching impacts on every business and every individual globally.

The Company’s core focus has been 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. High quality growth and extraction at its cultivation site has continued throughout COVID-19. Cost reductions in salaries, marketing and other administrative functions were implemented. Capital expenditure programs were postponed, where possible. While the Company will avail itself of financial relief measures, management believes that the Company should have sufficient liquidity to continue operations for at least the next twelve months, satisfy all commitments and repay its liabilities arising from normal business operations as they become due. While the Company starts Q2 2021 on April 1, 2021 with a cash balance of \$12.5 million and a working capital balance of \$22.5 million, the Company must prudently manage its cash and maintain its liquidity amidst the material uncertainty of incoming cash flows.

If the going concern assumption were not appropriate for these condensed interim consolidated financial statements, adjustments would be necessary to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and that such adjustments could be material.

2. Significant accounting policies

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and do not include all of the information required for annual audited consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2020, which have been prepared in accordance with IFRS. These condensed interim consolidated financial statements of Khiron were authorized for issue in accordance with a resolution of the Board of Directors on May 27, 2021.

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

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Unaudited

Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss and biological assets, which are measured at their fair value. The condensed interim consolidated financial statements are presented in Canadian dollars except where otherwise indicated. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

Basis of consolidation

The condensed interim consolidated financial statements reflect the assets, liabilities, and results of operations of Khiron Life Sciences Corp. and its subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

3. Cash and cash equivalents

	March 31 2021	December 31 2020
	\$	\$
Cash and cash equivalents:		
Cash in bank	7,059,021	8,171,531
Cash held in legal trust	5,445,631	13,477,510
Cash and cash equivalents	12,504,652	21,649,041

There are no limitations or restrictions associated with cash held in banks or cash held in legal trust, the Company has full access to these funds.

4. Accounts receivable

	March 31 2021	December 31 2020
	\$	\$
Taxes receivable, commodity and other	229,475	311,039
Trade and other receivables	4,557,106	4,272,202
Accounts receivable	4,786,581	4,583,241

As at March 31, 2021, no provision for expected credit losses has been recognized (December 31, 2020 – nil). For accounts receivable, the Company uses the simplified approach for measuring lifetime expected credit losses.

5. Inventories

	March 31 2021	December 31 2020
	\$	\$
Raw materials	569,492	684,174
Work-in-progress	6,508,119	6,233,860
Finished goods	500,840	566,890
Supplies	77,585	148,240
	7,656,036	7,633,164

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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6. Biological assets

The changes in the carrying value of biological assets during the period are as follows:

	\$
Balance, December 31, 2019	48,675
Increase in biological assets due to capitalized costs	1,053,921
Unrealized gain on changes in fair value of biological assets	5,527,449
Transferred to inventory upon harvest	(5,926,003)
Balance, December 31, 2020	704,042
Increase in biological assets due to capitalized costs	268,881
Unrealized gain on changes in fair value of biological assets	510,752
Transferred to inventory upon harvest	(901,332)
Balance, March 31, 2021	582,343

As at March 31, 2021, the Company measures its biological assets at its fair value less costs to sell. The Company utilizes an income approach to determine the fair value less cost to sell at a specific measurement date, based on the existing cannabis plants' stage of completion up to the point of harvest. The stage of completion is determined based on the propagation date, the period-end reporting date, the average growth rate, and is calculated on a weighted average basis for the number of plants in the specific lot. The number of weeks in a production cycle is approximately 13 weeks from propagation to harvest. As of March 31, 2021, the weighted average fair value less cost to sell a gram of dried cannabis was \$1.80 per gram (December 31, 2020 - \$1.97).

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique utilized. The Company's method to account for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from propagation to the point of harvest.

During the three months ended March 31, 2021, the Company's biological assets produced 477 kilograms of dried cannabis (three months ended March 31, 2020 – 255 kilograms), respectively. The Company estimates the harvest yields for cannabis at various stages of growth. As at March 31, 2021, it is expected that the Company's biological assets will yield approximately 780 kilograms of dry cannabis when harvested (December 31, 2020 – 971 kilograms). As at March 31, 2021, the weighted average stage of growth for the biological assets was 40% (December 31, 2020 – 37%).

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets as at March 31, 2021. No comparative fair value information for the three months ended March 31, 2020 is presented as the Company did not recognize biological assets at its fair value less costs to sell.

Significant assumptions	estimates and Units	Input	5% Sensitivity	Impact on fair value (\$)
Fair value less cost to sell of dry flower	\$/gram	1.80	0.09	29,000
Yield per plant	Grams/plant	35	1.75	23,000
Grow cycle	Days	92	4.5	31,000
Margin allocation to cultivation	%	35%	1.75%	23,000

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Notes to the Condensed Interim Consolidated Financial Statements

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The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets as at December 31, 2020.

Significant estimates and assumptions	Units	Input	5% Sensitivity	Impact on fair value (\$)
Fair value less cost to sell of dry flower	\$/gram	1.97	0.10	290,000
Yield per plant	Grams/plant	51	2.6	29,000
Grow cycle	Days	90	4.5	47,000
Margin allocation to cultivation	%	35%	1.75%	236,000

The Company's estimates are, by their nature, subject to change, and differences from the anticipated yield, grow cycle and any other underlying operational inputs will be reflected in the gain or loss on biological assets in future periods.

7. Property, plant and equipment

	Land	Buildings and leasehold improvements	Plant and equipment	Office and medical equipment	Capital work-in-progress	Right of use assets	Total
Cost	\$	\$	\$	\$	\$	\$	\$
December 31, 2020	1,307,188	11,281,354	1,770,296	2,251,048	843,283	2,301,331	19,754,500
Additions (transfers)	-	4,961	54,871	117,372	-	-	177,204
Foreign currency translation	(111,062)	(958,129)	(148,580)	(278,550)	(59,757)	(195,527)	(1,751,605)
March 31, 2021	1,196,126	10,328,186	1,676,587	2,089,870	783,526	2,105,804	18,180,099
Accumulated Depreciation							
December 31, 2020	-	(252,642)	(313,460)	(706,607)	-	(964,156)	(2,236,865)
Charge for the period	-	(45,416)	(52,488)	(47,378)	-	(122,150)	(267,432)
Foreign currency translation	-	17,964	66,646	83,882	-	84,418	252,910
March 31, 2021	-	(280,094)	(299,302)	(670,103)	-	(1,001,888)	(2,251,387)
Net Book Value							
March 31, 2021	1,196,126	10,048,092	1,377,285	1,419,767	783,526	1,103,916	15,928,712
December 31, 2020	1,307,188	11,028,712	1,456,836	1,544,441	843,283	1,337,175	17,517,635

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

Unaudited

8. Intangible assets and goodwill

	Customer Relationships	Brands	Licenses	Goodwill	Total
Cost	\$	\$	\$	\$	\$
December 31, 2020	553,979	680,421	14,203,839	4,112,233	19,550,473
Transfers	-	-	-	-	-
Foreign currency translation	(47,058)	(39,167)	(115,501)	(349,386)	(551,112)
March 31, 2021	506,921	641,254	14,088,388	3,762,847	18,999,361
Accumulated Amortization					
December 31, 2020	(191,371)	(641,254)	(112,651)	-	(304,023)
Charge for the period	(84,487)	-	(14,555)	-	(99,042)
Foreign currency translation	78,128	-	13,412	-	91,540
March 31, 2021	(197,730)	-	(113,794)	-	(311,524)
Net book value					
March 31, 2021	309,191	641,254	13,974,544	3,762,847	18,687,836
December 31, 2020	362,608	680,421	14,091,188	4,112,233	19,246,450

9. Long-term debt

The carrying values for lease liabilities and loans are as follows:

	Interest rate	Maturity date	March 31, 2021	December 31, 2020
			\$	\$
Lease liabilities	9.76%	2021-2030	1,964,328	2,290,146
Loan	9.88%	March 16, 2021	-	18,641
Loan	7.58%	September 1, 2021	29,186	40,595
Loan	8.44%	November 1, 2021	13,304	17,895
Loan	11.30%	November 1, 2021	33,773	46,975
Loan	11.30%	September 30, 2021	105,374	158,343
Loan	10.13%	May 18, 2022	51,371	68,568
Loan	8.15%	May 15, 2022	56,857	74,563
Loan	8.06%	June 21, 2022	60,647	74,563
			2,314,840	2,790,289
Current portion			985,462	1,078,362
Non-current portion			1,329,378	1,711,927

Lease liabilities include office leases, health centre leases and a land lease for the cultivation site in Colombia.

The loans and lease liabilities are held in Colombia and denominated in Colombian pesos and therefore subject to higher interest rates than in Canada. The change in the foreign exchange rate between Colombian Pesos and the Canadian Dollar from December 31, 2020 to March 31, 2021, of approximately 8%, contributed to a decrease in the long-term debt and lease liabilities in Canadian Dollars of \$0.1 million.

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

Unaudited

10. Warrants

The following table reflects the warrants outstanding as at March 31, 2021:

Exercise Price	Outstanding as at March 31, 2021		Expiry Date	Remaining Life (years)
\$				
2.90	594,849 *		28-May-2021	0.2
0.75	32,200,000 *		26-Nov-2025	4.7
0.45	1,932,000 **		26-Nov-2022	1.7
0.77	34,726,849			4.4

*Represent warrants or compensation options issued pursuant to equity financing transactions and are exercisable into one common share.

**Represent compensation options issued pursuant to equity financing transaction and are exercisable into one unit comprising of one common share and one warrant with an exercise price of \$0.75.

In Q1 2021, 786,600 warrants expired.

The following table reflects the warrants outstanding as at December 31, 2020:

Exercise Price	Outstanding as at December 31, 2020		Expiry Date	Remaining Life (years)
\$				
2.20	786,600 *		28-Feb-21	0.2
2.90	594,849 *		28-May-21	0.4
0.45	1,932,000 **		26-Nov-22	1.9
0.75	32,200,000 *		26-Nov-25	4.9
0.80	35,513,449			4.6

*Represent warrants or compensation options issued pursuant to equity financing transactions and are exercisable into one common share.

**Represent compensation options issued pursuant to equity financing transaction and are exercisable into one unit comprising of one common share and one warrant with an exercise price of \$0.75.

11. Stock options

The Company recorded share-based compensation expense related to stock options of \$87,550 for the three months ended March 31, 2021 (three months ended March 31, 2020 - \$271,421) to the condensed interim consolidated statements of loss and comprehensive loss.

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The following table reflects the continuity of stock options for the three months ended March 31, 2021:

Grant Date	Number of stock options				As at March 31, 2021	Exercise Price	Expiry Date	Remaining Life (years)
	As at December 31, 2020	Issued	Exercised	Forfeited				
						\$		
2017-04-19	1,275,000	-	-	(200,000)	1,075,000	1.00	2021-04-19	0.1
2017-09-12	552,500	-	-	-	552,500	1.00	2022-09-12	1.5
2017-10-12	100,000	-	-	-	100,000	1.00	2022-10-12	1.5
2018-05-23	590,000	-	-	-	590,000	1.40	2023-05-23	2.1
2018-06-26	200,000	-	-	-	200,000	1.40	2023-06-26	2.2
2019-05-31	816,667	-	-	-	816,667	3.25	2024-05-31	3.2
2019-11-27	1,600,000	-	-	-	1,600,000	2.90	2024-11-27	3.7
	5,134,167	-	-	(200,000)	4,934,167	2.05		2.3

Pursuant to the terms of the Company's 2020 Amended and Restated Stock Option Plan ("Stock Option Plan"), when the expiry date of a stock option fall on a date within a blackout period, as defined in the Stock Option Plan, the expiry date is automatically extended to that date which is the tenth Business Day after the end of the blackout period. As such, the expiry date of April 19, 2021 included in the above table is automatically extended for a 10 Business-Day period following conclusion of the blackout period currently in effect as of the date of the consolidated interim financial statements were authorized for issue.

As at March 31, 2021, 3.9 million (December 31, 2020 - \$4.1 million) stock options outstanding were vested and the unamortized stock option expense relating to previously issued stock options is approximately \$0.1 million (December 31, 2020 - \$0.2 million).

12. Restricted share units

The Company recorded share-based compensation expense related to the RSUs of \$633,655 for the three months ended March 31, 2021 (three months ended March 31, 2020 - \$1,877,194) to the condensed interim consolidated statements of loss and comprehensive loss.

The following table reflects the continuity of RSUs for the period ended March 31, 2021:

Grant Date	Number of RSUs				As at March 31, 2021	Grant Price	Expiry Date	Remaining Life (years)
	As at December 31, 2020	Issued	Exercised	Forfeited				
						\$		
2018-05-23	282,500	-	-	-	282,500	0.89	2021-12-15	0.7
2019-05-31	2,119,000	-	(7,500)	-	2,111,500	2.45	2022-12-15	1.7
2019-11-25	1,675,000	-	-	-	1,675,000	1.03	2022-12-15	1.7
2020-08-26	1,200,000	-	-	-	1,200,000	0.51	2023-12-15	2.7
2020-09-10	1,100,000	-	-	-	1,100,000	0.52	2023-12-15	2.7
2021-02-08	-	888,298	-	-	888,298	0.47	2024-12-15	3.7
	6,376,500	888,298	(7,500)	-	7,257,298	1.21		2.2

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As at March 31, 2021, 2.9 million (December 31, 2020 – 2.8 million) of the outstanding RSUs were vested and the unamortized RSU expense relating to previously issued RSUs is approximately \$1.0 million (three month ended March 31, 2020 – \$3.8 million).

13. General and administrative costs

	For the three months ended	
	2021	March 31 2020
	\$	\$
Salaries	2,954,913	3,185,528
Professional fees	268,178	683,947
Consulting	384,529	194,479
Investor relations	170,359	289,260
Travel and development	21,226	171,267
Corporate governance	979,564	181,586
Office and general	585,863	961,618
Depreciation and amortization	227,116	179,611
	5,591,748	5,847,296

14. Loss per share

	For the three months ended	
	2021	March 31 2020
Net loss	\$5,494,351	\$9,237,187
Weighted average number of common shares outstanding - basic	150,717,735	116,606,697
Effect of dilutive securities	-	-
Weighted average number of common shares outstanding - dilutive	150,717,735	116,606,697
Loss per share – basic and diluted	\$0.04	\$0.08

Diluted loss per share does not include the effect of stock options, RSUs and warrants as they are anti-dilutive.

15. Related party transactions

Related parties and related party transactions impacting the condensed interim consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

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	For the three months ended March 31	
	2021	2020
	\$	\$
Management fees and salaries	1,648,998	1,491,425
Share-based compensation	623,689	1,513,160

For the three months ended March 31, 2021, the spouse of a director of the Company provided legal services to the Company in the normal course of business of approximately \$17,000 (three months ended March 31, 2020 - \$20,000).

As at December 31, 2020, prepaid expenses and other current assets includes \$0.8 million of signing bonuses relating to key management personnel of the Company. As at March 31, 2021, this balance has been fully amortized.

16. Segmented information

An operating segment is a component of the Company (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

The Company has three operating segments plus the corporate offices maintained in Bogota, Colombia; Toronto, Canada; and Frankfurt, Germany.

Geographic Segments

	March 31 2021	December 31 2020
	\$	\$
Property, plant and equipment:		
Canada	-	-
Europe	11,793	13,884
Latin America	15,916,919	17,503,751
	15,928,712	17,517,635
Non-current assets:		
Canada	-	-
Europe	11,793	13,884
Latin America	34,604,755	36,750,201
	34,616,548	36,764,085
Total assets:		
Canada	8,384,068	18,007,941
Europe	1,020,184	1,702,607
Latin America	53,513,430	53,468,698
	62,917,682	73,179,246

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

Unaudited

Operating Segments

Three months ended March 31, 2021	Corporate	Health services	Medical cannabis products	Wellbeing products	Total
	\$	\$	\$	\$	\$
Revenues	-	2,237,932	563,159	35,482	2,836,573
Gross profit	-	558,963	975,759	26,437	1,470,616
Net loss	3,895,329	363,310	1,147,849	87,863	5,494,351

Three months ended March 31, 2020	Corporate	Health services	Medical cannabis products	Wellbeing products	Total
	\$	\$	\$	\$	\$
Revenues	-	1,817,870	480	82,299	1,900,649
Gross profit	-	381,290	370	55,252	436,912
Net loss	7,822,667	71,107	1,051,726	291,687	9,237,187

17. Commitments and contingencies

Contractual obligations	Payments due by period				Total
	2021	2022-2025	2026-2027	2028+	
	\$	\$	\$	\$	\$
Financial lease - land	88,426	471,607	235,804	304,580	1,100,417
Financial lease – corporate and medical offices	533,850	890,738	14,067	-	1,438,655
Research and development	127,500	85,000	-	-	212,500
Loans	272,229	78,283	-	-	350,512
	1,022,005	1,525,628	249,871	304,580	3,102,084

In March 2020, a lawsuit was filed in Uruguay against one of the Company's subsidiaries and other defendants unrelated to the Company, claiming certain finder's fees in connection with the acquisition of NettaGrowth and Dormul by the Company in June 2019. The Company believes the claims are completely without merit and intends to vigorously defend the claim. Due to the current stage of the proceedings, it is not possible to estimate the Company's potential liability in the litigation, if any.

18. Subsequent Events

In April 2021, the Company's Board of Directors approved a recommendation by management to grant 2,996,000 stock options and 2,541,500 RSUs to certain employees and executives of the Company following the end of the Q1 quarterly blackout period currently in effect, estimated to occur on or around May 31, 2021. These grants include 2,800,000 stock options and 1,200,000 RSUs to be granted pursuant to contractual obligations between the Company and certain executives. The exercise price of the stock options will be determined following the end of the blackout period and will be not less than the fair market value, which means the last closing price of the shares on the TSXV before the grant date, pursuant to the terms of the Company's Stock Option Plan.