



Khiron Life Sciences Corp.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

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

Khiron Life Sciences Corp.
Condensed Interim Consolidated Statements of Financial Position
(expressed in Canadian thousand Dollars)
Unaudited

	Note	March 31 2022	December 31 2021
		\$	\$
ASSETS			
Current assets			
Cash	3	5,127	8,923
Accounts receivable	4	4,365	2,880
Inventories and biological assets	5,6	9,612	9,454
Prepaid expenses and other current assets		2,735	2,517
Total current assets		21,839	23,774
Non-current assets			
Property, plant and equipment	7	14,814	13,557
Intangible assets	8	902	868
Goodwill	8	4,290	4,075
Total assets		41,845	42,274
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		6,431	4,308
Current portion of deferred consideration		131	104
Current portion of long-term debt and lease liabilities	9	2,036	1,522
Warrant liability	10	2,469	1,783
Total current liabilities		11,067	7,717
Non-current liabilities			
Deferred consideration		182	209
Long-term debt and lease liabilities	9	753	705
Deferred tax liabilities		327	313
Total liabilities		12,329	8,944
Shareholders' equity			
Share capital		146,630	146,449
Other reserves		13,708	13,580
Accumulated other comprehensive loss		(8,598)	(9,888)
Deficit		(122,224)	(116,812)
Total shareholders' equity		29,516	33,329
Total liabilities and shareholders' equity		41,845	42,274

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 17)

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 thousand Dollars)

Unaudited

		For the three months ended	
		March 31	
	Note	2022	2021
		\$	\$
Revenues			
Service revenues		1,980	2,238
Medical Cannabis		2,650	563
Wellness products		13	35
		4,643	2,836
Cost of sales			
Service revenues		1,831	1,679
Medical Cannabis		677	58
Wellness products		(2)	9
		2,506	1,746
Gross profit before fair value adjustments		2,137	1,090
Changes in fair value of inventory sold		(1,099)	(40)
Unrealized gain on changes in fair value of biological assets	6	457	511
Fair value (loss)/gain on biological assets		(642)	471
Gross profit		1,495	1,561
Expenses			
General and administrative costs	13	5,550	6,313
Selling, marketing and promotion		418	398
Research and development		548	347
Foreign exchange gain		(249)	(46)
Impairment of other assets	4	3	-
Other income and expenses		(198)	(45)
Loss before finance costs, unrealized loss on warrants		(4,577)	(5,406)
Finance costs		155	95
Unrealized loss on warrants		686	-
Loss before income taxes		(5,418)	(5,501)
Income taxes recovery (expense)	6	6	7
Net loss		(5,412)	(5,494)
Other comprehensive income (loss):			
Foreign currency translation		1,290	(3,411)
Comprehensive loss		(4,122)	(8,905)
Loss per share – basic and diluted		0.03	0.04
Weighted average number of shares outstanding		179,395,068	150,717,735

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 thousand Dollars)
Unaudited

		For the three months ended March 31	
	Note	2022	2021
		\$	\$
Operating activities			
Net loss before tax		(5,418)	(5,501)
Adjustments for:			
Share-based compensation	11,12	309	721
Changes in fair value of inventory sold		1,099	40
Unrealized gain on fair value of biological assets	6	(457)	(511)
Depreciation and amortization		596	297
Impairment		(27)	-
Accrued interest		58	-
Unrealized loss on warrants		686	-
Changes in non-cash working capital items:			
Accounts receivable		(1,361)	(605)
Inventories		(150)	(171)
Prepays and other assets		(112)	(985)
Accounts payable and accrued liabilities		1,974	(1,480)
Net cash used in operating activities		(2,803)	(8,195)
Investing activities			
Purchase of property, plant and equipment		(317)	(110)
Proceeds from disposition of property, plant and equipment		8	-
Net cash provided by investing activities		(309)	(110)
Financing activities			
Proceeds from debt		109	-
Repayment of lease liability		(197)	-
Repayment of long-term debt		(106)	(249)
Net cash used in financing activities		(194)	(249)
Cash and cash equivalents, beginning of period		8,923	21,649
Net change in cash and cash equivalents		(3,306)	(8,555)
Effect of movements in exchange rates on cash held		(490)	(589)
Cash and cash equivalents, end of period		5,127	12,505

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 thousand Dollars)

Unaudited

	Note	Number of common shares	Share capital	Share-based compensatio n reserve	Accumulated other comprehensive income	Retained deficit	Total
		#	\$	\$	\$	\$	\$
Balance, December 31, 2020		150,717,068	137,081	13,739	(3,908)	(83,683)	63,229
Share issuance – RSUs exercised	12	7,500	18	(18)	-	-	-
Fair value of share-based payments	11	-	-	721	-	-	721
Net loss and other comprehensive loss		-	-	-	(3,411)	(5,494)	(8,905)
Balance, March 31, 2021		150,724,568	137,099	14,442	(7,319)	(89,177)	55,045
Balance, December 31, 2021		179,262,068	146,449	13,580	(9,888)	(116,812)	33,329
Share issuance – RSUs exercised	12	377,084	181	(181)	-	-	-
Share-based payments		-	-	309	-	-	309
Net loss and other comprehensive loss	11	-	-	-	1,290	(5,412)	(4,122)
Balance, March 31, 2022		179,639,152	146,630	13,708	(8,598)	(122,224)	29,516

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 thousand Dollars)

For the three months ended March 31, 2022 and 2021

Unaudited

1. Nature of operations and going concern

Khiron Life Sciences Corp. (“Khiron” or the “Corporation”) was incorporated under the Business Corporations Act (British Columbia) on May 16, 2012. The Corporation’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 Corporation will be able to raise the necessary capital on terms acceptable to the Corporation and be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future.

As at March 31, 2022, the Corporation has not yet achieved profitable operations and had a loss of \$5,300 for the three months ended March 31, 2022. While the Corporation has been able to demonstrate the ability to raise capital to fund its operations, the Corporation has not yet been able to generate the sales volumes required to create positive cash flows from operations. Whether and when the Corporation can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due after March 31, 2022 is uncertain. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation’s ability to continue as a going concern.

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 Corporation 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.

The Corporation’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 the COVID-19 pandemic. Cost reductions in salaries, marketing and other administrative functions were implemented. Capital expenditure programs were postponed, where possible. While the Corporation will continue to avail itself of financial relief measures, satisfy all commitments and repay its liabilities arising from normal business operations as they become due.

2. Significant accounting policies

The Corporation 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 Corporation for the year ended December 31, 2021, 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, 2022.

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Notes to the Condensed Interim Consolidated Financial Statements
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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

	March 31	December 31
	2022	2021
	\$	\$
Cash in bank	4,548	3,940
Cash held in legal trust	579	4,983
Cash and cash equivalents	5,127	8,923

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

4. Accounts receivable

	March 31	December 31
	2022	2021
	\$	\$
Taxes receivable, commodity and other	12	65
Trade and other receivables	4,353	2,815
Accounts receivable	4,365	2,880

As at March 31, 2022, based on a detailed assessment of the amounts due from the Corporation's specific clients, the corporation recorded an expected credit loss provision of \$0.4 million (December 31, 2021 – \$0.1 million). For accounts receivable, the Corporation uses the simplified approach for measuring lifetime expected credit losses.

During the three months ended March 31, 2022, the Corporation recorded impairments of other assets of less than \$0.1 million (December 31, 2021 - \$1.2 million). The total impairments of other assets recognised in the three months ended March 31, 2022 is made up of impairments to accounts receivables.

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Notes to the Condensed Interim Consolidated Financial Statements

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5. Inventories

	March 31 2022	December 31 2021
	\$	\$
Raw materials	412	417
Work-in-progress	8,087	8,230
Finished goods	183	161
Supplies	402	329
	9,084	9,137

6. Biological assets

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

	\$
Balance, December 31, 2020	704
Increase in biological assets due to capitalized costs	1,770
Unrealized gain on changes in fair value of biological assets	2,543
Transferred to inventory upon harvest	(4,665)
Effect of foreign exchange	(35)
Balance, December 31, 2021	317
Increase in biological assets due to capitalized costs	401
Unrealized gain on changes in fair value of biological assets	457
Transferred to inventory upon harvest	(665)
Effect of foreign exchange	18
Balance, March 31, 2022	528

As at March 31, 2022, the Corporation measures its biological assets at its fair value less costs to sell. The Corporation 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 11 weeks (2020 – 10 weeks) from propagation to harvest. As of March 31, 2022, the weighted average fair value less cost to sell a gram of dried cannabis was \$1.15 per gram (December 31, 2021 - \$1.25).

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 Corporation'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, 2022, the Corporation's biological assets produced 508 kilograms of dried cannabis (three months ended March 31, 2021 – 477 kilograms), respectively. The Corporation estimates the harvest yields for cannabis at various stages of growth. As at March 31, 2022, it is expected that the Corporation's biological assets will yield approximately 450 kilograms of dry cannabis when harvested (December 31, 2021 – 529 kilograms). As at March 31, 2022, the weighted average stage of growth for the biological assets was 43% (December 31, 2021 – 49%).

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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 March 31, 2022.

Significant estimates and assumptions		Input		5% Sensitivity		Impact on fair value (\$'000)	
		Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21
	Units						
Fair value less cost to sell of dry flower	\$/gram	1.15	1.80	0.06	0.09	26	29
Yield per plant	Grams/Plant	30	35	1.5	1.75	26	23
Grow cycle	Days	82	92	4.1	4.5	23	31
Margin allocation to cultivation	%	33%	35%	1.70%	1.75%	14	23

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets as at December 31, 2021.

Significant estimates and assumptions	Units	Input	5% Sensitivity	Impact on fair value (\$'000)
Fair value less cost to sell of dry flower	\$/gram	1.25	0.06	16
Yield per plant	Grams/plant	29.3	1.46	16
Grow cycle	Days	76.4	3.82	57
Margin allocation to cultivation	%	33%	1.7%	326

The Corporation'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, 2021	1,090	9,287	1,777	2,598	949	2,530	18,231
Additions related to operations	-	242	4	71	-	517	834
Disposals	-	-	-	(8)	-	-	(8)
Foreign currency translation	76	664	104	180	33	220	1,277
March 31, 2022	1,166	10,193	1,885	2,841	982	3,267	20,334
Accumulated Depreciation							
December 31, 2021	-	(1,678)	(454)	(699)	(750)	(1,092)	(4,673)
Charge for the period	-	(216)	(47)	(119)	-	(181)	(563)
Foreign currency translation	-	25	(34)	(171)	(19)	(85)	(284)
March 31, 2022	-	(1,869)	(535)	(989)	(769)	(1,358)	(5,520)
Net Book Value							
December 31, 2021	1,090	7,609	1,323	1,899	199	1,438	13,557
March 31, 2022	1,166	8,324	1,350	1,852	213	1,909	14,814

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An impairment loss of \$0.7 million is included in the accumulated amortisation of capital work-in-progress, and an impairment loss of \$0.5 million is included in the accumulated amortisation of buildings and leasehold improvements. These impairment losses were recognised in the year ended December 31, 2021.

8. Intangible assets and goodwill

	Customer				
	Relationships	Brands	Licenses	Goodwill	Total
Cost	\$	\$	\$	\$	\$
December 31, 2021	462	568	14,040	4,075	19,145
Foreign currency translation	32	40	(32)	215	253
March 31, 2022	494	608	14,008	4,290	19,398
Accumulated Amortization					
December 31, 2021	(228)	-	(13,974)	-	(14,202)
Charge for the period	(12)	-	(5)	-	(17)
Foreign currency translation	(27)	-	39	-	13
March 31, 2022	(267)	-	(13,940)	-	(14,206)
Net book value					
December 31, 2021	234	568	66	4,075	4,943
March 31, 2022	227	608	68	4,290	5,192

An impairment loss of \$13.9 million is included in the accumulated amortisation of licenses. This was recognised in the year ended December 31, 2021.

9. Long-term debt

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

	Interest rate	Maturity date	March 31, 2022	December 31, 2021
			\$	\$
Lease liabilities	10.96%	2021-2030	1,486	1,492
Lease liabilities	11.75%	2022-2024	508	-
Loan	9.00%	January 15, 2026	512	505
Loan	10.13%	February 4, 2022	-	6
Loan	7.58%	February 1, 2023	103	5
Loan	8.44%	April 5, 2022	1	4
Loan	10.13%	May 8, 2022	7	17
Loan	8.15%	May 15, 2022	11	21
Loan	8.06%	June 21, 2022	15	28
Loan	4.73%	July 22, 2024	146	151
			2,789	2,226
Current portion			2,036	1,522
Non-current portion			753	705

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian thousand Dollars)

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Unaudited

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

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, 2021 to March 31, 2022, of approximately 7%, contributed to a decrease in the long-term debt and lease liabilities in Canadian Dollars of \$0.1 million.

10. Warrants

The following table reflects the warrants outstanding as at March 31, 2022:

Exercise Price	Outstanding as at March 31, 2022		Expiry Date	Remaining Life (years)
\$				
0.75	27,435,000	a	November 26, 2025	3.66
0.75	32,200,000	a	November 26, 2025	3.66
0.45	1,932,000	b	November 26, 2022	0.66
0.74	61,567,000			3.57

- 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.

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

Exercise Price \$	Outstanding as at December 31, 2021		Expiry Date	Remaining Life (years)
0.45	1,932,000	b	November 26, 2022	0.91
0.75	32,200,000	a	November 26, 2025	3.91
0.75	27,435,000	a	November 26, 2025	3.91
0.74	61,567,000			3.82

- 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. Therefore, if the 1.9m warrants are exercised into shares, another 1.9m warrants will be issued

The following table reflects the continuity of Warrants:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2020	35,513,449	\$0.74
Expired	(1,381,449)	\$0.45
Granted	27,435,000	\$0.75
Outstanding, December 31, 2021	61,567,000	\$0.74
Outstanding, March 31, 2022	61,567,000	\$0.74

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Unaudited

Warrant liabilities

The share purchase warrants issued in the July 7, 2021 unit offering are considered derivative liabilities in accordance with IAS 32, as the warrant holders are entitled to a “cashless exercise” option, subject to TSXV approval. This “cashless exercise” option entitles the warrant holders to elect to receive fewer Warrant Shares without paying the cash exercise price, with the number of shares to be issued in a “cashless exercise” being determined by a formula based on the volume weighted average price for the Corporation’s common shares over the ten trading days immediately prior to the date of the notice of exercise.

As a result, these warrants are initially measured at fair value and subsequent changes in fair value are recorded through net loss for the period. A proportional amount of costs associated with the issue of shares and warrants is allocated to the warrants and recorded through Net and Comprehensive Loss for the period.

At each reporting date, the Warrant Liability of listed warrants is adjusted to fair value measured at the market price of the listed warrants is adjusted to fair value determined using a comparable warrant quoted in an active market, adjusted for differences in the terms of the warrant, the changes in fair value are recorded through Net and Comprehensive Loss for the period.

At the issuance date the warrants’ market price was \$0.15 per warrant and as at March 31, 2021 the warrants’ market price was \$0.09

Three-month period ended March 31, 2022	Number of Warrants	Amount (\$)
Opening balance December 31, 2020	61,567,000	1,783
Fair value gain on warrant liability		686
Ending balance March 31, 2022	61,567,000	2,469

11. Stock options

The Corporation recorded share-based compensation expense related to stock options of less than \$0.1 million for the three months ended March 31, 2022 (three months ended March 31, 2021 - less than \$0.1 million) to the condensed interim consolidated statements of loss and comprehensive loss.

The following table shows the stock options outstanding and exercisable as at March 31, 2022:

Grant Date	Expiry Date	Exercise Price	Remaining Contractual Life (years)	Number of Options outstanding	Number of Options Exercisable
September 12, 2017	September 12, 2022	\$ 1.00	0.45	552,500	552,500
October 12, 2017	October 12, 2022	\$ 1.00	0.53	100,000	100,000
May 23, 2018	May 23, 2023	\$ 1.40	1.15	590,000	590,000
June 26, 2018	June 26, 2023	\$ 1.40	1.24	200,000	200,000
May 31, 2019	May 31, 2024	\$ 3.25	2.17	816,667	816,667
November 27, 2019	November 27, 2024	\$ 2.90	2.66	800,000	800,000
May 31, 2021	May 31, 2026	\$ 0.70	4.17	141,000	35,250
May 31, 2021	May 31, 2026	\$ 0.75	4.17	800,000	800,000
November 23, 2021	November 23, 2026	\$ 0.75	4.65	1,780,000	846,666
				5,780,167	4,741,083

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Pursuant to the terms of the Corporation'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.

The following table reflects the continuity of stock options:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2020	5,134,167	\$2.50
Expired	(1,075,000)	\$1.00
Forfeited	(3,000,000)	\$1.34
Granted	4,721,000	\$0.75
Outstanding, December 31, 2021	5,780,167	\$2.50
Outstanding, March 31, 2022	5,780,167	\$2.50

12. Restricted share units

The Corporation recorded share-based compensation expense related to the Restricted share units (RSUs) of \$0.3 for the three months ended March 31, 2022 (three months ended March 31, 2021 - \$0.6 million) to the condensed interim consolidated statements of loss and comprehensive loss.

The following table shows the RSUs outstanding and exercisable as at March 31, 2022:

Grant Date	Expiry Date	Remaining Contractual Life (years)	Number of RSU's outstanding	Number of RSU's Exercisable
May 31, 2019	December 15, 2022	0.71	1,161,500	1,161,500
November 25, 2019	December 15, 2022	0.71	1,475,000	1,475,000
August 26, 2020	December 15, 2023	1.71	1,100,000	712,500
September 10, 2020	December 15, 2023	1.71	1,033,333	366,669
February 8, 2021	December 15, 2024	2.71	638,298	212,766
May 31, 2021	December 15, 2024	2.71	1,049,000	305,750
November 23, 2021	December 15, 2024	2.71	1,256,000	390,000
January 20, 2022	December 15, 2025	3.71	200,000	100,000
			7,913,131	4,724,184

The following table reflects the continuity of RSUs:

	Number of RSUs
Outstanding, December 31, 2020	6,376,500
Expired	(130,000)
Forfeited	(1,763,500)
Granted	4,720,798
Exercised	(1,110,000)
Outstanding, December 31, 2021	8,093,798
Exercised	(377,084)
Granted	200,000
Forfeited	(3,583)
Outstanding, March 31, 2022	7,913,131

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On January 20, 2022 the Corporation granted RSUs to a consultant. In aggregate 200,000 RSUs were granted. Each RSU represents the right to receive one common share of the Corporation upon vesting. These RSUs vest 1/6th every month for the first six months of the consultant's contract. The RSUs were valued at \$0.24 per RSU, being the Corporation's common share price on the grant date.

RSUs exercised in the three months period ending March 31, 2022 are as follows:

- On January 21, 2022 - 40,000 RSUs were exercised
- On February 23, 2022 – 16,250 RSUs were exercised
- On March 1, 2022 – 254,167 RSUs were exercised
- On March 11, 2022 – 33,334 RSUs were exercised
- On March 21, 2022 - 33,333 RSUs were exercised

13. General and administrative costs

	For the three months ended	
	2022	March 31 2021
	\$	\$
Salaries	2,256	2,955
Professional fees	813	268
Consulting	234	385
Investor relations	244	170
Travel and development	53	21
Corporate governance	453	980
Office and general	839	586
Depreciation and amortization	349	227
Share-based compensation expense	309	721
	5,550	6,313

14. Loss per share

For the three months ended March 31	2022	2021
Net loss	\$5,412	\$5,494
Weighted average number of common shares outstanding - basic	179,395,068	150,717,735
Effect of dilutive securities	-	-
Weighted average number of common shares outstanding - dilutive	179,395,068	150,717,735
Loss per share – basic and diluted	\$0.03	\$0.04

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

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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 Corporation as a whole. The Corporation has determined that key management personnel consist of executive and non-executive members of the Corporation's Board of Directors and corporate officers.

	For the three months ended	
	2022	March 31 2021
	\$	\$
Management fees and salaries	423	1,649
Share-based compensation	135	623

As at March 31, 2022 less than \$0.1 million (December 31, 2021: less than \$0.1 million) included in accounts payable and accrued liabilities is an amount payable to an accounting firm where an officer of the Corporation is a partner and to a legal services firm where the director of the corporation is a partner. The amount due was not collateralized and was due on normal trade terms. Total professional fees incurred with this related party for the three months ended March 31, 2022 was less than \$0.1 million. (Three months ended March 31, 2021: less than \$0.1 million).

16. Segmented information

A geographic segment is a component of the Corporation (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 geographic 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 Corporation has three geographic segments plus the corporate offices maintained in Bogota, Colombia; Toronto, Canada; and Frankfurt, Germany.

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Geographic Segments

	March 31 2022	December 31 2021
	\$	\$
Property, plant and equipment:		
Canada	-	-
Europe	26	16
Latin America	14,788	13,541
	<u>14,814</u>	<u>13,557</u>
Non-current assets:		
Canada	-	-
Europe	645	16
Latin America	19,359	18,484
	<u>20,004</u>	<u>18,500</u>
Total assets:		
Canada	2,006	6,307
Europe	2,822	2,135
Latin America	37,017	33,832
	<u>41,845</u>	<u>42,274</u>

17. Commitments and contingencies

Contractual obligations	Less than one year	1 - 3 years	4 - 5 years	After 5 years
	\$	\$	\$	\$
Financial lease - land	223	350	182	299
Financial lease – corporate and medical offices	379	547	22	-
Loans	263	523	-	-
Deferred consideration	131	182	-	-
	<u>996</u>	<u>1,602</u>	<u>204</u>	<u>299</u>

In January 2019, the Corporation entered into an agreement with Dayacann SpA (“Dayacann”) whereby under the terms of the Dayacann Agreement (and the related agreements), the Corporation agreed to purchase the Dayacann Product (dried cannabis flower) cultivated by Dayacann in Chile, and Dayacann agreed to assist in the development of medicinal cannabis products extracted from Dayacann Product, with a goal to commercialize said products within two years of the date of the agreement. The agreement anticipated receiving the cannabis cultivation permit in February 2019 whereas the permit was received by Dayacann in December 2019, approximately 10 months later than was expected. Considering the permitting delay, together with the concurrent ever worsening political unrest in Chile, the Corporation believes there are likely to be further delays to the development of the cannabis regulatory framework and commercialization of medical cannabis products in Chile. The Corporation, has spent US\$120 towards the US\$1,200 commitment as per the agreement, and communicated its decision to end unilaterally the agreement with Dayacann on January 5, 2020. According to the terms of the contract and the termination letter no further payments of compensation should be made in favour of Dayacann from that date. During 2021 no further discussions were held between parties.

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In March 2020, a lawsuit was filed in Uruguay against one of the Corporation's subsidiaries and other defendants unrelated to the Corporation, claiming certain finder's fees in connection with the acquisition of NettaGrowth and Dormul by the Corporation in June 2019. The Corporation 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 Corporation's potential liability in the litigation, if any.

18. Supplemental information

	For the three months ended	
	2022	2021
		March 31
Change in non-cash working capital balances:		
	\$	\$
Accounts receivable	(1,361)	(605)
Inventory and biological assets	(150)	(171)
Prepaid expenses and other current assets	(112)	(985)
Accounts payable and accrued liabilities	1,974	(1,480)
Total change in non-cash working capital	351	(3,241)