



Khiron Life Sciences Corp.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 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	June 30 2021 \$	December 31 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	9,356,185	21,649,041
Accounts receivable	4	4,642,273	4,583,241
Inventories and biological assets	5,6	9,456,648	8,337,206
Prepaid expenses and other current assets	15	2,477,424	1,845,673
Total current assets		25,932,530	36,415,161
Non-current assets			
Property, plant and equipment	7	15,658,692	17,517,635
Intangible assets	8	14,776,746	15,134,217
Goodwill	8	3,703,559	4,112,233
Total assets		60,071,527	73,179,246
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		6,650,599	6,263,944
Current portion of long-term debt	9	502,267	1,078,362
Total current liabilities		7,152,866	7,342,306
Non-current liabilities			
Long-term debt	9	1,200,039	1,711,927
Deferred tax liabilities		817,745	896,026
Total liabilities		9,170,650	9,950,259
Shareholders' equity			
Share capital		139,426,732	137,080,855
Other reserves		13,426,103	13,738,964
Accumulated other comprehensive loss		(7,978,619)	(3,907,846)
Deficit		(93,973,339)	(83,682,986)
Total shareholders' equity		50,900,877	63,228,987
Total liabilities and shareholders' equity		60,071,527	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

	Note	For the three months ended		For the six months ended	
		2021	June 30 2020	2021	June 30 2020
		\$	\$	\$	\$
Revenues					
Service revenues		1,944,310	1,590,801	4,182,232	3,408,671
Medical Cannabis		825,521	25,373	1,388,680	25,853
Wellness products		33,069	54,102	68,561	136,401
		2,802,900	1,670,276	5,639,473	3,570,925
Cost of sales		1,757,210	1,351,025	3,503,715	2,814,762
Gross profit before fair value adjustments		1,045,690	319,251	2,135,758	756,163
Changes in fair value of inventory sold		(137,044)	-	(176,705)	-
Unrealized gain on changes in fair value of biological assets	6	917,527	689,385	1,428,279	689,385
Gross profit		1,826,173	1,008,636	3,387,332	1,445,548
Expenses					
General and administrative costs	13	4,427,776	4,530,842	10,019,524	10,378,138
Share-based compensation	11,12	1,311,811	1,342,802	2,033,016	3,491,417
Selling, marketing and promotion		649,650	692,772	1,047,553	1,451,991
Research and development		97,575	104,501	444,720	1,048,020
		6,486,812	6,670,917	13,544,813	16,369,566
Other income		(67,593)	(88,910)	(118,894)	(232,865)
Other expenses		209,746	146,864	265,454	267,972
Net loss before tax		4,802,792	5,720,235	10,304,041	14,959,125
Current income tax (recovery)/ expense		(6,790)	(151)	(13,688)	5,917
Deferred income tax recovery		-	(7,380)	-	(15,151)
Net loss		4,796,002	5,712,704	10,290,353	14,949,891
Other comprehensive loss (gain):					
Foreign currency translation		660,026	(566,105)	4,070,773	732,266
Comprehensive loss		5,456,028	5,146,599	14,361,126	15,682,157
Loss per share – basic and diluted	14	0.03	0.05	0.07	0.13
Weighted average number of shares outstanding		151,027,315	116,545,818	150,873,380	116,579,068

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 sixth months ended	
	Note	2021	2020
		\$	\$
Operating activities			
Net loss before tax		(10,304,041)	(14,959,125)
Adjustments for:			
Share-based compensation		2,033,016	3,491,417
Changes in fair value of inventory sold		176,705	-
Unrealized gain on fair value of biological assets	6	(1,428,279)	(689,385)
Depreciation and amortization		622,388	515,438
Changes in non-cash working capital items:			
Accounts receivable		(664,387)	834,410
Inventories		(757,169)	(804,181)
Prepays and other assets		(578,266)	(785,996)
Accounts payable and accrued liabilities		518,350	(1,524,201)
Net cash used in operating activities		(10,381,683)	(13,921,623)
Investing activities			
Purchase of property, plant and equipment		(400,220)	(1,639,301)
Short-term investments		-	27,559,903
Net cash provided by investing activities		(400,220)	25,920,602
Financing activities			
Repayment of long-term debt		(832,301)	(254,537)
Shares purchased and cancelled		-	(212,389)
Net cash used in financing activities		(832,301)	(466,926)
Cash and cash equivalents, beginning of period		21,649,041	9,344,878
Net change in cash and cash equivalents		(11,614,204)	11,532,053
Effect of movements in exchange rates on cash held		(678,652)	(700,991)
Cash and cash equivalents, end of period		9,356,185	20,175,940

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)
Share issuance – RSUs exercised		1,446,250	2,252,813	(2,252,813)	-	-	-	-
Fair value of share-based payments		-	-	3,491,417	-	-	-	3,491,417
Net loss for the period		-	-	-	-	-	(14,949,891)	(14,949,891)
Other comprehensive loss		-	-	-	-	(732,266)	-	(732,266)
Balance, June 30, 2020		117,547,068	123,011,267	9,486,517	3,157,335	(3,425,506)	(74,593,988)	57,635,625
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	957,500	2,345,877	(2,345,877)	-	-	-	-
Fair value of share-based payments	11,12	-	-	2,033,016	-	-	-	2,033,016
Net loss for the period		-	-	-	-	-	(10,290,353)	(10,290,353)
Other comprehensive loss		-	-	-	-	(4,070,773)	-	(4,070,773)
Balance, June 30, 2021		151,674,568	139,426,732	9,689,168	3,736,935	(7,978,619)	(93,973,339)	50,900,877

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 and six months ended June 30, 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 “condensed interim consolidated 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 June 30, 2021, the Company has not yet achieved profitable operations and had a loss of \$10.3 million for the six months ended June 30, 2021. Further to the analysis of going concern is the ongoing pandemic stemming from the coronavirus disease pandemic (“COVID-19”), as declared by the World Health Organization. These factors create material uncertainties which 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 Q3 2021 on July 1, 2021 with a cash balance of \$9.3 million and a working capital balance of \$18.8 million, and closed an equity financing for gross proceeds of \$12.3 million in July 2021, 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 statement of financial position 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 August 20, 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

	June 30 2021	December 31 2020
	\$	\$
Cash and cash equivalents:		
Cash in bank	8,438,314	8,171,531
Cash held in legal trust	917,871	13,477,510
Cash and cash equivalents	9,356,185	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

	June 30 2021	December 31 2020
	\$	\$
Taxes receivable, commodity and other	97,211	311,039
Trade and other receivables	4,545,062	4,272,202
Accounts receivable	4,642,273	4,583,241

As at June 30, 2021, a provision of \$76,098 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

	June 30 2021	December 31 2020
	\$	\$
Raw materials	411,430	684,174
Work-in-progress	7,567,184	6,233,860
Finished goods	484,636	566,890
Supplies	106,660	148,240
	8,569,910	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	771,794
Unrealized gain on changes in fair value of biological assets	1,428,279
Transferred to inventory upon harvest	(2,017,377)
Balance, June 30, 2021	886,738

As at June 30, 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 June 30, 2021, the weighted average fair value less cost to sell a gram of dried cannabis was \$1.86 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 and six months ended June 30, 2021, the Company's biological assets produced 683 kilograms and 1,160 kilograms of dried cannabis (three and six months ended June 30, 2020 – 547 and 802 kilograms, respectively), respectively. The Company estimates the harvest yields for cannabis at various stages of growth. As at June 30, 2021, it is expected that the Company's biological assets will yield approximately 878 kilograms of dry cannabis when harvested (December 31, 2020 – 971 kilograms). As at June 30, 2021, the weighted average stage of growth for the biological assets was 54% (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 June 30, 2021.

Significant estimates and assumptions	Units	Input	5% Sensitivity	Impact on fair value (\$)
Fair value less cost to sell of dry flower	\$/gram	1.86	0.09	44,000
Yield per plant	Grams/plant	31	1.5	35,000
Grow cycle	Days	96	4.5	42,000
Margin allocation to cultivation	%	34%	1.7%	29,000

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Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

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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 June 30, 2020.

Significant estimates and assumptions	Units	Input	10% Sensitivity	Impact on fair value (\$)
Fair value less cost to sell of dry flower	\$/gram	0.70	0.07	123,009
Yield per plant	Grams/plant	60	6	48,521
Grow cycle	Days	88	9	54,340

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	-	209,470	75,171	167,230	-	-	451,871
Foreign currency translation	(129,908)	(1,120,458)	(181,631)	(293,718)	(81,073)	(227,699)	(2,034,487)
June 30, 2021	1,177,280	10,370,366	1,663,836	2,124,560	762,210	2,073,632	18,171,884
Accumulated Depreciation							
December 31, 2020	-	(252,642)	(313,460)	(706,607)	-	(964,156)	(2,236,865)
Charge for the period	-	(85,442)	(102,161)	(112,030)	-	(254,088)	(553,721)
Foreign currency translation	-	18,660	68,845	94,071	-	95,818	277,394
June 30, 2021	-	(319,424)	(346,776)	(724,566)	-	(1,122,426)	(2,513,192)
Net Book Value							
June 30, 2021	1,177,280	10,050,942	1,317,060	1,399,994	762,210	951,206	15,658,692
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 and six months ended June 30, 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
Additions	-	-	157,919	-	157,919
Foreign currency translation	(47,058)	(39,167)	(373,177)	(408,674)	(868,076)
June 30, 2021	506,921	641,254	13,988,581	3,703,559	18,840,316
Accumulated Amortization					
December 31, 2020	(191,371)	-	(112,651)	-	(304,023)
Charge for the period	(84,487)	-	(44,648)	-	(129,135)
Foreign currency translation	78,128	-	(4,981)	-	73,147
June 30, 2021	(197,730)	-	(162,280)	-	(360,010)
Net book value June 30, 2021	309,191	641,254	13,826,301	3,703,559	18,480,305
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	June 30, 2021	December 31, 2020
			\$	\$
Lease liabilities	9.00%	2021-2030	1,357,317	2,290,146
Loan	9.88%	March 16, 2021	-	18,641
Loan	7.58%	September 1, 2021	28,726	40,595
Loan	8.44%	November 1, 2021	13,095	17,895
Loan	11.30%	November 1, 2021	33,241	46,975
Loan	11.30%	September 30, 2021	103,714	158,343
Loan	10.13%	May 18, 2022	50,561	68,568
Loan	8.15%	May 15, 2022	55,961	74,563
Loan	8.06%	June 21, 2022	59,691	74,563
			1,702,306	2,790,289
Current portion			502,267	1,078,362
Non-current portion			1,200,039	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 June 30, 2021, of approximately 11%, 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 and six months ended June 30, 2021 and 2020

Unaudited

10. Warrants

The following table reflects the warrants outstanding as at June 30, 2021:

Exercise Price	Outstanding as at June 30, 2021		Expiry Date	Remaining Life (years)
\$				
0.75	32,200,000 *		26-Nov-2025	4.4
0.45	1,932,000 **		26-Nov-2022	1.4
0.73	34,132,000			4.2

*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 the three and six months ended June 30, 2021, 594,849 and 1,381,449 warrants, respectively, 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 \$541,232 and \$628,782, respectively, for the three and six months ended June 30, 2021 (2020 - \$243,721 and \$515,141) to the consolidated statements of loss and comprehensive loss.

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

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Unaudited

The following table reflects the continuity of stock options for the six months ended June 30, 2021:

Grant Date	Number of stock options					As at June 30, 2021	Exercise Price	Expiry Date	Remaining Life (years)
	As at December 31, 2020	Issued	Forfeited	Expired					
							\$		
2017-04-19	1,275,000	-	(200,000)	(1,075,000)	-	-	1.00	2021-04-19	N/A
2017-09-12	552,500	-	-	-	552,500	552,500	1.00	2022-09-12	1.2
2017-10-12	100,000	-	-	-	100,000	100,000	1.00	2022-10-12	1.3
2018-05-23	590,000	-	-	-	590,000	590,000	1.40	2023-05-23	1.9
2018-06-26	200,000	-	-	-	200,000	200,000	1.40	2023-06-26	2.0
2019-05-31	816,667	-	-	-	816,667	816,667	3.25	2024-05-31	2.9
2019-11-27	1,600,000	-	(800,000)	-	800,000	800,000	2.90	2024-11-27	3.4
2021-05-21	-	2,941,000	(1,400,000)	-	1,541,000	1,541,000	0.75	2026-05-26	4.9
	5,134,167	2,941,000	(2,400,000)	(1,075,000)	4,600,167	4,600,167	1.71		3.3

As at June 30, 2021, 4.6 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 \$0.2 million (December 31, 2020 - \$0.2 million).

12. Restricted share units

The Company recorded share-based compensation expense related to the RSUs of \$770,579 and \$1,404,234, respectively, for the three and six months ended June 30, 2021 (2020 - \$1,099,082 and \$2,976,276) to the consolidated statements of loss and comprehensive loss.

The following table reflects the continuity of RSUs for the period ended June 30, 2021:

Grant Date	Number of RSUs					As at June 30, 2021	Grant Price	Expiry Date	Remaining Life (years)
	As at December 31, 2020	Issued	Exercised	Forfeited					
							\$		
2018-05-23	282,500	-	-	-	282,500	282,500	0.89	2021-12-15	0.5
2019-05-31	2,119,000	-	(957,500)	-	1,161,500	1,161,500	2.45	2022-12-15	1.5
2019-11-25	1,675,000	-	-	(200,000)	1,475,000	1,475,000	1.03	2022-12-15	1.5
2020-08-26	1,200,000	-	-	-	1,200,000	1,200,000	0.51	2023-12-15	2.5
2020-09-10	1,100,000	-	-	-	1,100,000	1,100,000	0.52	2023-12-15	2.5
2021-02-08	-	888,298	-	-	888,298	888,298	0.47	2024-12-15	3.5
2021-05-31	-	2,535,500	-	(400,000)	2,135,500	2,135,500	0.47	2024-12-15	3.5
	6,376,500	3,423,798	(957,500)	(600,000)	8,242,798	8,242,798	0.88		2.5

As at June 30, 2021, 3.8 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 \$1.4 million (June 30, 2020 – \$2.3 million).

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(expressed in Canadian Dollars)

For the three and six months ended June 30, 2021 and 2020

Unaudited

13. General and administrative costs

	For the three months ended		For the six months ended	
	2021	June 30 2020	2021	June 30 2020
	\$	\$	\$	\$
Salaries	1,913,424	2,796,304	4,868,337	5,981,832
Professional fees	377,170	163,570	645,348	847,517
Consulting	249,859	442,692	634,388	637,171
Investor relations	157,928	198,783	328,287	488,043
Travel and development	46,259	7,205	67,485	178,472
Corporate governance	897,306	302,484	1,876,870	484,070
Office and general	561,565	473,985	1,147,428	1,435,603
Depreciation and amortization	224,265	145,819	451,381	325,430
	4,427,776	4,530,842	10,019,524	10,378,138

14. Loss per share

	For the three months ended		For the six months ended	
	2021	June 30 2020	2021	June 30 2020
Net loss	\$4,796,002	5,712,704	\$10,290,353	14,949,891
Weighted average number of common shares outstanding - basic	151,027,315	116,545,818	150,873,380	116,579,068
Effect of dilutive securities	-	-	-	-
Weighted average number of common shares outstanding - dilutive	151,027,315	116,545,818	150,873,380	116,579,068
Loss per share – basic and diluted	\$0.03	\$0.05	\$0.07	\$0.13

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.

	For the three months		For the six months	
	2021	ended June 30 2020	2021	ended June 30 2020
	\$	\$	\$	\$
Management fees and salaries	1,085,568	1,461,415	2,734,566	2,952,840
Share-based compensation	1,184,402	553,552	1,808,091	2,066,712

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three and six months ended June 30, 2021 and 2020

Unaudited

For the three and six months ended June 30, 2021, the spouse of a director of the Company provided legal services to the Company in the normal course of business of approximately \$13,000 and \$33,000, respectively (three and six months ended June 30, 2020 - \$19,900 and \$33,900, respectively).

In late-June 2021, the law firm which a director of the Company is a partner, joined a law firm which provides legal services to the Company in the normal course of business. Starting in July 2021, legal services provided will be considered as related party transactions.

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. This balance was fully amortized as of March 31, 2021.

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

	June 30 2021	December 31 2020
	\$	\$
Property, plant and equipment:		
Europe	10,139	13,884
Latin America	15,648,553	17,503,751
	15,658,692	17,517,635
Non-current assets:		
Europe	10,139	13,884
Latin America	34,128,858	36,750,201
	34,138,997	36,764,085
Total assets:		
Canada	6,340,759	18,007,941
Europe	1,201,429	1,702,607
Latin America	52,529,339	53,468,698
	60,071,527	73,179,246

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three and six months ended June 30, 2021 and 2020

Unaudited

Operating Segments

Three months ended June 30, 2021	Corporate	Health services	Medical cannabis products	Wellbeing products	Total
	\$	\$	\$	\$	\$
Revenues	-	1,944,310	825,521	33,069	2,802,900
Gross profit	-	294,460	1,507,940	23,773	1,826,173
Net loss	3,689,922	732,022	186,399	187,659	4,796,002

Three months ended June 30, 2020	Corporate	Health services	Medical cannabis products	Wellbeing products	Total
	\$	\$	\$	\$	\$
Revenues	-	1,590,801	25,373	54,102	1,670,276
Gross profit	-	256,841	708,922	42,872	1,008,636
Net loss	4,725,314	194,802	432,450	360,138	5,712,704

Six months ended June 30, 2021	Corporate	Health services	Medical cannabis products	Wellbeing products	Total
	\$	\$	\$	\$	\$
Revenues	-	4,182,232	1,388,680	68,561	5,639,473
Gross profit	-	853,413	2,483,699	50,220	3,387,332
Net loss	7,675,794	1,095,332	1,243,705	275,522	10,290,353

Six months ended June 30, 2020	Corporate	Health services	Medical cannabis products	Wellbeing products	Total
	\$	\$	\$	\$	\$
Revenues	-	3,408,671	25,853	136,401	3,570,925
Gross profit	-	638,131	709,292	98,125	1,445,548
Net loss	12,547,981	265,909	1,484,176	651,825	14,949,891

17. Commitments and contingencies

Contractual obligations	Payments due by period				Total
	2021	2022-2025	2026-2027	2028+	
	\$	\$	\$	\$	\$
Financial lease - land	58,022	464,176	232,088	406,154	1,160,440
Financial lease – corporate and medical offices	303,619	878,777	23,918	-	1,206,314
Research and development	255,000	85,000	-	-	340,000
Loans	120,229	132,369	-	-	252,598
	736,870	1,560,322	256,006	406,154	2,959,352

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three and six months ended June 30, 2021 and 2020

Unaudited

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 July 2021, the Company closed an equity financing of 27,435,000 units of the Company at a price of \$0.45 per Offered Unit, for gross proceeds to the Company of \$12,345,750. Each Offered Unit was comprised of one common share and one common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of \$0.75 per share expiring on November 26, 2025. The Company paid the agents a cash commission equal to 7% of the gross proceeds.