



Khiron Life Sciences Corp.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019

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

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management. The company's independent auditor has not performed an audit or review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statements of Financial Position

(expressed in Canadian Dollars)

Unaudited

	Note	March 31 2020 \$	December 31 2019 \$
ASSETS			
Current assets			
Cash and short-term investments	3	24,474,481	36,904,781
Accounts receivable	4	3,810,970	4,239,290
Inventories and biological assets	5,6	1,083,440	961,276
Prepaid expenses and other current assets		5,861,192	2,704,670
Total current assets		35,230,083	44,810,017
Non-current assets			
Non-current deposits and other assets		-	1,339,832
Property, plant and equipment	7	15,076,022	15,859,348
Intangible assets	8	16,788,018	15,553,999
Goodwill	8	3,855,960	4,348,995
Total assets		70,950,083	81,912,191
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		5,803,246	7,433,829
Current portion of long-term debt	9	979,243	1,007,059
Total current liabilities		6,782,489	8,440,888
Non-current liabilities			
Long-term debt	9	1,948,713	2,545,268
Deferred tax liabilities		779,459	887,281
Total liabilities		9,510,661	11,873,437
Shareholders' equity			
Share capital		120,758,454	121,290,474
Other reserves		13,553,863	11,405,248
Accumulated other comprehensive loss		(3,991,611)	(2,693,240)
Deficit		(68,881,284)	(59,963,728)
Total shareholders' equity		61,439,422	70,038,754
Total liabilities and shareholders' equity		70,950,083	81,912,191

Nature of operations and going concern (Note 1)

Commitments and contingencies (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	2020	March 31 2019
		\$	\$
Revenues			
Service revenues		1,817,870	2,021,144
Product revenues		82,779	69,833
		1,900,649	2,090,977
Cost of sales		1,463,737	1,678,219
Gross profit		436,912	412,758
Expenses			
General and administrative costs	14	5,847,296	4,471,169
Share-based compensation	12,13	2,148,615	702,536
Selling, marketing and promotion		759,219	716,305
Research and development		943,519	1,098,284
Transaction fees		-	1,382,188
		9,698,649	8,370,482
Other income		(143,955)	14,697
Other expenses		121,108	31,318
Net loss before tax		9,238,890	8,003,739
Current income tax expense		6,068	-
Deferred income tax recovery		(7,771)	-
Net loss		9,237,187	8,003,739
Other comprehensive loss:			
Foreign currency translation		1,298,371	733,514
Comprehensive loss		10,535,558	8,737,253
Loss per share – basic and diluted	15	0.08	0.11
Weighted average number of shares outstanding		116,606,697	75,894,884

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	2020	2019
		\$	\$
Operating activities			
Net loss before tax		(9,238,890)	(8,003,739)
Adjustments for:			
Share-based compensation		2,148,615	702,536
Non-cash transaction fees		-	750,000
Depreciation and amortization		289,580	101,453
Accrued interest		(118,481)	-
Changes in non-cash working capital items:			
Accounts receivable		1,768,152	(1,063,370)
Inventory		(122,164)	(41,677)
Prepays and other assets		(2,983,813)	(322,763)
Accounts payable and accrued liabilities		(1,630,582)	2,373,990
Net cash used in operating activities		(9,887,583)	(5,503,570)
Investing activities			
Purchase of property, plant and equipment		(1,384,527)	(2,256,667)
Short-term investments		22,597,507	(21,578,980)
Acquisitions		-	(1,733,000)
Net cash used in investing activities		21,212,980	(25,568,647)
Financing activities			
Proceeds from share issuances, net of issuance costs		-	26,593,588
Repayment of long-term debt		(249,994)	(192,274)
Proceeds from exercise of options and warrants		-	3,043,975
Shares purchased and cancelled	10	(212,389)	-
Net cash provided from financing activities		(462,383)	29,445,289
Cash and cash equivalents, beginning of period		9,344,878	15,013,718
Net change in cash and cash equivalents		10,863,014	(1,626,928)
Effect of movements in exchange rates on cash held		(814,288)	(527,464)
Cash and cash equivalents, end of period		19,393,604	12,859,326
Short-term investments, end of period		5,080,877	25,528,534
Cash and short-term investments, end of period		24,474,481	38,387,860
Supplementary disclosure			
Value of shares issued for payment of transaction fees		-	750,000

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 compensation reserve \$	Warrants reserve \$	Accumulated other comprehensive income \$	Retained deficit \$	Total \$
Balance, December 31, 2018		75,042,988	39,826,123	3,915,481	5,836,115	(454,361)	(23,585,949)	25,537,409
Share issuance - equity financing, net		13,110,000	25,611,588	-	982,000	-	-	26,593,588
Share issuance - finders' fee		380,710	750,000	-	-	-	-	750,000
Share issuance - warrants exercised		2,801,161	2,768,975	-	-	-	-	2,768,975
Share issuance - options exercised		275,000	275,000	-	-	-	-	275,000
Fair value of share-based payments		-	-	702,536	-	-	-	702,536
Net loss for the period		-	-	-	-	-	(8,003,739)	(8,003,739)
Other comprehensive loss		-	-	-	-	(733,515)	-	(733,515)
Balance, March 31, 2019		91,609,859	69,231,686	4,618,017	6,818,115	(1,187,876)	(31,589,688)	47,890,254
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	10	(511,500)	(532,020)	-	-	-	319,631	(212,389)
Fair value of share-based payments	12,13	-	-	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

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, 2020 and 2019

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 (“OTCQX”) under the symbol “KHRNF” and on the Frankfurt Stock Exchange (“FSE”) under the symbol “A2JMXC”.

Khiron’s objective is to become the global leader in creating high quality cannabis derived medical and wellbeing products for sale around the world. With core operations in Latin America the Company’s strategy focuses on achieving first mover advantage in the Latin American market of over 620 million people and is evolving its strategy towards global expansion. Khiron is licensed in Colombia for the cultivation, production, domestic distribution, and international export of both tetrahydrocannabinol (THC) and cannabidiol (CBD) medical cannabis. The Company has a best in class regulatory compliance record, is fully authorized to manufacture and fill prescriptions for high- and low-THC medical cannabis in Colombia, and has the first approved line of CBD cosmetic products on shelf in Colombia, and available in the United States (US) and the United Kingdom (UK).

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, 2020, the Company has not yet achieved profitable operations and had a loss of \$9.2 million for the three months ended March 31, 2020. More vital to the analysis of going concern is the pandemic stemming from the coronavirus disease (COVID-19) as declared by the World Health Organization, which casts significant doubt on the ability to continue as a going concern. The pandemic has had far-reaching impacts on every business and every individual globally. For the time being and until economies stabilize, Khiron has shifted its strategic approach to limit global expansion, alter marketing methods and conserve cash, but has maintained its overall strategic direction to improve the quality of life of patients and consumers.

The Company has defined its strategic approach during this global crisis as follows:

- prioritizing the physical and mental health of its employees and health professionals;
- prudent cash management by limiting global expansion and altering marketing efforts to focus on the already established markets of the Company;
- ensuring continuity of health services and treatment of patients, following appropriate safety guidelines;
- maintaining continuity of production operations in Colombia and the ensuing supply chain; and
- building a strong strategic position in the medical cannabis space and ensuring sales growth in Colombia and sales entry into new markets in the United Kingdom, Peru and Brazil.

The Company’s cash balance of \$24.5 million at March 31, 2020 must be prudently managed to maintain its liquidity amidst the material uncertainty of incoming cash flows during the COVID-19 pandemic. The Company’s core focus will be on its medical businesses using a predominantly digital strategy focus to grow its patient network and sell its medical cannabis products both locally in Colombia and globally. In addition, the resumption of surgeries as of May 26 will benefit cash flows at ILANS as the health centres aim to treat the backlog of patients whose surgeries were deferred because of the measures required from the pandemic. Maintaining high quality growth and extracts at its cultivation site will be critical to the Company’s success. Cost reductions in salaries, marketing and other administrative functions have been implemented. Capital expenditure programs have been postponed, where possible. The Colombian government has resolved to provide financial relief, which has included reductions for employment benefits and income supplements for lost revenues. In addition, the Company has deferred certain loan repayments at ILANS

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Notes to the Condensed Interim Consolidated Financial Statements

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and obtained lease payment reductions for its office and health centre leases. Management believes that with the reduced spending measures already in place, deferral of growth opportunities and capital spending and relief from the Colombian government and banking institutions on debt repayments and lease payments, 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. The Company had cash and short-term investments of \$24.5 million and a working capital balance of \$28.4 million at March 31, 2020.

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 consolidated interim 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 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 consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These consolidated financial statements of Khiron were authorized for issue in accordance with a resolution of the Board of Directors on May 27, 2020.

Basis of presentation

The consolidated interim 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 consolidated interim financial statements are presented in Canadian dollars except where otherwise indicated. In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting. Certain expenses from 2019 have been reclassified to conform with the current year presentation.

Basis of consolidation

The consolidated interim 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 short-term investments

	March 31 2020	December 31 2019
	\$	\$
Cash and cash equivalents:		
Cash in bank	19,238,049	9,170,164
Cash held in legal trust	155,555	174,714
	19,393,604	9,344,878
Short-term investments	5,080,877	27,559,903
Cash and short-term investments	24,474,481	36,904,781

Short-term investments held at March 31, 2020 included guaranteed investment certificates with maturities ranging from thirty days to one year, bearing annual interest of 2.05%.

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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4. Accounts receivable

	March 31 2020	December 31 2019
	\$	\$
Taxes receivable, commodity and other	1,118,396	1,093,324
Trade and other receivables	2,692,574	3,145,966
Accounts receivable	3,810,970	4,239,290

As at March 31, 2020, no provision for expected credit losses has been recognized.

5. Inventories

	March 31 2020	December 31 2019
	\$	\$
Raw materials	459,015	472,343
Work-in-progress	106,526	43,968
Finished goods	349,426	294,174
Supplies	117,565	102,116
	1,032,532	912,601

6. Biological assets

	\$
Balance, December 31, 2019	48,675
Increase in biological assets due to capitalized costs	69,851
Transferred to inventory upon harvest	(67,618)
Balance, March 31, 2020	50,908

As at March 31, 2020, the Company's biological assets are measured at cost, less accumulated depreciation of nil, as fair value cannot be measured reliably. As at March 31, 2020, there were no quoted market prices for cannabis in Colombia and as at March 31, 2020, the Company had produced and sold a limited number of commercial finished goods cannabis products. On March 19, 2020, the Company became the first company to be authorized to manufacture high and low-THC magistral preparations in Colombia. Since receiving approval, the Company has proceeded with sales of low-THC medical cannabis in Colombia, however, sales of high-THC medical cannabis require further authorizations to fill prescriptions. Start up sales activities coupled with the impact of COVID-19 are not reflective of normal course operations. The combination of the aforementioned factors indicated that alternative fair value measurements are unreliable. The range of estimates within which fair value is likely to lie from \$0.25 per dry gram equivalent (under the basis of cost being an approximate for fair value) to \$3.75 per dry gram equivalent (if using estimates of selling prices and costs for magistral preparation sales). The range of unrealized fair value gains for the three months ended March 31, 2020 for which fair value is likely to lie is from nil to \$1,250,000.

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2020 and 2019

Unaudited

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, 2019	1,382,435	8,915,682	1,825,477	1,574,832	810,217	2,481,496	16,990,139
Additions (transfers)	-	1,012,009	2,220	236,405	-	-	1,250,634
Foreign currency translation	(156,711)	(1,092,520)	(194,201)	(338,840)	96,522	(281,299)	(1,967,049)
March 31, 2020	1,225,724	8,835,171	1,633,497	1,472,396	906,739	2,200,197	16,273,724
Accumulated Depreciation							
December 31, 2019	-	(95,587)	(127,315)	(470,239)	-	(437,650)	(1,130,791)
Additions	-	(26,396)	(45,226)	(48,697)	-	(132,407)	(252,726)
Foreign currency translation	-	12,631	18,125	94,636	-	60,423	185,815
March 31, 2020	-	(109,352)	(154,416)	(424,299)	-	(509,635)	(1,197,702)
Net Book Value							
December 31, 2019	1,382,435	8,820,095	1,698,162	1,104,593	810,217	2,043,846	15,859,348
March 31, 2020	1,225,724	8,725,819	1,479,081	1,048,097	906,739	1,690,563	15,076,022

8. Intangible assets and goodwill

	Customer Relationships	Brands	Licenses	Goodwill	Total
Cost	\$	\$	\$	\$	\$
December 31, 2019	585,868	719,588	14,365,074	4,348,995	20,019,526
Additions	-	-	111,577	-	111,577
Foreign currency translation	(66,413)	(81,571)	1,310,323	(493,035)	669,303
March 31, 2020	519,455	638,017	15,786,974	3,855,960	20,800,406
Accumulated Amortization					
December 31, 2019	(97,645)	-	(18,887)	-	(116,531)
Amortization	(23,568)	-	(13,286)	-	(36,854)
Foreign currency translation	12,993	-	(16,035)	-	(3,042)
March 31, 2020	(108,220)	-	(48,208)	-	(156,428)
Net book value					
December 31, 2019	488,224	719,588	14,346,187	4,348,995	19,902,994
March 31, 2020	411,235	638,017	15,738,766	3,855,960	20,643,978

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2020 and 2019

Unaudited

9. Long-term debt

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

	Interest rate	Maturity date	March 31, 2020	December 31, 2019
			\$	\$
Lease liabilities	10.2%	2021-2030	2,517,822	2,986,042
Loan	10.90%	April 1, 2020	1,942	8,794
Loan	10.00%	July 1, 2020	5,105	10,114
Loan	10.50%	January 1, 2020	-	1,979
Loan	10.48%	October 1, 2020	40,785	65,954
Loan	10.90%	September 1, 2021	48,941	64,635
Loan	9.79%	November 1, 2021	20,975	27,305
Loan	11.73%	November 1, 2021	62,925	81,915
Loan	10.41%	August 1, 2021	229,461	305,589
			2,927,956	3,552,327
Current portion			979,243	1,007,059
Long-term debt			1,948,713	2,545,268

10. Share capital

Authorized share capital

The authorized share capital consisted of an unlimited number of common shares without par value. All issued shares have been fully paid.

Common shares activity

	Number of Common Shares	Share Capital
		\$
Balance, December 31, 2019	116,612,318	121,290,474
Share repurchased and cancelled	(511,500)	(532,020)
Balance, March 31, 2020	116,100,818	120,758,454

In February 2020, the Company received approval from the TSX Venture Exchange for a normal course issuer bid to repurchase, for cancellation, up to 5,830,615 common shares of the Company, representing approximately 5% of the Company's issued and outstanding common shares at the time of approval. In March 2020, the Company repurchased 511,500 common shares for a total cost of \$212,389.

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2020 and 2019

Unaudited

11. Warrants

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

Exercise Price	Outstanding	Expiry Date	Remaining Life (years)
\$			
0.90	187,062	11-Sep-20	0.4
1.00	15,656	16-May-20	0.1
1.05	942,862	23-May-20	0.1
2.20	786,600	28-Feb-21	0.9
2.90	594,849	28-May-21	1.2
1.83	2,527,029		0.6

12. Stock options

The Company recorded share-based compensation expense related to stock options of \$271,421 for the three months ended March 31, 2020 (2019 - \$52,845) to the consolidated statements of loss and comprehensive loss.

The following table reflects the continuity of stock options for the period ended March 31, 2020:

Grant Date	Number of stock options				As at March 31, 2020	Exercise Price	Expiry Date	Remaining Life (years)
	As at December 31, 2019	Issued	Exercised	Forfeited				
						\$		
2017-04-19	1,275,000	-	-	-	1,275,000	1.00	2021-04-19	1.1
2017-09-12	552,500	-	-	-	552,500	1.00	2022-09-12	2.4
2017-10-12	100,000	-	-	-	100,000	1.00	2022-10-12	2.5
2018-05-23	590,000	-	-	-	590,000	1.40	2023-05-23	3.1
2018-06-26	200,000	-	-	-	200,000	1.40	2023-06-26	3.2
2019-05-31	891,667	-	-	(50,000)	841,667	3.25	2024-05-31	4.2
2019-11-27	1,600,000	-	-	-	1,600,000	2.90	2024-11-27	4.7
	5,209,167	-	-	(50,000)	5,159,167	2.02		3.2

As at March 31, 2020, 2.8 million stock options outstanding were vested.

As at March 31, 2020, the unamortized stock option expense relating to previously issued stock options is approximately \$0.6 million.

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Notes to the Condensed Interim Consolidated Financial Statements

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13. Restricted share units

The Company recorded share-based compensation expense related to the RSUs of \$1,877,194 for the three months ended March 31, 2020 (2019 - \$649,691) to the consolidated statements of loss and comprehensive loss.

The following table reflects the continuity of RSUs for the period ended March 31, 2020:

Grant Date	Number of RSUs				As at March 31, 2020	Grant Price	Expiry Date	Remaining Life (years)
	As at December 31, 2019	Issued	Exercised	Forfeited				
						\$		
2018-05-23	1,126,250	-	-	-	1,126,250	0.89	2021-12-15	1.7
2019-05-31	3,460,000	-	-	(15,000)	3,445,000	2.45	2022-12-15	2.7
2019-08-23	300,000	-	-	-	300,000	1.59	2022-12-15	2.7
2019-11-25	1,700,000	-	-	-	1,700,000	1.03	2022-12-15	2.7
	6,586,250	-	-	(15,000)	6,571,250	1.78		2.5

As at March 31, 2020, 1.3 million of the outstanding RSUs were vested and the unamortized RSU expense relating to previously issued RSUs is approximately \$3.8 million.

14. General and administrative costs

	For the three months ended	
	2020	2019
	\$	\$
Salaries	3,185,528	1,020,835
Professional fees	683,947	1,151,302
Consulting	194,479	234,543
Investor relations	289,260	726,633
Travel and development	171,267	456,899
Corporate governance	181,586	342,469
Donations	-	73,646
Office and general	961,618	436,267
Depreciation and amortization	179,611	28,575
	5,847,296	4,471,169

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Notes to the Condensed Interim Consolidated Financial Statements

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15. Loss per share

	For the three months ended	
	2020	March 31 2019
Net loss	\$9,237,187	\$8,003,739
Weighted average number of common shares outstanding - basic	116,606,697	75,894,884
Effect of dilutive securities	-	-
Weighted average number of common shares outstanding - dilutive	116,606,697	75,894,884
Loss per share – basic and diluted	\$ 0.08	\$ 0.11

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

16. Related party transactions

Related parties and related party transactions impacting the 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 ended	
	2020	March 31 2019
Management fees and salaries	\$ 1,491,425	\$ 979,585
Share-based compensation	1,513,160	24,156
Donations to Centro Fox, a non-for-profit organization, controlled by Vicente Fox, a Khiron board member	-	73,646

As at March 31, 2020, prepaid expenses and other current assets includes \$3.4 million of signing bonuses relating to key management personnel of the Company. This balance is earned on a straight-line basis through March 2021.

A member of Khiron's Board of Directors is party to an agreement with the Company whereby in certain defined transactions that member would receive a fee equal to two percent of the transaction value. The agreement terminates on the earlier of completion of a transaction or a date either party notifies of termination. No transaction has occurred to warrant payment and no amount has been accrued in the financial statements.

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Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2020 and 2019

Unaudited

17. 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

	As at March 31 2020	As at December 31 2019
	\$	\$
Property, plant and equipment:		
Canada	8,335	9,261
Europe	3,222	9,012
Latin America	15,064,465	15,841,075
	15,076,022	15,859,348
Non-current assets:		
Canada	8,335	9,261
Europe	3,222	9,012
Latin America	35,708,443	37,083,901
	35,720,000	37,102,174
Total assets:		
Canada	16,137,788	33,291,621
Europe	4,064,226	2,192,632
Latin America	50,748,070	46,427,938
	70,950,083	81,912,191

Operating Segments

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	46,252	436,912
Net loss	7,822,667	71,107	1,051,726	291,687	9,237,187

Three months ended March 31, 2019	Corporate	Health services	Medical cannabis products	Wellbeing products	Total
	\$	\$	\$	\$	\$
Revenues	-	2,021,144	-	69,833	2,090,977
Gross profit	-	364,056	-	48,702	412,758
Net loss	7,225,117	46,783	528,283	203,556	8,003,739

Khiron Life Sciences Corp.

Notes to the Condensed Interim Consolidated Financial Statements

(expressed in Canadian Dollars)

For the three months ended March 31, 2020 and 2019

Unaudited

18. Commitments and contingencies

Contractual obligations	Payments due by period				Total
	2020	2021-2023	2024-2025	2026+	
	\$	\$	\$	\$	\$
Financial lease - land	90,601	362,403	241,602	553,672	1,248,278
Financial lease – corporate and medical offices	572,363	1,267,607	345,915	14,413	2,200,299
Loans	194,179	215,955	-	-	410,134
	857,143	1,845,965	587,518	568,085	3,858,710

In addition to the above obligations, in January 2019, the Company entered into an agreement with Dayacann SpA whereby under the terms of the Dayacann Agreement (and the related agreements), the Company 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. In light of the permitting delay, together with the concurrent ever worsening political unrest in Chile, the Company 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 Company is currently in discussions with Dayacann on how to move forward with the agreement, considering the significant delays in the receipt of the permits and the feasibility of the agreement in terms of cost and timing. To date, the Company spent US\$120,000 (all in 2019) towards the US\$1.2 million commitment as defined in the Dayacann Agreement. The remaining commitment is contingent on the timing for planting, harvesting and testing.

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 early stage of the proceedings, it is not possible to estimate the Company's potential liability in the litigation, if any.