



Khiron Life Sciences Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED September 30, 2021 and 2020
November 19, 2021

Khiron Life Sciences Corp.
Management's Discussion & Analysis
For the Three and nine months ended September 30, 2021 and 2020

Introduction

The following interim management's discussion and analysis (Interim MD&A) of Khiron Life Sciences Corp. (the "Company" or "Khiron") for the three and nine months ended September 30, 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last Q1 and Q2 2021 management's discussion and analysis, being the management's discussion and analysis for the year ended December 31, 2020 (Annual MD&A). This Interim MD&A does not reflect any non-material events since the date of the Annual MD&A.

For the purposes of preparing this Interim MD&A, management, in conjunction with the board of directors of the Company (the Board), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2020 and 2019, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 and 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted.

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 19, 2021, unless otherwise indicated.

This interim MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) of the Canadian Securities Administrators. Additional information regarding Khiron is available on its website at www.khiron.ca or through the Company's SEDAR profile available at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A contains or incorporates certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance, objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, or estimates or predictions of actions of customers, suppliers, partners, distributors, competitors or regulatory authorities. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

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Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors set out in **Risk Factors**. Readers are cautioned that the list of risk factors that may affect the forward-looking statements is not exhaustive, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of The Business

Khiron was incorporated under the *Business Corporations Act* (British Columbia) on May 16, 2012. The Company's shares are listed on the TSX Venture Exchange (TSXV) under the symbol "KHRN", the OTCQX Best Market under the symbol "KHRNF" and on the Frankfurt Stock Exchange under the symbol "A2JMXC".

Khiron is a leading vertically integrated medical cannabis company with core operations in Latin America and Europe. Leveraging wholly-owned medical health centres and proprietary telemedicine platforms, Khiron combines a patient-oriented approach, physician education program, scientific expertise, product innovation, and agricultural infrastructure to drive prescriptions and brand loyalty with patients worldwide. The Company focuses on achieving a first mover advantage in the Latin American market and is evolving its strategy towards global expansion. The Company's wholly owned subsidiary, Khiron Colombia S.A.S., is licensed in Colombia for the cultivation, production, domestic distribution and international export of both tetrahydrocannabinol (THC) and cannabidiol (CBD) medical cannabis. The Company is authorized to manufacture and fill prescriptions for high-THC and low-THC medical cannabis in Colombia, works with local partners to provide medical cannabis products to patients in Peru, Brazil, Germany, Mexico, and the United Kingdom (UK), and retails an approved line of CBD cosmetic products in Colombia and the UK.

The Company has three operating segments:

- 1) Medical Cannabis Products - in which the Company grows, produces and sells branded products and services to patients with medical conditions where cannabis is an acceptable, proven option.
- 2) Health Services - where the Company operates its own network of medium complexity health centres (operating under the ILANS and Zerenia™ brands) and Zerenia satellite clinics offering a suite of health, medical and surgical services, including insured services in alignment with insurance company partners.
- 3) Wellbeing Products – the Company produces and markets CBD and hemp based consumer packaged goods, such as its Kuida™ cosmetics line.

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Overview

During Q3 2021, the Company continued advancing as a leading medical cannabis provider in Latin America and Europe by:

- Completing its first medical cannabis sale in Brazil and continuing establishing key components for Khiron first Zerenia™ clinic in the country, increasing patient access to affordable, high-quality medical cannabis products,
- Regulatory and supply chain advances that accelerate Khiron's entry into the Mexican market; leveraging its Project of National Strategic Interest (PINES) designation, Khiron received THC extract export quota for Mexico from Colombia, for up to 700 Kg of extract and finished medical product,
- continuing to develop real-world evidence from cannabinoid-based treatments to improve patient treatment and physician education, and conduct pharmacoeconomic studies, including the presentation of the Company's first medical cannabis study with more than 1,400 patients
- opening its first international Zerenia™ clinic in Peru, leveraging Colombian experience;
- expanding medical cannabis product lines in Peru, the UK and Germany;
- advancing physician education globally, including through its CPD accredited Khiron Academy in the UK, and;
- opening of Khiron Zerenia™ Clinics UK in London with a hybrid clinic model, including digital and in-person appointments with medical cannabis specialist practitioners

Khiron saw an overall increase in medical cannabis revenues of **46%** in Q3 2021 versus the second quarter of 2021. Growth in medical cannabis continues to be supported by the Company's clinical infrastructure and health services. During the third quarter, Khiron continue the international expansion of its vertically integrated clinic model starting with Peru and the UK.

	Colombia	Peru	Brazil	Mexico	UK	Germany
Medical Cannabis Sales	Yes	Yes	Yes	Future	Yes	Yes
QoQ Medical Cannabis Volume Growth	38%	50%	-	-	69%	104%
First Sales	Q1 2020	Q3 2020	Q3 2021	Q4 2021	Q3 2020	Q1 2021
Current Product Portfolio	High/Low THC & CBD Extract	High/Low THC & CBD Extract	CBD Extract	CBD Extract	Dried Flower 20/1 & 1/14	Dried Flower 20/1 & 1/14
Cannabis Production	Cultivation & Extraction	Import from Colombia	Import from Colombia	To import from Colombia	3 rd party supply chain	3 rd party supply chain
Colombian Genetics	✓	✓	✓	✓	In progress	In progress
Medical Cannabis Education	✓	✓	✓	✓	CPD Accredited	✓
Health Centres	3	-	-	-	-	-
Zerenia™ Satellite Clinic	8	1 ¹	Q1 2022	Future	1 ²	-

1. Zerenia™ satellite clinic operated with strategic partner Clinica Montesur
2. Zerenia™ Clinics UK in London with a hybrid clinic model: digital and in-person www.zereniaclinic.co.uk

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The following tables summarizes certain operating and financial results for each of the three months ended September 30, 2021, June 30, 2021, and September 30, 2020.

		Q3 2021	Q2 2021	Change	Q3 2020	Change
Key Operating Statistics						
<i>Medical cannabis</i>						
Revenue generating countries	#	4	4	-	2	300%
Latin America	Units	15,621	11,309	38%	380	4,011%
Europe Sell-In	Grams	27,800	42,890	(35%)	3,810	-
Europe Sell-Out	Grams	33,265	17,340	92%	3,810	-
<i>Health services</i>						
Patient interactions	#	38,900	32,984	15%	27,788	26%
<i>Wellness</i>						
Units	#	2,322	3,173	(27%)	3,688	(37%)
Financial Results						
Revenue						
Medical cannabis	\$	1,207,507	825,520	46%	110,152	996%
% of total revenue		34%	29%	-	5.7%	-
Latin America	\$	833,758	610,947	36%	110,152	239%
Europe	\$	373,749	214,573	74%	-	-
% Latin America		69%	74%	-	100%	-
% Europe		31%	26%	-	-	-
Total revenue	\$	3,519,272	2,802,900	26%	1,928,090	83%
Gross profit before fair value adjustment						
Medical cannabis	\$	1,693,406	1,045,690	62%	322,720	425%
% of Total gross profit		64%	70%	-	31%	-
Latin America	\$	704,725	512,884	48%	99,778	981%
Europe	\$	373,749	214,573	74%	-	-
% Latin America		65%	70%	-	100%	-
% Europe		35%	30%	-	-	-
Gross margin before fair value adjustment						
GM Medical cannabis		89%	88%	-	91%	-
GM Latin America		85%	84%	-	91%	-
GM Europe		100%	100%	-	-	-
Gross profit	\$	1,813,228	1,826,173	(1%)	929,132	95%
Net loss	\$	(3,337,212)	(4,796,002)	(30%)	(6,714,933)	(50%)
Adjusted EBITDA ¹	\$	(3,772,061)	(3,850,033)	(2%)	(4,706,062)	(20%)
Loss per share	\$/share	(0.02)	(0.03)	(33%)	(0.05)	(67%)

1. Adjusted EBITDA is a non-IFRS measure. Refer to *Adjusted EBITDA* section for the Company's MD&A for a reconciliation.

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		Q3 2021	Q2 2021	Change	Q3 2020	Change
Financial Position						
Cash	\$	15,423,179	9,356,185	65%	47,857,584	(68%)
Working capital	\$	25,681,248	18,779,664	37%	46,218,378	(44%)
Net debt	\$	13,489,218	7,653,879	76%	44,026,810	(69%)

Key developments during Q3 2021 and up to November 19, 2021

- 46% growth in medical cannabis revenues from Q2 2021 to over \$1.2 million in Q3 2021, representing 34% of total revenues
- Filled over 14,800 prescriptions in Q3 2021 in Colombia, representing a 38% increase from Q2 2021, and over 50,000 prescriptions year-to-date across the region, with continued growth subsequent to the previous quarter
- Filled over 15,600 prescriptions in Q3 2021 in Latin America, and sold over 33,000 grams of dry flower in Europe during the same period, representing a 38% and 92% of QoQ growth for Latin America and Europe, respectively
- Expanded medical cannabis product lines in Peru, the UK and Germany, supporting significant quarter over quarter increases in volumes and revenues
- Gross profits, before fair value gains, of \$1.7 million in Q3 2021 slightly higher than Q2 2021 which had a slight decrease due to the health services segments related to reduced complex surgeries as a result of COVID-19 impacts and the impact of foreign exchange related to the Colombia Peso, offset by higher contributions from the medical cannabis segment
- The gross profits continue to benefit from growth in the higher-margin medical cannabis segment; in Q3 2021, medical cannabis contributed approximately 71% of total gross profits before fair value gains on approximately 34% of total revenues
- Registration of Khiron first two medical cannabis products in Peru approved by Peruvian sanitary agency DIGEMID, exported from Colombia, to be broadly distributed throughout pharmacy chains, medical distributors, and dispensaries in Peru starting Q4 2021
- Opening of Khiron Zerenia™ Clinics UK in London with a hybrid clinic model, including digital and in-person appointments with medical cannabis specialist practitioners
- Release of Khiron first research study with more than 1,400 patients in Latin America, serviced at Khiron's Zerenia clinics in Colombia, using Khiron's CBD and THC oral sublingual medical cannabis oils

Medical cannabis products

Colombia

- Increased patient access by expanding Zerenia clinics across Colombia with satellite clinics in major urban centers and additional insurance companies covering medical cannabis Khiron products
- The percentage of prescriptions filled covered by insurance remained strong in Colombia at approximately 61% in Q3 2021
- Surpassed 14,800 prescriptions in Q3 2021 in Colombia, representing a 38% increase from Q2 2021, and over 50,000 prescriptions year-to-date, with continued growth subsequent to the previous quarter

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Mexico

- In June 2021, the Government of Colombia awarded Khiron high-THC medical cannabis extract export quotas for Mexico
- To date, several hundred physicians in Mexico, Colombia, Brazil and Peru have completed the online medical cannabis certificate course developed by the Company in conjunction with Mexico's Tecnológico de Monterrey (Monterrey Institute of Technology), enabling them to safely prescribe medical cannabis

Peru

- Khiron opened its first Zerenia™ clinic in Peru, its first clinic outside of Colombia, via a strategic partnership with Lima-based Clinica Montesur,
- In Q3 2021, medical cannabis sales in Peru increased 50% from Q2 2021, and more than 1,200 patients served YTD

Brazil

- Khiron expects to open its first Zerenia clinic in the country by early Q1 2022, once permitting and construction of the 1st phase of the clinic is finished

Europe and UK

- Increased sales of medical cannabis in the UK by 69% from Q2 2021, supported by training prescribers through Khiron Academy to increase acceptance of cannabinoids as a valid treatment option
- On October 7, 2021, the Company completed the acquisition of the entire issued share capital of MCS Clinics Limited, a company incorporated and registered in England and Wales, for \$0.3 million.
- Launch of Zerenia UK on November 30th 2021 to facilitate additional scripts for Khiron products
- Captured almost 50% flower market share in Project Twenty21 in Q3 2021
- Increased sales of medical cannabis in Germany by 104% from Q2 2021, supported by the continued training of prescribers with our in-field sales force

Health services

- Surpassed 38,900 patient interactions in Q3 2021 in Colombia Zerenia Clinics, representing a 15% increase from Q2 2021, and over 116,500 interactions year-to-date, with continued growth subsequent to the previous quarter

Corporate

- In October 2021, Swapan Kakumanu of RTB LLP was appointed as interim CFO to replace Joel Friedman, who resigned from the Company for personal reasons

Q3 financial summary

The Company recorded revenues of \$3.5 million in Q3 2021 an increase of 83% from Q3 2020. This was driven in part from an increase in medical cannabis revenues of 996% to \$1.2 million compared to Q3 2020. During Q3 2021, approximately 34% of the Company's revenues were from medical cannabis products, compared to 29% in Q2 2021 and 6% in Q3 2020. Medical cannabis sales increased due to continued growth in Colombia, supported by the Company's expanding clinic network and the continued support from insurance coverage which began in December 2020, along with continued growth in Peru, the UK and Germany. Revenues from health services declined as a result of COVID-19 restrictions resulting in the rescheduling of complex surgeries which are generally higher margin services.

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Gross profit before fair value adjustments was \$1.7 million, reflecting a 425% increase from Q3 2020 mainly due to the contributions from medical cannabis sales with a margin of 89% in the quarter. Including a net fair value adjustment of \$0.1 million and \$1.3 million, the gross profit recognized in the three and nine months ended September 30, 2021 of \$1.7 million and \$3.8 million, respectively, represent increases of 105% and 84%, respectively, compared to the prior year periods which included the transition to the Company accounting for biological assets at fair value following commercialization.

Expenses in the three and nine months ended September 30, 2021 decreased 14% and 20%, respectively, from the prior year comparative periods as a result of reductions in all categories with the exception of research and development as the Company continues to prudently manage resources with the ongoing pandemic. Total expenses for the quarter have remained consistent with Q2 2021 decreasing 1%.

The Company recorded a net loss of \$3.3 million and \$13.6 million for the three and nine months ended September 30, 2021, respectively, compared to a net loss of \$6.7 million and \$21.6 million in the respective prior year quarters. On an adjusted EBITDA basis, the Company recorded a net loss of \$3.3 million and \$13.6 million for the three and nine months ended September 30, 2021, respectively, compared to losses of \$6.7 million and \$21.7 million in the respective prior year periods. The adjusted EBITDA loss in Q3 2021 represented a decrease of \$1.0 million from Q3 2020. (non-GAAP measure, see *Adjusted EBITDA* for calculation).

Global COVID-19 Pandemic

The outbreak of the novel coronavirus, commonly referred to as "COVID-19", has spread throughout all regions in which Khiron operates, being South America, Europe and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and their impacts on the Company cannot be reasonably estimated at this time. The Company's operations continue to experience levels of volatility as the circumstances surrounding COVID-19 are continuously changing

The impact of COVID-19 on the Company's business and operations was most prominent at the start of the pandemic (approximately Q2, 2020) where the Company's clinics in Colombia (while deemed essential services) were challenged by operational safety measures that, in part, contributed to a reduction of patient consultations and services available on offer. The pandemic also had the effect early on of slowing the Company's expansion and business operations and logistics in certain international jurisdictions due to the implementation of various restrictive measures and other resource allocation by government bodies to slow the spread of COVID-19. To date, the Company has seen gradual improvement as various business activities and government measures normalize.

A return to COVID-19 restrictions, if enacted, could have implications similar to those experienced in 2020 such as tempered growth in sales, specifically in new markets where significant investments are required for start-up costs and promotional activities. However, the Company's investment in and implementation of telemedicine services during 2020 may reduce the overall impact of such events on its sales of medical cannabis, not only in Latin America but also in the UK. In the event of a major disruption in operating activities, the Company expects to respond in a manner consistent with 2020 to reduce costs and allocate available resources to focus on core revenue generating operations and markets, including, where appropriate, rationalization of product lines and operating capacity.

While the Company starts the fourth quarter of 2021 with a cash balance of \$15.4 million, the Company must prudently manage its cash and maintain its liquidity amidst the 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. Maintaining high quality growth and extracts at its cultivation site will be critical to the Company's success. Maintaining liquidity through the crisis and continuing with its core strategy should place the Company in a very strong competitive position once the crisis ends.

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Outlook

The primary business objectives for the Company over the next 12 months are as follows:

- Increase sales of medical cannabis products across all markets
- Enhance Khiron's vertically integrated strategy and value-chain capture with respect to certain key business functions such as its clinic operations, supply chain and distribution network, while also ensuring continuity and quality of supply
- Continue clinic expansion to increase access to physician and patient networks through capital investments during the remainder of fiscal 2021 and during the first quarter of 2022
- Continue negotiations and discussions with insurance companies in Colombia for medical cannabis coverage and leverage all the pharmacoeconomic data generated by the clinics to open discussion with insurance companies across Latin America to provide increased access to patients throughout the region

Under the Medical Cannabis Products segment, the Company is focused on growing product sales in existing markets (Colombia, Peru, the UK, and Germany) and new markets (Brazil and Mexico):

- By increasing patient access to trained medical professionals through the advancement of the Company's health services segment in applicable markets, including:
 - utilizing its Zerenia-branded satellite clinics to provide localized patient access to medical cannabis professionals;
 - continuing to develop and deliver physician education to increase the number of prescribing physicians, drive prescriptions and enhance patient outcomes; and
 - continuing to develop relationships with more insurance companies to ensure patient access, increase patient retention and support higher patient growth.
- By establishing and expanding medical cannabis product offerings in new and existing markets; and
- By continuing to obtain and maintain new and existing regulatory permits, licenses and quotas.

The Company intends to leverage expertise gained in Colombia to advance operational strategies in other markets as they develop, subject to regulatory conditions. The Company expects that it will continue to rely on its asset-light supply and distribution strategies that leverage the Company's existing infrastructure coupled with outsourced supply and distribution partnerships.

In Q3 2021, the breakdown of medical cannabis revenues by region was 69% from Latin America and 31% from Europe. Over the next 12 months, the majority of revenues are expected to be contributed from Latin America with Colombia as the dominant regional contributor. The contribution from Europe is expected to increase quarter over quarter. By Q1 2022, monthly revenues from medical cannabis sales are expected to increase to over \$1 million, at current exchange rates, and become the dominant revenue stream for Khiron. Beyond Q1 2022, the Company expects revenues from medical cannabis to grow across all markets at average quarterly growth rates of 25-35%, compared to the quarterly growth rates surpassing 40% achieved since the commencement of medical cannabis sales in Q1 2020. The growth in medical cannabis sales is expected to be supported by the continued expansion of the health services segment, both within Colombia and internationally, which has been foundational to the successes achieved in Colombia to date, coupled with advancements in insurance coverage for patients with the support of pharmacoeconomics studies.

Under the Health Services segment, the Company is focused on expanding operating capacity and utilization in each market in which it operates. While the Company expects to continue to expand its clinic network internationally, revenues from health services are expected to be driven by the core operations in Colombia. The Company expects for revenues from health services to stabilize at approximately \$1 million per month, consistent with levels achieved in the month of March 2021.

Under the Wellness Products segment, the Company is leveraging existing brand recognition in Colombia to support continued e-commerce sales and distribution with local partners. In all other markets where the Company's Wellbeing Products are available for sale including the UK and Spain, the Company is pursuing distribution agreements to expand market presence while reducing marketing and distribution costs.

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Review of Operations for the three and nine months ended September 30, 2021 and 2020

The following is a summary of Khiron's income statement:

	For the three months ended September 30		For the nine months ended September 30	
<i>(Canadian dollars)</i>	2021	2020	2021	2020
	\$	\$	\$	\$
Health services:				
Revenues	2,282,746	1,785,334	6,464,978	5,194,005
Cost of sales	1,689,684	1,576,525	5,018,503	4,347,065
Gross profit health services	593,062	208,809	1,446,475	846,940
Medical cannabis products:				
Revenues	1,207,507	110,152	2,596,187	136,005
Cost of sales	129,033	10,375	285,588	16,320
Gross profit medical products	1,078,474	99,777	2,310,599	119,685
Wellness products:				
Revenues	29,019	32,604	97,580	169,005
Cost of sales	7,149	18,470	25,490	56,747
Gross profit wellness products	21,870	14,133	72,090	112,258
Gross profit before the undernoted	1,693,406	322,720	3,829,164	1,078,883
Changes in fair value of inventory sold	(353,317)	-	(530,022)	-
Unrealized gain on changes in fair value of biological assets	473,139	606,412	1,901,418	1,295,797
Gross profit	1,813,228	929,132	5,200,560	2,374,680
Expenses				
General and administrative costs	(4,647,371)	(5,341,329)	(14,666,722)	(15,719,467)
Share-based compensation	(535,168)	(1,539,643)	(2,568,186)	(5,031,060)
Selling, marketing and promotion	(838,558)	(340,222)	(1,883,111)	(1,792,213)
Research and development	(400,218)	(266,763)	(844,938)	(1,314,783)
	(6,418,317)	(6,558,825)	(19,963,130)	(21,482,843)
Other loss, net	(33,302)	(156,169)	(99,570)	(182,042)
Unrealized gain on changes in fair value of warrants	(1,234,575)	-	(1,234,575)	-
Net loss	(3,337,212)	(6,714,994)	(13,627,565)	(21,664,885)

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Gross profit – health services

The following table shows the gross margin results of the clinics for the three and nine months ended September 30, 2021 and 2020:

<i>(Canadian dollars)</i>	For the three months ended		For the nine months ended	
	2021	2020	2021	2020
			\$	\$
Revenues	2,282,746	1,785,334	6,464,978	5,194,005
Cost of sales	1,689,684	1,576,525	5,018,503	4,347,065
Gross profit	593,062	208,809	1,446,475	846,940
Gross margin	26%	12%	22%	16%

Health services include the revenues and costs from the ILANS and Zerenia™ health centres. Zerenia is the integrative medical care clinic designed to treat “body, mind and spirit” with medical cannabis and other services. These services are supported by rehabilitation, complementary medicine and diagnostic technology, involving programs for managing multiple symptoms in different pathologies.

Revenues from health services in Q3 2021 increased 28% from Q3 2020 to \$2.3 million as a result of the reduced impacts from COVID-19 related restrictions which limited operations significantly throughout Q3 2020. The gross profit from health services increased as a result of increased volume of services and improved gross margin percentage to \$0.6 million and \$1.4 million for the three and nine month ended September 30, 2021, and increase of 184% and 71%, respectively, compared to the prior year comparative period. Gross profit percentage for Q3 2021 was 26% and 22% for the year-to-date.

Gross profit – medical cannabis products

The following tables show the quarterly gross margin results medical cannabis for the three and nine months ended September 30, 2021 and 2020, on a consolidated basis and by geographical region:

Consolidated	For the three months ended		For the nine months ended	
<i>(Canadian dollars)</i>	2021	2020	2021	2020
	\$	\$	\$	\$
Revenues	1,207,507	110,152	2,596,187	136,005
Cost of sales	129,033	10,374	285,588	16,320
Gross profit before fair value adjustment	1,078,474	99,778	2,310,599	119,685
Gross margin	89%	91%	89%	88%

In Q3 2021, medical cannabis sales were largely comprised of sales in Latin America, predominately Colombia along with contributions from Peru, as well as Europe, being comprised of the UK and Germany. Sales in Peru are less than \$0.1 million year to date, due to the early stages of the market development, overall contributions are not significant at this time.

Gross profits from medical cannabis are mainly a result of sales in Colombia where pricing has been stable in Colombian Pesos while approximately 35% of medical cannabis gross profits in Q3 2021 were contributed by

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European operations which are accounted for on a net basis, contributing gross margins of 100%.

Medical cannabis by region

Latin America	For the three months ended		For the nine months ended	
	September 30		September 30	
<i>(Canadian dollars)</i>	2021	2020	2021	2020
	\$	\$	\$	\$
Revenues	835,550	110,152	1,951,451	136,005
Cost of sales	129,033	10,374	285,588	16,320
Gross profit before fair value adjustment	704,725	99,778	1,665,863	119,685
Gross margin	85%	91%	85%	88%
Units (bottles of magistral preparations)	15,622	380	33,173	387
Revenue per unit	\$53.5	\$66.8	\$58.8	\$66.8

Europe	For the three months ended		For the nine months ended	
	September 30		September 30	
<i>(Canadian dollars)</i>	2021	2020	2021	2020
	\$	\$	\$	\$
Revenues	373,749	-	644,736	-
Cost of sales	-	-	-	-
Gross profit before fair value adjustment	373,749	-	644,736	-
Gross margin	100%	-	100%	-
Grams (dried flower)	27,800	-	84,085	-
Revenue per gram	\$13,44	-	\$7,67	-

Gross profit – wellbeing products

The following table shows the gross margin results for the Kuida Wellbeing products for the three and nine months ended September 30, 2021 and 2020:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Wellbeing product revenues (\$)	29,019	32,604	97,580	169,005
Units sold (#)	2,322	3,688	8,002	13,241
Gross margin	75%	79%	74%	72%

Wellbeing products revenues in 2021 are from sales to distributors of the Company's Kuida™ products in Colombia, which started distribution in the Q4 2018. In Q1 2020, the Company initiated sales of Kuida™ in the UK, however, since the onset of the COVID-19 pandemic, the Company has limited Kuida™ related activities outside of Colombia.

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Fair value adjustments on biological assets and cannabis sales

The Company recorded a fair value gain on harvested and growing plants in the three and nine months ended September 30, 2021, of \$0.1 million and \$1.4 million, respectively (2020 - \$0.6 million and \$1.3 million, respectively). In Q3 2021, net fair value adjustments of \$0.1 million were comprised of a gain of \$0.5 million on fair value of biological assets along with a fair value loss of \$0.4 million on the sale of medical cannabis products. Significant estimates and assumptions on the value of the biological asset are disclosed in note 6 to the *Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2021 and 2020*.

Expenses

General and administrative costs

General and administrative costs include the following:

	For the three months ended		For the nine months ended	
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries	1,957,684	2,927,054	6,826,021	8,908,886
Professional fees	89,366	406,750	734,714	1,254,267
Consulting	104,045	111,052	738,433	958,222
Investor relations	289,215	326,206	617,502	814,249
Travel and development	84,558	40,105	152,043	218,577
Corporate governance	775,260	640,920	2,652,130	1,124,990
Office and general	1,144,841	721,391	2,292,270	1,946,997
Depreciation and amortization	202,402	167,851	653,783	493,281
	4,647,371	5,341,329	14,666,895	15,719,467

Changes in general and administrative costs period over period are due to the following:

- Salaries – decrease in 2021 compared to 2020 primarily as a result of signing bonuses that were paid in two parts to executive management in Europe being fully amortized at the end of Q1 2021, partially offset by increased headcount from the Company's expansion in medical cannabis operations.
- Professional fees - include financial advisory, accounting, and legal fees, which have decreased year to date, but increased in the current quarter due to the timing of capital markets and regulatory activities, as well as the increased scale of the Company's operations.
- Consulting – decreased as a result of evolving market entry strategies and expansion of the organizational internal infrastructure to support ongoing growth rather than external consultants.
- Travel and development – in Q3 2021, travel related activities began to increase as a result of business development activities following limited activity due to the COVID-19 pandemic.
- Investor relations – decreased as overall investor relations activities were reduced beginning in 2020 following the onset of the COVID-19 pandemic as the Company focused on core operations.
- Public company costs - includes directors' fees, directors' and officers' insurance, external audit, filing and listing fees. The increase from 2020 is mostly due to significant increases in insurance costs due to market dynamics outside of the Company's control as well as increased public company costs due to the growth of the Company's operations. The impact of higher insurance costs will continue throughout 2021.
- Office and general – the increase from 2020 is correlated to the Company's increased global footprint.

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Share-based compensation

Share-based compensation includes expenses related to both stock options and restricted share units (RSUs). Compared to the prior year periods, for the three and nine months ended September 30, 2021, share based payments were \$0.5 million and \$2.7 million, respectively (2020 - \$1.5 million and \$5.0 million, respectively), as a result of the timing and underlying terms of grants. In May 2021, the Company issued 2.9 million stock options and 3.4 million RSUs, covering almost all employees at the Company level. Of these options 1.4 million stock options were forfeited in Q3 2021. Approximately half of these option vested upon issuance the associated expense of \$0.2 million continued to be recognized.

Selling, marketing and promotion

These costs are related to corporate communications, educational conferences, costs associated with marketing and selling clinical, medical cannabis and Kuida™ wellbeing products. Costs decreased in both the three and nine months ended September 30, 2021 compared to the 2020 as the costs incurred in 2020 includes marketing efforts for the launch of Kuida™ in the UK, while following the restrictions caused by COVID-19, the Company curtailed most of its marketing efforts. Selling, marketing and promotion costs increased as the Company increased activities to support continued patient acquisition and the growth of revenues.

Research and development

Research and development included non-commercial cannabis production and extraction activities, as well as support for research projects such as Project Twenty21 in the UK. Non-commercial cannabis production and extraction activities include operating costs that relate to non-commercial activities and advancing the Company's cultivation, extraction, and analysis facilities in Ibagué, Colombia and do not result in the production of cannabis with the intent to sell. Up until April 1, 2020 and the start of increased commercial operations following the initiation of medical cannabis sales in Colombia, the majority of operating activities were for non-commercial activities and were expensed. Additionally, the Company successfully harvested licensed strains of cannabis and processed the dried flower into a cannabis extract in the second half of 2019, and in March 2020, the Company received its final certification required to manufacture and sell medical cannabis in Colombia.

In the first quarter of 2021, cultivation activities included commercial operations to support the Company's production of medical cannabis products currently being sold in Colombia and Peru as well as non-commercial activities focused on optimization opportunities to support the future production needs of the Company's operations. During the three and nine months ended September 30, 2021, the Company capitalized \$0.3 million and \$1.1 million, respectively, (2020 - \$0.2 million and \$0.7 million, respectively) of costs to biological assets, a portion of which were transferred to inventory upon harvest.

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Liquidity and Financial Condition

Cash flows

A summary of the Company's cash flow is as follows:

	For the three months ended September 30		For the nine months ended September 30	
<i>(Canadian dollars)</i>	2021	2020	2021	2020
	\$	\$	\$	\$
Cash used in operating activities:				
Funds used in operations	(3,814,670)	(5,685,595)	(12,714,881)	(17,327,250)
Change in non-working capital	(733,775)	822,180	(2,519,995)	(1,457,788)
	(4,548,445)	(4,863,415)	(15,234,876)	(18,785,038)
Cash used in investing activities:				
Purchase of property, plant and equipment	(185,750)	(286,913)	(585,970)	(1,926,214)
Purchase of intangible assets	(28,227)	-	(28,227)	-
	(213,977)	(286,913)	(614,197)	(1,926,214)
Cash provided from financing activities:				
Proceeds from issuance of private placement	12,345,750	-	12,345,750	-
Proceeds from long-term debt	169,481	-	169,481	-
Repayment of long-term debt	(220,465)	(87,548)	(748,018)	(342,085)
Shares purchased and cancelled	-	-	-	(212,389)
Share issuance costs	(1,343,317)	-	(1,343,317)	-
	10,423,896	(87,548)	10,423,896	(554,474)
Change in cash and short-term investments	(3,059,262)	(5,237,876)	(5,425,177)	(21,265,726)
Opening cash and short-term investments	9,356,185	20,175,940	21,649,041	36,904,781
Foreign exchange on cash and other	(122,033)	(193,399)	(800,685)	(894,390)
Closing cash and short-term investments	15,423,179	14,744,665	15,423,179	14,744,665

Cash used in operating activities

Cash used in operating activities before working capital changes mainly includes cash provided by gross profits from health services, sales of medical cannabis and sales of Wellbeing products less general and administrative costs, selling, marketing and promotion, and research and development. Net cash outflows were consistent to the net loss incurred, as explained above in **Review of Operations**. In 2021, working capital changes reflect additional cash used in the purchase in Q1 2021 of directors' and officers' insurance for 2021 but expensed throughout the year and the capitalization of inventory from the Company's cultivation and extraction activities (previously expensed prior to commercialization).

Cash used in investing activities

In Q2 2021, purchases were limited to minor equipment for the Company's operations in Colombia. In Q1 2020, the Company completed construction at its new Zerenia™ health centre, and purchased additional medical equipment, which is reflected in the nine months ended September 30, 2020 as capital projects were subsequently limited.

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Cash provided by financing activities

In Q1 2020, the Company received final approval from the TSXV 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 presently issued and outstanding common shares (the "NCIB") commencing on or about March 4, 2020. As of March 31, 2020, the Company had repurchased 511,500 common shares for a total cost of \$0.2 million. No further shares have been repurchased subsequent to March 31, 2020 to the date of this Interim MD&A.

On July 7, 2021, the Company completed an offering to U.S. institutional investors of 27,435,000 units of the Company (the "Offered Unit") at a price of \$0.45 per Offered unit for an aggregate gross proceeds to the Company of \$12.3 million. 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 proceeds from the Company's historical financings have been used and or allocated as follows (with variances in the expected use of proceeds explained in the footnotes below):

<i>(Canadian dollars)</i>	Pre-2021	July 2021	Total financings	Use of proceeds as at Mar. 2021	Use of proceeds as at Nov. 2021	Variance ¹
Intended use of proceeds:	\$	\$	\$	\$	\$	\$
Colombia cultivation facility expansion and equipment	9,976,040	-	9,976,040	5,200,000	5,200,000	-
Clinic capital expenditures	520,000	2,750,000	3,270,000	520,000	3,270,000	2,750,000
Cosmeceutical product launch and marketing	7,700,000	-	7,700,000	2,400,000	2,400,000	-
International expansion	8,519,200	-	8,519,200	13,500,000	13,500,000	-
Future acquisitions	4,000,000	2,750,000	6,750,000	1,200,000	3,950,000	2,750,000
Uruguay facility build	13,000,000	-	13,000,000	600,000	600,000	-
Operating capacity	5,000,000	-	5,000,000	5,000,000	5,000,000	-
Working capital, general and administrative and issuance costs	36,305,295	6,845,750	43,151,045	56,600,535	63,446,285	6,845,750
	85,020,535	12,345,750	97,366,285	85,020,535	97,366,285	12,345,750

Notes:

(1) The variances in the chart reflect the inclusion of the July 2021 financing.

Commitments and contingencies

The following is a summary of the Company's obligations due in future fiscal years:

Contractual obligations	Payments due by period				
	2021	2022-2025	2026-2027	2028+	Total
	\$	\$	\$	\$	\$
Financial lease - land	29,287	117,149	351,448	644,322	1,142,206
Financial lease – corporate and medical offices	160,540	383,959	503,188	24,146	1,071,833
Research and development	127,500	85,000	-	-	212,500
Loans	75,208	238,949	-	-	314,157
	392,535	825,057	854,636	668,468	2,740,696

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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.

Financial Condition

The application of the going concern concept 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 September 30, 2021, the Company has not yet achieved profitable operations and had a loss of \$3.3 million and \$13.6 for the first three and nine months of 2021, respectively, and a deficit of \$94 million. Further to the analysis of going concern is the ongoing pandemic stemming from the COVID-19 pandemic, as declared by the World Health Organization in 2020. These factors cast significant doubt on the Company's ability to continue as a going concern. COVID-19 has had far-reaching impacts on every business and every individual globally. 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. The Company had cash of \$9.4 million and a working capital balance of \$25.6 million at September 30, 2021. The net cash used in Q3 2021 was \$3.8 million, net of \$0.7 million released from non-cash working capital. The objective over the remainder of the year is to maintain the monthly spend and focus on increasing the inflows of cash from medical cannabis sales.

See **Risk Factors** and **Caution Regarding Forward-Looking Statements**.

Summary of Quarterly Results

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	3,519,272	2,802,900	2,836,573	2,517,984	1,928,090	1,670,276	1,900,649	2,510,470
Net loss	3,337,212	4,796,002	5,494,351	2,374,004	6,714,994	5,712,704	9,237,187	8,235,272
Basic and diluted loss per share	0.02	0.03	0.04	0.01	0.06	0.05	0.08	0.06
Weighted average shares outstanding	177,028,889	151,027,315	150,717,735	130,292,068	117,643,807	116,545,818	116,606,697	115,399,465

(1) The Company has applied consistent accounting principles and has maintained consistent presentation and functional currency principles between periods.

The Company began generating revenue in the fourth quarter of 2018 with launch of its Kuida™ Wellbeing products and the acquisition of ILANS on November 30, 2018. Gross margins increased modestly over the periods until the onset of COVID-19 in 2020 which negatively impacted gross margins until Q1 2021 when gross margins improved.

Items affecting net loss:

- Salaries increased on a quarterly basis as the Company prepared for growth on a global scale.
- Q4 2019 includes a gain realized on the amendment to the acquisition agreement for ILANS.
- Revenues in Q1 and Q2 2020 reflect lower revenues from the health centres because of the deferral of surgeries and associated revenues due to COVID-19.
- Q2 2020 reflects the initial unrealized gain on changes in fair value of biological assets and reduced general and administrative costs in response to cost cutting initiatives with COVID-19.
- Revenues in Q3 2020 reflect the decreased activity as a result of COVID-19 experienced in Q2 2020.
- Revenue in Q4 2020 and Q1 2021 increased as health services returned to pre-COVID-19 levels and medical cannabis revenues experienced significant growth period over period.

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- Revenues in Q2 2021 were consistent with Q1 2021 as increases from medical cannabis were offset by decreases in health services
- Net loss in Q2 2021 improved from the prior quarter mainly due to the amortization of signing bonuses ending in Q1 2021
- Revenues increased Q3 2021 with service revenue of \$2.3 million and medical cannabis increasing 46% to \$1.2 million in the quarter representing 34% of total revenues
- Net loss in Q3 2021 was \$3.3 million, the improvement over previous quarters is due to the increase in revenue with expenses remaining consistent

Adjusted EBITDA

The Company has included adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) as a non-GAAP performance measure in this document. This performance measure is employed by management to assess the Company's operating and financial performance and to assist in business decision-making. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors and other stakeholders use this information to evaluate the Company's operating and financial performance; however, this non-GAAP performance measure does not have a standardized meaning. Accordingly, the performance measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of net loss to adjusted EBITDA.

<i>(Canadian dollars)</i>	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net loss before tax	(3,336,607)	(6,721,933)	(13,640,648)	(21,681,058)
Add back (deduct):				
Interest expense	42,609	123,416	145,388	391,388
Depreciation and amortization	341,164	103,107	963,553	618,545
Net fair value adjustment on biological assets and cannabis product sales	(119,822)	(606,412)	(1,371,396)	(1,295,797)
Net fair value adjustment on Warrant liability	(1,234,575)	-	(1,234,575)	-
Share-based compensation	535,168	1,539,643	2,568,186	5,031,060
Amortization of signing bonus	-	856,117	839,627	2,509,506
Adjusted EBITDA	(3,772,061)	(4,706,062)	(11,729,915)	(14,426,356)

Transactions with Related Parties

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.

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	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Management fees and salaries	1,749,693	1,453,337	4,484,259	2,670,804
Share-based compensation	390,044	1,561,133	2,198,135	4,034,885
Legal Services	58,713	63,955	106,667	133,400

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.

Management of Capital

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the year. The Company considers its shareholders' equity as capital which as at September 30, 2021 is \$50.9 million.

Financial Instruments

Fair values

At September 30, 2021, the Company's financial instruments consist of cash and cash equivalents, short-term investments and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash is held at financial institutions which are Colombian chartered banks, Canadian credit unions, or funds held in trust with legal counsel in which management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk. Trade and accounts receivables consist of trade accounts receivable created in the course of normal business along with recoverable service taxes. The following table represents the aging of the Company's ILANS operations (health centres in Colombia), which has extended credit terms.

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	September 30 2021	December 31, 2020
	\$	\$
0 – 30 days	2,266,265	2,003,072
31 – 90 days	538,711	276,694
91 – 120 days	47,188	12,047
>121 days	947,491	1,174,221
Total	3,799,656	3,466,035

Due to the nature of the ILANS operations (health centres in Colombia), the aging of accounts receivables is generally subject to collectability greater than 30 days. The historical average receivable is settled around 208 days after revenue recognition which is typical for the industry in Colombia.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with out of cash. As at September 30, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities, and loans, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar but it is exposed to foreign currency risk with respect to the expenditures incurred by its foreign subsidiaries, predominately its Colombian subsidiary, Khiron Colombia SAS. If the currency were to increase or decrease by 5%, the foreign exchange loss or gain would be approximately \$200,000.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance-sheet arrangements.

Share Capital

As at the date of this MD&A, November 19, 2021, the Company had 179,117,068 common shares issued and outstanding, 61,567,000 warrants outstanding (including compensation options), 4,600,167 stock options outstanding and 7,764,798 restricted share units outstanding. Each warrant, stock option and restricted share unit is exercisable or exchangeable for common shares of the Company on a one for one basis. Compensation options are exercisable for one common share of the Company and one warrant, with the warrant being exercisable for on common share.

Internal Controls Over Financial Reporting

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial

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statements; and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited interim condensed consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

Due to the nature of Khiron's business, the legal and economic climate in which it operates and its present stage of development, Khiron is subject to significant risks. Additional risks and uncertainties not presently known to Khiron or that Khiron currently considers immaterial may also impair the business and operations. Factors that could cause actual results to differ materially from those set forth in forward-looking information include, but are not limited to: financial risks; inflationary risks; foreign exchange risks; international taxation risks; the Company's ability to obtain or maintain insurance at reasonable rates; product development, facility and technological risks; agricultural risks; changes to applicable laws or regulations; ability to obtain or maintain licences or certifications; product recall and product liability risks; import, export and transportation risks; expected number of medical cannabis users and the willingness of physicians to prescribe medical cannabis to patients in the markets in which the Company operates; ability to access financing on commercially attractive terms.

Implications of the COVID-19 Pandemic

The global outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to protect against the spread of the virus. These measures, which include, among other things, limitations on travel, self-imposed quarantine periods and social distancing measures, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any government and/or central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

The Company cautions that it is impossible to fully anticipate or quantify the effect and ultimate impact of the COVID-19 pandemic as the situation is rapidly evolving. The extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information

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that may emerge concerning the severity of COVID-19 and the actions taken by governments to contain it or treat its impact, including shelter in place directives, which, if extended, may impact the economies in which the Company now operates, or may in the future operate, and key markets into which the Company sells or intends to sell its products.

The risks associated with global COVID-19 measures, and the Company's own protocols, may have a material impact on the Company's ability to grow its business and generate revenue, which in turn could materially impact the Company's financial condition and results from operations. As of the date of this Prospectus, the Company has continued modified operations under COVID-19 protocols. The Company is actively addressing risks to its business from COVID-19 through a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis, see "*Description of the Business – Overview – Key developments during Q1 2021 and up to May 27, 2021 – Outlook and Impact of COVID-19*" for additional information.

For a discussion of the risks faced by the Company, please refer to the Company's Annual Information Form, filed on April 29, 2021 and available under the Company profile on SEDAR, at www.sedar.com.