BioSyent Inc.

Management's Discussion and Analysis

For the years ended December 31, 2018 and 2017

March 19, 2019

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Introduction

The following discussion of BioSyent Inc.'s ("**BioSyent**" or the "**Company**") operations, performance and financial condition is based on the Company's audited consolidated financial statements for the years ended December 31, 2018 and December 31, 2017 ("**Consolidated Financial Statements**"), which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The discussion of financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements, including the notes thereto. Additional information relating to the Company, including the Consolidated Financial Statements and the accompanying notes can be found at www.sedar.com.

Forward-Looking Statements

This management's discussion and analysis ("**MD&A**") contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, revenue, earnings, changes in costs and expenses, capital expenditures as well as changes in other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts, but instead represent only BioSyent's expectations, estimates, and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Known and unknown factors could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Important assumptions, influencing factors, risks, and uncertainties are referred to in the body of this MD&A, in the press release announcing the Company's financial results for the fourth quarters and years ended December 31, 2018 and December 31, 2017 and in BioSyent's annual and interim financial statements and the notes thereto. These documents are available at www.sedar.com.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, BioSyent does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

Accounting Estimates and Accounting Policies

Effective as of January 1, 2018, the Company has adopted the requirements of IFRS 9, *Financial instruments* and IFRS 15, *Revenue from contracts with customers*. Please refer to Note 3 of the Consolidated Financial Statements for a summary of changes to the Company's accounting policies as well as recent accounting pronouncements impacting the Company.

The preparation of the Company's consolidated financial statements requires management to make critical judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates, and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. In the future, actual experience may differ from these estimates and assumptions.

BioSyent's significant accounting judgments and estimates include recoverability of asset carrying values, impairment of trade and other receivables, income taxes, depreciation of equipment, amortization of intangible assets, share-based payments, inventory, and determination of the transaction price in revenue recognition. For a more detailed discussion of changes to the Company's critical accounting estimates, please refer to Note 4 of the Consolidated Financial Statements.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are unlikely to be comparable to similar measures presented by other companies. When used, these measures are defined in such terms as to allow the reconciliation to the closest IFRS measure. These measures are provided as additional information to complement those IFRS measures by providing a further understanding of the Company's results of operations from management's perspective.

Accordingly, these measures should not be considered in isolation nor as a substitute for analyses of the Company's financial information reported under IFRS. Management uses non-IFRS measures such as Earnings Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**"), Compound Annual Growth

Rate ("**CAGR**") and Trailing Twelve Months Earnings per Share ("**TTM EPS**") to provide investors with supplemental measures of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also believes that securities analysts, investors, and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess the Company's ability to meet future debt service, capital expenditure, and working capital requirements. The definition and a reconciliation of EBITDA, as used and presented by the Company, to the most directly comparable IFRS measures follows later in this MD&A.

Overview, Vision, Strategy, and Products

Overview

BioSyent is a publicly traded specialty pharmaceutical company which, through its wholly-owned subsidiaries, BioSyent Pharma Inc. ("**BioSyent Pharma**") and BioSyent Pharma International Inc., sources, acquires or in-licences and further develops pharmaceutical and other healthcare products for sale in Canada and certain international markets. Hedley Technologies Ltd. and Hedley Technologies (USA) Inc., also wholly-owned subsidiaries of BioSyent, operate the Company's legacy business, marketing biologically and health friendly non-chemical insecticides (the "**Legacy Business**"). BioSyent's issued and outstanding common shares (the "**Common Shares**") are listed for trading on the TSX Venture Exchange under the symbol "RX".

BioSyent's Vision

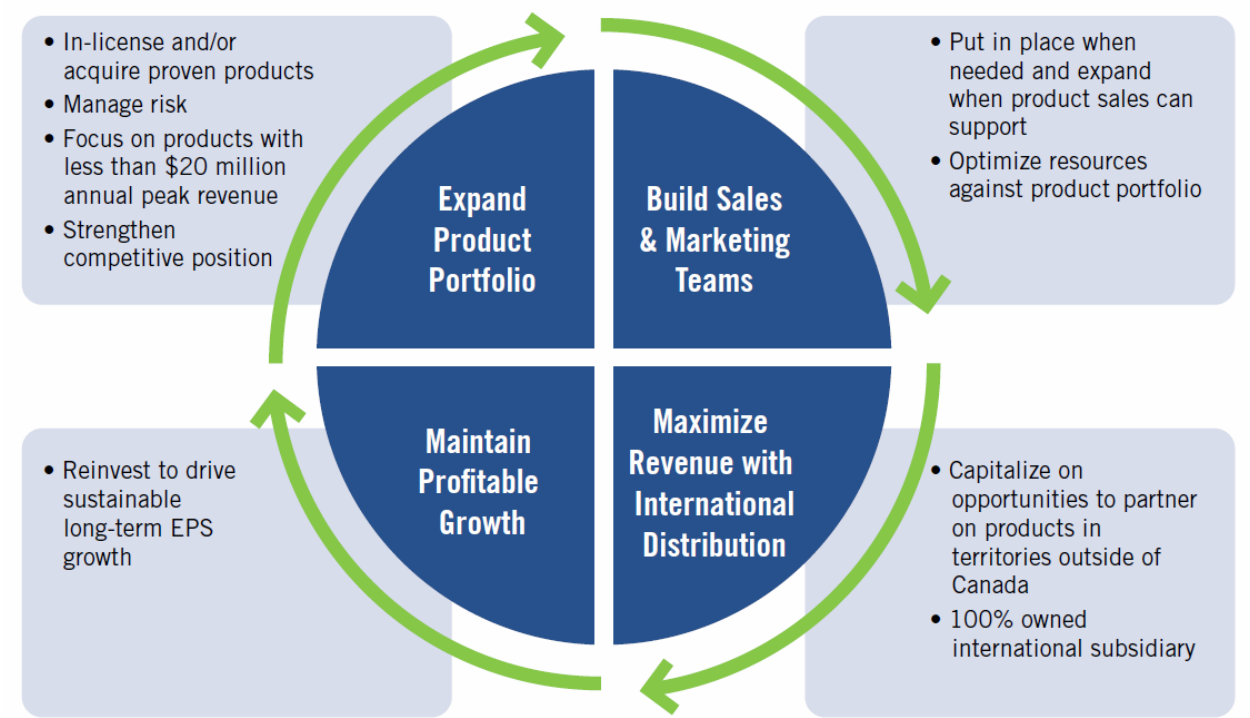
BioSyent's vision is to be the leading independent Canadian healthcare company focused on commercializing innovative products improving patient lives and supporting healthcare providers.

BioSyent is independent and does not have access to large amounts of capital or a corporate pipeline of products funded by large investments in research and development. BioSyent is focused on innovative products that are sourced through international partnerships. These products are unique due to manufacturing complexities, novel technologies, therapeutic advantages and/or strong, defendable intellectual property rights. The Company's strategy allows it to commercialize these products as brands acquired or licensed to it by partners. The Company intends for its products to be differentiated and to improve patient lives. The Company works with, and supports, healthcare practitioners in achieving this objective.

BioSyent's Strategy

BioSyent has four key elements to achieving its strategic objectives:

1. Expand the product portfolio
2. Build sales and marketing teams
3. Maximize revenue with international distribution
4. Maintain profitable growth



BioSyent has developed sourcing arrangements with partners based in the U.S. and Europe. The Company has a flexible format for such arrangements.

The Company seeks long-term buy-sell agreements or in-licensing arrangements with or without royalties or payments linked to milestone events such as regulatory approvals or reimbursement by formularies.

The Company exercises diligence when sourcing new products. Some of the steps in this process involve reviewing market data and market trends, interviewing key healthcare practitioners or medical advisory boards and obtaining opinions on reimbursement possibilities with payers. Once the Company has decided to proceed with a new product opportunity, it acquires or licenses exclusive Canadian and/or international market rights to that product. After the acquisition or in-licensing of the product, the Company manages the product through the regulatory and product registration process and, once approved, commercializes the product in Canada and/or international markets.

The Company uses various means of reducing risk in the marketplace. The Company adopts a gradually accelerating investment approach in promoting its products in the marketplace by balancing its investment behind brands with brand revenue and growth and by segmenting the market into immediate and long-term growth opportunities. It pursues possible reimbursement avenues for its products in both the private and public sectors. The Company uses various marketing techniques throughout the product life cycle, as it deems appropriate, including healthcare practitioner detailing, direct to patient information, product differentiation materials, and expansion of patient and healthcare practitioner support services to increase awareness of product efficacy and safety. The Company employs a salesforce of qualified sales professionals across Canada with experience in pharmaceutical detailing to healthcare practitioners and hospitals.

The Company focuses on medications that occupy a niche in the market and are unique due to manufacturing complexities or novel technological and therapeutic advantages or are backed by strong partners holding defendable intellectual property rights. This strategy allows the Company to market these medications as brands it owns or licenses. By virtue of its strong growth record, the Company is able to attract partners for new products that have niche positioning.

Evolution of Strategy

The Company has not engaged in clinical trials due to the risks associated with such research activities. From time to time, the Company may acquire or in-license opportunities in late-stage development with which it, or its partners, have significant prior experience. Such experience and competency of the Company and its partners give the Company the ability to gauge risk in some depth. The Company may also seek in-licensing opportunities for new products launched in countries outside of Canada that require additional research and development work before being launched in the Canadian market. The Company considers opportunities where there is a high probability that additional research and development work is likely to extend the lifecycle of portfolio products. Such studies might include in vitro or in vivo studies (including bio-equivalency studies, efficacy studies, or safety studies).

Pharmaceutical Business

FeraMAX® 150

In keeping with its strategy, the Company has, through BioSyent Pharma, launched FeraMAX® 150 to the Canadian healthcare market. FeraMAX® 150 is an oral hematinic indicated for the prevention and treatment of iron deficiency anaemia. This non-ionic polysaccharide-iron complex formulation reduces adverse side effects common with other iron formulations. Shipments of FeraMAX® 150 commenced in April 2007.

FeraMAX® 150 continues to be a strong driver of growth in the Company's domestic and international pharmaceutical business. In 2015, the Company developed and launched a new Certified Vegan formulation of FeraMAX® 150. In 2016, the Company developed a 100mg formulation of FeraMAX® capsules ("FeraMAX® 100") for distribution in certain markets outside of Canada.

Cathejell®

Cathejell®
2% lidocaine hydrochloride jelly, USP

In July 2011, BioSyent Pharma received marketing approval from Health Canada for Cathejell®. Cathejell® was in-licensed by BioSyent Pharma from Pharmazeutische Fabrik Montavit. Shipments of Cathejell® commenced in May 2012. In April 2017, BioSyent Pharma extended its in-license agreement with Pharmazeutische Fabrik Montavit, giving BioSyent Pharma exclusive Canadian rights to the Cathejell® product until March 31, 2024.

Cathejell® is an innovative pharmaceutical product that combines a sterile gel with lidocaine in a unique collapsible applicator syringe providing a safe and effective solution for patients to ease the discomfort of a range of medical procedures. Cathejell® is indicated for surface anesthesia and lubrication for various procedures including male and female cystoscopies, catheterizations and other endourethral operations, endoscopies, proctoscopies, rectoscopies, and tracheal intubations.

Cathejell® can also be used for the symptomatic treatment of pain in connection with cystitis and urethritis. Cathejell® has a unique collapsible syringe design with a trauma-free applicator tip that makes it easy to use for healthcare professionals and makes the application of the drug more comfortable for the subject patient.

FeraMAX® Powder

In July 2012, BioSyent Pharma received marketing approval from Health Canada for its unique new oral iron supplement FeraMAX® Powder. FeraMAX® Powder is the only oral iron product available in Canada in a dissolvable powder and comes in pleasant tasting grape and raspberry flavoured crystals, which can be conveniently dosed by diluting them in water or mixing them with soft foods. This innovative product is based upon the same non-ionic polysaccharide-iron complex technology found in FeraMAX®150.

Other oral iron products made from common ferrous salts intended for infants and children either have an unpleasant heavy metallic taste which deters patient compliance or they come in formulations containing alcohol which healthcare professionals and caregivers prefer to avoid. The Canadian market launch of FeraMAX® Powder in May 2013 was the global introduction of this product and provides BioSyent Pharma with a unique offering for international marketing partners. The Company has also launched the product in several international markets through distribution agreements.

Aguettant System®

In August 2012, BioSyent Pharma signed an exclusive Licensing and Distribution Agreement (the "**Aguettant Agreement**") with Laboratoire Aguettant S.A.S. ("**Laboratoire Aguettant**"). Pursuant to the Aguettant Agreement, the Company in-licensed three pre-filled syringe ("**PFS**") products which are medical syringes pre-filled with a specific dosage of medication and marketed to hospitals and acute care settings.

The Aguettant System® for PFS offers a patented innovation that can be used for a variety of injectable medications. The Aguettant System® for PFS features a needleless, glassless, sterile plastic syringe with a ready-to-use dual tamper-evident seal. These products provide hospitals, clinics and healthcare professionals with improved patient safety as well as operational efficiencies.

Laboratoire Aguettant has been providing innovative and patented infusion delivery systems to hospitals for more than 100 years. The Aguettant System® for PFS has been available since 2009 and is used in several European countries including France, the United Kingdom and Belgium.

Aguettant System® – Atropine Sulphate

One Aguettant System® urgent care product contains atropine sulphate, a commonly used drug in emergency situations and anaesthetic procedures. The Company launched this product in February 2015 as the first of three drugs for use in urgent care.

Aguettant System® – Phenylephrine Hydrochloride

In May 2016, the Company received approval from Health Canada for a new urgent care product, phenylephrine hydrochloride injection, for use in Aguettant System® PFS in hospitals and acute care settings. Phenylephrine hydrochloride injection is indicated for the treatment of clinically important hypotensive states, including overcoming peripheral vascular failure (shock, or shock-like states), maintenance of blood pressure in the setting of

anesthesia, drug-induced hypotension, or hypersensitivity with circulatory compromise. The Company commenced distribution of this product in November 2016.

Regulatory work on a third urgent care PFS product was suspended by the Company in 2017

RepaGyn®

In October 2013, the Company signed an exclusive Canadian Licensing and Distribution Agreement with Farma-Derma s.r.l. (the "**RepaGyn Agreement**"). Pursuant to the RepaGyn Agreement, the Company distributes a women's health product, RepaGyn®, which is an innovative vaginal suppository that has received approval from Health Canada. RepaGyn® helps relieve dryness and promotes healing of the vaginal mucosa. It is also recommended in situations where tissue repair is required after invasive vaginal surgeries and biopsy procedures. RepaGyn® vaginal suppositories can be used with or without local hormone therapy.

RepaGyn® is formulated with sodium hyaluronate, a naturally-occurring compound, and offers a hormone-free treatment alternative proven to deliver symptom relief, restoration of pH balance and tissue repair all in one ovule.

RepaGyn® is supported by clinical evidence of both efficacy and symptom relief and has been recommended by doctors and successfully used by women in several European countries including Italy, France, Belgium, Switzerland, Denmark and Poland for over 10 years under the brand names Cicatridine®, Cicatridina®, Cikatridina®, and Repadina®.

Proktis-M®

In March 2014, the Company entered into an in-licensing agreement for exclusive marketing and distribution rights in Canada of Proktis-M® rectal suppositories with Farma-Derma s.r.l. Proktis-M® rectal suppositories are designed to help the healing of the anus and rectum. Proktis-M® rectal suppositories, which were launched by the Company in November 2014, have been studied and tested in conditions such as operated severe internal hemorrhoids, anal fissures, and prevention of radiation-induced proctitis.

Proktis-M® rectal suppositories are formulated with sodium hyaluronate, a naturally-occurring compound, and offer a temporary matrix to facilitate cell proliferation which enhances wound healing. Proktis-M® rectal suppositories can be used on their own or in combination with other products. Proktis-M® rectal suppositories are supported by clinical evidence and have been successfully used to treat men and women in several European countries.

Cysview®

In August 2015, BioSyent Pharma signed a Distribution and Supply Agreement with Photocure ASA granting BioSyent Pharma an exclusive license to import, promote and sell the Cysview® product in Canada.

Cysview® is a patented, innovative technology that aids in the diagnosis and management of non-muscle-invasive bladder cancer. It is designed to selectively target malignant cells in the bladder and induce fluorescence during cystoscopic procedures using a blue-light enabled cystoscope.

This technology can lead to a 25% improvement in the detection of bladder cancer tumors as compared with traditional white light cystoscopy (Burger et al. 2013), leading to a reduced risk of recurrence. Cysview® has been successfully marketed in the U.S. and Europe and was approved by Health Canada in January 2015. The Company commenced the Canadian promotional launch of Cysview® in November 2015.

Cardiovascular Products

In May 2016, the Company signed an exclusive Distribution Agreement with a European partner for two products in the cardiovascular therapeutic area for the Canadian market. These products have been approved in Europe and certain other markets around the world and are expected to be launched in Canada upon approval being granted by Health Canada. The Company has made a submission to Health Canada seeking marketing approval of the products which is currently under review. If approved by Health Canada, these will be the Company's first products launched in the cardiovascular market in Canada.

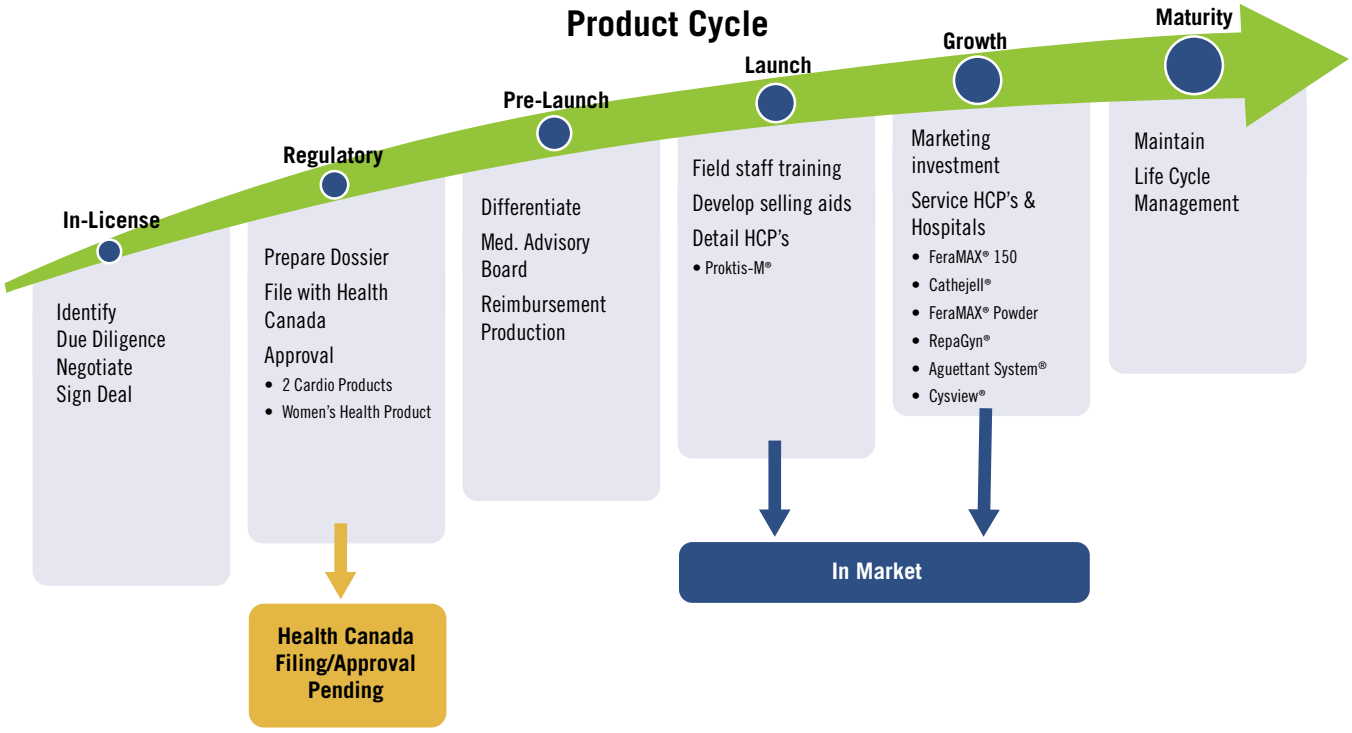
Women's Health Product

In November 2016, the Company signed an exclusive License and Supply Agreement with a European partner for a new prescription product in the women's health therapeutic area for the Canadian market. The product has been approved in Europe and in certain other markets around the world and is expected to be launched in Canada upon approval being granted by Health Canada. The Company made a submission to Health Canada seeking marketing approval of the product in 2017. The product is currently under review by Health Canada.

Pharmaceutical Product Cycle

The Company organizes its product lifecycle into six stages: (i) the in-license stage, (ii) the regulatory stage, (iii) the pre-launch stage, (iv) the launch stage, (v) the growth stage, and (vi) the maturity stage.

The Company currently has seven products in the growth stage (FeraMAX®150, Cathejell®, FeraMAX® Powder, RepaGyn®, and Aguettant System® Atropine and Phenylephrine and Cysview®), one product in the launch stage (Proktis-M®), and three products in the regulatory stage subject to Health Canada approval (two Cardiovascular Products and the Women's Health Product).



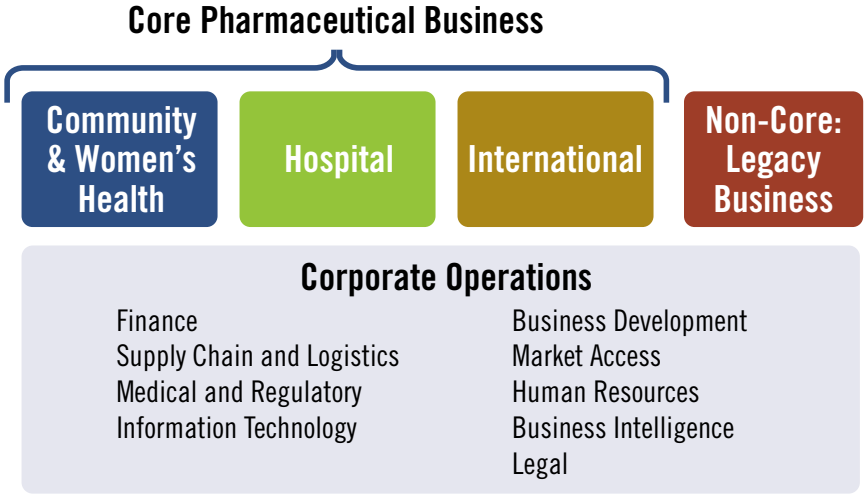
Pharmaceutical Product Pipeline

The Company is committed to expanding its product portfolio and accelerating its product pipeline with a focus on innovative products that are unique. The Company is currently in discussions with several potential partners for new pharmaceutical product opportunities. Although launched in markets outside of Canada, some of these products may require some additional investment before the Company seeks approval from Health Canada for the Canadian market or other international government regulatory bodies for international markets.

Pharmaceutical Business Structure

The Company has three pharmaceutical business units: (i) the Community and Women's Health Business Unit which commercializes pharmaceutical products focused on improving family and women's health in Canada (the "**Community Business**"); (ii) the Hospital Business Unit which sells pharmaceutical and healthcare products to Canadian hospitals and hospital specialists (the "**Hospital Business**"); and (iii) the International Pharmaceutical Business Unit which sells pharmaceutical products to markets outside of Canada (the "**International Business**").

These three business units, collectively, the "**Pharmaceutical Business**", are supported by the Company's Corporate Operations, including the finance, supply chain and logistics, medical and regulatory affairs, information technology, investor relations, business development, market access, human resources, business intelligence, and legal functions. As the Company expands its product portfolio into new therapeutic areas, new specialty business units may be established as part of the pharmaceutical business structure as and when considered appropriate.



Legacy Business

Protect-It®

The Company continues to manufacture and market Protect-It®, a bio-friendly, non-chemical, food-safe grain insecticide. Protect-It® was developed through collaborative research between the Cereal Research Centre of Agriculture and Agri-Food Canada. Protect-It® is used as a preventative treatment against insect infestations in stored grains. The Legacy Business provides an additional source of stable cash flows for the Company allowing it to focus on its strategic areas of growth in the Pharmaceutical Business.

New Capabilities and Awards

In January 2018, Mr. Larry Andrews and Ms. Sara Elford were elected to the Company's Board of Directors upon the retirement of two long-serving Directors, Messrs. Douglas Larson and Milton Wakefield. On May 29, 2018, Mr. Joseph Arcuri was elected to the Company's Board of Directors at the Company's Annual General Meeting, replacing Mr. Paul Montador who retired from the Board on the same date. Mr. Andrews, Ms. Elford, and Mr. Arcuri each bring extensive experience and strong business acumen to the Board.

In April – December 2018, seven additional Canadian hospital sites adopted Cysview® for blue-light cystoscopy with the Company shipping initial orders for the product to these new customers. A total of nine hospital sites in Canada are now operational with Cysview®.

In May 2018, the Company's FeraMAX® brand was named the #1 Doctor and Pharmacist recommended over-the-counter oral iron supplement brand in Canada for the third consecutive year *(EnsembleIQ Healthcare Group: Pharmacy Practice + Business, The Medical Post, Profession Santé*, CanadianHealthcareNetwork.ca, and ProfessionSanté.ca 2018 Survey on OTC Counselling and Recommendations).

On September 10, 2018, the Company announced the retirement of Mr. Alfred D'Souza as Vice President, Finance and Chief Financial Officer of the Company after 12 years of service. The Company also announced the appointment of Mr. Robert J. March as successor to Mr. D'Souza in the role of Vice President, Finance and Chief Financial Officer.

On September 13, 2018, the Company announced that it had been named to the Growth 500 annual ranking of Canada's fastest-growing companies (formerly known as the PROFIT 500) for the sixth consecutive year based on a five-year revenue growth rate of 313% (2012 – 2017). The Company was ranked the 228th fastest-growing Company in Canada on the 2018 Growth 500 list.

Key Performance Measures

Key performance measures for the quarter ("Q4") and full year ("FY") ended December 31, 2018, 2017 and 2016 are summarized in the tables below:

	Q4 2018	Q4 2017	Q4 2016	CAGR*
Sales	$ 5,910,965	$ 5,901,488	$ 5,009,668	9%
Sales Growth %	0%	18%	30%	-
Net Income Before Tax	$ 2,168,171	$ 1,949,447	$ 1,561,090	18%
Net Income Before Tax Growth %	11%	25%	49%	-
Net Income Before Tax Margin	37%	33%	31%	-
Income Tax (Current and Deferred)	$ 496,761	$ 492,219	$ 466,268	-
Net Income After Tax	$ 1,671,410	$ 1,457,228	$ 1,094,822	24%
Net Income After Tax Growth %	15%	33%	44%	-
Net Income After Tax Margin	28%	25%	22%	-
Net Increase in Cash and Short-term Investments	$ 1,820,309	$ 2,829,154	$ 2,336,003	-
Basic EPS	$ 0.11	$ 0.10	$ 0.07	-
Diluted EPS	$ 0.11	$ 0.10	$ 0.08	-

* CAGR – Compound Annual Growth Rate – See "Non-IFRS Financial Measures"

Sales CAGR between Q4 2016 and Q4 2018 was 9%. Net Income After Tax CAGR was 24% between Q4 2016 and Q4 2018.

	FY 2018	FY 2017	FY 2016	CAGR*
Sales	$ 21,527,028	$ 20,762,755	$ 17,922,270	10%
Sales Growth %	4%	16%	16%	-
Net Income Before Tax	$ 7,546,806	$ 6,850,164	$ 5,869,855	13%
Net Income Before Tax Growth %	10%	17%	14%	-
Net Income Before Tax Margin	35%	33%	33%	-
Income Tax (Current and Deferred)	$ 1,841,420	$ 1,643,887	$ 1,560,350	-
Net Income After Tax	$ 5,705,386	$ 5,206,277	$ 4,309,505	15%
Net Income After Tax Growth %	10%	21%	14%	-
Net Income After Tax Margin	27%	25%	24%	-
Net Increase in Cash and Short-term Investments	$ 5,086,666	$ 5,599,149	$ 4,023,810	-
Basic EPS	$ 0.39	$ 0.36	$ 0.30	-
Diluted EPS	$ 0.39	$ 0.36	$ 0.30	-

* CAGR – Compound Annual Growth Rate – See "Non-IFRS Financial Measures"

Sales CAGR between FY 2016 and FY 2018 was 10%. Net Income After Tax CAGR was 15% between FY 2016 and FY 2018.

Results of Operations for the quarter and year ended December 31, 2018 and 2017

Sales

Sales Overview

Q4 2018 vs. Q4 2017

Total Company sales for Q4 2018 were $5,910,965. Despite being a record quarter for the Company, Q4 2018 sales increased only marginally as compared to total Company sales for Q4 2017 of $5,901,488.

Canadian pharmaceutical sales for Q4 2018 were $5,035,460, increasing 2% compared to Canadian pharmaceutical sales for Q4 2017 of $4,937,297.

Pharmaceutical sales in the International Business for Q4 2018 were $850,198, decreasing 2% compared to International pharmaceutical sales for Q4 2017 of $868,917, which were the highest quarterly sales ever recorded by the International Business. Despite ongoing import permit issues experienced during the year, the Company was able to ship several orders to its international customers in Q4 2018, which had been delayed from earlier in the year. This quarterly decline in International Business sales combined with modest growth in Q4 2018 Canadian pharmaceutical sales, resulted in a 1% growth rate in the Pharmaceutical Business overall for Q4 2018 when compared to a growth rate of 18% in the Pharmaceutical Business for Q4 2017.

Legacy Business sales for Q4 2018 were $25,307, decreasing 73% compared to Legacy Business sales for Q4 2017 of $95,274. Q4 sales are typically lower than the first three quarters of the year due to the seasonality of the Legacy Business.

Below is a summary of the Company's sales by business for the eight most recently completed quarters:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sales								
Pharmaceutical Business	**5,885,658**	4,991,210	5,542,621	4,331,479	5,806,214	4,799,039	5,075,518	3,652,834
Growth% vs. prior year period	**1%**	4%	9%	19%	18%	15%	27%	3%
Legacy Business	**25,307**	268,283	366,802	115,668	95,274	604,561	560,887	168,428
Growth% vs. prior year period	**-73%**	-56%	-35%	-31%	10%	4%	54%	-25%
Total Sales	**5,910,965**	5,259,493	5,909,423	4,447,147	5,901,488	5,403,600	5,636,405	3,821,262
Growth% vs. prior year period	**0%**	-3%	5%	16%	18%	13%	29%	1%

FY 2018 vs. FY 2017

Total Company sales for FY 2018 were $21,527,028, increasing 4% compared to total Company sales for FY 2017 of $20,762,755.

Canadian pharmaceutical sales for FY 2018 were $18,541,645, increasing 10% compared to Canadian pharmaceutical sales for FY 2017 of $16,856,703. This growth was generated across the Company's product portfolio with significant year-over-year growth from the Company's Hospital Business portfolio of products. Despite significant growth, these growth stage Hospital Business products account for a notably lower percentage of the Company's total Pharmaceutical Business as compared to more established growth stage products in the Community Business.

While the Company's core Canadian pharmaceutical business continued to grow during the year, pharmaceutical sales in the International Business for FY 2018 were $2,209,323, decreasing 11% as compared to International pharmaceutical sales for FY 2017 of $2,476,902. This decline in growth was due to delays experienced during the year in obtaining the necessary permits to export product to a particular international market. This decline in International Business sales countered growth in Canadian pharmaceutical sales, resulting in a comparatively modest growth rate of 7% in the Pharmaceutical Business overall for FY 2018 versus a growth rate of 16% in the Pharmaceutical Business for FY 2017.

A decline in Legacy Business sales growth for FY 2018 also hampered the Company's consolidated sales growth for the year. Legacy Business sales for FY 2018 were $776,060, decreasing by 46% compared to Legacy Business sales for FY 2017 of $1,429,150. Environmental and commodity market conditions had an adverse impact on FY 2018 sales for the Legacy Business.

Sales Mix

The Pharmaceutical Business accounted for 96% of total sales in FY 2018 while the Legacy Business accounted for 4% of total sales. This sales mix is in line with management's focus on continuing to grow the Pharmaceutical Business while supporting the Legacy Business in a limited way, though market conditions (discussed below) had an unusual adverse impact on Legacy Business sales in FY 2018.

Legacy Business Sales Trend

Legacy Business sales for Q4 2018 were $25,307, decreasing by 73% compared to Legacy Business sales for Q4 2017 of $95,274. Legacy Business sales for FY 2018 were $776,060, decreasing by 46% compared to Legacy Business sales for FY 2017 of $1,429,150. Legacy Business customers are generally less responsive to marketing and promotion, with demand for grain insecticides influenced more by weather conditions, prices of agricultural inputs, the quality and quantity of the food grain harvest, and

the level of infestation of stored grain. Adverse conditions in the largest market for Protect-It® negatively impacted sales during 2018. Historically, such year-to-year variability in sales volumes of Protect-It® is not unusual, having been experienced on a few occasions in the past.

Pharmaceutical Sales Trend

Record pharmaceutical sales for Q4 2018 were $5,885,658, increasing 1% compared to total pharmaceutical sales for Q4 2017 of $5,806,214, which increased 18% compared to Q4 2016. Q4 2018 pharmaceutical sales increased by 18% over Q3 2018 pharmaceutical sales of $4,991,210, which is typical for the Company's fourth quarter sales. This seasonal pattern occurred as an increase of 21% in Q4 2017 versus Q3 2017 pharmaceutical sales and as an increase of 18% in Q4 2016 versus Q3 2016 pharmaceutical sales.

Canadian Pharmaceutical Sales:

Q4 2018 vs. Q4 2017

Canadian pharmaceutical sales for Q4 2018 were $5,035,460, increasing 2% compared to Canadian pharmaceutical sales for Q4 2017 of $4,937,297 which increased 12% compared to Q4 2016.

In the Company's Community Business, Q4 2018 Canadian sales volumes (units) of FeraMAX® 150 decreased by 5%, while FeraMAX® Powder sales volumes (units) increased by 1% versus Q4 2017. Sales volumes (units) of the RepaGyn® product increased by 16% in Q4 2018 over Q4 2017.

In the Hospital Business, Q4 2018 Canadian sales volumes (units) of the Cathejell® product declined by 6% versus Q4 2017 while sales volumes (units) of Aguettant System® PFS products increased by 208% versus Q4 2017 as a result of a shortage in supply of competing urgent care products in the market. This intermittent urgent care product shortage continued into 2019 and is expected to continue to positively impact sales of the Company's PFS products in 2019. Sales volumes (units) of the Company's growth-stage hospital product, Cysview®, also increased by 900% versus Q4 2017 as seven new hospital sites implemented Cysview® during 2018, with two of these sites going live in the fourth quarter.

FY 2018 vs. FY 2017

Canadian pharmaceutical sales for FY 2018 were $18,541,645, increasing 10% compared to Canadian pharmaceutical sales for FY 2017 of $16,856,703 which increased by 12% compared to FY 2016.

In the Company's Community Business, FY 2018 Canadian sales volumes (units) of FeraMAX® 150 and FeraMAX® Powder increased by 4% and 6%, respectively, over FY 2017 while sales volumes (units) of the RepaGyn® product increased by 22% over FY 2017.

In the Hospital Business, the Company's established Cathejell® product and Aguettant System® PFS products continued to grow in FY 2018 with sales volumes (units) increasing 10% and 133%, respectively, versus FY 2017. Sales volumes (units) of Cysview® also increased by 333% versus a low base in FY 2017 as seven new hospital sites implemented Cysview® during 2018. A total of nine hospital sites in Canada are currently using Cysview® for blue-light cystoscopy with a further eight hospital sites in various stages of implementation. While the Company has experienced a long selling and implementation cycle for Cysview®, management is encouraged by the rate of adoption and implementation of the product by Canadian hospitals in the second half of 2018.

International Pharmaceutical Sales:

Q4 2018 vs. Q4 2017

Pharmaceutical sales in the International Business for Q4 2018 were $850,198, decreasing 2% compared to International Business pharmaceutical sales for Q4 2017 of $868,917 which increased by 75% compared to Q4 2016. The Company was able to obtain the required import permits for its largest international market and shipped several customer orders in Q4 2018, which had been delayed from earlier in the year. As a result, the International Business recorded its second highest ever quarterly sales in Q4 2018.

FY 2018 vs. FY 2017

Pharmaceutical sales in the International Business for FY 2018 were $2,209,323, decreasing 11% as compared to International Business pharmaceutical sales for FY 2017 of $2,476,902 which increased 60% compared to FY 2016. This decline in growth was due to delays in obtaining the necessary permits to export product to the Company's largest international market. Permits were obtained in Q4 2018 and much of the order backlog was shipped to customers in 2018. As the Company continues to manage the additional distribution and regulatory complexities inherent to the International Business and to adapt its business model to changing market conditions, management expects the import permit issues faced in 2018 to persist. As such, considerable variability in the level of International pharmaceutical sales from one quarter to the next is expected.

In spite of this variability, the Company has recorded International pharmaceutical sales in each of the sixteen preceding quarters as the distribution of FeraMAX® has been established in seven markets outside of Canada. Management is committed to growing the International Business and expanding the number of export markets for its products outside of Canada. The International Business accounted for 11% of total pharmaceutical sales in FY 2018 compared to 13% in FY 2017.

Expenses

	Quarter ended December 31,		% Change vs. Prior Period
	2018	2017	
Cost of Goods Sold	$ 1,409,893	$ 1,390,975	1%
Selling and Marketing	$ 1,292,591	$ 1,390,004	-7%
General and Administration	$ 1,161,101	$ 1,136,957	2%
New Business Development Costs	$ 34,051	$ 46,810	-27%
Subtotal	$ 3,897,636	$ 3,964,746	-2%
Finance Income	$ (154,842)	$ (12,705)	1119%

Total expenses, including the cost of goods sold ("**COGS**") and excluding finance income, for Q4 2018 were $3,897,636, decreasing 2% compared to total expenses for Q4 2017 of $3,964,746. The ratio of total expenses to sales for Q4 2018 was 66%, lower than a ratio for Q4 2017 of 67%. This decline was primarily due to selling and marketing expenses for Q4 2018 of $1,292,591, decreasing 7% compared to selling and marketing expenses for Q4 2017 of $1,390,004. The Company incurred comparatively higher selling and marketing expenses in Q4 2017 versus Q4 2018 related to its launch-stage hospital products.

	Year ended December 31,		% Change vs. Prior Period
	2018	2017	
Cost of Goods Sold	$ 4,952,864	$ 4,788,085	3%
Selling and Marketing	$ 5,264,814	$ 5,309,333	-1%
General and Administration	$ 4,407,333	$ 4,205,835	5%
New Business Development Costs	$ 107,457	$ 79,877	35%
Subtotal	$ 14,732,468	$ 14,383,130	2%
Finance Income	$ (752,246)	$ (470,539)	60%

Total expenses, including the COGS and excluding finance income, for FY 2018 were $14,732,468, increasing 2% compared to total expenses for FY 2017 of $14,383,130. The ratio of total expenses to sales for FY 2018 was 68%, lower than a ratio for FY 2017 of 69%.

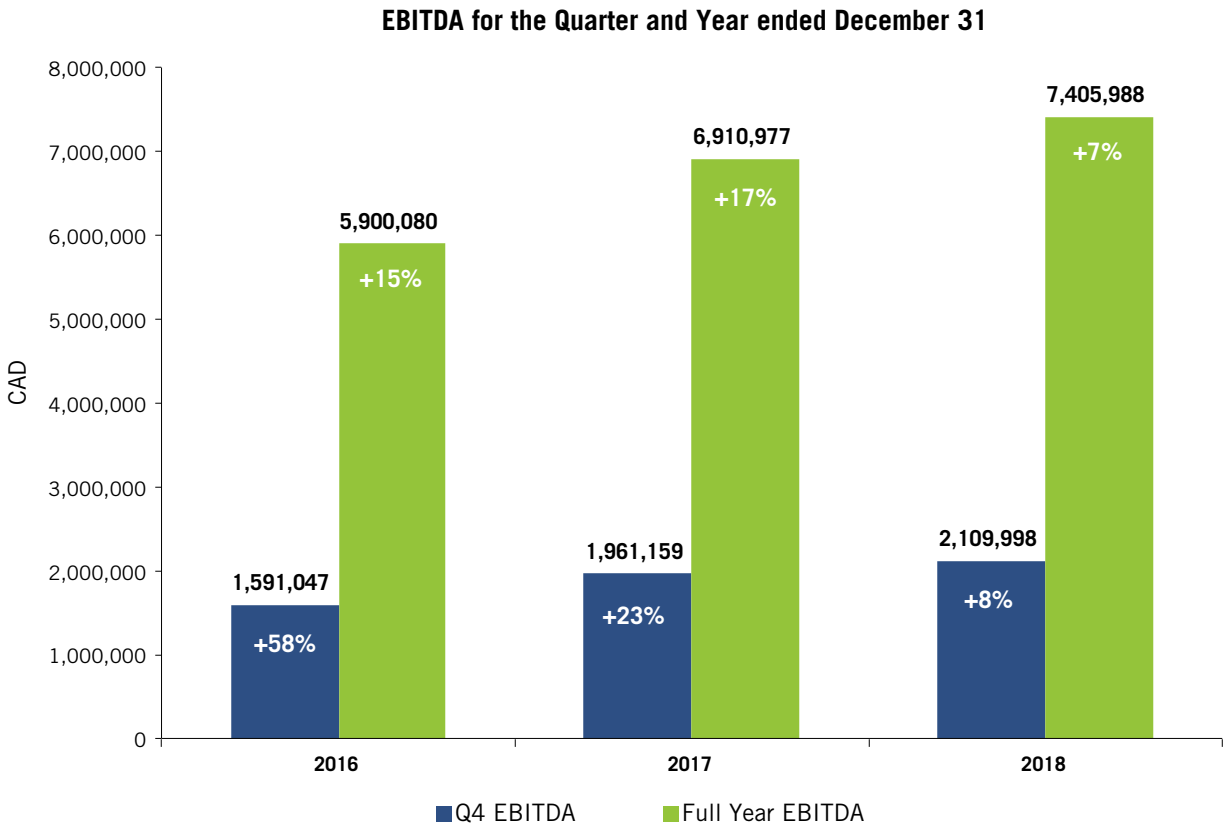
This decline in total expenses in relation to sales was primarily due to selling and marketing expenses for FY 2018 of $5,264,814, decreasing 1% compared to selling and marketing expenses for FY 2017 of $5,309,333. The Company incurred comparatively higher selling and marketing expenses in FY 2017 related to certain launch-stage hospital products. Selling and marketing expenses decreased in proportion to sales to 24% for FY 2018 as compared to 26% for FY 2017 as these hospital products, namely Cysview® and the Aguettant System® PFS products, generated higher sales in FY 2018 versus FY 2017 while incurring proportionately lower selling and marketing expenses.

General and administration expenses for FY 2018 were $4,407,333, increasing 5% compared to general and administration expenses for FY 2017 of $4,205,835. Increases in employee costs and share-based payments of 9% and 92%, respectively, contributed most significantly to the overall increase in general and administration expenses. Additionally, the Company incurred a bad debt expense of $67,462 related to a former customer outside of Canada, which was included in general and administration expenses. These increased expenses were partially offset by unrealized foreign exchange gains on foreign-currency-denominated monetary assets and liabilities for FY 2018 of $110,281 as compared to unrealized foreign exchange losses for FY 2017 of $60,443. Overall, general and administration expenses remained consistent in relation to sales at 20% of sales for both FY 2018 and FY 2017.

Finance income, including interest income and certain realized foreign exchange gains, for FY 2018 of $752,246 increased by 60% compared to finance income for FY 2017 of $470,539. As a result of additional cash generation during the year, increased investment in short-term GICs, and upward movement in interest rates, interest income for FY 2018 of $326,103 increased by 153% as compared to interest income for FY 2017 of $128,740.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA is a non-IFRS financial measure. The term EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company defines EBITDA as earnings before interest income or expense, income taxes, depreciation and amortization. A summary of the Company's EBITDA for the quarter and year ended December 31, 2016, 2017, and 2018 is provided in the graph below:



EBITDA for Q4 2018 of $2,109,998 increased by 8% compared to EBITDA for Q4 2017 of $1,961,159. EBITDA for FY 2018 of $7,405,988 increased by 7% compared to EBITDA for FY 2017 of $6,910,977.

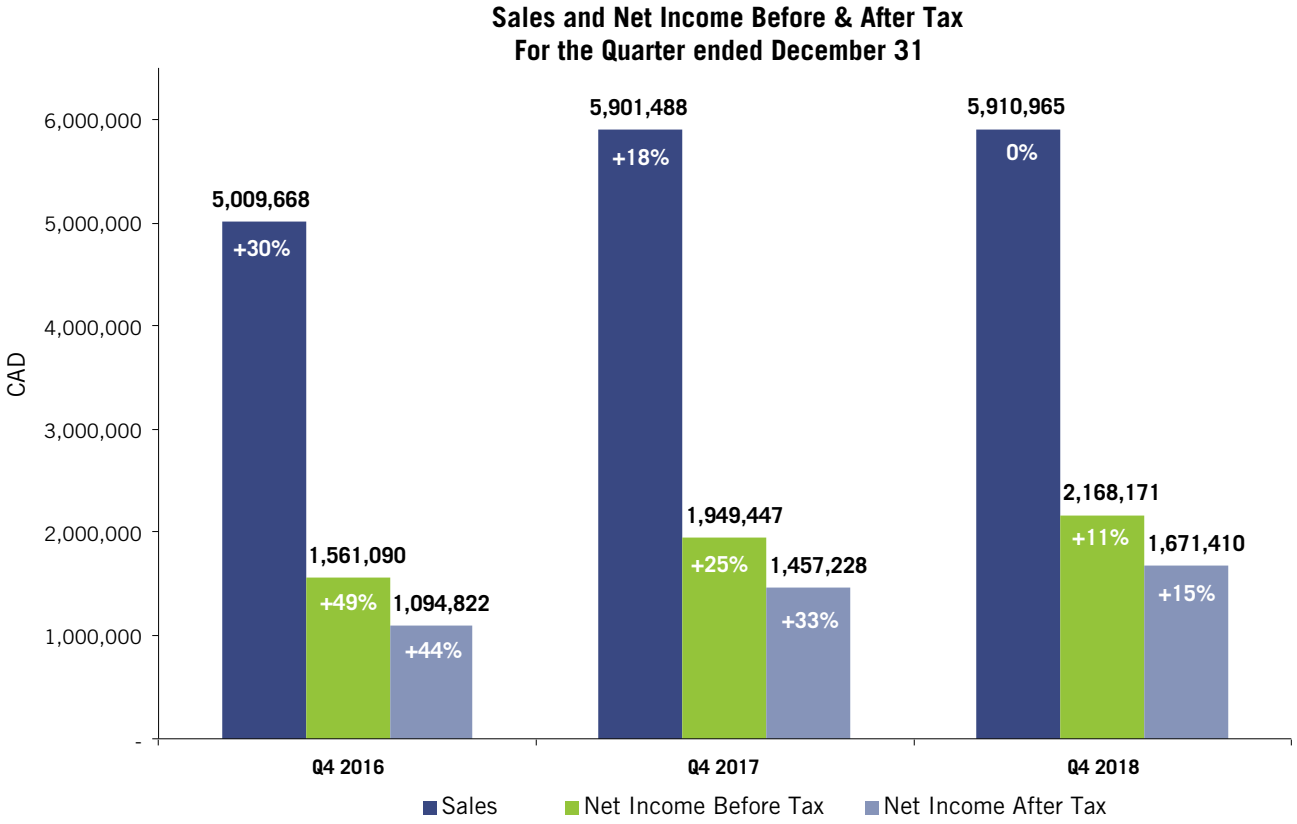
Reconciliations of EBITDA to Net Income After Tax (NIAT) for the quarter and year ended December 31, 2018, 2017, and 2016 are provided in the tables below:

RECONCILIATION OF EBITDA TO NIAT FOR THE QUARTER ENDED DECEMBER 31				
		2018	2017	2016
Q4 EBITDA		$ 2,109,998	$ 1,961,159	$ 1,591,047
Add:	Interest Income	109,164	44,076	19,768
Less:	Depreciation of Equipment	(26,494)	(26,766)	(21,220)
	Amortization of Intangible Assets	(24,497)	(29,022)	(28,505)
	Income Tax Expense	(496,761)	(492,219)	(466,268)
NIAT		$ 1,671,410	$ 1,457,228	$ 1,094,822

RECONCILIATION OF EBITDA TO NIAT FOR THE YEAR ENDED DECEMBER 31				
		2018	2017	2016
Full Year EBITDA		$ 7,405,988	$ 6,910,977	$ 5,900,080
Add:	Interest Income	326,103	128,740	116,417
Less:	Depreciation of Equipment	(87,295)	(91,563)	(80,925)
	Amortization of Intangible Assets	(97,990)	(97,990)	(65,717)
	Income Tax Expense	(1,841,420)	(1,643,887)	(1,560,350)
NIAT		$ 5,705,386	$ 5,206,277	$ 4,309,505

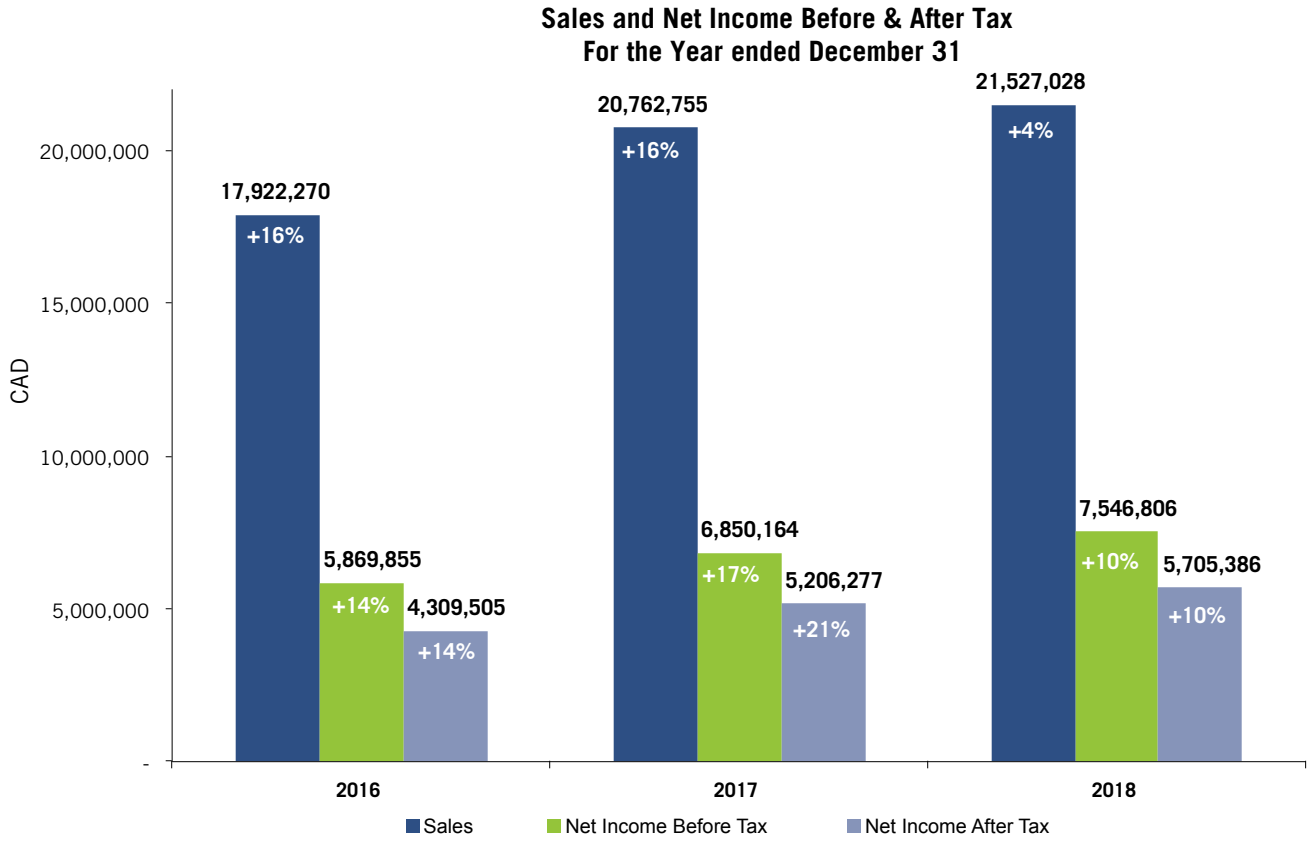
Net Income After Tax (NIAT)

NIAT for Q4 2018 of $1,671,410 increased by 15% compared to NIAT for Q4 2017 of $1,457,228 which increased by 33% compared to Q4 2016. The Company's NIAT margin for Q4 2018 was 28%, increasing 3% compared to a NIAT margin for Q4 2017 of 25%. While the Company's sales increased only marginally in Q4 2018 versus Q4 2017, its operating expenses, including COGS decreased by 2% during this period and its finance income increased significantly, resulting in an increased NIAT margin for Q4 2018 overall.



Including currency translation losses of $24,167, total comprehensive income for Q4 2018 was $1,647,213, increasing 13% compared to total comprehensive income for Q4 2017 of $1,458,040.

NIAT for FY 2018 of $5,705,386 increased by 10% compared to NIAT for FY 2017 of $5,206,277 which increased by 21% compared to FY 2016. The Company's NIAT margin for FY 2018 was 27%, increasing 2% compared to a NIAT margin for FY 2017 of 25%. While the Company's sales increased by 4% for FY 2018 versus FY 2017, its operating expenses, including COGS, increased by 2% during this period and its finance income increased by 60%, resulting in an increased NIAT margin for FY 2018 overall.



Including currency translation losses of $15,638, total comprehensive income for FY 2018 was $5,689,748, increasing 10% compared to total comprehensive income for FY 2017 of $5,182,772.

Earnings per Share (EPS)

Below is a summary of the Company's quarterly sales, NIAT, and EPS for the eight most recently completed quarters:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sales ($)	**5,910,965**	5,259,493	5,909,423	4,447,147	5,901,488	5,403,600	5,636,405	3,821,262
Net Income After Tax ($)	**1,671,410**	1,270,613	1,620,233	1,143,130	1,457,228	1,294,575	1,552,918	901,556
Earnings Per Share – Basic ($)	**0.11**	0.09	0.11	0.08	0.10	0.09	0.11	0.06
Earnings Per Share – Diluted ($)	**0.11**	0.09	0.11	0.08	0.10	0.09	0.11	0.06

Diluted EPS for Q4 2018 was $0.11, increasing $0.01 compared with diluted EPS for Q4 2017 of $0.10.

Diluted EPS for FY 2018 was $0.39, increasing $0.03 compared with diluted EPS for FY 2017 of $0.36.

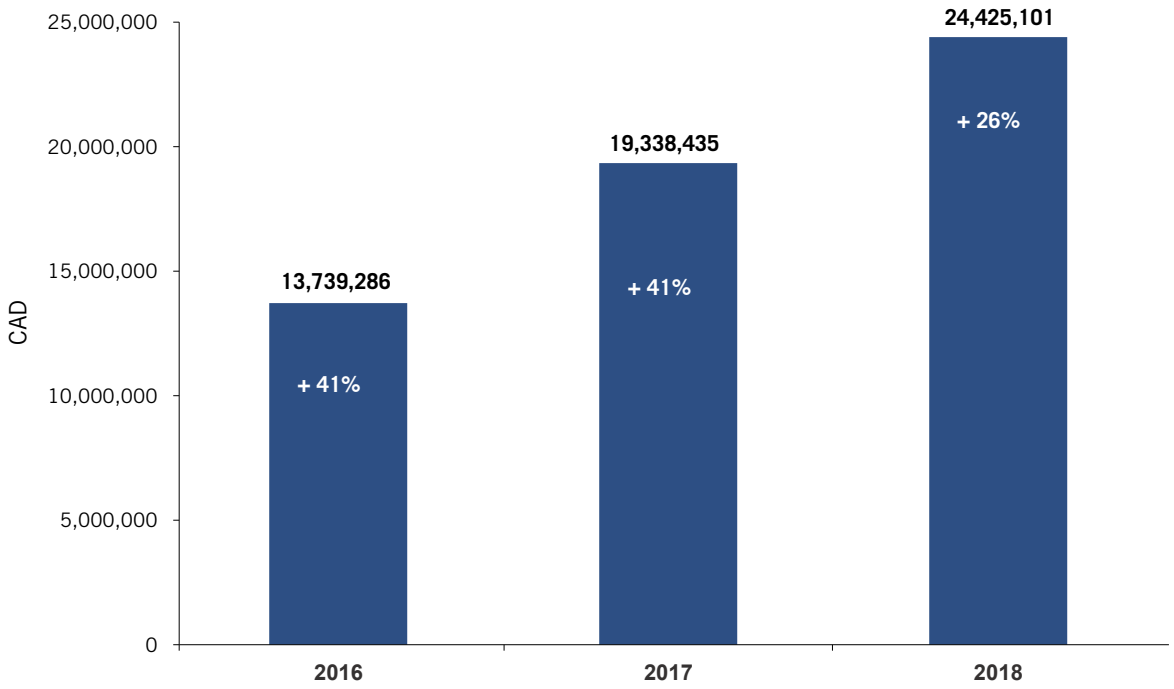
Financial Resources and Liquidity

Working capital, defined here as the difference between current assets and current liabilities, increased by 25% from $20,087,611 as at December 31, 2017 to $25,138,174 as at December 31, 2018. Cash and short term investments of $24,425,101 accounted for 97% of working capital as at December 31, 2018 compared to cash and short term investments of $19,338,435 accounting for 96% of working capital as at December 31, 2017. The Company generates sufficient cash and cash equivalents from its operations to supply the working capital it requires to meet its current growth and development activities.

During FY 2018, there was a net increase in cash and short term investments of $5,806,666 compared to a net increase of $5,599,149 during FY 2017. During FY 2018, the Company generated cash of $6,286,598 from operations and $100,924 from financing activities upon the exercise of Company options while it invested $68,155 in property and equipment and $435,870 in intangible assets. The Company advanced loans of $175,000 to certain management personnel under its Management Share Loan Program. The Company also expended $606,193 to repurchase its own common shares for cancellation under a Normal Course Issuer Bid ("NCIB") which commenced on December 10, 2018. By comparison, in FY 2017, the Company generated cash of $6,546,131 from operations and $110,858 upon the exercise of Company stock options, while investing $91,158 in property and equipment and $549,317 in intangible assets. The Company also advanced $393,860 under the MSLP in FY 2017.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of December 31, 2016, 2017, and 2018 as well as the growth over the comparative prior year period:

Cash, Cash Equivalents and Short-term Investments at December 31



Total shareholders' equity increased by 24% from $22,212,927 at December 31, 2017 to $27,605,662 at December 31, 2018. This increase is due to total comprehensive income of $5,689,748 generated by the Company in FY 2018, less the value of common shares repurchased for cancellation under the NCIB of $745,880, plus the value of share-based payments during the year of $390,388, plus proceeds on the exercise of stock options during the year of $100,924. By comparison, total shareholders' equity increased by 33% from $16,726,716 at December 31, 2016 to $22,212,927 at December 31, 2017 as a result of total comprehensive income of $5,182,772 generated during FY 2017 plus the value of share-based payments of $192,581, plus proceeds on the exercise of stock options during FY 2017 of $110,858.

The Company's total assets at December 31, 2018 were $31,188,491, representing a 24% increase over total assets of $25,104,848 as at December 31, 2017. This was lower than an increase of 30% in total assets for FY 2017 from $19,248,183 at December 31, 2016 to $25,104,848 at December 31, 2017.

The Company has no short-term or long-term debt; however, the Company has credit facilities available with Royal Bank of Canada totaling $3,090,000, including a foreign exchange facility of $1,500,000, a credit card facility of $90,000, and a revolving demand credit facility of $1,500,000 which had not been utilized as of December 31, 2018. This credit facility bears interest at a variable rate of Royal Bank prime plus 0.75% and has been secured with a General Security Agreement constituting a first

ranking security interest of the Bank in the Company's property. The Company is subject to maintaining certain financial covenants if the demand credit facility is drawn upon.

Risk Management

The Company's risk management policies and financial results are presided over by the Company's Audit Committee, which reports to the Board of Directors of the Company (the "Board"). The pharmaceutical industry in which the Company operates is exposed to several risks due to a strict regulatory environment, an enhanced level of quality consciousness, competition from generic drug companies and heightened intellectual property litigation. The Company cannot predict or identify all risk factors nor can it accurately predict the impact, if any, of the risk factors on its business operations or the extent to which a factor, event or any such combination may materially change future results of the Company's financial position from those reported or projected in any forward-looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results.

This report and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations and results are given in this section. However, the factors and uncertainties are not limited to those stated.

The Company has policies and practices mandated by the Board to manage the Company's risks. Such risks include the following:

1. Sourcing and Revenue Concentration

Some raw materials used in production are sourced from a single supplier and the Company is exposed to the same business risks that the supplier may experience. In line with other pharmaceutical companies, the Company sells its products primarily through a limited number of wholesalers and retail pharmacy chains.

2. Foreign Exchange Risk

The Company currently earns revenue in Canadian dollars ("**CAD**"), U.S. dollars ("**USD**"), and Euros ("**EUR**") and incurs costs in Canadian dollars, U.S. dollars, and Euros. Management monitors the U.S. dollar and Euro net liability position on an ongoing basis during the year and adjusts the total net monetary liability balance accordingly. When it is appropriate to de-risk future foreign exchange transactions, the Company uses dual currency deposits and forward contracts to manage foreign exchange transaction exposure.

The following tables present foreign exchange sensitivity analyses for the assets and liabilities of the Company denominated in foreign currencies:

Foreign Exchange Sensitivity Analysis – USD

	December 31, 2018	December 31, 2017
Description of Asset/(Liability)	USD	USD
Cash and cash equivalents	418,338	282,677
Trade receivables	79,577	64,160
Less: Accounts payable	(609,106)	(577,680)
Net Total	(111,191)	(230,843)
Foreign Exchange Rate CAD per USD at the end of the year	1.3641	1.2545

At December 31, 2018, if the U.S. dollar had been stronger or weaker by 10% against the Canadian dollar with all other variables held constant, comprehensive income would have been $11,149 lower or higher on an after-tax basis, respectively (December 31, 2017 – $21,285 lower or higher, respectively).

	December 31, 2018	December 31, 2017
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	505,166	656,645
Trade receivables	243,905	203,332
Less: Accounts payable	(211,734)	(41,900)
Net Total	537,337	818,077
Foreign Exchange Rate CAD per EUR at the end of the year	1.5613	1.5052

At December 31, 2018, if the Euro had been stronger or weaker by 10% against the Canadian dollar with all other variables held constant, comprehensive income would have been $61,663 higher or lower on an after-tax basis, respectively (December 31, 2017 – $90,506 higher or lower, respectively).

This foreign currency risk sensitivity analysis is unrepresentative of the risk inherent in receivables and payables in foreign exchange because the period-end exposure does not reflect the exposure during the period.

Forward Contracts:

The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk on contracts denominated in U.S. dollars with financial institutions with investment grade credit ratings. Such contracts are classified as derivative financial instruments and measured at fair value through profit and loss. As at December 31, 2018, the Company entered into forward contracts to purchase up to a total of USD 2,270,000 and USD 3,405,000 (December 31, 2017 – USD 3,750,000 and USD 5,625,000) at exchange rates expressed in CAD per USD ranging from 1.2500 to 1.2600 which will be settled on various dates from January 2019 to November 2019. The Company's right to buy USD 2,270,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.3450 to 1.3500 CAD per USD. The Company's right to buy USD 3,405,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.2200 to 1.2500 CAD per USD.

The fair value of foreign exchange contracts is estimated based on quoted values from financial institutions. The Company's foreign exchange forward contracts resulted in a derivative asset of $27,344 as at December 31, 2018 (derivative liability of $76,462 December 31, 2017).

Dual Currency Deposits:

The Company also invests in dual currency deposits ("**DCD**"). A DCD is a CAD or foreign currency denominated transaction that provides an enhanced guaranteed interest payment at maturity. However, the original denominated currency is converted to another specified currency at a specified exchange rate depending on whether the spot rate on the maturity date is above or below a specified fixed exchange rate. The fair value of DCDs is estimated based on quoted values from financial institutions.

As of December 31, 2018, the Company had CAD 1,500,000 in a CAD-USD dual currency deposit with a fair value of CAD 1,507,542. The fair value of dual currency deposits is estimated based on quoted values from financial institutions.

3. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in interest rates. Some of the Company's cash and cash equivalents as at the date of the Company's Consolidated Statements of Financial Position are invested in redeemable guaranteed investment certificates (each, a "GIC"), which earn interest at fixed rates during their tenure. The Company's short term investments consist of non-redeemable GICs which also earn interest at fixed rates during their tenure. These GICs all have terms of one year or less.

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest when these GICs are renewed may have an impact on the Company's Finance Income for the year.

4. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, short term investments, trade and other receivables, and loans receivable. The carrying amount of financial assets represents maximum credit exposure. As the Company invests in GICs with Canadian Chartered Banks, its credit risk on this account is negligible. The Company's loans receivable are full recourse and secured by a pledge of common shares of the Company purchased by the Borrowers, who are key management personnel. Based on these factors, the Company considers the credit risk associated with these loans receivable to be low. There are no factors at year end to indicate a significant increase in credit risk has occurred and there are no defaults on the loans receivable.

a. Aging of Receivables

The majority of the Company's current customers are corporations with whom the Company has transacted for several years. None of these customers have defaulted in settling their liabilities to the Company. Based on its historical experience and customer base, the Company does not consider past due trade receivables to be impaired as of December 31, 2018.

Trade Receivables

Description	December 31, 2018	December 31, 2017
Current	$1,386,339	$1,942,162
Past due 1-30 days	570,614	167,622
Past due 31-60 days	47,108	3,328
Over 60 days	35,090	71,199
Less allowance for doubtful accounts	-	-
Closing Balance	$2,039,151	$2,184,311
Maximum Credit Risk	$ 2,039,151	$ 2,184,311

b. Concentration of Receivables

As of December 31, 2018, one customer represents 39% of trade receivables (December 31, 2017 – 15%) while another customer represents 27% of trade receivables (December 31, 2017 – 45%), and a third customer represents 2% of trade receivables (December 31, 2017 – 13%). There have been no past defaults by any of these three customers.

During the year, the Company recognized a bad debt expense of $67,462 related to a single trade receivable from a former customer outside of Canada, not included with the significant customers above, which was deemed to be uncollectible.

c. Loans Receivable

On December 8, 2016, the Board of Directors approved a Management Share Loan Program ("MSLP") under which the Company offered one-time, secured loans to certain management personnel employed by the Company (each a "Borrower") up to a maximum of fifty percent of each Borrower's base annual salary for the sole purpose of their purchase of the Company's issued and outstanding common shares at prevailing market prices through the facilities of the TSX Venture Exchange.

The Company advanced loan proceeds totaling $391,500 on May 26, 2017, and a further $175,000 on December 11, 2018, in accordance with the terms of the MSLP for the purchase of the Company's common shares by the Borrowers.

Each MSLP participant's loan (collectively, the "MSLP Participant Loans") bears interest at a rate of 1% – 2% per annum and is secured by a pledge of the common shares purchased under the MSLP by the Borrowers.

The MSLP Participant Loans are repayable by the Borrowers upon any sale of pledged shares by the Borrower in proportion to the then outstanding loan principal balance plus accrued interest. The remaining MSLP Participant Loan principal plus accrued interest must be fully repaid by the Borrowers no later than five years from the date the loan proceeds were advanced (the "Maturity Date"), specifically, May 26, 2022 for loans advanced on May 26, 2017 and December 11, 2023 for loans advanced on December 11, 2018.

If a Borrower ceases to be employed by the Company prior to the end of the five-year Maturity Date, all outstanding loan obligations shall become due and payable on the 30th day following the date of termination. In addition, in the event of a default by the Borrower of the terms of the loan, the loan obligations will become due and payable immediately.

As the loans are full recourse loans, they have not been accounted for as stock-based compensation, but as financial instruments within the scope of IFRS 9, *Financial Instruments*.

d. Cash and Cash Equivalents and Short Term Investments

Cash, cash equivalents and short term investments are maintained with Canadian financial institutions and the wholly-owned subsidiaries of these financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

5. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. All contractual maturities of accounts payable and accrued liabilities are due within one year. The Company has no other liabilities.

The Company generates sufficient cash from operating activities to fund its operations and fulfill its obligations as they become due. The Company is free from debt, though it has an available revolving demand credit facility with Royal Bank of Canada in the amount of $1,500,000 which it has not drawn down as at the date of this MD&A. The Company also has a $1,500,000 foreign exchange credit facility and $90,000 credit card facility with Royal Bank of Canada. The Company's funds have not been committed in any way, except as set out in Note 17 of the Consolidated Financial Statements.

6. Information Technology (IT)

The integrity, reliability, and security of information in all forms are critical to the Company's operations and inaccurate, incomplete or unavailable information could lead to incorrect financial reporting, poor decisions, privacy breaches, and/ or inappropriate disclosure of sensitive information.

The Company is reliant on the integrity of its IT systems, hardware, software and certain other IT infrastructure in maintaining business continuity and in securing proprietary and sensitive information as well as certain of its financial assets. The Company has implemented comprehensive IT security policies and controls in order to safeguard its assets and sensitive information and to maintain business continuity in the event of potential disruptions. The integrity of the Company's IT systems is exposed to a risk of malicious and unauthorized breaches by outside parties acting unlawfully. While extensive, the Company's IT security policies and controls cannot guarantee that such unauthorized breaches, whether targeted or opportunistic in nature, will not occur in the future. Such a breach could result in loss of financial assets through fraud, loss of sensitive information, reputational loss, or disruption of operations and business continuity.

The Company monitors its exposure to IT security risks on a continual basis and modifies its IT security policies, practices, and infrastructure as needed to address the assessed level of such risk.

7. Competition

The Pharmaceutical Business is characterized by intense competition and the Company is faced with the risk of enhanced competitive activity which may impact operational results.

8. Climatic Conditions

The Legacy Business is dependent on agricultural production which, in turn, is impacted by climatic variations which may affect demand for its products.

9. General Economic Conditions

The Company has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or the possibility of political unrest, legal or regulatory changes in jurisdictions in which the Company or its customers operate. These factors could negatively affect the Company's future results of operations.

10. Innovation

The competitiveness of the Company's products is subject to continuous innovation within the pharmaceutical industry. The Company tries to maintain the relevance of its products to the market but is exposed to new improved innovations that can undermine the competitiveness of its products.

11. Width of Product Portfolio

While the Company continuously strives to increase the portfolio of products in its commercialization pipeline, the high cost of acquiring new products and the long lead-time for bringing these products to market creates a dependency on a limited range of products at this time.

12. Agreements Relating to the Development and Distribution of Products

The Company currently has several collaboration or distribution agreements relating to the marketing and distribution of FeraMAX® products in international markets. The Company relies on these agreements because it does not wish to market its products directly in these markets. The Company intends to secure additional agreements relating to the marketing and distribution of FeraMAX® and any other product for which it may receive commercial rights outside of Canada.

The Company may be unable to enter into in-licensing agreements for the development of new products and out-licensing agreements for the distribution of its existing products. The Company also faces and will continue to face, significant competition in seeking appropriate collaborators and marketing and distribution partners. Moreover, collaboration and distribution arrangements are complex and time-consuming to negotiate, document and implement.

Reliance on these agreements exposes the Company to a number of risks, including the following:

- Collaborators and marketing and distribution partners may not devote sufficient resources to the Company's products or product candidates;
- Disputes may arise with respect to payments that the Company believes are due under such distribution and collaboration agreements;
- Unwillingness on the part of collaborators and marketing and distribution partners to provide updates regarding the progress of its development, commercialization or marketing activities, or to permit public disclosure of these activities;
- Collaborators and marketing and distribution partners may terminate the relationship; disputes may arise in the future with respect to the ownership of rights to technology developed with collaborators;
- Disagreements with collaborators and marketing and distribution partners could result in litigation or arbitration;
- Collaborators may elect to pursue the development of any additional product candidates and pursue technologies or products either on their own or in collaboration with other parties, including competitors;
- Collaborators and marketing and distribution partners may pursue higher priority programs or change the focus of their programs, which could affect the collaborators' and marketing and distribution partners' commitment to their respective territories;
- Collaborators and marketing and distribution partners may develop or distribute products that compete with the Company's products; and
- The Company's pharmaceutical products are distributed to international markets where political and economic risks and uncertainties may exist. These risks and uncertainties could adversely affect the distribution of the Company's products to such markets.

The occurrence of any of these or other events may impair commercialization of the Company's products.

13. Regulatory Risks

With respect to BioSyent's Legacy Business, regulatory and legislative requirements affect the development, manufacture and distribution of BioSyent's products, including the testing and planting of seeds containing its biotechnology traits and the import of crops grown from those seeds. Non-compliance can harm sales and profitability. The failure to receive necessary permits or approvals could have near and long-term effects on BioSyent's ability to produce and sell some current and future products.

With respect to BioSyent's Pharmaceutical Business, the sale of pharmaceutical products is highly regulated, which significantly increases the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products.

Various business interruption risks inherent to the pharmaceutical industry, like product recalls, adverse drug reactions, quality issues and issues relating to good manufacturing practices may impact the financial results if they transgress regulatory boundaries.

The regulatory approval process can be long and may involve significant delays despite the Company's best efforts. There is also a risk that the Company's products may be withdrawn from the market and the required approvals suspended as a result of non-compliance with regulatory requirements.

Furthermore, there can be no assurance that the regulators will not require modification to any submissions, which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of the Company to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that the Company's products will prove to be safe and effective in clinical trials, or receive the requisite regulatory approval.

14. Specific Risks

The Company has insurance policies in place against risks relating to general commercial liability, product liability, product recall, loss of Company assets, and business interruption risks. The Company reviews its insurance coverage on a regular basis as part of its risk management program and adjusts this coverage as appropriate, based its current risk profile and operations. The Company is exposed to the potential risk that claims made on the Company or losses incurred may be in excess of the level of insurance coverage undertaken by the Company.

Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of 100,000,000 common shares without par value and 25,000,000 preferred shares without par value. The holders of the preferred shares as a class shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Company.

As at March 19, 2019, the following common shares and stock options were outstanding:

	No. of Shares	Exercise Price Range
Issued and outstanding common shares	14,382,815	
Stock options	144,574	$4.45 – $ 10.97
Fully Diluted at March 19, 2018	14,527,389	

Commitments

Office Leases

As of the date hereof, the Company had entered into two office lease agreements: One lease agreement extends to August 31, 2019 and the other lease agreement, executed subsequent to the reporting period, commences on September 1, 2019 and extends to August 31, 2029.

The Company's minimum future rental payments and occupancy costs for the next five fiscal years under these two lease agreements, are approximately as follows:

Fiscal Year	Annual Rent and Occupancy Cost
2019	$249,063
2020	$357,897
2021	$357,897
2022	$359,631
2023	$363,100
Beyond Next 5 Fiscal Years	$2,140,442

Purchase Commitments

In the normal course of business, the Company has minimum purchase commitments with certain of its suppliers.

Disclosure Controls

The Company constantly endeavours to allow for greater segregation of duties and operating level controls within the constraints of its operating infrastructure. While intending to strengthen both these aspects of internal control, the Company believes that strong management supervisory controls minimize the possibility of erroneous financial reporting.

The certifying officers of the Company have opted not to certify the design and evaluation of the Company's disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"). Inherent limitations on the ability of the certifying officers to design and implement (on a cost-effective basis) DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Investor Relations Activities

Investor relations functions were accomplished through personnel whose duties include dissemination of news releases, investor communications and general day-to-day operations of the Company. Mr. René Goehrum, President and CEO, assists in the implementation of the Company's investor relations program.

Related Party Transactions

Key Management Personnel Compensation

The table below summarizes compensation for key management personnel of the Company for the years ended December 31, 2018 and 2017:

	Year ended December 31	
	2018	2017
Number of Key Management Personnel	8*	6
Salary and Bonus	$1,355,164	$1,233,892
Share-Based Payments	$237,978	$159,885

*Due to turnover during the year in two key management positions, the number of key management personnel for the year ended December 31, 2018 indicated in the chart above includes both the current individuals holding these two positions as well as their predecessors, who are no longer employed by the Company.

During the year ended December 31, 2018, the Company recorded share-based payment expense of $237,978 (2017 – $159,885) related to the vesting of options granted to key management personnel under the SOP as well as the Company's contributions to the ESPP for the purchase of common shares on behalf of participating key management personnel. The Company also advanced loans to certain key management personnel under the MSLP.

Transactions with Directors

During the year ended December 31, 2018, the Company paid total fees to its directors in the amount of $109,200 (2017 – $88,200) and share-based payments of $108,990 (2017 – $27,379).

Legal Proceedings

From time to time the Company may be exposed to claims and legal actions in the normal course of business. As of the date hereof, the Company was not aware of any litigation or threatened claims either outstanding or pending.