BioSyent Inc.

Management's Discussion and Analysis

For the years ended December 31, 2019 and 2018

March 17, 2020

Corporate Office
2476 Argentia Road
Suite 402
Mississauga, Ontario, L5N 6M1
Canada
Telephone 905.206.0013
Facsimile 905.206.1413
Email: info@biosyent.com
Web: www.biosyent.com

BioSyent

Table of Contents

BioSyent

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, 2019 and December 31, 2018 ("**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, 2019 and December 31, 2018 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, 2019, the Company has adopted IFRS 16, *Leases* and has applied the requirements of IFRIC 23, *Uncertainty over Income Tax Treatments*. 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

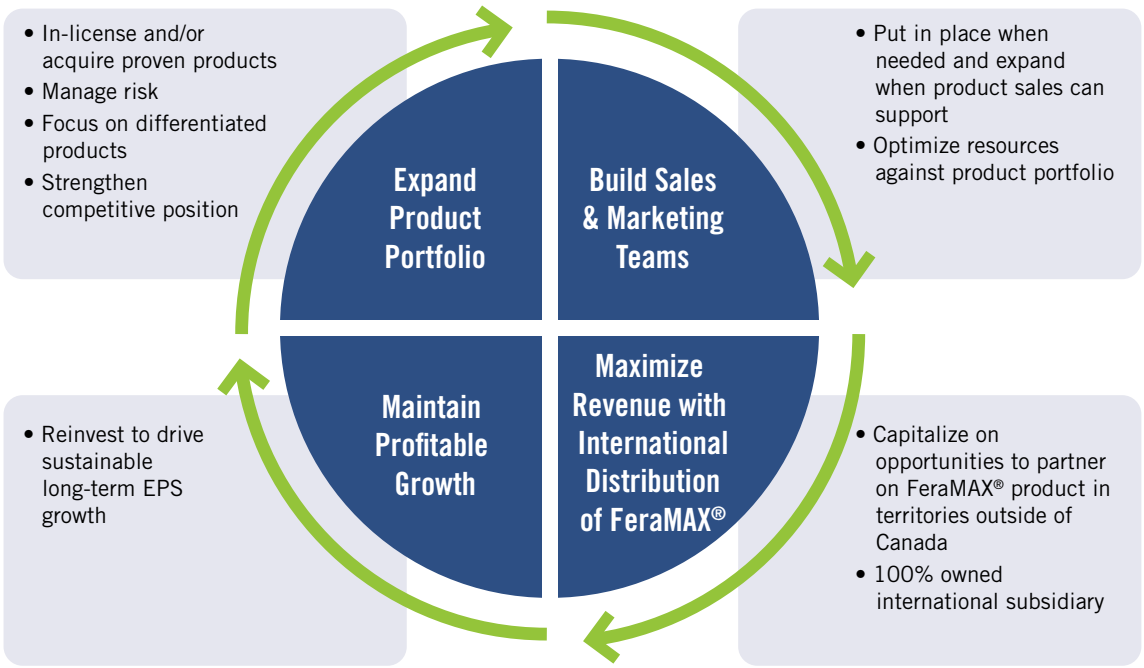
BioSyent's vision is to be the leading independent Canadian healthcare company focused on commercializing innovative products improving patient lives and supporting healthcare providers.

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 of FeraMAX®
4. Maintain profitable growth



BioSyent has developed sourcing arrangements with partners from around the world. 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 through various media, 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 100 mg 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.

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.

Tibella®

In November 2016, the Company signed an exclusive License and Supply Agreement with a European partner for a prescription product in the women's health therapeutic area for the Canadian market – Tibella®. Tibella® is a hormone replacement therapy ("HRT") consisting of tibolone. Tibella® is indicated for the short-term treatment of vasomotor symptoms due to estrogen deficiency in postmenopausal women, more than one year after menopause. Tibolone has been approved and marketed in Europe for over 30 years and is also approved and marketed in other countries around the world.

The Company received regulatory approval from Health Canada for Tibella® in May 2019 and is currently preparing for the launch of this product to the Canadian market in 2020. In Canada, Tibella® belongs in a sub-segment of the women's health market valued at approximately CAD $200 million (source: IQVIA market data for the 12 months ending December 2018).

Cardiovascular Products

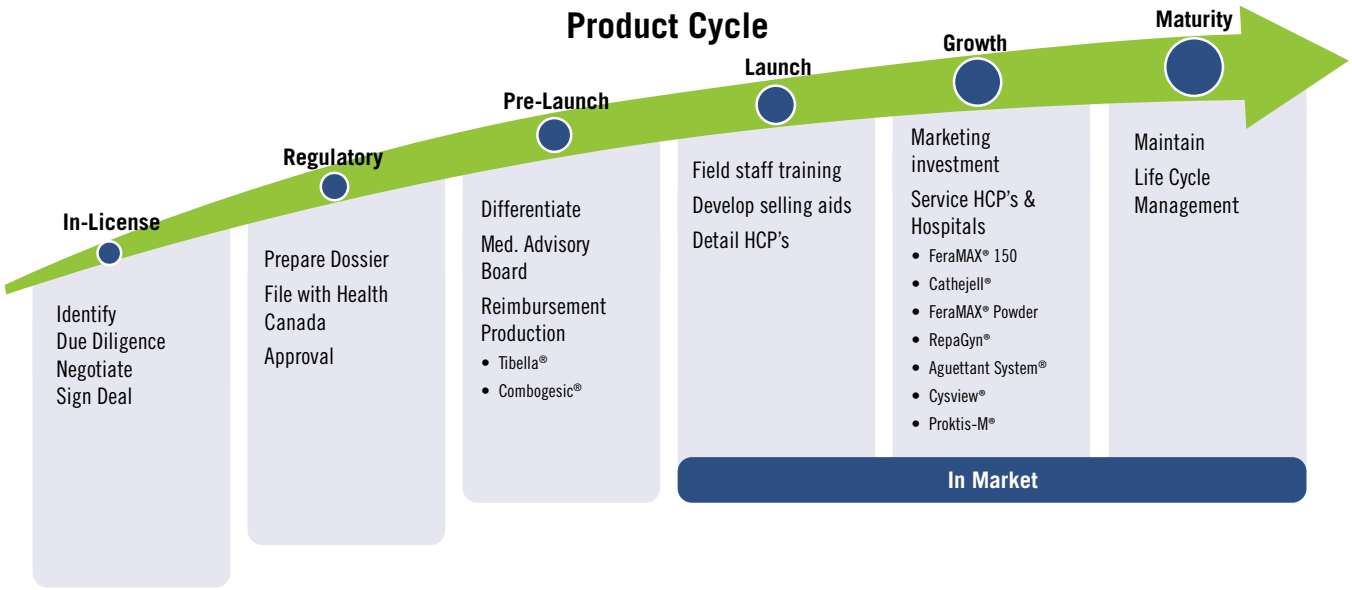
In May 2016, the Company signed an exclusive Distribution Agreement with a European partner for two products in the cardiovascular therapeutic area for the Canadian market. The Company made a submission seeking marketing approval of the products in Canada in December 2017. Although these products have been approved in Europe and in certain other markets around the world, the Company received a Notice of Deficiency from Health Canada in respect of its regulatory submission in April 2019. In June 2019, as a result of the issues raised by Health Canada, the Company and its European partner decided to withdraw the regulatory submission for these two products. There are no current plans to take any further steps to obtain regulatory approval of these products in Canada.

Combogesic®

In November 2019, the Company signed a License and Exclusive Supply Agreement with AFT Pharmaceuticals Ltd for a portfolio of pain management products for the Canadian market. These products will be marketed in Canada under the Combogesic® trademark. Combogesic® combines two well-known and effective medicines in a single form that has been demonstrated to synergistically provide pain relief. Health Canada approved the first form of Combogesic® in 2019. The Company is currently preparing for the launch of this product to the Canadian market.

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.



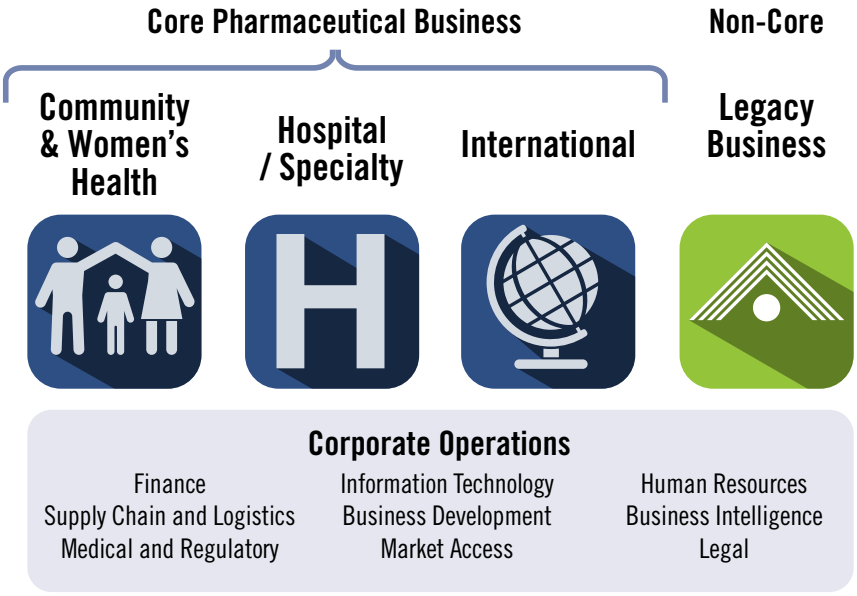
The Company currently has eight products in the growth stage (FeraMAX® 150, Cathejell® FeraMAX® Powder, RepaGyn®, Cysview®, Aguettant System® Atropine and Phenylephrine, and Proktis-M®) and two products in the pre-launch stage (Tibella® and Combogesic®).

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/Specialty Business Unit which sells pharmaceutical and healthcare products to Canadian hospitals and specialists (the "**Hospital Business**"); and (iii) the International Pharmaceutical Business Unit which sells FeraMAX® 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, 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 recurring cash flows for the Company allowing it to focus on its strategic areas of growth in the Pharmaceutical Business.

New Capabilities and Awards

In May 2019, the Company's FeraMAX® brand was named the #1 Doctor and Pharmacist recommended over-the-counter oral iron supplement brand in Canada for the fourth consecutive year *(EnsembleIQ Healthcare Group: Pharmacy Practice + Business, The Medical Post, Profession Santé*, CanadianHealthcareNetwork.ca, and ProfessionSanté.ca 2019 Survey on OTC Counselling and Recommendations).

In May 2019, the Company received approval from Health Canada for Tibella®, a prescription hormone replacement therapy ("HRT") consisting of tibolone. Tibella® substitutes for the loss of estrogen production in postmenopausal women and alleviates menopausal symptoms. This drug will form part of the Company's women's health product portfolio.

In 2019, the Company's FeraMAX® and RepaGyn® products were both recognized by the Society of Obstetricians and Gynaecologists of Canada (SOGC) in its Brand Recognition Program. Such SOGC recognition is granted to products that are found to safely and effectively promote female sexual and reproductive health; and/or general female well-being; and/or safe use during pregnancy. SOGC-recognized products are independently reviewed by a panel of medical professionals.

On September 12, 2019, BioSyent was named to the Growth 500 ranking of Canada's fastest-growing companies by *Canadian Business* and *Maclean's* for the seventh consecutive year based on a five-year revenue growth rate of 176% (2013 – 2018). The Company was ranked as the 376th fastest-growing Company in Canada on the 2019 Growth 500 list.

On November 25, 2019, the Company signed a License and Exclusive Supply Agreement with AFT Pharmaceuticals Ltd for Combogesic®, which combines two pain relief medicines in a single form. Health Canada approved the first form of Combogesic® in 2019. The Company is currently preparing for the launch of this product to the Canadian market.

Key Performance Measures

Key performance measures for the fourth quarter ("Q4") ended December 31, 2019, 2018 and 2017 are summarized in the table below:

	Q4 2019	Q4 2018	Q4 2017	CAGR*
Sales	$5,569,286	$5,910,965	$5,901,488	-3%
Sales Growth %	-6%	0%	18%	-
Net Income Before Taxes	$1,669,153	$2,168,171	$1,949,447	-7%
Net Income Before Taxes Growth %	-23%	11%	25%	-
Net Income Before Taxes Margin	30%	37%	33%	-
Income Tax (Current and Deferred)	$501,308	$496,761	$492,219	-
Net Income After Taxes	$1,167,845	$1,671,410	$1,457,228	-10%
Net Income After Taxes Growth %	-30%	15%	33%	-
Net Income After Taxes Margin	21%	28%	25%	-
Net (Decrease) Increase in Cash and Short-term Investments	$2,161,146	$1,820,309	$2,829,154	-
Basic EPS	$0.08	$0.11	$0.10	-
Diluted EPS	$0.08	$0.11	$0.10	-

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

Sales CAGR between Q4 2017 and Q4 2019 was -3%. Net Income After Taxes CAGR was -10% between Q4 2017 and Q4 2019.

Key performance measures for the full year ("FY") ended December 31, 2019, 2018 and 2017 are summarized in the table below:

	FY 2019	FY 2018	FY 2017	CAGR*
Sales	$21,424,324	$21,527,028	$20,762,755	2%
Sales Growth %	0%	4%	16%	-
Net Income Before Taxes	$5,870,531	$7,546,806	$6,850,164	-7%
Net Income Before Taxes Growth %	-22%	10%	17%	-
Net Income Before Taxes Margin	27%	35%	33%	-
Income Tax (Current and Deferred)	$1,501,236	$1,841,420	$1,643,887	-
Net Income After Taxes	$4,369,295	$5,705,386	$5,206,277	-8%
Net Income After Taxes Growth %	-23%	10%	21%	-
Net Income After Taxes Margin	20%	27%	25%	-
Net (Decrease) Increase in Cash and Short-term Investments	$(2,451,624)	$5,086,666	$5,599,149	-
Basic EPS	$0.31	$0.39	$0.36	-
Diluted EPS	$0.31	$0.39	$0.36	-

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

Sales CAGR between FY 2017 and FY 2019 was 2%. Net Income After Taxes CAGR was -8% between FY 2017 and FY 2019.

Results of Operations for the three and twelve months ended December 31, 2019 and 2018

Sales

Sales Overview

Q4 2019 vs. Q4 2018

Total Company sales for Q4 2019 were $5,569,286, decreasing by 6% compared to total Company sales for Q4 2018 of $5,910,965.

Canadian pharmaceutical sales for Q4 2019 were $5,042,899 - flat compared to Canadian pharmaceutical sales for Q4 2018 of $5,035,460.

International pharmaceutical sales for Q4 2019 were $428,620, decreasing by 50% compared to International pharmaceutical sales for Q4 2018 of $850,198.

Legacy Business sales for Q4 2019 were $97,767, increasing by 286% compared to Legacy Business sales for Q4 2018 of $25,307.

FY 2019 vs. FY 2018

Total Company sales for FY 2019 were $21,424,324, decreasing marginally compared to total Company sales for FY 2018 of $21,527,028.

Canadian pharmaceutical sales for FY 2019 were $18,946,758, increasing by 2% compared to Canadian pharmaceutical sales for FY 2018 of $18,541,645.

International pharmaceutical sales for FY 2019 were $1,441,691, decreasing by 35% compared to International pharmaceutical sales for FY 2018 of $2,209,323.

Legacy Business sales for FY 2019 were $1,035,875, increasing by 33% compared to Legacy Business sales for FY 2018 of $776,060.

Quarterly Sales Trend

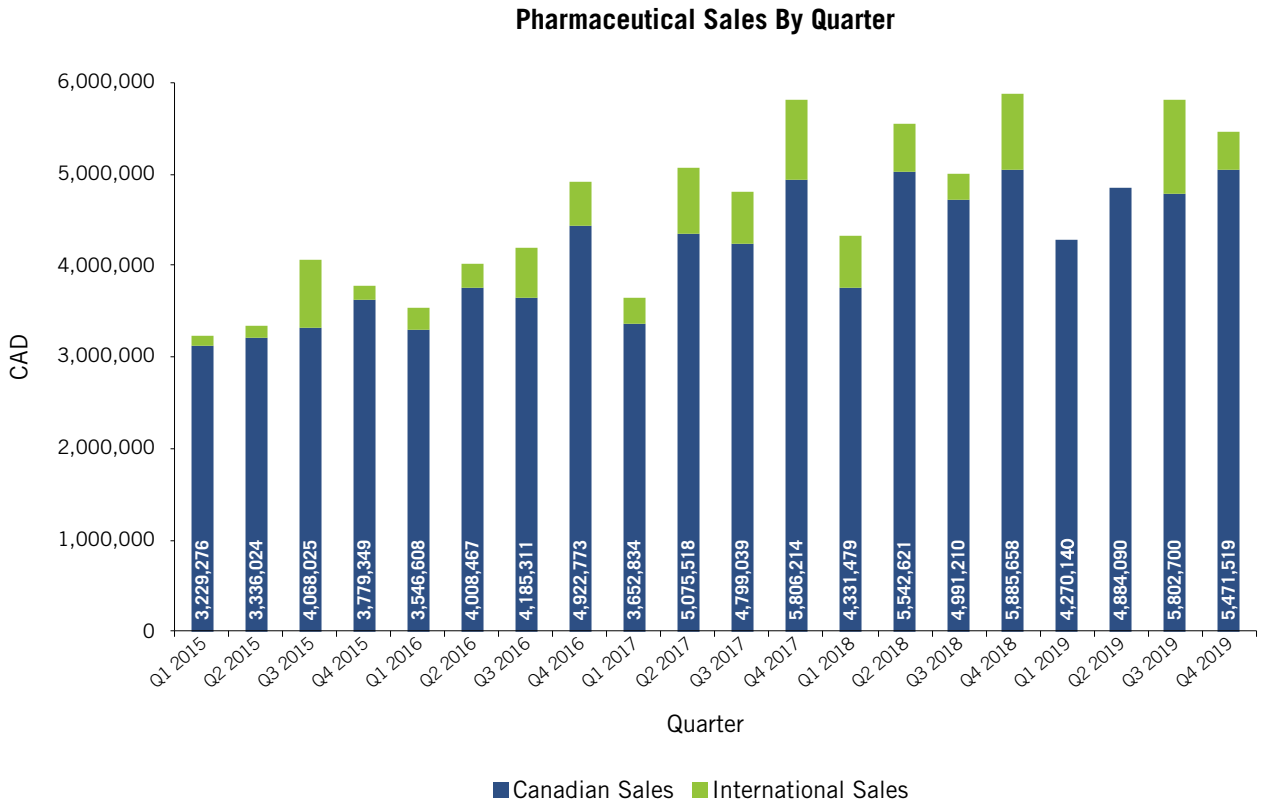
Below is a summary of the Company's sales by business for the eight most recently completed quarters:

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Sales								
Pharmaceutical Business ($)	5,471,519	5,802,700	4,844,090	4,270,140	5,885,658	4,991,210	5,542,621	4,331,479
Growth% vs. prior year period	-7%	16%	-13%	-1%	1%	4%	9%	19%
Legacy Business ($)	97,767	417,048	312,386	208,674	25,307	268,283	366,802	115,668
Growth% vs. prior year period	286%	55%	-15%	80%	-73%	-56%	-35%	-31%
Total Sales ($)	5,569,286	6,219,748	5,156,476	4,478,814	5,910,965	5,259,493	5,909,423	4,447,147
Growth% vs. prior year period	-6%	18%	-13%	1%	0%	-3%	5%	16%

Sales Mix

The Pharmaceutical Business accounted for 95% of total sales in FY 2019 while the Legacy Business accounted for 5% 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.

Pharmaceutical Sales Trend



Total pharmaceutical sales for Q4 2019 were $5,471,519, decreasing by 7% compared to total pharmaceutical sales for Q4 2018 of $5,885,658, which increased by 1% compared to Q4 2017. While Canadian pharmaceutical sales were flat in Q4 2019 versus Q4 2018, international pharmaceutical sales decreased by 50% in Q4 2019 versus Q4 2018.

Canadian Pharmaceutical Sales Trend:

Q4 2019 vs. Q4 2018

Canadian pharmaceutical sales for Q4 2019 were $5,042,899 – flat compared to Canadian pharmaceutical sales for Q4 2018 of $5,035,460, which increased by 2% compared to Q4 2017.

In the Community Business, Q4 2019 Canadian sales volumes (units) of FeraMAX® were flat compared to Q4 2018. Sales volumes (units) of the RepaGyn® product increased by 11% in Q4 2019 over Q4 2018.

In the Hospital/Specialty Business, although Q4 2019 sales volumes (units) of the Company's Cathejell® product were its highest quarterly sales during the year, Q4 2019 Canadian sales volumes of this product declined by 8% versus Q4 2018 as a result of competitive market conditions. Trade inventory impacted sales volumes (units) of Aguettant System® PFS products during Q4 2019, which decreased by 6% versus particularly strong Q4 2018 sales. Sales volumes (units) of the Company's growth-stage hospital product, Cysview®, increased by 17% in Q4 2019 versus Q4 2018.

Although no new hospital sites were added during the quarter, six of the nine hospitals currently using Cysview® for blue-light cystoscopy re-ordered product during Q4 2019.

FY 2019 vs. FY 2018

Canadian pharmaceutical sales for FY 2019 were $18,946,758, increasing by 2% compared to Canadian pharmaceutical sales for FY 2018 of $18,541,645, which increased by 10% compared to YTD 2017.

In the Community Business, FY 2019 Canadian sales volumes (units) of FeraMAX® increased by 1% as compared to FY 2018. Sales volumes (units) of the RepaGyn® product increased by 11% in FY 2019 over FY 2018.

In the Hospital/Specialty Business, FY 2019 Canadian sales volumes (units) of the Company's Cathejell® product declined by 19% versus FY 2018 as a result of an increase in the availability of competing products in the market. FY 2019 sales volumes (units) of Aguettant System® PFS products increased by 18% versus FY 2018, driven by sales growth of the phenylephrine hydrochloride PFS product.

Although FY 2019 sales volumes (units) of Cysview® increased by 27% versus FY 2018, the rate of adoption during the year among new Canadian hospitals of this product was below management's expectations. Since introducing Cysview® to Canada in 2015, the Company has experienced a long selling cycle for this product. While there is enthusiasm for the product in the urology community in Canada, the capital cost of blue light cystoscopy

equipment, budgetary constraints in publicly-funded healthcare systems, and the long evaluation and implementation cycle for blue light cystoscopy have all impeded the adoption rate of Cysview® among Canadian hospitals. Despite these challenges, management remains committed to the adoption of blue light cystoscopy using Cysview® as the standard of care for the diagnosis and management of non-muscle-invasive bladder cancer in Canada. The Company will continue to support the Cysview® product with volume appropriate spends in key healthcare centres in Canada.

International Pharmaceutical Sales Trend:

Q4 2019 vs. Q4 2018

International FeraMAX® sales for Q4 2019 were $428,620, decreasing by 50% compared to sales for Q4 2018 of $850,198, which decreased by 2% compared to Q4 2017. Due to delays in shipping several international FeraMAX® orders in the first half of 2019 as a result of ongoing trade and currency restrictions in the Company's largest export market, a backlog of several FeraMAX® orders were all shipped in Q3 2019. These delayed shipments also negatively impacted sales in Q4 2019 as further customer orders of FeraMAX® were postponed to 2020. As a result of these ongoing transactional challenges, management expects such quarter-to-quarter variability in international FeraMAX® sales to persist during FY 2020.

FY 2019 vs. FY 2018

International FeraMAX® sales for FY 2019 were $1,441,691, decreasing by 35% compared to sales for FY 2018 of $2,209,323, which decreased by 11% compared to FY 2017. This decline in sales in 2019 was due in large part to the transactional challenges noted above which resulted in an interruption in the promotion of FeraMAX® to the Company's largest export market during the year. The decline in 2019 international FeraMAX® sales was also due, to a lesser extent, to temporary local distribution issues in another significant export market, which the Company has resolved subsequent to the reporting date. The Company is committed to expanding the international distribution of FeraMAX® by engaging local distributors in markets outside of Canada, with a focus on the Middle East and North Africa regions.

Legacy Business Sales Trend

Q4 2019 vs. Q4 2018

Legacy Business sales for Q4 2019 were $97,767, increasing by 286% compared to Legacy Business sales for Q4 2018 of $25,307 which decreased by 73% compared to Q4 2017. Canadian Protect-It® sales in Q4 2019 declined by 74% versus Q4 2018. Q4 2019 sales of the product to U.S. customers increased to $91,624 versus $1,397 in Q4 2018 as trade inventory levels in the U.S. normalized following a change in the Company's distribution model for this product earlier in the year.

FY 2019 vs. FY 2018

Legacy Business sales for FY 2019 were $1,035,875, increasing by 33% compared to Legacy Business sales for FY 2018 of $776,060 which decreased by 46% compared to FY 2017. The Company's Canadian Protect-It® sales grew by 28% in FY 2019 versus FY 2018, during which unfavourable growing conditions resulted in a delayed crop season. Sales of Protect-It® to U.S. customers in FY 2019 increased by 67% versus FY 2018 following the change in the Company's distribution model for this product during 2019.

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.

Expenses

Q4 2019 vs. Q4 2018

	Three months ended December 31,		% Change vs. Prior Period
	2019	2018	
Cost of goods sold	$1,206,641	$1,409,893	-14%
Selling and marketing	$1,301,548	$1,292,591	1%
General and administration	$1,489,204	$1,161,101	28%
New business development costs	$10,832	$34,051	-68%
Finance costs	$24,472	$-	
Subtotal	$4,032,697	$3,897,636	3%
Finance income	$ (132,564)	$ (154,842)	-14%

Total expenses, including the cost of goods sold ("COGS") and finance costs, for Q4 2019 were $4,032,697, increasing by 3% over Q4 2018 expenses of $3,897,636. The ratio of total expenses to sales for Q4 2019 was 72%, as compared to a ratio of 66% in Q4 2018. This overall increase in expenses relative to sales was due primarily to impairment losses of $626,006 incurred during the quarter.

General and administration expenses for Q4 2019, including the impairment write-downs of $626,006, were $1,489,204, increasing by 28% compared to Q4 2018 general and administration expenses of $1,161,101. The impact of the impairment write-downs was partially offset with a recovery received by the Company during the quarter of certain new product dossier and filing costs.

Selling and marketing expenses for Q4 2019 were $1,301,548, increasing by 1% as compared to Q4 2018 selling and marketing expenses of $1,292,591. The ratio of selling and marketing expenses to sales for Q4 2019 was 23%, slightly higher than a ratio for Q4 2018 of 22%. This increase was due in large part to incremental marketing expenditure in advance of the Company's launch of the new Tibella® women's health product to the Canadian market. The Company will continue to make marketing and promotional expenditures on the Tibella® brand over the course of its planned 2020 launch. The Company will also make additional selling and marketing expenditures as it prepares for the launch of Combogesic®. As a result of this incremental expenditure on these two new products, the ratio of selling and marketing expenses to sales is expected to increase in 2020 as compared to prior years.

The Company recorded incremental finance costs of $24,472 during Q4 2019 following the commencement of a new office lease in September 2019. As a result of applying the requirements of IFRS 16 *Leases,* the Company recorded a lease interest expense, which will continue on a monthly basis over the 10-year term of its lease.

Finance income for Q4 2019 was $132,564, decreasing by 14% compared to Q4 2018 finance income of $154,842. Interest income of $99,865 for Q4 2019 decreased by 9% versus Q4 2018 and realized foreign exchange gains of $32,699 for Q4 2019 decreased by 28% versus Q4 2018.

FY 2019 vs. FY 2018

	Year ended December 31,		% Change vs. Prior Period
	2019	2018	
Cost of goods sold	$4,778,069	$4,952,864	-4%
Selling and marketing	$5,750,624	$5,264,814	9%
General and administration	$5,417,376	$4,407,333	23%
New business development costs	$90,114	$107,457	-16%
Finance costs	$32,456	$-	
Subtotal	$16,068,639	$14,732,468	9%
Finance income	$ (514,846)	$ (752,246)	-32%

Total expenses including COGS and finance costs for FY 2019 were $16,068,639 as compared to total expenses for FY 2018 of $14,732,488. Total expenses for FY 2019 increased by 9% over the prior year, impacted significantly by net impairment losses on three intangible assets totalling $870,947. The ratio of total expenses to sales for FY 2019 was 75%, higher than a ratio for FY 2018 of 68%.

As a result of a decision in June 2019 to withdraw its regulatory submission to Health Canada for two cardiovascular pharmaceutical products, the Company incurred a one-time impairment loss on intangible assets of $424,941. The Company also incurred impairment losses of $626,006 during the year on the partial write-down of certain new product dossier and filing costs and the Cysview® product license. These write-downs during the year were partially offset by a recovery of certain new product dossier and filing costs. Net intangible asset write-downs for the year of $870,947 are included in general and administration expenses, which increased by 23% in FY 2019 versus FY 2018. Including intangible asset write-downs, general and administration expenses rose to a ratio of 25% of sales in FY 2019 as compared to 20% of sales in FY 2018.

Other contributors to the overall increase in general and administration expenses were incremental office relocation and deprecation expenses as a result of the relocation of the Company's head office during the year and the commencement of a new office lease accounted for under IFRS 16 *Leases,* the lease accounting standards newly adopted by the Company in 2019. As a result of this new office lease and investments in new office equipment, furniture, fixtures, and leasehold improvements, the Company's asset depreciation charge increased incrementally during the year.

Unrealized foreign exchange losses incurred during 2019 of $108,327 (versus 2018 unrealized foreign exchange gains of $110,281) also contributed to the increase in general and administration expenses during the year, as a result of a devaluation of the Company's Euro-denominated monetary assets due to downward movement in the exchange rate against the Canadian dollar during the year.

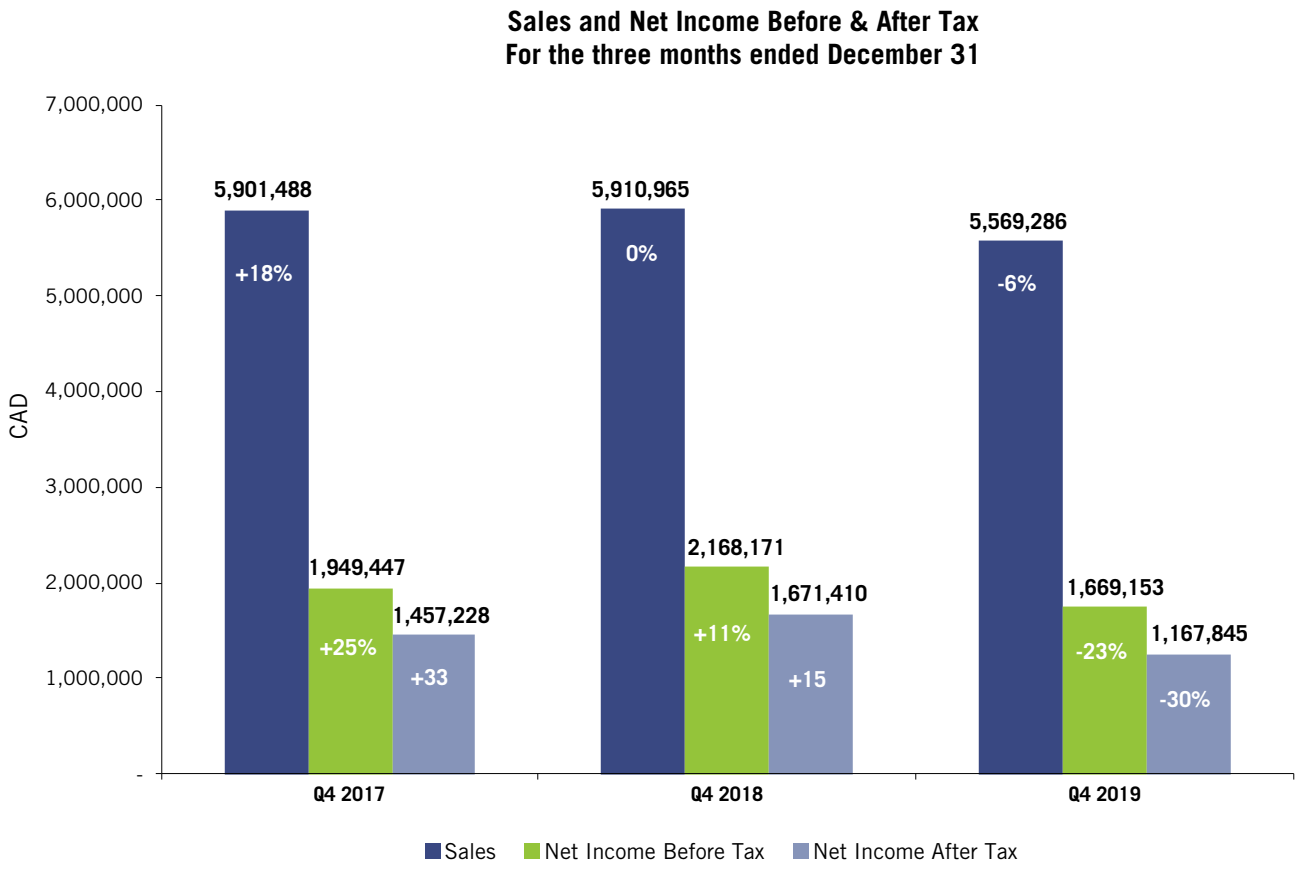
Selling and marketing expenses for FY 2019 were $5,750,624, increasing by 9% as compared to FY 2018 selling and marketing expenses of $5,264,814. Selling and marketing expenses were 27% of sales in FY 2019 as compared to 24% in FY 2018. During 2019, the Company expanded its field sales force, increased its media and promotional spends, and made significant investment in market intelligence software and data, including investments in preparation for the launch of the Tibella® product. As a result, both selling and marketing employee costs and advertising, promotion and selling costs increased by 10% in FY 2019 over the comparative period.

Finance costs for FY 2019 were $32,456, representing lease interest expense accounted for under IFRS 16 *Leases* related to the Company's head office lease which commenced in September 2019.

Finance income for FY 2019 was $514,846, decreasing by 32% compared to FY 2018 finance income of $752,246. While interest income increased by 37% in FY 2019 versus FY 2018 as the Company increased its yield on short-term GICs and other interest-bearing instruments, the Company's realized foreign exchange gains decreased by 84% as a result of greater variation in relevant foreign exchange rates during FY 2018 versus during FY 2019.

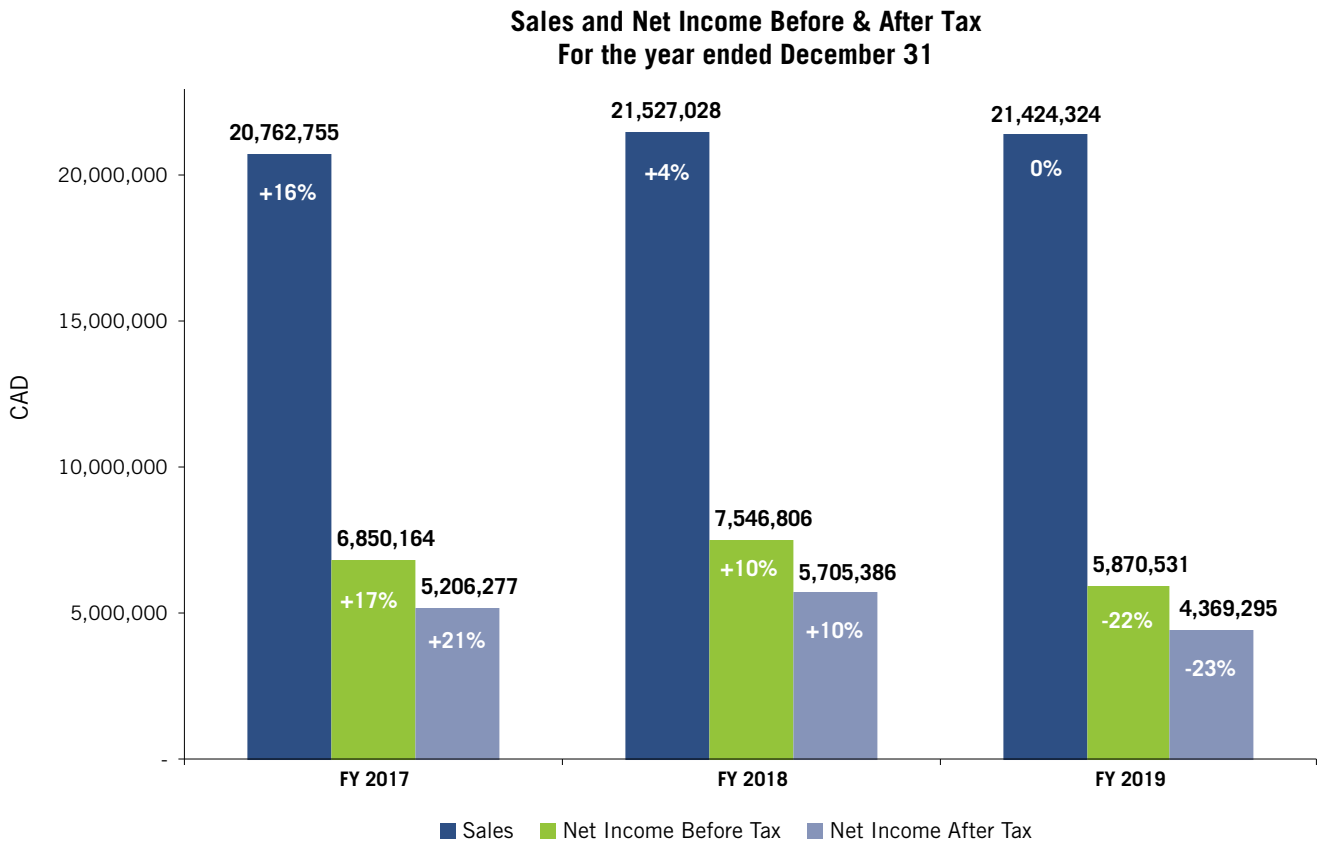
Net Income After Taxes (NIAT)

NIAT for Q4 2019 of $1,167,845 decreased by 30% compared to NIAT for Q4 2018 of $1,671,410 which increased by 15% compared to Q4 2017. This decrease in Q4 2019 NIAT was due to a decline in international FeraMAX® sales versus Q4 2018 as well as the impact of impairment losses on the write-down of intangible assets during the quarter. Overall, the Company's NIAT margin for Q4 2019 was 21%, lower than a NIAT margin for Q4 2018 of 28%.



Including currency translation losses of $97,775, total comprehensive income for Q4 2019 was $1,070,070, decreasing by 35% compared to total comprehensive income for Q4 2018 of $1,647,243.

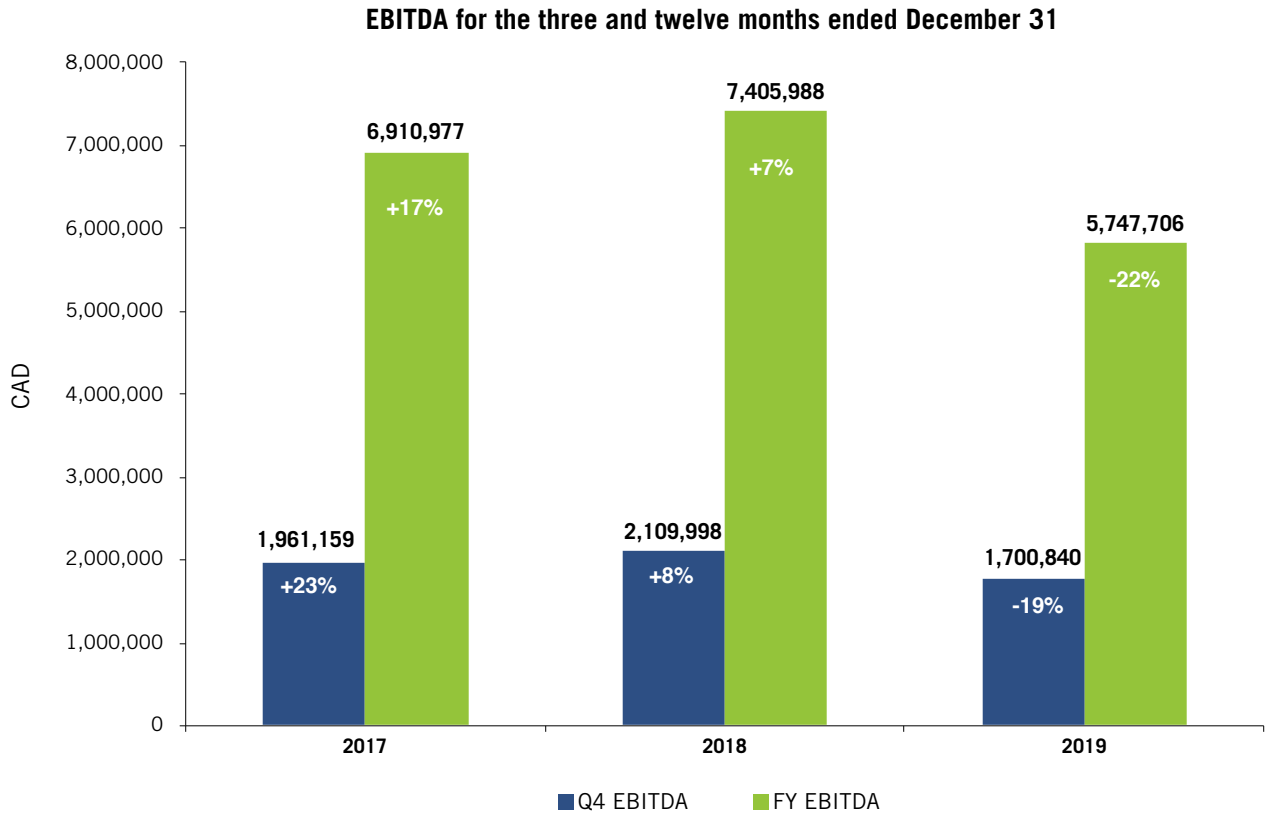
NIAT for FY 2019 of $4,369,295 decreased by 23% compared to NIAT for FY 2018 of $5,705,386, which increased by 10% compared to FY 2017. This decrease in FY 2019 NIAT was largely due to impairment losses incurred on the one-time write-off of cardiovascular products intangible assets, and write-downs of a product license and new product drug dossier intangible assets. FY 2019 NIAT was also impacted by a 35% decline in international FeraMAX® sales value, a well as a decline in realized and unrealized foreign currency exchange gains in FY 2019 versus FY 2018. Overall, the Company's NIAT margin for FY 2019 was 20%, compared to a NIAT margin for FY 2018 of 27%.



Including currency translation losses of $90,566, total comprehensive income for FY 2019 was $4,278,729, decreasing by 25% compared to total comprehensive income for FY 2018 of $5,689,748.

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 three and twelve months ended December 31, 2017, 2018, and 2019 is provided in the graph below:



EBITDA for Q4 2019 of $1,700,840 decreased by 19% compared to EBITDA for Q4 2018 of $2,109,998. This decrease in EBITDA was due primarily to the decrease in the Company's NIBT of 23% in Q4 2019 versus Q4 2018. A reconciliation of EBITDA to NIAT for the quarters ended December 31, 2019, 2018, and 2017 is provided in the table below:

RECONCILIATION OF EBITDA TO NIAT
FOR THE THREE MONTHS (Q4) ENDED DECEMBER 31

		2019	2018	2017
Q4 EBITDA		$ 1,700,840	$ 2,109,998	$ 1,961,159
Add:	Interest Income	99,865	109,164	44,076
Less:	Depreciation of Property and Equipment	(81,743)	(26,494)	(26,766)
	Amortization of Intangible Assets	(25,337)	(24,497)	(29,022)
	Interest Expense	(24,472)	-	-
	Income Tax Expense	(501,308)	(496,761)	(492,219)
NIAT		$ 1,167,845	$ 1,671,410	$ 1,457,228

EBITDA for FY 2019 of $5,747,706 decreased by 22% compared to EBITDA for FY 2018 of $7,405,988. This decline in EBITDA was due primarily to the decline in the Company's NIBT of 22% in FY 2019 versus FY 2018. A reconciliation of EBITDA to NIAT for the full years ended December 31, 2019, 2018, and 2017 is provided in the table below:

RECONCILIATION OF EBITDA TO NIAT
FOR THE YEAR (FY) ENDED DECEMBER 31

		2019	2018	2017
FY EBITDA		$ 5,747,706	$ 7,405,988	$ 6,910,977
Add:	Interest Income	447,011	326,103	128,740
Less:	Depreciation of Property and Equipment	(193,578)	(87,295)	(91,563)
	Amortization of Intangible Assets	(98,152)	(97,990)	(97,990)
	Interest Expense	(32,456)	-	-
	Income Tax Expense	(1,501,236)	(1,841,420)	(1,643,887)
NIAT		$ 4,369,295	$ 5,705,386	$ 5,206,277

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 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Sales ($)	5,569,286	6,219,748	5,156,476	4,478,814	5,910,965	5,259,493	5,909,423	4,447,147
Net Income After Taxes ($)	1,167,845	1,532,426	690,843	978,181	1,671,410	1,270,613	1,620,233	1,143,130
Earnings Per Share – Basic ($)	0.08	0.11	0.05	0.07	0.11	0.09	0.11	0.08
Earnings Per Share – Diluted ($)	0.08	0.11	0.05	0.07	0.11	0.09	0.11	0.08

Diluted EPS for Q4 2019 was $0.08, decreasing by $0.03 compared with diluted EPS for Q4 2018 of $0.11.
Diluted EPS for FY 2019 was $0.31, decreasing by $0.08 compared with diluted EPS for FY 2018 of $0.39.

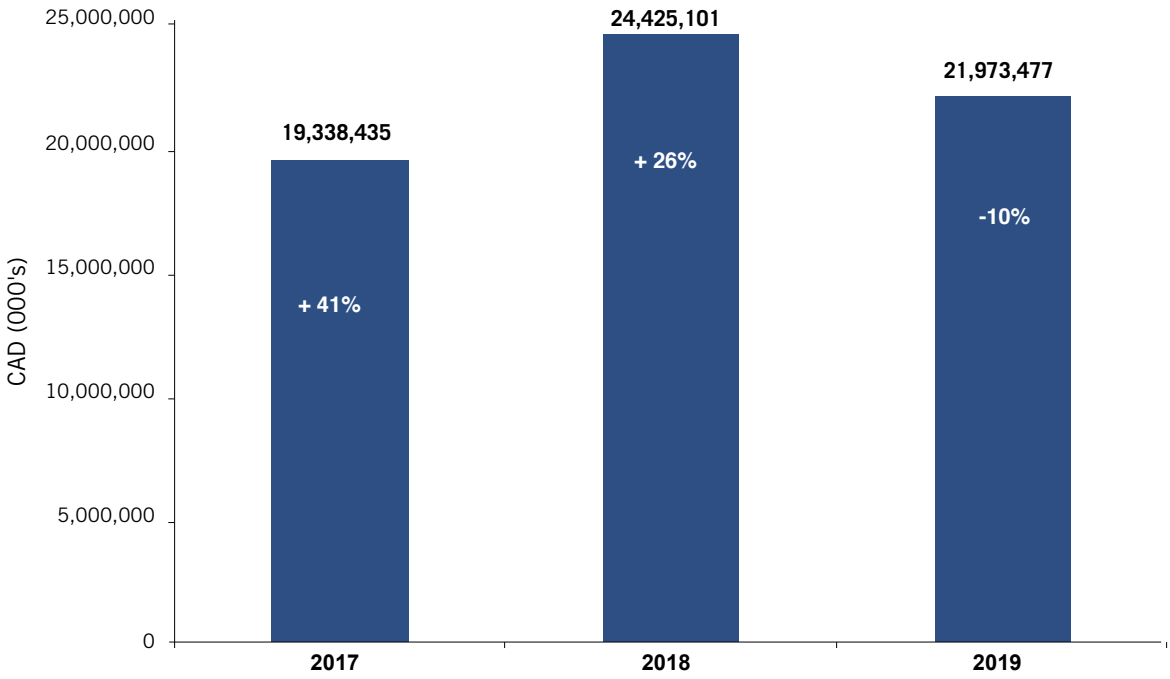
Financial Resources and Liquidity

Working capital, defined here as the difference between current assets and current liabilities, decreased by 7% from $25,138,174 as at December 31, 2018 to $23,486,067 as at December 31, 2019. Cash and short-term investments of $21,973,477 accounted for 94% of working capital as at December 31, 2019 compared to cash and short-term investments of $24,425,101 accounting for 97% of working capital as at December 31, 2018. 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 2019, there was a net decrease in cash and short-term investments of $2,451,624 compared to a net increase of $5,086,666 during FY 2018. This decrease in cash and short-term investments was due primarily to $6,351,603 expended during FY 2019 for the repurchase and cancellation of the Company's own common shares under a Normal Course Issuer Bid ("NCIB") as compared to $606,193 expended during FY 2018. Additionally, cash provided from operations declined to $4,771,023 in FY 2019 as compared to $6,286,598 in FY 2018. Further, the Company invested $504,336 during FY 2019 in property and equipment, including leasehold improvements, furniture and fixtures in a new head facility which the Company occupied starting in September 2019; by comparison, during FY 2018, the Company expended a total of $68,155 in additions to property and equipment.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of December 31, 2017, 2018, and 2019 as well as the growth over the comparative prior year period:

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



Total shareholders' equity decreased by 7% from $27,605,662 at December 31, 2018 to $25,794,510 at December 31, 2019. While the Company generated comprehensive income of $4,278,729 during FY 2019, it repurchased 908,832 of its own common shares during the period under a NCIB, reducing shareholders' equity by $6,357,850.

The Company's total assets at December 31, 2019 were $30,965,314, decreasing by 1% compared to total assets of $31,188,491 as at December 31, 2018, which increased by 24% from $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, 2019. 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. The Company has available additional foreign exchange facilities of $2,500,000 with other Canadian financial institutions.

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. COVID-19 (Coronavirus)

The recent outbreak of the COVID-19 (Coronavirus) pandemic could impact the Company's operations with interruptions to the Company's supply chain, including the manufacturing, transportation, and delivery of products to customers. COVID-19 could also affect the Company's workforce, access to healthcare professionals, and the consumption of its products in both hospitals and in the community. Although the Company has business continuity plans in place, the extent of the future impact of COVID-19 on its business and operations is uncertain.

2. 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.

3. 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 period 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 foreign exhange options 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, 2019	December 31, 2018
Description of Asset/(Liability)	USD	USD
Cash and cash equivalents	418,262	418,338
Short term investments	1,529,178	1,133,490
Trade receivables	78,254	79,577
Less: Accounts payable	(698,811)	(609,106)
Net Total	1,326,883	1,022,299
Foreign Exchange Rate CAD per USD at the end of the year	1.2988	1.3642

At December 31, 2019, 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 $126,667 higher or lower on an after-tax basis, respectively (December 31, 2018 - $102,505 higher or lower, respectively).

Foreign Exchange Sensitivity Analysis – EUR

	December 31, 2019	December 31, 2018
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	673,066	505,166
Trade receivables	-	243,905
Less: Accounts payable	(84,084)	(211,734)
Net Total	589,018	537,337
Foreign Exchange Rate CAD per EUR at the end of the year	1.4583	1.5613

At December 31, 2019, 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 $63,134 higher or lower on an after-tax basis, respectively (December 31, 2018 - $61,663 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.

Foreign Exchange Options:

The Company periodically enters into foreign exchange forward options with financial institutions with investment grade credit ratings to manage its foreign exchange risk on contracts denominated in U.S. dollars. Such options are classified as derivative financial instruments and measured at fair value through profit and loss. As at December 31, 2019, the Company entered into options to purchase up to a total of USD 2,550,000 and USD 3,825,000 (December 31, 2018 – USD 2,270,000 and USD 3,405,000) at an exchange rate expressed in CAD per USD of 1.3000 which will be settled on various dates from January 2020 to January 2021. The Company's right to buy USD 2,550,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.3300 to 1.3550 CAD per USD. The Company's obligation to buy USD 3,825,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below a rate of 1.2750 CAD per USD.

The fair value of foreign exchange options is estimated based on quoted values from financial institutions. The Company's foreign exchange options resulted in a derivative liability of $43,861 as at December 31, 2019 (December 31, 2018 – derivative asset of $27,344).

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.

At December 31, 2019, the Company had the following CAD denominated DCD that was convertible into USD:

Type of Financial Instrument	Spot Rate on Transaction Date	Principal (CAD)	Net Fair Value (CAD)	Guaranteed Interest Rate	Maturity Date	Fixed Maturity Conversion Rate
DCD	1.3160	$2,000,000	$1,987,932	3.01%	February 3, 2020	1.3000

At December 31, 2018, the Company had the following CAD denominated DCD that was convertible into USD:

Type of Financial Instrument	Spot Rate on Transaction Date	Principal (CAD)	Net Fair Value (CAD)	Guaranteed Interest Rate	Maturity Date	Fixed Maturity Conversion Rate
DCD	1.3566	$1,500,000	$1,507,542	3.83%	March 25, 2019	1.3300

The fair value of dual currency deposits is estimated based on quoted values from financial institutions.

4. 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 period.

5. 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 period 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. In assessing the credit risk of its trade accounts receivable, the Company considers historical default rates and payment patterns, the nature of its customer base, and forward-looking information including any anticipated changes to its customer base, credit terms, and pricing.

Aged Trade Accounts Receivable	December 31, 2019	December 31, 2018
Current	$ 1,328,854	$ 1,386,339
Past due 1-30 days	329,815	570,614
Past due 31-60 days	80,438	47,108
Over 60 days	111,218	35,090
Expected credit loss	(35,411)	
Closing Balance	$ 1,814,914	$ 2,039,151
Maximum Credit Risk	1,850,325	2,039,151

During FY 2019, the Company recognized a bad debt expense of $1,180 (FY 2018 – 67,462) related to a trade receivable from a former customer outside of Canada, which was deemed to be uncollectible. Additionally, during the year, the Company recognized an expected credit loss of $35,411 related to a trade receivable from a Canadian pharmaceutical wholesale customer.

b. Concentration of Receivables

As of December 31, 2019, one customer represents 39% of trade receivables (December 31, 2018 - 31%) while another customer represents 19% of trade receivables (December 31, 2018 - 27%), a third customer represents 18% of trade receivables (December 31, 2018 - nil%), and a fourth customer represents 13% of trade receivables (December 31, 2018 – 2%). There have been no past defaults by any of these four customers.

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.

6. 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 has credit facilities available with Royal Bank of Canada totalling $3,090,000, including a revolving demand credit facility of $1,500,000 which it has not drawn down as at the date hereof, a foreign exchange facility of $1,500,000, and credit card facilities totalling $90,000. The Company has available additional foreign exchange facilities of $2,500,000 with other Canadian financial institutions. The Company's funds have not been committed in any way, except as set out in Note 18 of the Consolidated Financial Statements.

7. 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, infrastructure and insurance coverage as needed to address the assessed level of such risk.

8. 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.

9. 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.

10. 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, including uncertainty surrounding the economic impact of disease epidemics and pandemics and the risk of supply chain interruptions related thereto, 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. Specific Risks

The Company has insurance policies in place against risks relating to general commercial liability, product liability, product recall, loss of Company assets, IT security, and business interruption. 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 17, 2020 the following common shares and stock options were outstanding:

	No. of Shares	Exercise Price Range
Issued and outstanding common shares	13,408,745	
Stock options	177,512	$6.20 - $ 10.97
Fully Diluted at March 17, 2020	13,586,257	

On December 4, 2018, the Company announced that the TSX Venture Exchange had accepted its Notice of Intention to Make a NCIB, pursuant to which the Company was permitted to purchase up to 950,000 of its own common shares for cancellation over a 12-month period ending on December 9, 2019.

During this period, Company repurchased a total of 950,000 common shares, the maximum number permitted to be repurchased during the 12-month NCIB period.

On December 11, 2019, the Company announced that the TSX Venture Exchange had accepted its renewal of the NCIB for a further 12-month period ending on December 16, 2020 during which the Company would be permitted to purchase up to 800,000 of its own common shares for cancellation. The Company had repurchased 51,000 common shares under this NCIB to December 31, 2019 and a further 121,700 common shares between December 31, 2019 and the date hereof.

Commitments

Office Leases

During the year, the Company entered into a new office lease agreement which commenced on September 1, 2019 and extends to August 31, 2029.

The Company's undiscounted minimum future rental payments and occupancy costs (including certain operating costs and realty taxes) for the next five fiscal years under this lease agreement are approximately as follows:

Fiscal Year	Annual Rent and Occupancy Cost
April – December 2020	$ 239,190
2021	$ 358,785
2022	$ 360,542
2023	$ 364,056
2024 and Beyond	$ 2,125,914
Total	$ 3,448,486

The Company's previous office lease extension agreement expired on August 31, 2019. The Company has no further commitments related to this short-term lease.

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, and Mr. Joost van der Mark, Vice President, Corporate Development, assist 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, 2019 and 2018:

	Year ended December 31,	
	2019	2018
Number of Key Management Personnel*	6	8
Salary, Benefits, and Bonus	$1,360,493	$1,355,164
Share-Based Payments	$233,138	$237,978

*Due to personnel changes during the prior year in two key management positions, the number of key management personnel for 2018 indicated in the chart above includes both the current individuals holding these two positions as well as their predecessors.

During the year ended December 31, 2019, the Company recorded share-based payment expense of $233,138 (2018 - $237,978) 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.

During the year ended December 31, 2019, no loans were advanced to key management personnel under the MSLP (2018 – loan advances of $175,000).

Transactions with Directors

During the year ended December 31, 2019, the Company paid total fees to its directors in the amount of $142,600 (2018 - $109,200) and share-based payments of $15,899 (2018 - $108,990).

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.

Subsequent Event

In March 2020, the Company's Board of Directors approved a Restricted Share Unit ("RSU") Plan under which certain employees, officers and directors of the Company would be eligible to receive RSUs which would be settled with common shares of the Company after a specified vesting period. The adoption of the Company's RSU Plan is subject to shareholder approval. No RSUs have been granted under the RSU Plan as of the date hereof.