BioSyent

BioSyent Inc.

2020 ANNUAL REPORT

BioSyent Corporate Profile

BioSyent is a Canadian specialty pharmaceutical company focused on sourcing, acquiring or in-licensing and further developing innovative pharmaceutical and other healthcare products that improve the lives of patients and support their healthcare providers. BioSyent's strategy is focused on generating long-term growth through portfolio diversification while maintaining profitability.

Table of Contents

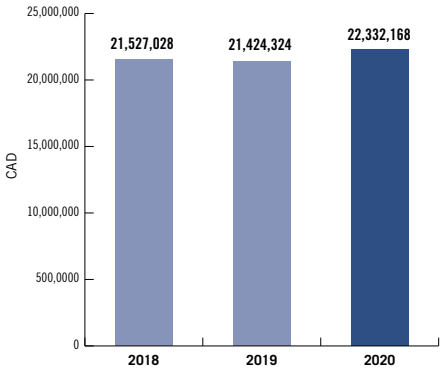
← Pictured from left: René C. Goehrum, President & CEO; Joost van der Mark, VP, Corporate Development; Neelu Atwal, Director, Human Resources; Navid Ashrafi, M.D., Director, Medical and Regulatory Affairs; Kevin Wilson, VP, Community and Women's Health Business Unit; Ramesh Moothan, Director, International Business Unit; Robert J. March, VP, Finance & CFO; Sharan Raghubir, Director, Specialty Business Unit.

BioSyent

Financial Highlights

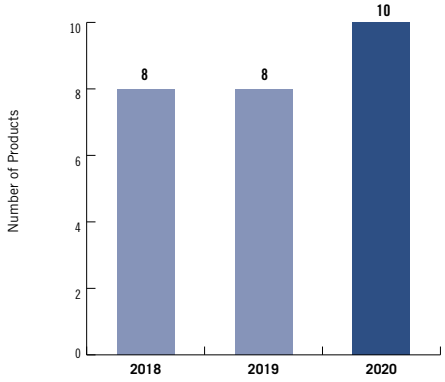
We invested in new products during 2020 and are continuing to do so. While impacting our profit margin in the near term, these launch investments will fuel sales growth and profitability in our Canadian pharmaceutical business over the long-term.

Revenue Growth
Year Ending December 31



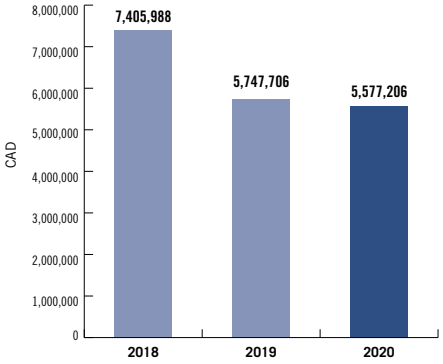
$22.3 million

Number of Marketed Pharmaceutical Products
As at December 31



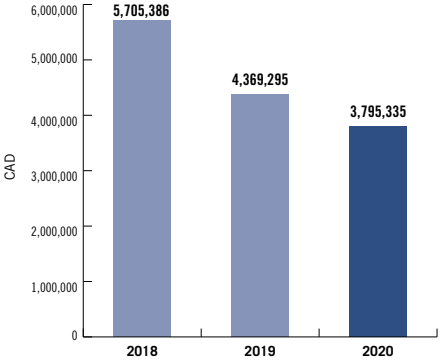
10 products

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)
Year Ending December 31



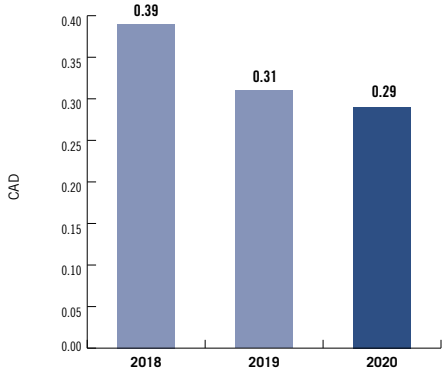
$5.6 million

Net Income After Tax (NIAT)
Year Ending December 31



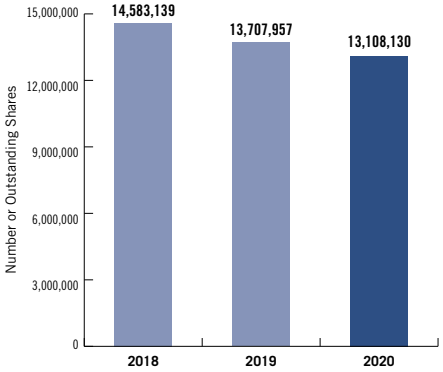
$3.8 million

Diluted Earnings Per Share (EPS)
Year Ending December 31



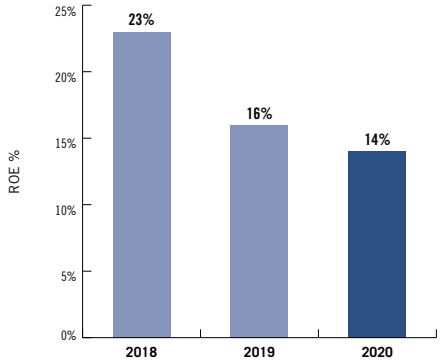
$0.29

Fully Diluted Shares Outstanding
As at December 31



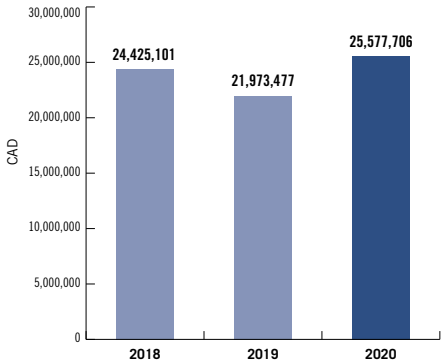
13.1 million

Return On Equity (ROE)
Year Ending December 31



14%

Cash and Short-Term Investments
As at December 31



$25.6 million

BioSyent's Business Units

Community and Women's Health Business

The Community and Women's Health Business Unit is focused on commercializing and marketing pharmaceutical products which improve family and women's health in Canada. Currently, these products include FeraMAX® Pd Therapeutic 150 and FeraMAX® Powder oral iron supplements, RepaGyn® and Proktis-M sodium hyaluronate suppositories, Tibella® women's health product for hormone replacement therapy, and Combogesic® pain reliever.

Specialty Business

The Specialty Business Unit markets pharmaceutical and healthcare products to Canadian hospitals and specialist clinics which improve the quality of patient care and support healthcare professionals. These products currently include Cathejell® lidocaine hydrocholoride jelly, the Aguettent System® line of pre-filled syringes for use in urgent care, and Cysview® for use in blue-light cystoscopic procedures.

International Business

FeraMAX® is currently approved for sale in a total of six markets outside of Canada. The International Business Unit, through BioSyent Pharma International Inc. and a network of distribution partners, distributes FeraMAX® capsules and FeraMAX® Powder to these international markets primarily in the Middle East Region.

Legacy Business

Through its subsidiaries, Hedley Technologies Ltd. and Hedley Technologies (USA) Inc., BioSyent operates its Legacy Business marketing Protect-It®, a bio-friendly grain insecticide used in agricultural food production for more than twenty years, to customers in Canada and the United States.

Letter From The Chairman

Dear fellow shareholder:

One year ago, in April 2020, we faced great uncertainty in our lives, our economy, and our world as COVID-19 swept across the globe with devastating results. At BioSyent, we also faced uncertainty in our business in the midst of the "first wave" of the COVID-19 pandemic. One year later, in April 2021, we now face a "third wave" of rising COVID-19 and variant infection rates in Canada as this virus continues to be as unpredictable as it is resilient. During these challenging times, at BioSyent, we feel confidence in our Canadian pharmaceutical business which has also shown remarkable resilience, delivering double-digit revenue growth in 2020.

2020 was a year of significant milestones in our business when much planning and effort culminated in the launch of a new platform for our FeraMAX® products as well as three new products within a six-month timeframe. While we navigated through the immediate challenges of COVID-19, we forged ahead with the launch of Tibella® in July 2020, FeraMAX® Pd Therapeutic 150 in November 2020, and Combogesic® in December 2020, expanding our product offerings to Canadians and laying the foundations for long-term future growth in our Canadian pharmaceutical business.

We invested in these new products during 2020 and are continuing to do so. While impacting our profit margin in the near term, these launch investments will fuel sales growth and profitability in our Canadian pharmaceutical business over the long-term as more consumers and patients discover the benefits of using these innovative new products.

With the launch of Tibella®, we have built on our portfolio of women's health products by offering this effective treatment for Canadian women who are suffering from the vasomotor symptoms of menopause. We were also excited to launch FeraMAX® Pd during 2020, a new oral iron delivery system for the treatment of iron deficiency based on a proprietary Polydextrose Iron Complex formulation. Building on BioSyent's leadership in the treatment of iron deficiency in Canada and the trust that physicians, pharmacists and patients have in our FeraMAX® brand, FeraMAX® Pd gives BioSyent a stable, homogeneous polysaccharide platform for future product developments.

Late in 2020, we also launched Combogesic®, the first of its kind in Canada: a fixed-dose combination of acetaminophen and ibuprofen in a single tablet for the short-term management of acute pain. We are proud to make this innovative product available to Canadians.

Our combined efforts, including substantial investment in the planning, launch and promotion of our new products, delivered $0.29 EPS during 2020, despite the substantial impact of COVID-19 on our international pharmaceutical business. We also continued to deploy capital in a share buyback program, renewing a Normal Course Issuer Bid for a third straight year starting in December 2020. To date, we have repurchased and cancelled 1.67 million common shares, benefitting BioSyent shareholders. In 2020, even with this capital deployment in new product launches and share buybacks, we generated $3.6 million in net cashflows. As a result of continued cash generation, our balance sheet remains strong, with a high cash to total assets ratio and zero financial debt.

Healthcare and the pharmaceutical industry have been in sharp focus since the outset of the COVID-19 pandemic as policy makers, government bodies, healthcare professionals, and vaccine producers work together to tackle the unprecedented healthcare challenge presented by COVID-19. At BioSyent, our success over the years has been inextricably linked to our relationships with healthcare professionals at all levels and in various healthcare settings across Canada and with whom we share a commitment to patient care. On behalf of the Board of Directors, I want to thank these healthcare professionals and front-line workers for their ongoing dedication to patient care and their tireless service during the difficult circumstances of the last several months.

I also want to thank our teams here at BioSyent who adapted to a changing operating environment to continue to provide Canadians with essential products and therapies through the challenges of COVID-19 while maintaining a focus on the future by making innovative new products available to improve the quality of life of Canadian patients. I am optimistic about the future of our business regardless of the challenges the next twelve months may bring as the COVID-19 situation continues to evolve. I look forward to reporting on the progress of our launch products over the next twelve months.

On behalf of the Board of Directors,

René C. Goehrum, Chairman, President & CEO

April 13, 2021

Board of Directors

René C. Goehrum
Chairman of the Board of Directors

Larry Andrews
Independent Director (Compensation, Human Resources and Nominating Committee)

Larry Andrews is an accomplished senior executive with more than thirty-eight years of experience in the pharmaceutical industry. Mr. Andrews was President and CEO of Cipher Pharmaceuticals, a TSX-listed Canadian pharmaceutical company, between 2004 and 2014. He previously served as President of AltiMed Pharmaceutical Company, as well as various other senior leadership roles with major pharmaceutical companies, including Hoffman La Roche, Janssen Pharmaceuticals, and Eli Lilly Canada. Mr. Andrews holds an Honours B.Sc. from Memorial University. Mr. Andrews recently served as a Board Director for GMD Distribution Inc., a logistics service provider for the life sciences industry, which was acquired by McKesson Canada in 2017.

Joseph Arcuri
Independent Director (Audit Committee, Disclosure Policy Committee)

Joseph Arcuri, CPA, CA, is currently Chief Financial Officer of NRStor Inc., which provides energy storage project development and construction services. He previously served as Executive Vice President, Operations and Finance, Content Group, at St. Joseph Communications, a marketing communications firm. Between 2013 and 2016, Mr. Arcuri served as Chief Operating Officer and Chief Financial Officer at TableRock Media Ltd., a streaming service company. In 2012, Mr. Arcuri was Chief Financial Officer of GlassBOX Television Inc., a television service provider. Between 2007 and 2011, Mr. Arcuri was President of AOL Canada Inc., an internet service provider and previously led Bell Canada's managed services group. Mr. Arcuri started his professional career with PricewaterhouseCoopers within its assurance group and later transferred to its valuation, and mergers and acquisitions service team. He is also currently the treasurer and an executive board member of Villa Charities Inc.

Sara Elford
Independent Director (Audit Committee, Disclosure Policy Committee)

Sara Elford brings a wealth of capital markets experience and financial expertise to the Board of Directors. She has enjoyed a long career in Canadian capital markets as a Director and Research Analyst with a major Canadian investment firm as well as in investment banking roles with Kidder Peabody and Wood Gundy. Ms. Elford is a Chartered Financial Analyst Charterholder and holds a BBA from Bishop's University. Ms. Elford also presently serves as an Independent Director of BQE Water Inc., a TSX.V-listed company specializing in water treatment and management for metals mining, smelting and refining; Xebec Adsorption Inc., a TSX-listed company specializing in renewable gases; and WeCommerce Holdings Inc., a TSX.V-listed company focused on owning, growing and acquiring businesses in the Shopify ecosystem. Ms. Elford previously served as an Independent Director of Pure Technologies Ltd., a TSX-listed infrastructure technology company; Carmanah Corporation, a TSX-listed solar and LED lighting company; Hydrogenics Corporation, a TSX and NASDAQ-listed fuel cell and hydrogen generation design and manufacturing company; and, TSO3 Inc., a TSX-listed healthcare technology company.

Peter Lockhard I
Independent Director (Lead Director, Compensation, Human Resources and Nominating Committee)

Peter Lockhard has extensive senior management experience with successful high-growth companies in the IT and marketing services industries, including VP Professional Services of Flo Network, a permission-based e-messaging service provider (acquired by DoubleClick, which is now a subsidiary of Google). Mr. Lockhard previously served as the Chief Operating Officer of Points International Ltd., the global leader in reward currency management, providing multiple eCommerce and technology solutions to the world's leading loyalty brands. Mr. Lockhard is also a Managing Director of Aquiam Partners Ltd., a private equity firm, and has been a BioSyent Director since June 2002.

Stephen Wilton I
Independent Director (Audit Committee, Disclosure Policy Committee)

A licensed pharmacist, Stephen Wilton earned a B.Sc. in Pharmacy from the University of Toronto and started his career working as a pharmacist in community and hospital pharmacy. After working in medical sales and marketing positions at Eli Lilly Canada he joined AstraZeneca Canada where he enjoyed a long and varied career. While at AstraZeneca, Mr. Wilton held leadership positions in Marketing where, as Executive Director, he led a team managing a $300 million specialty product portfolio, as well as three other assignments as Executive Director of Business Development, Executive Director of Pricing, Reimbursement and Healthcare Solutions, and Director of Regulatory Affairs. After his seventeen-year career at AstraZeneca, Mr. Wilton worked as Vice President of Pharmacy Affairs for the Canadian Association of Chain Drug Stores representing the interests of owners and pharmacists in the Canadian healthcare system. Mr. Wilton, who also holds an MBA from York University (Schulich School of Business) is presently President at Market Access Investment Advisors Inc.

Leadership Team

René C. Goehrum | President & Chief Executive Officer

René Goehrum is an experienced entrepreneur, leader and business builder with over thirty years of experience. Previously, Mr. Goehrum was the President and a co-founder of Bratch Goehrum Inc., a professional services firm that provided marketing and sales services to clients such as Procter & Gamble, Boehringer Ingelheim, Sandoz (n.k.a. Novartis), Kraft Foods, Coca Cola, and H.J. Heinz Company. He started his career with Procter & Gamble, a world leader in marketing consumer and healthcare brands. Mr. Goehrum currently also serves as the President and Managing Director of Aquiam Partners Ltd., a private equity firm.

Robert J. March | Vice President & Chief Financial Officer

Robert March is a Chartered Professional Accountant (CPA, CA), a Certified Public Accountant (CPA, Illinois), holds a MBA from St. Mary's University and a B.Sc. in Biochemistry, Microbiology and Immunology from Dalhousie University. Mr. March started his career at Ernst & Young in Audit and Assurance Services before being promoted to Manager in Transaction Advisory Services, where his experience included insolvency and restructuring as well as general transaction services such as mergers and acquisitions. Prior to joining BioSyent, Mr. March accumulated over 15 years of progressive senior management experience in highly regulated industries including insurance, transportation and consumer packaged products in both Canada and the USA.

Navid Ashrafi, M.D. | Director, Medical and Regulatory Affairs

Navid Ashrafi was educated as a Medical Doctor and practiced medicine for over eleven years before joining the pharmaceutical industry. Dr. Ashrafi has more than ten years of international experience within the pharmaceutical business in sales, marketing, and medical positions, including Business Unit Head and Country Head for the Bayer Healthcare team in Iran. His areas of expertise include developing relations with thought leaders, health authorities, and external stake holders; providing strategic guidance to the company; and coaching and leadership to the team. Navid joined BioSyent in May 2014 and leads medical, regulatory, and quality control activities at BioSyent.

Neelu Atwal | Director, Human Resources

Neelu Atwal is the Director of Human Resources for BioSyent Inc. She is responsible for overseeing the company's Human Resource function and providing leadership to the people and culture elements of the business. Ms. Atwal brings more than twenty years of progressive hands-on human resource experience in start-ups, growth businesses, and manufacturing organizations. She sets the tone for BioSyent's talent acquisition and management initiatives. Ms. Atwal holds a Bachelor's Degree in Accounting from City University of New York and Certification in Human Resources from Ryerson University in Toronto.

Ramesh Moothan | Director, International Business Unit

Ramesh Moothan manages the International Business for BioSyent. He joined BioSyent in October 2013 and is responsible for business development and market entry strategy for the company's brands outside of Canada. Mr. Moothan has over twenty years of experience managing branded pharmaceutical businesses in Latin America, Asia-Pacific, and Africa. Prior to joining BioSyent, Mr. Moothan was associated with Alkem Labs, India as Senior General Manager (International) responsible for business in emerging markets. In the past he has held progressive roles as a Medical Representative, Product Manager, Head of Representation, and Business Head. Mr. Moothan holds an Honours B.Sc. (Chemistry) and an MBA (Marketing).

Sharan Raghubir | Director, Hospital Business Unit

Sharan Raghubir is the Director of the Hospital/Specialty Business Unit at BioSyent. He has over twenty years of pharmaceutical industry experience gained in progressive roles at Fournier Pharma (now AbbVie), and Hoffman-La Roche (Roche) Canada. At Fournier, Mr. Raghubir worked as a Medical Sales Representative, Sales Trainer, and District Manager in Canada and then General Manager (Country Head) in Asia. In Asia, he was first responsible for the respective divisions in Vietnam and Cambodia, and then Malaysia and Singapore. At Roche Canada, Mr. Raghubir was National Sales Manager, then Senior Product Manager, and finally Business Planning Manger - Strategy. Mr. Raghubir's sales and marketing management jobs at Roche included a portfolio of five hospital brands with combined sales of greater than $95 million. Mr. Raghubir holds a B.Sc. from Queen's University and a MBA from both Queen's University and Cornell University.

Joost van der Mark | Vice President, Corporate Development

Joost van der Mark is a seasoned healthcare executive with over twenty years of experience in the biopharmaceutical industry. Prior to joining BioSyent, Mr. van der Mark was the Chief Business Officer for 3D Signatures and previously, he co-founded Orphan Canada, which subsequently sold its assets to Knight Therapeutics in 2014. Mr. van der Mark has held progressive positions in clinical research, sales, marketing, market access, strategy and business development at Bayer, Sanofi, Nycomed (n.k.a. Takeda) and Knight Therapeutics. He has a M.Sc. in Physiology/Pharmacology from Western University and a MBA from York University (Schulich).

Kevin Wilson | Vice President, Community Business Unit

Kevin Wilson is the Vice-President of BioSyent Pharma Inc. leading the teams that develop product strategy, market, and promote the Company's products to healthcare professionals across Canada. Mr. Wilson joined BioSyent in March 2012 and brings over twenty years of experience in healthcare sales, sales leadership and marketing across different healthcare businesses in such companies as Abbott, Searle Pharmacia, and Bayer.

New Products – Driving Future Growth

Tibella®

- R_x women's health product for hormone replacement therapy
- For short-term treatment of vasomotor symptoms resulting from estrogen deficiency in postmenopausal women
- Approximately 60 – 80% of postmenopausal women will experience vasomotor symptoms, primarily hot flashes and night sweats*
- Launched in Canada in July 2020

*source: menopauseandU.ca

FeraMAX® Pd

FeraMAX® Pd platform introduced in October 2020

- Patented oral iron delivery system based on Polydextrose Iron Complex (PDIC)
- Replaces the previous generation Polysaccharide Iron Complex (PIC) system
- Foundation for future product developments
- FeraMAX® Pd Therapeutic 150 launched in November 2020 – the first product on the FeraMAX® Pd platform

Combogesic®

Combogesic®

- Double action of acetaminophen and ibuprofen in a single pill provides pain relief and fever reduction
- Superior efficacy versus acetaminophen or ibuprofen alone
- Convenience of a single pill simplifies dosage schedule
- Similar safety to acetaminophen or ibuprofen alone
- Effective in pain relief caused by various ailments
- Launched in Canada in December 2020
- Available in pharmacies across Canada

BioSyent Inc.

Management's Discussion and Analysis

For the years ended December 31, 2020 and 2019

March 16, 2021

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, 2020 and December 31, 2019 ("**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 three months and full years ended December 31, 2020 and December 31, 2019 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

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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, the future useful lives and residual values of equipment, the useful lives of intangible assets, the fair value of share-based payments, the value of inventory, determination of the transaction price in revenue recognition, and determination of the incremental borrowing rate and lease term in leases. For a more detailed discussion of changes to the Company's critical accounting estimates, please refer to Note 4 of the Consolidated Financial Statements for the year ended December 31, 2020.

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**") and Compound Annual Growth Rate (**"CAGR"**) 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

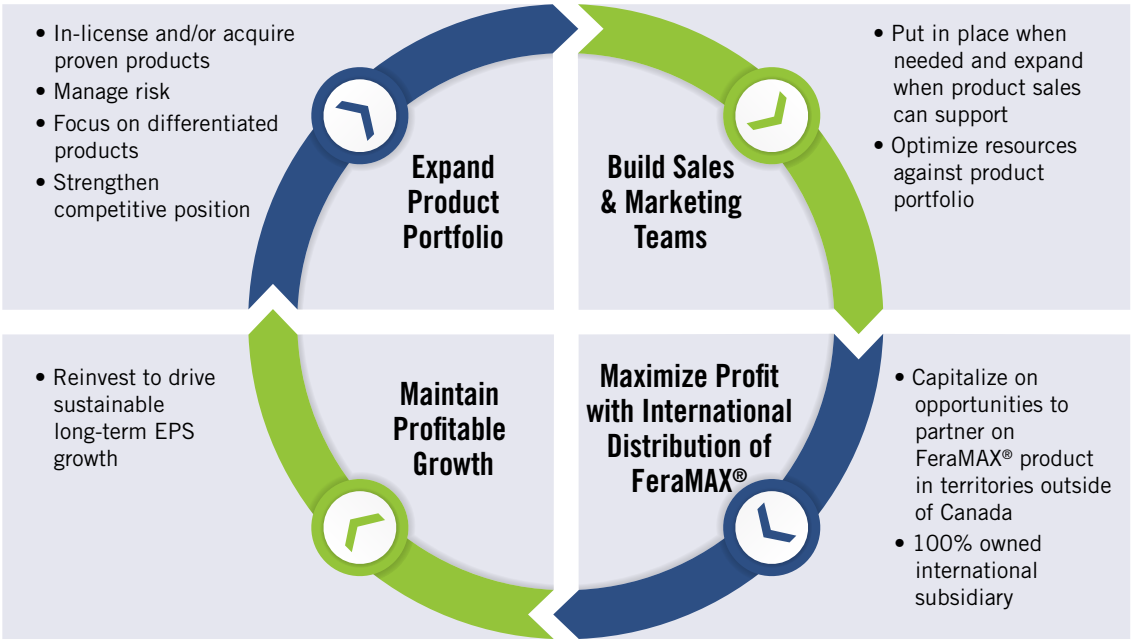
BioSyent's vision is to be the leading independent Canadian healthcare company focused on commercializing innovative products improving patient lives and supporting healthcare providers.

BioSyent is 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 profit 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

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, through BioSyent Pharma, launched FeraMAX® 150 to the Canadian healthcare market in 2007. FeraMAX® 150 is also distributed in several markets outside of Canada. 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. In 2015, the Company developed and launched a 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.

FeraMAX® 150 was replaced by Feramax® Pd Therapeutic 150 at Canadian pharmacies starting in November 2020.

Feramax® Pd Therapeutic 150

In November 2020, BioSyent Pharma Inc. launched Feramax® Pd Therapeutic 150 in Canada, the first product launched under a new patented delivery system for the treatment of iron deficiency anemia based on a Polydextrose Iron Complex ("PDIC") formulation. Feramax® Pd Therapeutic 150 in both a 30 capsule-count carton or a 100 capsule-count bottle replaces FeraMAX® 150 at Canadian pharmacies. Feramax® Pd Therapeutic 150 is Vegan Certified and is also recognized by the Society of Obstetricians and Gynaecologists of Canada.

Cathejell®

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 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 pre-filled syringe ("**PFS**") products which are medical syringes pre-filled with a specific dosage of medication and three of which are 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 commenced distribution of this product in February 2015.

Aguettant System® – Phenylephrine Hydrochloride

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.

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. Though new to the Canadian market, Tibolone has been successfully 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 launched the product to the Canadian market in July 2020 with the first shipments to Canadian customers.

Combogesic®

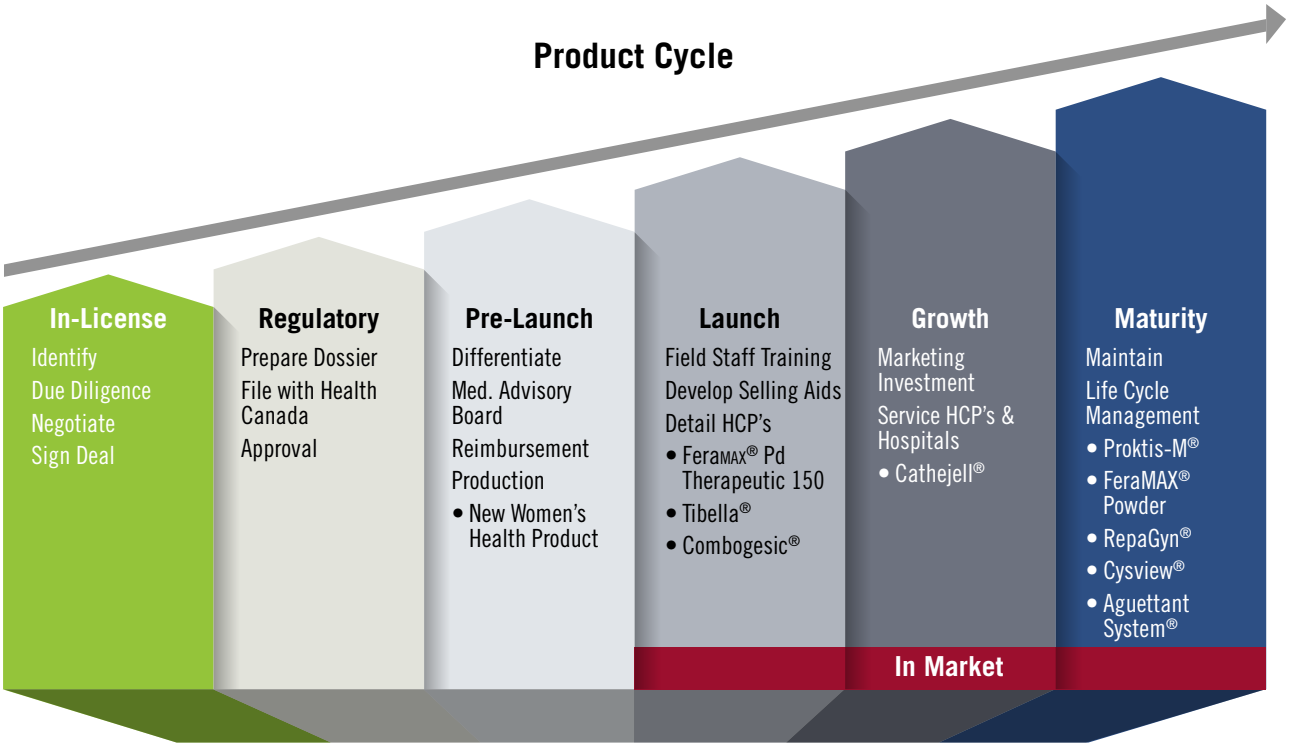
In November 2019, the Company signed a License and Exclusive Supply Agreement with AFT Pharmaceuticals Ltd for a portfolio of pain management products for the Canadian market. These products will be marketed in Canada under the Combogesic® trademark. Combogesic® combines two well-known and effective medicines, acetaminophen and ibuprofen, 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 launched Combogesic® to the Canadian market in December 2020 with the first shipments to Canadian wholesalers.

New Women's Health Product

On October 1, 2020, BioSyent Pharma Inc. signed an exclusive License and Supply Agreement with a European partner for a new women's health product for the Canadian market. The product has been approved for sale in Canada, the U.S.A., Europe and in several other markets around the world. The Company is currently preparing for the launch of this innovative 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.



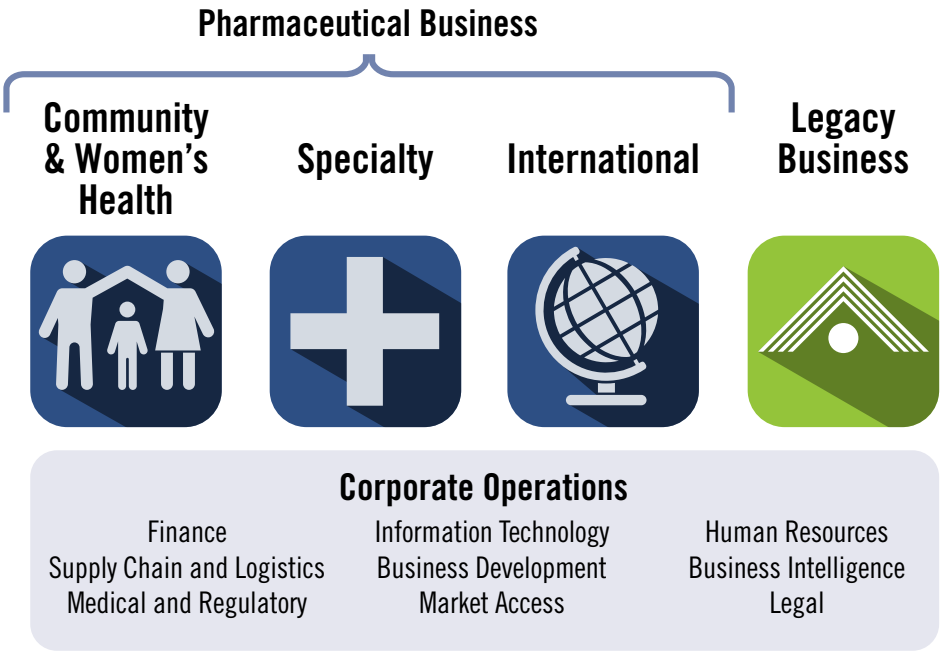
The Company currently has six products in the maturity stage (Proktis-M, FeraMAX® Powder, RepaGyn®, Cysview®, and Aguettant System® Atropine and Phenylephrine), one product in the growth stage (Cathejell®), three products in the launch stage (FeraMax® Pd Therapeutic 150, Tibella®, and Combogesic®), and one product in the pre-launch stage (a New 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. Although launched in markets outside of Canada, some of these products may require additional investment before the Company seeks approval from Health Canada for the Canadian.

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

New Capabilities and Awards

On May 1, 2020, the Company's FeraMAX® brand was named the #1 Pharmacist and Physician recommended over-the-counter oral iron supplement brand in Canada for the fifth consecutive year *(EnsembleIQ Healthcare Group: Pharmacy Practice + Business, The Medical Post, Profession Santé*, CanadianHealthcareNetwork.ca, and ProfessionSanté.ca 2020 Survey on OTC Counselling and Recommendations).

In July 2020, the Company launched Tibella®, a Health Canada approved 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 is marketed in Canada as part of the Company's women's health product portfolio.

On October 1, 2020, BioSyent Pharma Inc. signed and exclusive License and Supply Agreement with a European partner for a new women's health product for the Canadian market. The product has been approved for sale in Canada, the U.S.A., Europe and in several other markets around the world. The Company is currently preparing for the launch of this product to the Canadian market.

On October 5, 2020, BioSyent Pharma Inc. introduced FeraMAX® Pd, a patented oral iron supplement delivery system for the treatment of iron deficiency anemia based on a proprietary Polydextrose Iron Complex ("PDIC") formulation.

On October 15, 2020, BioSyent was named to the Growth List ranking of Canada's fastest-growing companies by *Canadian Business* and *Maclean's* for the eighth consecutive year based on a five-year revenue growth rate of 75% (2014 – 2019).

On November 5, 2020, BioSyent Pharma Inc. launched FeraMAX® Pd Therapeutic 150 in Canada, the first new product under the new FeraMAX® Pd delivery system, which replaces FeraMAX® 150 at Canadian pharmacies.

In December 2020, the Company launched Combogesic® to Canada. Combogesic® is the first fixed-dose combination of acetaminophen and ibuprofen in a single tablet available in Canada.

Key Performance Measures

Key performance measures for the fourth quarter ("Q4") and full year ("FY") ended December 31, 2020 and December 31, 2019 are presented in the tables below along with the preceding three quarters:

Key Performance Indicator	FY 2020	% Change vs. FY 2019	% to Total Company Sales	CAGR* (FY 2018 - FY 2020)	Q4 2020	% Change vs. Q4 2019	% to Total Company Sales	Q3 2020	Q2 2020	Q1 2020
Canadian Pharma Sales	**21,237,461**	12%	95%		**5,395,431**	7%	94%	5,470,569	4,415,900	5,955,561
International Pharma Sales	**225,139**	-84%	1%		**56,668**	-87%	1%	6,306	94,197	67,968
Legacy Business Sales	**869,568**	-16%	4%		**274,229**	180%	5%	294,864	261,158	39,317
Total Total Company Sales	**22,332,168**	4%	100%	2%	**5,726,328**	3%	100%	5,771,739	4,771,255	6,062,846
Gross Profit	**17,423,847**	5%	78%		**4,399,715**	1%	77%	4,494,094	3,728,295	4,801,743
EBITDA	**5,577,206**	-3%	25%		**1,116,856**	-34%	20%	1,399,781	1,062,582	1,997,987
NIAT	**3,795,335**	-13%	17%	-18%	**665,702**	-43%	12%	955,909	722,206	1,451,518
Diluted EPS	**0.29**	-6%			**0.05**	-38%		0.07	0.06	0.11
Net Change in Cash, Short-term Investments	**3,604,229**				**1,875,305**			2,234,657	276,242	(781,975)

Key Performance Indicator	FY 2019	% Change vs. FY 2018	% to Total Company Sales	CAGR* (FY 2017 - FY 2019)	Q4 2019	% Change vs. Q4 2018	% to Total Company Sales	Q3 2019	Q2 2019	Q1 2019
Canadian Pharma Sales	**18,946,758**	2%	88%		**5,042,899**	0%	91%	4,789,629	4,844,090	4,270,140
International Pharma Sales	**1,441,691**	-35%	7%		**428,620**	-50%	8%	1,013,071	-	-
Legacy Business Sales	**1,035,875**	33%	5%		**97,767**	286%	2%	417,048	312,386	208,674
Total Total Company Sales	**21,424,324**	0%	100%	2%	**5,569,286**	-6%	100%	6,219,748	5,156,476	4,478,814
Gross Profit	**16,646,255**	0%	78%		**4,362,645**	-3%	78%	4,692,397	4,070,823	3,520,390
EBITDA	**5,747,706**	-22%	27%		**1,700,840**	-19%	31%	1,985,461	860,259	1,201,146
NIAT	**4,369,295**	-23%	20%	-8%	**1,167,845**	-30%	21%	1,532,426	690,843	978,181
Diluted EPS	**0.31**	-21%			**0.08**	-27%	0%	0.11	0.05	0.07
Net Change in Cash, Short-term Investments	**(2,451,624)**				**2,161,146**			(87,528)	(2,559,074)	(1,966,168)

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

The Canadian pharmaceutical business showed continued growth and resilience through Q4 2020, with sales increasing by 7% over Q4 2019. The Company also launched two new Canadian pharmaceutical products, FeraMax® Pd Therapeutic 150 and Combogesic®, in Q4 2020. However, the Company's overall sales growth in the quarter was negatively impacted by continued challenges in the largest export market of the International pharmaceutical business due to COVID-19, with Q4 2020 international pharmaceutical sales decreasing by 87% versus Q4 2019.

This decline in Q4 2020 international pharmaceutical sales combined with significant marketing investment in Q4 2020 in three launch-stage products of approximately $694,000 (Tibella®, FeraMax® Pd Therapeutic 150, and Combogesic®), resulted in a 43% decline in Q4 2020 NIAT versus Q4 2019. After adjusting for a $626,006 write-down of intangible assets in the comparative Q4 2019 period, NIAT for Q4 2020 would have decreased by 59% versus Q4 2019.

For FY 2020, Canadian pharmaceutical sales increased by 12% over FY 2019, while international pharmaceutical sales decreased by 84% and legacy business sales decreased by 16%. As a result, total Company sales increased by 4% overall in FY 2020 over FY 2019. Sales CAGR between FY 2018 and FY 2020 was 2%.

Net Income After Tax ("NIAT") decreased by 13% in FY 2020 versus FY 2019. FY 2019 NIAT was negatively impacted by impairment write-downs on intangible assets of $870,947. FY 2020 NIAT was negatively impacted by the decrease in international pharmaceutical sales as well as substantial marketing investment of approximately $1,711,000 in new product launches in 2020. NIAT CAGR between FY 2018 and FY 2020 was -18%.

Results of Operations for the three and twelve months ended December 31, 2020 and 2019

Sales

Total Company Sales:

Q4 2020 vs. Q4 2019

Total Company sales for Q4 2020 were $5,726,328, increasing by 3% compared to total Company sales for Q4 2019 of $5,569,286.

FY 2020 vs. FY 2019

Total Company sales for FY 2020 were $22,332,168, increasing by 4% compared to total Company sales for FY 2019 of $21,424,324.

Canadian Pharmaceutical Sales:

Q4 2020 vs. Q4 2019

Canadian pharmaceutical sales for Q4 2020 were $5,395,431, increasing by 7% compared to Canadian pharmaceutical sales for Q4 2019 of $5,042,899. The table below summarizes the Q4 2020 versus Q4 2019 percentage change in sales volumes (units) by product:

Product	Q4 2020 vs. Q4 2019 Change
FeraMAX®	+5%
RepaGyn®	-%
Tibella®	*
Combogesic®	*
Aguettant System®	+2%
Cathejell®	+13%
Cysview®	-60%

*Newly-launched products – $nil comparative sales for Q4 2019

In the Community Business, Q4 2020 Canadian sales volumes (units) of FeraMAX® increased by 5% as compared to Q4 2019. The Company launched FeraMax® Pd Therapeutic 150 in November 2020, which replaces FeraMAX® 150 at Canadian pharmacies. Sales volumes (units) of RepaGyn® were flat in Q4 2020 versus Q4 2019. In July 2020, the Community Business launched Tibella® to the Canadian market, which was revenue-generating throughout Q4 2020. The Combogesic® product was launched in Canada late in Q4 2020 with the first sales to Canadian wholesaler customers in December 2020.

As a result of the ongoing impact of the COVID-19 pandemic in Canada, the Community Business' field salesforce continued to experience in-person access limitations to healthcare professionals during Q4 2020, utilizing various means of virtual engagement to the extent possible.

In the Specialty Business, Q4 2020 Canadian sales volumes (units) of Aguettant System® PFS products increased by 2% as compared to Q4 2019. Sales volumes (units) of Cathejell® increased by 13% in Q4 2020 over Q4 2019. As COVID-19 infection rates across Canada increased during Q4 2020, the Company observed an overall decline in the scheduling of blue-light cystoscopy procedures, resulting in a 60% decrease in sales volumes (units) of Cysview® during Q4 2020 as compared to Q4 2019.

FY 2020 vs. FY 2019

Canadian pharmaceutical sales for FY 2020 were $21,237,461, increasing by 12% compared to Canadian pharmaceutical sales for FY 2019 of $18,946,758. The table below summarizes the FY 2020 versus FY 2019 percentage change in sales volumes (units) by product:

Product	FY 2020 vs. FY 2019 Change
FeraMAX®	+10%
RepaGyn®	+6%
Tibella®	*
Combogesic®	*
Aguettant System®	+21%
Cathejell®	+15%
Cysview®	-28%

*Newly-launched products – $nil comparative sales for FY 2019

In the Community Business, FY 2020 Canadian sales volumes (units) of FeraMAX® increased by 10% as compared to FY 2019. Sales volumes (units) of the RepaGyn® product increased by 6% in FY 2020 versus FY 2019. Following sales growth in the months of January and February 2020 and a rapid acceleration in sales volumes in March 2020 at the outset of the COVID-19 crisis due to increased demand for its products from consumers, as well as some accumulation of safety stock of these products by retail pharmacies and wholesalers, the Community Business experienced a marked decline in sales volumes in April 2020, followed by a normalization in the months of May and June 2020, and continued growth during the second half of 2020. Tibella®, launched in late July 2020, also contributed modestly to sales growth in the Community Business in the second half of 2020.

The further impact of COVID-19 on the selling activities of the Community Business' field salesforce, consumer behaviour, and demand for pharmaceutical products in the community is uncertain. Nonetheless, the Company has not experienced any significant negative impact to cumulative sales volumes of established brands in its Community Business as a result of COVID-19 over the duration of the pandemic from March 2020 to the date hereof.

In the Specialty Business, FY 2020 Canadian sales volumes (units) of Aguettant System® PFS products increased by 21% as compared to FY 2019. Sales volumes (units) of Cathejell® increased by 15% in FY 2020 versus FY 2019 while sales volumes (units) of Cysview® decreased by 28% in FY 2020 versus FY 2019. Following a decline in Q2 2020 sales of Cathejell® and Cysview® due to a reduction in elective procedures occurring in

certain Canadian hospitals in response to the COVID-19 crisis, the Specialty Business observed an increase in the frequency of such procedures in late Q2 2020 and throughout Q3 2020. In Q4 2020, as COVID-19 infection rates increased across Canada, while sales of Cathejell® grew by 13% over Q4 2019, sales of Cysview declined by 60% versus Q4 2019. Although new hospital sites implemented Cysview in Q3 2020, the Company observed a decline in the frequency of blue-light cystoscopy procedures scheduled among Canadian hospitals in Q4 2020.

There remains an ongoing risk that increased COVID-19 infection rates could affect demand for Aguettant System® PFS products, Cathejell®, and Cysview® in Canadian hospitals in 2021.

International Pharmaceutical Sales:

Q4 2020 vs. Q4 2019

International FeraMAX® sales for Q4 2020 were $56,668, as compared to sales of $428,620 for Q4 2019 – an 87% decrease.

FY 2020 vs. FY 2019

International FeraMAX® sales for FY 2020 were $225,139 as compared to sales of $1,441,691 for FY 2019 – an 84% decrease. In FY 2020, the International Business Unit shipped far less FeraMAX® product to its largest export market than it did in FY 2019. While this market has historically been a significant source of demand for FeraMAX® outside of Canada, business activity and the servicing of consumer demand in this market have been hindered by the COVID-19 pandemic. While the International Business Unit increased sales of FeraMAX® to certain other markets in FY 2020 versus FY 2019, such sales, on a cumulative basis, were not sufficient to offset the decline in FY 2020 sales to its largest export market.

Subsequent to FY 2020, in January 2021, the Company shipped a FeraMAX® order valued at approximately $1,140,000 to its largest export market, marking the Company's first significant sale to this market after more than 12 months. Notwithstanding this recent activity, as the Company's local distributors continue to navigate the challenges of the business environment in its largest export market, including COVID-19, management expects continued uncertainty in the timing and extent of international FeraMAX® sales to persist.

Legacy Business Sales Trend

Q4 2020 vs. Q4 2019

Legacy Business sales for Q4 2020 were $274,229, increasing by 180% compared to Legacy Business sales for Q4 2019 of $97,767.

FY 2020 vs. FY 2019

Legacy Business sales for FY 2020 were $869,568, decreasing by 16% overall compared to Legacy Business sales for FY 2019 of $1,035,875. While sales of Protect-It® to customers in the United States increased by 33% in FY 2020 versus FY 2019, sales to Canadian customers decreased by 26% during this period, due to a carryover of customers' inventory of the product from the prior year, some COVID-19 impact on demand, as well as general economic and trade conditions.

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 2020 vs. Q4 2019

	Three months ended December 31,		% Change vs. Prior Period
	2020	2019	
Cost of goods sold	$1,326,613	$1,206,641	10%
Selling and marketing	$2,268,725	$1,301,548	74%
General and administration	$1,141,252	$1,489,204	-23%
New business development costs	$6,312	$10,832	-42%
Finance costs	$22,656	$24,472	-7%
Subtotal	$4,765,558	$4,032,697	18%
Finance income	$(75,360)	$(132,564)	-43%

Total expenses for Q4 2020 were $4,765,558, increasing by 18% versus Q4 2019 expenses of $4,032,697. The ratio of total expenses to sales for Q4 2020 was 83%, higher than a ratio of 72% for Q4 2019, such ratio increasing as a result of a significant increase in selling and marketing expenses related to launch-stage products, offset to some extent by savings on travel and other selling expenses as a result of COVID-19 restrictions.

Selling and marketing expenses for Q4 2020 were $2,268,725, increasing by 74% as compared to Q4 2019 selling and marketing expenses of $1,301,548. The ratio of selling and marketing expenses to sales for Q4 2020 was 40%, increasing from a ratio of 23% in Q4 2019. The increase in selling and marketing expenses relative to sales in Q4 2020 was due to significant advertising and promotion expenditures on Tibella® (launched in July 2020) and Combogesic® (launched in December 2020). While both of these products generated sales during Q4 2020, further sales growth and more material sales are expected in the future. The level of launch-stage selling and marketing expenditures for these two products was high relative to their Q4 2020 sales. Management expects the ratio of selling and marketing expenses to sales for Tibella® and

Combogesic® to remain relatively high in 2021, as compared to the Company's established brands, but to normalize over the long term as these products establish footholds in their respective markets.

General and administration expenses for Q4 2020 were $1,141,252, decreasing by 23% as compared to Q4 2019 general and administration expenses of $1,489,204. After adjusting for non-recurring impairment write-downs on intangible assets of $626,006 incurred in Q4 2019, general and administration expenses would have increased by 32% in Q4 2020 over Q4 2019 due primarily to increased employee costs and unrealized foreign exchange losses on USD and EUR-denominated monetary assets incurred in Q4 2020. After adjusting for the effect of the non-recurring impairment write-downs incurred in Q4 2019, the ratio of general and administration expenses to sales would have been 15% in Q4 2019 as compared to 20% in Q4 2020.

Finance costs for Q4 2020 were $22,656, decreasing slightly from finance costs for Q4 2019 of $24,472. These costs are related to the Company's head office lease which commenced in September 2019 and which is accounted for in accordance with IFRS 16 *Leases*.

Finance income for Q4 2020 was $75,360, decreasing by 43% as compared to Q4 2019 finance income of $132,564. Finance income was composed primarily of interest income which decreased by 45% to $55,310 in Q4 2020 as compared to $99,865 in Q4 2019. This decrease in interest income was primarily a result of significantly lower market interest rates in Q4 2020 as compared to Q4 2019.

FY 2020 vs. FY 2019

	Full year ended December 31,		% Change vs. Prior Period
	2020	2019	
Cost of goods sold	$4,908,321	$4,778,069	3%
Selling and marketing	$7,423,311	$5,750,624	29%
General and administration	$4,905,190	$5,417,376	-9%
New business development costs	$65,322	$90,114	-28%
Finance costs	$92,942	$32,456	186%
Subtotal	$17,395,086	$16,068,639	8%
Finance income	$(299,897)	$(514,846)	-42%

Total expenses for FY 2020 were $17,395,086, increasing by 8% compared to FY 2019 expenses of $16,068,639. The ratio of total expenses to sales for FY 2020 was 78%, higher than a ratio of 75% for Q4 2019, such ratio increasing as a result of a significant increase in selling and marketing expenses related to launch-stage products, including Tibella® and Combogesic®, and to a lesser extent, FeraMax® Pd Therapeutic 150.

Selling and marketing expenses for FY 2020 were $7,423,311, increasing by 29% as compared to FY 2019 selling and marketing expenses of $5,750,624, driven largely by increased marketing expenditures made in the second half of FY 2020 on launch products. The ratio of selling and marketing expenses to sales for FY 2020 was 33%, increasing from a ratio of 27% in FY 2019. The increase in this ratio is a result of significant additional advertising and promotion expenditures related to product launches in the second half of 2020, including Tibella (launched in July 2020), FeraMax® Pd Therapeutic 150 (launched in November 2020), and Combogesic® (launched in December 2020). These additional expenditures were offset to some extent by reductions in certain selling and travel expenses of the Company's field salesforce as a result of COVID-19 restrictions.

The Company will make further selling and marketing investment in long-term growth initiatives in 2021 related to Tibella®, Combogesic®, FeraMax® Pd, and a new women's health product. Management expects the ratio of selling and marketing expenses to sales to remain higher relative to historic levels until these new products gain traction in the market. Management expects the ratio of selling and marketing expenses to total sales to rebalance over the long-term, as the overall contribution of these growth products to Company sales increases.

General and administration expenses for FY 2020 were $4,905,190, decreasing by 9% as compared to FY 2019 general and administration expenses of $5,417,376. After adjusting for impairment write-downs on intangible assets of $870,947 incurred in FY 2019, general and administration expenses would have increased by 8% in FY 2020 over FY 2019 due primarily to research and product development expenditures of $222,361 incurred in FY 2020 and no such expenses incurred in the comparative prior period, as well as an overall increase in employee costs in FY 2020 over FY 2019. While the Company also incurred higher depreciation expense on property, equipment and a lease right-of-use asset related to the Company's head office lease, this increase was offset by a decline in certain other corporate expenses in FY 2020 versus FY 2019. After adjusting for the effect of the impairment write-downs on intangible assets incurred in FY 2019, the ratio of general and administration expenses to sales would have been 21% in FY 2019 as compared to 22% in FY 2020.

While the Company has limited certain discretionary expenditures in response to COVID-19 uncertainty, it will continue to invest corporate resources in long-term growth initiatives in 2021, including launch-stage and pre-launch stage products.

The Company recorded finance costs of $92,942 in FY 2020 as compared to $32,456 in FY 2019 related to its head office lease which commenced in September 2019. As a result of applying the

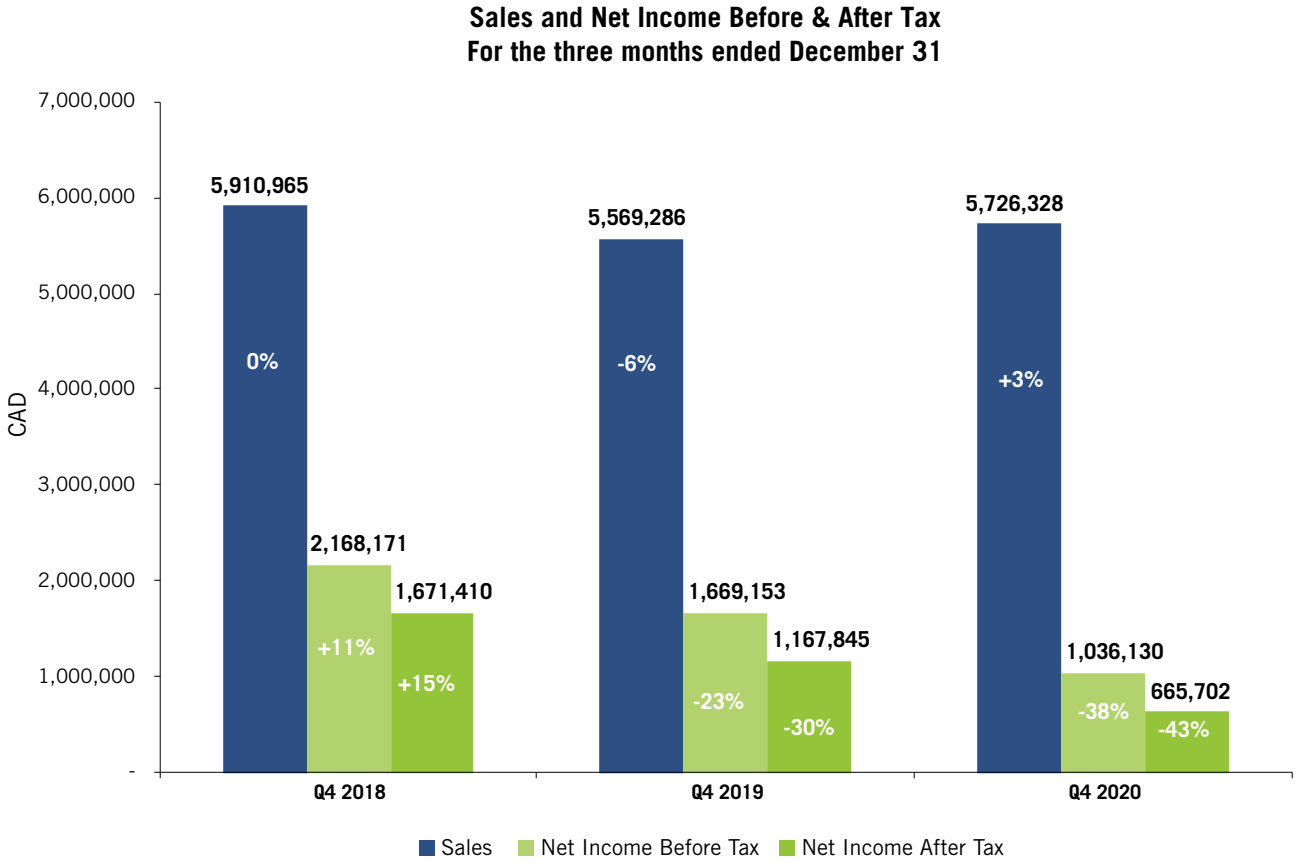
requirements of IFRS 16 *Leases*, the Company recorded 12 months of lease interest expense in FY 2020 as compared to 4 months in FY 2019.

Finance income for FY 2020 was $299,897, decreasing by 42% as compared to FY 2019 finance income of $514,846. Finance income was composed primarily of interest income which decreased by 41% to $263,137 in FY 2020 as compared to $447,011 in FY 2019. This decrease in interest income was primarily a result of a significant decline in market interest rates during the period precipitated by the impact of COVID-19 on the economy and monetary policy measures effected by central banks in response.

Net Income After Taxes (NIAT)

Q4 2020 vs. Q4 2019

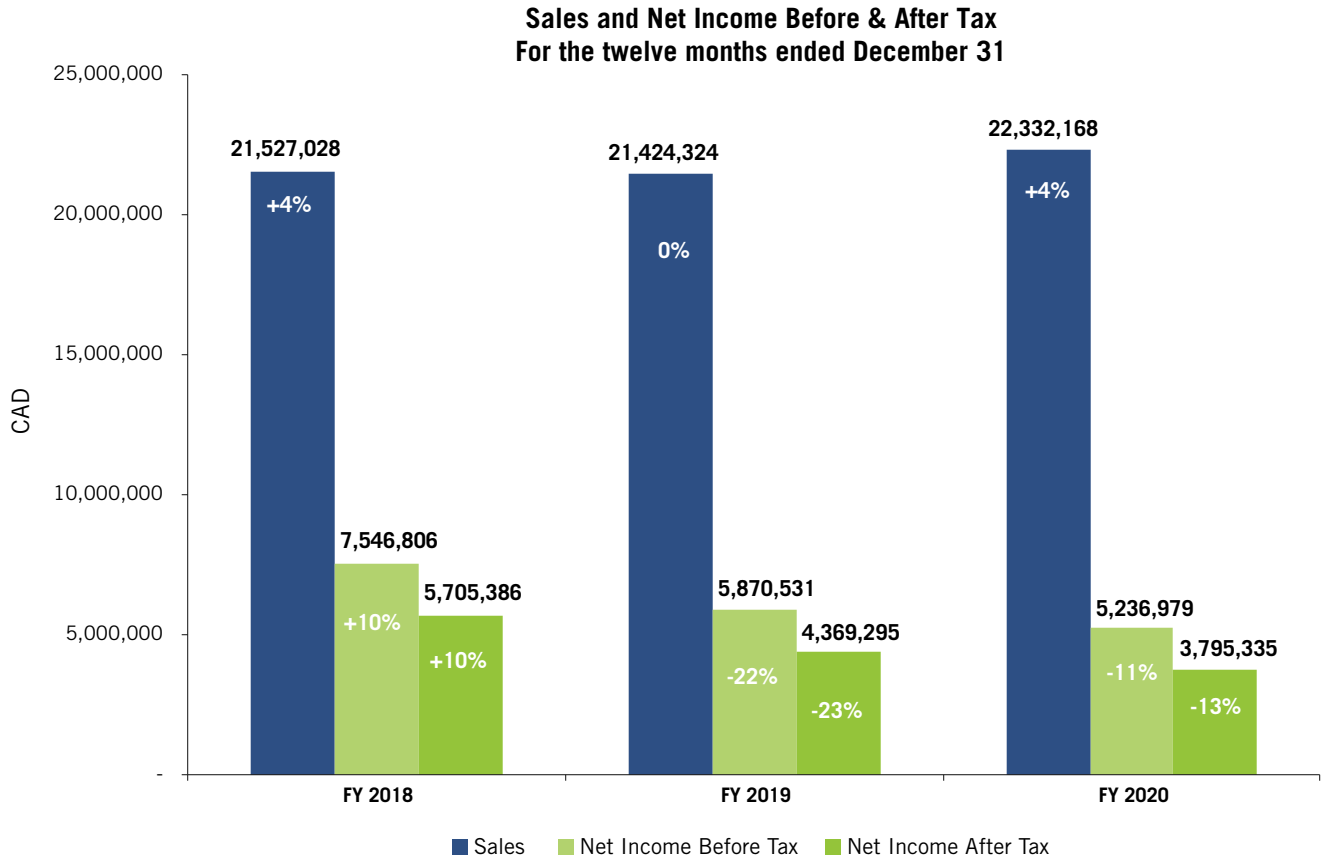
NIAT for Q4 2020 of $665,702 decreased by 43% compared to NIAT for Q4 2019 of $1,167,845 which decreased by 30% compared to Q4 2018. The Company incurred impairment losses on the write-down of intangible assets in Q4 2019 of $626,006. While no impairment losses were incurred in Q4 2020, the Company increased its selling and marketing expenditures in new products launched in the second half of 2020, including Tibella®, Combogesic®, and FeraMax® Pd Therapeutic 150. As a result of this additional selling and marketing investment in new products, the Company's NIAT margin for Q4 2020 declined to 12% as compared to a NIAT margin of 21% in Q4 2019.



Including currency translation losses of $32,053, total comprehensive income for Q4 2020 was $633,649, decreasing by 41% compared to total comprehensive income for Q4 2019 of $1,070,070.

FY 2020 vs. FY 2019

NIAT for FY 2020 of $3,795,335 decreased by 13% compared to NIAT for FY 2019 of $4,369,295 which decreased by 23% compared to FY 2018. The Company incurred impairment losses on the write-down of intangible assets in FY 2019 of $870,947. While no impairment losses were incurred in FY 2020, the decline in international pharmaceutical sales in FY 2020 and the substantial increase in selling and marketing expenditures on three new product launches in the Canadian pharmaceutical business during FY 2020 contributed to a decline in the Company's NIAT margin to 17% in FY 2020 as compared to 20% in FY 2019. Management expects the Company's NIAT margin to normalize over the long-term, as the overall contribution of 2020 launch products to total Company sales increases.

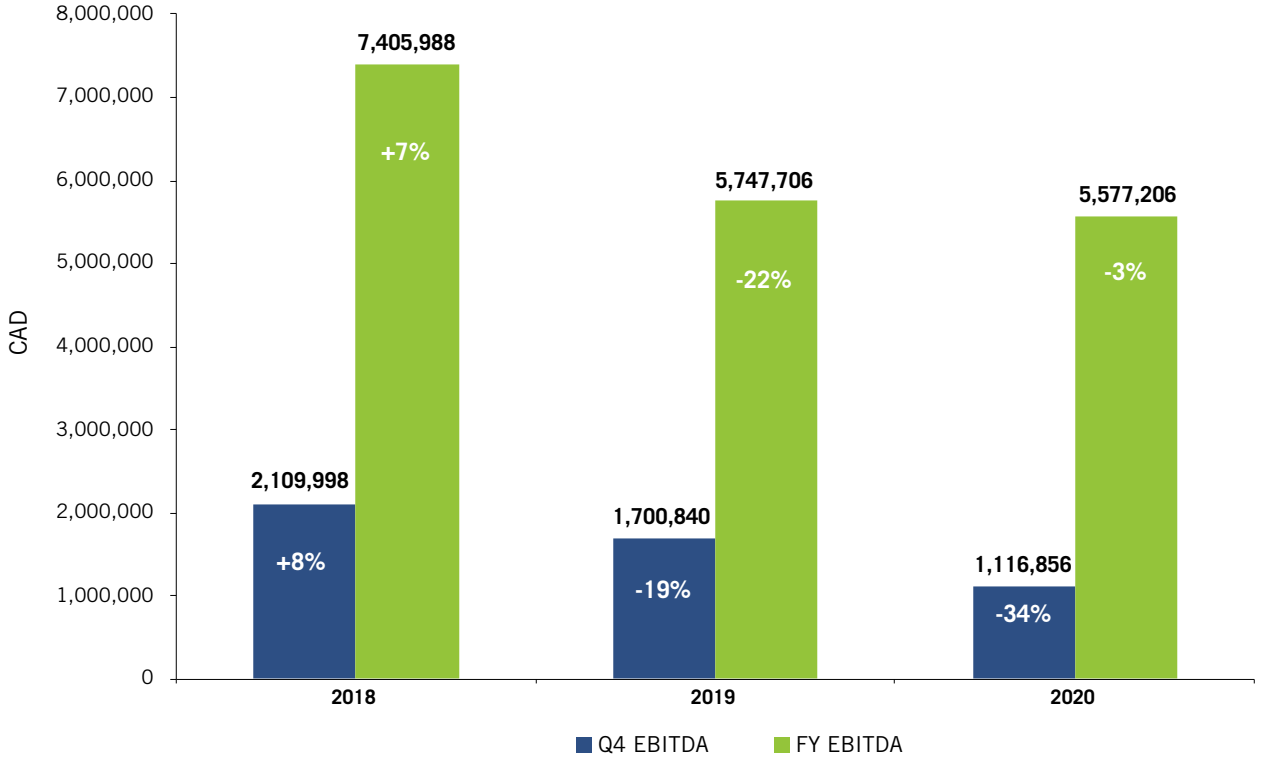


Including currency translation losses of $61,405, total comprehensive income for FY 2020 was $3,733,930, decreasing by 13% compared to total comprehensive income for FY 2019 of $4,278,729.

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 and/or expense, income taxes, depreciation and amortization. A summary of the Company's EBITDA for the three and twelve months ended December 30, 2018, 2019, and 2020 is provided in the graph below:

EBITDA for the three and twelve months ended December 31



EBITDA for Q4 2020 of $1,116,856 decreased by 34% compared to EBITDA for Q4 2019 of $1,700,840. This decrease in EBITDA was a result of a decrease in Net Income Before Taxes of 38% from $1,669,153 in Q4 2019 to $1,036,130 in Q4 2020. A reconciliation of EBITDA to NIAT for the three months ended December 31, 2020, 2019, and 2018 is provided in the table below:

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

		2020	2019	2018
Q4 EBITDA		$1,116,856	$1,700,840	$2,109,998
Add:	Interest Income	55,310	99,865	109,164
Less:	Depreciation of Property and Equipment	(84,015)	(81,743)	(26,494)
	Amortization of Intangible Assets	(29,365)	(25,337)	(24,497)
	Interest Expense	(22,656)	(24,472)	-
	Income Tax Expense	(370,428)	(501,308)	(496,761)
Q4 NIAT		$665,702	$1,167,845	$1,671,410

EBITDA for FY 2020 of $5,577,206 decreased by 3% compared to EBITDA for FY 2019 of $5,747,706. This decrease in EBITDA was a result of a decrease in Net Income Before Taxes of 11% from $5,870,531 in FY 2019 to $5,236,979 in FY 2020 which was partially offset by an increase in non-cash expenses in FY 2020, including amortization of intangible assets as well as depreciation and lease interest expense arising from the Company's 2019 office lease and leasehold improvements. A reconciliation of EBITDA to NIAT for the full years ended December 31, 2020, 2019, and 2018 is provided in the table below:

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

		2020	2019	2018
FY EBITDA		$5,577,206	$5,747,706	$7,405,988
Add:	Interest Income	263,137	447,011	326,103
Less:	Depreciation of Property and Equipment	(334,186)	(193,578)	(87,295)
	Amortization of Intangible Assets	(176,236)	(98,152)	(97,990)
	Interest Expense	(92,942)	(32,456)	-
	Income Tax Expense	(1,441,644)	(1,501,236)	(1,841,420)
FY NIAT		$3,795,335	$4,369,295	$5,705,386

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 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Sales ($)	5,726,328	5,771,739	4,771,255	6,062,846	5,569,286	6,219,748	5,156,476	4,478,814
Net Income After Taxes ($)	665,702	955,909	722,206	1,451,518	1,167,845	1,532,426	690,843	978,181
Earnings Per Share – Basic ($)	0.05	0.07	0.06	0.11	0.08	0.11	0.05	0.07
Earnings Per Share – Diluted ($)	0.05	0.07	0.06	0.11	0.08	0.11	0.05	0.07

Diluted EPS for Q4 2020 was $0.05, decreasing by $0.03 compared with diluted EPS of $0.08 for Q4 2019.

Diluted EPS for FY 2020 was $0.29, decreasing by $0.02 compared with diluted EPS of $0.31 in FY 2019.

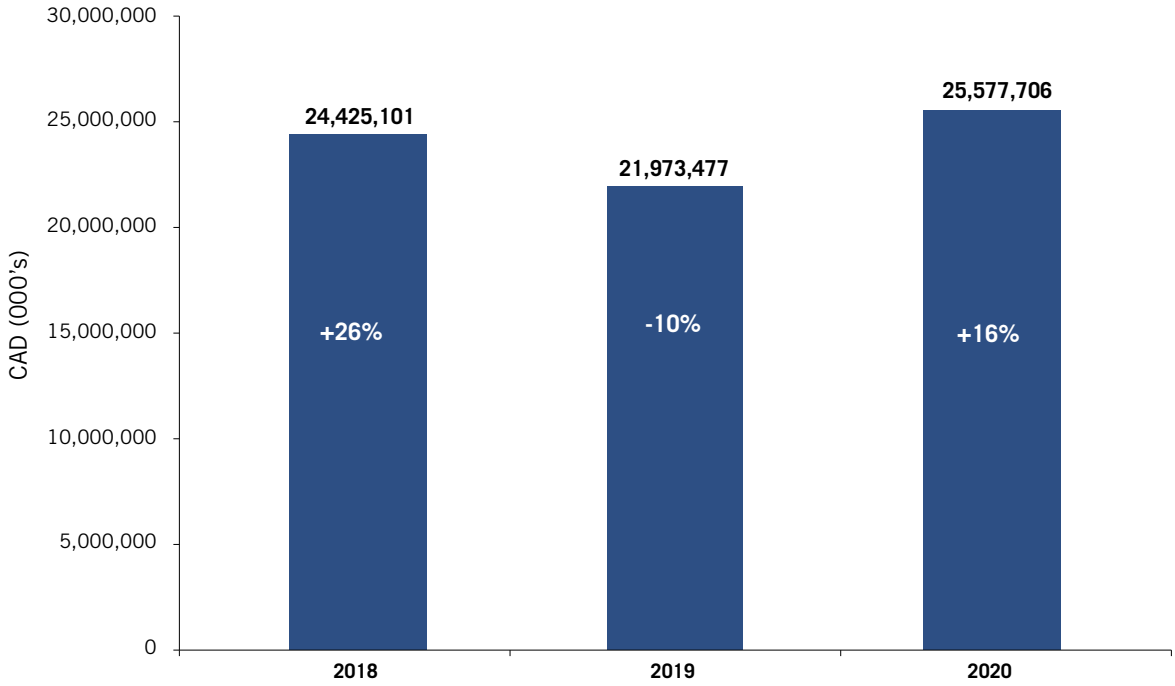
Financial Resources and Liquidity

Working capital, defined here as the difference between current assets and current liabilities, increased to $24,635,207 as at December 31, 2020 from $23,486,067 as at December 31, 2019. Cash and short-term investments of $25,577,706 accounted for 104% of working capital as at December 31, 2020 as compared with cash and short-term investments of $21,973,477 accounting for 94% of working capital as at December 31, 2019. While the ongoing impact of the COVID-19 pandemic on the Company's business operations, sales, and resultant cash flows is uncertain, the Company has sufficient cash and working capital to maintain its operating activities and to fund its planned growth and development activities.

During FY 2020, there was a net increase in cash and short-term investments of $3,604,229 compared to a net decrease of $2,451,624 during FY 2019. While the Company's NIAT decreased to $3,795,335 in FY 2020 from $4,369,295 in FY 2019, as a result of a net decrease in non-cash working capital, the Company generated cash from operations of $6,894,425 during FY 2020 as compared to $4,401,713 during FY 2019. The Company expended $2,648,194 for the repurchase and cancellation of the Company's own common shares under a Normal Course Issuer Bid ("NCIB") and a further $493,818 on the purchase of common shares for the Company's Restricted Share Unit ("RSU") Plan adopted by the Board of Directors on March 4, 2020. Comparatively, during FY 2019, the Company expended $6,351,603 for the repurchase and cancellation of common shares under its NCIB, resulting in the overall decrease in cash in FY 2019.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of December 31, 2018, 2019, and 2020 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 4% to $26,795,956 at December 31, 2020 from $25,794,510 at December 31, 2019. While the Company generated comprehensive income of $3,733,930 during FY 2020, it repurchased and cancelled 594,275 of its own common shares during the year under the NCIB and a further 132,200 common shares held as treasury shares in trust for future settlements under its RSU Plan, reducing shareholders' equity by $3,006,072 as a result.

The Company's total assets at December 31, 2020 were $33,571,214, increasing by 8% compared to total assets of $30,965,314 as at December 31, 2019. This compares to a decrease of 1% in total assets to $30,965,314 at December 31, 2019 from total assets of $31,188,491 at December 31, 2018.

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, 2020. 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)

On March 11, 2020, the World Health Organization characterized COVID-19 (Coronavirus) as a pandemic. The COVID-19 pandemic has impacted and is likely to continue to impact the Company's operations in the following key areas:

a. Workforce:

The Company will continue to follow the recommendations of public health and government authorities and to take all necessary precautions, including remote work arrangements, the ongoing practice of physical distancing, making personal protective equipment available to employees, and ensuring employees' understanding of good hygiene practices and infection risks, in order to protect the health and safety of its workforce, both in its head office and in the field.

b. Access to Healthcare Professionals:

COVID-19 restrictions have affected the ability of the Company's field salesforce to access healthcare professionals in the community and in hospitals for the purposes of product detailing. While the extent and duration of such access restrictions varies by region in Canada, such restrictions may have an impact on the Company's Canadian pharmaceutical sales during the time they are in place.

c. Demand for Products:

To the extent that the COVID-19 pandemic affects patient volumes (both in community clinics and in hospitals) and the nature of procedures performed in Canadian hospitals, this will affect the consumption of the Company's urgent care products as well as its hospital products used in elective procedures.

Additionally, to the extent that the COVID-19 pandemic and safety restrictions affect consumer buying behaviour, this will affect demand for the Company's pharmaceutical products in the community. The extent of the impact of COVID-19 on consumer demand for the Company's products in the short-term and long-term is uncertain.

Finally, given the global scale of COVID-19, demand for the Company's products in international markets may also be affected, depending on the extent of local infection rates, the measures implemented by local governments in response, and the overall impact of the pandemic on business activity in these international markets.

d. Supply Chain:

The Company sources its products globally. Given the global impact of the COVID-19 pandemic and varying localized impacts, this could result in interruptions to the Company's supply chains, including the manufacturing, transportation, and delivery of products to customers.

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, foreign exchange options, and forward purchase contracts to manage foreign exchange transaction exposure.

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. Changes to the Bank of Canada's Policy Interest Rate in response to the economic impact of the COVID-19 pandemic will affect market rates of interest and the rate of interest earned on the Company's GICs.

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 (see Note 13 of the Consolidated Financial Statements) 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 the end of the period 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.

The Company's gross trade accounts receivable decreased to $1,665,738 at December 31, 2020 from $1,850,325 at December 31, 2019.

The Company monitors its credit risk on an ongoing basis. The Company has provided for an expected credit loss of $66,710. Given the pervasive impact of the COVID-19 pandemic on general economic conditions and liquidity, there may be an increased risk of customer default on trade receivables in this environment; however, given the nature of size of the Company's customer base, the risk of material default on trade accounts receivable is still considered low.

b. Concentration of Receivables

As of December 31, 2020, one customer represents 43% of trade receivables (December 31, 2019 - 19%) while another customer represents 19% of trade receivables (December 31, 2019 - 31%), a third customer represents 15% of trade receivables (December 31, 2019 - 18%), and a fourth customer represents 4% of trade receivables (December 31, 2019 – 13%). There have been no past defaults by any of these four customers.

c. Loans Receivable

The Company advanced loan proceeds totalling $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 24 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. The extent of such regulation is increased for products designated by Health Canada as Controlled Substances, such as the Tibella® women's health product. As a result, the Company's costs of regulatory compliance and risks associated with non-compliance are higher for such Controlled Substances than for other non-controlled pharmaceutical products which it markets and sells.

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 16, 2021 the following common shares, stock options, and Restricted Share Units were outstanding:

	No. of Shares	Exercise Price Range
Issued common shares	12,872,975	
Treasury shares: RSU Plan in Trust	(132,200)	
Outstanding common shares	12,740,775	
Stock options outstanding	173,230	$6.20 - $ 10.97
RSUs outstanding	129,125	
Fully Diluted at March 16, 2021	13,043,130	

Normal Course Issuer Bid

On December 11, 2019, the Company announced that the TSX Venture Exchange had accepted its Notice of Intention to Make a NCIB for a 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 repurchased and cancelled 645,275 common shares under this NCIB, of which 594,275 common shares were repurchased and cancelled during FY 2020.

On December 11, 2020, the Company announced that the TSX Venture Exchange had accepted its Notice of Intention to Make a NCIB for a further 12-month period ending on December 16, 2021 during which the Company would be permitted to purchase up to 950,000 of its own common shares for cancellation. 65,000 common shares have been repurchased under this NCIB subsequent to December 31, 2020 to the date hereof.

Restricted Share Unit Plan

On March 4, 2020, the Board of Directors adopted a Restricted Share Unit ("RSU") Plan which was approved by shareholders on May 27, 2020 and which was subsequently approved by the TSX Venture Exchange. The RSU Plan was established as a vehicle by which equity-based incentives may be granted to eligible employees, consultants, directors and officers of the Company to recognize and reward their contributions to the long-term success of the Company including aligning their interests more closely with the interests of the Company's shareholders. The RSU Plan is a fixed plan which reserves for issuance a maximum of 800,000 common shares of the Company.

During FY 2020, the Company purchased 132,200 of its own common shares pursuant to its RSU Plan with such shares held in trust for future settlement of vested RSUs granted to employees, senior management, and directors of the Company.

Commitments

Office Leases

The Company's office lease agreement 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 as of the date hereof are approximately as follows:

Fiscal Year	Annual Rent and Occupancy Costs
2021	$ 269,089
2022	$ 360,542
2023	$ 364,056
2024	$ 364,056
Beyond Next 5 Fiscal Years	$ 1,781,624
Total	$ 3,139,367

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, Mr. Robert March, Vice President and CFO, 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 three months and years ended December 31, 2020 and 2019:

	Three months ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
Number of Key Management Personnel	6	6	6	6
Salary, Benefits, and Bonus	$702,826	$479,675	$1,635,408	$1,360,493
Share-Based Payments	$84,778	$59,124	$207,785	$233,138

During FY 2020, the Company recorded share-based payment expense of $207,785 (2019 - $233,138) related to the amortization of RSUs and the vesting of options granted to key management personnel under the Company's RSU Plan and SOP, respectively, as well as the Company's contributions to the ESPP for the purchase of common shares on behalf of participating key management personnel.

Transactions with Directors

During the year ended December 31, 2020, the Company paid cash fees to its directors in the amount of $54,376 (2019 - $142,600) and share-based payments of $22,022 (2019 - $15,899).

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.

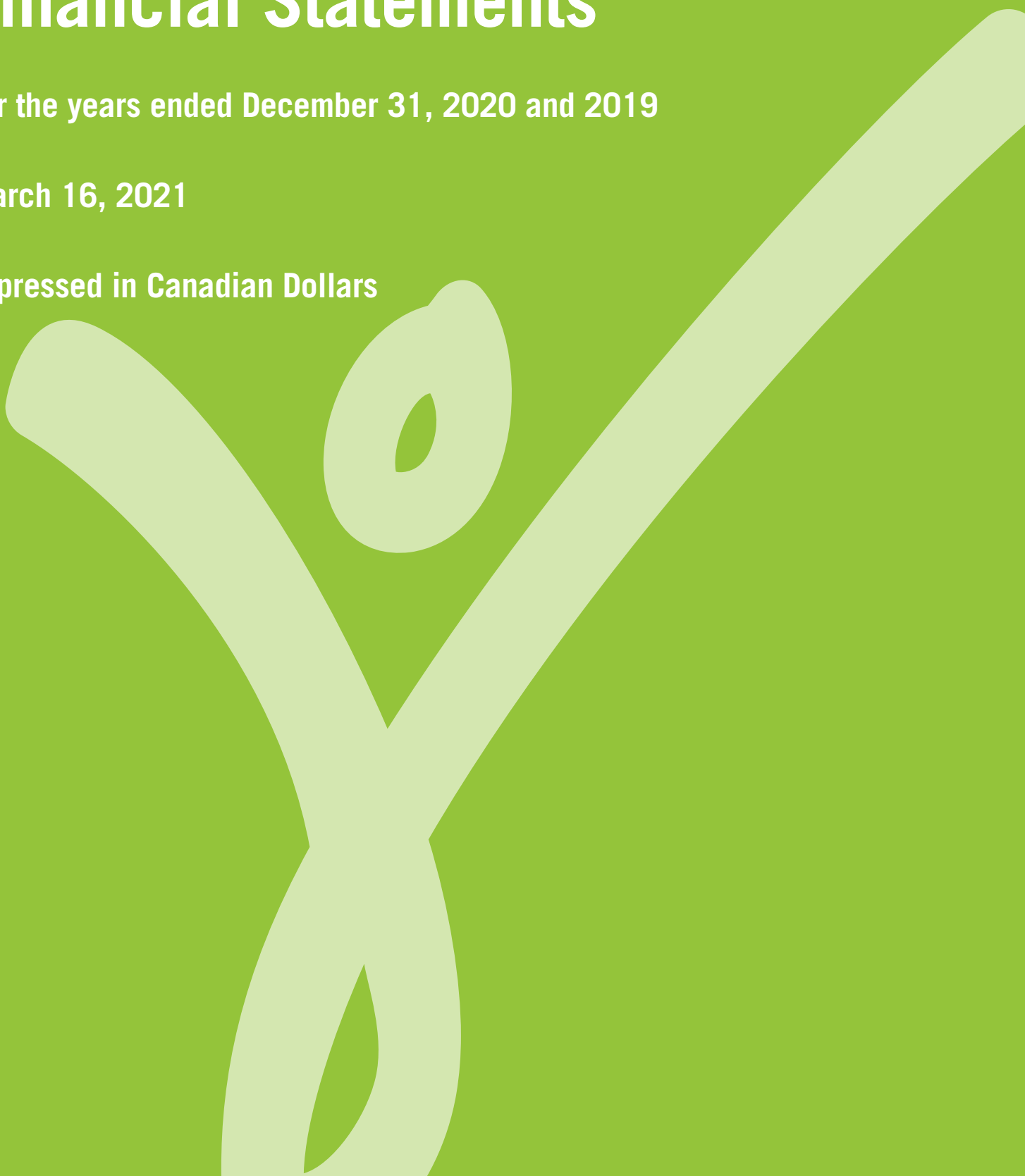
BioSyent Inc.

Audited Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

March 16, 2021

Expressed in Canadian Dollars



Management's Responsibility for Financial Reporting

To the Shareholders of BioSyent Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements for BioSyent Inc. (the "**Company**"), including significant accounting judgments and estimates in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required. The consolidated financial statements for the years ended December 31, 2020 and 2019 are compliant with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board and Audit Committee are also responsible for recommending the appointment of the Company's external auditors. The Board of Directors has approved the information contained in the accompanying consolidated financial statements.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access, and meet periodically and separately with the Board, Audit Committee and management to discuss their audit findings.

Robert March

Vice-President and Chief Financial Officer, BioSyent Inc.

March 16, 2021

Independent Auditor's Report

To the Shareholders of BioSyent Inc.:

Opinion

We have audited the consolidated financial statements of BioSyent Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of comprehensive income, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pierrette Dosanjh.

MNP LLP

Toronto, Ontario
March 16, 2021

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

BioSyent Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

AS AT	December 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents *(Note 6)*	$20,291,421	$13,441,817
Short-term investments *(Note 7)*	5,286,285	8,531,660
Trade and other receivables *(Note 8)*	1,815,015	2,083,723
Inventory *(Note 9)*	2,073,561	2,139,127
Prepaid expenses and deposits	307,599	648,781
CURRENT ASSETS	29,773,881	26,845,108
Property and equipment *(Note 11)*	2,161,698	2,482,266
Intangible assets *(Note 12)*	1,007,822	1,023,378
Loans receivable *(Note 13)*	597,332	588,467
Deferred tax asset *(Note 25)*	30,481	26,095
TOTAL NON CURRENT ASSETS	3,797,333	4,120,206
TOTAL ASSETS	$33,571,214	$30,965,314
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$3,723,486	$2,916,834
Contract liability *(Note 14)*	246,124	99,141
Customer advances *(Note 15)*	688,312	-
Lease liability - current *(Note 16)*	151,949	144,253
Derivative liability *(Note 10)*	78,608	43,861
Income tax payable *(Note 25)*	250,195	154,952
CURRENT LIABILITIES	5,138,674	3,359,041
Deferred tax liability *(Note 25)*	79,672	102,902
Lease liability - non current *(Note 16)*	1,556,912	1,708,861
TOTAL NON CURRENT LIABILITIES	1,636,584	1,811,763
Share capital *(Note 17)*	6,392,428	7,179,617
Contributed surplus	1,494,419	1,235,549
Cumulative translation adjustment	(166,705)	(105,300)
Retained earnings	19,075,814	17,484,644
Total Equity	26,795,956	25,794,510
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$33,571,214	$30,965,314

Contingencies *(Note 20)*
Commitments *(Note 21)*
Related party transactions *(Note 22)*
Subsequent event *(Note 27)*

APPROVED ON BEHALF OF THE BOARD


René Goehrum
DIRECTOR
March 16, 2021

Peter Lockhard
DIRECTOR
March 16, 2021

The accompanying notes are an integral part of these consolidated financial statements.

BioSyent Inc.
Consolidated Statements of Comprehensive Income
(Expressed in Canadian Dollars)

	For the years ended December 31	
	2020	**2019**
Net revenues from contracts with customers *(Note 26)*	$22,332,168	$21,424,324
Cost of goods sold *(Notes 9, 18)*	4,908,321	4,778,069
Gross profit	17,423,847	16,646,255
Selling, general and administration expenses *(Note 18)*	12,328,501	11,168,000
New business development costs *(Note 18)*	65,322	90,114
Operating profit	5,030,024	5,388,141
Finance costs *(Notes 16, 18)*	92,942	32,456
Finance income *(Note 18)*	(299,897)	(514,846)
NET INCOME BEFORE TAXES	5,236,979	5,870,531
Current income tax *(Note 25)*	1,469,260	1,748,337
Deferred tax recovery *(Note 25)*	(27,616)	(247,101)
NET INCOME AFTER TAXES	3,795,335	4,369,295
OTHER COMPREHENSIVE INCOME		
Currency translation losses	(61,405)	(90,566)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$3,733,930	$4,278,729
Basic weighted average number of shares outstanding *(Note 19)*	12,997,456	13,945,147
Basic earnings per share *(Note 19)*	$0.29	$0.31
Diluted weighted average number of shares outstanding *(Note 19)*	13,094,300	13,945,222
Diluted earnings per share *(Note 19)*	$0.29	$0.31

The accompanying notes are an integral part of these consolidated financial statements.

BioSyent Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended December 31,	
	2020	2019
OPERATING ACTIVITIES		
Net income after taxes	$3,795,335	$4,369,295
Items not affecting cash:		
Depreciation - property and equipment *(Notes 11, 18)*	334,186	193,578
Amortization - intangible assets *(Notes 12, 18)*	176,236	98,152
Impairment loss on intangible assets	-	1,050,947
Expected credit losses	37,174	36,591
Share-based payments *(Note 17)*	266,173	263,245
Change in derivative liability *(Note 10)*	34,747	71,205
Net finance income	(206,955)	(482,390)
Loan Interest receivable *(Note 13)*	(8,865)	(11,538)
Deferred tax recovery *(Note 25)*	(27,616)	(247,101)
Net change in non-cash working capital items:		
Trade and other receivables	214,132	119,596
Inventory	65,566	(655,735)
Prepaid expenses and deposits	341,182	(347,960)
Accounts payable and accrued liabilities	942,592	123,840
Contract liability	146,983	(13,212)
Customer advances *(Note 15)*	688,312	-
Income tax payable *(Note 25)*	95,243	(166,800)
Cash provided by operating activities	6,894,425	4,401,713
INVESTING ACTIVITIES		
Additions to property and equipment *(Note 11)*	(13,618)	(504,336)
Additions to intangible assets *(Note 12)*	(160,680)	(229,795)
Decrease (Increase) in short term investments *(Note 7)*	3,245,375	(939,328)
Interest received	317,299	357,772
Cash provided by (used in) investing activities	3,388,376	(1,315,687)
FINANCING ACTIVITIES		
Payments - lease liability principal *(Note 16)*	(144,253)	(23,278)
Payments - lease liability interest *(Note 16)*	(92,942)	(16,255)
Repurchase of common shares - NCIB *(Note 17)*	(2,648,194)	(6,351,603)
Purchase of RSU Plan shares - held in trust *(Note 17)*	(493,818)	-
Proceeds from stock options exercised	7,415	4,724
Cash used in financing activities	(3,371,792)	(6,386,412)
Effect of foreign currency translation adjustment	(61,405)	(90,566)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,849,604	(3,390,952)
Cash and cash equivalents, beginning of year	13,441,817	16,832,769
CASH AND CASH EQUIVALENTS - END OF YEAR	$20,291,421	$13,441,817
SUPPLEMENTARY DISCLOSURE:		
NET CHANGE IN CASH AND SHORT TERM INVESTMENTS		
Cash and short term investments, beginning of year	$21,973,477	$24,425,101
Increase (decrease) in short term investments	(3,245,375)	939,328
Increase (decrease) in cash and cash equivalents	6,849,604	(3,390,952)
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	$25,577,706	$21,973,477
CASH PAID FOR TAXES	$(1,374,017)	$(1,915,137)

The accompanying notes are an integral part of these consolidated financial statements.

BioSyent Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Cumulative Currency Translation Adjustment	Retained Earnings	Total Shareholders' Equity
Balance as of January 1, 2020	$ 7,179,617	$ 1,235,549	$ (105,300)	$ 17,484,644	$ 25,794,510
Comprehensive Income for the year	-	-	(61,405)	3,795,335	3,733,930
Common shares repurchased under Normal Course Issuer Bid *(Note 17)*	(308,089)	-	-	(2,204,165)	(2,512,254)
Common shares purchased and held in RSU Plan Trust *(Note 17)*	(493,818)	-	-	-	(493,818)
Effect of Share-based payments: Options vested *(Note 17)*	-	154,387	-	-	154,387
Effect of Share-based payments: Options exercised *(Note 17)*	14,718	(7,303)	-	-	7,415
Effect of Share-based payments: RSU expense *(Note 17)*	-	111,786	-	-	111,786
Balance as of December 31, 2020	$ 6,392,428	$ 1,494,419	$ (166,705)	$ 19,075,814	$ 26,795,956

	Share Capital	Contributed Surplus	Cumulative Currency Translation Adjustment	Retained Earnings	Total Shareholders' Equity
Balance as of January 1, 2019	$ 7,654,993	$ 976,957	$ (14,734)	$ 18,988,446	$ 27,605,662
Comprehensive Income for the year	-	-	(90,566)	4,369,295	4,278,729
Common shares repurchased under Normal Course Issuer Bid *(Note 17)*	(484,753)	-	-	(5,873,097)	(6,357,850)
Effect of Share-based payments: Options granted / vested *(Note 17)*	-	263,245	-	-	263,245
Effect of Share-based payments: Options exercised *(Note 17)*	9,377	(4,653)	-	-	4,724
Balance as of December 31, 2019	$ 7,179,617	$ 1,235,549	$ (105,300)	$ 17,484,644	$ 25,794,510

The accompanying notes are an integral part of these consolidated financial statements.

1. General Information

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

The accompanying consolidated financial statements (the "**Financial Statements**") of BioSyent include the accounts of BioSyent Inc. and its four wholly owned subsidiaries: BioSyent Pharma Inc., BioSyent Pharma International Inc., Hedley Technologies Ltd., and Hedley Technologies (USA) Inc. ("**Hedley USA**").

The Company changed its name from "Hedley Technologies Inc." to "BioSyent Inc." on June 13, 2006 to reflect the Company's forward focus on the pharmaceutical market. BioSyent Pharma was incorporated on April 6, 2006 under the Canada Business Corporations Act and commenced operations in 2006. Hedley Technologies Ltd. was incorporated on January 30, 1996 in the province of British Columbia, Canada. Hedley USA was incorporated on May 13, 1994 in the state of Washington, USA. BioSyent Pharma International Inc. was incorporated on April 18, 2016 in Barbados.

BioSyent's principal place of business is located at 2476 Argentia Road, Suite 402, Mississauga, Ontario, Canada L5N 6M1.

These Financial Statements were approved by the Board of Directors on March 16, 2021.

2. Basis of Presentation

The principal accounting policies adopted in the preparation of these Financial Statements on a historical cost basis, with the exception of those financial assets and liabilities at fair value through profit or loss (FVTPL), are set out below. The policies have been consistently applied to all the years presented.

Certain amounts in the prior period have been reclassified to conform with the presentation of the current period financial statements. These reclassifications had no effect on the reported results of operations.

Statement of Compliance

These consolidated financial statements for the years ended December 31, 2020 and 2019 have been prepared and are in compliance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

Basis of Consolidation

All inter-company transactions have been eliminated in these Financial Statements.

Functional and Presentation Currency

The presentation currency of these Financial Statements is the Canadian dollar ("**CAD**"). The functional currency of the Company and two of its subsidiaries, BioSyent Pharma and Hedley Technologies Ltd., is the Canadian dollar. The functional currency of Hedley USA and BioSyent Pharma International Inc. is the U.S. dollar ("**USD**").

All financial information has been rounded to the nearest dollar except where otherwise indicated.

3. Summary of Significant Accounting Policies

Financial Instruments

All financial assets and financial liabilities, in respect of financial instruments, are recognized on the Company's statements of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are incremental and are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

Financial Instruments Measured at Fair Value Through Profit or Loss (FVTPL)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of sale in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the year. Financial assets in this category include certain short-term investments and derivatives. The Company may enter into derivative financial instruments to manage exposure to foreign exchange fluctuations and to improve the returns on its cash assets. These instruments are non-hedge derivative instruments.

Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are financial assets whereby the business model objective is to collect contractual cash flows and the cash flows represent SPPI (Solely Payments of Principal and Interest). Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets in this category include cash and cash equivalents, short-term investments, trade receivables, other receivables, and loans receivable.

Loans receivable consist of full recourse loans issued to employees, as described in Note 12. As the loans are full recourse, they are not recorded as share-based payments, but instead as loans, which fall within the scope of IFRS 9 *Financial Instruments*.

Impairment of Financial Assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes expected credit losses ("**ECLs**") for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Trade receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

The Company recognizes loss allowances for ECLs on its financial assets measured at amortized cost, including loans receivable. ECLs are a probability-weighted estimate of credit losses. The Company applies a three-stage approach to measure ECLs. The Company measures an ECL:

- at an amount equal to 12 months of expected losses for performing loans receivable if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1);
- at an amount equal to lifetime expected losses on loans receivable that have experienced a significant increase in credit risk since origination (Stage 2); and
- at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The Company considers a significant increase in credit risk to have occurred if contractual payments are more than 30 days past due and considers the loans receivable to be in default if they are 90 days past due. A significant increase in credit risk or default may have also occurred if there are other qualitative factors (including forward looking information) to consider; such as borrower specific information (i.e. change in credit assessment). Such factors include consideration relating to whether the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counterparty that would not normally be granted, or it is probable the counterparty will enter into bankruptcy or a financial reorganization.

Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. Financial liabilities in this category include accounts payable and accrued liabilities.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's forward foreign exchange contract derivatives are measured at fair value through profit or loss using Level 2 inputs. The Company's cash and cash equivalents are measured at fair value through profit or loss using Level 1 inputs. There were no transfers between Levels 1 or 2 during the year.

Revenue Recognition

In accordance with IFRS 15 *Revenue*, The Company applies the following 5-step revenue recognition model based on the principle that an entity should recognize revenue as performance obligations are satisfied based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from the sale of goods is recognized at the point when the Company has satisfied its performance obligations in the contract and control is transferred to the customer, generally upon shipment or delivery of the goods to the customer. Revenue is recognized at an amount that reflects the consideration to which the Company ultimately expects to be entitled in exchange for those goods. In the Company's Canadian Pharmaceutical Business, promised consideration from a wholesaler customer can vary due to product returns, discounts, volume rebates, refunds, credits, price concessions, incentives, or similar items. Revenue is recorded net of these amounts. Where the consideration promised in a contract with a customer includes a variable amount, the Company estimates the amount of consideration to which it ultimately expects to be entitled in exchange for transferring the promised goods or services to the customer and the amount of revenue recognized is adjusted accordingly.

The Company may also offer other discount programs, including retail coupons and copay discount cards for the purchase of certain of its products by end-consumers. The Company estimates the amount of such discounts based on historical experience and the specific terms of each program. Revenue is recorded net of these amounts. The estimated amounts of such discounts are recorded as these retail coupons and copay discount cards are distributed.

The total of all variable consideration amounted to $1,154,781 in the year ($1,214,057 in 2019).

The Company recognizes a contract liability based on its estimate of the amount of consideration it expects to refund to its customers. This contract liability is updated at the end of each year for any changes in circumstances.

Property and Equipment

Property and equipment are recorded at historical cost less accumulated depreciation. The cost of property and equipment is its purchase price, together with any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Company records depreciation of property and equipment at the following rates and methods based on the assets' estimated useful economic lives:

Furniture and fixtures	20%	declining balance method
Equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Computer software	30%	declining balance method
Lease right-of-use asset		Straight-line over 10-year term of lease
Leasehold improvements		Straight-line over 10-year term of lease

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the Statements of Comprehensive Income.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents include cash held at financial institutions and highly liquid deposits with the ability to be converted into cash within 90 days or less of their acquisition date.

Short term investments are comprised of deposits with Chartered Canadian banks with original maturities of more than 90 days. These investments are held in Canadian dollars or in foreign currencies and are interest bearing.

Inventory

Inventory is measured on a first-in, first-out basis at the lower of cost and net realizable value. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Intangible Assets

Intangible assets with definite useful lives consist of:

- new product dossier and filing costs, which represent professional, consulting, and regulatory fees incurred in obtaining regulatory approvals of products for marketing and manufacturing purposes;
- product licenses and rights, which represent contractual milestone payments and professional fees incurred in acquiring product licenses and distribution rights;
- new product development, which represents expenditure on materials and services in the development of new products;
- trademarks and patents, which represent legal and application fees incurred in registering trademarks and patents in various jurisdictions; and
- trade certifications, which represent legal and registration fees incurred in obtaining international trade certifications of products.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Amortization commences when the intangible asset is available for use. The amortization period and the

amortization method for an intangible asset with a definite useful life are reviewed at least annually at the end of each financial reporting year. Intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives (see *Note 12*). New product dossier and filing costs are amortized over the estimated economic lives of the underlying products commencing upon their availability for use. Product licenses and rights are amortized over the expected useful life. New product development costs are amortized over the estimated economic useful life of the product commencing upon its availability for use. Trademarks and patents are amortized over the period covered by the registration period, ranging between 10 and 15 years, unless the economic life is shorter.

Development Costs

Research costs are expensed as incurred. Development costs are also expensed unless the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of resources to complete the development of the asset; and
- the ability to measure reliably the expenditure during development.

Impairment of Non-Financial Assets

Equipment and intangible assets are reviewed for impairment at the end of each annual reporting period for events or circumstances that indicate that the carrying value of an asset may not be recoverable. In such cases where an indicator of impairment exists, the recoverable amount of the asset is estimated to determine whether there is an impairment loss. The recoverable amount of an asset is first tested on an individual basis.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available market data less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates used to evaluate non-financial assets could result in a material change to the results of operations.

Foreign Currency Translation

Items included in the financial records of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in net income.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the year-end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in cumulative translation adjustment in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are net investments in a foreign operation are included in cumulative translation adjustment account, as part of other comprehensive income.

Taxation

Tax expense comprises current and deferred tax. Tax is recognized in the Consolidated Statements of Comprehensive Income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Tax:

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that are enacted or substantively enacted at the end of the year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax:

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising from investments in subsidiaries that are not expected to reverse in the foreseeable future.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Payments

The Company has equity-settled share-based payment plans, including a Restricted Share Unit ("RSU") Plan, an Incentive Stock Option Plan, and an Employee Share Purchase Plan ("ESPP") which are described in *Note 17*. The Company accounts for share-based payments under these plans in accordance with IFRS 2, *Share-based payment*.

RSU Plan

For RSUs granted to employees and directors, the Company recognizes an expense over the vesting period of the RSUs equal to the fair value at the grant date based on the closing market price of the Company's common shares on the TSX Venture Exchange and an estimate of the number of RSUs expected to vest.

The Company classifies outstanding RSUs as equity instruments in accordance with IAS 32, *Financial instruments: presentation*. Over the vesting period of RSUs, as the Company recognizes an expense, it also recognizes a corresponding increase in contributed surplus for the fair value of such RSUs.

RSUs are settled with the issuance to RSU holders of common shares of the Company, either newly issued or purchased by the Company in the open market. Common shares purchased in the open market by the Company for future RSU settlements are held in an RSU Trust until the time of settlement when they are released to RSU holders. These common shares held in the RSU Trust are classified as equity and accounted for as Treasury Shares in accordance with IAS 32 and are measured at the price paid in the open market. Upon settlement of the RSUs and the release of the common shares to RSU holders, these common shares are reclassified to share capital.

Incentive Stock Option Plan

Compensation costs attributable to all stock options granted to employees and directors are measured at fair value, using the Black-Scholes option pricing model, at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. For options with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

Any consideration paid by employees upon the exercise of any stock options increases share capital. The Company does not repurchase stock options from option holders.

Options granted to non-employees are measured at the fair value of the goods and services received or to be received.

ESPP

Any Company matching of employee contributions to the ESPP is accounted for as an expense at the time of the cash contribution.

Repurchase of Shares under Normal Course Issuer Bid ("NCIB")

Repurchases by the Company of its own common shares under a NCIB are accounted for in accordance with IAS 32, *Financial Instruments: Presentation*. Upon reacquiring shares under a NCIB, the Company deducts from equity the purchase price of these shares and any costs to acquire such shares. Any such shares held by the Company are considered treasury shares until they are cancelled.

Earnings per Share

Basic earnings per share is computed by dividing the net income after taxes by the weighted average number of common shares outstanding during the year. Diluted earnings per share information is calculated assuming the deemed exercise of all in-the-money stock options and that all deemed proceeds to the Company are used to repurchase the Company's stock at the average market price during the year. No adjustment to diluted earnings per share is made if the result of this calculation is anti-dilutive.

Leases

The Company accounts for its leases in accordance with IFRS 16, *Leases*. All contracts that meet the definition of a lease are recorded in the statement of financial position with a "right of use" asset and a corresponding liability. The asset is accounted for as property, plant and equipment and is depreciated on a straight-line basis over the term of the lease contract. The liability is unwound using the interest rate inherent in the lease. The Company has recognized a right-of-use asset and a lease liability in respect of its lease for head office space (see *Notes 11 and 16*). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of 12 months or less and for leases of low-value assets.

Accounting Pronouncements Issued but not yet Effective

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

4. Use of Estimates and Accounting Judgments by Management

The preparation of these 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.

Judgments

a. Recoverability of asset carrying values

The Company assesses its equipment and intangible assets for impairment if there are events or changes in circumstances that indicate that carrying values may not be recoverable at each statement of financial position date. Such indicators include changes in the Company's business plans, changes in the market and evidence of physical damage.

Determination as to whether and how much an asset is impaired involves management's judgment on highly uncertain matters such as future selling and purchasing prices, the effects of inflation on operating expenses, discount rates, and economics of different pharmaceutical or medical products.

b. Impairment of trade and other receivables

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer, and anticipated industry conditions. Customer payments are regularly monitored and ECLs are established in accordance with IFRS 9.

c. Income taxes

The Company is subject to income tax assessment in multiple jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken in the ordinary course of business for which the ultimate tax determination is uncertain.

The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Company computes an income tax provision in each of the jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of these Financial Statements. Additionally, estimating income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before such deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

Estimates

The most significant estimates made by management include the following:

a. Depreciation

Depreciation of the Company's equipment involves estimates of future useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby impacting the value of the Company's equipment.

b. Amortization of intangible assets

The amortization of the Company's intangible assets involves estimates of their useful lives. Such estimates may change as more experience is obtained or as general market conditions change, thereby impacting the value of the Company's intangible assets.

c. Share-based payments

Grants of RSUs and stock options are measured at their fair value on the grant date.

Management estimates the fair value of RSUs by reference to the closing price of the Company's common shares on the TSX Venture Exchange at the grant date. Management uses the Black-Scholes option pricing model to estimate the fair value of stock options determined at the grant date for options granted to employees and directors. Significant assumptions affecting the valuation of options include the term allowed for option exercise, a volatility factor relating to the Company's historical share price, dividend yield, forfeiture rate and risk-free interest rate.

The estimated forfeiture rate also affects the valuation of RSUs.

d. Inventory

Management has estimated the value of inventory based upon its assessment of the net realizable value. All slow-moving merchandise has been provided for by management.

e. Determination of transaction price

As a result of the existence of elements of variable consideration in the Company's contracts with customers arising from returns, discounts, rebates, retail coupons, copay discount cards, and other price incentives, the Company is required to estimate the amount of variable consideration from the customer to which it ultimately expects to be entitled and to adjust the transaction price and amount of revenue recognized accordingly.

The Company estimates the extent of future product returns, retail coupon and copay discount card redemptions, discounts and volume rebates to be awarded to customers based on historical, current and forecast information available, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

f. Determination of incremental borrowing rate

When the Company enters into leases as lessee and where the interest rate implicit in a lease cannot be readily determined, the Company determines its incremental borrowing rate in order to measure its lease liability. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-to-use asset in a similar economic environment. In determining its incremental borrowing rate, the Company considers the term of the lease, the nature of the leased asset, and its level of indebtedness with reference to market risk-free interest rates.

g. Determination of lease term

When the Company enters into leases as lessee, it determines the lease term as the non-cancellable period of the lease together with periods covered by an option to extend the lease if it reasonably expects to exercise such option and periods covered by an option to terminate the lease if it reasonably expects not to exercise such option. In assessing whether it is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Company considers: the contractual terms and conditions for the optional periods compared with market rates; whether any significant leasehold improvements have been undertaken; the costs of terminating the lease; the importance of the underlying asset to the Company's operations; and any conditionality associated with exercising the option (see *Note 16*).

5. COVID-19

On March 11, 2020, the World Health Organization characterized COVID-19 (Coronavirus) as a pandemic. The COVID-19 pandemic has impacted and is likely to continue to impact the Company's operations in the following key areas:

a. Workforce:

The Company will continue to follow the recommendations of public health and government authorities and to take all necessary precautions, including remote work arrangements, the ongoing practice of physical distancing, making personal protective equipment available to employees, and ensuring employees' understanding of good hygiene practices and infection risks, in order to protect the health and safety of its workforce, both in its head office and in the field.

b. Access to Healthcare Professionals:

COVID-19 restrictions have affected the ability of the Company's field salesforce to access healthcare professionals in the community and in hospitals for the purposes of product detailing. While the extent and duration of such access restrictions varies by region in Canada, such restrictions may have an impact on the Company's Canadian pharmaceutical sales during the time they are in place.

c. Demand for Products:

To the extent that the COVID-19 pandemic affects patient volumes (both in community clinics and in hospitals) and the nature of procedures performed in Canadian hospitals, this will affect the consumption of the Company's urgent care products as well as its hospital products used in elective procedures.

Additionally, to the extent that the COVID-19 pandemic and safety restrictions affect consumer buying behaviour, this will affect demand for the Company's pharmaceutical products in the community. The extent of the impact of COVID-19 on consumer demand for the Company's products in the short-term and long-term is uncertain.

Finally, given the global scale of COVID-19, demand for the Company's products in international markets may also be affected, depending on the extent of local infection rates, the measures implemented by local governments in response, and the overall impact of the pandemic on business activity in these international markets.

d. Supply Chain:

The Company sources its products globally. Given the global impact of the COVID-19 pandemic and varying localized impacts, this could result in interruptions to the Company's supply chains, including the manufacturing, transportation, and delivery of products to customers.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	December 31, 2020	December 31, 2019
Cash on deposit in banks	$10,326,877	$10,887,130
Redeemable GICs	9,964,544	2,554,687
Total cash and cash equivalents	$20,291,421	$13,441,817

7. Short-term Investments

Short term investments consist of the following:

	December 31, 2020	December 31, 2019
Non-redeemable GICs	$4,043,968	$6,543,728
Dual Currency Deposits *(Note 10)*	1,242,317	1,987,932
Total short term investments	$5,286,285	$8,531,660

8. Trade and Other Receivables

Trade and other receivables are summarized as follows:

	December 31, 2020	December 31, 2019
Trade accounts receivable *(Note 10)*	$1,599,028	$1,814,914
Other receivables	215,987	268,809
Total trade and other receivables	$1,815,015	$2,083,723

9. Inventory

Inventory is comprised of the following:

	December 31, 2020	December 31, 2019
Raw and Packaging Materials	$366,757	$273,942
Finished Goods	1,706,804	1,865,185
Total inventory	$2,073,561	$2,139,127

Cost of goods sold is comprised of the following:

	December 31, 2020	December 31, 2019
Raw and Packaging Materials and Finished Goods	$4,772,303	$4,649,956
Freight	136,018	128,113
Total cost of goods sold	$4,908,321	$4,778,069

10. Financial Instruments and Financial Risk Management

Fair Value Measurement

Fair Value Estimation of Financial Instruments

The carrying value of the Company's cash and cash equivalents, short term investments, derivative assets/liabilities, trade and other receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values.

Risks

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including foreign exchange risk, interest rate risk, and credit risk) and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out under the policies described below. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated with the approved policies.

- **Foreign Exchange Instruments:**

The Company periodically enters into foreign exchange options and forward contracts with financial institutions with investment grade credit ratings to manage its foreign exchange risk on contracts denominated in U.S. dollars and Euros. Such instruments are classified as derivative financial instruments and measured at fair value through profit and loss.

Options:

As at December 31, 2020, the Company entered into foreign exchange options to purchase up to a total of USD 900,000 and USD 1,350,000 (December 31, 2019 – USD 2,550,000 and USD 3,825,000) at an exchange rate expressed in CAD per USD of 1.3100 which will be settled on various dates from January 2021 to June 2021. The Company's right to buy USD 900,000 on the respective settlement dates is subject to the spot exchange rate on the settlement dates being below a rate of 1.3900 CAD per USD. The Company's obligation to buy USD 1,350,000 on the respective settlement dates is subject to the spot exchange rate on the settlement dates being below a rate of 1.2775 CAD per USD.

Forward Contracts:

As at December 31, 2020, the Company entered into foreign exchange forward contracts to purchase a total of USD 650,000 (December 31, 2019 – USD Nil) at exchange rates expressed in CAD per USD ranging from 1.3084 to 1.3215 which will be settled on various dates from April 2021 to October 2021.

As at December 31, 2020, the Company also entered into foreign exchange forward contracts to purchase a total of EUR 450,000 (December 31, 2019 – EUR Nil) at exchange rates expressed in CAD per EUR ranging from 1.5532 to 1.5578 which will be settled on various dates from January 2021 to March 2021.

The fair value of foreign exchange instruments is estimated based on quoted values from financial institutions. The Company's foreign exchange instruments resulted in a derivative liability of $78,608 as at December 31, 2020 (December 31, 2019 – $43,861).

The following table illustrates the Company's investment in foreign exchange instruments that are measured at fair value through profit and loss ("**FVTPL**"):

December 31, 2020	Level 1	Level 2	Level 3
Foreign Exchange Instruments	-	($78,608)	-

December 31, 2019	Level 1	Level 2	Level 3
Foreign Exchange Instruments	-	($43,861)	-

➢ **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.

The following table illustrates the Company's investment in DCDs measured at fair value through profit and loss:

December 31, 2020	Level 1	Level 2	Level 3
DCDs	-	$1,242,317	-

December 31, 2019	Level 1	Level 2	Level 3
DCDs	-	$1,987,932	-

At December 31, 2020, 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	1.2965	$1,250,000	$1,242,317	3.26%	January 4, 2021	1.2850

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

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

➢ **Foreign Exchange Risk:**

The Company currently earns revenue in Canadian dollars, U.S. dollars and Euros and incurs costs in Canadian dollars, U.S. dollars and Euros. Management monitors the foreign currency 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 foreign exchange options, forward contracts, and DCDs 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, 2020	December 31, 2019
Description of Asset/(Liability)	USD	USD
Cash and cash equivalents	1,551,272	418,262
Short term investments	975,744	1,529,178
Trade receivables	17,292	78,254
Less: Accounts payable	(591,928)	(698,811)
Net Total	1,952,380	1,326,883
Foreign Exchange Rate CAD per USD at the end of the year	1.2732	1.2988

At December 31, 2020, 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 $182,704 higher or lower on an after-tax basis, respectively (December 31, 2019 - $126,667 higher or lower, respectively).

Foreign Exchange Sensitivity Analysis - EUR

	December 31, 2020	December 31, 2019
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	743,512	673,066
Less: Customer deposits	(441,000)	
Less: Accounts payable	(85,563)	(84,048)
Net Total	216,949	589,018
Foreign Exchange Rate CAD per EUR at the end of the year	1.5608	1.4583

At December 31, 2020, 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 $25,877 higher or lower on an after-tax basis, respectively (December 31, 2019 - $63,134 higher or lower, respectively).

➢ **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.

➢ **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 (*see Note 13*) 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 the end of the period to indicate a significant increase in credit risk has occurred and there are no defaults on the loans receivable.

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, 2020	December 31, 2019
Current	$1,444,432	$1,328,854
Past due 1-30 days	110,964	329,815
Past due 31-60 days	22,783	80,438
Over 60 days	87,559	111,218
Expected Credit Losses	(66,710)	(35,411)
Closing Balance	$1,599,028	$1,814,914
Maximum Credit Risk	1,665,738	1,850,325

As of December 31, 2020, one customer represents 43% of trade receivables (December 31, 2019 - 19%) while another customer represents 19% of trade receivables (December 31, 2019 - 31%), a third customer represents 15% of trade receivables (December 31, 2019 - 18%), and a fourth customer represents 4% of trade receivables (December 31, 2019 – 13%). There have been no past credit losses from these four customers.

The Company's expected credit loss of $66,710 (December 31, 2019 - $35,411) is related to trade receivables from Canadian pharmaceutical wholesale customers for which collection was uncertain.

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.

➢ **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 financial liabilities not carried at fair value.

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.

There were no changes to the Company's exposure to liquidity risk, credit risk, or interest rate risk or to its approach to managing these risks during the year ended December 31, 2020.

11. Property and equipment

	Furniture and Fixtures	Equipment	Computer Equipment	Computer Software	Right-of-Use Asset (see Note 16)	Leasehold Improvements	Total
COST:							
December 31, 2018	$104,149	$89,028	$231,225	$290,472	$-	$-	$714,874
2019 Additions	161,546	131,050	35,539	80,593	1,330,455	680,511	2,419,694
2019 Disposals	(15,635)	-	-	-	-	-	(15,635)
December 31, 2019	$250,060	$220,078	$266,764	$371,065	$1,330,455	$680,511	$3,118,933
2020 Additions	4,879	-	8,739	-	-	-	13,618
December 31, 2020	**$254,939**	**$220,078**	**$275,503**	**$371,065**	**$1,330,455**	**$680,511**	**$3,132,551**
ACCUMULATED DEPRECIATION:							
December 31, 2018	$(67,703)	$(37,324)	$(141,089)	$(196,973)	$-	$-	$(443,089)
Changes in 2019	(20,317)	(24,572)	(32,372)	(49,610)	(44,349)	(22,358)	(193,578)
December 31, 2019	$(88,020)	$(61,896)	$(173,461)	$(246,583)	$(44,349)	$(22,358)	$(636,667)
Changes in 2020	(32,896)	(33,546)	(29,302)	(37,345)	(133,046)	(68,051)	(334,186)
December 31, 2020	**$(120,916)**	**$(95,442)**	**$(202,763)**	**$(283,928)**	**$(177,395)**	**$(90,409)**	**$(970,853)**
CARRYING AMOUNT							
December 31, 2018	$36,446	$51,704	$90,136	$93,499	$-	$-	$271,785
December 31, 2019	$162,040	$158,182	$93,303	$124,482	$1,286,106	$658,153	$2,482,266
December 31, 2020	**$134,023**	**$124,636**	**$72,740**	**$87,137**	**$1,153,060**	**$590,102**	**$2,161,698**

12. Intangible Assets

	New Product Dossier and Filing Costs	Product Licenses and Rights	New Product Development	Trademarks and Patents	Trade Certifications	Total
COST:						
December 31, 2018	$1,282,757	$893,020	$69,065	$85,326	$3,936	$2,334,104
2019 Additions	219,450	-	2,885	7,460	-	229,795
December 31, 2019	$1,502,207	$893,020	$71,950	$92,786	$3,936	$2,563,899
2020 Additions	29,851	60,000	60,549	10,280	-	160,680
December 31, 2020	**$1,532,058**	**$953,020**	**$132,499**	**$103,066**	**$3,936**	**$2,724,579**
ACCUMULATED AMORTIZATION:						
December 31, 2018	$(41,042)	$(218,052)	$-	$(8,568)	$-	$(267,662)
Changes in 2019	(13,061)	(79,742)	-	(4,553)	(796)	(98,152)
December 31, 2019	$(54,103)	$(297,794)	$-	$(13,121)	$(796)	$(365,814)
Changes in 2020	(87,395)	(81,513)	(1,504)	(5,031)	(793)	(176,236)
December 31, 2020	**$(141,498)**	**$(379,307)**	**$(1,504)**	**$(18,152)**	**$(1,589)**	**$(542,050)**
ACCUMULATED IMPAIRMENT LOSSES:						
December 31, 2018	$(123,760)	$-	$-	$-	$-	$(123,760)
Changes in 2019	(589,581)	(461,366)	-	-	-	(1,050,947)
December 31, 2019	$(713,341)	$(461,366)	$-	$-	$-	$(1,174,707)
Changes in 2020	-	-	-	-	-	-
December 31, 2020	**$(713,341)**	**$(461,366)**	**$-**	**$-**	**$-**	**$(1,174,707)**
CARRYING AMOUNT						
December 31, 2018	$1,117,955	$674,968	$69,065	$76,758	$3,936	$1,942,682
December 31, 2019	$734,763	$133,860	$71,950	$79,665	$3,140	$1,023,378
December 31, 2020	**$677,219**	**$112,347**	**$130,995**	**$84,914**	**$2,347**	**$1,007,822**

New Product Dossier and Filing Costs

Cumulatively, the Company has incurred product dossier and filing costs of $1,532,058 (December 31, 2019 – $1,502,207) to date on several products. The filing costs incurred in respect of launched products are being amortized on a straight-line basis over their estimated finite useful lives based on marketability, ranging from 1 to 15 years.

On November 7, 2016, the Company entered into a License and Supply Agreement with a European partner to acquire the exclusive Canadian rights to use the product registration documentation of a women's health pharmaceutical product and a license to sell, market and distribute this product in Canada under the brand name Tibella®. On May 10, 2019, the Company received regulatory approval from Health Canada for the Tibella® product which was subsequently launched in Canada in July 2020. The Company has incurred $466,123 in development costs related to this product. Such costs are included in intangible assets as New Product Dossier and Filing Costs and are being amortized on a straight-line basis over the 8-year estimated useful life of the product. In addition to an initial EUR 20,000 license fee upon signing this agreement, the Company is committed to certain annual license fee payments to its European partner contingent upon the future sales of the product (see *Note 20*).

In November 2019, the Company entered into a License and Exclusive Supply Agreement with AFT Pharmaceuticals Ltd ("**AFT**") to acquire a license to market, sell and distribute a portfolio of pain management products in Canada. The Company launched the Combogesic® product in Canada in December 2020. The Company has directly incurred $202,367 in development costs related to these products. Such costs are included in intangible assets as New Product Dossier and Filing Costs and are being amortized over the 15-year estimated useful life of the

Combogesic® product. During the 15-year term of the License and Exclusive Supply Agreement, the Company is committed to purchase certain minimum quantities from AFT as well as certain royalty payments based on the net sales of the products in Canada (see *Note 20*).

For the year ended December 31, 2020, $87,395 of amortization expense on New Product Dossier and Filing Costs (2019 - $13,061) has been included in selling, general and administration expenses in the Company's Consolidated Statements of Comprehensive Income in respect of these assets (*see Note 18*).

In June 2019, the Company withdrew regulatory filings submitted to Health Canada for two cardiovascular pharmaceutical products for which the Company acquired exclusive Canadian distribution rights in 2016. Subsequent to receiving a Notice of Deficiency from Health Canada, the Company and its European partner decided to withdraw the regulatory filings for these two products and not to further pursue regulatory approval. As such, the Company recognized an impairment loss of $424,941 related to these products in 2019, representing regulatory filing costs incurred. Subsequent to the withdrawal of regulatory filings for these two products, the Company recovered $180,000 from its European partner as reimbursement for certain regulatory filing costs incurred by the Company. The net impairment loss related to these products of $244,941 was included in selling, general and administration expenses in the Company's 2019 Consolidated Statement of Comprehensive Income.

In December 2019, due to uncertainty in obtaining approval for new product dossier and filing costs in a certain international market from the local regulatory authority, the Company recognized an impairment loss of $164,640 representing the excess of the carrying amount of costs incurred in developing this asset over its estimated recoverable amount which is its value in use. This impairment loss was included in selling, general and administration expenses in the Company's 2019 Consolidated Statement of Comprehensive Income.

Product Licenses and Rights

Cumulatively, the Company has incurred costs related to the acquisition of product licenses and rights totalling $953,020 (December 31, 2019 – $893,020).

On August 18, 2015, the Company entered into a Distribution and Supply Agreement with Photocure ASA (the "Distribution and Supply Agreement") to acquire the exclusive rights to market, promote, distribute and sell the Cysview® product in Canada including an exclusive right to use the Cysview® trademark and a license to use the patents associated with the product in Canada. The Company incurred costs totalling $859,400 (December 31, 2019 - $859,400) related to the acquisition and commercialization of Cysview®, which was launched in the Canadian market in November 2015. This asset has a finite life and is being amortized on a straight-line basis over the remaining eighteen-month estimated economic life.

In addition to the upfront payment made by the Company to Photocure ASA, certain future payments are also required by the Company under the Distribution and Supply Agreement contingent on the achievement of specific milestones (see *Note 20*).

In 2019, due to the underperformance of sales growth of the Cysview® product against management's expectations, the Company recognized an impairment loss of $461,366 related to the Cysview® product license representing the excess of the carrying amount of this asset over its estimated recoverable amount which is the asset's value in use. This impairment loss was included in selling, general and administration expenses in the Company's 2019 Consolidated Statement of Comprehensive Income.

On October 1, 2020, the Company entered into an exclusive License and Supply Agreement to acquire the exclusive rights to distribute a women's health product in Canada and a license of certain trademarks and technology related thereto. The product has not yet been launched by the Company and amortization of the asset has not yet commenced.

For the year ended December 31, 2020, $81,513 of amortization expense on product licenses and rights (2019 - $79,742) has been included in selling, general and administration expenses in the Company's Consolidated Statements of Comprehensive Income in respect of this asset (*see Note 18*).

New Product Development

The Company has incurred cumulative new product development costs consisting of labour, laboratory and professional fees to date totalling $132,499 (December 31, 2019 - $71,950) relating to the development of new products. The Company has commenced amortization of certain of these costs upon the completion of development. For the year ended December 31, 2020, $1,504 of amortization expense (2019 - $nil) has been included in selling, general and administration expenses in the Company's Consolidated Statements of Comprehensive Income in respect of these development costs (*see Note 18*).

Trademarks and Patents

The Company has incurred cumulative trademark and patent application and filing costs of $103,066 (December 31, 2019 - $92,786) relating to product registration application costs in various jurisdictions. These assets have finite lives and are being amortized on a straight-line basis over the terms of the respective trademarks and patents (ranging from 10 to 15 years). For the year ended December 31, 2020, $5,031 of amortization expense (2019 - $4,553) has been included in selling, general and administration expenses in the Company's Consolidated Statements of Comprehensive Income in respect of these assets (*see Note 18*).

Trade Certifications

The Company has incurred legal and other costs in obtaining certain international trade certifications and permits totalling $3,936 (2019 - $3,936). This asset is being amortized over its 5-year estimated useful life. For the year ended December 31, 2020, $793 of amortization expense (2019 - $796) has been included in selling, general and administration expenses in the Company's Consolidated Statements of Comprehensive Income in respect of these development costs (*see Note 18*).

13. 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.

	Loans Receivable ($)
Balance, December 31, 2018	576,929
Accrued Interest	11,538
Balance, December 31, 2019	588,467
Accrued Interest	8,865
Balance, December 31, 2020	**597,332**

The Company advanced loan proceeds totalling $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. Interest receivable of $8,865 was accrued on the loans for the year ended December 31, 2020 (2019 - $11,538) and has been included in finance income on the Company's Consolidated Statements of Comprehensive Income.

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 within 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.*

14. Contract Liability

The Company recognizes a contract liability based on its estimate of the amount of consideration it expects to refund to its customers, including consideration payable resulting from coupons and volume rebates. This contract liability is updated at the end of each year for any changes in circumstances.

The table below summarizes changes in the contract liability for the years ended December 31, 2020 and December 31, 2019:

	Contract Liability ($)
Balance, January 1, 2019	112,353
Estimated variable consideration	484,436
Settlement of variable consideration	(497,648)
Balance, December 31, 2019	**99,141**
Estimated variable consideration	680,797
Settlement of variable consideration	(533,814)
Balance, December 31, 2020	**246,124**

15. Customer Advances

The customer advance of $688,312 as of December 31, 2020 (December 31, 2019 - $Nil) represents a prepayment made by a customer for a future shipment of product. Upon shipment of the product, this customer advance will be recognized as revenue.

16. Lease Liability

The Company leases its head office space in Mississauga, Ontario, Canada. The Company's current office lease commenced on September 1, 2019 and extends to August 31, 2029. The Company has an option to extend this lease beyond the 10-year non-cancellable term for a further term of 5 years. As per IFRS 16 *Leases*, adopted by the Company effective January 1, 2019, the Company has recognized a right-of-use asset in respect of this office lease based on a 10-year lease term (*see Note 11*).

The Company has also recognized a lease liability for this office lease based on a weighted average incremental borrowing rate of 5.20%. The carrying amount of the Company's lease liability for this office lease is summarized in the table below:

	Lease Liability ($)
Opening lease liability – office lease	1,860,191
Interest expense	32,456
Payments	(39,533)
Balance, December 31, 2019	**1,853,114**
Interest expense	92,942
Payments	(237,195)
Balance, December 31, 2020	**1,708,861**
Current portion, December 31, 2020	**151,949**
Long-term portion, December 31, 2020	**1,556,912**
Current portion, December 31, 2019	**144,253**
Long-term portion, December 31, 2019	**1,708,861**

The Company's future undiscounted lease payments under this lease agreement are as follows:

Fiscal Year	Lease Payments
2021	$ 237,195
2022	$ 238,952
2023	$ 242,466
2024	$ 242,466
2025	$ 245,980
Beyond next 5 fiscal years	$ 927,696
Total	$ 2,134,755

Not included in the lease liability, the Company incurred occupancy costs related to its office leases of $123,504 for the year ended December 31, 2020 (2019 - $118,376) which have been included in selling, general and administration expenses in the Company's Consolidated Statements of Comprehensive Income.

17. Share Capital

a. Authorized

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.

b. Issued and outstanding common shares

	Number of Common Shares	Amount
Balance, Outstanding Shares, December 31, 2018	14,458,583	$7,665,644
Shares repurchased under NCIB and held in Treasury at December 31, 2018 (d)	(20,068)	(10,651)
Balance, Excluding Treasury Shares, December 31, 2018	14,438,515	$7,654,993
Options exercised (c)	762	9,377
Shares repurchased under NCIB and cancelled (d)	(878,832)	(468,828)
Balance, Outstanding Shares, December 31, 2019	**13,560,445**	**$7,195,542**
Shares repurchased under NCIB and held in Treasury at December 31, 2019 (d)	(30,000)	(15,925)
Balance, Excluding Treasury Shares, December 31, 2019	**13,530,445**	**$7,179,617**
Options exercised (c)	1,196	14,718
Shares repurchased under NCIB and cancelled (d)	(594,275)	(308,089)
Balance, Issued Shares, December 31, 2020	**12,937,366**	**$6,886,246**
Share purchased for RSU Plan Trust and held in Treasury at December 31, 2020 (e)	(132,200)	(493,818)
Balance, Outstanding Shares, December 31, 2020	**12,805,166**	**$6,392,428**

c. Options exercised

During the year ended December 31, 2020, 1,196 common shares were issued against options exercised (2019 – 762 common shares) for total proceeds of $7,415 (2019 - $4,724) and $7,303 in fair value was transferred from contributed surplus to share capital (2019 - $4,653).

d. Normal Course Issuer Bid (NCIB)

Pursuant to the policies of the TSX Venture Exchange, the Company may be permitted from time to time to repurchase its own common shares for cancellation under a NCIB. The policies of the TSX Venture Exchange permit an issuer, upon the approval of the TSX Venture Exchange, to purchase by normal market purchases up to 2% of a class of its own shares in a given 30-day period up to a maximum, in a 12 month period, of the greater of 5% of the outstanding shares or 10% of the Public Float, as such term is defined in the policies of the TSX Venture Exchange.

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 commencing on December 10, 2018 and ending on December 9, 2019.

On December 11, 2019, the Company announced that the TSX Venture Exchange had accepted its renewal of the NCIB, pursuant to which the Company would be permitted to purchase up to 800,000 of its own common shares for cancellation over a further 12-month period commencing on December 17, 2019 and ending on December 16, 2020. Purchases of shares by the Company under the NCIB were made through the facilities of the TSX Venture Exchange or alternative Canadian trading systems at the market price of the shares at the time of acquisition.

During the year ended December 31, 2019, the Company repurchased 908,832 of its common shares for an aggregate price of $6,346,262 and incurred costs of $11,588 related to the repurchase of these shares. 878,832 of these repurchased shares were cancelled as of December 31, 2019, with the remaining 30,000 shares held in Treasury pending cancellation. These 30,000 shares were subsequently cancelled upon payment of $153,507 for settlement in January, 2020. The Company's retained earnings were reduced by $5,873,097 upon the repurchase of these shares, representing the excess of the aggregate repurchase price over the reduction in share capital of $484,753.

On December 11, 2020, the Company announced that the TSX Venture Exchange had accepted its renewal of the NCIB, pursuant to which the Company would be permitted to purchase up to 950,000 of its own common shares for cancellation over a further 12-month period commencing on December 17, 2020 and ending on December 16, 2021. Purchases of shares by the Company under the NCIB are made through the facilities of the TSX Venture Exchange or alternative Canadian trading systems at the market price of the shares at the time of acquisition.

During the year ended December 31, 2020, the Company repurchased 594,275 of its common shares for an aggregate price of $2,503,810 and incurred costs of $8,444 related to the repurchase of these shares. The Company's retained earnings were reduced by $2,204,165 upon the repurchase of these shares, representing the excess of the aggregate repurchase price over the reduction in share capital of $308,089.

e. During the year ended December 31, 2020, the Company purchased 132,200 of its common shares pursuant to its Restricted Share Unit ("RSU") Plan (see *Note 17(g)*) for an aggregate purchase price of $493,818. 132,200 shares are held in trust as of December 31, 2020 for future settlement of vested RSUs granted to employees, senior management, and directors of the Company.

f. There are nil preferred shares outstanding as of December 31, 2020 (December 31, 2019 – nil).

g. Share-Based Payments

Restricted Share Unit ("RSU") Plan

The Board adopted a Restricted Share Unit Plan on March 4, 2020, which was approved by shareholders on May 27, 2020 and subsequently approved by the TSX Venture Exchange. The RSU Plan was established as a vehicle by which equity-based incentives may be granted to eligible employees, consultants, directors and officers of the Company to recognize and reward their contributions to the long-term success of the Company including aligning their interests more closely with the interests of the Company's shareholders. The RSU Plan is a fixed plan which reserves for issuance a maximum of 800,000 common shares of the Company.

On March 31, 2020, a total of 129,125 RSUs were granted to certain employees, senior management, and directors of the Company with a fair value of $3.61 per unit, being the grant date closing (TSX Venture Exchange) market price per share. Certain of these units shall vest fully in three years' time on March 31, 2023 and certain of these units shall vest quarterly in three years' time on March 31, 2023, June 30, 2023, September 30, 2023, and December 31, 2023.

During the year ended December 31, 2020, the Company recorded net share-based payment expense of $111,786 (2019 - $nil) relating to RSUs granted.

As at December 31, 2020, there were 129,125 RSUs outstanding (December 31, 2019 – nil), as shown below:

	December 31, 2020		December 31, 2019	
	Number of RSUs	Weighted average grant price	Number of RSUs	Weighted average grant price
Outstanding, beginning of year	-	-	-	-
Granted	129,125	$3.61	-	-
Outstanding, end of year	129,125	$3.61	-	-

The weighted-average remaining contractual life of the 129,125 RSUs outstanding is 2.68 years.

Incentive Stock Option Plan

On March 11, 2014, the Board approved an incentive stock option plan (the "**SOP**") which was adopted by the shareholders of the Company on June 13, 2014. The Board approved an amended SOP on March 4, 2020 which was approved by shareholders on May 27, 2020. The purpose of the SOP is to assist the Company in attracting, retaining and motivating directors, officers, employees and other persons who provide ongoing services to the Company and its affiliates and to closely align the personal interests of such participants with those of the Company's shareholders, by providing them with the opportunity to acquire common shares of the Company, and thereby a proprietary interest in the Company and its subsidiaries, through the exercise of share purchase options.

On March 20, 2019, options totalling 34,211 were granted by the Company to senior management and officers of the Company under the SOP. These options shall vest in annual increments over four years to March 20, 2023. The fair value of these options granted with an exercise price of $8.22 per option, has been determined using the Black-Scholes option pricing model using the following assumptions:

Share price at the date of grant	$8.22
Risk-free interest rate	1.75%
Dividend yield	0%
Volatility factor of expected market price of Company's shares	111.59%
Average expected option life (years)	9.26
Weighted-average grant date fair value of options granted	$7.54
Forfeiture rate	2.20%

The volatility factor used by the Company is based on its historical share prices.

No options were granted by the Company during the year ended December 31, 2020.

During the year ended December 31, 2020, the Company recorded net share-based payment expense of $154,387 (2019 - $263,245) relating to previous option grants to employees, directors, officers and advisors under the SOP, which are included in selling, general and administration expenses in the Consolidated Statements of Comprehensive Income.

As at December 31, 2020, there were 173,839 options outstanding (December 31, 2019 – 177,512), as shown below:

	December 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	177,512	$8.30	144,624	$8.30
Granted	-	-	34,211	$8.22
Expired or forfeited	(2,477)	$7.78	(561)	$7.18
Exercised	(1,196)	$6.20	(762)	$6.20
Outstanding, end of year	173,839	$8.32	177,512	$8.30

Of the total number of options outstanding as of December 31, 2020, options totalling 124,120 have vested and are exercisable by the option holders (December 31, 2019 – 103,770). These exercisable options have a weighted average exercise price of $8.21 (December 31, 2019 - $8.12).

The weighted-average remaining contractual life of the 173,839 (December 31, 2019 – 177,512) options outstanding is 6.26 years (December 31, 2019 – 7.22 years) and the range of exercise prices for these options is $6.20 - $10.97 (December 31, 2019 - $6.20 - $10.97).

1,196 options were exercised during the year ended December 31, 2020 (2019 – 762). The weighted average share price on the date of exercise of options exercised during the year ended December 31, 2020 was $7.22 (2019 - $6.62).

Employee Share Purchase Plan

On January 1, 2017, the Company introduced an Employee Share Purchase Plan ("ESPP"). Under the ESPP, eligible BioSyent employees, including certain key management personnel, are permitted to contribute up to a maximum of 10 per cent of their gross base salary to purchase the Company's common shares in the open market through the facilities of the TSX Venture Exchange. The contributions are matched by the Company up to a maximum of 2.5 percent of the applicable employee's gross base salary.

During the year ended December 31, 2020, the Company recorded share-based payment expense of $19,908 (2019 - $78,681) relating to the Company's contributions to the ESPP for the purchase of common shares on behalf of participating employees. Company and employee contributions to the ESPP were temporarily suspended during the year. This expense is included in selling, general and administration expenses in the Consolidated Statements of Comprehensive Income.

18. Expenses by Nature

The expenses on the Consolidated Statements of Comprehensive Income have been grouped by function to focus reader attention on the macro movements in cost from period to period while giving the reader an option to see the detail of expenses according to their nature, which are included below:

	Year ended December 31,	
	2020	2019
Cost of goods sold	$4,908,321	$4,778,069
Selling and marketing	$7,423,311	$5,750,624
Advertising, Promotion and Selling Costs	4,077,082	2,825,146
Employee Costs	2,759,299	2,598,158
Logistics, Quality Control & Regulatory	571,802	289,115
Share-based Payments	15,128	38,205
General and administration	$4,905,190	$5,417,376
Employee Costs	2,842,532	2,553,059
Corporate Expenses	501,070	857,520
Depreciation – Property and Equipment *(Note 11)*	334,186	193,578
Share-based Payments	270,954	303,721
Research and Development	222,361	-
Amortization – Intangible Assets *(Note 12)*	176,236	98,152
Professional Fees	165,883	162,603
Information Technology	154,570	134,671
Insurance	104,635	98,207
Net Foreign Exchange (Gains) Losses	95,589	108,327
Expected credit losses	37,174	36,591
Impairment Losses: Intangible Assets	-	870,947
New business development costs	$65,322	$90,114
Finance costs	$92,942	$32,456
Interest expense - lease liability *(Note 16)*	92,942	32,456
Finance income	$ (299,897)	$ (514,846)
Interest Income	(263,137)	(447,011)
Foreign Exchange Gains - Investing	(36,760)	(67,835)

19. Earnings per Share

The following table reconciles the numerator and denominator for the calculation of basic and diluted earnings per share:

	Year ended December 31,	
	2020	2019
Numerator		
Net income attributable to common shareholders	$3,795,335	$4,369,295
Denominator		
Basic		
Weighted average number of shares outstanding	12,997,456	13,945,147
Effect of dilutive securities	96,844	75
Diluted		
Weighted average number of shares outstanding	13,094,300	13,945,222
Basic earnings per share	$0.29	$0.31
Diluted earnings per share	$0.29	$0.31

20. Contingencies

Litigations

From time to time, the Company may be exposed to claims and legal actions in the normal course of business. As at December 31, 2020, the Company was not aware of any litigation or threatened claims either outstanding or pending.

Cysview® Distribution and Supply Agreement

Under the terms of the August 18, 2015 Distribution and Supply Agreement between the Company and Photocure ASA in respect of the Cysview® product (*see Note 12*), milestone payments averaging $213,968(USD 168,055) per year for three consecutive years are potentially required to be made by the Company to Photocure ASA between December 31, 2020 and December 31, 2022 dependent upon the achievement of certain events. The Company will record these amounts as the events occur. Management believes no such payment was required as of December 31, 2020.

Women's Health Product License and Supply Agreement

Under the terms of the November 7, 2016 License and Supply Agreement between the Company and its European partner in respect of the Tibella® women's health pharmaceutical product (*see Note 12*), the Company will make annual license fee payments to its European partner in each of the first four years of the Agreement equal to 1% of the Company's net sales of the product in Canada. For the year ended December 31, 2020, such fees have been accrued and included in accounts payable and accrued liabilities on the Consolidated Statements of Financial Position.

Pain Management Products License and Exclusive Supply Agreement

Under the terms of the November 25, 2019 License and Exclusive Supply Agreement, the Company is required to make royalty payments to AFT Pharmaceuticals based on net sales of the pain management products in Canada and contingent on the market share of competing products in Canada over the 15-year term of the agreement. The royalty rates range from 0% to 6.5% on net sales of one product formulation and from 0% to 12.5% on net sales of another product formulation. For the year ended December 31, 2020, such royalties have been accrued and included in accounts payable and accrued liabilities on the Consolidated Statements of Financial Position.

21. Commitments

Office Lease

The Company's current office lease agreement commenced on September 1, 2019 and extends to August 31, 2029 (*see Note 16*).

The Company's undiscounted minimum future rental payments and estimated 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 Estimated Occupancy Costs
2021	$ 358,785
2022	$ 360,542
2023	$ 364,056
2024	$ 364,056
2025	$ 367,570
Beyond Next 5 Fiscal Years	$ 1,414,055
Total	$ 3,229,064

Purchase Commitments

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

22. Related Party Transactions

Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and/or its subsidiaries, directly or indirectly.

The table below summarizes compensation for key management personnel of the Company for the years ended December 31, 2020 and 2019:

	Year ended December 31,	
	2020	2019
Number of Key Management Personnel	6	6
Salary, Benefits, and Bonus	$1,635,408	$1,360,493
Share-Based Payments	$207,785	$233,138

During the year ended December 31, 2020, the Company recorded share-based payment expense of $207,785 (2019 - $233,138) related to the amortization of RSUs and the vesting of options granted to key management personnel under the Company's RSU Plan and SOP, respectively, as well as the Company's contributions to the ESPP for the purchase of common shares on behalf of participating key management personnel.

As at December 31, 2020, there were loans receivable under the MSLP from key management personnel of $546,335 (December 31, 2019 – $538,227). Interest accrued on these MSLP loans during the year totalled $8,108 (2019 – $10,553).

Transactions with Directors

During the year ended December 31, 2020, the Company paid cash fees to its directors in the amount of $54,376 (2019 - $142,600) and share-based payments of $22,022 (2019 - $15,899).

23. Capital Disclosures

For capital management purposes, the Company defines capital as its shareholders' equity that includes share capital, contributed surplus, cumulative translation adjustment and retained earnings.

The amounts included in the Company's capital for the relevant years are as follows:

December 31, 2020	$26,795,956
December 31, 2019	$25,794,510

The Company's principal objectives in managing capital are:

- to ensure that it will continue to operate as a going concern;
- to be flexible in order to take advantage of contract and growth opportunities that are expected to provide satisfactory returns to its shareholders;
- to maintain a strong capital base in order to maintain customers, investors, creditors and market confidence; and
- to provide an adequate rate of return to its shareholders.

The Company manages and adjusts its capital structure in light of changes in economic conditions.

In order to maintain or adjust its capital structure, the Company may issue debt or new shares. Financing decisions are generally made on a specific transaction basis and depend on such things as the Company's needs, capital markets and economic conditions at the time of the transaction. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable, given the size of the Company.

The Company does not have any externally imposed capital compliance requirements at December 31, 2020. There were no changes in the Company's approach to capital management during the year.

24. Credit Facilities

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 has not been utilized as of December 31, 2020, a foreign exchange facility of $1,500,000, and credit card facilities totalling $90,000. The revolving demand 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 which have not been utilized as of December 31, 2020.

25. Taxes

The Company computes an income tax provision in each of the jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the financial statements.

Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period. The operations are subject to income tax rates of 26.5% (2019 – 26.5%) in the Canadian jurisdiction, 21.0% (2019 – 21.0%) in the U.S. jurisdiction, and 2.5% (2019 – 2.5%) in the Barbados jurisdiction.

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 26.5% (2019 – 26.5%) to the effective tax rate is as follows:

	2020	2019
Net Income Before Taxes	5,236,979	5,870,531
Combined statutory income tax rate	26.50%	26.50%
Expected income tax expense at current rate	1,387,799	1,555,691
Foreign tax differential	21,719	(87,827)
Change in exchange rates	-	(3,148)
Non-deductible expenses	47,708	86,707
Non-taxable portion of capital gains	(4,871)	(18,959)
Prior year tax income tax recovery	42,866	-
Investment tax credits	(53,577)	-
Tax rate changes and other adjustments	-	(31,228)
Provision for tax	1,441,644	1,501,236
Current income tax expense	1,469,260	1,748,337
Deferred tax recovery	(27,616)	(247,101)
	1,441,644	1,501,236
Current income tax payable	(250,195)	(154,952)

Deferred tax:

Deferred tax assets have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax assets (liabilities):

	2020	2019
Balance at the beginning of the year	(76,807)	(323,908)
Recognized in profit/loss	27,616	247,101
Balance at the end of the year	(49,191)	(76,807)

Deferred tax balances:

	2020	2019
Net operating losses carried forward	20,040	26,095
Contract liability	47,704	-
RSU shares in trust	29,623	-
Lease liability	452,847	-
Deferred tax assets	550,214	26,095
Equipment and intangibles	(293,844)	(102,902)
Right of Use Asset	(305,561)	-
Deferred tax liabilities	(599,405)	(102,902)

The potential benefit of the carry-forward net operating losses in the United States have been recognized in these financial statements as it is probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

The Company's United States net operating losses expire as follows:

Expiry	United States (in CAD)
2024	42,387
2026	28,997
2031	187
	$ 71,571

26. Segment Reporting

A segment is a component of the Company:

i. that engages in business activities from which it may earn revenue and incur expenses;

ii. whose operating results are reviewed by the board of directors; and

iii. for which discrete financial information available.

Though the Company has a legacy business in biologically and health friendly insecticides, management of the Company is primarily focused on growing the pharmaceutical business and does not account for administrative overhead separately for the insecticide business. Consequently, the Company recognizes one business segment for all of its operations.

The revenue breakdown by business is provided below:

a. for both the pharmaceutical and insecticide business; and

b. for both Canadian and international jurisdictions

	Year ended December 31,	
	2020	2019
Canada		
Pharmaceutical Business	$21,237,461	$18,946,758
Insecticide Business	644,668	866,615
Total Canada	$21,882,129	$19,813,373
International Jurisdictions		
Pharmaceutical Business - Middle East	$225,139	$1,441,691
Insecticide Business - United States	224,900	169,260
Total International Jurisdictions	$450,039	$1,610,951
Total Revenue	$22,332,168	$21,424,324

For the year ended December 31, 2020, in the Canadian Pharmaceutical Business, revenue from transactions with three major customers individually amounted to 10% or more the Company's total revenues. The amount of revenues from each of these three customers totalled $8,286,429, $6,226,428, and $4,405,043, respectively, during 2020 (2019 - $8,068,686, $4,759,588, and $4,295,741, respectively).

Non-Current Assets consist of equipment, intangible assets, loans receivable, and deferred tax asset. As indicated in the table below, Non-Current Assets are located in Canada and international jurisdictions.

	December 31, 2020	December 31, 2019
Canada	$3,703,260	$4,029,824
United States	20,040	26,095
Barbados	74,033	64,287
Total Non-current Assets	$3,797,333	$4,120,206

27. Subsequent Event

In January 2021, the Company shipped an order to an international customer valued at $1,140,279 against which the customer's advance of $688,312 (*Note 15*) was applied in full.

Corporate Information

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Peter D. Lockhard (Lead Director)
Ontario, Canada

Stephen Wilton
Ontario, Canada

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