BioSyent

BIOSYENT INC. 2021 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.

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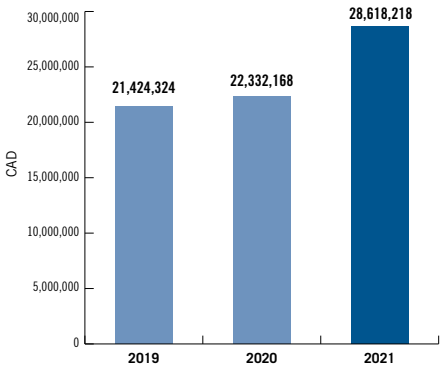
← Front row from left: René C. Goehrum, President & CEO; Joost van der Mark, VP, Corporate Development; Neelu Atwal, Director, Human Resources; Navid Ashrafi, M.D., Director, Medical and Regulatory Affairs; Back row from left: Kevin Wilson, VP, Community and Women's Health Business Unit; Ramesh Moothan,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

BioSyent

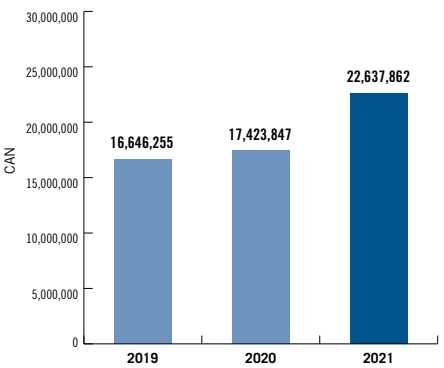
2021 Financial Highlights

Revenue Growth
Year Ending December 31



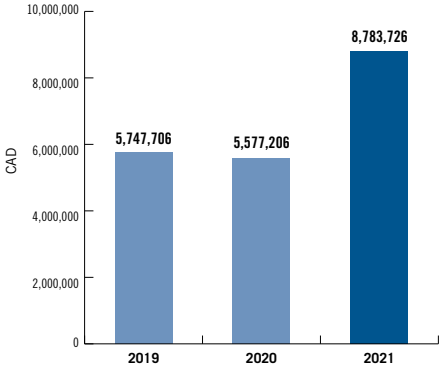
$28.6 million | +28%

Gross Profit
As at December 31



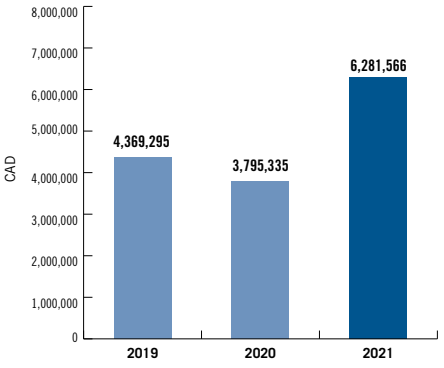
$22.6 million | +30%

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



$8.8 million | +57%

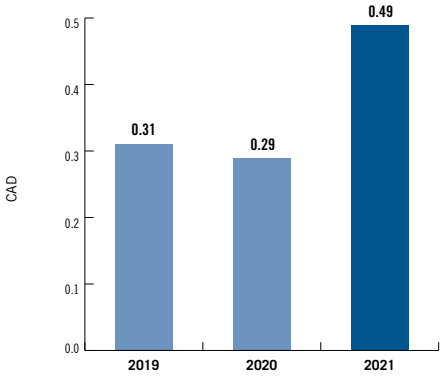
Net Income After Tax (NIAT)
Year Ending December 31



$6.3 million | +66%

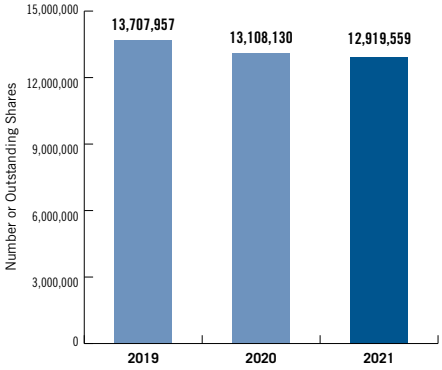
2021 was an outstanding year for BioSyent in terms of financial performance with strong growth on both the top and bottom lines, even as we continued to make significant investments in launch products to sustain growth over the long-term.

Diluted Earnings Per Share (EPS)
Year Ending December 31



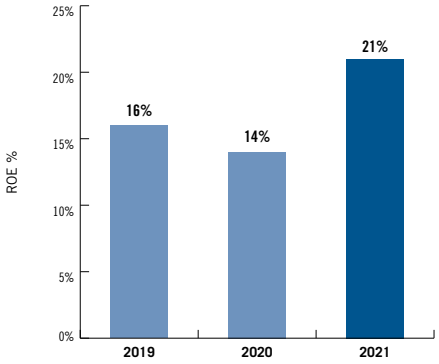
$0.49 | +$0.20

Fully Diluted Shares Outstanding
As at December 31



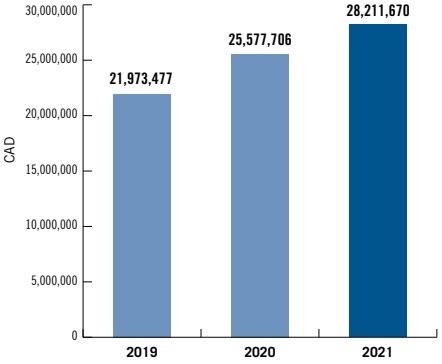
12.9 million | (0.2 million)

Return On Equity (ROE)
Year Ending December 31



21% | +1.5x

Cash and Short-Term Investments
As at December 31



$28.2 million | +$2.6 million

BioSyent's Brands

Canadian Pharmaceutical Brands

FeraMAX® Therapeutic Thérapeutique 150

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® Powder Poudre 15

Second product launched using patented PDIC formulation with convenient dosing and pleasant tasting flavour for children.

Combogesic®

First formulation of acetaminophen + ibuprofen for fast pain relief available in Canada.

Tibella®/MD

Rx Hormone Replacement Therapy agent for short-term treatment of the symptoms of menopause in women.

Cathejell®
2% lidocaine hydrochloride jelly, USP

Sterile gel with lidocaine in a unique collapsible applicator syringe. Indicated for surface anesthesia and lubrication to ease patient discomfort for a range of medical procedures.

RepaGyn®

Sodium hyaluronate vaginal suppository. Relieves dryness and promotes healing of the vaginal mucosa.

Proktis-M®
Rectal Suppositories • Sodium Hyaluronate

Sodium hyaluronate rectal suppository. Helps with healing of anus and rectum in conditions such as operated severe internal hemorrhoids, anal fissures, radiation-induced proctitis.

International Pharmaceutical Brands

FeraMAX® 150

FeraMAX® 100

FeraMAX® Powder

FeraMAX® approved for sale in a total of six international markets through a network of distribution partners.

Legacy Brand

Protect-It® The Natural Choice STORED GRAIN INSECTICIDE & EMPTY BIN TREATMENT

Bio-friendly grain insecticide used in agricultural food production for more than twenty years in North America.

Letter From The Chairman

Dear fellow shareholder:

2021 was an outstanding year for BioSyent in terms of financial performance with strong sales growth from across our product portfolio even as we continued to navigate through the ongoing impacts of COVID-19 on our operating environment. Perhaps more impressive was our record profit during the year, even as we continued to make significant investments in launch products to sustain future growth and profitability.

While we are pleased with the results of the last fiscal year, we manage our business with a longer-term approach, beyond a single fiscal year. The foundations for the outstanding performance of our business in 2021 were laid over the course of several years as we made decisions in line with the key elements of our strategy: growth, diversification, and corporate longevity.

Long-term, sustainable growth is a key element of our strategy. At BioSyent, this means growing sales while sustaining profitability. Our track record of 46 consecutive profitable quarters to Q4 2021 speaks to our commitment to managing profitability while we grow. We do not take short-cuts in building our product portfolio in order to deliver sales growth. We in-license and acquire products judiciously, always with a focus on long-term, sustainable growth. This strategy produced solid results in 2021 with double-digit sales growth from across our product portfolio owing to the right product decisions taken over several years, including the in-licensing of Tibella® in 2016 and Combogesic® in 2019, as well as our FeraMax® lifecycle strategy which resulted in the launch of the patented FeraMax® Pd delivery platform in 2020, providing a foundation for future product innovations and continued growth of the FeraMax® brand in Canada. Our future growth plans are ambitious as we seek to invest in further product innovation, in-licensing and acquisition opportunities. We have also significantly expanded our national field salesforce and enhanced our marketing resources and capabilities to drive growth.

At BioSyent, we believe that long-term growth is not sustainable without diversification of our product portfolio. To this end, we have robust product sourcing capabilities and constantly search the globe for innovative pharmaceutical and healthcare products to build our portfolio and to improve the lives of patients. The 21% sales growth rate in our Canadian pharmaceutical business in 2021 would not have been possible without the contributions of new products such as Tibella® and FeraMax® Pd Therapeutic 150. We are committed to diversifying our product portfolio and look forward to launching a new women's health product and a new FeraMax® Pd product over the next year, with future FeraMax® Pd product launches to follow. We exercise diligence as we in-license and acquire products, build our product portfolio and manage these products through their respective life cycles. We seek quality assets which can provide a return that is consistent or supportive of our existing product portfolio.

As we build our product portfolio, we will not compromise on long-term, sustainable growth for the sake of short-term results which cannot be sustained. We have seen too often in the specialty pharmaceutical industry in Canada the destruction of value resulting from short-term decision-making. We believe that the sustainability of our business benefits all of our stakeholders and that is why corporate longevity is a key element of our strategy. We are proud of the robust business and balance sheet we have built as we approach twelve consecutive years of profitability, with zero long-term debt and $28 million in cash at the end of 2021. The resilience of our Canadian pharmaceutical business, international pharmaceutical business, and legacy business through the unprecedented challenges of COVID-19 during the last two years is a testament to the strength and longevity of BioSyent. It was with a view to corporate longevity that we initiated the FeraMax® lifecycle strategy back in 2015 in order to leverage the brand equity and trust of patients and healthcare providers in our FeraMax® brand, with FeraMax® named the #1 recommended oral iron supplement in Canada by both pharmacists and physicians for six consecutive years and counting. Our focus on longevity also means taking the decision to discontinue unprofitable brands, as was done with Cysview® at the end of 2021, in order to maintain our strategic focus on profitable growth opportunities.

We make capital allocation decisions according to these three key strategic elements: growth, diversification and corporate longevity. We have also allocated excess capital to share buybacks under our Normal Course Issuer Bids. Since 2018, we have repurchased and cancelled 1.9 million shares to the benefit of all BioSyent shareholders. We renewed our NCIB for a fourth consecutive year in December 2021 and continue to see value in buying back BioSyent shares.

While we look back on the successes of 2021, we are certainly not resting on our laurels. We continue to build for the future every day at BioSyent as we execute on our strategy and deliver long-term value to our shareholders.

On behalf of the Board of Directors,

René C. Goehrum, Chairman, President & CEO

April 8, 2022

Board of Directors

René C. Goehrum
Chairman of the Board of Directors

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

Mr. Arcuri, CPA, CA currently serves as 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 voluntary Chair of Villa Charities Inc.

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

Ms. Elford is a Corporate Director. In addition to BioSyent, she also presently serves as an Independent Director of: BQE Water Inc., a TSX Venture Exchange ("TSXV") listed company specializing in water treatment and management for metals mining, smelting and refining; EcoSynthetix Inc., a TSX-listed company specializing in renewable chemicals; Xebec Adsorption Inc., a TSX-listed company specializing in renewable gases; and WeCommerce Holdings Inc., a TSXV-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 (2015-2017); Carmanah Corporation, a TSX-listed solar and LED lighting company (2015-2019); Hydrogenics Corporation, a TSX and NASDAQ-listed fuel cell and hydrogen generation design and manufacturing company (2016-2019); and TSO3 Inc., a TSX-listed healthcare technology company (2019). Between 1995 and 2015, Ms. Elford was a Director and Research Analyst with Canaccord Genuity Group Inc. and previously served in investment banking roles with Kidder Peabody and Wood Gundy. Ms. Elford is a Chartered Financial Analyst Charterholder.

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

Mr. Lockhard has significant sales, marketing, operations and corporate strategy experience from his career as a business leader and builder. From 2005 - 2020, Mr. Lockhard was a member of the executive leadership team of Points International Ltd., a TSX and NASDAQ-Listed international e-commerce company in the loyalty rewards industry, where he served as Chief Operating Officer (2009 - 2020), Chief Revenue Officer (2007 - 2009) and VP Business Solutions (2005 - 2006). During his tenure, Mr. Lockhard helped to grow the revenue of Points International Ltd. from $US 10 million to $US 400 million. Mr. Lockhard is also a Managing Director of Aquiam Partners Ltd., a private equity firm.

Stephen Wilton
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, Specialty Business Unit

Sharan Raghubir is the Director of the 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.

BioSyent Inc.

Management's Discussion and Analysis

For the years ended December 31, 2021 and 2020

March 9, 2022

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, 2021 and December 31, 2020 ("**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 years ended December 31, 2021 and December 31, 2020 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, 2021.

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 Rate of Return ("**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 provider of innovative healthcare products.

BioSyent's Strategy

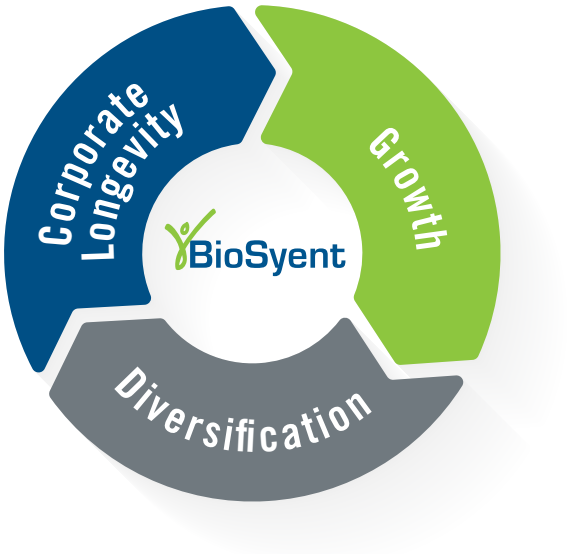
BioSyent's strategic focus is on commercializing innovative products with recognizable brand equity sourced through international partnerships. These products are unique due to manufacturing complexities, novel technologies, therapeutic advantages and strong, defendable intellectual property rights. The Company works with and supports healthcare practitioners in improving patient lives.

The Company completed its most recent strategic review during 2021 with specific strategic objectives established for the period ending in 2025. The Company reviews its strategy and performance against its strategic objectives on an ongoing basis.

BioSyent's strategy has three components:

1. Growth (Revenue and Long-term Profit);
2. Diversification; and
3. Corporate Longevity

These three strategic components are prioritized in any investment and capital allocation decisions made by the Company, including any decision to return capital to shareholders.



Growth:

The Company uses various means of achieving its revenue growth objectives while reducing risk in the marketplace. The Company adopts an 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 employs a salesforce of qualified sales professionals across Canada with experience in pharmaceutical detailing to healthcare practitioners and hospitals. The Company supports its salesforce by using 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.

Diversification:

BioSyent has developed sourcing arrangements with partners from around the world. The Company's flexible format does not limit the scope of diversification opportunities it considers for both new and existing products or sales channels.

The Company generally 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 financial modeling, comparison against investment criteria benchmarks and financial metrics, reviewing market data and market trends, interviewing key healthcare practitioners or medical advisory boards and obtaining opinions on reimbursement possibilities with payers. BioSyent evaluates all new product opportunities against specific financial benchmarks with the objective of acquiring or in-licensing quality assets which will provide a long-term return that is consistent with or supportive of the Company's existing product portfolio.

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.

Corporate Longevity:

On an aggregate basis, the Company manages its product portfolio to maintain specific annual and long-term financial ratios, including revenue and profit CAGR and Return on Equity, in order to achieve its strategic objectives. The Company maintains a discipline in acquiring or in-licensing new products which are accretive in terms of both sales and profitability over the long-term.

This strategy allows the Company to market these products 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

BioSyent considers opportunities based on its strategic objectives. 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).

Ultimately, BioSyent is focused on products which can deliver superior growth and return on investment. As well as acquiring or in-licensing such products, as part of BioSyent's ongoing evaluation of its product portfolio, BioSyent may also discontinue the sale of certain products in order to maintain its strategic focus and resource allocation on growth opportunities. For example, during the year, BioSyent entered into a Transition and Termination Agreement to return the Canadian rights for Cysview® to its owner effective as of December 31, 2021.

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.

FeraMAX® Powder was replaced by FeraMAX® Pd Powder 15 at Canadian pharmacies starting in October 2021.

FeraMAX® Pd Powder 15

In October 2021, BioSyent Pharma Inc. launched FeraMAX® Pd Powder 15 in Canada, the second product using the patented PDIC formulation. FeraMAX® Pd Powder 15, which is Vegan Certified, replaces FeraMAX® Powder at Canadian pharmacies.

Aguettant System® (discontinued)

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 Agreement ended on December 31, 2021 and BioSyent entered into a Transition Agreement with Laboratoire Aguettant that transfers all responsibilities for Aguettant System® products in Canada to Laboratoire Aguettant. BioSyent has discontinued all commercialization efforts for Aguettant System® products in Canada effective January 1, 2022.

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® (discontinued)

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 an 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. The Company commenced the Canadian promotional launch of Cysview® in November 2015.

BioSyent entered into a Termination and Transition Agreement with Photocure ASA, that ends the Distribution and Supply Agreement effective December 31, 2021. Effective as of January 12, 2022, BioSyent has discontinued all commercialization efforts for Cysview® and returned the Canadian rights for Cysview® to Photocure ASA.

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.

Combogesic®

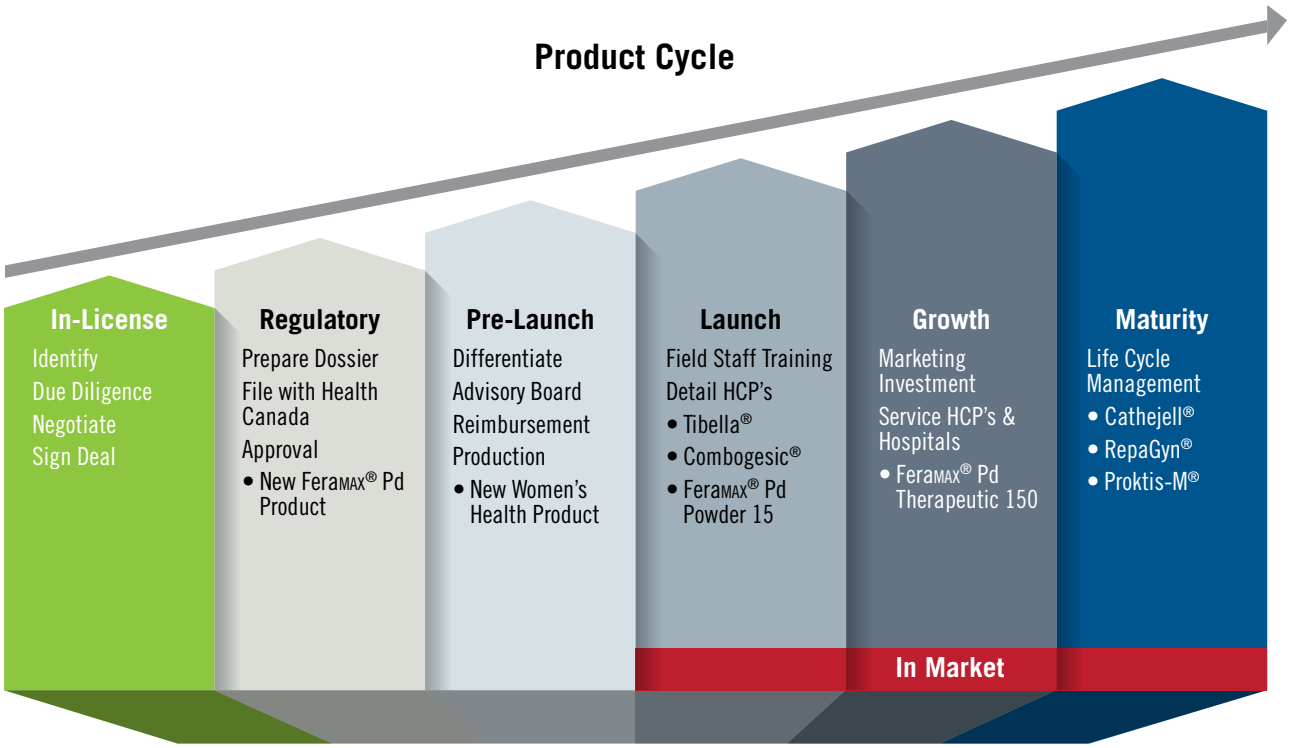
In November 2019, the Company signed a License and Exclusive Supply Agreement with AFT Pharmaceuticals Ltd for a portfolio of pain management products for the Canadian market. These products will be marketed in Canada under the Combogesic® trademark. Combogesic® combines two well-known and effective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

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. Having cleared certain key regulatory hurdles during 2021, Canadian product launch preparations for this product are currently underway.

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.



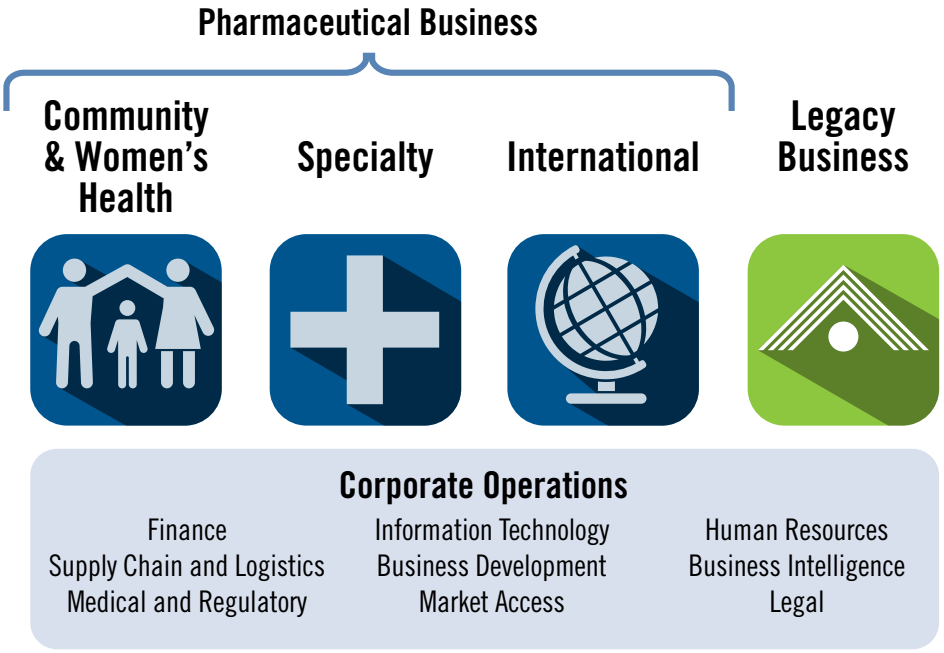
The Company currently has three products in the maturity stage (Cathejell®, RepaGyn® and Proktis-M®), one product in the growth stage (FeraMAX® Pd Therapeutic 150), three products in the launch stage (Tibella®, Combogesic® and FeraMAX® Pd Powder 15), one product in the pre-launch stage (a New Women's Health Product), and one product in the regulatory stage (a new FeraMAX® Pd Product). New product acquisition opportunities occur throughout the product lifecycle stages illustrated above.

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 Canadian market.

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 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**", as well as the Legacy 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, 2021, the Company's FeraMAX® brand was named the #1 Pharmacist and Physician recommended over-the-counter oral iron supplement brand in Canada for the sixth consecutive year *(EnsembleIQ Healthcare Group: Pharmacy Practice + Business, The Medical Post, Profession Santé*, CanadianHealthcareNetwork.ca, and ProfessionSanté.ca 2021 Survey on OTC Counselling and Recommendations).

On July 13, 2021, BioSyent Pharma signed an exclusive technology agreement to license an application to support patients with iron deficiencies in Canada and in its international markets.

On October 19, 2021, BioSyent announced the launch of the new FeraMax® Pd Powder 15 in Canada, which will replace FeraMAX® Powder in Canadian pharmacies. FeraMax® Pd Powder 15 is the second product launched by BioSyent under the patented PDIC iron delivery system. FeraMax® Pd Powder 15 helps to make iron therapy convenient for children with its differentiating benefits. FeraMax® Pd Powder 15 is presented in new packaging, appealing to children with its new mascot, 'Max the monkey'. The packaging enables convenient product selection by the pharmacist and ease of identification by the parent.

Key Performance Measures

Key performance measures for the fourth quarter ("Q4") and full year ("FY") ended December 31, 2021 and December 31, 2020 are presented in the tables below along with the preceding three quarters:

Key Performance Measure	FY 2021	% Change vs. FY 2020	% to Total Company Sales	CAGR* (FY 2019 - FY *2021)*	Q4 2021	% Change vs. Q4 2020	% to Total Company Sales	Q3 2021	Q2 2021	Q1 2021
Canadian Pharma Sales	**25,780,275**	21%	90%		**6,466,381**	20%	90%	6,409,809	6,670,322	6,233,763
International Pharma Sales	**1,623,723**	621%	6%		**318,406**	462%	4%	-	165,038	1,140,279
Legacy Business Sales	**1,214,220**	40%	4%		**433,869**	58%	6%	280,610	453,894	45,847
Total Company Sales	**28,618,218**	28%	100%	16%	**7,218,656**	26%	100%	6,690,419	7,289,254	7,419,889
Gross Profit	**22,637,862**	30%	79%		**5,821,601**	32%	81%	5,257,180	5,703,086	5,855,995
EBITDA	**8,783,726**	57%	31%		**2,639,145**	136%	37%	2,293,713	1,491,783	2,359,085
NIAT	**6,281,566**	66%	22%	20%	**1,877,804**	182%	26%	1,721,320	1,018,074	1,664,368
Diluted EPS	**0.49**	69%			**0.15**	200%		0.13	0.08	0.13
Net Change in Cash, Short term Investments	**2,633,964**				**1,109,737**			2,289,074	788,607	(1,553,454)

Key Performance Measure	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 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)

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

In Q4 2021, Canadian pharmaceutical sales increased by 20% over Q4 2020 with continued double-digit growth from established brands as well as growth contributed by launch brands. Combined with exceptional growth in the international pharmaceutical business and legacy business, total Company sales increased by 26% overall in Q4 2021 over Q4 2020.

The Company posted its second consecutive record quarterly Net Income After Taxes ("NIAT") in Q4 2021 of $1,877,804, representing a significant increase of 182% over Q4 2020 with a healthy net profit margin of 26% in Q4 2021, as compared to a profit margin of 12% in Q4 2020.

In line with the Company's strategic objectives, for the full year 2021, Canadian pharmaceutical sales increased by 21% over FY 2020 with growth delivered from across the Company's product portfolio. Combined with a resurgence in the international pharmaceutical business and legacy business during the year, total Company sales increased by 28% overall in FY 2021 over FY 2020. Sales CAGR between FY 2019 and FY 2021 was 16%.

The Company's net profit margin increased to 22% in FY 2021 as compared to 17% in FY 2020 even as the Company continued to invest in launch brands. The year-over-year increase in selling and marketing expenditure on the Combogesic® launch brand, in particular, was in excess of $2 million in FY 2021 with modest sales from this brand during the year compared with the Company's established brands.

Results of Operations for the three and twelve months ended December 31, 2021 and 2020

Sales

Total Company Sales:

Q4 2021 vs. Q4 2020

Total Company sales for Q4 2021 were $7,218,656 increasing by 26% compared to total Company sales for Q4 2020 of $5,726,328 which increased by 3% compared to Q4 2019.

FY 2021 vs. FY 2020

Total Company sales for FY 2021 were $28,618,218, increasing by 28% compared to total Company sales for FY 2020 of $22,332,168 which increased by 4% compared to FY 2019.

Canadian Pharmaceutical Sales:

Q4 2021 vs. Q4 2020

Canadian pharmaceutical sales for Q4 2021 were $6,466,381, increasing by 20% over Q4 2020 sales of $5,395,431 which increased by 7% compared to Q4 2019. The table below summarizes the Q4 2021 versus Q4 2020 percentage change in sales volumes (units) by product:

Product	Q4 2021 vs. Q4 2020 Change
FeraMAX®	+12%
RepaGyn®	+8%
Tibella®	+100%
Combogesic®	**
Cathejell®	-4%
Aguettant System® (discontinued)	+94%
Cysview® (discontinued)	+187%

**Product launched in December 2020 – Q4 2020 sales not comparable

In the Community Business, Q4 2021 Canadian sales volumes (units) of FeraMAX® increased by 12% as compared to Q4 2020. During Q4 2021, the Company also successfully launched the new FeraMax® Pd Powder 15 - the second product launched by BioSyent under the patented PDIC iron delivery system which replaces the PIC formulation of FeraMAX® Powder at Canadian pharmacies. Q4 2021 Canadian sales volumes (units) of RepaGyn® increased by 8% as compared to Q4 2020. Q4 2021 Canadian sales volumes (units) of launch product Tibella® increased by 100% as compared to Q4 2020.

The Community Business' field salesforce continued to experience access limitations to physicians, pharmacists, and other healthcare professionals during Q4 2021. While access to these healthcare professionals is improving as COVID-19-related restrictions are lifted in various regions across Canada, the healthcare system overall is still significantly impacted by COVID-19.

Additionally, the decline in patient traffic through the offices of healthcare professionals persisted during Q4 2021, continuing to impact the launch trajectory of Tibella® and Combogesic®. Nonetheless, Tibella® and Combogesic® both contributed to the overall growth in Canadian Pharmaceutical sales during the quarter. However, these launch brands continued to be negatively impacted by both limited access to healthcare professionals and a decline in patient volumes through the offices of these healthcare professionals in Q1 2022 during the spread of the Omicron variant and related access restrictions.

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. The further impact of COVID-19 and variants thereof on the selling activities of the Community Business' field salesforce, consumer behaviour, and demand for pharmaceutical products in the community remains uncertain, even as COVID-19-related restrictions are lifted in various regions across Canada.

In the Specialty Business, Q4 2021 Canadian sales volumes (units) of Cathejell® decreased by 4% as compared to a particularly strong Q4 2020 which had record quarterly Cathejell® sales. Q4 2021 sales volumes (units) of Aguettant System® PFS products increased by 94% as compared to Q4 2020. Sales volumes (units) of Cysview® increased by 187% in Q4 2021 as compared to Q4 2020 which was negatively impacted by a decline in elective procedures in Canadian hospitals as a result of COVID-19, with Q4 2020 sales of Cysview® declining by 60% as compared to Q4 2019. There remains an ongoing risk that COVID-19 infection and hospitalization rates could affect demand for Cathejell® in 2022.

FY 2021 vs. FY 2020

Canadian pharmaceutical sales for FY 2021 were $25,780,275, increasing by 21% over FY 2020 sales of $21,237,461 which increased by 12% compared to FY 2019. The table below summarizes the FY 2021 versus FY 2020 percentage change in sales volumes (units) by product:

Product	FY 2021 vs. FY 2020 Change
FeraMAX®	+14%
RepaGyn®	+8%
Tibella®	*
Combogesic®	**
Cathejell®	+12%
Aguettant System® (discontinued)	+27%
Cysview® (discontinued)	+66%

*Product launched in July 2020 – FY 2020 sales not comparable

**Product launched in December 2020 – FY 2020 sales not comparable

In the Community Business, FY 2021 Canadian sales volumes (units) of FeraMAX® increased by 14% as compared to FY 2020, driven by FeraMax® Pd Therapeutic 150 which was launched to the Canadian market in November 2020. In addition to the 2021 launch of FeraMax® Pd Powder 15, the Company has further new FeraMax® Pd product launch activity planned for 2022 and beyond which deepen the Company's commitment to the management of iron deficiency in Canada and enhance the presence of the FeraMax® Pd brand in Canada with the goal of capturing a greater share of the market.

FY 2021 sales volumes (units) of RepaGyn® increased by 8% as compared to FY 2020.

While Tibella® and Combogesic® both contributed to sales growth FY 2021, the launch trajectory of these two products in the market has been affected by COVID-19-related access restrictions to healthcare professionals and by the volume of patients visiting those healthcare professionals' offices during the pandemic. Although the Company is encouraged by the lifting of certain COVID-19-related restrictions across Canada, selling activities in the early part of 2022 were constrained by the spread of the Omicron variant in Canada and related public health measures.

In the Specialty Business, FY 2021 Canadian sales volumes (units) of Cathejell® increased by 12% as compared to FY 2020. FY 2021 sales volumes (units) of Aguettant System® PFS products increased by 27% as compared to FY 2020. Sales volumes (units) of Cysview® increased by 66% in FY 2021 as compared to a particularly low FY 2020 during which the frequency of elective procedures in Canadian hospitals, including blue-light cystoscopies, were negatively impacted by COVID-19-related disruption.

BioSyent entered into a Transition Agreement with Laboratoire Aguettant that transferred all responsibilities for Aguettant System® products (atropine and phenylephrine pre-filled syringes) in Canada to Laboratoire Aguettant. BioSyent has discontinued all commercialization efforts for Aguettant System® products in Canada effective January 1, 2022.

BioSyent also entered into a Termination and Transition Agreement with Photocure ASA, that ended the existing Distribution and Supply Agreement effective December 31, 2021. On January 12, 2022, BioSyent discontinued all commercialization efforts on Cysview® and returned the Canadian rights for Cysview® to Photocure ASA. Aggregate milestone payments of $639,182 which were potentially required to be made by the Company to Photocure ASA under the existing Distribution and Supply Agreement were waived under the terms of the Termination and Transition Agreement.

Two of the three discontinued products (Aguettant atropine, Aguettant phenylephrine, and Cysview®) the rights for which were returned to their owners, were not profitable to the Company. In spite of the Company's discontinuation of these brands, the Company maintains its commitment to growing the Specialty Business in Canadian hospitals, clinics and urgent care centres.

International Pharmaceutical Sales:

Q4 2021 vs. Q4 2020

Q4 2021 International FeraMAX® sales of $318,406 increased by 462% as compared to sales of $56,668 in Q4 2020, which declined by 87% as compared to Q4 2019. During Q4 2021, the Company shipped three international FeraMAX® orders to three separate geographic markets. This quarter-to-quarter variability in FeraMAX® exports is not unusual for the international pharmaceutical business as a result of the added logistics, trade, and regulatory complexities of this business.

FY 2021 vs. FY 2020

International FeraMAX® sales for FY 2021 were $1,623,723, increasing by 621% compared to international FeraMAX® sales for FY 2020 of $225,139, which decreased by 84% as compared to Q4 2019. This increase in international sales for FY 2021 is largely a result of a significant single FeraMAX® sale to the Company's largest export market in January 2021 following a 12-month period in 2020 without any significant shipments to this market, as well as growth in sales to a new customer in the Company's second largest export market.

Although management is encouraged by several customer orders in hand for delivery throughout 2022, which significantly reduces its dependency on a single geographic market, management expects continued variability in the timing and extent of international FeraMAX® sales from period to period, particularly sales to its largest export market.

Legacy Business Sales:

Q4 2021 vs. Q4 2020

Legacy Business sales of Protect-It® for Q4 2021 were $433,869, increasing by 58% compared to Legacy Business sales for Q4 2020 of $274,229 which increased by 180% as compared to Q4 2019. This growth in Protect-It® sales during the quarter was attributable to a single large Protect-It® delivery to a Canadian distributor for export.

FY 2021 vs. FY 2020

Legacy Business sales of Protect-It® for FY 2021 were $1,214,220, increasing by 40% compared to Legacy Business sales for FY 2020 of $869,568 which declined by 16% as compared to FY 2019 due to some COVID-19 impact on demand in 2020 and carryover of customers' inventory.

Expenses

	Q4 2021	% Change vs. Q4 2020	% to Total Company Sales	Q4 2020	% Change vs. Q4 2019	% to Total Company Sales
Cost of goods sold	$ 1,397,055	5%	19%	$ 1,326,613	10%	23%
Selling and marketing	$ 1,997,306	-12%	28%	$ 2,268,725	74%	40%
General and administration	$ 1,390,506	22%	19%	$ 1,141,252	-23%	20%
New business development costs	$ 47,956	660%	1%	$ 6,312	-42%	0%
Finance costs	$ 20,743	-8%	0%	$ 22,656	-7%	0%
Subtotal	$ 4,853,566	2%	67%	$ 4,765,558	18%	83%
Finance income	$ (56,448)	-25%	1%	$ (75,360)	-43%	1%

Q4 2021 vs. Q4 2020

Total expenses for Q4 2021 were $4,853,566, increasing by 2% versus Q4 2020 expenses of $4,765,558. The ratio of total expenses to sales in Q4 2021 was 67%, declining from a ratio of 83% in Q4 2020.

Total selling and marketing expenses for Q4 2021 were $1,997,306, decreasing by 12% as compared to Q4 2020 selling and marketing expenses of $2,268,725. The ratio of selling and marketing expenses to sales in Q4 2021 also decreased to 28% from a ratio of 40% in Q4 2020 during which the Company made significant promotional investment in Tibella® (launched in July 2020), Combogesic® (launched in December 2020), and FeraMax® Pd Therapeutic 150 (launched in November 2020). While Tibella® and Combogesic® were revenue-generating during Q4 2021, the level of launch-stage selling and marketing expenditures for these two products was high relative to their Q4 2021 sales when compared with the Company's established brands. Nonetheless, unit sales of Tibella® increased by 100% in Q4 2021 versus Q4 2020, while the level of selling and marketing expenditures on this brand increased by 26% as the product has gained traction in the market, contributing to the overall decline in the ratio of selling and marketing expenses to sales during the period.

As the Company makes further investment in expanding its field salesforce and in the promotion of Combogesic®, Tibella® and other launch stage products during 2022, management expects the ratio of selling and marketing expenses to sales for these products to remain relatively high as compared to the Company's established brands, until these products gain further uptake in their respective markets.

General and administration expenses for Q4 2021 were $1,390,506, increasing by 22% as compared to Q4 2020 general and administration expenses of $1,141,252 as a result of increased corporate expenses and professional fees. Overall, the ratio of general and administration expenses to total Company sales for Q4 2021 was 19%, decreasing slightly from a ratio of 20% in Q4 2020.

Finance costs for Q4 2021 were $20,743, decreasing marginally from finance costs for Q4 2020 of $22,656. Finance costs represent interest expense on the Company's office lease liability accounted for in accordance with IFRS 16 *Leases*.

Finance income for Q4 2021, consisting of interest earned on short term investments and certain realized foreign exchange gains, was $56,448, decreasing by 25% as compared to Q4 2020 finance income of $75,360.

	FY 2021	% Change vs. FY 2020	% to Total Company Sales	FY 2020	% Change vs. FY 2019	% to Total Company Sales
Cost of goods sold	$ 5,980,356	22%	21%	$ 4,908,321	3%	22%
Selling and marketing	$ 9,076,212	22%	32%	$ 7,423,311	29%	33%
General and administration	$ 5,262,582	7%	18%	$ 4,905,190	-9%	22%
New business development costs	$ 115,867	77%	0%	$ 65,322	-28%	0%
Finance costs	$ 85,246	-8%	0%	$ 92,942	186%	0%
Subtotal	$ 20,520,263	18%	72%	$ 17,395,086	8%	78%
Finance income	$ (155,466)	-48%	1%	$ (299,897)	-42%	1%

FY 2021 vs. FY 2020

Total expenses for FY 2021 were $20,520,263, increasing by 18% versus FY 2020 expenses of $17,395,086. The ratio of total expenses to sales in FY 2021 was 72%, lower than a ratio of 78% in FY 2020.

Total selling and marketing expenses for FY 2021 were $9,076,212, increasing by 22% as compared to FY 2020 selling and marketing expenses of $7,423,311. The ratio of selling and marketing expenses to sales for FY 2021 was 32%, decreasing slightly from a ratio of 33% in FY 2020. The overall increase in selling and marketing expenses in FY 2021 was due primarily to significant advertising and promotion expenditures on Combogesic®, following its launch in late December 2020. While Combogesic® and Tibella® were both revenue-generating during FY 2021, the rate of launch sales growth of these two products has been affected in varying degrees by COVID-19-related access limitations of the Company's field salesforce to healthcare professionals as well as the depressed level of in-person patient traffic through the offices of these healthcare professionals. As planned, the level of launch-stage selling and marketing expenditures for these two products was high relative to their FY 2021 sales. As the Company makes further planned selling and marketing expenditures on Tibella® and Combogesic® as well as expenditure on other new product launch preparations and the development of further FeraMax® Pd platform product line extensions during 2022, management expects the ratio of total Company selling and marketing expenses to sales to remain relatively high as compared to historic levels. Additionally, as COVID-19 restrictions are lifted and the in-person access of the Company's field salesforce to healthcare professionals improves, management expects an increase in certain selling and marketing expenses as a result.

General and administration expenses for FY 2021 were $5,262,582, increasing by 7% as compared to FY 2020 general and administration expenses of $4,905,190. Overall, the ratio of general and administration expenses to total Company sales for FY 2021 declined to 18%, as compared to a ratio of 22% in FY 2020.

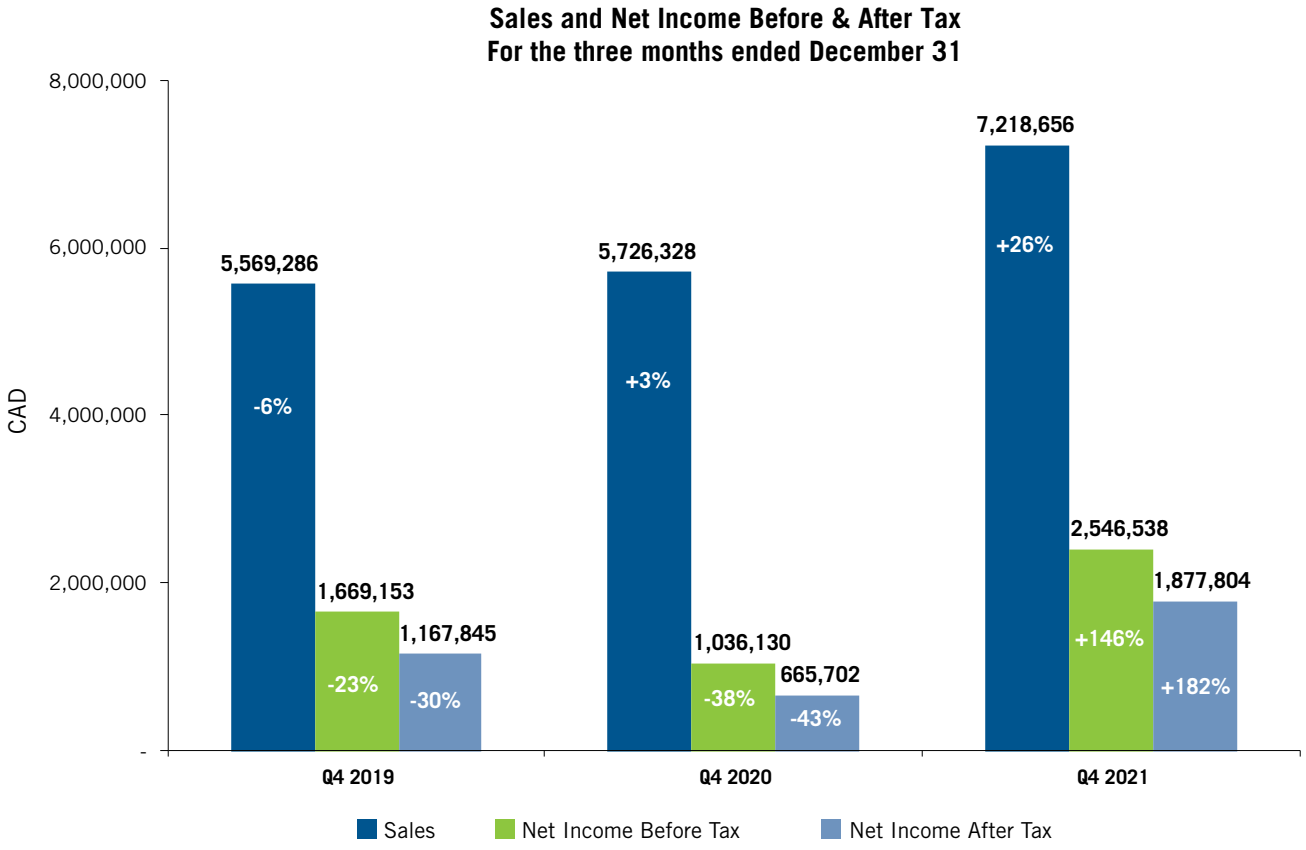
Finance costs for FY 2021, consisting of office lease interest expense, were $85,246, decreasing by 8% as compared to FY 2020 finance costs of $92,942 as a result of the overall decrease in the Company's office lease liability, amortized in accordance with IFRS 16 Leases.

Despite a higher average cash balance during the period, finance income for FY 2021, consisting of interest earned on short term investments and certain realized foreign exchange gains, was $155,466 decreasing by 48% as compared to FY 2020 finance income of $299,897. This decrease was a result of lower market interest rates in FY 2021 as compared to FY 2020, following monetary policy measures enacted by the Bank of Canada in response to the COVID-19 crisis starting in March 2020.

Net Income After Taxes (NIAT)

Q4 2021 vs. Q4 2020

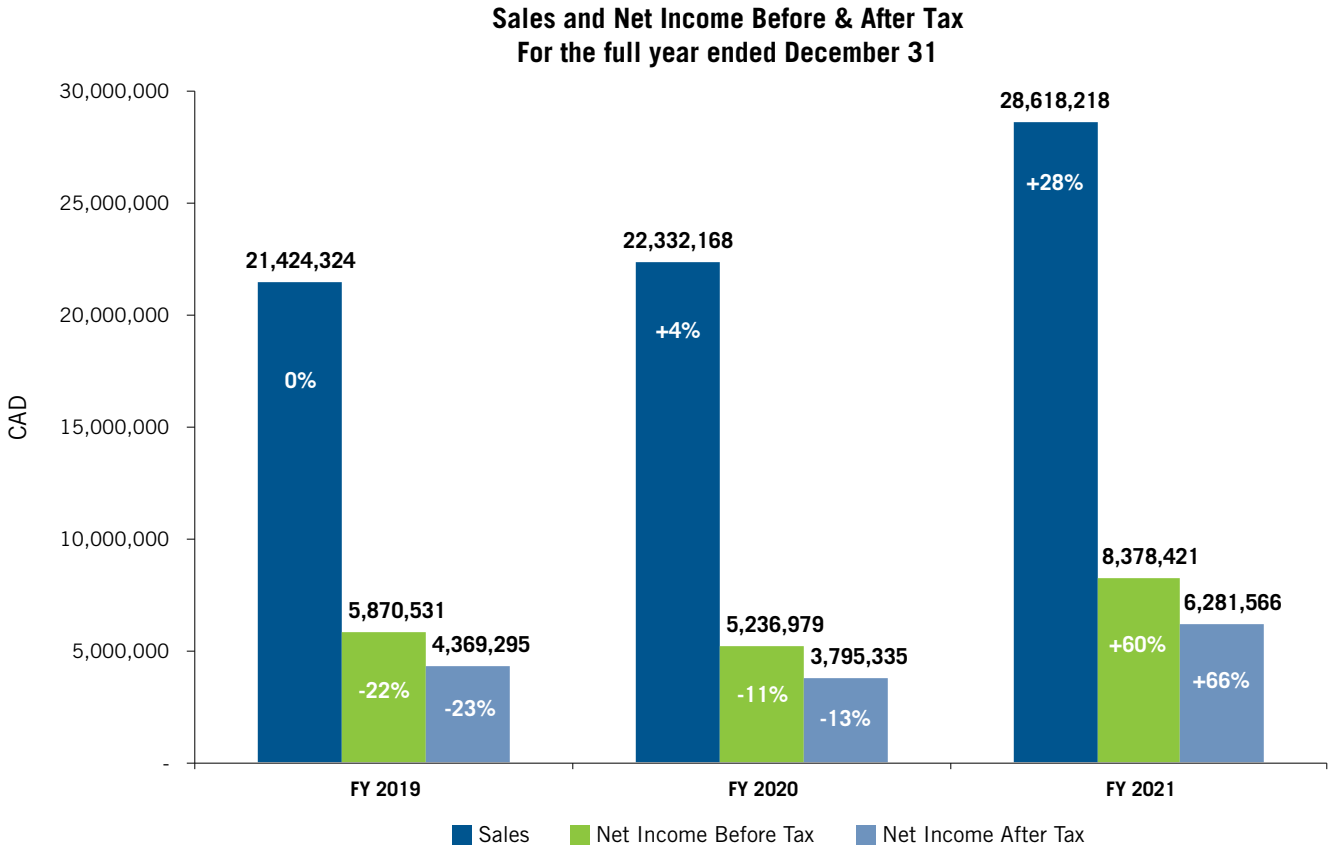
Q4 2021 marked the Company's 46th consecutive profitable quarter. Record quarterly NIAT for Q4 2021 of $1,877,807 increased by 182% compared to NIAT for Q4 2020 of $665,702 which decreased by 43% compared to Q4 2019 as a result of significant launch and pre-launch promotional spending in Q4 2020 on Tibella®, Combogesic®, and FeraMax® Pd Therapeutic 150. As a result of 20% sales growth overall in the Canadian pharmaceutical business, exceptional growth in the International pharmaceutical business and Legacy business, an increase in gross margins overall, and a decrease in selling and marketing expenditures during the quarter, the Company's net profit margin increased to 26% in Q4 2021 as compared to 12% in Q4 2020.



Including currency translation gains of $13,370, total comprehensive income for Q4 2021 was $1,891,174, increasing by 198% compared to total comprehensive income for Q4 2020 of $633,649.

FY 2021 vs. FY 2020

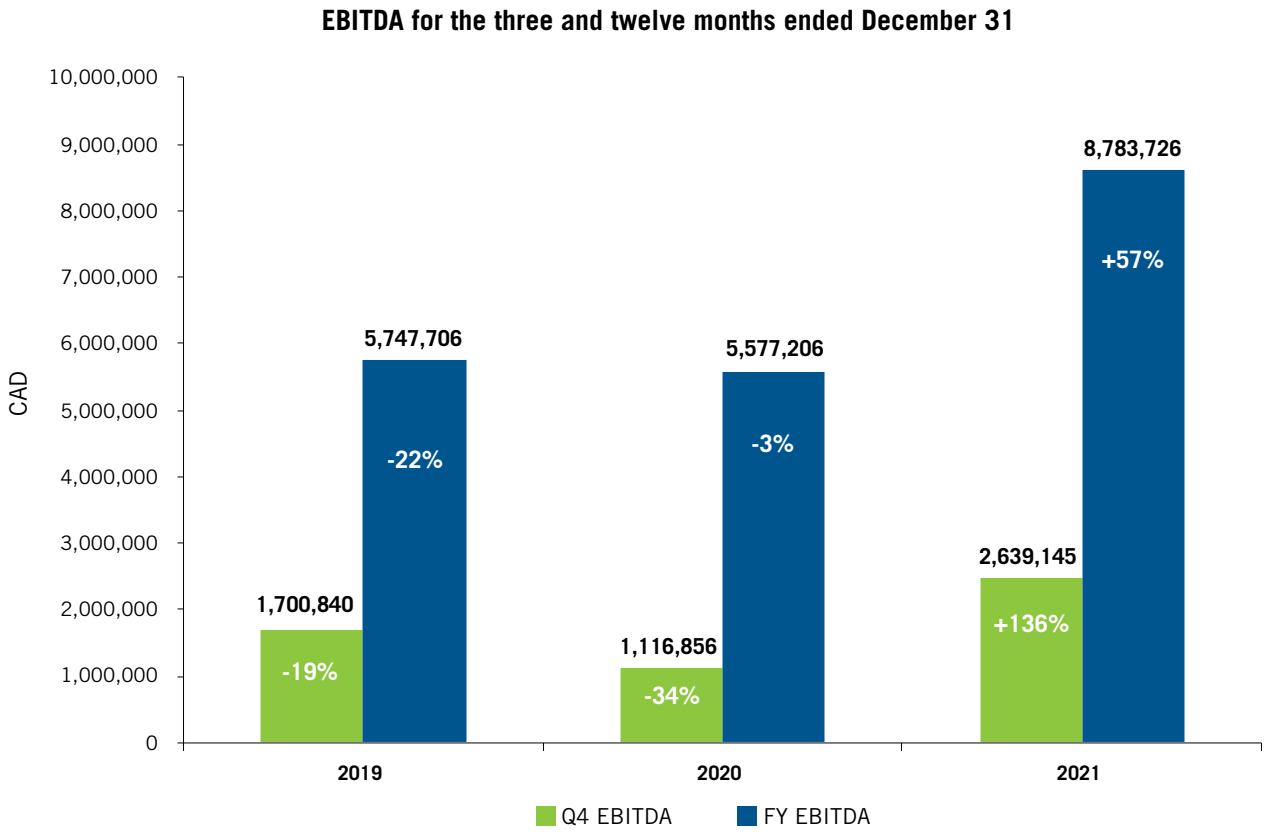
Record annual NIAT for FY 2021 of $6,281,566 increased by 66% compared to NIAT for FY 2020 of $3,795,335 which decreased by 13% compared to FY 2019. This increase in NIAT was a result of sales growth in all of the Company's established Canadian pharmaceutical brands as well as growth from its launch brands Tibella® and Combogesic®. Combined with a resurgence in the International FeraMAX® Business during the year, double-digit sales growth in the Legacy Business, an increase in gross margins on sales mix, and management of expenditures, overall, the Company's net profit margin increased to 22% of sales in FY 2021 as compared to 17% of sales in FY 2020.



Including currency translation losses of $18,555, total comprehensive income for FY 2021 was $6,263,011, increasing by 68% compared to total comprehensive income for FY 2020 of $3,733,930.

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 months and full years ended December 31, 2019, 2020, and 2021 is provided in the graph below:



Q4 2021 vs. Q4 2020

EBITDA for Q4 2021 of $2,639,145 increased by 136% compared to EBITDA for Q4 2020 of $1,116,856. This increase in EBITDA was a result of an increase in Net Income Before Taxes of 146% to $2,546,538 in Q4 2021 from $1,036,130 in Q4 2020. A reconciliation of EBITDA to NIAT for the three months ended December 31, 2021, 2020, and 2019 is provided in the table below:

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

		2021	2020	2019
Q4 EBITDA		$ 2,639,145	$ 1,116,856	$ 1,700,840
Add:	Interest Income	38,029	55,310	99,865
Less:	Depreciation of Property and Equipment	(84,101)	(84,015)	(81,743)
	Amortization of Intangible Assets	(25,792)	(29,365)	(25,337)
	Interest Expense	(20,743)	(22,656)	(24,472)
	Income Tax Expense	(668,734)	(370,428)	(501,308)
Q4 NIAT		$ 1,877,804	$ 665,702	$ 1,167,845

FY 2021 vs. FY 2020

EBITDA for FY 2021 of $8,783,726 increased by 57% compared to EBITDA for FY 2020 of $5,577,206. This increase in EBITDA was a result of an increase in Net Income Before Taxes of 60% to $8,378,421 in FY 2021 from $5,236,979 in FY 2020. A reconciliation of EBITDA to NIAT for the full years ended December 31, 2021, 2020, and 2019 is provided in the table below:

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

		2021	2020	2019
FY EBITDA		$ 8,783,726	$ 5,577,206	$ 5,747,706
Add:	Interest Income	137,047	263,137	447,011
Less:	Depreciation of Property and Equipment	(314,839)	(334,186)	(193,578)
	Amortization of Intangible Assets	(142,267)	(176,236)	(98,152)
	Interest Expense	(85,246)	(92,942)	(32,456)
	Income Tax Expense	(2,096,855)	(1,441,644)	(1,501,236)
FY NIAT		$ 6,281,566	$ 3,795,335	$ 4,369,295

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 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Sales ($)	**7,218,656**	6,690,419	7,289,254	7,419,889	2,639,145	5,771,739	4,771,255	6,062,846
Net Income After Taxes ($)	**1,877,804**	1,721,320	1,018,074	1,664,368	665,702	955,909	722,206	1,451,518
Earnings Per Share – Basic ($)	**0.15**	0.14	0.08	0.13	0.05	0.07	0.06	0.11
Earnings Per Share – Diluted ($)	**0.15**	0.13	0.08	0.13	0.05	0.07	0.06	0.11

Diluted EPS for Q4 2021 was $0.15, increasing by $0.10 compared with diluted EPS of $0.05 for Q4 2020.

Diluted EPS for FY 2021 was $0.49, increasing by $0.20 compared with diluted EPS of $0.29 for FY 2020.

Financial Resources and Liquidity

Working capital, defined here as the difference between current assets and current liabilities, increased to $29,942,178 as at December 31, 2021 from $24,635,207 as at December 31, 2020. Cash and short-term investments of $28,211,670 accounted for 94% of working capital as at December 31, 2021 as compared with cash and short-term investments of $25,577,706 accounting for 104% of working capital as at December 31, 2020. 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.

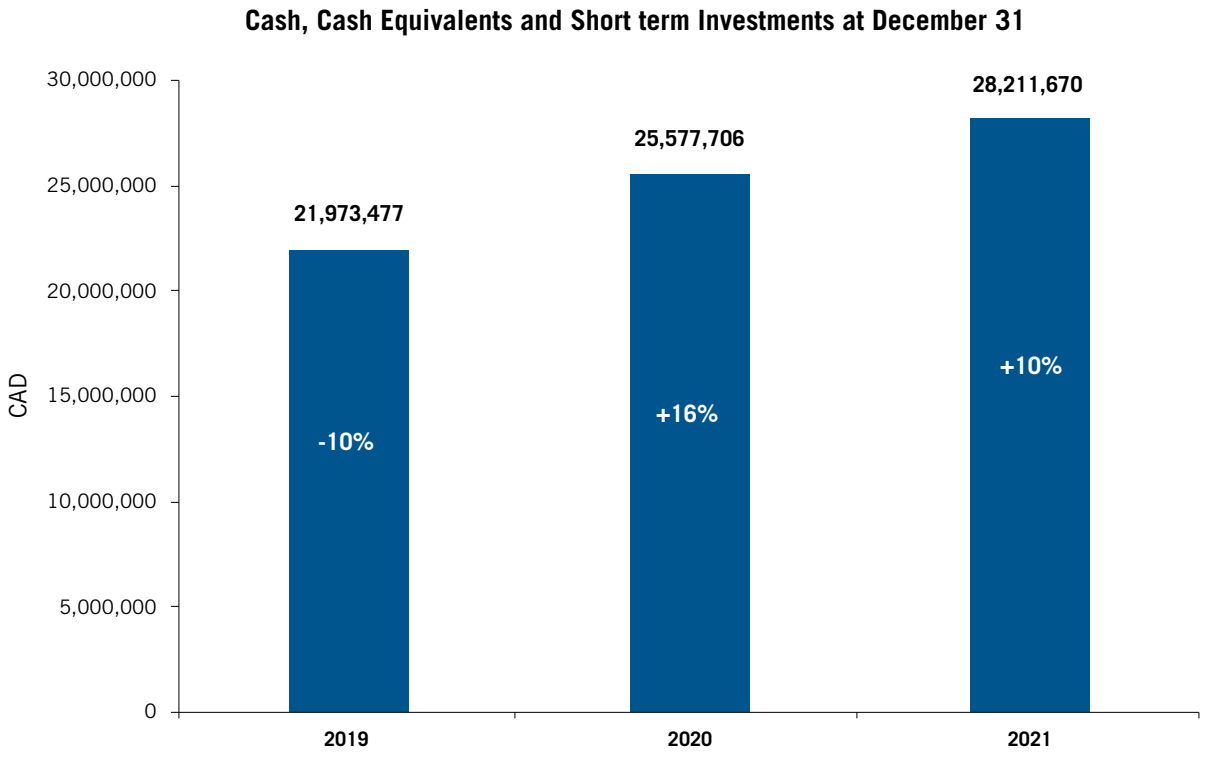
The Company's business model does not require significant ongoing capital investment. This business model consistently generates cash from operations, providing the Company with significant cash reserves not required in operations. The Company's cash reserves provide it with flexibility in the sourcing, financing, and commercialization of new product in-licensing and acquisition opportunities.

In addition to capital investments in growth (both in organic growth from existing brands and incremental growth from new brands), from time to time, excess capital may be returned to shareholders through share buybacks (via Normal Course Issuer Bid) and dividends. Between December 2018 to date, the Company has repurchased and cancelled approximately 1.9 million common shares with a total expenditure of $11.8 million. Based on the Company's historic financial performance and planned future growth, Management believes these share buybacks are an effective use of capital to deliver value to all BioSyent shareholders.

During FY 2021, there was a net increase in cash and short-term investments of $2,633,964 as compared to a net increase of $3,604,229 during FY 2020. While the Company's NIAT increased to $6,281,566 in FY 2021 from $3,795,335 in FY 2020, there was a net increase in non-cash working capital of $2,175,147 in FY 2021 as compared to a net decrease in non-cash working capital of $2,494,010 in FY 2020 primarily as a result of an increase in trade accounts receivable at December 31, 2021 from significant sales growth in Q4 2021 versus Q4 2020. As a result, the Company generated net cash from operating activities of $4,674,888 during FY 2021 as compared to $6,894,425 during FY 2020. The Company also expended $1,321,594 in FY 2021 for the repurchase and cancellation of the Company's own common shares under a Normal Course Issuer Bid ("NCIB") and a further $527,179 for the purchase of common shares held in trust for the Company's Restricted Share Unit ("RSU") Plan. Comparatively,

during FY 2020, the Company expended $2,648,194 for the repurchase and cancellation of common shares under its NCIB and a further $493,818 on the purchase of common shares for the Company's RSU Plan.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of December 31, 2019, 2020, and 2021 as well as the growth over the comparative prior year period:



Total shareholders' equity increased by 18% to $31,554,926 at December 31, 2021 from $26,795,956 at December 31, 2020. While the Company generated comprehensive income of $6,263,011 during FY 2021, it repurchased 180,950 of its own common shares during the year under its NCIB and a further 69,300 common shares which were held as treasury shares in trust for future settlements under its RSU Plan, reducing shareholders' equity by $1,848,773 as a result.

Return on Average Shareholders' Equity increased to 21% for FY 2021, as compared to 14% for FY 2020.

The Company's total assets at December 31, 2021 were $37,167,456 increasing by 11% compared to total assets of $33,571,214 as at December 31, 2020. This compares to an increase of 8% in total assets during FY 2020 from total assets of $30,965,314 at December 31, 2019.

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, 2021. This credit facility bears interest at a variable rate of Royal Bank prime plus 0.75% and has been secured with a General Security Agreement constituting a first ranking security interest of the Bank in the Company's property. The Company is subject to maintaining certain financial covenants if the demand credit facility is drawn upon.

Risk Management

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

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

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

1. 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 and internationally, such restrictions may have an impact on the Company's 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 non-prescription products, prescription products, 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 increased by 53% to $2,547,388 at December 31, 2021 from $1,665,738 at December 31, 2020, due primarily to an overall increase in sales in Q4 2021 of 26% as compared to Q4 2020.

The Company monitors its credit risk on an ongoing basis. The Company has provided for expected credit losses of $53,011 related to certain disputed deductions on trade receivables by certain Canadian pharmaceutical wholesale customers. 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, 2021, one customer represents 36% of trade receivables (December 31, 2020 - 43%) while another customer represents 21% of trade receivables (December 31, 2020 - 19%), a third customer represents 13% of trade receivables (December 31, 2020 - 15%), and a fourth customer represents 11% of trade receivables (December 31, 2020 – 4%). There have been no past credit losses from these 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's funds have not been committed in any way, except as set out in Note 20 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 industry 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, geopolitical risks, armed conflicts, economic sanctions, 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. Capital Risk

Significant capital investment is required in the sourcing, development, and launch of new products to the market as a result of the high cost of product development as well as the high level of competition and regulation in the pharmaceutical industry. Competitive, regulatory, and market risks result in a high degree of new product failures in the specialty pharmaceutical industry. Given the substantial resources and investment required in launching new products, there is uncertainty that the returns on such investment will meet Company expectations as well as a risk of financial loss for unsuccessful product launches.

14. 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.

15. 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.

16. 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 9, 2022 the following common shares, stock options, and Restricted Share Units were outstanding:

	No. of Shares	Exercise Price Range
Issued common shares	12,640,658	
Treasury shares: RSU Plan in Trust	(225,700)	
Outstanding common shares	12,414,958	
Stock options outstanding	170,504	$6.20 - $ 10.97
RSUs outstanding	192,597	
Fully Diluted at March 9, 2022	12,778,059	

Normal Course Issuer Bid

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. The Company repurchased and cancelled 159,850 common shares at an average price of $7.15 per share under this NCIB during FY 2021.

On December 13, 2021, 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, 2022 during which the Company would be permitted to purchase up to 740,000 of its own common shares for cancellation. Between December 17, 2021 to date, the Company has repurchased and cancelled 145,400 common shares at an average price of $8.13 per share under this NCIB.

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.

To the date hereof, the Company has purchased 225,700 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 estimated 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	Rent and Occupancy Costs
2022	$ 368,197
2023	$ 371,711
2024	$ 371,711
2025	$ 375,225
2026	$ 382,253
Beyond Next 5 Fiscal Years	$ 1,019,342
Total	$ 2,888,439

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 years ended December 31, 2021 and 2020:

	Year ended December 31,	
	2021	2020
Number of Key Management Personnel	6	6
Salary, Benefits, and Bonus	$1,689,577	$1,635,408
Share-Based Payments	$220,513	$207,785

During the year ended December 31, 2021, the Company recorded share-based payment expense of $220,513 (2020 - $207,785) related to the amortization of RSUs granted to key management under the Company's RSU Plan, the vesting of options granted prior to 2020 under the Company's SOP, 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, 2021, there were loans receivable under the MSLP from key management personnel of $551,798 (December 31, 2020 - $546,335). Interest accrued on these MSLP loans during the year totalled $5,463 (2020 - $8,108).

Transactions with Directors

During the year ended December 31, 2021, the Company paid cash fees to its directors in the amount of $109,312 (2020 - $54,376) and recorded share-based payments expense for accounting purposes of $38,116 (2020 - $22,022) related to the amortization of RSUs under the Company's RSU Plan and the vesting of options granted to directors prior to 2020 under the SOP.

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, 2021 and 2020

March 9, 2022

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, 2021 and 2020 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 9, 2022

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, 2021 and December 31, 2020, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows 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, 2021 and December 31, 2020, 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 andAnalysis
- 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 to 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 9, 2022

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

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

AS AT	December 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents *(Note 6)*	$ 18,035,275	$ 20,291,421
Short term investments *(Note 7)*	10,176,395	5,286,285
Trade and other receivables *(Note 8)*	2,787,305	1,815,015
Inventory *(Note 9)*	2,204,331	2,073,561
Prepaid expenses and deposits	456,034	307,599
Loans receivable - current *(Note 13)*	420,104	-
CURRENT ASSETS	34,079,444	29,773,881
Property and equipment *(Note 11)*	1,931,569	2,161,698
Intangible assets *(Note 12)*	874,026	1,007,822
Loans receivable - non current *(Note 13)*	183,201	597,332
Deferred tax asset *(Note 24)*	99,216	30,481
TOTAL NON CURRENT ASSETS	3,088,012	3,797,333
TOTAL ASSETS	$ 37,167,456	$ 33,571,214
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 3,563,134	$ 3,723,486
Contract liability *(Note 14)*	226,023	246,124
Customer advances	87,609	688,312
Lease liability - current *(Note 15)*	161,809	151,949
Derivative liability *(Note 10)*	-	78,608
Income tax payable *(Note 24)*	98,691	250,195
CURRENT LIABILITIES	4,137,266	5,138,674
Deferred tax liability *(Note 24)*	80,161	79,672
Lease liability - non current *(Note 15)*	1,395,103	1,556,912
TOTAL NON CURRENT LIABILITIES	1,475,264	1,636,584
Share capital *(Note 16)*	5,796,864	6,392,428
Contributed surplus	1,818,635	1,494,419
Cumulative translation adjustment	(185,260)	(166,705)
Retained earnings	24,124,687	19,075,814
TOTAL EQUITY	31,554,926	26,795,956
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 37,167,456	$ 33,571,214

Contingencies *(Note 19)*
Commitments *(Note 20)*
Related party transactions *(Note 21)*

APPROVED ON BEHALF OF THE BOARD

René Goehrum
DIRECTOR
March 9, 2022

Peter Lockhard
DIRECTOR
March 9, 2022

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,	
	2021	2020
Net revenues from contracts with customers *(Note 25)*	$ 28,618,218	$ 22,332,168
Cost of goods sold *(Notes 9, 17)*	5,980,356	4,908,321
Gross profit	22,637,862	17,423,847
Selling, general and administration expenses *(Note 17)*	14,338,794	12,328,501
New business development costs *(Note 17)*	115,867	65,322
Operating profit	8,183,201	5,030,024
Finance costs *(Notes 15, 17)*	85,246	92,942
Finance income *(Note 17)*	(155,466)	(299,897)
Return of rights service fees *(Note 12)*	(125,000)	-
NET INCOME BEFORE TAXES	8,378,421	5,236,979
Current income tax *(Note 24)*	2,165,101	1,469,260
Deferred tax recovery *(Note 24)*	(68,246)	(27,616)
NET INCOME AFTER TAXES	6,281,566	3,795,335
OTHER COMPREHENSIVE INCOME		
Currency translation losses	(18,555)	(61,405)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$6,263,011	$ 3,733,930
Basic weighted average number of shares outstanding *(Note 18)*	12,689,163	12,977,456
Basic earnings per share *(Note 18)*	$ 0.495	$ 0.292
Diluted weighted average number of shares outstanding *(Note 18)*	12,871,281	13,094,300
Diluted earnings per share *(Note 18)*	$ 0.488	$ 0.290

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,	
	2021	2020
OPERATING ACTIVITIES		
Net income after taxes	$ 6,281,566	$ 3,795,335
Items not affecting cash:		
Depreciation - property and equipment *(Notes 11, 17)*	314,839	334,186
Amortization - intangible assets *(Notes 12, 17)*	142,267	176,236
Expected credit losses	-	37,174
Share-based payments *(Note 16)*	334,410	266,173
Change in derivative liability *(Note 10)*	(78,608)	34,747
Net finance income *(Note 17)*	(70,220)	(206,955)
Loan interest receivable *(Note 13)*	(5,973)	(8,865)
Deferred tax recovery *(Note 24)*	(68,246)	(27,616)
Net change in non-cash working capital items:		
Trade and other receivables	(963,282)	214,132
Inventory	(130,770)	65,566
Prepaid expenses and deposits	(148,435)	341,182
Accounts payable and accrued liabilities	(160,352)	942,592
Contract liability	(20,101)	146,983
Customer advances	(600,703)	688,312
Income tax payable *(Note 24)*	(151,504)	95,243
Cash provided by operating activities	4,674,888	6,894,425
INVESTING ACTIVITIES		
Additions to property and equipment *(Note 11)*	(84,710)	(13,618)
Additions to intangible assets *(Note 12)*	(8,471)	(160,680)
(Increase) decrease in short term investments *(Note 7)*	(4,890,110)	3,245,375
Interest received	146,458	317,299
Cash (used in) provided by investing activities	(4,836,833)	3,388,376
FINANCING ACTIVITIES		
Payments - lease liability principal *(Note 15)*	(151,949)	(144,253)
Payments - lease liability interest *(Note 15)*	(85,246)	(92,942)
Repurchase of common shares - NCIB *(Note 16)*	(1,321,594)	(2,648,194)
Purchase of RSU Plan shares - held in trust *(Note 16)*	(527,179)	(493,818)
Proceeds from stock options exercised *(Note 16)*	10,322	7,415
Cash used in financing activities	(2,075,646)	(3,371,792)
Effect of foreign currency translation adjustment	(18,555)	(61,405)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,256,146)	6,849,604
Cash and cash equivalents, beginning of year	20,291,421	13,441,817
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 18,035,275	$ 20,291,421
SUPPLEMENTARY DISCLOSURE:		
NET CHANGE IN CASH AND SHORT TERM INVESTMENTS		
Cash and short term investments, beginning of year	$ 25,577,706	$ 21,973,477
Increase (decrease) in short term investments	4,890,110	(3,245,375)
Increase (decrease) in cash and cash equivalents	(2,256,146)	6,849,604
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	$ 28,211,670	$ 25,577,706
CASH PAID FOR TAXES	$ (2,316,605)	$ (1,374,017)

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, 2021	$ 6,392,428	$ 1,494,419	$ (166,705)	$ 19,075,814	$ 26,795,956
Comprehensive Income for the year	-	-	(18,555)	6,281,566	6,263,011
Common shares repurchased under Normal Course Issuer Bid *(Note 16)*	(88,901)	-	-	(1,232,693)	(1,321,594)
Common shares purchased and held in RSU Plan Trust *(Note 16)*	(527,179)	-	-	-	(527,179)
Effect of Share-based payments: Options vested *(Note 16)*	-	72,685	-	-	72,685
Effect of Share-based payments: Options exercised *(Note 16)*	20,516	(10,194)	-	-	10,322
Effect of Share-based payments: RSU expense *(Note 16)*	-	261,725	-	-	261,725
Balance as of December 31, 2021	$ 5,796,864	$ 1,818,635	$ (185,260)	$ 24,124,687	$31,554,926

	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 16)*	(308,089)	-	-	(2,204,165)	(2,512,254)
Common shares purchased and held in RSU Plan Trust *(Note 16)*	(493,818)	-	-	-	(493,818)
Effect of Share-based payments: Options vested *(Note 16)*	-	154,387	-	-	154,387
Effect of Share-based payments: Options exercised *(Note 16)*	14,718	(7,303)	-	-	7,415
Effect of Share-based payments: RSU Expense *(Note 16)*	-	111,786	-	-	111,786
Balance as of December 31, 2020	$ 6,392,428	$ 1,494,419	$ (166,705)	$ 19,075,814	$ 26,795,956

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 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 9, 2022.

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.

Statement of Compliance

These consolidated financial statements for the years ended December 31, 2021 and 2020 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 13. 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 $883,054 in the year ($1,154,781 in 2020).

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 reporting period 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 16*. 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 15*). 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.

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 15*).

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 and internationally, such restrictions may have an impact on the Company's 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 non-prescription products, prescription products, 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, 2021	December 31, 2020
Cash on deposit in banks	$14,470,449	$10,326,877
Redeemable GICs	3,564,826	9,964,544
Total cash and cash equivalents	$18,035,275	$20,291,421

7. Short term Investments

Short term investments consist of the following:

	December 31, 2021	December 31, 2020
Non-redeemable GICs	$8,544,166	$4,043,968
Dual Currency Deposits *(Note 10)*	1,632,229	1,242,317
Total short term investments	$10,176,395	$5,286,285

8. Trade and Other Receivables

Trade and other receivables is comprised of the following:

	December 31, 2021	December 31, 2020
Trade accounts receivable	$2,494,377	$1,599,028
Other receivables	292,928	215,987
Total trade and other receivables	$2,787,305	$1,815,015

9. Inventory

Inventory is comprised of the following:

	December 31, 2021	December 31, 2020
Raw and Packaging Materials	$414,641	$366,757
Finished Goods	1,789,690	1,706,804
Total inventory	$2,204,331	$2,073,561

Cost of goods sold is comprised of the following:

	Year ended December 31,	
	2021	2020
Raw and Packaging Materials and Finished Goods	$5,850,300	$4,772,303
Freight	130,056	136,018
Total cost of goods sold	$5,980,356	$4,908,321

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 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:

The Company had not entered into any foreign exchange options as at December 31, 2021.

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 at an exchange rate expressed in CAD per USD of 1.3100.

Forward Contracts:

The Company had not entered into any foreign exchange forward contracts as at December 31, 2021.

As at December 31, 2020, the Company entered into foreign exchange forward contracts to purchase a total of USD 650,000 and EUR 450,000.

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 $Nil as at December 31, 2021 (December 31, 2020 – $78,608).

The following table illustrates the Company's investment in foreign exchange instruments that are measured at FVTPL:

December 31, 2021	Level 1	Level 2	Level 3
Foreign Exchange Instruments	-	-	-

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

➢ **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, 2021	Level 1	Level 2	Level 3
DCDs	-	$1,632,229	-

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

At December 31, 2021, 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	1.2379	$1,000,000	$1,000,000	1.00%	January 18, 2022	1.2100

At December 31, 2021, the Company had the following USD denominated DCDs that were convertible into CAD:

Type of Financial Instrument	Spot Rate on Transaction Date	Principal (USD)	Net Fair Value (CAD)	Guaranteed Interest Rate	Maturity Date	Fixed Maturity Conversion Rate
DCD	1.2707	$500,000	$632,229	1.78%	February 24, 2022	1.3000

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

➢ **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 period 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, 2021	December 31, 2020
Description of Asset/(Liability)	USD	USD
Cash and cash equivalents	1,566,818	1,551,272
Short term investments	500,000	975,744
Trade receivables	66,563	17,292
Less: Accounts payable	(396,983)	(591,928)
Less: Customer advances	(69,103)	-
Net Total	1,667,295	1,952,380
Foreign Exchange Rate CAD per USD at the end of the year	1.2678	1.2732

At December 31, 2021, 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 $155,364 higher or lower on an after-tax basis, respectively (December 31, 2020 - $182,704 higher or lower, respectively).

Foreign Exchange Sensitivity Analysis - EUR

	December 31, 2021	December 31, 2020
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	899,198	743,512
Less: Customer deposits	-	(441,000)
Less: Accounts payable	(433,957)	(85,563)
Net Total	465,241	216,949
Foreign Exchange Rate CAD per EUR at the end of the year	1.4391	1.5608

At December 31, 2021, 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 $49,210 higher or lower on an after-tax basis, respectively (December 31, 2020 - $25,877 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, 2021	December 31, 2020
Current	$ 1,134,925	$ 1,444,432
Past due 1-30 days	1,137,301	110,964
Past due 31-60 days	62,136	22,783
Past due over 60 days	213,026	87,559
Expected credit loss	(53,011)	(66,710)
Closing Balance *(Note 8)*	$ 2,494,377	$ 1,599,028
Maximum Credit Risk	2,547,388	1,665,738

As of December 31, 2021, one customer represents 36% of trade receivables (December 31, 2020 - 43%) while another customer represents 21% of trade receivables (December 31, 2020 - 19%), a third customer represents 13% of trade receivables (December 31, 2020 - 15%), and a fourth customer represents 11% of trade receivables (December 31, 2020 – 4%). There have been no past credit losses from these customers.

The Company has provided for expected credit losses of $53,011 (December 31, 2020 - $66,710) related to certain disputed deductions on trade receivables by certain Canadian pharmaceutical wholesale customers. During the year ended December 31, 2021, the Company recovered $13,699 of previously recorded expected credit losses on accounts receivable (2020 - $5,875 recovered).

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.

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, 2021.

11. Property and equipment

	Furniture and Fixtures	Equipment	Computer Equipment	Computer Software	Right-of-Use Asset *(see Note 15)*	Leasehold Improvements	Total
COST:							
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
2021 Additions	-	-	57,316	27,394	-	-	84,710
December 31, 2021	**$ 254,939**	**$ 220,078**	**$ 332,819**	**$ 398,459**	**$ 1,330,455**	**$ 680,511**	**$ 3,217,261**
ACCUMULATED DEPRECIATION:							
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)
Changes in 2021	(26,805)	(26,266)	(30,420)	(30,251)	(133,046)	(68,051)	(314,839)
December 31, 2021	**$ (147,721)**	**$ (121,708)**	**$ (233,183)**	**$ (314,179)**	**$ (310,441)**	**$ (158,460)**	**$ (1,285,692)**
CARRYING AMOUNT							
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
December 31, 2021	**$ 107,218**	**$ 98,370**	**$ 99,636**	**$ 84,280**	**$ 1,020,014**	**$ 522,051**	**$ 1,931,569**

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, 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
2021 Additions	354	-	-	8,117	-	8,471
December 31, 2021	**$ 1,532,412**	**$ 953,020**	**$ 132,499**	**$ 111,183**	**$ 3,936**	**$ 2,733,050**
ACCUMULATED AMORTIZATION:						
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)
Changes in 2021	(83,013)	(41,800)	(6,907)	(9,795)	(752)	(142,267)
December 31, 2021	**$ (224,511)**	**$ (421,107)**	**$ (8,411)**	**$ (27,947)**	**$ (2,341)**	**$ (684,317)**
ACCUMULATED IMPAIRMENT LOSSES:						
December 31, 2019	$ (713,341)	$ (461,366)	$ -	$ -	$ -	$ (1,174,707)
Changes in 2020	-	-	-	-	-	-
December 31, 2020	$ (713,341)	$ (461,366)	$ -	$ -	$ -	$ (1,174,707)
Changes in 2021	-	-	-	-	-	-
December 31, 2021	**$ (713,341)**	**$ (461,366)**	**$ -**	**$ -**	**$ -**	**$ (1,174,707)**
CARRYING AMOUNT						
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
December 31, 2021	**$ 594,560**	**$ 70,547**	**$ 124,088**	**$ 83,236**	**$ 1,595**	**$ 874,026**

New Product Dossier and Filing Costs

Cumulatively, the Company has incurred product dossier and filing costs of $1,532,412 (December 31, 2020 – $1,532,058) 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.

In August 2012, BioSyent Pharma signed an exclusive Licensing and Distribution Agreement for the Aguettant System® of pre-filled syringes ("PFS") in Canada. The Aguettant Agreement ended on December 31, 2021 and BioSyent entered into a Transition Agreement with Laboratoire Aguettant that transferred all responsibilities for Aguettant System® products in Canada to Laboratoire Aguettant. BioSyent discontinued all commercialization efforts for Aguettant System® products in Canada effective January 1, 2022. The New Product Dossier and Filing Costs associated with these PFS products, launched in February 2015 and November 2016, respectively, have been fully amortized as of December 31, 2021.

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 19*).

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 certain royalty payments based on the net sales of the products in Canada (see *Note 19*).

For the year ended December 31, 2021, $83,013 of amortization expense on New Product Dossier and Filing Costs (2020 - $87,395) 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 17*).

Product Licenses and Rights

Cumulatively, the Company has incurred costs related to the acquisition of product licenses and rights totalling $953,020 (December 31, 2020 – $953,020).

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, 2020 - $859,400) related to the acquisition and commercialization of Cysview®, which was launched in the Canadian market in November 2015. BioSyent entered into a Termination and Transition Agreement with Photocure ASA, that ended the Distribution and Supply Agreement effective December 31, 2021. On January 1, 2022, BioSyent discontinued all commercialization efforts on Cysview® and returned the Canadian rights for Cysview® to Photocure ASA as of January 12, 2022. As part of the Termination and Transition Agreement, BioSyent received service fees totalling $125,000 during the year ended December 31, 2021. Such fees are included in return of rights service fees on the Consolidated Statements of Comprehensive Income. As of December 31, 2021, the Cysview® product license intangible asset has a carrying value of $nil.

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, 2021, $41,800 of amortization expense on product licenses and rights (2020 - $81,513) 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 17*).

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, 2020 - $132,499) 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, 2021, $6,907 of amortization expense (2020 - $1,504) 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 17*).

Trademarks and Patents

The Company has incurred cumulative trademark and patent application and filing costs of $111,183 (December 31, 2020 - $103,066) 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 2021, $9,795 of amortization expense (2020 - $5,031) 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 17*).

Trade Certifications

The Company has incurred legal and other costs in obtaining certain international trade certifications and permits totalling $3,936 (December 31, 2020 - $3,936). This asset is being amortized over its 5-year estimated useful life. For the year ended December 31, 2021, $752 of amortization expense (2020 - $793) 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 17*).

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, 2019	588,467
Accrued Interest	8,865
Balance, December 31, 2020	597,332
Accrued Interest	5,973
Balance, December 31, 2021	**603,305**
Current portion, December 31, 2021	**420,104**
Long-term portion, December 31, 2021	**183,201**
Current portion, December 31, 2020	-
Long-term portion, 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 $5,973 was accrued on the loans for the year ended December 31, 2021 (2020 - $8,865 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 period for any changes in circumstances.

The table below summarizes changes in the contract liability for the years ended December 31, 2021 and December 31, 2020:

	Contract Liability ($)
Balance, December 31, 2019	99,141
Estimated variable consideration	680,797
Settlement of variable consideration	(533,814)
Balance, December 31, 2020	**246,124**
Estimated variable consideration	221,266
Settlement of variable consideration	(241,367)
Balance, December 31, 2021	**226,023**

15. 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*, 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 ($)
Balance, December 31, 2019	1,853,114
Interest expense	92,942
Payments	(237,195)
Balance, December 31, 2020	**1,708,861**
Interest expense	85,246
Payments	(237,195)
Balance, December 31, 2021	**1,556,912**
Current portion, December 31, 2021	**161,809**
Long-term portion, December 31, 2021	**1,395,103**
Current portion, December 31, 2020	**151,949**
Long-term portion, December 31, 2020	**1,556,912**

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

Fiscal Year	Lease Payments
2022	$ 238,952
2023	$ 242,466
2024	$ 242,466
2025	$ 245,980
2026	$ 253,008
Beyond next 5 fiscal years	$ 674,688
Total	$ 1,897,560

Not included in the lease liability, the Company incurred occupancy costs, net of recoveries, related to its office leases of $120,108 for the year ended December 31, 2021 (2020 - $123,504) which have been included in selling, general and administration expenses in the Company's Consolidated Statements of Comprehensive Income.

16. 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 Issued Common Shares	Number of Treasury Shares	Number of Outstanding Common Shares	Amount
Balance, December 31, 2019	**13,560,445**	**(30,000)**	**13,530,445**	**$ 7,179,617**
Cancellation of shares held in treasury	(30,000)		30,000	
Options exercised	1,196	-	1,196	14,718
Shares repurchased under NCIB and cancelled (d)	(594,275)	-	(594,275)	(308,089)
Shares purchased for RSU Plan Trust and held in Treasury (e)	-	(132,200)	(132,200)	(493,818)
Balance, December 31, 2020	**12,937,366**	**(132,200)**	**12,805,166**	**$ 6,392,428**
Options exercised (c)	1,542	-	1,542	20,516
Shares repurchased under NCIB (d)	(180,650)	(300)	(180,950)	(88,901)
Shares purchased for RSU Plan Trust and held in Treasury (e)	-	(69,300)	(69,300)	(527,179)
Balance, December 31, 2021	**12,758,258**	**(201,800)**	**12,556,458**	**$ 5,796,864**

c. Options exercised

During the year ended December, 2021, 1,542 common shares were issued against options exercised (2020 – 1,196 common shares) for total proceeds of $10,322 (2020 - $7,415) and $10,194 in fair value was transferred from contributed surplus to share capital (2020 - $7,303).

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 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, 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.

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, 2021, the Company repurchased 180,950 of its common shares for an aggregate price of $1,317,284 and incurred costs of $4,310 related to the repurchase of these shares. The Company's retained earnings were reduced by $1,232,693 upon the repurchase of these shares, representing the excess of the aggregate repurchase price over the reduction in share capital of $88,901.

On December 13, 2021, 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 740,000 of its own common shares for cancellation over a further 12-month period commencing on December 17, 2021 and ending on December 16, 2022. 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.

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 16(g)*) for an aggregate purchase price of $493,818.

During the year ended December 31, 2021, the Company purchased 69,300 of its common shares pursuant to its Restricted Share Unit ("RSU") Plan (see *Note 16(g)*) for an aggregate purchase price of $527,179.

201,500 treasury shares are held in trust as of December 31, 2021 (December 31, 2020 - 132,200 treasury shares) 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, 2021 (December 31, 2020 – 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.

On March 19, 2021, a total of 67,252 RSUs were granted to certain employees, senior management, and directors of the Company with a fair value of $7.30 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 19, 2024 and certain of these units shall vest quarterly on March 31, 2024, June 30, 2024, September 30, 2024, and December 31, 2024.

During the year ended December 31, 2021, the Company recorded net share-based payment expense of $261,725 (2020 - $111,786) relating to RSUs granted to employees, directors, officers and advisors under the RSU Plan, which is included in selling, general and administration expenses in the Consolidated Statements of Comprehensive Income.

As at December 31, 2021, there were 192,597 RSUs outstanding (December 31, 2020 – 129,125), as shown below:

	December 31, 2021		December 31, 2020	
	Number of RSUs	Weighted average grant price	Number of RSUs	Weighted average grant price
Outstanding, beginning of year	129,125	$3.61	-	-
Granted	67,252	$7.30	129,125	$3.61
Forfeited	(3,780)	$4.96	-	-
Outstanding, end of year	192,597	$4.87	129,125	$3.61

The weighted-average remaining contractual life of the 192,597 RSUs outstanding at December 31, 2021 is 1.89 years (December 31, 2020 – 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 and re-approved on May 26, 2021. 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.

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

No options were granted by the Company during the year ended December 31, 2021.

During the year ended December, 2021, the Company recorded net share-based payment expense of $72,685 (2020 - $154,387) relating to previous option grants to employees, directors, officers and advisors under the SOP, which is included in selling, general and administration expenses in the Consolidated Statements of Comprehensive Income.

As at December 31, 2021, there were 170,504 options outstanding (December 31, 2020 – 173,839), as shown below:

	December 31, 2021		December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	173,839	$8.32	177,512	$8.30
Granted	-	-	-	-
Expired or forfeited	(1,793)	$10.02	(2,477)	$7.78
Exercised	(1,542)	$6.69	(1,196)	$6.20
Outstanding, end of year	170,504	$8.32	173,839	$8.32

Of the total number of options outstanding as of December 31, 2021, options totalling 144,805 have vested and are exercisable by the option holders (December 31, 2020 – 124,120). These exercisable options have a weighted average exercise price of $8.25 (December 31, 2020 - $8.21).

The weighted-average remaining contractual life of the 170,504 (December 31, 2020 – 173,839) options outstanding is 5.30 years (December 31, 2020 – 6.26 years) and the range of exercise prices for these options is $6.20 - $10.97 (December 31, 2020 - $6.20 - $10.97).

1,542 options were exercised during the year ended December 31, 2021 (2020 – 1,196 options). The weighted average share price on the date of exercise of options exercised during the year ended December 31, 2021 was $7.73 (2020 – $7.22).

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, 2021, the Company recorded share-based payment expense of $69,720 (2020 - $19,908) relating to the Company's contributions to the ESPP for the purchase of common shares on behalf of participating employees. Such share-based payment expense related to the Company's ESPP contributions has been included in selling, general and administrative expenses in the Consolidated Statements of Comprehensive Income. Company and employee contributions to the ESPP were temporarily suspended between April 1, 2020 and March 31, 2021.

17. 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,	
	2021	2020
Cost of goods sold	$ 5,980,356	$ 4,908,321
Selling and marketing	$ 9,076,212	$ 7,423,311
Advertising, Promotion and Selling Costs	5,335,384	4,077,082
Employee Costs	2,985,370	2,759,299
Logistics, Quality Control & Regulatory	702,794	571,802
Share-based Payments *(Note 16)*	52,664	15,128
General and administration	$ 5,262,582	$ 4,905,190
Employee Costs	2,919,028	2,842,532
Corporate Expenses	600,878	501,070
Professional Fees	362,958	165,883
Share-based Payments *(Note 16)*	351,466	270,954
Depreciation - Property and Equipment *(Note 11)*	314,839	334,186
Information Technology	214,385	154,570
Research and Development	160,675	222,361
Amortization - Intangible Assets *(Note 12)*	142,267	176,236
Insurance	131,657	104,635
Net Foreign Exchange Losses	64,429	95,589
Expected credit losses	-	37,174
New business development costs	$ 115,867	$ 65,322
Finance costs	$ 85,246	$ 92,942
Interest expense - lease liability *(Note 15)*	85,246	92,942
Finance income	$ (155,466)	$ (299,897)
Interest Income	(137,047)	(263,137)
Foreign Exchange Gains - Investing	(18,419)	(36,760)
Return of rights service fees *(Note 12)*	$ (125,000)	$ -

18. 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,	
	2021	2020
Numerator		
Net income attributable to common shareholders	$ 6,281,566	$ 3,795,335
Denominator		
Basic		
Weighted average number of shares outstanding	12,689,163	12,997,456
Effect of dilutive securities	182,118	96,844
Diluted		
Weighted average number of shares outstanding	12,871,281	13,094,300
Basic earnings per share	$ 0.495	$ 0.292
Diluted earnings per share	$ 0.488	$ 0.290

19. 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, 2021, 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, aggregate milestone payments of $639,182 (USD 504,166) were 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. Such milestone payments are no longer required under the terms of the Termination and Transition Agreement between the Company and Photocure ASA which ended the Distribution and Supply Agreement effective December 31, 2021.

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, 2021, such fees for the period have been expensed and included in the Company's Consolidated Statements of Comprehensive Income.

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, 2021, such fees for the period have been expensed and included in the Company's Consolidated Statements of Comprehensive Income.

20. Commitments

Office Lease

The Company's current office lease agreement commenced on September 1, 2019 and extends to August 31, 2029 (*see Note 15*).

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 Occupancy Costs
2022	$ 368,197
2023	$ 371,711
2024	$ 371,711
2025	$ 375,225
2026	$ 382,253
Beyond Next 5 Fiscal Years	$ 1,019,342
Total	$ 2,888,439

Purchase Commitments

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

21. 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, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Number of Key Management Personnel	6	6
Salary, Benefits, and Bonus	$1,689,577	$1,635,408
Share-Based Payments	$220,513	$207,785

During the year ended December 31, 2021, the Company recorded share-based payment expense of $220,513 (2020 - $207,785) related to the amortization of RSUs granted to key management under the Company's RSU Plan, the vesting of options granted prior to 2020 under the Company's SOP, 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, 2021, there were loans receivable under the MSLP from key management personnel of $551,798 (December 31, 2020 - $546,335). Interest accrued on these MSLP loans during the year totalled $5,463 (2020 - $8,108).

Transactions with Directors

During the year ended December 31, 2021, the Company paid cash fees to its directors in the amount of $109,312 (2020 - $54,376) and recorded share-based payments expense for accounting purposes of $38,116 (2020 - $22,022) related to the amortization of RSUs under the Company's RSU Plan and the vesting of options granted to directors prior to 2020 under the SOP.

22. 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, 2021	$31,554,926
December 31, 2020	$26,795,956

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, 2021. There were no changes in the Company's approach to capital management during the year.

23. 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, 2021, 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.

24. 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% (2020 – 26.5%) in the Canadian jurisdiction, 24.0% (2020 – 21.0%) in the U.S. jurisdiction, and 3.0% - 5.5 % (2020 – 2.5%) in the Barbados jurisdiction.

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 26.5% (2020 – 26.5%) to the effective tax rate is as follows:

	2021	2020
Net Income Before Taxes	8,378,421	5,236,979
Combined statutory income tax rate	26.50%	26.50%
Expected income tax expense at current rate	2,220,282	1,387,799
Foreign tax differential	(172,998)	21,719
Non-deductible expenses	27,723	47,708
Non-taxable portion of capital gains	(2,441)	(4,871)
Prior year tax income tax recovery	(1,180)	42,866
Investment tax credits	-	(53,577)
Tax rate changes and other adjustments	25,469	-
Provision for tax	2,096,855	1,441,644
Current income tax expense	2,165,101	1,469,260
Deferred tax expense (recovery)	(68,246)	(27,616)
	2,096,855	1,441,644
Current income tax payable	(98,691)	(250,195)

Deferred tax:

Deferred tax assets have been offset where thy 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):

	2021	2020
Balance at the beginning of the year	(49,191)	(76,807)
Recognized in profit/loss	68,246	27,616
Balance at the end of the year	19,055	(49,191)

Deferred tax balances:

	2021	2020
Net operating losses carried forward	-	20,040
Contract liability	39,484	47,704
RSU shares in trust	98,980	29,623
Lease liability	412,581	452,847
Deferred tax assets	551,045	550,214
Equipment and intangibles	(261,686)	(293,844)
Right of Use Asset	(270,304)	(305,561)
Deferred tax liabilities	(531,990)	(599,405)

25. 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,	
	2021	2020
Canada		
Pharmaceutical Business	$25,780,275	$21,237,461
Insecticide Business	1,030,228	644,668
Total Canada	$26,810,503	$21,882,129
International Jurisdictions		
Pharmaceutical Business - Middle East	$1,623,723	$225,139
Insecticide Business - United States	183,992	224,900
Total International Jurisdictions	$1,807,715	$450,039
Total Revenue	$28,618,218	$22,332,168

For the year ended December 31, 2021, in the Canadian Pharmaceutical Business, revenue from transactions with four major customers individually amounted to 10% or more the Company's total revenues. The amount of revenues from each of these four customers totalled $11,692,948, $4,947,204, $3,964,638, and $2,958,631, respectively, during 2021 (2020 – three customers with revenues of $7,460,344, $5,691,433, and $3,936,461, 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, 2021	December 31, 2020
Canada	$3,011,776	$3,703,260
United States	-	20,040
Barbados	76,236	74,033
Total Non-current Assets	$3,088,012	$3,797,333

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Peter D. Lockhard (Lead Director)
Ontario, Canada

Stephen Wilton
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