

BioSyent Inc.

Management's Discussion and Analysis

**For the three and nine months ended September 30, 2018
and 2017**

November 20, 2018

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Introduction

The following discussion of BioSynt Inc.'s ("**BioSynt**" or the "**Company**") operations, performance and financial condition is based on the Company's interim unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2018 and September 30, 2017 ("**Consolidated Financial Statements**"), which were prepared in accordance with International Accounting Standard 34, Interim

Financial Reporting ("**IAS34**"). 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 that 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 BioSynt's expectations, estimates and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and

uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Known and unknown factors could cause actual results to differ materially from those expressed or implied in the forward looking statements. Important assumptions, influencing factors, risks and uncertainties are referred to in the body of this MD&A, in the press release announcing the Company's financial results for the three and nine months ended September 30, 2018 and September 30, 2017 and in BioSynt'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, BioSynt does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

Accounting Estimates and Accounting Policies

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

The preparation of the Company's consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis,

management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. In the future, actual experience may differ from these estimates and assumptions.

BioSynt's significant accounting judgments and estimates include recoverability of asset carrying values, impairment of trade and other receivables, income taxes, depreciation, share-based payments, inventory, and estimation of variable consideration in revenue recognition. For a more detailed discussion of changes to the Company's critical accounting estimates, please refer to Note 4 of the Consolidated Financial Statements.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore 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 further understanding of the Company's results of operations from management's perspective.

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

Rate (“**CAGR**”) and Trailing Twelve Months Earnings per Share (“**TTM EPS**”) to provide investors with supplemental measures of the Company’s operating performance and thus highlight trends in the Company’s core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures

in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess the Company’s ability to meet future debt service, capital expenditure, and working capital requirements. The definition and a reconciliation of EBITDA, as used and presented by the Company, to the most directly comparable IFRS measures follows later in this MD&A.

Overview, Vision, Strategy and Products

Overview

BioSyent is a publicly traded specialty pharmaceutical company which, through its wholly-owned subsidiaries, BioSyent Pharma Inc. (“**BioSyent Pharma**”) and BioSyent Pharma International Inc., sources, acquires or in-licences and further develops pharmaceutical and other healthcare products for sale in Canada and certain international markets. Hedley Technologies Ltd. and

Hedley Technologies (USA) Inc., also wholly-owned subsidiaries of BioSyent, operate the Company’s legacy business, marketing biologically and health friendly non-chemical insecticides (the “**Legacy Business**”). BioSyent’s issued and outstanding common shares (the “**Common Shares**”) are listed for trading on the TSX Venture Exchange under the symbol “RX”.

BioSyent’s Vision

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

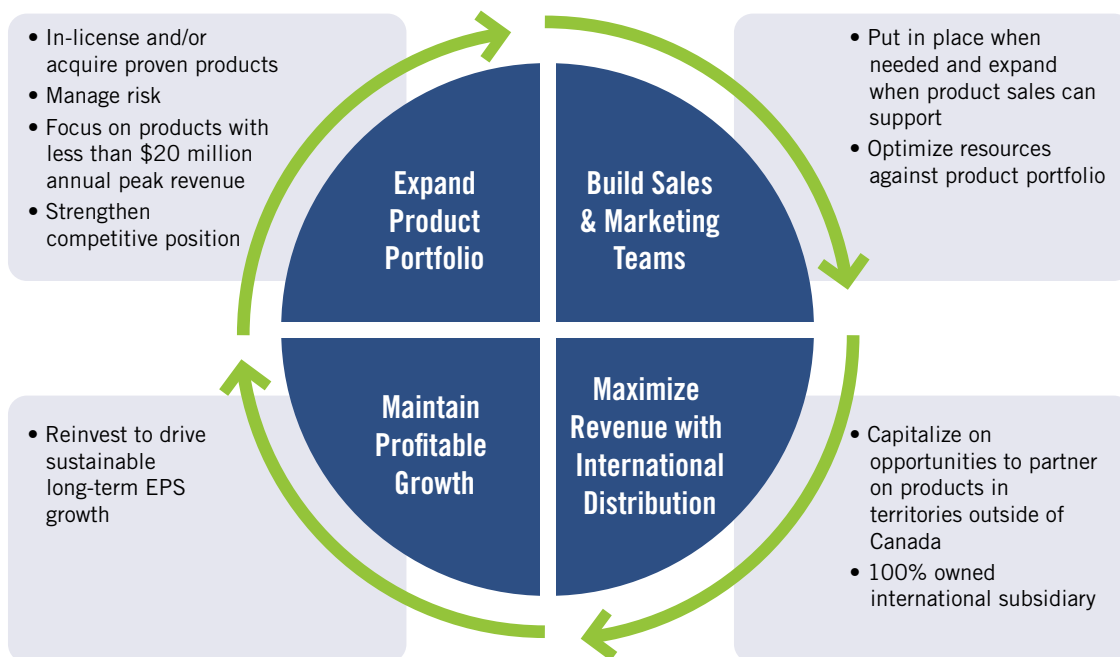
BioSyent is independent and does not have access to large amounts of capital or a corporate pipeline of products funded by large investments in research and development. BioSyent is focused on innovative products that are sourced through international

partnerships. These products are unique due to manufacturing complexities, novel technologies, therapeutic advantages and/or strong, defensible intellectual property rights. The Company’s strategy allows it to commercialize these products as brands acquired or licensed to it by partners. The Company intends for its products to be differentiated and to improve patient lives. The Company works with, and supports, healthcare practitioners in achieving this objective.

BioSyent’s Strategy

BioSyent has four key elements to achieving its strategic objectives:

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



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

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

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

the Company manages the product through the regulatory and product registration process and, once approved, commercializes the product in Canada and/or international markets.

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

Evolution of Strategy

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

lifecycle of portfolio products. Such studies might include in-vitro or in-vivo studies (including bio-equivalency studies, efficacy studies, or safety studies).

Pharmaceutical Business

FeraMAX® 150



In keeping with its strategy, the Company has, through BioSyent Pharma, launched FeraMAX® 150 to the Canadian healthcare market. FeraMAX® 150 is an

oral hematinic indicated for the prevention and treatment of iron deficiency anaemia. This non-ionic polysaccharide-iron complex formulation reduces adverse side effects common with other iron formulations. Shipments of FeraMAX® 150 commenced in April 2007.

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

Cathejell®

Cathejell®

2% lidocaine hydrochloride jelly, USP

In July 2011, BioSyent Pharma received marketing approval from Health

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

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

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

FeraMAX® Powder



In July 2012, BioSyent Pharma received marketing approval from Health Canada for its unique new oral iron supplement

FeraMAX® Powder. FeraMAX® Powder is the only oral iron product available in Canada in a dissolvable powder and comes in pleasant tasting grape and raspberry flavoured crystals, which can be conveniently dosed by diluting them in water or mixing

them with soft foods. This innovative product is based upon the same non-ionic polysaccharide-iron complex technology found in FeraMAX®150.

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

Aguettant System®



In August 2012, BioSyent Pharma signed an exclusive Licensing and Distribution Agreement (the "Aguettant Agreement") with Laboratoire Aguettant S.A.S. ("Laboratoire Aguettant"). Pursuant to the Aguettant Agreement, the Company in-licensed three pre-filled syringe ("PFS")

products which are medical syringes pre-filled with a specific dosage of medication and marketed to hospitals.

These urgent care drugs are supplied in the patented Aguettant System® which offers technical advantages over existing alternatives.

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

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

Aguettant System®-Atropine Sulphate

One Aguettant System® urgent care product contains atropine sulphate, a commonly used drug in emergency situations and anaesthetic procedures. The Company launched this product in February 2015 as the first of three drugs for use in urgent care, including the phenylephrine hydrochloride injection, which was approved in May 2016, and a third urgent care product, for which regulatory work was suspended by the Company in 2017.

Aguettant System®-Phenylephrine Hydrochloride

In May 2016, the Company received approval from Health Canada for a new urgent care product, phenylephrine hydrochloride injection, for use in Aguettant System® PFS in hospitals and

acute care settings. Phenylephrine hydrochloride injection is indicated for the treatment of clinically important hypotensive states, including overcoming peripheral vascular failure (shock, or shock-like states), maintenance of blood pressure in the setting of anesthesia, drug-induced hypotension, or hypersensitivity with circulatory compromise. The Company commenced distribution of this product in November 2016.

RepaGyn®

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®

Proktis-M®

Rectal Suppositories • Sodium Hyaluronate

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 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®

CYSVIEW®

HEXAMINOLEVULINATE HCL

In August 2015, BioSyent Pharma signed a Distribution and Supply Agreement with

Photocure ASA granting BioSyent Pharma an exclusive license to import, promote and sell the Cysview® product in Canada.

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

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

Cardiovascular Products

In May 2016, the Company signed an exclusive Distribution Agreement with a European partner for two products in the cardiovascular therapeutic area for the Canadian market. These products have been approved in Europe and certain other markets around the world and are expected to be launched in Canada upon approval being granted by Health Canada. The Company has made a submission to Health Canada seeking marketing approval of the products which is currently under initial screening. If approved by Health Canada, these will be the Company’s first products launched in the growing cardiovascular market. The total cardiovascular market in Canada is valued at approximately \$1.6 billion (source: IMS Health data).

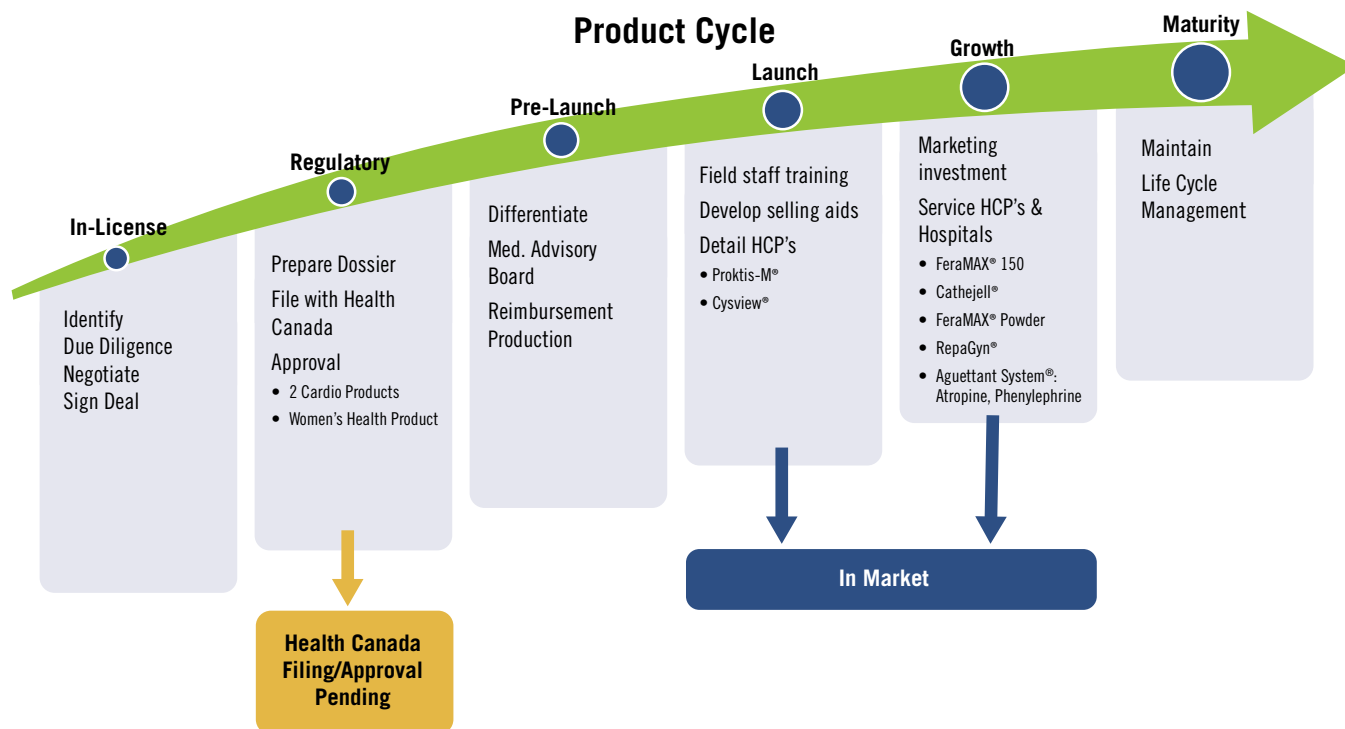
Women’s Health Product

In November 2016, the Company signed an exclusive License and Supply Agreement with a European partner for a new prescription product in the women’s health therapeutic area for the Canadian market. The product has been approved in Europe and in certain other markets around the world and is expected to be launched in Canada upon approval being granted by Health Canada. The Company made a submission to Health Canada seeking marketing approval of the product in 2017. If approved by Health Canada, this product will be in a sub-segment of the women’s health market valued at approximately \$200 million (source: IMS Health data).

Brand Lifecycle and Product Pipeline

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

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



The women's health and cardiovascular products currently in the regulatory stage pending Health Canada approval, are integral to the further diversification of the Company's products and markets. Management believes there is opportunity for growth of new products in both the cardiovascular and women's health markets in Canada.

The Company is in discussions with several other potential partners for new product opportunities. These products will feature in the Product Cycle illustration if and when they are in-licensed or acquired.

Future Product Pipeline

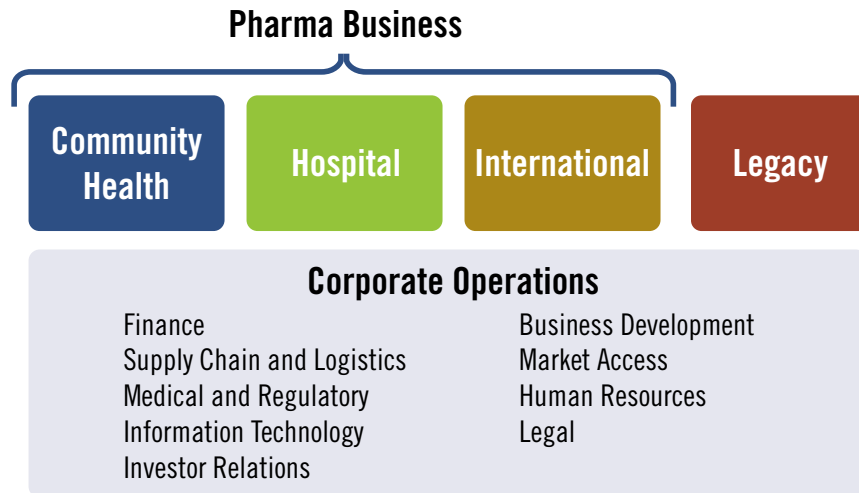
The Company is committed to expanding and accelerating its product pipeline with a focus on innovative products that are unique. The Company is currently in discussions with several potential partners for new product opportunities in the prescription drug category. Although launched in other markets,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

Business Structure

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

Hospital Business, the "**Pharmaceutical Business**"); and (iv) the Legacy Business, which markets biologically and health friendly non-chemical insecticides.

These four business units are supported by the Company's Corporate Operations, including the finance, supply chain and logistics, medical and regulatory affairs, business development, market access, human resources, information technology, legal and investor relations functions.



Legacy Business

Protect-It®

The Company manufactures and markets Protect-It®, a bio-friendly non-toxic product. Protect-It® is a non-chemical, food-safe grain insecticide. The patented formula contains a natural mineral called diatomaceous earth.



Protect-It® was developed through collaborative research between the Winnipeg-based Cereal Research Centre of Agriculture and Agri-Food Canada. Protect-It® is used as a preventative treatment against insect infestations in stored grains. It is registered for use in Canada and the U.S. The Legacy Business provides an additional source of stable cash flows for the Company allowing it to focus on its strategic areas of growth in the pharmaceutical market.

New Capabilities and Awards

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

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

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



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

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



Key Performance Measures

Key performance measures for the three months (“Q3”) and nine months (“YTD”) ended September 30, 2016, 2017, and 2018 are summarized in the tables below:

	Q3 2016	Q3 2017	Q3 2018	CAGR*
Sales	\$4,766,786	\$5,403,600	\$5,259,493	5%
Sales Growth %	3%	13%	-3%	-
Net Income Before Tax	\$1,613,829	\$1,715,063	\$1,766,396	5%
Net Income Before Tax Growth %	0%	6%	3%	-
Net Income Before Tax Margin	34%	32%	34%	-
Income Tax (Current and Deferred)	\$366,449	\$420,488	\$495,783	-
Net Income After Tax	\$1,247,380	\$1,294,575	\$1,270,613	1%
Net Income After Tax Growth %	5%	4%	-2%	-
Net Income After Tax Margin	26%	24%	24%	-
Net Increase in Cash and Short-term Investments	\$947,728	\$1,806,654	\$1,590,633	-
Basic EPS	\$0.09	\$0.09	\$0.09	-
Diluted EPS	\$0.08	\$0.09	\$0.09	-

The Company’s sales CAGR between Q3 2016 and Q3 2018 was 5%. The Company’s Q3 2018 profit margin of 24% was consistent with a profit margin of 24% for Q3 2017 and lower than a profit margin of 26% for Q3 2016.

	YTD 2016	YTD 2017	YTD 2018	CAGR*
Sales	\$12,912,602	\$14,861,267	\$15,616,063	10%
Sales Growth %	12%	15%	5%	-
Net Income Before Tax	\$4,308,765	\$4,900,717	\$5,378,635	12%
Net Income Before Tax Growth %	5%	14%	10%	-
Net Income Before Tax Margin	33%	33%	34%	-
Income Tax (Current and Deferred)	\$1,094,082	\$1,151,668	\$1,344,659	-
Net Income After Tax	\$3,214,683	\$3,749,049	\$4,033,976	12%
Net Income After Tax Growth %	7%	17%	8%	-
Net Income After Tax Margin	25%	25%	26%	-
Net Increase in Cash and Short-term Investments	\$1,687,807	\$2,769,995	\$3,266,357	-
Basic EPS	\$0.23	\$0.26	\$0.28	-
Diluted EPS	\$0.22	\$0.26	\$0.28	-

* CAGR—Compound Annual Growth Rate – See “Non-IFRS Financial Measures”

The Company’s sales CAGR between YTD 2016 and YTD 2018 was 10%. The Company’s YTD 2018 profit margin of 26% was slightly higher than profit margins of 25% for YTD 2017 and YTD 2016.

Results of Operations for the three and nine months ended September 30, 2018 and 2017

Sales

Sales Overview

The Company reported total sales in Q3 2018 of \$5,259,493, representing a decrease of 3% versus Q3 2017 sales of \$5,403,600, which grew by 13% versus Q3 2016. While Q3 2018 Canadian pharmaceutical sales of \$4,709,409 grew by 11% versus Q3 2017, due to ongoing issues in obtaining required import permits for a particular export market, International pharmaceutical sales of \$281,801 decreased by 51% versus Q3 2017. Consequently, the total Pharmaceutical Business (Canadian and International) grew by 4% overall in Q3 2018 versus Q3 2017. Q3 2018 Legacy Business sales of \$268,283 declined by 56% versus the comparative period, contributing to the decline in total Company sales growth for the quarter.

The Company's total sales for YTD 2018 were \$15,616,063, representing an increase of 5% over YTD 2017 total sales of \$14,861,267 which grew by 15% versus the YTD 2016 period. Canadian pharmaceutical sales of \$13,506,185 for YTD 2018

increased by 13% over YTD 2017, while YTD 2018 International pharmaceutical sales of \$1,359,125 decreased by 15% compared to YTD 2017, resulting in a 10% overall growth rate in the total Pharmaceutical Business in YTD 2018 versus YTD 2017. Additionally, Legacy Business sales of \$750,753 declined by 44% in the YTD period versus the comparative prior year period.

The Company's adoption in 2018 of IFRS 15, *Revenue from contracts with customers*, also impacted the revenue reported in YTD 2018. As a result of the accounting for certain variable consideration under this standard as compared to previous accounting under IAS 18, *Revenue*, YTD 2018 reported revenue was 1% lower than revenue which would have been reported under previous accounting standards.

Quarterly Sales Trends

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

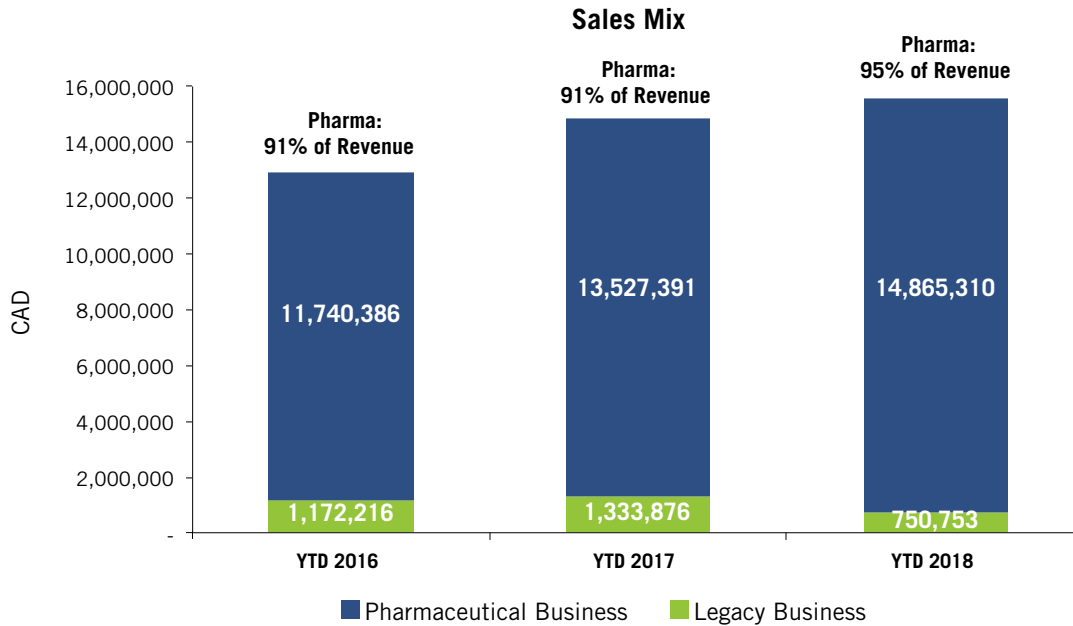
	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Sales								
Pharmaceutical Business	4,922,773	3,652,834	5,075,518	4,799,039	5,806,214	4,331,479	5,542,621	4,991,210
Growth% vs. prior year period	30%	3%	27%	15%	18%	19%	9%	4%
Legacy Business	86,895	168,428	560,887	604,561	95,274	115,668	366,802	268,283
Growth% vs. prior year period	39%	-25%	54%	4%	10%	-31%	-35%	-56%
Total Sales	5,009,668	3,821,262	5,636,405	5,403,600	5,901,488	4,447,147	5,909,423	5,259,493
Growth% vs. prior year period	30%	1%	29%	13%	18%	16%	5%	-3%

The Company reported total sales in Q3 2018 of \$5,259,493, representing a decrease of 3% versus Q3 2017 sales of \$5,403,600, which grew by 13% versus Q3 2016.

Sales Mix

The graph below illustrates the Company's sales mix for the nine months ended September 30, 2018, 2017 and 2016. The Pharmaceutical Business accounted for 95% of total sales in YTD 2018, a higher proportion than 91% of total sales for both YTD 2017 and YTD 2016. This sales mix is a result of the 44% overall decline in Legacy Business sales during the YTD 2018 period combined with 10% growth in the Pharmaceutical Business versus YTD 2017. This sales mix is in line with management's focus on continuing to grow the Pharmaceutical Business while supporting

the Legacy Business in a limited way, though market conditions (discussed below) had an unusual adverse impact on Legacy Business sales in Q3 2018.



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

Legacy Business Sales Trend

Protect-It® sales for Q3 2018 of \$268,283 decreased by 56% compared to sales of \$604,561 for Q3 2017 which grew by 4% compared to Q3 2016. Total YTD 2018 Protect-It® sales of \$750,753 declined by 44% versus YTD 2017 sales of \$1,333,876 which increased by 14% versus the YTD 2016 period. Legacy Business customers are generally less responsive to marketing and promotion, with demand for grain insecticides influenced more by the weather, prices of agricultural inputs, the quality and quantity of the food grain harvest, and the level of infestation of stored grain. Adverse conditions in the largest market for Protect-It® negatively impacted sales during 2018. Historically, such year-to-year variability in sales volumes of Protect-It® is not unusual, having been experienced on a few occasions in the past.

Pharmaceutical Sales Trend

Pharmaceutical Sales By Quarter



Total pharmaceutical sales in Q3 2018 of \$4,991,210 increased by 4% compared to Q3 2017 sales of \$4,799,039 which grew by 15% versus Q3 2016. Q3 2018 pharmaceutical sales consisted of Canadian pharmaceutical sales of \$4,709,409 and International pharmaceutical sales of \$281,801. Total pharmaceutical sales decreased by 10% in Q3 2018 compared to the previous quarter, Q2 2018. The Company also observed a decrease in total pharmaceutical sales in Q3 2017 in which such sales decreased by 5% versus Q2 2017 sales.

Canadian Pharmaceutical Sales:

Q3 2018 Canadian pharmaceutical sales of \$4,709,409 increased by 11% versus Q3 2017 sales of \$4,228,711 which grew by 16% versus Q3 2016 Canadian pharmaceutical sales.

In the Company's Community Business, Q3 2018 Canadian sales volumes (units) of FeraMAX[®] 150 and FeraMAX[®] Powder increased by 9% and 5%, respectively, over Q3 2017 while sales volumes (units) of the RepaGyn[®] product increased by 29% over Q3 2017.

In the Hospital Business, the Company's established Cathejell[®] product and Aguettant System[®] PFS products contributed to Q3 2018 growth with sales volumes (units) increasing 32% and 216%, respectively, versus Q3 2017. Sales volumes of the Company's launch-stage hospital product, Cysview[®], also increased significantly versus Q3 2017, in which sales were nil.

YTD 2018 Canadian pharmaceutical sales of \$13,506,185 increased by 13% over YTD 2017 sales of \$11,919,406. This growth rate was stronger than a growth rate of 12% in YTD 2017 Canadian pharmaceutical sales over YTD 2016.

In the Community Business, YTD 2018 Canadian sales volumes (units) of FeraMAX[®] 150 and FeraMAX[®] Powder both increased by 8% over YTD 2017 while sales volumes (units) of the RepaGyn[®] product increased by 24% over YTD 2017.

In the Hospital Business, the Cathejell[®] product and Aguettant System[®] PFS products sales volumes (units) increased by 17% and 107%, respectively, versus YTD 2017. The growth in sales of the Aguettant System[®] PFS product line was due in part to a stock-out situation with competing products during the period. YTD 2018 sales volumes (units) of the Cysview[®] product more than tripled over YTD 2017 (increasing 220%). However, sales of this launch stage product in the prior year period were comparatively low as the product was still gaining acceptance among Canadian hospitals during that time.

A total of seven hospital sites in Canada are currently operational with Cysview[®] with a further nine hospital sites in the process of implementing blue-light enabled cystoscopy with Cysview[®]. While management is encouraged by the progress made in 2018 with new hospitals adopting and implementing the technology, sales levels and the adoption rate of this product continue to lag management's expectations. While Cysview[®] has a long selling and implementation cycle, several Canadian hospitals are in various

stages of the implementation process or evaluating demonstrations of the product in an operating room setting with four hospital sites currently in the late stages of implementation. The Company remains committed to the success of this innovative product as part of its portfolio of hospital products.

International Pharmaceutical Sales:

International sales of FeraMAX[®] products in Q3 2018 of \$281,801 decreased by 51% compared to Q3 2017 international FeraMAX[®] sales of \$570,328, which grew by 5% versus Q3 2016 sales.

For the nine month period ended September 30, 2018, international FeraMAX[®] sales were \$1,359,125, which decreased by 15% compared to sales during the nine month period ended September 30, 2017 of \$1,607,985. This compares to a growth rate of 53% in YTD 2017 International FeraMAX[®] sales over YTD 2016 sales. These decreases in Q3 2018 and YTD 2018 sales were due primarily to ongoing limitations in the availability of required import permits in a particular international market which resulted in delays in planned shipments of customer orders and reductions

in the quantities of goods which could be shipped during these periods. Subsequent to Q3 2018, an import permit was obtained for a particular customer order originally planned for shipment in Q2 2018.

The Company has recorded International pharmaceutical sales in each of the fifteen preceding quarters as distribution of FeraMAX[®] has been established in six markets outside of Canada. Although International FeraMAX[®] sales have become more regular with growing demand for the product, the Company must manage additional distribution and regulatory complexities and risks inherent to this business. As such, there is considerable variability in the level of sales from one quarter to the next and uncertainty as to future sales growth rates. Nonetheless, management is committed to growing the International Business and expanding the number of export markets for its products outside of Canada. International pharmaceutical sales accounted for 9% of the Company's total pharmaceutical sales in YTD 2018 as compared to 12% in YTD 2017.

Expenses

	Three months ended September 30th,		% Change vs. Prior Period
	2018	2017	
Cost of Goods Sold	\$ 1,155,171	\$ 1,210,062	-5%
Selling and Marketing	\$ 1,323,241	\$ 1,340,613	-1%
General and Administration	\$ 1,239,985	\$ 1,437,586	-14%
New Business & Development Costs	\$ 30,551	\$ 7,090	331%
Subtotal	\$ 3,748,948	\$ 3,995,351	-6%
Finance Income	\$ (255,851)	\$ (306,814)	-17%

For the comparative three month period ended September 30, 2017, certain foreign exchange gains of \$280,300 were reclassified from general and administration expenses to finance income to conform to the current period presentation of such amounts.

Total expenses for the three months ended September 30, 2018, including the cost of goods sold ("COGS") and excluding finance income, decreased by 6% versus the corresponding prior year period. The ratio of total operating expenses (excluding finance income) to net revenues was 71% for the three months ended September 30, 2018, lower than a ratio of 74% for the corresponding prior year period.

	Nine months ended September 30th,		% Change vs. Prior Period
	2018	2017	
Cost of Goods Sold	\$3,542,971	\$3,397,110	4%
Selling and Marketing	\$3,972,223	\$3,919,329	1%
General and Administration	\$3,246,232	\$3,068,878	6%
New Business & Development Costs	\$73,406	\$33,067	122%
Subtotal	\$10,834,832	\$10,418,384	4%
Finance Income	\$ (597,404)	\$ (457,834)	30%

For the comparative nine month period ended September 30, 2017, certain foreign exchange gains of \$373,170 were reclassified from general and administration expenses to finance income to conform to the current period presentation of such amounts.

Total expenses for the nine months ended September 30, 2018, including COGS and excluding finance income, increased by 4% over the corresponding prior year period. The ratio of total

operating expenses (excluding finance income) to net revenues was 69% for the nine months ended September 30, 2018, lower than a ratio of 70% for the corresponding prior year period.

Selling and marketing expenses remained consistent in proportion to sales at 25% in both Q3 2018 and YTD 2018 as compared to 25% and 26% in Q3 2017 and YTD 2017, respectively.

General and administration expenses decreased to 24% of sales in Q3 2018 as compared to 27% in Q3 2017 and remained consistent at 21% of sales in both YTD 2018 and YTD 2017.

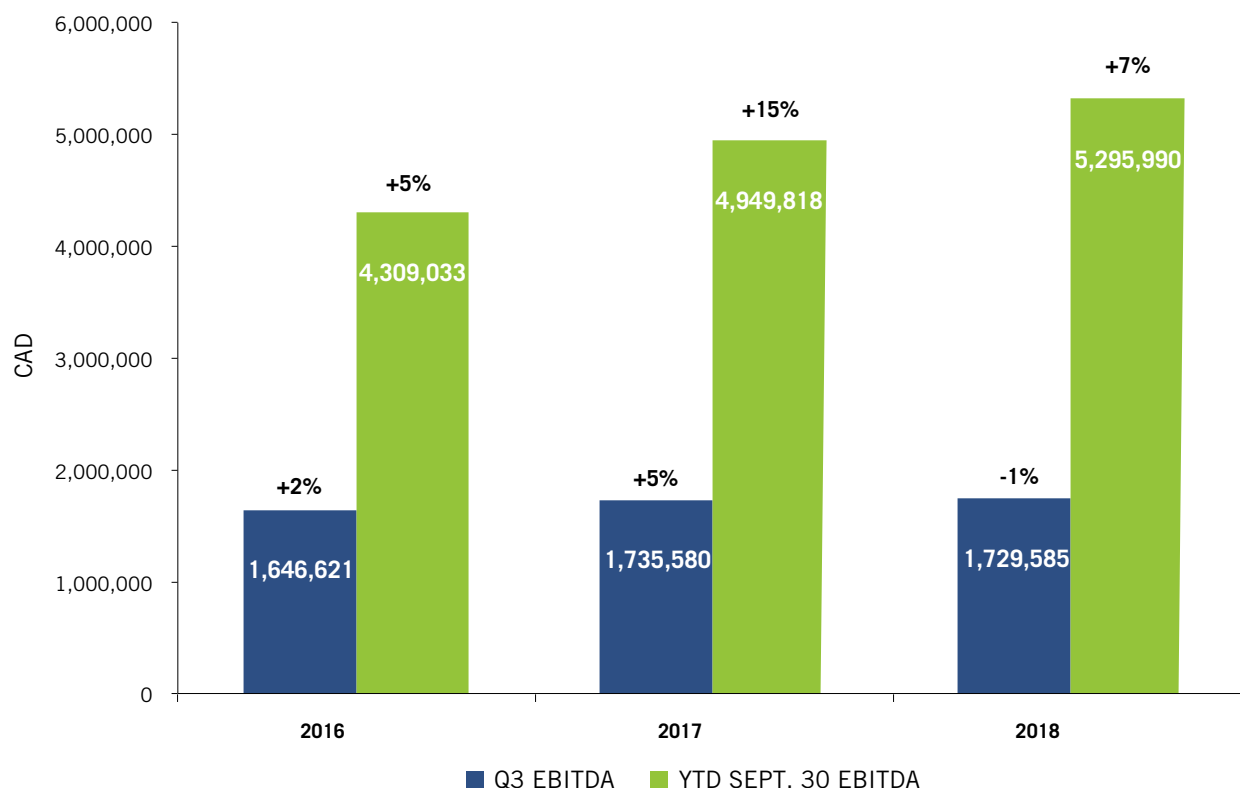
Q3 2018 finance income of \$255,851 decreased by 17% compared to Q3 2017 finance income of \$306,814. YTD 2018 finance income of \$597,404 increased by 30% over YTD 2017 finance income of \$457,834 as the Company invested additional cash generated during the year in short-term GICs and increased investments in foreign currencies and foreign currency derivatives. As a result of additional investment in short-term GICs and upward movement in interest rates, YTD 2018 interest income increased by 156% versus YTD 2017 interest income.

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

EBITDA is a non-IFRS financial measure. The term EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company defines EBITDA as earnings before

interest income or expense, income taxes, depreciation and amortization. A summary of the Company's EBITDA for the three and nine months ended September 30, 2016, 2017, and 2018 is provided in the graph below:

EBITDA for the Three and Nine Months ended September 30



EBITDA of \$1,729,585 for the three months ended September 30, 2018 decreased by 1% versus the corresponding prior year period. EBITDA of \$5,295,990 for the nine months ended September 30, 2018 increased by 7% over the corresponding prior year period.

Reconciliations of EBITDA to Net Income After Tax (NIAT) for the three and nine months ended September 30, 2016, 2017, and 2018 are provided in the tables below:

**RECONCILIATION OF EBITDA TO NIAT
FOR THE THREE MONTHS (Q3) ENDED SEPTEMBER 30**

	2016	2017	2018
Q3 EBITDA	1,646,621	1,735,580	1,729,585
Add: Interest Income	7,990	26,514	81,886
Less: Le Depreciation of Equipment	(26,494)	(23,722)	(20,578)
Amortization of Intangible Assets	(14,288)	(22,989)	(24,497)
Income Tax Expense	(366,449)	(420,808)	(495,783)
NIAT	1,247,380	1,294,575	1,270,613

**RECONCILIATION OF EBITDA TO NIAT
FOR THE NINE MONTHS (YTD) ENDED SEPTEMBER 30**

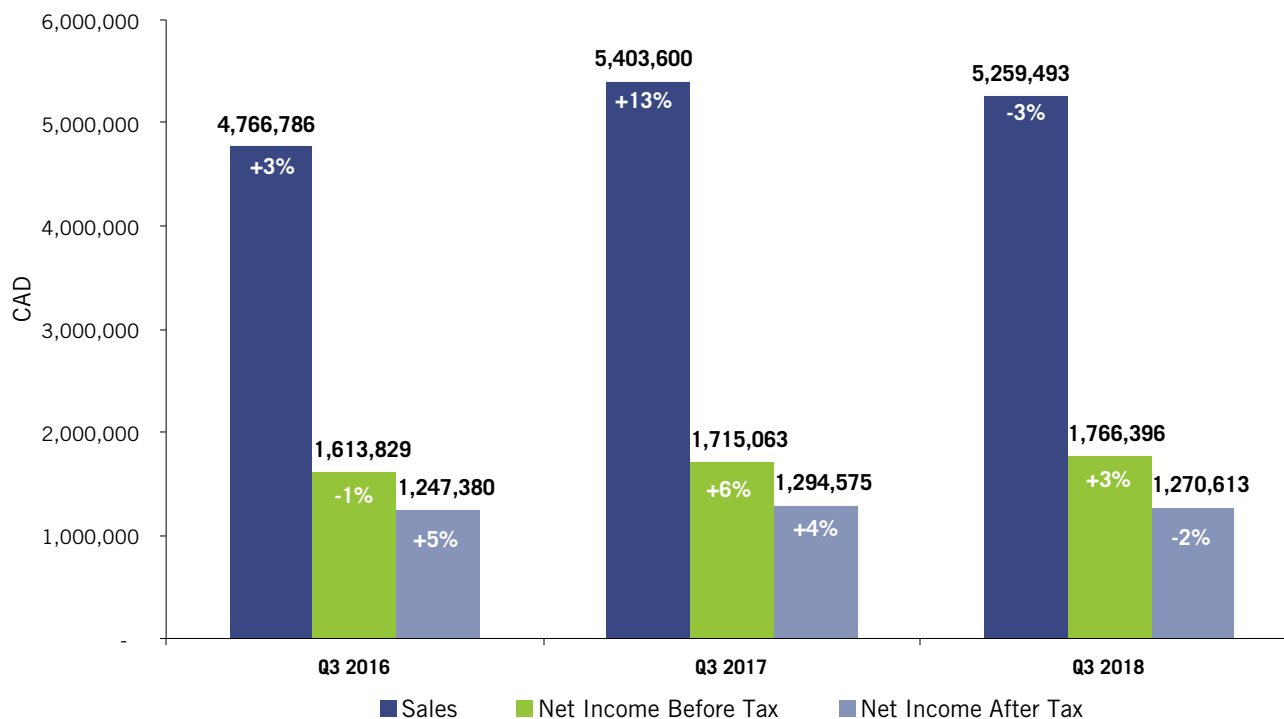
	2016	2017	2018
YTD SEPT. 30 EBITDA	4,309,033	4,949,818	5,295,990
Add: Interest Income	96,649	84,664	216,939
Less: Depreciation of Equipment	(59,705)	(64,797)	(60,801)
Amortization of Intangible Assets	(37,212)	(68,968)	(73,493)
Income Tax Expense	(1,094,082)	(1,151,668)	(1,344,659)
NIAT	3,214,683	3,749,049	4,033,976

Net Income After Tax (NIAT)

Q3 2018 NIAT of \$1,270,613 decreased by 2% compared to the prior year as a result of an increased current income tax expense attributable to changes in sales mix and income by tax jurisdiction during the period, while Q3 2018 Net Income Before Tax (NIBT) of \$1,766,396 increased by 3% compared to the corresponding

prior year period. The Company retained a NIAT margin of 24% for Q3 2018 which is consistent with a NIAT margin of 24% in Q3 2017 and lower than a NIAT margin of 26% in Q3 2016. Please refer to the graph below for NIAT trends for the three months ended September 30, 2016, 2017, and 2018:

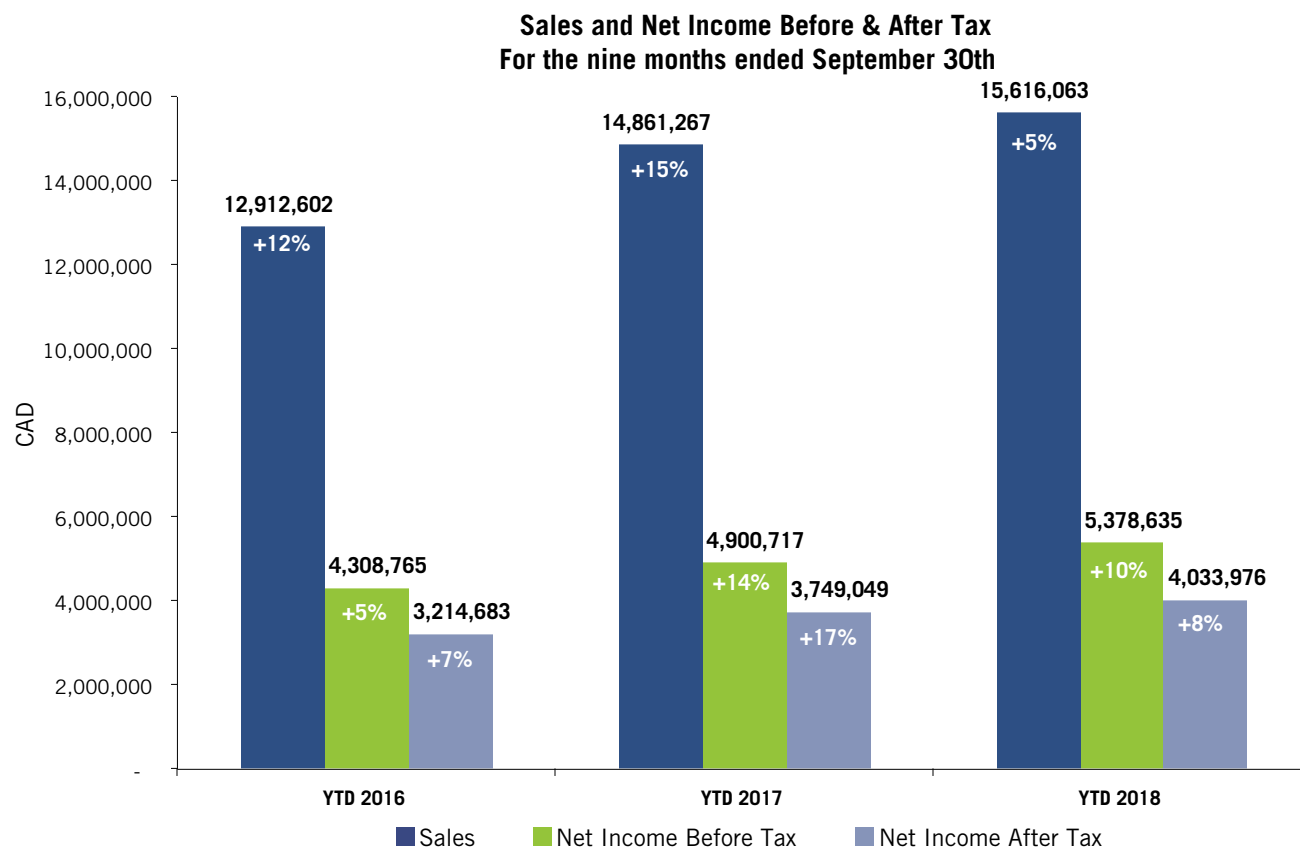
Sales and Net Income Before & After Tax For the three months ended September 30th



Including currency translation gains for the period of \$34,173, total comprehensive income for the three months ended September 30, 2018 was \$1,304,786 which increased by 2% compared to total comprehensive income of \$1,278,837 for the three months ended September 30, 2017.

While YTD 2018 revenue of \$15,616,063 increased by 5% over the corresponding prior year period, YTD 2018 NIAT of \$4,033,976 increased by 8% over YTD 2017. As such, the Company increased its NIAT margin to 26% for YTD 2018, as

compared to NIAT margins of 25% in both YTD 2017 and YTD 2016. Please refer to the graph below for NIAT trends for the nine months ended September 30, 2016, 2017, and 2018:



Including currency translation gains for the period of \$8,529, total comprehensive income for the nine months ended September 30, 2018 was \$4,042,505 which increased by 9% compared to total comprehensive income of \$3,724,732 for the nine months ended September 30, 2017.

Earnings per Share (EPS)

Below is a summary of the Company's quarterly earnings per share for the eight most recently completed quarters:

	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3
Sales (\$)	5,009,668	3,821,262	5,636,405	5,403,600	5,901,488	4,447,147	5,909,423	5,259,493
Net Income After Tax (\$)	1,094,822	901,556	1,552,918	1,294,575	1,457,228	1,143,130	1,620,233	1,270,613
Earnings Per Share – Basic (\$)	0.07	0.06	0.11	0.09	0.10	0.08	0.11	0.09
Earnings Per Share – Diluted (\$)	0.08	0.06	0.11	0.09	0.10	0.08	0.11	0.09

Q3 2018 diluted EPS of \$0.09 was consistent with Q3 2017 diluted EPS of \$0.09. For the trailing twelve months ("TTM") ended September 30, 2018, diluted EPS was \$0.38, an increase of \$0.04 versus TTM diluted EPS of \$0.34 for the period ended September 30, 2017.

Financial Resources and Liquidity

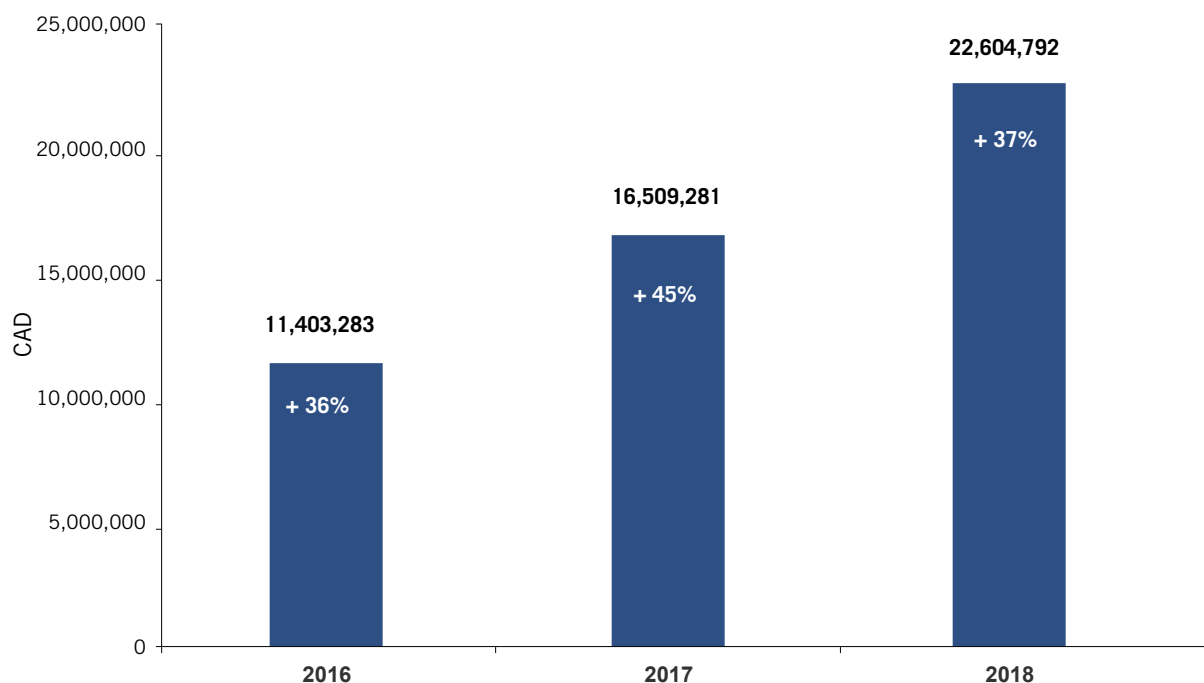
Working capital, which is the difference between current assets and current liabilities, increased by 21% from \$20,087,611 at December 31, 2017 to \$24,288,895 at September 30, 2018. Cash and short term investments of \$22,604,792 accounted for 93% of working capital as at September 30, 2018 as compared to cash and short term investments of \$19,338,435 accounting for 96% of working capital as at December 31, 2017. The Company generates sufficient cash and cash equivalents from its operations to supply the working capital it requires to meet its current growth and development activities.

For the three and nine months ended September 30, 2018, there were net increases in cash and short term investments of \$1,590,633 and \$3,266,357 respectively, as compared to net increases of \$1,806,654 and \$2,769,995 in the corresponding

prior year periods, respectively. During YTD 2018, the Company generated cash of \$3,575,331 from operations and \$51,618 upon the exercise of Company options while investing \$26,644 in capital equipment and \$342,477 in new product development. During YTD 2018, the Company also made a prepayment for inventory in the amount of \$253,505. By comparison, in YTD 2017, the Company generated cash of \$3,607,597 from operations and \$94,660 upon the exercise of Company stock options, while investing \$96,891 in capital equipment, \$419,554 in new product development, and advancing \$391,500 under the Management Share Loan Program.

The graph below illustrates the company's cash, cash equivalents and short-term investments as of September 30, 2016, 2017, and 2018 as well as the growth over the comparative prior period:

Cash, Cash Equivalents and Short-term Investments at September 30th



Total Shareholders' Equity increased by 20% from \$22,212,927 at December 31, 2017 to \$26,554,310 at September 30, 2018. This increase is due primarily to total comprehensive income of \$4,042,505 generated by the Company in YTD 2018. This was lower than an increase of 20% in Shareholders' Equity in YTD 2017, from \$16,726,716 at December 31, 2016 to \$20,739,115 at September 30, 2017.

The Company's total assets at September 30, 2018 were \$29,372,609, representing a 17% increase over total assets of \$25,104,848 as at December 31, 2017. This is lower than an increase of 20% in total assets for YTD 2017 from \$19,248,183 at December 31, 2016 to \$23,026,280 at September 30, 2017.

The Company has no short-term or long-term debt; however, the Company has credit facilities available with Royal Bank of Canada totalling \$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 September 30, 2018. This credit facility bears interest at a variable rate of Royal Bank prime plus 0.75% and has been secured with a General Security Agreement constituting a first ranking security interest of the Bank in the Company's property. The Company is subject to maintaining certain financial covenants if the demand credit facility is drawn upon.

Risk Management

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

in any forward looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results.

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

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

1. Sourcing and Revenue Concentration

Some raw materials used in production are sourced from a single supplier and the Company is exposed to the same business risks that the supplier may experience. In line with

other pharmaceutical companies, the Company sells its products primarily through a limited number of wholesalers and retail pharmacy chains.

2. Foreign Exchange Risk

The Company currently earns revenue in Canadian dollars ("CAD"), U.S. dollars ("USD"), and Euros ("EUR") and incurs costs in Canadian dollars, U.S. dollars and Euros. Management monitors the U.S. dollar and Euro net liability position on an ongoing basis during the period and adjusts the total net monetary

liability balance accordingly. When it is appropriate to de-risk future foreign exchange transactions, the Company will reduce its exposure by booking foreign exchange forward cover transactions.

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

Description of Asset/(Liability)	September 30, 2018	December 31, 2017
	USD	USD
Cash and cash equivalents	238,080	282,677
Trade receivables	99,934	64,160
Less: Accounts payable	(317,117)	(577,680)
Net Total	20,897	(230,843)
Foreign Exchange Rate CAD per USD at the end of the period	1.2945	1.2545

At September 30, 2018, if the U.S. dollar had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been \$199 higher or lower on an after tax basis, respectively (December 31, 2017—\$2,129 lower or higher, respectively).

Foreign Exchange Sensitivity Analysis – EUR

	September 30, 2018	December 31, 2017
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	461,984	656,645
Trade receivables	30,204	203,332
Less: Accounts payable	(165,279)	(41,900)
Net Total	326,909	818,077
Foreign Exchange Rate CAD per EUR at the end of the period	1.5020	1.5052

At September 30, 2018, if the Euro had been stronger or weaker by 1% against the Canadian dollar with all other variables held constant, comprehensive income would have been \$3,609 higher or lower on an after tax basis, respectively (December 31, 2017–\$9,051 higher or lower, respectively).

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

Forward Contracts:

The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk on contracts denominated in U.S. dollars with financial institutions with investment grade credit ratings. Such contracts are classified as derivative financial instruments and measured at fair value through profit and loss. As at September 30, 2018, the Company entered into forward contracts to purchase up to a total of USD 2,475,000 to USD 3,712,500 (December 31, 2017 – USD 3,750,000 to USD 5,625,000) at exchange rates expressed in CAD per USD ranging

from 1.2400 to 1.2500 which will be settled on various dates from October 2018 to November 2019. The Company's right to buy USD 2,475,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.3450 to 1.3600 CAD per USD. The Company's right to buy USD 3,712,500 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being below rates ranging from 1.2300 to 1.2500 CAD per USD.

The Company entered into additional forward contracts to sell up to a total of USD 1,250,000 (December 31, 2017 – Nil) at exchange rates expressed in CAD per USD ranging from 1.2805 to 1.3244 which will be settled on various dates from October 2018 to December 2018. The Company's right to sell USD 1,250,000 on the respective settlement dates is subject to the spot exchange rates on the settlement dates being above a rate of 1.2250 CAD per USD and below a rate of 1.2805 CAD per USD.

The fair value of forward exchange contracts is estimated based on quoted values from financial institutions. The Company's forward contracts resulted in a derivative asset of \$37,884 as at September 30, 2018 (derivative liability of \$76,462 December 31, 2017).

3. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in interest rates. Some of the Company's cash and cash equivalents as at the date of the Company's Consolidated Statement 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.

4. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, short term investments, trade and other receivables, and loans receivable. The carrying amount of financial assets represents maximum credit exposure. As the Company invests in redeemable and non-redeemable GICs with Canadian Chartered banks, its credit risk on this account is negligible. The Company's loans receivable are full recourse and secured by a

pledge of common shares of the Company purchased by the Borrowers, who are key management personnel. Based on these factors, the Company considers the credit risk associated with these loans receivable to be low. The Company has not recognized any impairment of its financial assets based on the expected credit loss model as required by IFRS 9, *Financial Instruments*.

a. Aging of Receivables

The majority of the Company's current customers are corporations with whom the Company has transacted for several years. None of these customers have defaulted in settling their liabilities to the

Company. Based on its historical experience and customer base, the Company does not consider past due trade receivables to be impaired as of September 30, 2018.

Trade Receivables

Description	September 30, 2018	December 31, 2017
Current	\$1,554,679	\$1,942,162
Past due 1-30 days	408,611	167,622
Past due 31-60 days	10,609	3,328
Over 60 days	264,063	71,199
Less allowance for doubtful accounts	-	-
Closing Balance	\$2,237,961	\$2,184,311
Maximum Credit Risk	2,237,961	2,184,311

b. Concentration of Receivables

One customer represents 40% of trade receivables (December 31, 2017–45%) while another customer represents 22% of trade receivables (December 31, 2017–15%), and a third customer represents 18% of trade receivables (December 31, 2017 – 13%). There have been no past defaults by any of these customers.

c. Loans Receivable

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

On May 26, 2017, the Company advanced loan proceeds totalling \$391,500 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% per annum and is secured by a pledge of the common shares purchased under the MSLP by the Borrowers. Interest receivable of \$5,306 was accrued on the loans between May 26, 2017 and September 30, 2018 (December 31, 2017–\$2,360). \$2,946 of interest income on the MSLP Participant

Loans has been included in Finance Income on the Company’s Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2018 (nine months ended September 30, 2017–\$1,373).

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 May 26, 2022 (the “Maturity Date”).

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.

d. Cash and Cash Equivalents and Short Term Investments

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

5. Liquidity Risk

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

The Company generates sufficient cash from operating activities to fund its operations and fulfill its obligations as they become due. The Company is free from debt, though it has an available

revolving demand credit facility with Royal Bank of Canada in the amount of \$1,500,000 which it has not drawn down as at the date of this MD&A. The Company also has a \$1,500,000 foreign exchange credit facility and \$90,000 credit card facility with Royal Bank of Canada. The Company’s funds have not been committed in any way, except as set out in Note 18 of the Consolidated Financial Statements.

6. Information Technology (IT)

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

The Company is reliant on the integrity of its IT systems, hardware, software and certain other IT infrastructure in maintaining business continuity and in securing proprietary and sensitive information as well as certain of its financial assets. The Company has implemented comprehensive IT security policies and controls in order to safeguard its assets and sensitive information and to maintain business continuity in the event of

potential disruptions. The integrity of the Company's IT systems is exposed to a risk of malicious and unauthorized breaches by outside parties acting unlawfully. While extensive, the Company's IT security policies and controls cannot guarantee that such unauthorized breaches, whether targeted or opportunistic in nature, will not occur in the future. Such a breach could result in loss of financial assets through fraud, loss of sensitive information, reputational loss, or disruption of operations and business continuity.

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

7. Competition

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

8. Climatic Conditions

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

9. General Economic Conditions

The Company has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or the possibility of political unrest, legal or regulatory changes in jurisdictions

in which the Company operates. These factors could negatively affect the Company's future results of operations in those national markets, but is not expected to be material for the Company overall.

10. Innovation

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

11. Width of Product Portfolio

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

12. Agreements Relating to the Development and Distribution of Products

The Company currently has several collaboration or distribution agreements relating to the marketing and distribution of FeraMAX[®] products in international markets. The Company relies on these agreements because it does not wish to market its products directly in these markets. The Company intends to secure

additional agreements relating to the marketing and distribution of FeraMAX[®] and any other product for which it may receive commercial rights outside of Canada.

The Company may be unable to enter into in-licensing agreements for the development of new products and out-licensing agreements for the distribution of its existing products. The Company also faces, and will continue to face, significant

competition in seeking appropriate collaborators and marketing and distribution partners. Moreover, collaboration and distribution arrangements are complex and time consuming to negotiate, document and implement.

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

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

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

13. Regulatory Risks

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

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

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

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

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

14. Specific Risks

The Company has insurance policies in place against risks relating to general commercial liability, product liability, product recall, loss of Company assets, and business interruption risks. The Company reviews its insurance coverage on a regular basis as part of its risk management program and adjusts this coverage as appropriate, based its current risk profile and operations. However, the Company is exposed to the 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 November 20, 2018, the following Common Shares and stock options were outstanding:

	No. of Shares	Exercise Price Range
Issued and outstanding common shares	14,521,154	
Stock options	154,153	\$4.45–\$ 10.97
Fully Diluted at November 20, 2018	14,675,307	

Commitments

Office Lease

The Company's minimum future rental payments and occupancy costs as at November 20, 2018 are as follows:

Fiscal 2018	\$ 31,414
Fiscal 2019	\$ 129,764*

*Subsequent to September 30, 2018, the Company executed an extension of its office lease.

Purchase Commitments

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

Disclosure Controls

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

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

Investor Relations Activities

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

Related Party Transactions

Key Management Personnel Compensation

The table below summarizes compensation for key management personnel of the Company for the three and nine months ended September 30, 2018 and 2017:

	Nine months ended Sept. 30,		Three months ended Sept. 30,	
	2018	2017	2018	2017
Number of Key Management Personnel	7*	5	7*	5
Salary and Bonus	\$736,575	\$597,606	\$245,331	\$214,481
Share-Based Payments	\$155,600	\$101,279	\$38,673	\$51,926

*Due to personnel changes, including a retirement during the period in two key management positions, the number of key management personnel for the three and nine month periods ended September 30, 2018 indicated in the chart above includes both the current individuals holding these two positions as well as their predecessors, who are no longer employed by the Company.

During the nine months ended September 30, 2018, the Company recorded share-based payment expense of \$155,600 (nine months ended September 30, 2017-\$101,279) related to the issuance and vesting of options granted to key management personnel under

the SOP as well as the Company's contributions to the ESPP for the purchase of common shares on behalf of participating key management personnel.

Management Share Loan Plan ("MSLP")

On May 26, 2017, a total of \$391,500 of loan proceeds were advanced to management personnel by the Company for the purpose of their purchase of the Company's issued and outstanding common shares in the open market through the facilities of the TSX Venture Exchange.

Each MSLP participant's loan bears interest at a rate of 1% 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 in proportion to the then outstanding loan principal balance plus accrued interest. The entire MSLP Participant Loan principal plus accrued interest must be fully repaid by the Borrowers no later than May 26, 2022 (the "Maturity Date") (see Note 12).

To September 30, 2018, aggregate interest of \$5,306 (December 31, 2017- \$2,360) was accrued on the outstanding loan principal balances receivable from MSLP participants.

Transactions with Directors

During the nine months ended September 30, 2018, the Company paid total fees to its directors in the amount of \$81,900 (nine months ended September 30, 2017-\$66,150) and share-based payments of \$92,588 (nine months ended September 30, 2017-\$24,535).

Legal Proceedings

From time to time the Company may be exposed to claims and legal actions in the normal course of business. As at September 30, 2018, the Company was not aware of any litigation or threatened claims either outstanding or pending.