

**BioSyent Inc.**

# **Interim Unaudited Condensed Consolidated Financial Statements**

**For the three and nine months ended September 30, 2023  
and 2022**

Expressed in Canadian Dollars

Corporate Office  
Suite 402  
2476 Argentia Road  
Mississauga, Ontario, L5N 6M1  
Canada  
Telephone 905.206.0013  
Facsimile 905.206.1413  
Email: [info@biosyent.com](mailto:info@biosyent.com)  
Web: [www.biosyent.com](http://www.biosyent.com)




# Management's Responsibility for Financial Reporting

To the Shareholders of BioSyent Inc.:

Management has prepared the interim unaudited condensed consolidated financial statements for BioSyent Inc. (the “**Company**”) in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* released by the Canadian Securities Administration. The Company discloses that its auditors have not reviewed these interim unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2023 and 2022.

Robert J. March



Vice-President and Chief Financial Officer, BioSyent Inc.

November 15, 2023

**BioSyent Inc.**  
**Interim Unaudited Condensed Consolidated Statements of Financial Position**

(Expressed in Canadian Dollars)

AS AT	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Cash and cash equivalents (Note 6)	\$ 9,665,546	\$ 7,864,559
Short term investments (Note 7)	19,624,068	20,831,085
Trade and other receivables (Note 8)	3,930,802	3,498,355
Inventory (Note 9)	4,563,614	4,535,343
Derivative asset	6,994	-
Prepaid expenses and deposits	524,787	254,958
Loans receivable - current (Note 13)	158,721	158,529
Income tax recoverable	22,158	-
<b>CURRENT ASSETS</b>	<b>38,496,690</b>	<b>37,142,829</b>
Property and equipment (Note 11)	1,474,282	1,673,036
Intangible assets (Note 12)	1,187,531	1,200,878
Loans receivable - non current (Note 13)	179,892	258,240
Deferred tax asset	58,316	210,281
<b>TOTAL NON CURRENT ASSETS</b>	<b>2,900,021</b>	<b>3,342,435</b>
<b>TOTAL ASSETS</b>	<b>\$ 41,396,711</b>	<b>\$ 40,485,264</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$ 5,157,916	\$ 5,062,882
Contract liability (Note 14)	154,674	157,600
Customer advances	106,469	6,772
Lease liability - current (Note 15)	180,894	174,055
Income tax payable	-	318,005
<b>CURRENT LIABILITIES</b>	<b>5,599,953</b>	<b>5,719,314</b>
Deferred tax liability	161,166	182,382
Lease liability - non current (Note 15)	1,084,376	1,221,045
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,245,542</b>	<b>1,403,427</b>
Share capital (Note 16)	5,033,744	5,367,432
Contributed surplus	2,231,026	2,228,517
Cumulative translation adjustment	(25,370)	(143,144)
Retained earnings	27,311,816	25,909,718
<b>TOTAL EQUITY</b>	<b>34,551,216</b>	<b>33,362,523</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 41,396,711</b>	<b>\$ 40,485,264</b>

Contingencies (Note 19)

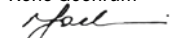
Commitments (Note 20)

Related party transactions (Note 21)

Subsequent events (Note 26)

APPROVED ON BEHALF OF THE BOARD

René Goehrman



DIRECTOR

November 15, 2023



DIRECTOR

November 15, 2023

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

**BioSynt Inc.****Interim Unaudited Condensed Consolidated Statements of Comprehensive Income**

(Expressed in Canadian Dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net revenues from contracts with customers (Note 25)	\$ 8,871,122	\$ 6,790,971	\$ 23,316,616	\$ 20,463,257
Cost of goods sold (Notes 9, 17)	1,809,024	1,181,522	4,423,178	3,798,982
Gross profit	7,062,098	5,609,449	18,893,438	16,664,275
Selling, general and administration expenses (Note 17)	4,267,257	3,735,442	12,890,636	11,040,436
New business development costs (Note 17)	7,169	22,509	60,611	54,506
Operating profit	2,787,672	1,851,498	5,942,191	5,569,333
Finance costs (Notes 15, 17)	16,965	19,195	52,017	58,490
Finance income (Note 17)	(291,488)	(146,992)	(788,941)	(267,758)
<b>NET INCOME BEFORE TAXES</b>	<b>3,062,195</b>	<b>1,979,295</b>	<b>6,679,115</b>	<b>5,778,601</b>
Current income tax	725,742	493,027	1,539,030	1,409,313
Deferred tax expense (recovery)	(14,447)	33,226	130,749	110,459
<b>NET INCOME AFTER TAXES</b>	<b>2,350,900</b>	<b>1,453,042</b>	<b>5,009,336</b>	<b>4,258,829</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Currency translation gains (losses)	73,086	42,004	117,774	45,486
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>\$ 2,423,986</b>	<b>\$ 1,495,046</b>	<b>\$ 5,127,110</b>	<b>\$ 4,304,315</b>
Basic weighted average number of shares outstanding (Note 18)	11,843,038	12,240,466	11,999,680	12,366,114
Basic earnings per share (Note 18)	\$ 0.199	\$ 0.119	\$ 0.417	\$ 0.344
Diluted weighted average number of shares outstanding (Note 18)	12,053,870	12,491,081	12,224,223	12,604,876
Diluted earnings per share (Note 18)	\$ 0.195	\$ 0.116	\$ 0.410	\$ 0.338

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

**BioSyent Inc.**  
**Interim Unaudited Condensed Consolidated Statements of Cash Flows**

(Expressed in Canadian Dollars)

	For the nine months ended September 30,	
	2023	2022
<b>OPERATING ACTIVITIES</b>		
Net income after taxes	\$ 5,009,336	\$ 4,258,829
<b>Items not affecting cash:</b>		
Depreciation - property and equipment (Notes 11, 17)	215,668	226,126
Amortization - intangible assets (Notes 12, 17)	118,318	69,505
Share-based payments (Note 16)	376,852	316,062
Change in derivative asset	(6,994)	-
Net finance income (Note 17)	(736,924)	(209,268)
MSLP loan interest receivable (Note 13)	(14,069)	(4,106)
Deferred tax	130,749	110,459
Inventory donation (Note 9)	122,597	
Expected credit losses (Note 10, 17)	102,272	-
<b>Net change in non-cash working capital items:</b>		
Trade and other receivables	(368,768)	(474,448)
Inventory	(150,868)	(1,965,713)
Prepaid expenses and deposits	(269,829)	94,550
Accounts payable and accrued liabilities	95,034	475,405
Contract liability	(2,926)	15,272
Customer advances	99,697	(80,756)
Income tax recoverable / payable	(340,163)	(42,946)
<b>Cash provided by operating activities</b>	<b>4,379,982</b>	<b>2,788,971</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property and equipment (Note 11)	(16,914)	(95,083)
Net additions to intangible assets (Note 12)	(104,971)	(138,493)
Decrease (Increase) in short term investments (Note 7)	1,207,017	(9,404,690)
Interest received	622,990	137,728
MSLP loan repayments received (Note 13)	92,225	192,759
<b>Cash provided by (used in) investing activities</b>	<b>1,800,347</b>	<b>(9,307,779)</b>
<b>FINANCING ACTIVITIES</b>		
Payments - lease liability principal (Note 15)	(129,830)	(119,845)
Payments - lease liability interest (Note 15)	(52,017)	(58,490)
Repurchase of common shares - NCIB (Note 16)	(2,275,507)	(2,900,172)
Purchase of RSU Plan shares - held in trust (Note 16)	(599,223)	(319,966)
Net dividends paid (Note 16)	(1,440,539)	-
Proceeds from stock options exercised (Note 16)	-	40,080
<b>Cash used in financing activities</b>	<b>(4,497,116)</b>	<b>(3,358,393)</b>
<b>Effect of foreign currency translation adjustment</b>	<b>117,774</b>	<b>45,486</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,800,987</b>	<b>(9,831,715)</b>
Cash and cash equivalents, beginning of period	7,864,559	18,035,275
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<b>\$ 9,665,546</b>	<b>\$ 8,203,560</b>
<b>SUPPLEMENTARY DISCLOSURE:</b>		
<b>NET CHANGE IN CASH AND SHORT TERM INVESTMENTS</b>		
Cash and short term investments, beginning of period	\$ 28,695,644	\$ 28,211,670
(Decrease) Increase in short term investments	(1,207,017)	9,404,690
Increase (Decrease) in cash and cash equivalents	1,800,987	(9,831,715)
<b>CASH AND SHORT TERM INVESTMENTS - END OF PERIOD</b>	<b>\$ 29,289,614</b>	<b>\$ 27,784,645</b>
<b>CASH PAID FOR TAXES</b>	<b>\$ (1,065,905)</b>	<b>\$ (1,452,260)</b>

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

**BioSyent Inc.****Interim Unaudited Condensed 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, 2023	\$ 5,367,432	\$ 2,228,517	\$ (143,144)	\$ 25,909,718	\$ 33,362,523
Comprehensive Income for the period	-	-	117,774	5,009,336	5,127,110
Common shares repurchased under Normal Course Issuer Bid (Note 16)	(134,474)	-	-	(2,141,033)	(2,275,507)
Common shares repurchased and held in RSU Plan Trust (Note 16)	(183,721)	-	-	-	(183,721)
Effect of Share-based payments: Options vested (Note 16)	-	3,444	-	-	3,444
Effect of Share-based payments: RSU expense (Note 16)	-	373,408	-	-	373,408
Effect of Share-based payments: Settlement of Vested RSUs (Note 16)	400,009	(400,009)	-	-	-
Common shares withheld in RSU Trust (Note 16)	(415,502)	-	-	-	(415,502)
Dividends paid (Note 16)	-	25,666	-	(1,466,205)	(1,440,539)
Balance as of September 30, 2023	\$ 5,033,744	\$ 2,231,026	\$ (25,370)	\$ 27,311,816	\$ 34,551,216

	Share Capital	Contributed Surplus	Cumulative Currency Translation Adjustment	Retained Earnings	Total Shareholders' Equity
Balance as of January 1, 2022	\$ 5,796,864	\$ 1,818,635	\$ (185,260)	\$ 24,124,687	\$ 31,554,926
Comprehensive Income for the period	-	-	45,486	4,258,829	4,304,315
Common shares repurchased under Normal Course Issuer Bid (Note 16)	(161,005)	-	-	(2,739,167)	(2,900,172)
Common shares purchased and held in RSU Plan Trust (Note 16)	(319,966)	-	-	-	(319,966)
Effect of Share-based payments: Options vested (Note 16)	-	21,283	-	-	21,283
Effect of Share-based payments: Options exercised (Note 16)	79,521	(39,441)	-	-	40,080
Effect of Share-based payments: RSU Expense (Note 16)	-	294,779	-	-	294,779
Balance as of September 30, 2022	\$ 5,395,414	\$ 2,095,256	\$ (139,774)	\$ 25,644,349	\$ 32,995,245

The accompanying notes are an integral part of these interim unaudited condensed 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 interim unaudited condensed 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 November 15, 2023.

## 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 periods presented.

### Statement of Compliance

These Financial Statements are in compliance with International Accounting Standard 34, “Interim Financing Reporting” (“**IAS 34**”). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“**IFRS**”), as issued by the International Accounting Standards Board (“**IASB**”) have been omitted or condensed.

Since these Financial Statements do not include all disclosures required by IFRS for annual financial statements, they should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022.

## 3. Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of these Financial Statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2022, except as follows:

### 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.

### Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued amendments to *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*, to introduce a definition of “Accounting Estimates”. The amendments clarify the distinction between changes in accounting estimates and accounting policies as well as the correction of errors. Additionally, the IASB clarifies how entities use measurement techniques and inputs to develop accounting estimates. The amendments were

effective and adopted by the Company on January 1, 2023. There were no material impacts to the Company's consolidated financial statements upon the adoption of these amendments.

#### 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

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the Company's consolidated financial statements for the year ended December 31, 2022.

#### 5. COVID-19

On March 11, 2020, the World Health Organization (WHO) characterized COVID-19 (Coronavirus) as a pandemic. On May 5, 2023, the WHO declared an end to COVID-19 as a global

health emergency. The Company nonetheless continues to evaluate the situation and monitor any impacts or potential impacts to its business from COVID-19.

#### 6. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	September 30, 2023	December 31, 2022
Cash on deposit in banks	\$6,087,026	\$5,298,316
Redeemable GICs	3,578,520	2,566,243
Total cash and cash equivalents	\$9,665,546	\$7,864,559

#### 7. Short term Investments

Short term investments consist of the following:

	September 30, 2023	December 31, 2022
Non-redeemable GICs	\$19,624,068	\$20,831,085
Total short term investments	\$19,624,068	\$20,831,085

#### 8. Trade and Other Receivables

Trade and other receivables is comprised of the following:

	September 30, 2023	December 31, 2022
Trade accounts receivable ( <i>Note 10</i> )	\$3,370,474	\$2,790,905
Other receivables	560,328	707,450
Total trade and other receivables	\$3,930,802	\$3,498,355

#### 9. Inventory

Inventory is comprised of the following:

	September 30, 2023	December 31, 2022
Raw and Packaging Materials	\$1,260,794	\$981,397
Finished Goods	3,302,820	3,553,946
Total inventory	\$4,563,614	\$4,535,343



Cost of Goods Sold consists of the following:

	Three months ended September 30,	
	2023	2022
Raw and Packaging Materials and Finished Goods	\$1,764,915	\$1,081,458
Freight	44,109	100,064
<b>Total cost of goods sold</b>	<b>\$1,809,024</b>	<b>\$1,181,522</b>

	Nine months ended September 30,	
	2023	2022
Raw and Packaging Materials and Finished Goods	\$4,278,695	\$3,564,693
Freight	144,483	234,289
<b>Total cost of goods sold</b>	<b>\$4,423,178</b>	<b>\$3,798,982</b>

During the nine months ended September 30, 2023, the Company donated inventory with a cost of \$122,597 to a Canadian registered charity (nine months ended September 30, 2022 - \$nil). The cost of this donated inventory has been included in selling,

general and administration expenses in the Company's Interim Unaudited Condensed Consolidated Statements of Comprehensive Income for the period.

## 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, trade and other receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values. The difference between the carrying value and the fair value of the loans receivable due to interest being charged at the prescribed rate (see *Note 13*) is insignificant for the period.

#### 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 Risk:

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

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

#### Foreign Exchange Sensitivity Analysis – USD

Description of Asset/(Liability)	September 30, 2023	December 31, 2022
	USD	USD
Cash and cash equivalents	1,317,061	999,328
Accounts receivable	115,167	-
Less: Accounts payable	(1,102,648)	(1,249,520)
Less: Customer advances	(5,000)	(5,000)
<b>Net Total</b>	<b>324,580</b>	<b>(255,192)</b>
Foreign Exchange Rate CAD per USD at the end of the period	1.3520	1.3544

At September 30, 2023, 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 \$32,254 higher or lower on an after-tax basis, respectively (December 31, 2022 - \$25,404 lower or higher, respectively).

## Foreign Exchange Sensitivity Analysis – EUR

	September 30, 2023	December 31, 2022
Description of Asset/(Liability)	EUR	EUR
Cash and cash equivalents	1,137,385	697,882
Less: Accounts payable	(172,377)	(70,000)
Net Total	965,008	627,882
Foreign Exchange Rate CAD per EUR at the end of the period	1.4304	1.4458

At September 30, 2023, 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 \$101,456 higher or lower on an after-tax basis, respectively (December 31, 2022 - \$66,723 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 Interim Unaudited Condensed 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.

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	September 30, 2023	December 31, 2022
Current	\$ 3,012,626	\$ 2,464,733
Past due 1-30 days	293,740	330,297
Past due 31-60 days	2,405	35,309
Over 60 days	256,358	63,546
Expected Credit Losses	(194,655)	(102,980)
Closing Balance	\$ 3,370,474	\$ 2,790,905
Maximum Credit Risk	3,565,129	2,893,885

As of September 30, 2023, one customer represents 35% of trade receivables (December 31, 2022 - 56%) while another customer represents 17% of trade receivables (December 31, 2022 - 17%), and a third customer represents 18% of trade receivables (December 31, 2022 - 8%).

The Company has provided for expected credit losses of \$194,655 (December 31, 2022 - \$102,980) related primarily to disputed deductions on trade receivables by a single Canadian pharmaceutical wholesale customer between October 2022 and May 2023.

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 where the carrying value does not approximate 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 period ended September 30, 2023.

## 11. Property and equipment

	Furniture and Fixtures	Equipment	Computer Equipment	Computer Software	Right-of-Use Asset (see Note 15)	Leasehold Improvements	Total
<b>COST:</b>							
December 31, 2021	\$ 254,939	\$ 220,078	\$ 332,819	\$ 398,459	\$ 1,330,455	\$ 680,511	\$ 3,217,261
2022 Additions	-	19,927	26,890	-	-	-	46,817
December 31, 2022	\$ 254,939	\$ 240,005	\$ 359,709	\$ 398,459	\$ 1,330,455	\$ 680,511	\$ 3,264,078
2023 Additions	-	-	16,616	298	-	-	16,914
<b>September 30, 2023</b>	<b>\$ 254,939</b>	<b>\$ 240,005</b>	<b>\$ 376,325</b>	<b>\$ 398,757</b>	<b>\$ 1,330,455</b>	<b>\$ 680,511</b>	<b>\$ 3,280,992</b>
<b>ACCUMULATED DEPRECIATION:</b>							
December 31, 2021	\$ (147,721)	\$ (121,708)	\$ (233,183)	\$ (314,179)	\$ (310,441)	\$ (158,460)	\$ (1,285,692)
Changes in 2022	(21,444)	(23,600)	(33,925)	(25,285)	(133,045)	(68,051)	(305,350)
December 31, 2022	\$ (169,165)	\$ (145,308)	\$ (267,108)	\$ (339,464)	\$ (443,486)	\$ (226,511)	\$ (1,591,042)
Changes in 2023	(12,867)	(15,966)	(22,705)	(13,308)	(99,784)	(51,038)	(215,668)
<b>September 30, 2023</b>	<b>\$ (182,032)</b>	<b>\$ (161,274)</b>	<b>\$ (289,813)</b>	<b>\$ (352,772)</b>	<b>\$ (543,270)</b>	<b>\$ (277,549)</b>	<b>\$ (1,806,710)</b>
<b>CARRYING AMOUNT</b>							
December 31, 2021	\$ 107,218	\$ 98,370	\$ 99,636	\$ 84,280	\$ 1,020,014	\$ 522,051	\$ 1,931,569
December 31, 2022	\$ 85,774	\$ 94,697	\$ 92,601	\$ 58,995	\$ 886,969	\$ 454,000	\$ 1,673,036
<b>September 30, 2023</b>	<b>\$ 72,907</b>	<b>\$ 78,731</b>	<b>\$ 86,512</b>	<b>\$ 45,985</b>	<b>\$ 787,185</b>	<b>\$ 402,962</b>	<b>\$ 1,474,282</b>

## 12. Intangible Assets

	New Product Dossier and Filing Costs	Product Licenses and Rights	New Product Development	Trademarks and Patents	Trade Certifications	Total
<b>COST:</b>						
December 31, 2021	\$ 1,532,412	\$ 953,020	\$ 132,499	\$ 111,183	\$ 3,936	\$ 2,733,050
2022 Net Additions	347,142	64,192	57,638	3,528	-	472,500
December 31, 2022	\$ 1,879,554	\$ 1,017,212	\$ 190,137	\$ 114,711	\$ 3,936	\$ 3,205,550
2023 Net Additions	99,971	-	5,000	-	-	104,971
<b>September 30, 2023</b>	<b>\$ 1,979,525</b>	<b>\$ 1,017,212</b>	<b>\$ 195,137</b>	<b>\$ 114,711</b>	<b>\$ 3,936</b>	<b>\$ 3,310,521</b>
<b>ACCUMULATED AMORTIZATION:</b>						
December 31, 2021	\$ (224,511)	\$ (421,107)	\$ (8,411)	\$ (27,947)	\$ (2,341)	\$ (684,317)
Changes in 2022	(119,249)	(3,523)	(11,136)	(10,959)	(781)	(145,648)
December 31, 2022	\$ (343,760)	\$ (424,630)	\$ (19,547)	\$ (38,906)	\$ (3,122)	\$ (829,965)
Changes in 2023	(99,908)	(3,330)	(8,542)	(5,934)	(604)	(118,318)
<b>September 30, 2023</b>	<b>\$ (443,668)</b>	<b>\$ (427,960)</b>	<b>\$ (28,089)</b>	<b>\$ (44,840)</b>	<b>\$ (3,726)</b>	<b>\$ (948,283)</b>
<b>ACCUMULATED IMPAIRMENT LOSSES:</b>						
December 31, 2021	\$ (713,341)	\$ (461,366)	\$ -	\$ -	\$ -	\$ (1,174,707)
Changes in 2022	-	-	-	-	-	-
December 31, 2022	\$ (713,341)	\$ (461,366)	\$ -	\$ -	\$ -	\$ (1,174,707)
Changes in 2023	-	-	-	-	-	-
<b>September 30, 2023</b>	<b>\$ (713,341)</b>	<b>\$ (461,366)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,174,707)</b>
<b>CARRYING AMOUNT</b>						
December 31, 2021	\$ 594,560	\$ 70,547	\$ 124,088	\$ 83,236	\$ 1,595	\$ 874,026
December 31, 2022	\$ 822,453	\$ 131,216	\$ 170,590	\$ 75,805	\$ 814	\$ 1,200,878
<b>September 30, 2023</b>	<b>\$ 822,516</b>	<b>\$ 127,886</b>	<b>\$ 167,048</b>	<b>\$ 69,871</b>	<b>\$ 210</b>	<b>\$ 1,187,531</b>

### New Product Dossier and Filing Costs

Cumulatively, the Company has incurred product dossier and filing costs of \$1,979,525 (December 31, 2022 – \$1,879,554) to date on several products. The filing costs incurred in respect of launched products are being amortized on a straight-line basis over their estimated finite useful lives based on marketability, ranging from 1 to 15 years.

On November 7, 2016, the Company entered into a License and Supply Agreement with a European partner to acquire the exclusive Canadian rights to use the product registration documentation of a women's health pharmaceutical product and a license to sell, market and distribute this product in Canada under the brand name Tibella®. On May 10, 2019, the Company received regulatory approval from Health Canada for the Tibella® product which was subsequently launched in Canada in July 2020. To date, the Company has incurred \$686,143 in regulatory and

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.

On November 25, 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 Combogestic® product in Canada in December 2020. To date, the Company has incurred \$341,288 in regulatory and development costs related to these products which are included in intangible assets as New Product Dossier and Filing Costs. These costs are amortized on a straight-line basis over the estimated remaining useful lives of the Combogestic® products during the 15-year term of the License and Exclusive Supply Agreement. The

Company is committed to certain royalty payments under this Agreement based on the net sales of the products in Canada (see *Note 19*).

For the nine months ended September 30, 2023, \$99,908 of amortization expense on New Product Dossier and Filing Costs (nine months ended September 30, 2022 - \$58,429) has been included in selling, general and administration expenses in the Company's Interim Unaudited Condensed 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 \$1,017,212 (December 31, 2022 - \$1,017,212).

On November 7, 2016, the Company paid a EUR 20,000 (CAD 28,338) license fee upon signing the License and Supply Agreement for the Tibella<sup>®</sup> product, which is being amortized over the 8-year estimated useful life of the product. The Company is also committed to certain annual license fee payments to its European partner contingent upon the future sales of the product (see *Note 19*).

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, Inofolic<sup>®</sup>, in Canada and a license of certain trademarks and technology related thereto. The \$30,000 cost of these rights and license is included in intangible assets as product licenses and rights and is being amortized on a straight-line basis over the initial license term of to December 31, 2030.

On December 14, 2022, the Company entered into a Distribution Agreement with a European partner to acquire an exclusive license to use certain trademarks and to distribute an oncology supportive care product in Canada. The Company paid an initial license fee of EUR 70,000 (CAD \$94,192) upon signing the Distribution Agreement and is committed to paying an additional license fee of EUR 55,000 (CAD \$79,519) upon the first anniversary of the launch of the product in Canada (see *Note 19*). Shipments of this product have not yet commenced and amortization of the asset has not yet commenced.

For the nine months ended September 30, 2023, \$3,330 of amortization expense on product licenses and rights (nine months ended September 30, 2022 - \$2,656) has been included in selling,

general and administration expenses in the Company's Interim Unaudited Condensed 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 \$195,137 (December 31, 2022 - \$190,137) relating to the development of new products. The Company has commenced amortization of certain of these costs upon the completion of development. For the nine months ended September 30, 2023, \$8,542 of amortization expense (nine months ended September 30, 2022 - \$3,213) has been included in selling, general and administration expenses in the Company's Interim Unaudited Condensed 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 \$114,711 (December 31, 2022 - \$114,711) 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 nine months ended September 30, 2023, \$5,934 of amortization expense (nine months ended September 30, 2022 - \$3,213) has been included in selling, general and administration expenses in the Company's Interim Unaudited Condensed 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, 2022 - \$3,936). This asset is being amortized over its 5-year estimated useful life. For the nine months ended September 30, 2023, \$604 of amortization expense (nine months ended September 30, 2022 - \$561) has been included in selling, general and administration expenses in the Company's Interim Unaudited Condensed 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 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, 2021	603,305
Repayments	(192,759)
Accrued Interest	6,223
Balance, December 31, 2022	416,769
Repayments	(92,225)
Accrued Interest	14,069
<b>Balance, September 30, 2023</b>	<b>338,613</b>
<b>Current portion, September 30, 2023</b>	<b>158,721</b>
<b>Non-current portion, September 30, 2023</b>	<b>179,892</b>
Current portion, December 31, 2022	158,529
Non-current portion, December 31, 2022	258,240

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 full recourse MSLP participant’s loan (collectively, the “MSLP Participant Loans”) bore interest at prescribed interest rates ranging from 1.00% – 5.00% per annum and had a maturity date of five years for the date that the loan was advanced, being either May 26, 2022 or December 11, 2023 (the “original Maturity Dates”).

On March 9, 2022, the Board approved an amendment of the MSLP loans which provided for an extended repayment schedule. On May 26, 2022, the Company entered into amended loan agreements with certain Borrowers under this extended repayment schedule. Under the terms of these amended loan agreements, the Borrowers were required to repay 10% of the MSLP loan principal amount plus any and all accrued interest on the MSLP loan principal amount as of and on May 26, 2022. The MSLP loan principal amounts which remain outstanding following such repayment continue to bear interest at a prescribed rate of 1.00% per annum or more, with annual repayments of 20% of such remaining MSLP loan principal amounts plus accrued interest thereon due and payable by the Borrowers on each of May 26, 2023 (paid), May 26, 2024, May 26, 2025, and May 26, 2026 with the final repayment for all MSLP loans due and payable no later than May 26, 2027 (the “extended Maturity Date”).

The modification of certain MSLP loans on May 26, 2022 resulted in no change to the gross carrying amount of such loans; as such, the Company recognized no modification gain or loss on these MSLP loans.

All common shares of the Company purchased with the proceeds of a loan are required to be pledged as security for the satisfaction and performance of the loan obligations. If the Borrower ceases to be employed by the Company or a subsidiary of the Company prior to the end of the original Maturity Dates or the extended Maturity Date, as applicable, all outstanding loan obligations shall become due and payable on the thirtieth (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.

Subject to the pledge on the common shares in favour of the Company, the Borrower is the sole owner of all common shares purchased on its behalf pursuant to the MSLP. All proceeds from the sale of common shares acquired through the MSLP are expected to be directed to the Company until the loan obligations have been satisfied in full.

Interest receivable of \$14,069 was accrued on the loans for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – \$4,106) and has been included in finance income on the Company’s Interim Unaudited Condensed Consolidated Statements of Comprehensive Income.

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 nine months ended September 30, 2023:

	Contract Liability (\$)
Balance, December 31, 2021	226,023
Estimated variable consideration	55,023
Settlement of variable consideration	(123,446)
<b>Balance, December 31, 2022</b>	<b>157,600</b>
Estimated variable consideration	99,095
Settlement of variable consideration	(102,021)
<b>Balance, September 30, 2023</b>	<b>154,674</b>

## 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 (\$)
<b>Balance, December 31, 2021</b>	<b>1,556,912</b>
Interest expense	77,142
Payments	(238,954)
<b>Balance, December 31, 2022</b>	<b>1,395,100</b>
Interest expense	52,017
Payments	(181,847)
<b>Balance, September 30, 2023</b>	<b>1,265,270</b>
<b>Current portion, September 30, 2023</b>	<b>180,894</b>
<b>Long-term portion, September 30, 2023</b>	<b>1,084,376</b>
Current portion, December 31, 2022	174,055
Long-term portion, December 31, 2022	1,221,045

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

Fiscal Year	Lease Payments
2023	\$60,617
2024	\$242,466
2025	\$245,980
2026	\$253,008
2027	\$253,008
Beyond next 5 fiscal years	\$421,680
<b>Total</b>	<b>\$1,476,759</b>

Not included in the lease liability, the Company incurred occupancy costs, net of recoveries, related to its office leases of \$99,140 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 - \$91,501) which have been included in selling, general and administration expenses in the Company's Interim Unaudited Condensed 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
<b>Balance, December 31, 2021</b>	<b>12,758,258</b>	<b>(201,800)</b>	<b>12,556,458</b>	<b>\$ 5,796,864</b>
Cancellation of shares held in Treasury	(300)	300	-	
Options exercised (c)	5,903	-	5,903	79,521
Shares repurchased under NCIB and cancelled (d)	(424,700)	-	(424,700)	(188,987)
Shares purchased for RSU Plan Trust and held in Treasury (e)	-	(39,800)	(39,800)	(319,966)
<b>Balance, December 31, 2022</b>	<b>12,339,161</b>	<b>(241,300)</b>	<b>12,097,861</b>	<b>\$ 5,367,432</b>
Shares repurchased under NCIB for cancellation (d)	(306,700)	-	(306,700)	(134,474)
Shares repurchased for RSU Plan Trust and held in Treasury (e)		(25,000)	(25,000)	(183,721)
Release of shares from RSU Plan Trust upon RSU Vesting (g)		110,806	110,806	400,009
Shares withheld in RSU Plan Trust upon RSU Vesting (g)		(55,406)	(55,406)	(415,502)
<b>Balance, September 30, 2023</b>	<b>12,032,461</b>	<b>(210,900)</b>	<b>11,821,561</b>	<b>\$ 5,033,744</b>

### c. Options exercised

No options were exercised during the nine months ended September 30, 2023.

During the nine months ended September 30, 2022, 5,903 common shares were issued against options exercised for total proceeds of \$40,080 and \$39,441 in fair value was transferred from contributed surplus to share capital.

### 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 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.

During the year ended December 31, 2022, the Company repurchased 424,700 of its common shares for an aggregate price of \$3,361,944 and incurred costs of \$6,747 related to the repurchase of these shares. The Company's retained earnings



were reduced by \$3,179,704 upon the repurchase of these shares, representing the excess of the aggregate repurchase price over the reduction in share capital of \$188,987.

On December 13, 2022, 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 690,000 of its own common shares for cancellation over a further 12-month period commencing on December 19, 2022 and ending on December 18, 2023. 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 nine months ended September 30, 2023, the Company repurchased 306,700 of its common shares for an aggregate price of \$2,272,440 and incurred costs of \$3,067 related to the repurchase of these shares. The Company's retained earnings were reduced by \$2,141,033 upon the repurchase of these shares, representing the excess of the aggregate repurchase price over the reduction in share capital of \$134,474.

#### e. RSU Plan Trust

During the nine months ended September 30, 2023, the Company purchased 25,000 of its common shares pursuant to its RSU Plan (*see note 16(g)*) for an aggregate purchase price of \$183,721.

210,900 treasury shares are held in trust as of September 30, 2023 (December 31, 2022 – 241,300 shares) for future settlement of vested RSUs granted to employees, senior management, and directors of the Company.

#### f. Preferred Shares

There are nil preferred shares outstanding as of September 30, 2023 (December 31, 2022 – 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, 2022, a total of 56,957 RSUs were granted to certain employees, senior management, and directors of the Company with a fair value of \$9.09 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, 2025 and certain of these units shall vest quarterly on March 31, 2025, June 30, 2025, September 30, 2025, and December 31, 2025.

On August 23, 2022, a total of 1,813 RSUs were granted to certain employees of the Company with a fair value of \$8.09 per unit, being the grant date closing (TSX Venture Exchange) market price per share. These units shall vest fully on June 30, 2025.

On March 31, 2023, a total of 72,020 RSUs were granted to certain employees, senior management, and directors of the Company with a fair value of \$7.50 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, 2026 and certain of these units shall vest quarterly on March 31, 2026, June 30, 2026, September 30, 2026, and December 31, 2026.

During the nine months ended September 30, 2023, the Company recorded net share-based payment expense of \$373,408 (nine months ended September 30, 2022 – \$294,779) 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 Interim Unaudited Condensed Consolidated Statements of Comprehensive Income.

On March 31, 2023, 103,720 RSUs vested upon the third anniversary of the grant date, \$374,429 was transferred from contributed surplus to share capital upon the vesting of these RSUs. These vested RSUs were settled in full with the release upon the vesting date of 51,858 common shares from the RSU Plan Trust which were transferred to certain employees, senior management and directors of the Company and a further 51,862 common shares with a fair value of \$388,965 which were retained in the RSU Trust for the settlement of applicable employee payroll withholding taxes.

On June 30, 2023, a further 7,086 RSUs vested upon the third anniversary of the grant date, \$25,580 was transferred from contributed surplus to share capital upon the vesting of these RSUs. These vested RSUs were settled in full with the release upon the vesting date of 3,542 common shares from the RSU Plan Trust which were transferred to certain directors of the Company and a further 3,544 common shares with a fair value of \$26,537 which were retained in the RSU Plan Trust for the settlement of applicable payroll withholding taxes.

As at September 30, 2023, there were 209,984 RSUs outstanding (December 31, 2022 – 244,123), as shown below:

	September 30, 2023		December 31, 2022	
	Number of RSUs	Weighted average grant price	Number of RSUs	Weighted average grant price
Outstanding, beginning of period	244,123	\$5.85	192,597	\$4.87
Granted	72,020	\$7.50	58,770	\$9.06
Dividend reinvestment	5,174	\$6.90	1,373	\$5.86
Vested	(110,806)	\$3.61	-	-
Forfeited	(527)	\$3.61	(8,617)	\$5.85
Outstanding, end of period	209,984	\$7.63	244,123	\$5.85

The weighted-average remaining contractual life of the 209,984 RSUs outstanding at September 30, 2023 is 1.56 years (December 31, 2022 – 1.17 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 and May 17, 2022. 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 nine months ended September 30, 2023 or during the year ended December 31, 2022.

During the nine months ended September 30, 2023, the Company recorded net share-based payment expense of \$3,444 (nine months ended September 30, 2022 – \$21,283) 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 Interim Unaudited Condensed Consolidated Statements of Comprehensive Income.

As at September 30, 2023, there were 164,295 options outstanding (December 31, 2022 – 164,295), as shown below:

	September 30, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	164,295	\$8.37	170,504	\$8.32
Granted	-	-	(306)	\$10.97
Exercised	-	-	(5,903)	\$6.79
Outstanding, end of period	164,295	\$8.37	164,295	\$8.37

As of September 30, 2023, 164,295 options have vested and are exercisable by the option holders (December 31, 2022 – 155,743). These exercisable options have a weighted average exercise price of \$8.37 (December 31, 2022 – \$8.37).

The weighted-average remaining contractual life of the 164,295 (December 31, 2022 – 164,295) options outstanding is 3.58 years (December 31, 2022 – 4.33 years) and the range of exercise prices for these options is \$6.20 – \$10.97 (December 31, 2022 – \$6.20 – \$10.97).

No options were exercised during the nine months ended September 30, 2023. 5,903 options were exercised during the nine months ended September 30, 2022 – the weighted average share price on the date of exercise of these options was \$9.08.

### Employee Share Purchase Plan

On January 1, 2017, the Company introduced an Employee Share Purchase Plan (“ESPP”). Under the ESPP, eligible BioSynt 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 nine months ended September 30, 2023, the Company recorded share-based payment expense of \$79,302 (nine months ended September 30, 2022 – \$70,795) 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 Interim Unaudited Condensed Consolidated Statements of Comprehensive Income.

#### h. Dividends

During the nine months ended September 30, 2023, the Company paid cash dividends to common shareholders as follows:

Amount per Common Share	Payment Date	Record Date	Aggregate Amount	Amount held in RSU Plan Trust
\$0.04	March 15, 2023	February 28, 2023	\$493,542	\$9,652
\$0.04	June 15, 2023	June 2, 2023	\$491,311	\$7,578
\$0.04	September 15, 2023	August 31, 2023	\$481,352	\$8,436
<b>TOTAL:</b>			<b>\$1,466,205</b>	<b>\$25,666</b>

No dividends were paid during the nine months ended September 30, 2022.

## 17. Expenses by Nature

The expenses on the Interim Unaudited Condensed 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:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Cost of goods sold (Note 9)</b>	\$ 1,809,024	\$ 1,181,522	\$ 4,423,178	\$ 3,798,982
<b>Selling and marketing</b>	\$ 2,728,812	\$ 2,464,039	\$ 8,274,102	\$ 7,081,525
Advertising, Promotion and Selling Costs	1,357,416	1,374,359	4,266,836	3,676,606
Employee Costs	1,070,294	890,972	3,259,426	2,762,166
Logistics, Quality Control & Regulatory	283,229	186,840	697,208	595,225
Share-based Payments (Note 16)	17,873	11,868	50,632	47,528
<b>General and administration</b>	\$ 1,538,445	\$ 1,271,403	\$ 4,616,534	\$ 3,958,911
Employee Costs	780,581	719,355	2,484,118	2,169,952
Corporate Expenses	295,014	215,203	563,832	591,816
Share-based Payments (Note 16)	143,710	129,778	405,522	339,329
Professional Fees	85,168	80,180	275,009	245,971
Information Technology	75,886	26,429	216,845	187,966
Depreciation - Property and Equipment (Note 11)	72,870	75,404	215,668	226,126
Amortization - Intangible Assets (Note 12)	39,070	22,117	118,318	69,505
Insurance	46,057	29,327	113,552	111,600
Expected Credit Losses (Note 10)	-	-	102,272	-
Net Foreign Exchange Losses (Gains)	(20,039)	(41,990)	79,670	(55,579)
Research and Development	20,128	15,600	41,728	72,225
<b>New business development costs</b>	\$ 7,169	\$ 22,509	\$ 60,611	\$ 54,506
<b>Finance costs</b>	\$ 16,965	\$ 19,195	\$ 52,017	\$ 58,490
Interest expense - lease liability (Note 15)	16,965	19,195	52,017	58,490
<b>Finance income</b>	\$ (291,488)	\$ (146,992)	\$ (788,941)	\$ (267,758)
Interest Income	(291,488)	(146,992)	(788,941)	(267,758)

## 18. Earnings per Share

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Numerator</b>				
Net income attributable to common shareholders	\$ 2,350,900	\$ 1,453,042	\$ 5,009,336	\$ 4,258,829
<b>Denominator</b>				
Basic				
Weighted average number of shares outstanding	11,843,038	12,240,466	11,999,680	12,366,114
Effect of dilutive securities	210,832	250,615	224,543	238,762
Weighted average number of shares outstanding	12,053,870	12,491,081	12,224,223	12,604,876
<b>Basic earnings per share</b>	\$ 0.199	\$ 0.119	\$ 0.417	\$ 0.344
<b>Diluted earnings per share</b>	\$ 0.195	\$ 0.116	\$ 0.410	\$ 0.338

## 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 September 30, 2023, the Company was not aware of any litigation or threatened claims either outstanding or pending.

### 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 nine months ended September 30, 2023, such fees have been expensed and included in the Company's Interim Unaudited Condensed 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 (see Note 12), 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 nine months ended September 30, 2023, such fees have been expensed and included in the Company's Interim Unaudited Condensed Consolidated Statements of Comprehensive Income.

### Oncology Supportive Care Distribution Agreement

On December 14, 2022, the Company entered into a Distribution Agreement with a European partner to acquire an exclusive license to use certain trademarks and to distribute an oncology supportive care product, Gelclair®, in Canada (see Note 12). The Company is committed to paying an additional license fee, contingent on the commercial launch of the product in Canada, in the amount of EUR 55,000 (CAD 79,519) due upon the first anniversary following such launch. The Company has commenced promoting Gelclair® in Canada and expects to launch the product commercially in late 2023.

## 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
2023	\$ 92,928
2024	\$ 371,711
2025	\$ 375,225
2026	\$ 382,253
2027	\$ 382,253
Beyond Next 5 Fiscal Years	\$ 637,089
<b>Total</b>	<b>\$ 2,241,459</b>

### 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 three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Number of Key Management Personnel	6	6	6	6
Salary, Benefits, and Bonus	\$340,218	\$327,457	\$1,011,986	\$973,894
Share-Based Payments	\$89,821	\$75,571	\$267,082	\$232,646

During the nine months ended September 30, 2023, the Company recorded share-based payment expense of \$267,082 (nine months ended September 30, 2022 - \$232,646) 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 September 30, 2023, there were loans receivable under the MSLP from key management personnel of \$338,613 (December 31, 2022 - \$393,532). MSLP loan repayments of \$68,765 were received from key management personnel during the nine months ended September 30, 2023 in accordance with the terms of the loans (nine months ended September 30, 2022 - \$164,608). Interest accrued on these MSLP loans during the nine months ended September 30, 2023 totalled \$13,589 (nine months ended September 30, 2022 - \$3,837).

### Transactions with Directors

During the nine months ended September 30, 2023, the Company paid cash fees to its directors in the amount of \$96,891 (nine months ended September 30, 2022 - \$89,439) and recorded share-based payments expense for accounting purposes of \$61,026 (nine months ended September 30, 2022 - \$38,364) related to the amortization of RSUs under the Company's RSU Plan.

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## 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:

September 30, 2023	\$34,551,216
December 31, 2022	\$33,362,523

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 September 30, 2023. There were no changes in the Company's approach to capital management during the period.

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## 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 September 30, 2023, 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.

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## 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% (2022 – 26.5%) in the Canadian jurisdiction, 22.1% (2022 – 22.1%) in the U.S. jurisdiction, and 5.5% (2022 – 5.5%) in the Barbados jurisdiction.

## 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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Canada</b>				
Pharmaceutical Business	\$7,432,361	\$6,371,751	\$21,565,801	\$18,962,820
Insecticide Business	430,325	335,365	558,602	716,227
<b>Total Canada</b>	<b>\$7,862,686</b>	<b>\$6,707,116</b>	<b>\$22,124,403</b>	<b>\$19,679,047</b>
<b>International Jurisdictions</b>				
Pharmaceutical Business - Middle East	\$992,997	-	\$992,997	\$565,787
Insecticide Business - United States	15,439	83,855	199,216	218,423
<b>Total International Jurisdictions</b>	<b>\$1,008,436</b>	<b>\$83,855</b>	<b>\$1,192,213</b>	<b>\$784,210</b>
<b>Total Revenue</b>	<b>\$8,871,122</b>	<b>\$6,790,971</b>	<b>\$23,316,616</b>	<b>\$20,463,257</b>

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, 2022	December 31, 2021
Canada	\$2,833,163	\$3,011,776
Barbados	66,858	76,236
<b>Total Non-current Assets</b>	<b>\$2,900,021</b>	<b>\$3,088,012</b>

## 26. Subsequent Events

### Vesting of RSUs

On October 2, 2023, 7,117 RSUs vested upon the third anniversary of the grant date, \$25,692 was transferred from contributed surplus to share capital upon the vesting of these RSUs. These vested RSUs were settled in full with the release upon the vesting date of 3,557 common shares from the RSU Plan Trust which were transferred to certain directors of the Company and a further 3,560 common shares with a fair value of \$27,982 which were retained in the RSU Plan Trust for the settlement of applicable payroll withholding taxes.

### Dividend Declaration

On November 16, 2023, the Company's Board of Directors declared a dividend of \$0.04 per common share to shareholders of record on November 30, 2023, payable on December 15, 2023.

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## Corporate Information

### Registered Office

Suite 402  
2476 Argentia Road  
Mississauga, Ontario, Canada L5N 6M1  
Telephone 905.206.0013  
Facsimile 905.206.1413  
Email [info@biosyent.com](mailto:info@biosyent.com)  
Website [www.biosyent.com](http://www.biosyent.com)

### Board of Directors

#### Larry Andrews

Ontario, Canada

#### Joseph Arcuri

Ontario, Canada

#### Sara Elford

British Columbia, Canada

#### René C. Goehrum (Chair)

Ontario, Canada

#### Peter D. Lockhard (Lead Director)

Ontario, Canada

#### Stephen Wilton

Ontario, Canada

### Officers

#### René C. Goehrum

President and  
Chief Executive Officer

#### Robert J. March

Vice-President and  
Chief Financial Officer

### Registrar and Transfer Agent

#### Computershare Trust Company Canada

100 University Avenue,  
Toronto, Ontario, M5J 2Y1  
Canada

### Auditor

#### MNP LLP

Toronto, Ontario, Canada

### Solicitors

#### Wildeboer Dellelce LLP

Toronto, Ontario, Canada

#### Caravel Law

Toronto, Ontario, Canada

#### Harridyal Sodha & Associates

St. Michael, Barbados

### Banks

#### Royal Bank of Canada

Toronto, Ontario, Canada

#### Canadian Imperial Bank of Commerce

Toronto, Ontario, Canada

#### City National Bank

Los Angeles, California, USA

### Stock Listing

#### TSX Venture Exchange

Trading symbol: RX