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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934 for the Quarterly Period ended June 30, 2021

Or

Transition Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934 for the transition period

Commission File Number: 000-54717

**Bionik Laboratories Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**27-1340346**  
(I.R.S. Employer  
Identification No.)

**483 Bay Street N105, Toronto, Ontario Canada M5G 2C9**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:  
**(416) 640-7887 x508**

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of Exchange on which registered</u>
N/A	N/A	N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The number of shares outstanding of the registrant's common stock as of August 10, 2021 was 5,770,920 shares.

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**BIONIK LABORATORIES CORP.**  
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**Part I—Financial Information**  
**Bionik Laboratories Corp.**  
**Condensed Consolidated Balance Sheets**

**Item 1. Interim Financial Statements**

	(unaudited) June 30, 2021	March 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 541,587	\$ 608,348
Accounts receivable	446,105	451,905
Prepaid expenses and other current assets	1,779,934	1,680,557
Inventories	601,312	692,163
<b>Total current assets</b>	<b>3,368,938</b>	<b>3,432,973</b>
Equipment	67,845	93,577
Intangible assets, net	956,919	976,551
Goodwill	4,282,984	4,282,984
<b>Total assets</b>	<b>\$ 8,676,686</b>	<b>\$ 8,786,085</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 520,776	\$ 454,809
Accrued liabilities	778,401	760,026
PPP loan	—	459,912
Demand loans, current portion	2,212,334	2,152,334
Deferred revenue, current portion	232,250	268,083
<b>Total current liabilities</b>	<b>3,743,761</b>	<b>4,095,164</b>
Deferred revenue, net of current portion	318,604	303,917
Demand loans, net of current portion	1,697,457	1,105,974
<b>Total liabilities</b>	<b>5,759,822</b>	<b>5,505,055</b>
Commitments and contingencies (Note 9)		
<b>Stockholders' Equity</b>		
Preferred stock, \$0.001 par value; Authorized 5,000,000; Issued-1 Special voting preferred stock, \$0.001 par value; Authorized; Issued – 1	—	—
Common stock, \$0.001 par value; Authorized – 13,000,000; Issued 5,589,375 and 112,440 Exchangeable Shares at June 30, 2021 and March 31, 2021	5,702	5,702
Additional paid-in capital	88,322,050	88,227,506
Accumulated deficit	(85,445,239)	(84,994,327)
Accumulated other comprehensive income	34,351	42,149
<b>Total stockholders' equity</b>	<b>2,916,864</b>	<b>3,281,030</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 8,676,686</b>	<b>\$ 8,786,085</b>

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

**Bionik Laboratories Corp.**  
**Condensed Consolidated Statements of Operations**  
**(unaudited)**

	<b>Three months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Revenues, net	\$ 671,283	\$ 257,908
Cost of revenues	130,506	62,555
<b>Gross Profit</b>	<b>540,777</b>	<b>195,353</b>
<b>Operating expenses</b>		
Sales and marketing	329,474	238,895
Research and development	180,967	384,490
General and administrative	832,221	1,530,504
<b>Total operating expenses</b>	<b>1,342,662</b>	<b>2,153,889</b>
<b>Loss from operations</b>	<b>(801,885)</b>	<b>(1,958,536)</b>
Interest expense, net	102,296	74,975
Other (income), net	(453,269)	(26,435)
<b>Total other (income) expense</b>	<b>(350,973)</b>	<b>48,540</b>
<b>Net loss</b>	<b>\$ (450,912)</b>	<b>\$ (2,007,076)</b>
Loss per share - basic and diluted	\$ (0.08)	\$ (0.39)
Weighted average number of shares outstanding – basic and diluted	5,701,815	5,126,834

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

**Bionik Laboratories Corp.**  
**Condensed Consolidated Statements of Comprehensive Loss**  
**(unaudited)**

	Three Months Ended June 30,	
	2021	2020
Net loss	<u>\$ (450,912)</u>	<u>\$ (2,007,076)</u>
Other comprehensive loss components:		
Cumulative translation adjustment	(7,798)	—
Total other comprehensive loss	<u>(7,798)</u>	<u>—</u>
Comprehensive loss	<u>\$ (458,710)</u>	<u>\$ (2,007,076)</u>

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

**Bionik Laboratories Corp.**  
**Condensed Consolidated Statements of Cash Flows**  
**For the three month periods ended June 30, 2021 and 2020**  
**(unaudited)**

	Three months ended June 30, 2021	Three months ended June 30, 2020
<b>Operating activities:</b>		
Net loss	\$ (459,912)	\$ (2,007,076)
Reconciliation of net loss to net cash from operating activities:		
Depreciation and amortization	29,116	41,616
Interest expense	102,296	74,975
Share based compensation expense	94,544	407,315
Extinguishment of debt	(459,912)	—
Changes in non-cash working capital items		
Accounts receivable	5,800	(128,308)
Prepaid expenses and other current assets	(99,252)	(90,798)
Net book value of demonstration inventory sold	16,248	—
Due from related parties	—	(817)
Inventories	90,851	114,472
Accounts payable	66,518	(413,219)
Accrued liabilities	7,766	406,425
Deferred revenue	(21,146)	(33,782)
Net cash used in operating activities	<u>(618,083)</u>	<u>(1,629,197)</u>
<b>Investing activities:</b>		
Purchases of equipment	—	—
Net cash used in investing activities	<u>—</u>	<u>—</u>
<b>Financing activities:</b>		
Proceeds from convertible loans	—	1,302,575
Proceeds from PPP loan	—	459,912
Proceeds from term loan	550,000	—
Net cash provided by financing activities	<u>550,000</u>	<u>1,762,487</u>
Effect of exchange rate changes on cash and cash equivalents	1,322	—
Net (decrease) increase in cash and cash equivalents	<u>(66,761)</u>	<u>133,290</u>
Cash and cash equivalents, beginning of the period	608,348	2,269,747
Cash and cash equivalents, end of the period	<u>\$ 541,587</u>	<u>\$ 2,403,037</u>

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

**BIONIK LABORATORIES CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Interim Condensed Consolidated Financial Statements**

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related notes that appear in the Annual Report on Form 10-K of Bionik Laboratories Corp. (“Bionik” or the “Company”) for the fiscal year ended March 31, 2021 filed with the SEC on June 24, 2021. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of June 30, 2021, and its results of operations for the three months ended June 30, 2021 and 2020, and cash flows for the three months ended June 30, 2021 and 2020. The condensed consolidated balance sheet at March 31, 2021 was derived from audited annual financial statements, but does not contain all of the footnote disclosures from the annual financial statements. Results of operations for the three months ended June 30, 2021 are not necessarily indicative of the results for the year ending March 31, 2022 or any period thereafter.

Reclassifications

For comparability purposes, certain prior period amounts in the condensed consolidated financial statements have been reclassified to conform to the current period’s presentation within the condensed consolidated statements of operations and comprehensive loss.

Management Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures at the date of the financial statements during the reporting period. Significant estimates are used for, but are not limited to, revenue recognition, allowance for doubtful accounts, inventory reserves, impairment analysis of goodwill and intangibles including their useful lives, research and development accruals, deferred tax assets, liabilities and valuation allowances, and fair value of stock options. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company and the unknown future impacts of COVID-19 as of June 30, 2021 and through the date of this report filing. On an ongoing basis, management evaluates its estimates and actual results could differ from those estimates.

All adjustments, consisting only of normal recurring items, considered necessary for fair presentation have been included in these consolidated financial statements.

Critical Accounting Policies

The following accounting policies have been updated and adopted as of April 1, 2021 which differ from the accounting policies disclosed in Form 10-K for the year ended March 31, 2021, filed with the SEC on June 24, 2021:

***Property and Equipment***

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as compared to the double-declining the method the Company had previously used. Assets under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the respective lease term. Included in property and equipment are certain robots that are used for demonstration purposes. Maintenance and repairs are charged to expense as incurred. Bionik continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of its long-lived assets may warrant revision or that the carrying value of these assets may be impaired. Bionik evaluates the realizability of its long-lived assets based on profitability and cash flow expectations for the related asset. Any write-downs are treated as permanent reductions in the carrying amount of the assets. Based on this evaluation, Bionik believes that, as of each of the balance sheet dates presented, none of Bionik’s long-lived assets were impaired.

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The useful lives for property and equipment is as follows:

	Useful Life (in years)
Computers and electronics	3
Furniture and fixtures	5
Demonstration equipment	3
Manufacturing equipment	5
Tools and parts	3
Assets under capital lease	Life of lease

#### ***Foreign Currency Translation***

A portion of Bionik's operations is conducted through operations in countries other than the United States. Since the Company conduct its business in U.S. dollars, the main exposure, if any, results from changes in the exchange rate between the Canadian dollar and the U.S. dollar. Bionik's functional currency is the U.S. dollar. The Company's policy is to reduce exposure to exchange rate fluctuations by having most of Bionik's assets and liabilities, as well as most of Bionik's revenues and expenditures, in U.S. dollars, or U.S. dollar linked. The Company has not historically engaged in hedging activities relating to its non-U.S. dollar operations. The Company may incur negative foreign currency conversion charges as a result of changes in currency exchange rates.

The remainder of Bionik's critical accounting policies and the related judgments and estimates affecting the preparation of its condensed consolidated financial statements are included in our Annual Report on Form 10-K for the year ended March 31, 2021. There have been no other material changes to the Company's critical accounting policies as of June 30, 2021.

#### **Going Concern**

At June 30, 2021, cash and cash equivalents were \$0.5 million. At June 30, 2021, the Company had a working capital deficit of \$0.4 million and at March 31, 2021, the Company had a working capital deficit of \$0.7 million. At June 30, 2021 and March 31, 2021, the Company has accumulated deficits of \$85.4 million and \$85.0 million, respectively. The Company has incurred a net loss and comprehensive loss for the three months ended June 30, 2021 and 2020 of \$0.5 million and \$2.0 million, respectively.

On July 15, 2021, the Company commenced a refinancing of its existing indebtedness and launched a new secured convertible promissory note offering of up to \$10.0 million. Pursuant to the terms of the offering, the Company is offering for sale up to \$10.0 million in convertible notes to accredited investors and non-U.S. persons. As a result, the Company issued an aggregate of \$8.3 million in principal of convertible notes of which an aggregate of \$5.0 million was purchased for cash and the remainder was issued as a result of consolidating existing debt.

The Company's future funding requirements depend on a number of factors, including the rate of market acceptance of its current and future products and the resources the Company devotes to developing and supporting the same. There is no certainty that the Company will be successful in generating sufficient cash flow from operations or achieving and maintaining profitable operations in the future to enable it to meet its obligations as they come due and consequently continue as a going concern.

The Company will require additional financing to fund its operations and it is currently working on securing additional funding through corporate collaborations, public or private equity offerings or debt financings. Sales of additional equity securities by the Company would result in the dilution of the interests of existing stockholders. There can be no assurance that financing will be available when required. In the event that the necessary additional financing is not obtained, the Company would reduce its discretionary overhead costs substantially or otherwise curtail operations. The Company expects to raise additional funds to meet the Company's anticipated cash requirements for the next 12 months; however, these conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Refer to Note 11--Subsequent Events for more information.



## 2. Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed in a business combination. The Company does not amortize its goodwill, but instead tests for impairment annually in the fourth quarter and more frequently whenever events or changes in circumstances indicate that fair value of the asset may be less than the carrying value of the asset.

Changes to goodwill during the three months ended June 30, 2021 were as follows:

	<b>Total</b>
Balance—March 31, 2021	\$ 4,282,984
Adjustments to goodwill	—
Balance— June 30, 2021	<u>\$ 4,282,984</u>

Intangible assets consist of the following at June 30, 2021 and March 31, 2021:

Useful Life	Patents & Exclusive License Agreement	Trademark	Customer Relationships	Non-Compete Agreement	Assembled Workforce	Total
	9.74 years	Indefinite	10 years	2 years	1 year	
Gross carrying amount	\$ 1,306,031	\$ 2,505,907	\$ 1,431,680	\$ 61,366	\$ 275,720	\$ 5,580,704
Impairment	(316,388)	(1,905,907)	(857,298)	—	—	(3,079,593)
Accumulated amortization	(632,724)	—	(574,382)	(61,366)	(275,720)	(1,544,192)
Balance—June 30, 2021	<u>\$ 356,919</u>	<u>\$ 600,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 956,919</u>

Useful Life	Patents & Exclusive License Agreement	Trademark	Customer Relationships	Non-Compete Agreement	Assembled Workforce	Total
	9.74 years	Indefinite	10 years	2 years	1 year	
Gross carrying amount	\$ 1,306,031	\$ 2,505,907	\$ 1,431,680	\$ 61,366	\$ 275,720	\$ 5,580,704
Impairment	(316,388)	(1,905,907)	(857,298)	—	—	(3,079,593)
Accumulated amortization	(613,092)	—	(574,382)	(61,366)	(275,720)	(1,524,560)
Balance—March 31, 2021	<u>\$ 376,551</u>	<u>\$ 600,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 976,551</u>

Amortization expense for the three months ended June 30, 2021 and 2020 was \$20,000 and \$24,000, respectively. Amortization expense is classified as a component of general and administrative expenses in the accompanying condensed consolidated statements of operations.

## 3. Balance Sheet Accounts

### Prepaid Expenses and Other Current Assets

	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Prepaid inventory	\$ 1,495,968	\$ 1,501,542
Prepaid insurance	178,612	52,573
Other prepaid expenses	105,354	126,442
	<u>\$ 1,779,934</u>	<u>\$ 1,680,557</u>

Equipment

Equipment consisted of the following at June 30, 2021 and March 31, 2021:

	June 30, 2021			March 31, 2021		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Computers and electronics	\$ 303,337	\$ 303,337	\$ —	\$ 303,337	\$ 303,337	\$ —
Furniture and fixtures	36,795	36,795	—	36,795	36,795	—
Demonstration equipment	123,301	55,456	67,845	170,386	76,809	93,557
Manufacturing equipment	88,742	88,742	—	88,742	88,742	—
Tools and parts	11,422	11,422	—	11,422	11,422	—
Assets under capital lease	68,453	68,453	—	68,453	68,453	—
	<u>\$ 632,050</u>	<u>\$ 564,205</u>	<u>\$ 67,845</u>	<u>\$ 679,135</u>	<u>\$ 585,558</u>	<u>\$ 93,577</u>

Depreciation expense for the three months ended June 30, 2021 and 2020 was \$0,000 and \$18,000, respectively.

Accrued Expenses

Accrued expenses consist of the following at June 30, 2021 and March 31, 2021:

	June 30, 2021	March 31, 2021
Accrued personnel costs	\$ 301,591	\$ 371,886
Accrued director fees	158,172	50,672
Accrued commissions	54,117	51,080
Accrued professional fees	65,000	127,211
Accrued warranty costs	29,187	45,936
Accrued other	170,334	113,241
	<u>\$ 778,401</u>	<u>\$ 760,026</u>

The Company provides a one-year warranty as part of its normal sales offering. When products are sold, the Company provides warranty reserves, which, based on the historical experience of the Company are sufficient to cover warranty claims. Accrued warranty costs are included in accrued liabilities on the condensed consolidated interim balance sheets and amounted to \$29,000 at June 30, 2021 and \$46,000 at March 31, 2021.

**4. Inventories**

Bionik states all inventories at the lower of cost or net realizable value, determined on a first-in, first-out method. Inventory includes finished goods at actual costs from its outsourced manufacturing partners as well as work-in-process for goods that are in the manufacturing process.

	June 30, 2021	March 31, 2021
Finished goods	601,312	692,163
	<u>\$ 601,312</u>	<u>\$ 692,163</u>

**5. Demand Loans & PPP Loans**

Convertible Loans Payable

During the three months ended June 30, 2020, the Company received \$1.3 million, in addition to \$0.1 million previously loaned to the Company, pursuant to a \$7.0 million convertible note offering (the "2020 Convertible Note Offering"). The convertible notes issued in the 2020 Convertible Note Offering (the "2020 Convertible Notes") bear interest at a fixed rate at 1%

per month. The 2020 Convertible Notes were converted into common stock of the Company at March 31, 2021 in accordance with the terms of the 2020 Convertible Note Offering.

In the event the Company raises capital through the sale of common stock for cash during the period ending on the three year anniversary of the issuance date of the 2020 Convertible Notes, and the price per share thereof (the "*Offering Price*") minus 20% is less than the original conversion price, then in such event the Company shall issue to all Convertible Noteholders at, at no further cost, additional shares of common stock equal to the number of conversion shares the holders would have received upon conversion if the conversion price equaled to a 20% discount to the Offering Price, less the number of conversion shares actually issued on or as of the maturity date of the 2020 Convertible Notes. Since the Company has adopted ASU 2017-11, the anti-dilution protection clause does not contribute to the conversion feature to be a derivative liability.

Interest expense associated with the 2020 Convertible Notes for the three months ended June 30, 2020, was \$6,000

See Note 11—Subsequent Events for information on the consolidation of this indebtedness into the Company's new convertible promissory note offering.

#### Shareholder loan

On March 23, 2020, the Company received a \$2.0 million loan from an existing shareholder. The promissory note evidencing the loan bears interest at a fixed rate of 1% per month and has a maturity date of the earlier of (i) March 31, 2022 and (ii) the date of receipt of a minimum of \$5.0 million from a "Subsequent Financing." The accrued interest shall be payable in cash commencing on March 31, 2021 with the quarterly payments accrued for the first three payment dates (3-month, 6-month and 9-month anniversaries of the issue date), and then quarterly thereafter. The remaining half of the interest accrued will be paid upon the maturity date. The loan is repayable or convertible to common shares at the loan holder's option on March 31, 2022 at a price per share equal to the price per share of the Company's then most recent capital raise or debt conversion, or any other valuation as agreed in writing between the loan holder and the Company.

On February 24, 2021, and in addition to the shareholder loan above, the Company entered into a term loan and security agreement dated February 12, 2021 where Bionik may borrow up to \$3.0 million from lenders from time to time. Pursuant to the terms of the agreement, the loan bears interest at a fixed rate of 1% per month. The principal amount and interest on the loan will be due and payable on the earlier of (i) February 12, 2023 and (ii) the date of receipt by the Company of a minimum of \$3.0 million in equity. During the three months ended June 30, 2021, the Company received term loan proceeds totaling \$0.6 million. As of June 30, 2021, the Company has received \$1.6 million against this term loan.

Interest expense associated with these loans for the three months ended June 30, 2021 and 2020 was \$0.1 million for each such periods. Interest payable associated with these loans at June 30, 2021 and March 31, 2021 was \$0.3 million for each such periods.

See Note 11--Subsequent Events, for information on the consolidation of this indebtedness into the Company's new convertible promissory note offering.

#### Paycheck Protection Program Loan

In May 2020, the Company signed a promissory note for \$0.5 million pursuant to the federal Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act, which is administered by the U.S. Small Business Administration. The loan is unsecured, bears interest of 1% per annum and a deferment period of 6 months. The loan is to be used primarily for payroll related costs, lease, and utility payments. The Company has applied for forgiveness and as such forgiveness was granted in May 2021. The extinguishment of the PPP loan is recorded in the statement of operations as other income.

## 6. Stockholders' Equity

### Common Stock Authorized

	June 30, 2021		March 31, 2021	
	Number of shares	\$	Number of shares	\$
<b>Exchangeable Shares</b>				
Balance beginning of period	112,440	\$ 113	117,683	\$ 118
Converted into common shares	—	—	(5,243)	(5)
Balance at end of period	112,440	113	112,440	113
<b>Common Shares</b>				
Balance at beginning of the period	5,589,375	5,589	5,009,151	5,008
Shares issued to exchangeable shareholders	—	—	5,243	5
Shares issued on conversion of loans	—	—	181,463	182
Shares issued in lieu of liabilities	—	—	397,685	398
Cancellation of shares by shareholders	—	—	(4,167)	(4)
Balance at end of the period	5,589,375	5,589	5,589,375	5,589
<b>Total Shares</b>	<b>5,701,815</b>	<b>\$ 5,702</b>	<b>5,701,815</b>	<b>\$ 5,702</b>

As approved by the stockholders of the Company at the annual meeting of stockholders held on October 5, 2020, the Company filed a certificate of amendment to its Amended and Restated Certificate of Incorporation, as amended with the Secretary of State of Delaware to decrease the authorized number of shares of (i) common stock of the Company from 500,000,000 to 13,000,000 and (ii) preferred stock of the Company from 10,000,000 to 5,000,000.

With the 2020 Convertible Notes, as discussed in Note 5 above, and pursuant to the terms of the 2020 Convertible Notes, the principal and interest of \$1.7 million converted into 181,463 shares of the Company's common stock which were issued to the noteholders. The Company also issued shares in lieu of certain liabilities that it owed of which 262,125 shares of Bionik's common stock were issued in lieu of paying \$0.7 million in director fees to its board of directors and 135,560 shares of common stock were issued for consideration consisting of the forgiveness and satisfaction of an aggregate of \$0.3 million of deferred salary and bonus liabilities to two of its executives.

### Special Voting Preferred Share

In February 2015, the Company entered into a voting and exchange trust agreement (the "Trust Agreement"). Pursuant to the Trust Agreement, the Company issued one Special Voting Preferred Share to a Trustee, and the parties created a trust for the Trustee to hold the Special Voting Preferred Share for the benefit of the holders of the Exchangeable Shares of a subsidiary of the Company. The Special Voting Preferred Share entitles the Trustee to exercise the number of votes equal to the number of Exchangeable Shares outstanding on a one-for-one basis during the term of the Trust Agreement. The Special Voting Preferred Share is not entitled to receive any dividends or to receive any assets of the Company upon liquidation and is not convertible into shares of common stock of the Company. The voting rights of the Special Voting Preferred Share will terminate pursuant to and in accordance with the Trust Agreement and the Special Voting Preferred Share will be automatically cancelled.

## 7. Stock-Based Compensation

Total stock-based compensation expense for the three months ended June 30, 2021 and 2020 was \$0.1 million and \$0.4 million, respectively.

Bionik did not grant any stock options during the three months ended June 30, 2021 and 2020. Stock options granted to employees or non-employees typically vest over a 1 to 5 year period.

Performance Based Units ("PSUs") granted to employees vest annually based on time and continued performance and the achievement of performance goals as determined by the board of directors.

The Company uses the Black-Scholes option pricing model to determine the estimated grant date fair values for stock-based awards. The Black-Scholes option pricing model requires the input of various subjective assumptions, including the option's expected life and the price volatility of the underlying stock. The Company's assumptions do not include an estimated forfeiture rate.

Option-pricing models require the input of various subjective assumptions, including the option's expected life and the price volatility of the underlying stock. As it relates to grants previously issued, Bionik's estimated expected stock price volatility is based on past grants that have been made. Bionik's expected term of options granted was derived from looking at the Company's exercise history of its awards granted. The risk-free rate for the expected term of the options is based on the U.S. Treasury yield curve in effect at the time of the grant.

As of June 30, 2021, the total unrecognized compensation cost related to outstanding stock options and PSUs expected to vest was \$0.4 million, which the Company expects to recognize over a weighted-average period of 1.52 years.

## 8. Warrants

The following is a continuity schedule of the Company's common share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2020	125,034	20.07
Expired	(2,667)	(37.50)
Outstanding and exercisable, March 31, 2021	122,367	19.69
Expired	—	—
Outstanding and exercisable June 30, 2021	122,367	19.69

The following is a summary of common share purchase warrants outstanding as of June 30, 2021.

Exercise Price (\$)	Number of Warrants	Expiry Date
90.00	15,658	March 31, 2023
9.375	64,025	August 14, 2022
9.375	42,684	March 31, 2022
	122,367	

The weighted-average remaining contractual term of the outstanding warrants was 1.07 years.

## 9. Commitments and Contingencies

### Contingencies

From time to time, the Company may be involved in a variety of claims, suits, investigations and proceedings arising in the ordinary course of our business, collections claims, breach of contract claims, labor and employment claims, tax and other matters. Although claims, suits, investigations and proceedings are inherently uncertain and their results cannot be predicted with certainty, the Company believes that the resolution of current pending matters will not have a material adverse effect on its business, financial position, results of operations or cash flow. Regardless of the outcome, litigation can have an adverse impact on the Company because of legal costs, diversion of management resources and other factors.

### Commitments

- On February 25, 2015, 1,753 common shares were issued to two former lenders connected with a \$0.2 million loan received and repaid during fiscal 2013. The common shares were valued at \$210,323 based on the value of the concurrent private placement and recorded in stock-based compensation on the consolidated statement of operations

and comprehensive loss. As part of the consideration for the initial loan, the Company's then-CTO and COO had transferred 2,098 common shares to the lenders. For contributing the common shares to the lenders, the Company intends to reimburse the former CTO and COO 2,134 common shares. As of June 30, 2021 these shares have not yet been issued.

- In May 2020, the Company gave notice to its JV Partner, Ginger Capital Investment Holding, Ltd. that it was terminating the licensing and distribution agreements in accordance with its terms. The China JV was originally established for purposes of strengthening the economic cooperation and technical exchange between the parties and adopting advanced technology and scientific management methods through the distribution and promotion of the Company's products in the People's Republic of China, Hong Kong and Macau.
- In connection with the Company's April 2016 acquisition of Interactive Motion Technologies, Inc., the Company acquired a license agreement dated September 8, 2009, with a former director as a co-licenser, pursuant to which the Company is obligated to pay the former director and the co-licenser an aggregate royalty of 1% of sales based on patent #8,613,691 Dynamic Lower Limb Rehabilitation Robotic Apparatus and Method of Rehabilitating Human Gait). No sales have been made, as the technology under this patent has not been commercialized.

## 10. Recent Accounting Pronouncements

Accounting Standards Update 2020-06—Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity: simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share (EPS) calculation in certain areas. The amendments in this Update are effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the impact the adoption of ASU 2020-06 will have on the Company's consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, an authoritative guidance that simplifies the accounting for income taxes by removing certain exceptions and making simplifications in other areas. It is effective from the first quarter of fiscal year 2022, with early adoption permitted in any interim period. If adopted early, the Company must adopt all the amendments in the same period. The amendments have differing adoption methods including retrospectively, prospectively and/or modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption, depending on the specific change. The Company does not anticipate the new guidance will have a material impact on the consolidated balance sheet and consolidated statement of operations and comprehensive loss.

## 11. Subsequent Events

On July 15, 2021, the Company commenced a refinancing of its existing indebtedness and launched a new secured convertible promissory note offering of up to \$10.0 million (the "2021 Offering"). Pursuant to the terms of the 2021 Offering, the Company is offering for sale up to \$10.0 million in convertible promissory notes (the "2021 Notes") to accredited investors and non-U.S. persons. As a result, the Company issued an aggregate of \$8.3 million in principal of 2021 Notes of which an aggregate of \$5.0 million was purchased for cash and the remainder was issued as a result of consolidating existing debt.

Under the Company's existing term loan and security agreement as well as the existing shareholder loan as mentioned above, a portion of the outstanding principal and unpaid interest were used as consideration to acquire new 2021 Notes in the 2021 Offering and, as a result and with the option exercises described below, the term loan agreement and the existing shareholder loan were deemed paid in full and terminated. Accordingly, an aggregate of \$1.1 million in outstanding principal and accrued unpaid interest under the term loan agreement was used to purchase a like amount of 2021 Notes in the 2021 Offering and an aggregate of \$2.2 million in outstanding principal and accrued and unpaid interest under the shareholder loan was used to purchase a like amount of 2021 Notes in the 2021 Offering. The remaining \$0.6 million of the outstanding principal and accrued and unpaid interest under the term loan agreement was applied towards the purchase price to exercise outstanding options of the debtholders.

Pursuant to the terms of the 2021 Offering, the Company issued an aggregate of \$5.0 million in principal of additional 2021 Notes, which was purchased for cash. The Company intends to use the net cash proceeds from the 2021 Offering for the Company's working capital requirements. The 2021 Notes bear interest at a fixed rate of 1% per month, computed based on a 360-day year of twelve 30-day months and will be payable, along with the principal amount, on the earlier of (the "Maturity Date"): (a) March 31, 2022 and (b) the consummation of the 2021 Offering, provided that the Company raises in one or more tranches aggregate gross proceeds of no less than \$10,000,000.

The 2021 Note will be convertible either on the Maturity Date without any action on the part of the Lender into shares of common stock at a conversion price of \$9.50 per share (the "Conversion Price"), or upon a change of control transaction prior to the Maturity Date at the election of the holders of a majority of the outstanding principal of the 2021 Notes under the 2021 Offering, be either (i) payable upon demand as of the closing of such change of control transaction or (ii) convertible into shares of the Company's common stock immediately prior to such change of control transaction at a price per share equal to the lesser of (x) the Conversion Price, or (y) the per share consideration to be received by the holders of the common stock in such change of control transaction.

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

This Quarterly Report on Form 10-Q contains statements that involve substantial risks and uncertainties and that reflect assumptions, expectations, projections, intentions, or beliefs about future events that are intended as "forward-looking statements". All statements included or incorporated by reference in this Quarterly Report on Form 10-Q, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements appear in several places, including, but not limited to in this "Management's Discussion and Analysis of Financial Condition and Results of Operations". These statements represent our reasonable judgment of the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts, and use words such as "anticipate," "believe," "estimate," "expect," "forecast," "may," "will", "should," "plan," "project" and other words of similar meaning. These forward-looking statements include, among other things, statements about:

- our ability to identify and penetrate new markets for our products and technology;
- our estimates regarding expenses, future revenues, capital requirements and needs for additional funding;
- our ability to obtain and maintain regulatory clearances;
- our sales and marketing capabilities and strategy in the United States and internationally;
- our ability to retain key management personnel on whom we depend;
- our expectations with respect to our acquisition activity;
- our intellectual property portfolio; and
- our ability to innovate, develop and commercialize new products.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Quarterly Report and in our other public filings with the Securities and Exchange Commission, or the SEC, that could cause actual results or events to differ materially from the forward-looking statements that we make.

You should read this Quarterly Report and the documents that we have filed as exhibits to this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. It is routine for internal projections and expectations to change as the year or each quarter in the year progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which we base our expectations are made as of the date of this Quarterly Report and may change prior to the end of each quarter or the year. While we may elect to update forward-looking statements at some point in the future, we do not undertake any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the condensed consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report and the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K filed with the SEC on June 24, 2021. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods. The discussion and analysis of the financial condition and results of operations are based upon the financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States.



## Company Overview

Bionik Laboratories Corp. is a healthcare company focused on improving the quality of life of millions of people with neurological or mobility impairments by combining artificial intelligence and innovative robotics technology and data solutions to help individuals from hospital to home to regain mobility, enhance autonomy, and regain self-esteem.

The Company uses artificial intelligence and machine learning technologies to make rehabilitation methods and processes smarter and more intuitive to deliver greater recovery for patients with neurological or mobility impairments. These technologies allow large amounts of data to be collected and processed in real-time, enabling appropriately challenging and individualized therapy during every treatment session. This is the foundation of the InMotion® therapy. The Company's rehabilitation therapy robots are built on an artificial intelligence platform, measuring the position, the speed, and the acceleration of the patients' arm 200 times per second. The artificial intelligence platform is designed to adapt in real time to the patient's needs and progress while providing quantifiable feedback of a patient's progress and performance, in a way that the Company believes a trained clinician cannot.

Based on this foundational work, the Company has a portfolio of products and solutions focused on upper extremity rehabilitation for stroke and other mobility-impaired individuals, including InMotion robots currently in the market. Additionally, we launched our new software platform, InMotion Connect™ is providing the ability for hospital management to access remotely to management dashboards presenting the utilization data of each of their InMotion robotic devices and their robotic devices productivity. Customized reporting capabilities in the platform focus on facility and organization measurement dashboards to support effective decision making for clinicians and for hospital management.

Currently, we receive revenues from the sale of our InMotion robots to our customers both in the U.S. and internationally. We also record revenues associated with our extended warranties that customers will purchase with the sale of our InMotion robots as well as from the sale of the InMotion Connect hardware and the subscription fees associated with the utilization of the InMotion Connect solution.

We currently sell our products directly or can introduce customers to a third-party finance company to lease at a monthly fee over the term or other fee structure for our products to hospitals, clinics, distribution companies and/or buying groups that supply those rehabilitation facilities.

Our strategic business focus is on the following key areas:

- Continuing to expand our distribution channels in the United States and internationally;
- Continue to enhance our InMotion Connect software with solutions that serve clinical rehabilitation providers; and
- Continue to drive efficiencies with our outsourced manufacturing partner to support the expected increase in product demand and introduction of new products.

We believe our business provides a platform for growth. We continue to make investments in our enhancements of our existing products and the future development of new products.

We currently hold an intellectual property portfolio that includes 5 U.S. patents and 1 U.S. patent pending, 5 of which are pending internationally, as well as other patents under development. We may file provisional patents from time to time, which may expire if we do not pursue full patents within 12 months of the filing date. Two provisional patents have recently been converted into full patents, pertaining to Bionik's InMotion Home™, and InMotion Connect™ platform, each of which has been filed as a full patent prior to the 12-month provisional deadline. The provisional patents may not be filed as full patents and new provisional patents may be filed as the technology changes. Additionally, we hold exclusive licenses to three additional patents.

## Business Developments

In December 2018, we entered into a Sale of Goods Agreement (the "Agreement") with CHC Management Services, LLC, or Kindred, pursuant to which, among other things, Kindred agreed to purchase from us our InMotion® ARM Interactive Therapy Systems - a minimum of one for each of Kindred's existing and soon-to-open affiliated inpatient rehabilitation hospitals and similar

facilities described in the Agreement, and in a second phase a minimum of one InMotion® ARM Interactive Therapy System for each future inpatient rehabilitation facilities of Kindred, during the four-year minimum term of the Agreement.

In June 2020, we launched our InMotion Connect platform, which consists of a hardware device connected to the InMotion Robot as well as a subscription to InMotion Connect Pulse. This platform provides anonymized data allowing us to focus activity to increase adoption and utilization of InMotion robotic technologies across healthcare systems.

During 2021, we implemented a machine learning prototype predictive model for the classification of the level of responsiveness of the InMotion® therapy outcomes. This solution was developed with Bitstrapped, a Toronto-based data engineering firm specializing in machine learning infrastructure through their partnership with Google Cloud Platform. This prototype enables us to continually train the model on anonymized data collected in real-time with InMotion Connect in rehabilitation facilities and track improvements in performance. This is the first step to a machine learning platform being developed as funds allow.

On July 15, 2021, we commenced a refinancing of our existing indebtedness and launched a new secured convertible promissory note offering of up to \$10.0 million. Pursuant to the terms of the offering, we were offering for sale up to \$10.0 million in convertible notes to accredited investors and non-U.S. persons. As a result, we issued an aggregate of \$8.3 million in principal of convertible notes of which an aggregate of \$5.0 million was purchased for cash and the remainder was issued as a result of consolidating existing debt.

#### **Covid-19 Pandemic**

As a result of extended shutdowns of businesses around the world due to the COVID-19 pandemic, we have seen a slowdown in our business as most of the capital expenditure programs of the healthcare facilities that make up our customer base have been put on hold or has been significantly curtailed. This, along with our typically long sales cycle, has affected our ability to generate revenues in recent months. As a result, we have taken steps to address the decrease in revenue, as follows:

Effective April 1, 2020, we furloughed nine employees in the United States and temporarily laid-off one employee in Canada. Additionally, our senior management agreed to a salary deferral of between 30-50%. Our remaining employees in the U.S. received base salary reductions of between 30%-50%. In Canada, our remaining employees received a reduction in base salary and hours of 45%. As a result of obtaining the U.S. and Canadian government's programs described below U.S. employees with salaries less than \$100,000 annually were returned to full salary and with salaries exceeding \$100,000 annually were increased to 75% of their normal base salary. Senior managements salaries were restored in December 2020 until March 2021, when certain senior management salaries were reduced between 30%-50% for 3 months.

On May 6, 2020, our U.S. subsidiary received funding in the original principal amount of \$0.5 million pursuant to the federal Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act, which is administered by the U.S. Small Business Administration. The loan was funded by Bank of America, N.A. pursuant to the terms of a Promissory Note dated as of May 1, 2020. We have used the proceeds from this funding for eligible purposes, including to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments. We applied for forgiveness of this debt with the SBA and as of May 23, 2021, have received forgiveness of the loan and all interest of \$0.5 million which is included in other income, net in the condensed consolidated statement of operations.

Our Canada operations secured \$37,000 of government financial relief under the Canadian Emergency Wage Subsidy in the three months ended June 30, 2020, which is available monthly until June 2021, which was used to return the salaries of many of our Canadian non-management employees back to their full amount. There was no relief received in the three months ended June 30, 2021.

**Results of Operations**

**Three Months Ended June 30, 2021 and 2020**

The following table contains selected statement of operations data, which serve as the basis of the discussion of our results of operations for the three months ended June 30, 2021 and 2020, respectively:

	Three Months Ended June 30,					
	2021		2020		\$ Change	% Change
	Amount	As a % of Total Revenues	Amount	As a % of Total Revenues		
Revenues, net	\$ 671,283	100 %	\$ 257,908	100 %	\$ 413,375	160 %
Cost of revenues	130,506	19	62,555	24	67,951	109
Gross profit	540,777	81	195,353	76	381,667	195
Operating expenses						
Sales and marketing	329,474	49	238,895	93	90,579	38
Research and development	180,967	27	384,490	149	(203,523)	(53)
General and administrative	832,221	124	1,530,504	593	(698,283)	(46)
Total operating expenses	1,342,662	200	2,153,889	835	(811,227)	(38)
Loss from operations	(801,885)	(119)	(1,958,536)	(759)	1,156,651	59
Interest expense, net	102,296	15	74,975	29	27,321	36
Other (income), net	(453,269)	(68)	(26,435)	(10)	(426,834)	(1,615)
Total other (income) expense	(350,973)	(52)	48,540	19	(399,513)	(823)
Net loss	\$ (450,912)	(67)%	\$ (2,007,076)	(778)%	\$ 1,556,164	78 %

Revenues

Total revenues for the three months ended June 30, 2021 increased by \$0.4 million, or 160%, to \$0.7 million, as compared to revenues of \$0.3 million for the three months ended June 30, 2020.

	Three Months Ended June 30,			
	2021	2020	\$ Change	% Change
Product	\$ 563,138	\$ 199,500	\$ 363,638	182 %
Subscriptions	54,750	—	54,750	100
Service, extended warranty & other	53,395	58,408	(5,013)	(9)
Total revenues	\$ 671,283	\$ 257,908	\$ 413,375	160 %

The change in total revenues was attributable to a number of factors:

- Product revenue increased \$0.4 million due to an increase in the number of units shipped in the three months ended June 30, 2021 as compared to the three month period ended June 30, 2020.
- The increase in our subscription sales is due to our InMotion Connect Pulse solutions subscriptions that were sold. This product was launched in June 2020.
- Our service, extended warranty and other revenues were consistent in the periods shown.

Cost of Revenues

	Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
Cost of revenues	\$ 130,506	\$ 62,555	\$ 67,951	109 %
Cost of revenues (as a percentage of total revenues)	19 %	24 %		

Total cost of revenues increased \$68,000, or 109%, to \$0.1 million for the 2021 period, as compared to \$63,000 for the 2020 period. The increase was associated selling more units in the 2021 period as compared to the 2020 period as well as selling certain demonstration inventory which has a much lower cost associated with it.

Sales and Marketing

	Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
Sales and marketing	\$ 329,474	\$ 238,895	\$ 90,579	38 %
Sales and marketing (as a percentage of total revenues)	49 %	93 %		

Sales and marketing expenses increased \$0.1 million, or 38%, to \$0.3 million for the 2021 period, as compared to \$0.2 million for the 2020 period. The increase was due to increased commissions of \$0.1 million due to the increase of units sold during the 2021 period as compared to the 2020 period.

Research and Development

	Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
Research and development	\$ 180,967	\$ 384,490	\$ (203,523)	(53)%
Research and development (as a percentage of total revenues)	27 %	149 %		

Research and development expenses decreased \$0.2 million, or 53%, to \$0.2 million for the 2021 period, as compared to \$0.4 million for the 2020 period. The decrease was due to a \$0.2 million decrease in payroll and payroll related expenses as our research and development headcount was reduced due to the COVID-19 pandemic.

General and Administrative

	Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
General and administrative	\$ 832,221	\$ 1,530,504	\$ (698,283)	(46)%
General and administrative (as a percentage of total revenues)	124 %	593 %		

General and administrative expenses decreased \$0.7 million, or 46%, to \$0.8 million for the 2021 period, as compared to \$1.5 million for the 2020 period. Share based compensation expense decreased by \$0.3 million associated with a reduction in our headcount due to the COVID-19 pandemic. Franchise tax decreased by \$0.2 million associated with the amendment to our Amended and Restated Certificate of Incorporation and the reduction of our authorized number of shares. Professional service fees were reduced by \$0.3 million associated with a decrease in consultants, legal fees and accounting fees.

Interest Expense, net

	Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
Interest expense, net	\$ 102,296	\$ 74,975	\$ 27,321	36 %
Interest expense, net (as a percentage of total revenues)	15 %	29 %		

The interest expense for the three month period ending June 30, 2021 increased by \$27,000 due to more debt outstanding during the period leading to more interest expense than in the 2020 period.

Other (income), net

	Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
Other (income), net	\$ (453,269)	\$ (26,435)	\$ (426,834)	(1,615)%
Other (income), net (as a percentage of total revenues)	(68)%	(10)%		

For the three month period ending June 30, 2021 other (income) consisted primarily of the extinguishment of the PPP loan associated with the forgiveness from the federal government of \$0.5 million. In the 2020 period, we received Canadian government grants relating to the COVID-19 pandemic, used for payroll in Canada (CEWS) of \$37,000.

Liquidity and Capital Resources

We have funded operations through the issuance of capital stock, loans, grants, and investment tax credits and forgivable loans received from the U.S. and Canada governments. We require cash to pay our operating expenses, including research and development activities, fund working capital needs and make capital expenditures. At June 30, 2021, our cash and cash equivalents were \$0.5 million. Our cash and cash equivalents are predominantly cash in operating accounts.

On July 15, 2021, we commenced a refinancing of its existing indebtedness and launched a new secured convertible promissory note offering of up to \$10.0 million. Pursuant to the terms of the offering, we are offering for sale up to \$10.0 million in convertible notes to accredited investors and non-U.S. persons. As a result, we issued an aggregate of \$8.3 million in principal of convertible notes of which an aggregate of \$5.0 million was purchased for cash and the remainder was issued as a result of consolidating existing debt.

Under our then-existing term loan and security agreement as well as the then existing shareholder loan, a portion of the outstanding principal and unpaid interest were used as consideration to acquire new convertible promissory notes in the July 2021 offering and, as a result and with the option exercises described below, the term loan agreement and the existing shareholder loan were deemed paid in full and terminated. Accordingly, an aggregate of \$1.1 million in outstanding principal and accrued unpaid interest under the term loan agreement was used to purchase a like amount of convertible notes in the July 2021 offering and an aggregate of \$2.2 million in outstanding principal and accrued and unpaid interest under the shareholder loan was used to purchase a like amount of convertible notes in the July 2021 offering. The remaining \$0.6 million of the outstanding principal and accrued and unpaid interest under the term loan agreement was applied towards the purchase price to exercise outstanding options held by certain of the debtholders.

Based on our current burn rate, we need to raise additional capital to fund operations, hire necessary employees we lost as a result of COVID-19 related furloughs and other terminations, and meet expected future liquidity requirements. We are continuously in discussions to raise additional capital, which may include or be a combination of convertible or term loans and equity which, if successful, will enable us to continue operations based on our current burn rate, for the next 12 months; however, we cannot give any assurance at this time that we will successfully raise all or some of such capital or any other capital.

There can be no assurance that necessary debt or equity financing will be available, or will be available on terms acceptable to us, in which case we may be unable to meet our obligations or fully implement our business plan, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Additionally, we will need additional funds to respond to business opportunities including potential acquisitions of complementary technologies, protect our intellectual property, develop new lines of business, and enhance our operating infrastructure. While we may need to seek additional funding for any such purposes, we may not be able to obtain financing on acceptable terms, or at all. In addition, the terms of our financings may be dilutive to, or otherwise adversely affect, holders of our common stock. We will also seek additional funds through arrangements with collaborators or other third parties. However, the recent COVID-19 pandemic has presented unprecedented challenges to businesses and the investing landscape around the world. Therefore, there can be no assurance that our plans will be successful. We may not be able to negotiate any such arrangements on acceptable terms, if at all. If we are unable to obtain additional funding on a timely basis, we may be required to curtail or terminate some or all of our product lines or our operations.

#### **Cash Flows**

Net cash used in operating activities was \$0.6 million for the three months ended June 30, 2021, and resulted primarily from \$0.5 million in net loss and \$0.5 million relating to the extinguishment of the PPP loan offset by approximately \$0.2 million in depreciation and amortization, interest expense and stock-based compensation expense for the period. Net changes in working capital items increased cash from operating activities by approximately \$0.1 million, primarily related to increases in accounts payable associated with the timing of vendor payments. There was no net cash used in or provided by investing activities for the 2021 period. Net cash provided by financing activities during the three months ended June 30, 2021 was \$0.6 million, related to proceeds received from the term loan.

Net cash used in operating activities was \$1.6 million for the three months ended June 30, 2020, and resulted primarily from the \$2.0 million of net loss offset by \$0.5 million in depreciation and amortization, interest expense and stock-based compensation expense for the period. Net changes in working capital items decreased cash from operating activities by \$0.1 million, primarily related to decreases in inventory and offset by increases in our accounts receivable and prepaids and other current assets. There was no net cash used in investing activities for the 2020 period. Net cash provided by financing activities during the three months ended June 30, 2020 was \$1.8 million, relating to proceeds received from convertible loans as well as funds received from the PPP loan.

#### **Critical Accounting Policies and Estimates**

The discussion and analysis of our financial condition and results of operations set forth above are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates and judgments, including those described in our Annual Report on Form 10-K for the year ended March 31, 2021. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities, and the reported amounts of revenues and expenses, that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following accounting policies have been updated and adopted as of April 1, 2021:

***Property and Equipment***

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as compared to the double-declining method the Company had previously used. Assets under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the respective lease term. Included in property and equipment are certain robots that are used for demonstration purposes. Maintenance and repairs are charged to expense as incurred. Bionik continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of its long-lived assets may warrant revision or that the carrying value of these assets may be impaired. Bionik evaluates the realizability of its long-lived assets based on profitability and cash flow expectations for the related asset. Any write-downs are treated as permanent reductions in the carrying amount of the assets. Based on this evaluation, Bionik believes that, as of each of the balance sheet dates presented, none of Bionik's long-lived assets were impaired.

***Foreign Currency Translation***

A portion of our operations is conducted through operations in countries other than the United States. Since we conduct our business in U.S. dollars, the main exposure, if any, results from changes in the exchange rate between the Canadian dollar and the U.S. dollar. Our functional currency is the U.S. dollar. Our policy is to reduce exposure to exchange rate fluctuations by having most of our assets and liabilities, as well as most of our revenues and expenditures, in U.S. dollars, or U.S. dollar linked. We have not historically engaged in hedging activities relating to our non-U.S. dollar operations. We may incur negative foreign currency conversion charges as a result of changes in currency exchange rates.

The remainder of our critical accounting policies and the related judgments and estimates affecting the preparation of our condensed consolidated financial statements are included in our Annual Report on Form 10-K for the year ended March 31, 2021. There have been no other material changes to our critical accounting policies as of June 30, 2021.

A discussion of our critical accounting policies and the related judgments and estimates affecting the preparation of our consolidated financial statements is included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2021. There have been no material changes to our critical accounting policies as of June 30, 2021.

**Recent Accounting Pronouncements**

See Note 10 to our condensed consolidated financial statements included in this Quarterly Report for information regarding recent accounting pronouncements that are of significance or potential significance to us.

**Off-Balance Sheet Arrangements**

We had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable for smaller reporting companies.

**Item 4. Controls and Procedures.**

**Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures" as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and such information is

accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our interim Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). Based upon this evaluation, our interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report were effective.

**Changes in Internal Control over Financial Reporting**

During the three months ended June 30, 2021, there were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Part II- OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

**Item 1A. Risk Factors**

Not applicable for smaller reporting companies

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults Upon Senior Securities.**

None

**Item 4. Mine Safety Disclosures**

Not applicable

**Item 5. Other Information**

None



**Item 6. Exhibits**

The following exhibits, which are numbered in accordance with Item 601 of Regulation S-K, are filed herewith or, as noted, incorporated by reference herein.

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
<a href="#">10.1</a>	<a href="#">Separation Agreement, dated as of July 14, 2021, with Dr. Eric Dusseux</a>
<a href="#">10.2</a>	<a href="#">Form of Subscription Agreement (incorporated by reference to the registrant's Current Report on Form 8-K filed on July 21, 2021)</a>
<a href="#">10.3</a>	<a href="#">Form of Convertible Promissory Note (incorporated by reference to the registrant's Current Report on Form 8-K filed on July 21, 2021)</a>
<a href="#">31.1</a>	<a href="#">Certificate of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">31.2</a>	<a href="#">Certificate of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.1</a>	<a href="#">Certification of Chief Executive Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.2</a>	<a href="#">Certification of Chief Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 12, 2021

**Bionik Laboratories Corp.**

By: /s/ Rich Russo Jr.  
Rich Russo Jr.  
Chief Financial Officer and Interim Chief Executive Officer  
(Principal Executive Officer & Principal Financial and Accounting  
Officer)

**SEPARATION AGREEMENT**

This Separation Agreement (“**Agreement**”) is entered into as of July 14, 2021, by, between and among Dr. Eric Dusseux, an individual resident in France (“**Dr. Dusseux**”), Bionik Laboratories Inc., a corporation incorporated under the laws of Canada (“**Bionik Canada**”), and Bionik Laboratories Corp., a corporation incorporated under the laws of the state of Delaware (“**Bionik USA**”) (Bionik Canada and Bionik USA are collectively referred to as “**Bionik**”).

WHEREAS, Dr. Dusseux and Bionik Canada entered into an Employment Agreement dated September 1, 2017, as amended pursuant to that Amendment #1 to Employment Agreement dated November 18, 2019 (as amended, the “**Employment Agreement**”), through which, among other things, Dr. Dusseux served as the Chief Executive Officer of Bionik Canada; and

WHEREAS, Dr. Dusseux also served as the Chief Executive Officer and/or President of Bionik USA and all other direct and indirect subsidiaries of Bionik USA; and

WHEREAS, Bionik USA is the indirect parent company of Bionik Canada, was a signatory to the Employment Agreement, and agreed to be liable for all obligations of Bionik Canada under the Employment Agreement; and

WHEREAS, on or about July 17, 2017, Dr. Dusseux was appointed to serve on the Board of Directors of Bionik USA, and has served as a Board Member continuously since that date; and

WHEREAS, Bionik has a number of other subsidiaries, affiliates or joint venture relationships (collectively, “**Bionik Affiliates**”) and Dr. Dusseux may have held positions (including officer and/or director positions) with such Bionik Affiliates; and

WHEREAS Dr. Dusseux desires to amicably end his relationship with Bionik and Bionik Affiliates, and Bionik and Bionik Affiliates desire to amicably end their relationship with Dr. Dusseux.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the receipt and adequacy of which the parties acknowledge, the parties hereto, intending to be legally bound, hereby agree as set forth below.

1. **Resignation from Employment.** Dr. Dusseux agrees to resign as Chief Executive Officer of Bionik, and agrees to resign from any and all other employment and officer positions with Bionik and any and all other Bionik Affiliates, effective July 14, 2021.
  2. **Resignation from the Board.** Dr. Dusseux agrees to resign as a member of the Board of Directors (or equivalent governing body) of Bionik and all Bionik Affiliates, effective July 14, 2021.
  3. **Press Release.** Bionik will issue the press release in substantially the form attached hereto as Attachment A.
-

4. **Payment Through Resignation Date.** Bionik will pay Dr. Dusseux his base salary through July 15, 2021 plus the cash value of unused but accrued PTO of CND\$35,096. Payment shall be made on or promptly after July 15, 2021. Dr. Dusseux's eligibility for any benefits will cease as of his Resignation Date, including without limitation, any Short Term and Long Term Disability programs and any life insurance plan. Dr. Dusseux is responsible for the payment of any corporate credit card late fees or any business expenses that Bionik has not approved and processed for payment on or before his Resignation Date.

5. **Expense Reimbursement.**

a. **Amounts submitted.** The parties acknowledge that Bionik has reimbursed Dr. Dusseux for those business expenses he has previously submitted.

b. **Amounts through the end of employment.** Bionik agrees to reimburse Dr. Dusseux EUR€350.30 for those business-related expenses he incurred through his last day of employment, but for which he has not yet submitted for reimbursement. Dr. Dusseux agrees to submit documentation for these expenses by August 15, 2021, following his receipt of corresponding invoices.

c. **Tax preparation for fiscal year 2022.** As provided in section 2.7(c) of the Employment Agreement, Bionik agrees to pay Dr. Dusseux the aggregate gross sum of CAN\$6,000 which constitutes a good faith estimate of tax preparation fees and expenses for fiscal year 2022 (for services to be performed by Bionik's tax accountant MNP or another company) for the country or countries in which Dr. Dusseux may be required to file such a return.

d. **Tax preparation for fiscal year 2021.** Bionik also agrees to pay MNP LLP any balance due on the MNP invoices related to Dr. Dusseux's tax preparation fees and expenses for fiscal year 2021. The invoices include the following:

- Invoice #9708246, dated March 31, 2021, in the amount of CAN\$5,695.20
- Invoice #9921879, dated June 30, 2021, in the amount of CAN\$2,669.62
- Accumulated Service Charge in the amount of CAN\$260.15 and other services, as reflected on MNP's statements of account.

e. **Payment Dates.** Payment of the amounts referred to in paragraphs 5(b), 5(c), and 5(d) and shall be made on or before August 30, 2021.

6. **Payment Under Credit Assignment Agreement.** As required by section 4(ii)(6) of the Credit Assignment Agreement between RGD Investissements and Dr. Dusseux, dated March 26, 2021 ("**Credit Assignment Agreement**"), RGD Investissements, through its President Rémi Gaston-Dreyfus, is required to pay, and agrees to pay, Dr. Dusseux the amount of USD\$138,618.50 which reflects the remaining amounts due under that agreement and which, under the terms of the agreement, are immediately payable to Dr. Dusseux on his last day as Chief Executive Officer. RGD Investissements shall make such payment on or promptly after July 14, 2021. Nothing in this Agreement shall alter, modify or reduce RGD Investissements' or Dr. Dusseux's obligations under the Credit Assignment Agreement.

7. **Stock options.** The Company warrants, represents and agrees that (1) Dr. Dusseux holds options to purchase shares of Bionik USA stock pursuant to stock options issued by Bionik described on Attachment B (collectively, the “Options” and each individual grant, an “Option”); (2) certain material terms of the Options are accurately described on Attachment B; and (3) except as provided in paragraphs a and b below, the Options are and shall continue to be subject to the terms and conditions of (i) that certain Drywave Technologies, Inc. 2014 Equity Incentive Plan (the “Incentive Plan”), attached hereto as Attachment C (with respect to the Options granted on January 24, 2018, April 20, 2018 and May 31, 2019), (ii) that certain Equity Compensation Agreement dated September 1, 2017, between Bionik USA and Dr. Dusseux, attached hereto as Exhibit D (with respect to the Option granted on September 1, 2017) and (iii) that certain Equity Compensation Agreement dated October 15, 2019 but effective as of July 26, 2019, between Bionik USA and Dr. Dusseux, attached hereto as Exhibit E (with respect to the Option granted on July 26, 2019).

a. Upon the date hereof, all Unexercisable Options reflected on Attachment B will expire immediately and Dr. Dusseux shall no longer have any rights to exercise any such Unexercisable Options.

b. The Option described on Attachment B as granted on May 31, 2019 shall be exercisable until July 26, 2026.

For the avoidance of doubt, (i) the Option described on Attachment B as granted pursuant to the Equity Compensation Agreement dated September 1, 2017 and which are designated as “Exercisable” shall be exercisable until September 1, 2027 and (ii) the Option described on Attachment B as granted pursuant to the Equity Compensation Agreement dated October 15, 2019 but effective as of July 26, 2019 and which are designated as “Exercisable” shall be exercisable until July 26, 2026.

The Options granted on January 24, 2018, April 20, 2018, and May 31, 2019 may be exercised by Dr. Dusseux (i) in accordance with the terms and conditions of the Incentive Plan or, if there be no exercise mechanism or procedure therein (ii) by sending a written notice of exercise, together with a check for the applicable exercise price or notice of another methodology for paying the exercise price approved by Bionik USA, by certified mail to the CFO of Bionik USA at Bionik USA’s headquarters.

Except as set forth in this Agreement, the Options described on Attachment B shall remain in accordance with their respective terms, and any revisions or amendments to the terms of any of the Options specifically described in this paragraph 7 and/or Attachment B shall be deemed an amendment to the definitive document(s) (if any) representing such Options. To the extent not attached to this Agreement, Bionik, upon locating such documents, shall provide to Dr. Dusseux copies of any Options, Option Grants, Equity Compensation Agreements, or other documents which constitute the original terms of any of the Options (i.e., prior to the revisions and amendment made by this paragraph 7 and Attachment B).

8. **Mutual General Releases.**

a. General Release of Dr. Dusseux by Bionik. Bionik Laboratories Inc., Bionik Laboratories Corp., and Bionik Affiliates for themselves, and their parents, subsidiaries,

affiliates, predecessors, successors, and assigns, and each of their respective affiliates, officers, directors, shareholders, members, principals, trustees, joint venturers, partners, representatives, agents and assigns (all of whom are hereinafter individually and collectively referred to in this paragraph as “**Bionik Releasors**”), do hereby release, remise and forever discharge Dr. Dusseux and his heirs, executors, administrators, agents, representatives and assigns, and anyone acting by, through or under them (all of whom are hereinafter individually and collectively referred to in this paragraph as “**Dusseux Releasees**”) of and from any and all statutory, common law, contractual and/or other claims, demands, causes of action, actions, rights, judgments, costs, compensation, suits, debts, dues, accounts, bonds, covenants, agreements, expenses, attorneys’ fees, damages, penalties, liquidated damages, punitive damages, and liability of any nature whatsoever, in law or in equity or otherwise (whether under U.S. federal law, U.S. state law, local law, Canadian law, Canadian provincial law, French law, and/or the law of any other country or jurisdiction) which the Bionik Releasors have had, now have, shall or may have, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, by reason of any cause, matter or thing whatsoever, from the beginning of the world to the Effective Date of this Agreement. Notwithstanding anything contained in this paragraph 8(a) which may be construed to the contrary, this general release shall not apply to, shall not release and is not intended to release: (i) Dr. Dusseux’ rights and benefits, or Bionik’s obligations, under this Agreement, (ii) any claims for breach of this Agreement, and/or (iii) Dr. Dusseux’s rights or entitlement to defense and/or indemnification which Dr. Dusseux may have under the Employment Agreement, under the Certificate of Incorporation or By-Laws of Bionik or Bionik Affiliates, under any other corporate document or policy, under any Director and Officer insurance policy that the Bionik or Bionik Affiliates may have in effect, or otherwise to the fullest extent as provided by statute or law. The Bionik Releasors further agree, represent and warrant that they have not commenced any complaint or application, and undertake not to commence any complaint or application, against Dr. Dusseux or the Dusseux Releasees in connection with Dr. Dusseux’ employment with, his Board or other service to and/or his relationship with Bionik Affiliates.

b. General Release of Bionik by Dr. Dusseux. Dr. Eric Dusseux, for himself and his heirs, executors, administrators, agents, representatives and assigns (all of whom are hereinafter individually and collectively referred to in this paragraph as “**Dusseux Releasors**”), do hereby release, remise and forever discharge, Bionik Laboratories Inc., Bionik Laboratories Corp., and Bionik Affiliates, all of their current and former parents, subsidiaries, affiliates, predecessors, successors, and assigns, and each of their respective affiliates, officers, directors, shareholders, members, principals, trustees, owners, investors, joint venturers, partners, insurers, attorneys, employees, representatives, agents and assigns, and anyone acting by, through or under them (all of whom are hereinafter individually and collectively referred to in this paragraph as “**Bionik Releasees**”) of and from any and all statutory, common law, contractual and/or other claims, demands, causes of action, actions, rights, judgments, costs, compensation, suits, debts, dues, accounts, bonds, covenants, agreements, expenses, attorneys’ fees, damages, penalties, liquidated damages, punitive damages, and liability of any nature whatsoever, in law or in equity or otherwise (whether under U.S. federal law, U.S. state law, local law, Canadian law, Canadian provincial law, French law and/or the law of any other country or jurisdiction), which the Dusseux Releasors have had, now have, shall or may have, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, by reason of any cause, matter or thing whatsoever, from the beginning of the world to the Effective Date of this Agreement, including, but not limited to, any and all claims for compensation of any type whatsoever, including but not limited

to claims for salary, wages, bonuses, commissions, incentive compensation, vacation, and severance that may be legally waived and released and any and all claims under Title VII of the Civil Rights Act of 1964 (Title VII), the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA) (regarding existing but not prospective claims), the Fair Labor Standards Act (FLSA), the Equal Pay Act, the Employee Retirement Income Security Act (ERISA) (regarding unvested benefits), the Civil Rights Act of 1991, Section 1981 of U.S.C. Title 42, the Fair Credit Reporting Act (FCRA), the Worker Adjustment and Retraining Notification (WARN) Act, the National Labor Relations Act (NLRA), the Age Discrimination in Employment Act (ADEA), the Uniform Services Employment and Reemployment Rights Act (USERRA), the Genetic Information Nondiscrimination Act (GINA), the Immigration Reform and Control Act (IRCA), all including any amendments and their respective implementing regulations, and any other federal, state, local, or foreign law (statutory, regulatory, or otherwise) that may be legally waived and released; however, the identification of specific statutes is for purposes of example only, and the omission of any specific statute or law shall not limit the scope of this general release in any manner. Other than the payments referenced in paragraphs 4, 5, 6 and 7 of this Agreement, there are no other sums or benefits payable or owing to Dr. Dusseux by the Bionik Releasees, including, but not limited to any of compensation or expenses referenced in Article 2 of the Employment Agreement or any payments referenced in Article 5, including, without limitation, Section 5.4 of the Employment Agreement. In addition, Dr. Dusseux agrees that there will be no reinstatement or re-employment with the Bionik Releasees and agrees not to bring any claim based upon the failure or refusal of any of the Bionik Releasees to employ Dr. Dusseux hereafter. Notwithstanding anything contained in this paragraph 8(b) which may be construed to the contrary, this general release shall not apply to, shall not release and is not intended to release: (i) Bionik's rights and benefits, or Dr. Dusseux's obligations, under this Agreement or the sections of the Employment Agreement referred to in Section 10 below, including, without limitation the Restrictive Covenants contained therein, or (ii) any claims for breach of this Agreement.

It is further agreed that the Dusseux Releasors shall not make any claims (including any cross-claims, counter-claims, third party claims, actions or applications) or take any proceedings against any person or corporation who might claim contribution or indemnity against the Bionik Releasees.

The Dusseux Releasors further covenant and agree to save harmless and indemnify the Bionik Releasees from and against any and all claims, charges, taxes, penalties or demands which may be made by the Canada Revenue Agency requiring the Bionik Releasees to pay income tax, charges, taxes or penalties under the Income Tax Act (Canada) in respect of income tax payable by the Dusseux Releasors in excess of income tax previously withheld; and in respect of any and all claims, charges, taxes or penalties and demands which may be made on behalf of or related to the Employment Insurance Commission and the Canada Pension Commission under the applicable statutes and regulations with respect to any amounts which may in the future be found to be payable by the Bionik Releasees in respect of the Dusseux Releasors.

The Dusseux Releasors further confirm that they have received, or though this Agreement will receive, all payments and amounts owing to him under the applicable employment standards legislation and that the payments made to him herein constitute a greater benefit and are in full

and final satisfaction of any further entitlements he may have pursuant to the applicable employment standards legislation.

The Dusseux Releasors further agree that Dr. Dusseux has not been subjected to any form of discrimination whatsoever and hereby represents and warrants that he has not commenced any complaint or application, and undertake not to commence any complaint or application, under the applicable human rights legislation.

9. **Confidentiality and Return of Property.** Dr. Dusseux and Bionik and Bionik Affiliates agree to keep the terms of this Agreement confidential, and agree not to disclose this Agreement or its terms, except and to the limited extent required by applicable law. Notwithstanding the above, the parties may disclose the terms and conditions of this Agreement to their attorney(s) and accountant(s), and additionally Dr. Dusseux may disclose the terms and conditions of this Agreement to his immediate family, in each such case, provided that they also keep this Agreement and its terms and conditions confidential.

Dr. Dusseux acknowledges that through Dr. Dusseux's employment with Bionik, Dr. Dusseux may have acquired and had access to the Bionik Releasees' confidential and proprietary business information and trade secrets. Dr. Dusseux agrees that Bionik may prevent the use or disclosure of the Bionik Releasees' confidential business information and proprietary business information and trade secrets and acknowledges that Bionik has taken all reasonable steps necessary to protect the secrecy of the information. "Confidential Business Information" shall include any data or information that is valuable to the Bionik Releasees and not generally known to competitors of the Bionik Releasees or other outsiders, regardless of whether the Confidential Business Information is in printed, written or electronic form, retained in Dr. Dusseux's memory or compiled or created by Dr. Dusseux. This includes, but is not limited to: technical, financial, personnel, staffing, payroll, computer systems, marketing, advertising, merchandising, product, vendor, or customer information or data, trade secrets, or other information similar to the foregoing. Dr. Dusseux agrees that Dr. Dusseux has not and in the future will not use or disclose to any third party Confidential Business Information, unless compelled by law and after notice to Bionik, and further represents to Bionik that Dr. Dusseux will turn over to Bionik all of the Bionik property that was or is within Dr. Dusseux's possession, custody or control including, without limitation, all documents, disks, or any other item or source containing Confidential Business Information. Dr. Dusseux agrees and represents that Dr. Dusseux will not remove or destroy and has not removed or destroyed any confidential information either during Dr. Dusseux's employment or at any time thereafter.

Dr. Dusseux is advised that pursuant to the Defend Trade Secrets Act (the "DTSA") an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, Dr. Dusseux understands that in the event disclosure of Bionik trade secrets was not done in good faith pursuant to the above, Dr. Dusseux may be subject to substantial damages under the DTSA, including punitive damages and attorneys' fees.



10. **Restrictive Covenants in the Employment Agreement.** Dr. Dusseux agrees to comply with the restrictive covenants set forth in Article 3 of the Employment Agreement including, without limitation, the Confidential Information (3.1), Intellectual Property, Inventions and Patents (3.2), Non-Solicitation of Employees (3.3), Non-Solicitation of Customers and Suppliers (3.4), and Non-Competition (3.5). Employee acknowledges that the restrictions contained in that Section extend to and expressly prohibit conduct via Social Media that would violate that Section.

11. **Non-Disparagement.**

a. Dr. Dusseux agrees that Dr. Dusseux will not disclose to the public or any person, any false or misleading information, or any information that reflects negatively upon or otherwise disparages Bionik or Bionik Affiliates (including the officers, directors and employees of such companies) or which is intended to harm the reputation of Bionik or Bionik Affiliates including, but not limited to, any statements that disparage any product, service, capability or any other aspect of the business of the Bionik or Bionik Affiliates, including via Social Media. This Section 11(a) does not, in any way, restrict or impede Dr. Dusseux from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, or in the case of and to the extent in relation to legal proceedings against the other; provided that such exercise of rights or compliance does not exceed that required by the law, regulation, order or legal proceeding.

b. Bionik and Bionik Affiliates agree that (i) they will not through statements, press releases or regulatory filings, and (ii) their respective executive officers, directors and senior management will not, disclose to the public or any person, any false or misleading information, or any information that reflects negatively upon or otherwise disparages Dr. Dusseux or which is intended to harm the reputation of Dr. Dusseux including, but not limited to, any statements that disparage any product, service, capability or any other aspect of Dr. Dusseux's business, capabilities, performance or management style, including via Social Media. This Section 11(b) does not, in any way, restrict or impede Bionik or the Bionik Affiliates from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, or in the case of and to the extent in relation to legal proceedings against the other; provided that such exercise of rights or compliance does not exceed that required by the law, regulation, order or legal proceeding.

12. **Cooperation.** Dr. Dusseux agrees to reasonably cooperate with the Bionik or Bionik Affiliates in connection with the transition of any business matters and with respect to any litigation or regulatory matters in which Dr. Dusseux may have relevant knowledge or information. This reasonable cooperation shall include, without limitation, the following: (a) to meet and confer, at a time mutually convenient to Dr. Dusseux and the Company, with Company's designated in-house or outside attorneys pertaining to any claim or litigation matter, including without limitation for trial preparation purposes, answering questions, explaining factual situations, preparing to testify; (b) to appear for deposition or trial and give truthful trial testimony without the need to serve a subpoena for such appearance and testimony; and (c) to give truthful sworn statements to the Company's attorneys upon their request and, for purposes of any deposition or trial testimony, to adopt the Company's attorneys as Dr. Dusseux's own attorneys (provided that there is no conflict of interest that would disqualify the attorneys from

representing Dr. Dusseux). Bionik and/or Bionik Affiliates agree to pay Dr. Dusseux his reasonable expenses at an appropriate and reasonable rate for his time and required travel.

13. **Older Workers Benefit Protection Act.** In conformity with the Older Workers Benefit Protection Act (the “OWBPA”), Dr. Dusseux acknowledges the following: (i) that this Agreement is written in a manner calculated to be understood by Dr. Dusseux; (ii) that this Agreement represents Dr. Dusseux’s knowing and voluntary waiver and release of any and all claims that Dr. Dusseux might have including, but not limited to, any claims arising under the ADEA; (iii) that Dr. Dusseux has not waived any claim under the ADEA that may arise after the date of this Agreement; (iv) that the consideration that Dr. Dusseux will receive in exchange for this Agreement are something of value to which Dr. Dusseux is not already entitled; (v) that Dr. Dusseux is hereby being advised to consult with an attorney prior to executing this Agreement; (vi) that Dr. Dusseux was provided 21 days to consider this Agreement; (vii) that any changes to this Agreement, whether material or immaterial, will not restart that 21-day period; and (viii) if and to the extent required under applicable law, that Dr. Dusseux has 7 days following Dr. Dusseux’s execution of this Agreement in which to revoke it by written notice of revocation that must be delivered to and received by Bionik’s counsel, no later than 5:00 p.m. EST on the seventh day after Dr. Dusseux has signed this Agreement. If and to the extent required under applicable law, this Agreement will not become effective and enforceable until the eighth day after Dr. Dusseux’s signature (if not revoked pursuant to the terms of this paragraph).

14. **Indemnification.** Dr. Dusseux shall have all rights or entitlement to defense and/or indemnification which Dr. Dusseux may have under the Employment Agreement, under the Certificate of Incorporation or By-Laws of Bionik or Bionik Affiliates, under any other corporate document or policy, under any Director and Officer insurance policy that the Bionik or Bionik Affiliates may have in effect, or otherwise to the fullest extent as provided by statute or law.

15. **Miscellaneous.**

a. **No Admission:** This Agreement is not, and shall not be construed to be, an admission of liability, culpability or any other legal conclusion.

b. **Governing Law:** This Agreement shall be interpreted, enforced and governed under the laws of the State of Delaware.

c. **Construction:** If any provision of this Agreement is declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions of the Agreement shall not be affected thereby and the illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement.

d. **Entire Agreement:** This Agreement constitutes the entire understanding between the parties regarding the issues addressed herein. There are no representations, oral or written, which are not set forth in this Agreement upon which any party relied in signing this Settlement Agreement.

e. **Effective Date:** This Settlement Agreement shall become effective on the date that this Settlement Agreement is fully executed (the “**Effective Date**”).

f. Headings. The headings contained in this Settlement Agreement are inserted for convenience of reference only, and shall not be deemed to be a part of this Agreement.

g. Counterparts. This Agreement may be signed in two or more counterparts, which counterparts when taken together shall constitute a single integrated agreement. Scanned electronic signatures are authorized.

**BIONIK LABORATORIES INC.**

By: /s/ Rich Russo Jr.

Title: Rich Russo Jr., CFO

**BIONIK LABORATORIES CORP.**

By: /s/ Rich Russo Jr.

Title: Rich Russo Jr., CFO

/s/ Eric Dusseux

**Eric Dusseux**

## **Bionik Laboratories announces resignation of CEO, names Interim CEO**

TORONTO & BOSTON-July [ ], 2021-Bionik Laboratories Corp., a robotics company focused on providing rehabilitation and assistive technology solutions to individuals with neurological and mobility challenges from hospital to home, today has announced that Chief Executive Officer and Board Member Dr. Eric Dusseux has resigned as Chief Executive and stepped down from the board, to pursue an opportunity outside the rehabilitation robotic device industry. The resignation is effective as of July 14, 2021. Rich Russo Jr., Bionik's current Chief Financial Officer, will assume the role of Interim CEO. The Board has begun a search for Dr. Dusseux's successor.

"This was a difficult decision that I reached after much reflection. It has been a privilege working as CEO, shoulder-to-shoulder with the best team in the business since September 2017. I am proud of all we have accomplished together to serve our patients and clients. I want to thank the team and the Board of Directors for their support," said Dr. Dusseux.

André Auberton-Herve, Chairman of the Board, said, "On behalf of the Board, we thank Eric for his service and many accomplishments during his tenure as CEO, particularly during the COVID-19 pandemic. The company has made great strategic, commercial and operational progress under Eric's leadership. We wish Eric the very best."

"Eric has assembled a talented and highly capable leadership team, including Rich Russo who will step in as Interim CEO," Auberton added. "This will ensure continuity while we conduct a search for a permanent replacement."

### **About BIONIK Laboratories Corp.**

BIONIK Laboratories is a robotics company focused on providing rehabilitation and mobility solutions to individuals with neurological and mobility challenges from hospital to home. The Company has a portfolio of products focused on upper and lower extremity rehabilitation for stroke and other mobility-impaired patients, including three products on the market and two products in varying stages of development.

For more information, please visit [www.BIONIKlabs.com](http://www.BIONIKlabs.com) and connect with us on Twitter, LinkedIn, and Facebook.

### **Forward-Looking Statements**

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "should," "would," "will," "could," "scheduled," "expect," "anticipate," "estimate,"

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“possible,” “believe,” “intend,” “seek,” or “project” or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements may include, without limitation, statements regarding (i) the plans and objectives of management for future operations, including plans or objectives relating to the design, development and commercialization of robotic rehabilitation products and other Company products, (ii) a projection of income (including income/loss), earnings (including earnings/loss) per share, capital expenditures, dividends, pipeline of potential sales, capital structure or other financial items, (iii) the Company's future financial performance, (iv) the market and projected market for our existing and planned products, (v) the Company's search for a permanent CEO and (vi) the assumptions underlying or relating to any statement described in points (i), (ii), (iii), (iv) or (v) above. Such forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances, and may not be realized because they are based upon the Company's current projections, plans, objectives, beliefs, expectations, estimates and assumptions, and are subject to a number of risks and uncertainties and other influences, many of which the Company has no control. Actual results and the timing of certain events and circumstances may differ materially from those described by the forward-looking statements as a result of these risks and uncertainties. Factors that may influence or contribute to the inaccuracy of the forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation, the Company's inability to obtain additional financing, the inability to meet listing standards to uplist to a national stock exchange, the significant length of time and resources associated with the development of our products and related insufficient cash flows and resulting illiquidity, the impact on the Company's business as a result of the Covid-19 pandemic, the Company's inability to expand the Company's business, significant government regulation of medical devices and the healthcare industry, lack of product diversification, volatility in the price of the Company's raw materials, and the Company's failure to implement the Company's business plans or strategies. These and other factors are identified and described in more detail in the Company's filings with the SEC. The Company does not undertake to update these forward-looking statements.

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**ATTACHMENT B**

**ERIC DUSSEUX OPTIONS**

<b>Date of Option Grant</b>	<b>Total Number of Options</b>	<b>Exercisable</b>	<b>Unexercisable<sup>1</sup></b>	<b>Exercise Price Per Share</b>	<b>Expiration Date</b>	<b>Deadline for Eric Dusseux to Exercise Vested (Exercisable) Options Pursuant to and Following Execution of the Separation Agreement</b>
September 1, 2017	40,718	27,145	13,573	\$24.15	September 1, 2027	September 1, 2027
January 24, 2018	3,333	3,333	-	\$23.25	January 24, 2028	October 14, 2021
					<i>However, all vested and unvested options will immediately terminate and cease to be exercisable upon a termination for cause. In the event of a termination without cause, all options will terminate 90 days after the date on which service is terminated, but in any event no later than the option expiration date.</i>	
April 20, 2018	40,000	40,000	-	\$9.735	April 20, 2028	October 14, 2021

<sup>1</sup> All Unexercisable Options will terminate on the date of this Agreement and shall not be exercisable at any time.

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					<i>However, all vested and unvested options will immediately terminate and cease to be exercisable upon a termination for cause. In the event of a termination without cause, all options will terminate 90 days after the date on which service is terminated, but in any event no later than the option expiration date.</i>	
May 31, 2019	110,855	110,855	-	\$3.16	May 31, 2026 <sup>2</sup>	July 26, 2026
July 26, 2019 (dated October 15, 2019)	115,759	77,173	38,586	\$3.59	July 26, 2026	July 26, 2026

<sup>2</sup> The May 31, 2026 expiration date will be extended to July 26, 2026.

**ATTACHMENT C**

[2014 EQUITY INCENTIVE PLAN]

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**ATTACHMENT D**

[SEPTEMBER 1, 2017 EQUITY COMPENSATION AGREEMENT]

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**ATTACHMENT E**

[JULY 26, 2019 (DATED OCTOBER 15, 2019) EQUITY COMPENSATION AGREEMENT]

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**CERTIFICATION PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Richard Russo Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bionik Laboratories Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report, our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 12, 2021

/s/ Richard Russo Jr.  
Richard Russo Jr.  
Interim Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Richard Russo Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bionik Laboratories Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report, our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 12, 2021

/s/ Richard Russo Jr.  
Richard Russo Jr.  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Bionik Laboratories Corp. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Russo Jr, Interim Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 12, 2021

/s/ Richard Russo Jr.  
Richard Russo Jr.  
Interim Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Bionik Laboratories Corp. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Russo Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 12, 2021

/s/ Richard Russo Jr.  
Richard Russo Jr.  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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