

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

FORM 10-K

(Mark One)

- Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934
For the Fiscal Year Ended March 31, 2022
- Or

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

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)

80 Coolidge Hill Road, Watertown, MA 02472

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (617) 926-4800

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant based on the closing sales price, or the average bid and asked price on such stock, at September 30, 2021 was \$942,816.

The number of shares of the registrant's common stock outstanding as of June 6, 2022 was 6,767,114 shares of common stock, par value \$0.001 per share.

BIONIK LABORATORIES CORP.

TABLE OF CONTENTS

PART I	
Item 1. Business	4
Item 1A. Risk Factors	12
Item 1B. Unresolved Staff Comments	25
Item 2. Properties	25
Item 3. Legal Proceedings	26
Item 4. Mine Safety Disclosures	26
PART II	27
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	27
Item 6. Selected Financial Data	28
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	41
Item 8. Financial Statements and Supplementary Data	41
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	41
Item 9A. Controls and Procedures	41
Item 9B. Other Information	42
PART III	43
Item 10. Directors, Executive Officers and Corporate Governance	43
Item 11. Executive Compensation	47
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	51
Item 13. Certain Relationships and Related Transactions, and Director Independence	52
Item 14. Principal Accounting Fees and Services	53
PART IV	55
Item 15. Exhibits, Financial Statement Schedules	55
SIGNATURES	58

BASIS OF PRESENTATION

Unless otherwise noted, references in this Annual Report on Form 10-K to “Bionik,” the “Company,” “we,” “our,” or “us” means Bionik Laboratories Corp., and, unless the context otherwise requires, together with its subsidiaries, Bionik Laboratories, Inc., a Canadian corporation (“Bionik Canada”) and Bionik, Inc., a Massachusetts corporation (formerly Interactive Motion Technologies, Inc., “IMT”). References to Bionik Canada refer to such company prior to its acquisition by the Company on February 26, 2015 and references to IMT refer to such company prior to its acquisition by the Company on April 21, 2016.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information contained in this Annual Report on Form 10-K, including in documents that may be incorporated by reference into this Report, includes some statements that are not purely historical and that are “forward-looking statements.” Such forward-looking statements include, but are not limited to, statements regarding the Company and its management’s expectations, hopes, beliefs, intentions, or strategies regarding the future, including its financial condition and results of operations. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipates,” “believes,” “continue,” “could,” “estimates,” “expects,” “intends,” “may,” “might,” “plans,” “possible,” “potential,” “predicts,” “projects,” “seeks,” “should,” “will,” “would” and similar expressions, or the negatives of such terms, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this Annual Report on Form 10-K are based on current expectations and beliefs concerning future developments. There can be no assurance that future developments actually affecting the Company will be those anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the parties’ control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward- looking statements, some of which are described in the Section of this Form 10-K entitled “Risk Factors”.

Should one or more of these risks or uncertainties materialize, or should any of the Company’s assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

CAUTIONARY NOTE REGARDING INDUSTRY DATA

Unless otherwise indicated, information contained in this Annual Report on Form 10-K concerning our company, our business, the services we provide and intend to provide, our industry and our general expectations concerning our industry are based on management estimates. Such estimates are derived from publicly available information released by third party sources, as well as data from our internal research, and reflect assumptions made by us based on such data and our knowledge of the industry, which we believe to be reasonable.

SUMMARY OF RISK FACTORS

We have prepared the following summary of the principal risks to our business and the risks associated with ownership of our common stock. This summary does not address all of the risks that we face. We encourage you to carefully review the full risk factors contained in this Annual Report on Form 10-K in their entirety for additional information regarding the material factors that make an investment in our securities speculative or risky. These risks and uncertainties include, but are not limited to, the following:

- Our future prospects are not certain and may not be successful.
- We cannot predict when we will achieve profitability.
- There is substantial doubt on our ability to continue as a going concern.
- Business or economic disruptions or global health concerns have and may continue to seriously harm our business.
- We are subject to significant accounts payable and other current liabilities.
- We will require additional capital to support our present business plan and our anticipated business growth, and such capital may not be available on acceptable terms, or at all, which would adversely affect our ability to operate; and such capital may substantially dilute the interests of existing stockholders.
- We may never complete the development of any of our proposed products or product improvements into marketable products.
- Customers will be unlikely to buy any of our proposed, developmental, or contemplated products unless we can demonstrate that they can be produced for sale to consumers at attractive prices.
- Our products may not be accepted in the market.
- The industries in which we operate are highly competitive and subject to rapid technological change. If our competitors are better able to develop and market products that are safer, more effective, less costly, easier to use, or are otherwise more attractive, we may be unable to compete effectively with other companies.
- We are subject to extensive governmental regulations relating to the manufacturing, labeling, and marketing of our products.
- We may be subject to penalties and may be precluded from marketing our products if we fail to comply with extensive governmental regulations.
- If we are not able to both obtain and maintain adequate levels of third-party reimbursement for our products, it would have a material adverse effect on our business.
- Changes in reimbursement practices of third-party payers could affect the demand for our products and the prices at which they are sold.
- Recent executive and legislative actions to amend or impede the implementation of the Affordable Care Act and ongoing efforts to repeal, replace or further modify the Affordable Care Act may adversely affect our business, financial condition, and results of operations.
- Our industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater governmental regulation in the future.
- Unsuccessful clinical trials or procedures relating to products under development could have a material adverse effect on our prospects.

[Table of Contents](#)

- Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling certain of our products.
- If we are unable to protect our patents or other proprietary rights, or if we infringe on the patents or other proprietary rights of others, our competitiveness and business prospects may be materially damaged.
- The concentration of our capital stock ownership with insiders will likely limit your ability to influence corporate matters.
- We cannot assure you that the Company's Common Stock will be listed on any national securities exchange.
- We may not be able to establish a liquid market for the Company's Common Stock or attract the attention of research analysts at major brokerage firms
- An active and visible public trading market for the Company's Common Stock may not develop and the market for our common stock is limited.
- The market price for our Common Stock may be volatile.
- As our Common Stock is subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions and trading activity in our securities may be adversely affected.
- Our Amended and Restated Certificate of Incorporation, as amended, designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.
- The results of our research and development efforts are uncertain and there can be no assurance of the commercial success of our products.
- The loss of our key executives could have a significant impact on us.
- Our acquisition of companies or technologies could prove difficult to integrate and may disrupt our business and harm our operating results and prospects.
- Product defects could adversely affect the results of our operations.
- We could be exposed to significant liability claims if we are unable to obtain insurance at acceptable costs and adequate levels or otherwise protect ourselves against potential product liability claims.
- Our operations in international markets involve inherent risks that we may not be able to control.
- Any weakness in internal control over financial reporting or disclosure controls and procedures could result in a loss of investor confidence in our financial reports and lead to a stock price decline.
- We do not expect to pay cash dividends on our common stock.

ITEM 1. BUSINESS

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 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 patient's upper limbs 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 two InMotion products currently on the market, which are focused on upper and lower extremity rehabilitation for stroke and other mobility-impaired individuals.

The InMotion therapy uses the Company's robots to assist patients to rewire a segment of their brains after injury, also known as neuroplasticity. They are designed to provide intelligent, adaptive therapy in a manner that has been clinically shown to improve neurorecovery. We offer the following products:

- InMotion ARM; and
- InMotion ARM/HAND.

The Company commenced developing a next generation home version of the InMotion upper-body rehabilitation technology. The Company intends to continue development of new products when the Company has sufficient funds and resources. We may in the future further augment our product portfolio through technology acquisition opportunities should they become available and if we are sufficiently capitalized to undertake these investments.

The InMotion ARM, and InMotion ARM/HAND are robotic therapies for the upper limbs. InMotion robotic therapies have been characterized as Class II medical devices by the U.S. Food and Drug Administration, or FDA, and are listed with the FDA to market and sell in the United States. Approximately 450 of our clinical robotic products for stroke rehabilitation have been sold in over 15 countries, including the United States. In addition to these fully developed, clinical rehabilitation solutions, we also commenced developing "InMotion Home™", which is an upper extremity product that allows the patient to extend their therapy for as long as needed while rehabilitating at home. This rehabilitation solution is being developed on the same design platform as the InMotion clinical products. We intend to continue development of "InMotion Home" when we have sufficient funds and resources.

We believe payment changes in the U.S. marketplace proposed and finalized by the Centers for Medicare and Medicaid Services are creating a favorable environment for greater clinical adoption of our robotic technology. For instance, the Improving Medicare Post-Acute Care Transformation Act of 2014, or the Impact Act of 2014, began the shift toward standardizing patient assessment data for quality measures. The updated Prospective Payment System (PPS), SNF QRP (Quality Reporting Program) and SNF VBP (Value Based Purchasing) programs have further shifted reimbursement toward the needs of the patient and away from volume of services provided in the skilled nursing setting. Other programs have caused a similar shift in the Inpatient Rehabilitation Facility setting, as well, resulting in such providers being publicly ranked, as well as financially rewarded, for quality reporting and better outcomes.

We have a growing body of clinical data for our products. More than 1,500 patients participated in trials using our InMotion robots, the results of which have been published in peer-reviewed medical journals (including the New England Journal of Medicine and Stroke).

[Table of Contents](#)

With the collaboration of outside partners we developed a leading custom software solution called InMotion Connect in 2020. InMotion Connect is designed to target the critical need to link patient centric rehabilitation results to patient management portals. InMotion Connect provides the ability for hospital management to access remotely to management dashboards presenting the anonymized 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. Through further customization with each hospital system, a patient's progress during the therapy sessions and patient's evaluation will be made available and ultimately feed electronic medical records (EMR) at any hospital or rehabilitation facility. We believe that this software platform will ensure the HL7 compliant InMotion Connect will seamlessly feed data through various existing hospital protocols, providing practitioners protected patient data and treatment results.

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 in a first phase a minimum of 21 of the Company's 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. As of March 31, 2022, 30 InMotion robots have been sold in total to Kindred.

We have worked with industry leaders in manufacturing and design and have also expanded our development team through partnerships with researchers and academia.

We have also entered into an agreement with Cogmedix Inc., a wholly owned subsidiary of Coghlin Companies, a medical device development and manufacturing company located in West Boylston, MA, to produce InMotion robots. The initial agreement is for turnkey, compliant manufacturing with the capability of scaling faster production to meet increased volume as the Company grows. In addition, our Massachusetts based quality assurance system is compliant with ISO-3485:2016 (valid until April 2024), MDD 93/42/EEC Annex-II (valid until May 2024), and FDA regulations governing products.

We currently hold an intellectual property portfolio that includes 5 issued U.S. patents and 3 U.S. pending patent applications, as well as other patents under development. We may file provisional patent applications from time to time, and may, where deemed advisable, pursue non-provisional patent applications within 12 months of the filing date of such provisional patent applications. Additionally, we hold exclusive licenses to three additional patents.

We have filed trademarks in the U.S. and European Union for InMotion, InMotion Home, InMotion Connect, InMotion Pulse™, and InMotion Insights™; the trademark for InMotion is registered in the European Union and in the U.S., the trademark for InMotion Connect is registered in the European Union and pending in the US, while InMotion Home, InMotion Pulse, and InMotion Insights are pending in both jurisdictions.

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.

Corporate Information

We were incorporated on January 8, 2010 in the State of Colorado under the name Strategic Dental Management Corp. On July 16, 2013, we changed our name from Strategic Dental Management Corp. to Drywave Technologies, Inc. and changed our state of incorporation from Colorado to Delaware. Effective February 13, 2015, we changed our name to Bionik Laboratories Corp.

Our global headquarters are located at 80 Coolidge Hill Road, Watertown, MA, USA 02472, telephone number 617-926-4800. Our website is www.bioniklabs.com. Information on our website does not constitute a part of this Annual Report on Form 10-K.

Products in Market

InMotion Robots

Our suite of robotic rehabilitation products are the result of medical engineering research and original development at the Newman Laboratory for Biomechanics and Human Rehabilitation at the Massachusetts Institute of Technology (MIT).

[Table of Contents](#)

We believe that our robotic products have exceptional capacity for measurement and immediate interactive response, which sets them apart from other therapy systems. Several of these factors include:

- The patient can be set up to rehabilitate on the InMotion robots within 2 minutes;
- InMotion robots sense the patient’s movement and responds to a patient’s continually changing ability; and
- InMotion robots use artificial intelligence that help guide the patient’s exercise treatment.

Artificial intelligence within the robot assists the patient to initiate movement towards the target. If coordination is a problem, the artificial intelligence within the robot “guides” the movement, allowing the patient to move towards the target and confirming that the patient is practicing the movement the correct way. As the patient gains movement control, the artificial intelligence within the robot provides reduced assistance that continually challenges the patient.

InMotion robots have been tested by leading medical centers in controlled clinical trials, including large randomized controlled clinical studies. Through research, we have determined that the best way to optimize robot therapy is by allowing the robots to focus on reducing impairments and allowing the therapist to assist on translating the gains into function.

We believe that our modular systems approach to neuro-rehabilitation is designed to optimize the use of robotics in a manner that is consistent with the latest clinical research and neuroscience, taking into account the latest understanding on motor learning interference and motor memory consolidation.

Approximately 450 InMotion robots have been sold for research and rehabilitation in over 15 countries, including the United States. Extensive research has shown the InMotion robots to be effective at patient rehabilitation, particularly those recovering from strokes. Based on clinical trials using the InMotion ARM, the American Heart Association (AHA) Stroke council and the U.S. Department of Veterans Affairs recommended, in 2010, the use of robot-assisted therapy to improve upper extremity motor coordination in individuals with some voluntary finger extension in outpatient and chronic care settings. In the trial conducted by the Department of Veterans Affairs, results demonstrated efficacy and a reduction in healthcare expenses when using the InMotion ARM when compared to non-robotic therapy.

InMotion ARM

The InMotion ARM is an evidence-based intelligent interactive rehabilitation technology that senses patient movements and limitations, providing assistance as needed in real time. It allows clinicians to effectively deliver optimum intensive sensor motor therapy to the shoulder and elbow to achieve the development of new neural pathways and helps patients regain motor function following a neurological condition or injury. In 2018, we launched a new version of the InMotion ARM, which has a 40% smaller footprint than the previous generation and has wireless report printing, among other improvements. The product is characterized as a Class II medical device by the U.S. Food and Drug Administration (FDA) and is listed with the FDA as 510(k) exempt, allowing the product to be marketed in the United States. The CE mark for the InMotion ARM was renewed under the Medical Devices Directive 93/42/EEC Annex-II Section 3 through May 2024.

InMotion ARM/HAND

The InMotion ARM/HAND provides support for therapy involving reaching with grasp and release movements, and individual hand movements. It allows clinicians to efficiently deliver optimal intensive sensory motor therapy to the hand to develop new neural pathways and helps patients regain motor function following a neurological condition or injury. The product is characterized as a Class II medical device by the U.S. Food and Drug Administration (FDA) and is listed with the FDA as 510(k) exempt, allowing the product to be marketed in the United States. The CE mark for the InMotion ARM/HAND was renewed under the Medical Devices Directive 93/42/EEC Annex-II Section 3 through May 2024.

In January 2019, we announced the commercial launch of our newest generation InMotion ARM/HAND robotic system for clinical rehabilitation of stroke survivors and those with mobility impairments due to neurological conditions. The improved new generation InMotion ARM/HAND was developed according to the same principals of motor learning and neuro plasticity that were incorporated into the original InMotion ARM robotic system and utilizes artificial intelligence and data analysis to provide individualized therapy and reports that empower and inform patients. It includes the following features:

[Table of Contents](#)

- **Enhanced hand-rehabilitation technology:** The updated hand robot provides therapy focused on hand opening and grasping for patients ready to retrain reach and grasp functional tasks.
- **InMotion EVAL:** The InMotion ARM/HAND offers the ability to assess hand movements in a precise and objective manner, allowing the clinician to better measure and quantify a patient's progress and response to therapy.
- **Improved, comprehensive reporting:** Optimized report formats provide improved documentation of patient outcomes, improved ease of use and enhanced interpretation of evaluation results, allowing clearer indications of progress over their complete rehabilitation journey, all on one screen.

InMotion CONNECT

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.

InMotion Connect is a cloud-based data analytics solution that securely streams and stores anonymized data from all connected InMotion robotics devices to our cloud server hosted by Amazon AWS, providing contextual and relevant data to reach hospital clinicians and management teams when it matters the most. It combines real-time data of each InMotion robotic device with the deep clinical knowledge and expertise of our clinical specialists to collaboratively partner with each clinic to promote utilization of the robotic devices and support clinician engagement, with the goal of enhancing patient care. Reporting capabilities in the platform focus on deep data analytics with customizable and adaptive dashboards to support effective decision making for clinicians and for hospital management.

Since the launch of InMotion Connect, the solution was sold and deployed in approximately 30 hospitals in the U.S. The deployment follows a pilot program with Kindred participating in an initiative to use data to empower on-site and hospital system-wide decision making to drive better technology adoption. Cloud-based data analytics were combined with our clinical specialists to collaboratively partner with local staff to drive optimal use of InMotion technology, while the resulting data was utilized by both local and corporate hospital management to support better utilization of the robots as well as improved patient outcomes.

InMotion Connect has been designed to target the critical need to link patient centric rehabilitation results to patient management portals. InMotion Connect provides 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. Upon further advancement and development as funds permit, and through further customization with each hospital systems, a patient's progress during the therapy sessions and patient's evaluation will be made available and ultimately feed electronic medical records (EMR) at any hospital or rehabilitation facility. With this further development, the HL7 compliant InMotion Connect is expected to seamlessly feed data through various existing hospital protocols, providing practitioners protected patient data and treatment results.

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. During the year ended March 31, 2022, we continued to move this strategy forward by working with our team of data scientists to analyze the data we currently have and start making correlations with the intent to enhance the patient experience. This approach will continue to advance and develop as funding permits.

Product Pipeline

In addition to our existing suite of products, we have other product candidates under development, all of which were paused as a result of the COVID-19 pandemic and cash constraints.

[Table of Contents](#)

The InMotion Home is an upper extremity product that would allow patients to extend their therapy for as long as needed while rehabilitating at home and is being developed on the same design platform as the InMotion clinical products described above. This rehabilitation solution is being developed on the same design platform as the InMotion clinical products. We intend to continue development of “InMotion Home” when we have sufficient funds and resources.

While we own the ARKE exoskeleton technology, we have ceased further development of this technology and product.

We have exclusively licensed the rights to manufacture and sell products and methodologies covered by a patent for a lower limb robotic rehabilitation apparatus and method for rehabilitating gait, owned in part by Dr. Hermano Igo Krebs, one of our former directors and executive officers; however, this product has not yet been developed.

We may from time to time expand our product offerings and enhance the strength of our Company through internal development, as well as through strategic and accretive partnerships or acquisitions.

Competition and Competitive Advantage

The medical technology equipment industry is characterized by strong competition and rapid technological change. There are several companies developing technologies that are competitive to our existing and proposed products, many of them, when compared to our Company, have significantly longer operational history and greater financial and other resources.

The primary competitor for the InMotion product line of upper-body rehabilitation robots is Hocoma, a Swiss-based company. Other competitors include Motorika and Tyromotion as well as other known and unknown smaller potential competitors that may compete with us directly or indirectly. We believe that the InMotion product line’s primary advantage over Hocoma is the evidence based, research proven data that supports our robotic device products. Evidence based, research proven data is used to support reimbursement from health systems, insurance companies and governments.

Robotic technology and its use in clinical settings is still determined to be a rapidly growing industry and is regulated by medical device regulatory agencies (such as the US Food and Drug Administration). We believe that we will face challenges of increased regulatory scrutiny, possible changes in regulatory requirements, meeting quality control standards of various government regulators, increased competition in the future based on other new technologies, additional features and customizability, reduced pricing, clinical outcomes and other factors. Our strength in this market will depend on our ability to achieve market acceptance, develop new technologies, develop new products, implement production plans, develop marketing strategies, secure regulatory approvals, secure necessary data for reimbursement, protect our intellectual property and have sufficient funding to meet all these challenges.

The market for the Company’s other prospective products also has competition and is subject to rapid technological change and regulatory requirements. There can be no assurance that the Company will be in a strong position to respond quickly to potential acquisitions and other market opportunities, new or emerging technologies and changes in customer requirements. Failure to maintain and enhance our competitive position could materially affect our business and prospects.

Market Strategy

The Company’s current products are designed to be rehabilitation products and mobility solutions for patients in hospitals and clinics. We currently have two robotic products sold that are listed with the FDA, which are the products sold through our own sales team in the United States, as well as through a third party distributor model around the world. Our business plan in part relies on broad adoption of rehabilitation products to provide neuro rehabilitation to individuals who have suffered a neurological injury or disorder.

The sales of our clinical and proposed products could depend, in part, on the extent to which healthcare providers and facilities or individual users are reimbursed by government authorities, private insurers and other third-party payers for the costs of our products or the services performed with our products.

[Table of Contents](#)

The coverage policies and reimbursement levels of third-party payers, which can vary among public and private sources and by country, may affect which products are purchased by customers and the prices they are willing to pay for those products in a particular jurisdiction. Reimbursement rates can also affect the acceptance rate of new technologies. Legislative or administrative reforms to reimbursement systems in the United States or abroad, or changes in reimbursement rates by private payers, could significantly reduce reimbursement for procedures using the Company’s products or result in denial of reimbursement for those products, which would adversely affect customer demand or the price customers may be willing to pay for such products. The effect of the change at the end of 2019 under certain US government plans to reimburse SNF’s (Skilled Nursing Facilities) followed by IRF’s (Inpatient Rehabilitation Facilities) based on outcome and quality data is still being assessed.

The Company has committed to a commercial strategy to maximize its efforts to position its solutions within individual rehabilitation clinics with additional emphasis on multi-location, high patient volume rehabilitation organizations. The Company believes its robotic systems are a good match to the patient care and business objectives relevant to these larger organizations operating on a regional or national basis.

Outside of the US, our focus is to use distributors to sell in local markets and we currently have a distributor in South Korea. As a result of the termination of our cooperative joint venture in China in fiscal 2021, we are evaluating our China strategy. Our efforts to penetrate the European market are supported by having attained and renewed the CE marking which signifies that InMotion Arm and InMotion Arm/Hand products sold in the European Economic Area (EEA) have been assessed to meet high safety health and environmental protection requirements. To this point we maintain our inventory in Woburn Massachusetts, Watertown Massachusetts and in Paris France. Our market strategy also relies on identifying and entering into joint venture arrangements with third parties that can assist us with the development, commercialization and distribution of our technologies and products outside of the EU to include the Middle East, Asia Pac and South American Markets

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

For instance, we have entered a relationship with Curexo Inc. of South Korea to distribute our InMotion robots to that market.

Intellectual Property

We use intellectual property developed, acquired or licensed, including patents, trade secrets and technical innovations to provide our future growth and to build our competitive position. We currently hold an intellectual property portfolio that includes 4 issued U.S. patents and 3 U.S. pending patent applications, as well as other patents under development. As we continue to expand our intellectual property portfolio, it is critical for us to continue to invest in filing patent applications to protect our technology, inventions, and improvements. However, we can give no assurance that we will have sufficient funds to do so or that competitors will not infringe on our patent rights or otherwise create similar or non- infringing competing products that are technically patentable in their own right.

Our patents and pending patents are as follows:

Patent	Status
Robotics	Filed US
Algorithms & Control Systems	Issued in US
Sensory Technology	Issued in US
Robotics	Issued in US
Robotics	Issued in US
Robotics	Issued in US

Provided all maintenance fees are timely paid, the earliest issued patent is set to expire in 2033. We may file U.S. provisional patents from time to time, which may expire if we do not pursue full patents within 12 months of the filing date. Provisional patents may not be filed as full patents and new provisional patents may be filed as the technology evolves or changes.

We have also taken steps to protect our brand in key jurisdictions by filing for and registering various trademarks. More specifically, we have:

[Table of Contents](#)

- registered the trademark InMotion in the U.S., U.K. and the European Union;
- registered the trademark InMotion Connect in the U.K. and the European Union and have a pending application for the same mark in the U.S.;
- a pending trademark application for InMotion Pulse in the United States;
- registered the trademark InMotion Insights in the U.K. and the European Union;
- the registered trademark InMotion Home in the U.K. and the European Union and have a pending application for the same in the U.S.; and
- registered the trademark ARKE in the European Union,

These trademarks are to be used in association with the robots and software that Bionik develops and sells related to this product line.

In addition, we acquired licenses to the following U.S. patents on April 21, 2016:

Patent #	Description	Date	Expiration
7,618,381	Wrist and Upper Extremity Motion (MIT License)	11/17/09	10/27/2024
7,556,606	Pelvis Interface: key components for effective motor neuro- Rehabilitation of lower extremities (MIT License)	07/07/09	05/17/2027

IMT entered into an Agreement, executed in December 1999, to license two of the above-referenced patents from MIT with a royalty of 3% on sales within the United States and 1.5% for sales outside the United States, with a minimum annual royalty of \$10,000. To date, we have not determined whether we intend to commercialize the patent relating to the pelvis.

We have to date and will continue to enter non-disclosure, confidentiality and intellectual property assignment agreements with all new employees as a condition of employment. In addition, we also generally enter into confidentiality and non-disclosure agreements with consultants, manufacturers' representatives, distributors, suppliers, investors, financial partners and others to attempt to limit access to, use and disclosure of our proprietary information.

Research and Development

Our research and development programs are pursued by engineers and scientists employed by us in Boston on a full- time basis or hired as per diem consultants. InMotion robots are based on research and development originally done at MIT. Our InMotion Wrist product is based on a patent that we license from MIT.

We also work with advisors who are industry leaders in manufacturing and design and researchers and academia. Our leading robotic advisor is Dr. Neville Hogan of MIT. We are also working with subcontractors in developing specific components of our technologies. The primary objective of our research and development program is to advance the development of our existing and proposed products, to enhance the commercial value of such products.

For the fiscal years ended March 31, 2022 and March 31, 2021, the Company incurred \$1.0 million and \$1.5 million, respectively, in research and development costs. Research and development expenses have decreased due to pauses in R&D projects due to certain employees being furloughed or having their hours reduced driven by the global pandemic during the fiscal years ended March 31, 2022 and March 31, 2021.

As a result of steps we have taken to address the decrease in revenue caused by the COVID-19 pandemic, we have reduced working on our research and development projects to focus on the further enhancements of the InMotion Connect platform, to provide the ability for hospital management to access remotely to management dashboards presenting the utilization data of each of their InMotion robotic devices and their InMotion robotic devices productivity, as well as the artificial intelligence and machine learning analysis based on the data collected by InMotion Connect.

Government Regulations

General

Our medical technology products and operations are subject to regulation by the U.S. Food and Drug Administration (“FDA”) and various other federal and state agencies, as well as corresponding foreign governmental agencies. These agencies enforce laws and regulations that govern the development, testing, manufacturing, labeling, advertising, marketing and distribution, and market surveillance of our medical device products.

In addition to the below, other regulations we encounter are the regulations that are common to all businesses, such as employment legislation, implied warranty laws, and environmental, health and safety standards, to the extent applicable. We will also encounter in the future industry-specific government regulations that would govern our new products, if and when developed for commercial use. It may become the case that other regulatory approvals will be required for the design and manufacture of our products and proposed products.

U.S. Regulation

Under the U.S. Federal Food, Drug, and Cosmetic Act, medical devices are classified into one of three classes — Class I, Class II or Class III — depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. The InMotion robots are classified as Class II 510(k) exempt products. Our manufacturing facility in Boston is compliant with ISO 13485:2016 (valid until April, 2024), and FDA regulations governing the InMotion ARM and InMotion ARM/HAND.

We also are required to establish a suitable and effective quality management system, which establishes controlled processes for our product design, manufacturing, and distribution. We are doing this in compliance with the internationally recognized standard ISO 13485 Quality Management Systems. Following the introduction of a product, the FDA and foreign agencies may engage in periodic reviews of our quality systems, as well as product performance and advertising and promotional materials. These regulatory controls, as well as any changes in FDA or other foreign agencies’ policies, can affect the time and cost associated with the development, introduction, and continued availability of new products.

Where possible, we anticipate these factors in our product development processes.

These agencies possess the authority to take various administrative and legal actions against us, such as product recalls, product seizures and other civil and criminal sanctions.

Foreign Regulation

In addition to regulations in the United States, we will be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our products in foreign countries. InMotion robots have also been designated as Class IIa devices in the EU and are compliant with MDD 93/42/EEC Annex-II (valid until May, 2024). Whether or not we obtain FDA clearance for the marketing, sale and use of a product, we must obtain approval of a product by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The process varies from country to country, and the time may be longer or shorter than that required by the FDA.

The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

The policies of the FDA and foreign regulatory authorities may change and or additional government regulations may be enacted which could prevent or delay regulatory approval of our products and could also increase the cost of regulatory compliance. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative or administrative action, either in the United States or abroad.

Employees and Human Capital Resources

As of June 6, 2022, we had 12 full-time employees and 4 consultants who are based in our Toronto, Canada and Watertown, Massachusetts facilities. These employees oversee day-to-day operations of the Company supporting management, engineering, research and development, sales and marketing and administration functions of the Company. As required, we also engage consultants to provide services to the Company, including quality assurance and corporate services. We have no unionized employees.

We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel. We provide our employees base wages and salaries that we believe are competitive and consistent with employee positions. As a result of the COVID-19 pandemic and our responses, including furloughs, layoffs, and salary reductions and deferrals, and decreases in revenue, we have experienced unprecedented challenges in retaining sufficient workforce to grow our business, and we can give no assurance that our remaining employees will not terminate their employment with us. Many of our remaining employees have effectively worked remotely since 2020 and continue to do so. We will need to hire additional employees as and if funds permit.

ITEM 1A - RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below and all of the other information contained in this Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operation" and our financial statements and related notes, before investing in our securities. If any of the possible events described in those sections or below actually occur, our business, business prospects, cash flow, results of operations or financial condition could be harmed. In this case, the trading price of our common stock could decline, and you might lose all or part of your investment.

The following is a discussion of the risk factors that we believe are material to us at this time. These risks and uncertainties are not the only ones facing us and there may be additional matters that we are unaware of or that we currently consider immaterial. All of these could adversely affect our business, business prospects, results of operations, financial condition and cash flows.

Risks Related to our Business and Finances

Our future prospects are not certain and may not be successful.

The business and prospects of the Company must be considered in the light of the potential problems, delays, uncertainties, and complications encountered in connection with a launching a relatively new product. The risks include, but are not limited to, the possibility that we will not be able to develop functional and scalable products and services, or that although functional and scalable, our products and services will not be economical to market; that our competitors hold proprietary rights that preclude us from marketing such products; that our competitors market a superior or equivalent product; that we are not able to upgrade and enhance our technologies and products to accommodate new features and expanded service offerings; or the failure to receive necessary regulatory clearances for our products. To successfully introduce and market our products at a profit, we must establish brand name recognition and competitive advantages for our products. There are no assurances that we can successfully address these challenges. If it is unsuccessful, we and our business, financial condition and operating results could be materially and adversely affected.

The current and future expense levels are based largely on estimates of planned operations and future revenues. It is difficult to accurately forecast future revenues because the robotics market in general, and the robotics market for therapy in particular, have not been fully developed, and we can give no assurance that our products will continue to fuel revenue growth. If our forecasts prove incorrect, the business, operating results and financial condition of the Company will be materially and adversely affected. Moreover, we may be unable to adjust our spending in a timely manner to compensate for any unanticipated reduction in revenue we expect to generate as a result of our products. As a result, the failure to generate revenues would immediately and adversely affect the business, financial condition, and operating results of the Company.

We cannot predict when we will achieve profitability.

We have not been profitable and cannot predict when we will achieve profitability. We have experienced net losses since our inception in 2010. We began generating revenues after April 2016 as a result of the acquisition of IMT and the sale of the InMotion robots, and we do not anticipate generating significant revenues from other technologies in development until we successfully develop, commercialize and sell products derived from those technologies, of which we can give no assurance. Although we sold 9 InMotion robots during the fiscal year ended March 31, 2022 and 7 InMotion robots for the fiscal year ended March 31, 2021, we are

unable to determine when we will generate significant recurring revenues from the future sale of any of our products to achieve profitability, if ever. The COVID-19 pandemic has caused significant disruptions in our sales cycles, and we can give no assurance that our revenues will increase to pre-pandemic levels, or to levels necessary to achieve profitability. Our inability to become profitable has forced us to curtail or temporarily discontinue certain of our research and development programs such as our lower body robotic assistive device, and may force us to do so with other commercialization programs and our day-to-day operations. Furthermore, there can be no assurance that profitability, if achieved, can be sustained on an ongoing basis. As of March 31, 2022, we had an accumulated deficit of \$95.4 million.

There is substantial doubt on our ability to continue as a going concern.

Our independent registered public accounting firm has issued a going concern qualification as part of its audit report that accompanies our fiscal 2022 audited financial statements included herein. As stated in the notes to our audited financial statements for the fiscal year ended March 31, 2022, we have sustained losses and have accumulated a significant deficit. Our continued existence is dependent upon our ability to continue to execute our operating plan and to obtain additional debt or equity financing.

There can be no assurance that the additional 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. Additionally, should we be unable to realize our assets and discharge our liabilities in the normal course of business, the net realizable value of our assets may be materially less than the amounts recorded in our financial statements.

Business or economic disruptions or global health concerns have and may continue to seriously harm our business.

Broad-based business, economic disruptions or global health concerns could adversely affect our business. For example, in December 2019 an outbreak of a novel strain of coronavirus originated in Wuhan, China, and spread around the world. The outbreak resulted in extended shutdowns as a result of COVID-19 of businesses around the world. We believe the scope and severity of business shutdowns or disruptions has been significant, and as we and the third parties with whom we engage, including our suppliers and customers and other third parties with whom we conduct business or intend to conduct business, experience shutdowns or other business disruptions, our ability to conduct our business has been materially and negatively impacted. These recent global health concerns materially impacted our planned customers and sales. Despite the distribution of COVID-19 vaccines, new and occasionally more virulent variants of the virus that causes COVID-19, including the Delta and Omicron variants, have emerged and there is significant uncertainty as to how countries will respond to such outbreaks, including whether there will be future partial or total shutdowns, which would adversely affect our business.

As a result of 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. This, along with our typically long sales cycle, and limited interaction with our potential customers as we were unable to visit facilities for demonstrations of our products, has affected our ability to generate revenues over the past two fiscal years, resulting in, among other events, the following:

- At the beginning of fiscal 2021, we furloughed three 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. Most Canadian employees were returned to their normal base salary. Senior management's salaries were restored in December 2020 until March 2021 when certain senior management salaries were reduced between 30-50% for 3 months.
- The Company has reduced working on its research and development projects to focus on the further enhancements of InMotion Connect™, to provide the ability for hospital management to access remotely to management dashboards presenting the utilization data of each of their InMotion robotic devices and their InMotion robotic devices productivity, as well as the artificial intelligence and machine learning analysis based on the data collected by InMotion Connect.

We are subject to significant accounts payable and other current liabilities.

We have accounts payable and accrued liabilities of approximately \$1.2 million as of March 31, 2022. We also incur indebtedness from time to time to fund operations, which have historically been converted into equity but in the future may be required to be repaid

[Table of Contents](#)

at maturity. Our operations are not currently able to generate sufficient cash flows to meet our payable and other liabilities, which could reduce our financial flexibility, increase interest expenses, and adversely impact our operations. We have not historically generated sufficient cash flow from operations to enable us to repay indebtedness and to fund other liquidity needs, including capital expenditure requirements. Such indebtedness could affect our operations in several ways, including the following:

- a significant portion of our cash flows could be required to be used to service such indebtedness.
- a high level of indebtedness could increase our vulnerability to general adverse economic and industry conditions.
- any covenants contained in the agreements governing such outstanding indebtedness could limit our ability to borrow additional funds, dispose of assets, pay dividends and make certain investments.
- a high level of indebtedness may place us at a competitive disadvantage compared to our competitors that are less leveraged and, therefore, our competitors may be able to take advantage of opportunities that our indebtedness may prevent us from pursuing.
- debt covenants may affect our flexibility in planning for, and reacting to, changes in the economy and in our industry, if any; and
- any ability to convert or exchange such indebtedness for equity in the Company can cause substantial dilution to existing stockholders of the Company.

We will require additional capital to support our present business plan and our anticipated business growth, and such capital may not be available on acceptable terms, or at all, which would adversely affect our ability to operate; and such capital may substantially dilute the interests of existing stockholders.

We will require additional funds to further develop our business plan and have been relying on convertible and term debt financing to fund the operation of our business. Based on our current operating plans, our resources are currently not sufficient to fund our planned operations, including those necessary to introduce development-stage products into the rehabilitation and mobility markets. Since it is unlikely that we will generate sufficient revenues from our operating activities to fund all of our operating and development plans, we will need to raise additional funds through debt, equity or equity-linked offerings or otherwise in order to meet our expected future liquidity requirements, including development of existing products, introducing other products or pursuing new product opportunities. Any such financing that we undertake will likely be dilutive to current stockholders or may require that we relinquish rights to certain of our technologies or products.

To the extent we have the funds to do so, of which we can give no assurance we intend to continue to make investments to support our business growth through introducing new products, including patent or other intellectual property asset creation, the acquisition of other businesses or strategic assets and licensing of technology or other assets. To fully execute on our business plan, we will need additional funds to respond to business opportunities and challenges, including ongoing operating expenses, protecting our intellectual property, satisfying debt payment obligations, developing new lines of business and enhancing our operating infrastructure. While we will need to seek additional funding for 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 or common stock equivalents. Certain of our former convertible noteholders have anti-dilution rights pursuant to which, in the event we sell common stock for cash at less than the conversion price of such converted notes, we will have to issue additional shares to such noteholders to address the dilution, which could cause us to issue a substantial number of additional shares depending on the sales price of the common stock. We have previously and may again seek additional funds through arrangements with collaborators or other third parties. 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 business plans.

We may never complete the development of any of our proposed products or product improvements into marketable products.

We do not know when or whether we will successfully complete the development of the planned development-stage or next generation InMotion robots including the InMotion Home, or any other proposed, developmental, or contemplated product such as our lower limb technology, for any of our target markets. We continue to seek to improve our technologies before we are able to produce a commercially viable product. Failure to improve on any of our technologies could delay or prevent their successful development for any of our target markets.

[Table of Contents](#)

Developing any technology into a marketable product is a risky, time consuming and expensive process. You should anticipate that we will encounter setbacks, discrepancies requiring time consuming and costly redesigns and changes and that there is the possibility of outright failure. We may not meet our product development, manufacturing, regulatory, commercialization and other milestones.

We have established milestones, based upon our expectations regarding our technologies at that time, which we use to assess our progress toward developing our products. These milestones relate to product rollouts, technology and design improvements as well as to dates for achieving development goals and regulatory approvals, among other things. If our products exhibit technical defects or are unable to meet cost or performance goals or for any other reason, our commercialization schedule could be delayed and potential purchasers of our commercial products, may decline to purchase such products or may opt to pursue alternative products. Due to our current budgeting constraints, the pandemic and evolving timelines on our products in development, we are changing or delaying some of the timelines and milestones for our other technologies being developed.

Customers will be unlikely to buy any of our proposed, developmental, or contemplated products unless we can demonstrate that they can be produced for sale to consumers at attractive prices.

We retained a third-party manufacturer to manufacture our products, in addition to our Boston-based manufacturing facility now used primarily for research and development purposes but may continue to be used to manufacture and assemble some or all of our products as needed. We can offer no assurance that either we or our manufacturing partners will continue to develop efficient, automated, low-cost manufacturing capabilities and processes to meet the quality, price, engineering, design and production standards or production volumes required to successfully mass market any of our existing or contemplated products. Even if we or our manufacturing partners are successful in developing such manufacturing capability and processes, we do not know whether we or they will be timely in meeting our product commercialization schedule or the production and delivery requirements of potential customers. A failure to develop such manufacturing processes and capabilities could have a material adverse effect on our business and financial results.

The price of our existing or contemplated products is in part dependent on material and other manufacturing costs. We are unable to offer any assurance that either we or a manufacturing partner from time to time will be able to reduce costs to a level which will allow production of a competitive product or that any product produced using lower cost materials and manufacturing processes will not suffer from a reduction in performance, reliability and longevity. Furthermore, although we have implemented a pricing structure for our existing products, we can give no assurance that this pricing structure will not require changes in the future that could affect the attractiveness of our pricing.

Our products may not be accepted in the market.

We cannot be certain that our current products or any other products we may develop, or market will achieve or maintain broad market acceptance. Market acceptance of our products depends on many factors, including our ability to convince key opinion leaders to provide recommendations regarding our products, convince distributors and customers that our technology is an attractive alternative to other technologies, demonstrate that our products are reliable and supported by us in the field, supply and service sufficient quantities of products directly or through marketing alliances, and price products competitively in light of the current macroeconomic environment, which, particularly in the case of the medical device industry, are becoming increasingly price sensitive.

The industries in which we operate are highly competitive and subject to rapid technological change. If our competitors are better able to develop and market products that are safer, more effective, less costly, easier to use, or are otherwise more attractive, we may be unable to compete effectively with other companies.

The medical technology industry is characterized by intense competition and rapid technological change and we will face competition based on product features, clinical outcomes, price, services and other factors. Competitors may include large medical device and other companies, some of which have significantly greater financial and marketing resources than we do, and firms that are more specialized than we are with respect to particular markets. Our competition may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing, and other resources than ours or may be more successful in attracting potential customers, employees and strategic partners.

We face competition from other companies that also focus on robotic rehabilitation solutions to individuals with neurological disorders. Hocoma, Motorika and Tyromotion are each currently selling products that may compete with our InMotion product and we believe that there are other smaller potential competitors in various stages of development that may compete with us directly or

indirectly. Cyberdyne and Honda are the main competitors of one of our consumer development products. These companies have longer operating histories and may have greater name recognition and substantially greater financial, technical, and marketing resources than us. Many of these companies also have FDA or other applicable governmental approval to market and sell their products, and more extensive customer bases, broader customer relationships and broader industry alliances than us, including relationships with many of our potential customers. Increased competition from any of these sources could result in our failure to achieve and maintain an adequate level of customers and market share to support the cost of our operations. We expect similar strong competition with respect to any other product or technology we develop or acquire.

Our competitive position will depend on multiple, complex factors, including our ability to achieve market acceptance for our products, develop new products, implement production and marketing plans, secure regulatory approvals for products under development and protect our intellectual property. In some instances, competitors may also offer, or may attempt to develop, alternative therapies that may be delivered without a medical device or a medical device superior to ours. The development of new or improved products, processes or technologies by other companies may render our products or proposed products obsolete or less competitive. The entry into the market of manufacturers located in low-cost manufacturing locations may also create pricing pressure, particularly in developing markets. Our future success depends, among other things, upon our ability to compete effectively against current technology, as well as to respond effectively to technological advances, and upon our ability to successfully implement our marketing strategies and execute our research and development plan.

Risks Relating to Governmental Regulations, Insurance and Reimbursement

We are subject to extensive governmental regulations relating to the manufacturing, labeling, and marketing of our products.

Our medical technology products and operations are or are expected to be subject to regulation by the FDA, Health Canada and other governmental authorities both inside and outside of the United States. These agencies enforce laws and regulations that govern the development, testing, manufacturing, labeling, advertising, marketing and distribution, and market surveillance of our medical products.

Under the United States Federal Food, Drug, and Cosmetic Act, medical devices are classified into one of three classes — Class I, Class II or Class III — depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. Class II devices require a 510(k) premarket submission to the US FDA.

The Company's InMotion robots have been characterized as Class II devices by the FDA.

In addition to regulations in the United States, we will be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our products in foreign countries. Whether or not we obtain FDA approval for a product, we must obtain approval of a product by the comparable regulatory authorities of foreign countries before we can market the product in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

The policies of the FDA and foreign regulatory authorities may change and or additional government regulations may be enacted which could prevent or delay regulatory approval of our products and could also increase the cost of regulatory compliance. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative or administrative action, either in the United States or abroad.

Following the introduction of a product, these agencies will also periodically review our manufacturing processes and product performance. The process of complying with the applicable good manufacturing practices, adverse event reporting, clinical trial and other requirements can be costly and time consuming, and could delay or prevent the production, manufacturing, or sale of our products. In addition, if we fail to comply with applicable regulatory requirements, it could result in fines, delays or suspensions of regulatory clearances, closure of manufacturing sites, seizures or recalls of products and damage to our reputation. Recent changes in enforcement practice by the FDA and other agencies have resulted in increased enforcement activity, which increases the compliance risk for the Company and other companies in our industry. In addition, governmental agencies may impose new requirements regarding registration, labeling or prohibited materials that may require us to modify or re-register products already on the market or otherwise impact our ability to market our products in those countries. Once clearance or approval has been obtained for a product, there is an obligation to ensure that all applicable FDA, Health Canada and other regulatory requirements continue to be met.

We may be subject to penalties and may be precluded from marketing our products if we fail to comply with extensive governmental regulations.

The InMotion robots, and we believe certain other products under development, are or will be categorized as a Class II device in the U.S. Class II devices require a 510(k) premarket submission to the US FDA. However, the FDA has not made any determination about whether our proposed medical products are Class II medical devices and, from time to time, the FDA may disagree with the classification of a new Class II medical device and require the manufacturer of that device to apply for approval as a Class III medical device. In the event that the FDA determines that our medical products should be reclassified as a Class III medical device, we could be precluded from marketing the devices for clinical use within the United States for months, years or longer, depending on the specific changes to the classification. Reclassification of our products as Class III medical devices could significantly increase our regulatory costs, including the timing and expense associated with required clinical trials and other costs.

The FDA and non-U.S. regulatory authorities require that our products be manufactured according to rigorous standards. These regulatory requirements may significantly increase our production costs and may even prevent us from making our products in amounts sufficient to meet market demand. If we change our manufacturing process, regulatory authorities may need to review the process before it may be used. Failure to comply with applicable regulatory requirements discussed could subject us to enforcement actions, including warning letters, fines, injunctions and civil penalties, recall or seizure of our products, operating restrictions, partial suspension or total shutdown of our production and criminal prosecution.

Federal, State and non-U.S. regulations regarding the manufacture and sale of medical devices are subject to future changes. The complexity, timeframes and costs associated with obtaining marketing clearances are unknown. Although we cannot predict the impact, if any, these changes might have on our business, the impact could be material.

If we are not able to both obtain and maintain adequate levels of third-party reimbursement for our products, it would have a material adverse effect on our business.

Healthcare providers and related facilities are generally reimbursed for their services through payment systems managed by various governmental agencies worldwide, private insurance companies, and managed care organizations. The manner and level of reimbursement in any given case may depend on the site of care, the procedure(s) performed, the final patient diagnosis, the device(s) utilized, available budget, or a combination of these factors, and coverage and payment levels are determined at each payer's discretion. The coverage policies and reimbursement levels of these third-party payers may impact the decisions of healthcare providers and facilities regarding which medical products they purchase and the prices they are willing to pay for those products.

Thus, changes in reimbursement levels or methods may either positively or negatively impact sales of our products.

We have no direct control over payer decision-making with respect to coverage and payment levels for our medical device products. Additionally, we expect many payers to continue to explore cost-containment strategies (e.g., comparative and cost-effectiveness analyses, so-called "pay-for-performance" programs implemented by various public and private payers, and expansion of payment bundling schemes such as Accountable Care Organizations, and other such methods that shift medical cost risk to providers) that may potentially impact coverage and/or payment levels for our current products or products we develop.

As our product offerings are expected to be diverse across healthcare settings, they will likely be affected to varying degrees by the many payment systems. Therefore, individual countries, product lines or product classes may be impacted by changes to these systems.

Changes in reimbursement practices of third-party payers could affect the demand for our products and the prices at which they are sold.

The sales of our InMotion robot and proposed products could depend, in part, on the extent to which healthcare providers and facilities or individual users are reimbursed by government authorities, private insurers and other third-party payers for the costs of our products or the services performed with our products. The coverage policies and reimbursement levels of third-party payers, which can vary among public and private sources and by country, may affect which products are purchased by customers and the prices they are willing to pay for those products in a particular jurisdiction. Reimbursement rates can also affect the acceptance rate of new technologies. Legislative or administrative reforms to reimbursement systems in the United States or abroad, or changes in reimbursement rates by private payers, could significantly reduce reimbursement for procedures using the Company's products or

result in denial of reimbursement for those products, which would adversely affect customer demand or the price customers may be willing to pay for such products.

Recent executive and legislative actions to amend or impede the implementation of the Affordable Care Act and ongoing efforts to repeal, replace or further modify the Affordable Care Act may adversely affect our business, financial condition, and results of operations.

In the United States, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system in ways that may adversely affect our business and financial results. Federal and state lawmakers regularly propose and, at times, enact legislation that could result in significant changes to the healthcare system, some of which are intended to contain or reduce the costs of medical products and services. Current and future legislative proposals to further reform healthcare or reduce healthcare costs may limit coverage of or lower reimbursement for our products. The cost containment measures that payers and providers are instituting and the effect of any healthcare reform initiative implemented in the future could impact our revenue from the sale of our products. For example, the Patient Protection and Affordable Act of 2010, commonly referred to as the Affordable Care Act, contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement changes and fraud and abuse measures, all of which will impact existing government healthcare programs and will result in the development of new programs.

Executive and legislative actions to amend or impede the implementation of the Affordable Care Act and ongoing efforts to repeal, replace or further modify the Affordable Care Act may adversely affect our business, financial condition, and results of operations.

For example, President Trump signed several Executive Orders and other directives designed to delay the implementation of certain provisions of the Affordable Care Act. Concurrently, Congress considered legislation to repeal or repeal and replace all or part of the Affordable Care Act. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the Affordable Care Act such as removing penalties, starting January 1, 2019, for not complying with the Affordable Care Act's individual mandate to carry health insurance and delaying the implementation of certain fees mandated by the Affordable Care Act. On December 14, 2018, a Texas U.S. District Court Judge ruled that the Affordable Care Act is unconstitutional in its entirety because the individual mandate was repealed by Congress as part of the Tax Cuts and Jobs Act of 2017. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the Affordable Care Act are invalid as well. The United States Supreme Court recently reversed and remanded the matter, finding that the plaintiffs did not have standing to sue but did not rule on the Affordable Care Act. On January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the Affordable Care Act marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the Affordable Care Act. It is unclear how the recent Supreme Court ruling, other such litigation and the healthcare reform measures of the Biden administration will impact the Affordable Care Act and negatively affect our business, financial condition and results of operations.

The current presidential administration and Congress may pursue significant changes to the current healthcare laws although the Biden Administration has signaled that it plans to build on the Affordable Care Act and expand the number of people who are eligible for subsidies under it. We face uncertainties that might result from modifications or repeal of any of the provisions of the Affordable Care Act, including as a result of current and future executive orders and legislative actions. The impact of those changes on us and potential effect on our industry as a whole is currently unknown. Any changes to the Affordable Care Act are likely to have an impact on our results of operations, and may negatively affect our business, financial condition and results of operations. We cannot predict what other healthcare programs and regulations will ultimately be implemented at the federal or state level or the effect of any future legislation or regulation in the United States may negatively affect our business, financial condition and results of operations.

We expect that additional state and federal healthcare reform measures will be adopted in the future, particularly in light of the new presidential administration. Changes in healthcare policy could increase our costs and subject us to additional regulatory requirements that may interrupt commercialization of our current and future solutions. Changes in healthcare policy could increase our costs, decrease our revenue and impact sales of and reimbursement for our current and future products. Further, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

[Table of Contents](#)

The net effect of the Affordable Care Act, as currently in effect, on our business is subject to a number of variables, including the law's complexity, lack of complete implementing regulations and interpretive guidance, and the sporadic implementation of the numerous programs designed to improve access to and the quality of healthcare services. Additional variables of the Affordable Care Act impacting our business will be how states, providers, insurance companies, employers, and other market participants respond during this period of uncertainty surrounding the future of the Affordable Care Act.

Our industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater governmental regulation in the future.

In recent years, the medical device industry has been subject to increased regulatory scrutiny, including by the FDA, Health Canada and numerous other federal, state, provincial and foreign governmental authorities. This has included increased regulation, enforcement, inspections, and governmental investigations of the medical device industry and disclosure of financial relationships with health care professionals. We anticipate that governments will continue to scrutinize our industry closely, and that additional regulation by governmental authorities, both foreign and domestic, may increase compliance costs, exposure to litigation and other adverse effects to our operations.

Unsuccessful clinical trials or procedures relating to products under development could have a material adverse effect on our prospects.

The regulatory approval process for new products and new indications for existing products requires extensive clinical trials and procedures, including early clinical experiences and regulatory studies. Unfavorable or inconsistent clinical data from current or future clinical trials or procedures conducted by us, our competitors, or third parties, or perceptions regarding this clinical data, could adversely affect our ability to obtain necessary approvals and the market's view of our future prospects. Such clinical trials and procedures are inherently uncertain and there can be no assurance that these trials or procedures will be completed in a timely or cost-effective manner or result in a commercially viable product. Failure to successfully complete these trials or procedures in a timely and cost-effective manner could have a material adverse effect on our prospects. Clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results. Further, preliminary results from clinical trials or procedures may be contradicted by subsequent clinical analysis.

In addition, results from our clinical trials or procedures may not be supported by actual long-term studies or clinical experience. If preliminary clinical results are later contradicted, or if initial results cannot be supported by actual long-term studies or clinical experience, our business could be adversely affected. Clinical trials or procedures may be suspended or terminated by us, the FDA, or other regulatory authorities at any time if it is believed that the trial participants face unacceptable health risks.

Risks Relating to our Intellectual Property

Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling certain of our products.

The industry in which we operate, including, in particular, the medical device industry, are characterized by extensive intellectual property litigation and, from time to time, we might be the subject of claims by third parties of potential infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert the time and effort of our management and operating personnel from other business issues. A successful claim or claims of patent or other intellectual property infringement against us could result in our payment of significant monetary damages and/or royalty payments or negatively impact our ability to sell current or future products in the affected category and could have a material adverse effect on its business, cash flows, financial condition or results of operations.

If we are unable to protect our patents or other proprietary rights, or if we infringe on the patents or other proprietary rights of others, our competitiveness and business prospects may be materially damaged.

We own 5 issued U.S. patents and 3 U.S. pending patent applications, as well as other patents under development. We also have exclusive licensing rights to three patents of which one relates to components of our InMotion robots. We intend to continue to seek legal protection, primarily through patents, trade secrets and contractual provisions, for our proprietary technology, as cash flow allows. Such methods may not be adequate to protect us or permit us to gain or maintain a competitive advantage. Seeking patent protection is a lengthy and costly process, which we can give no assurance of success and there can be no assurance that patents will be issued from any pending applications, or that any claims allowed from existing or pending patents will be sufficiently broad or

[Table of Contents](#)

strong to protect our proprietary technology. There is also no guarantee that any patents we hold will not be challenged, invalidated, or circumvented, or that the patent rights granted will provide competitive advantages to us. Our competitors have developed and may continue to develop and obtain patents for technologies that are similar or superior to our technologies. In addition, the laws of foreign jurisdictions in which we develop, manufacture, or sell our products may not protect our intellectual property rights to the same extent, as do the laws of the United States and Canada.

Despite our efforts to safeguard our unpatented and unregistered intellectual property rights, we may not be successful in doing so or the steps taken by us in this regard may not be adequate to detect or deter misappropriation of our technologies or to prevent an unauthorized third party from copying or otherwise obtaining and using our products, technologies or other information that we regard as proprietary. Additionally, third parties may be able to design around our patents. Our inability to adequately protect our intellectual property could allow our competitors and others to produce products based on our technologies, which could substantially impair our ability to compete.

Adverse outcomes in current or future legal disputes regarding patent and other intellectual property rights or our ability to bring or defend against such actions due to lack of funds could result in the loss of our intellectual property rights, subject us to significant liabilities to third parties, require us to seek licenses from third parties on terms that may not be reasonable or favorable to us, prevent us from manufacturing, importing or selling our products, or compel us to redesign our products to avoid infringing third parties' intellectual property. As a result, we may be required to incur substantial costs to prosecute, enforce or defend our intellectual property rights if they are challenged. Any of these circumstances could have a material adverse effect on our business, financial condition and resources or results of operations.

Our ability to develop intellectual property depends in large part on hiring retaining and motivating highly qualified design and engineering staff with the knowledge and technical competence to advance our technology and productivity goals, which has been made more challenging as a result of the COVID-19 pandemic.

We have entered into confidentiality and/or intellectual property assignment agreements with many of our employees and consultants as one of the ways we seek to protect our intellectual property and other proprietary technologies. However, these agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements.

Our employees and consultants may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Enforcing a claim that a third party illegally obtained and is using our proprietary know-how is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect know-how than courts in the United States. Moreover, our competitors may independently develop equivalent knowledge, methods, and know-how. Failure to obtain or maintain intellectual property protection could adversely affect our competitive business position.

Risks Related To Our Securities And Governance Matters

The concentration of our capital stock ownership with insiders will likely limit your ability to influence corporate matters.

Our executive officers, directors, and their affiliated entities together beneficially own approximately 38% of our outstanding common stock. As a result, these stockholders, if they act together or in a block, could have significant influence over virtually all matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions, even if other stockholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of our company that other stockholders may view as beneficial.

We cannot assure you that the Company's Common Stock will be listed on any national securities exchange.

We cannot assure you that the Company's common stock or other securities will ever be listed on any national securities exchange. As of May 26, 2022 our common stock commenced trading on the OTCPink tier of the OTC Marketplace, from the OTCQB tier. If our Common Stock remains quoted on the OTC Marketplace, whichever the tier, rather than being listed on a national securities exchange, an investor may find it more difficult to dispose of shares or obtain accurate quotations as to the market value of the Company's Common Stock. Similarly, an investor may find it more difficult to dispose of shares or obtain accurate quotations as to the market value of the Company's Common Stock since the Company's common stock moved from the OTCQB market to the OTCPink market.

We may not be able to establish a liquid market for the Company's Common Stock or attract the attention of research analysts at major brokerage firms

We have been unable to establish a liquid market for the Company's common stock. Moreover, few security analysts of brokerage firms provide coverage of the Company, which will likely continue unless we successfully uplist to a national securities exchange, of which we can give no assurance of success. Furthermore, we believe that investment banks are less likely to agree to underwrite secondary offerings on behalf of the Company or our stockholders due to our becoming a public reporting company not by means of an initial public offering of common stock and our lack of a liquid market, all of which has had a material adverse effect on the Company.

We cannot predict whether an active market for the Company's Common Stock will ever develop in the future. In the absence of an active trading market:

- Investors may have difficulty buying and selling or obtaining market quotations;
- Market visibility for shares of the Company's Common Stock may be limited; and
- A lack of visibility for shares of the Company's Common Stock may have a depressive effect on the market price for shares of the Company's Common Stock.

The Company's Common Stock is quoted on the OTC Pink tier of the OTC Marketplace. These markets are relatively unorganized, interdealer, over-the-counter markets that provide significantly less liquidity than NASDAQ or the NYSE. No assurances can be given that our Common Stock will ever actively trade on such markets. In any of these events, there could remain a highly illiquid market for the Company's common stock and you may be unable to dispose of your common stock at desirable prices or at all.

An active and visible public trading market for the Company's Common Stock may not develop and the market for our common stock is limited.

Our common stock is thinly traded, and any recently reported sales price may not be a true market-based valuation of our common stock. In addition, the stock market in general has at times experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to operating performance. Consequently, holders of shares of our common stock may not be able to liquidate their investment in the Company's shares at prices that they may deem appropriate.

The market price for our Common Stock may be volatile.

The market price for our Common Stock may be volatile and subject to wide fluctuations in response to factors including the following:

- Actual or anticipated fluctuations in our quarterly or annual operating results;
- Changes in financial or operational estimates or projections;
- Conditions in markets generally;
- Changes in the economic performance or market valuations of companies similar to ours;
- Announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- Our intellectual property position; and
- General economic or political conditions in the United States, Canada or elsewhere.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of shares of our common stock.

As our Common Stock is subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions and trading activity in our securities may be adversely affected.

The SEC has adopted regulations, which generally define "penny stock" to be an equity security that has a market price of less than \$5.00 per share, subject to specific exemptions. The market price of our Common Stock is currently and may in the future continue to be less than \$5.00 per share and therefore would be a "penny stock" according to SEC rules, unless we are listed on a national securities exchange. Under these rules, broker-dealers who recommend such securities to persons other than institutional accredited investors must:

- Make a special written suitability determination for the purchaser;
- Receive the purchaser's prior written agreement to the transaction;
- Provide the purchaser with risk disclosure documents which identify certain risks associated with investing in "penny stocks" and which describe the market for these "penny stocks" as well as a purchaser's legal remedies; and
- Obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a "penny stock" can be completed.

When our common stock is subject to these rules, broker-dealers may find it difficult to effectuate customer transactions and trading activity in our securities may be adversely affected. As a result, the market price of our securities may be depressed, and you may find it more difficult to sell your securities.

Our Amended and Restated Certificate of Incorporation, as amended, designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our Amended and Restated Certificate of Incorporation, as amended provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee or agent of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, the Company's Amended and Restated Certificate of Incorporation, as amended, or the By-laws or (iv) any action asserting a claim governed by the internal affairs doctrine.

This choice of forum provision does not preclude or contract the scope of exclusive federal jurisdiction for any actions brought under the Exchange Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, and the Company does not intend for the exclusive forum provision to apply to Exchange Act claims. It could apply, however, to a suit that falls within one or more of the categories enumerated in the exclusive forum provision and that asserts claims under the Securities Act, inasmuch as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. There is uncertainty as to whether a court would enforce such an exclusive forum provision with respect to claims under the Securities Act. In addition, our stockholders will not be deemed to have waived the Company's compliance with the federal securities laws and the rules and regulations thereunder. Subject to the foregoing, any person purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to this provision of our Amended and Restated Certificate of Incorporation, as amended.

This choice of forum provision may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the Court of Chancery could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. Alternatively, if a court were to find this provision of our Amended and Restated Certificate of Incorporation, as amended, inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations.

General Risks

The results of our research and development efforts are uncertain and there can be no assurance of the commercial success of our products.

We believe that we will need to incur additional research and development expenditures to continue development of our existing and proposed products as well as research and development expenditures to develop new products and services. The products and services we are developing and may develop in the future may not be technologically successful. In addition, the length of our product and service development cycle may be greater than we originally expected, and we may experience delays in product development. If our resulting products and services are not technologically successful, they may not achieve market acceptance or compete effectively with our competitors' products and services.

As a result of the COVID-19 pandemic, we were forced to curtail our research and development budget to \$1.0 million for the fiscal year ended March 31, 2022 from \$1.5 million for the fiscal year ended March 31, 2021. We can give no assurance that we will generate sufficient revenue or raise sufficient additional capital during the fiscal year ending March 31, 2023 to increase or stabilize our research and development budget, the failure to do so could result in a material adverse effect in our prospects and ability to bring new and next generation products to market.

The loss of our key executives could have a significant impact on us.

Our success depends in large part upon the abilities and continued service of our executive officers and other key employees. Our employment agreements with our executive officers are terminable by either party on short notice and could result in substantial severance obligations payable to such executives that would otherwise be necessary for ongoing operations. The loss of key employees has and may continue to result in a significant loss in the knowledge and experience that we, as an organization, possess, and could cause significant delays in, or outright failure of, the management of our supply chain, our research and development initiatives, analytical, and consulting services business and/ or, our development of future products and product candidates. If we are unable to attract and retain qualified and talented senior management personnel, our business may suffer.

Our acquisition of companies or technologies could prove difficult to integrate and may disrupt our business and harm our operating results and prospects.

Potential acquisitions will likely involve risks associated with our assumption of some or all of the liabilities of an acquired company, which may be liabilities that we were or are unaware of at the time of the acquisition, potential write-offs of acquired assets and potential loss of the acquired company's key employees or customers.

We may encounter difficulties in successfully integrating our operations, technologies, services, and personnel with that of the acquired company, and our financial and management resources may be diverted from our existing operations. For instance, we diverted some resources from our existing technologies under development to focus on the InMotion robots acquired from IMT in April 2016. We have consolidated accounting, finance, and administration in Watertown, Massachusetts office. If we elect to further consolidate our facilities, we may lose key personnel unwilling to relocate to the consolidated facility, may have difficulty hiring appropriate personnel at the consolidated facility and may have difficulty providing continuity of service through the consolidation.

End-user satisfaction or performance problems with any acquired business, technology, service, or device, including the InMotion robots, could also have a material adverse effect on our reputation. Additionally, potential disputes with the seller of an acquired business or its employees, suppliers or customers and amortization expenses related to intangible assets could adversely affect our

[Table of Contents](#)

business, operating results, and financial condition. If we fail to properly evaluate and execute acquisitions, our business may be disrupted, and our operating results and prospects may be harmed.

We can give no assurance that our commercialization schedule will be met as we concentrate our efforts on capital raising.

Product defects could adversely affect the results of our operations.

The design, manufacture and marketing of our products involves certain inherent risks. Manufacturing or design defects, unanticipated use of our products, or inadequate disclosure of risks relating to the use of our products can lead to injury or other adverse events. These events could lead to recalls or safety alerts relating to our products (either voluntary or required by the FDA, Health Canada or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. A recall could result in significant costs, as well as negative publicity and damage to our reputation that could reduce demand for our products. Personal injuries relating to the use of our products could also result in product liability claims being brought against us. The Company has product liability insurance to mitigate this risk. In some circumstances, such adverse events could also cause delays in new product approvals.

We could be exposed to significant liability claims if we are unable to obtain insurance at acceptable costs and adequate levels or otherwise protect ourselves against potential product liability claims.

The testing, manufacturing, marketing, and sale of medical devices entail the inherent risk of liability claims or product recalls. The Company currently maintains product liability insurance; however, product liability insurance is expensive and may not be available on acceptable terms in the future, if at all. A successful product liability claim, or product recall could inhibit or prevent the successful commercialization of our products, cause a significant financial burden on the Company, or both, which in either case could have a material adverse effect on our business and financial condition.

Although we carry product liability insurance, there is no guarantee that our insurance will adequately cover us against potential liability. If not, the results of our operations could be materially and adversely affected. In addition, any product liability claims brought in connection with any alleged defect of our products, whether with or without merit, could increase our product liability insurance rates or prevent us from securing continuing coverage at rates we could afford.

Our operations in international markets involve inherent risks that we may not be able to control.

Our business plan includes the marketing and sale of our existing and proposed products in international markets. Accordingly, our results could be materially and adversely affected by a variety of uncontrollable and changing factors relating to international business operations, including:

- macroeconomic conditions adversely affecting geographies where we intend to do business;
- Any continued impacts from the COVID-19 pandemic or any other global health crisis;
- foreign currency exchange rates;
- political or social unrest or economic instability in a specific country or region;
- higher costs of doing business in foreign countries;
- infringement claims on foreign patents, copyrights, or trademark rights;
- difficulties in staffing and managing operations across disparate geographic areas;
- difficulties associated with enforcing agreements and intellectual property rights through foreign legal systems;
- trade protection measures and other regulatory requirements, which affect our ability to import or export our products from or to various countries;

[Table of Contents](#)

- adverse tax consequences;
- unexpected changes in legal and regulatory requirements;
- military conflict, terrorist activities, natural disasters, and medical epidemics; and
- our ability to recruit and retain channel partners in foreign jurisdictions.

Any weakness in internal control over financial reporting or disclosure controls and procedures could result in a loss of investor confidence in our financial reports and lead to a stock price decline.

We are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 and report the results in our Annual Report on Form 10-K. There is no requirement for audit of our internal control over financial reporting. We are also required to maintain effective disclosure controls and procedures. If material weaknesses arise and they are not remedied, we will be unable to assert that our internal controls are effective. Any failure to have effective internal control over financial reporting or disclosure controls and procedures could cause investors to lose confidence in the accuracy and completeness of our financial reports, limit our ability to raise financing or lead to regulatory sanctions, any of which could result in a material adverse effect on our business or decline in the market price of our common stock.

The industries in which we operate are highly competitive and subject to rapid technological change. If our competitors are better able to develop and market products that are safer, more effective, less costly, easier to use, or are otherwise more attractive, we may be unable to compete effectively with other companies.

The medical technology industry is characterized by intense competition and rapid technological change and we will face competition based on product features, clinical outcomes, price, services and other factors. Competitors may include large medical device and other companies, some of which have significantly greater financial and marketing resources than we do, and firms that are more specialized than we are with respect to particular markets. Our competition may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing, and other resources than ours or may be more successful in attracting potential customers, employees and strategic partners.

Our competitive position will depend on multiple, complex factors, including our ability to achieve market acceptance for our products, develop new products, implement production and marketing plans, secure regulatory approvals for products under development and protect our intellectual property. In some instances, competitors may also offer, or may attempt to develop, alternative therapies that may be delivered without a medical device or a medical device superior to ours. The development of new or improved products, processes or technologies by other companies may render our products or proposed products obsolete or less competitive. The entry into the market of manufacturers located in low-cost manufacturing locations may also create pricing pressure, particularly in developing markets. Our future success depends, among other things, upon our ability to compete effectively against current technology, as well as to respond effectively to technological advances, and upon our ability to successfully implement our marketing strategies and execute our research and development plan.

We do not expect to pay cash dividends on our common stock.

We anticipate that we will retain our earnings, if any, for future growth and therefore do not anticipate paying cash dividends on our common stock in the future. Investors seeking cash dividends should not invest in our common stock for that purpose.

Item 1B – Unresolved Staff Comments

None.

Item 2 – Properties

Our principal executive office is in premises of approximately 9,300 square feet of leased space at 80 Coolidge Hill Road, Watertown, Mass. 02472. We also lease 3,655 square feet at 483 Bay Street, N105, Toronto, Ontario Canada M5G 2C9. The facilities have been leased on our behalf by Ryerson University and we receive a subsidy on lease payments to the University. We have given notice that we intend to exit the lease in Toronto, Canada in October of 2022 and consolidate our offices in the Watertown,

[Table of Contents](#)

Massachusetts facility. We are also renting additional storage space. Otherwise, we believe these facilities are adequate for our current needs.

We do not own any real estate.

Item 3 – Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business.

We are not currently a party in any legal proceeding or governmental regulatory proceeding nor are we currently aware of any pending legal proceeding or governmental regulatory proceeding proposed to be initiated against us that would have a material adverse effect on us or our business.

Item 4 – Mine Safety Disclosures

Not applicable.

PART II**ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Our common stock is traded on the OTCPink tier of the OTC Marketplace under the symbol "BNKL". The following table sets forth for the periods indicated, the high and low sale prices per share of our common stock as reported on OTCPink tier marketplace.

Quarterly Period Ended	High		Low	
March 31, 2022	\$	0.90	\$	0.38
December 31, 2021	\$	2.42	\$	0.70
September 30, 2021	\$	2.86	\$	1.31
June 30, 2021	\$	3.00	\$	1.26
March 31, 2021	\$	4.50	\$	1.24
December 31, 2020	\$	1.50	\$	1.10
September 30, 2020	\$	1.95	\$	0.75
June 30, 2020	\$	4.00	\$	1.13

On June 6, 2022, the closing price per share of our common stock was \$1.00, as reported on OTCPink tier marketplace. As of June 6, 2022 6,767,114 shares of common stock were issued and outstanding, which were held by 318 holders of record and 112,440 exchangeable shares were issued and outstanding, which were held by 20 holders of record.

We have never paid or declared any cash dividends on our common stock. We intend to retain any earnings to finance the growth and development of our business. Payment of future dividends, if any, will be at the discretion of our board of directors.

We consider our common stock to be thinly traded and, accordingly, reported sales prices or quotations may not be a true market-based valuation of our common stock.

Equity Compensation Plan Information

We adopted, and a majority of our stockholders approved, the 2014 Equity Incentive Plan (the "2014 Plan"). Under such plan, we may grant equity-based incentive awards, including options, restricted stock, and other stock-based awards, to any directors, employees, advisers, and consultants that provide services to us or any of our subsidiaries on terms and conditions that are from time to time determined by us. An aggregate of up to 15% of our common stock and common stock reserved for issuance from the Exchangeable Shares are reserved for issuance under the 2014 Plan, and options for the purchase of 510,469 shares of our common stock have been granted and are outstanding as of March 31, 2022. The purpose of the 2014 Plan is to provide financial incentives for selected directors, employees, advisers, and consultants of the Company and/or its subsidiaries, thereby promoting the long-term growth and financial success of the Company.

[Table of Contents](#)

The table below sets forth information as of March 31, 2022 with respect to compensation plans under which our common stock or Exchangeable Shares are authorized for issuance.

	(a) Number of securities to be Issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	510,469	\$ 5.20	258,556
Equity compensation plans not approved by security holders:			
Executive stock options	266,796	\$ 8.82	—
Total	777,265		258,556

ITEM 6 – RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") covers information pertaining to the Company as of March 31, 2022 and 2021. Except as otherwise noted, the financial information contained in this MD&A and in the financial statements has been prepared in accordance with accounting principles generally accepted in the United States of America. All amounts are expressed in U.S. dollars unless otherwise noted.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. The estimates were based on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations.

Forward Looking Statements

Certain information contained in this MD&A includes "forward-looking statements." Statements which are not historical reflect our current expectations and projections about our future results, performance, liquidity, financial condition and results of operations, prospects and opportunities and are based upon information currently available to us and our management and their interpretation of what is believed to be significant factors affecting our existing and proposed business, including many assumptions regarding future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or similar terms, variations of such terms or the negative of such terms. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors. Although forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect our current judgment, actual results could differ materially from those anticipated in such statements. Actual results, performance, liquidity, financial condition and results of operations, prospects and opportunities could differ materially and perhaps substantially from those expressed in, or implied by, these forward-looking statements as a result of various risks, uncertainties and other factors, including those risks described in detail in the section of this Annual Report on Form 10-K entitled "Risk Factors" as well as elsewhere in this Annual Report on Form 10-K.

In light of these risks and uncertainties, and especially given the nature of our existing and proposed business, there can be no assurance that the forward-looking statements contained in this section and elsewhere in this Annual Report on Form 10-K will in fact occur. Potential investors should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

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 which 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

[Table of Contents](#)

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 Pulse solution in the U.S.

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 and commercial footprint in the United States and internationally with an increase in sales and marketing initiatives;
- Continue to improve our data strategy and enhance our InMotion Connect software with solutions that serve clinical rehabilitation providers and their patients; and
- Continue to seek out opportunities to enhance our product offering and potentially introduce new technologies.

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 issued U.S. patents and 3 U.S. pending patent applications, as well as other patents under development. We may file provisional patent applications from time to time, and may, where deemed advisable pursue non-provisional patent applications within 12 months of the filing date of such provisional patent applications. 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 in a first phase a minimum of 21 of the Company’s 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 similar future facility of Kindred, during the four-year minimum term of the Agreement. As of March 31, 2022, 30 InMotion robots have been sold in total to Kindred.

In September 2019, we commenced an up to \$7.0 million convertible note offering (previously set at \$3.0 million), of which \$1.6 million was raised through March 31, 2021. All of these convertible notes were converted on March 31, 2021 into 181,463 shares of our common stock. In addition, on March 23, 2020, we borrowed \$2,000,000 evidenced by a term promissory note from an existing stockholder and lender of the Company.

On October 5, 2020 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.

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. During the fiscal year ended March 31, 2022, we continued to move this strategy forward by working with our team of data scientists to analyze the data we currently have and start making correlations with the intent to enhance the patient experience. This approach will continue to advance and develop as funds permit.

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. All of these convertible notes were converted on March 31, 2022, into 946,194 shares of our common stock.

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 took the following steps to address the decrease in revenue, as follows:

- At the beginning of fiscal 2021, we furloughed three 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%. 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. Most Canadian employees were returned to their normal base salary. Senior management's 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.
- Our Canada operations secured \$84,000 of government financial relief under the Canadian Emergency Wage Subsidy (CEWS), 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.
- The Company has reduced working on its research and development projects to focus on the further enhancements of InMotion Connect™, to provide the ability for hospital management to access remotely to management dashboards presenting the utilization data of each of their InMotion robotic devices and their InMotion robotic devices productivity, as well as the artificial intelligence and machine learning analysis based on the data collected by InMotion Connect.

The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which COVID-19 may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the pandemic, the emergence of new variants, travel restrictions and social distancing in the U.S. and other countries, business closures or business disruptions and the effectiveness of actions taken in the U.S. and other countries to contain and treat the disease.

Revenues

We generate revenues primarily from sales of our InMotion Arm, InMotion Arm/Hand and InMotion Connect devices, as well as various parts and accessories, which we refer to collectively as our product sales. We also generate revenues from services, including product warranty revenues, and from subscriptions sales from InMotion Connect solutions. Our business model generally does not involve separate contracts entered into at or near the same time; nor does our business model involve incremental future discounts

[Table of Contents](#)

offered to the same customer. We do not offer a right of cancellation, termination, refund or return. During the year ended March 31, 2022, we derived approximately 68% of our revenues from product sales, 17% from the subscription sales associated with our Pulse solutions and 15% of our revenues from the sale of services and extended warranties. During the year ended March 31, 2021, we derived approximately 72% of our revenues from product sales, 19% of our revenues from the sale of services and extended warranties and 9% from the subscription sales associated with our Pulse solutions.

We recognize revenue from sales of our products, parts and accessories in accordance with the Accounting Standards Codification, or ASC, *Revenue Recognition Topic 606*. We recognize revenue from sales of our products, parts and accessories when title and risk of ownership has been transferred, which is upon shipment, provided there are no uncertainties regarding customer acceptance, and the following factors are present:

- Identification of the contract with the customer;
- Identification of the performance obligation in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligation in the contract; and
- Recognition of revenue when, or as, the performance obligation is satisfied

Revenues from the sale of services and extended warranty contracts are deferred and recognized on a straight-line basis over the contract period as services are provided.

We recognize subscription revenues over the course of the period that the software subscription is available to the customer.

Cost of Revenues

Our cost of revenues consists primarily of material, labor and manufacturing overhead expenses from our contract manufacturer and includes the cost of components and subassemblies supplied by our third-party suppliers. Cost of revenues also includes certain warranty expenses associated with maintaining our standard warranties within the first 12 months that a customer owns our product.

Sales and Marketing Expenses

Our sales and marketing expenses consist primarily of salaries, commissions and other personnel-related expenses, which may include share-based compensation, for employees engaged in sales, marketing and support of our products, trade show, promotional and public relations expenses and management and administration expenses in support of sales and marketing.

Research and Development Expenses

Our research and development expenses consist of salaries and other personnel-related expenses, which may include share-based compensation, for employees primarily engaged in research, development and engineering activities, materials used and other overhead expenses incurred in connection with the design and development of our products and, from time to time, expenses associated with collaborative research and development agreements that we may enter into. We expense all of our research and development costs as incurred.

General and Administrative Expenses

Our general and administrative costs include payroll, employee benefits, and other personnel-related costs, which include share-based compensation, associated with administrative and support staff, as well as legal and accounting costs, insurance costs, and other administrative fees.

Impairment of Goodwill & Intangible Assets

Impairment of goodwill and intangible assets consists of impairment charges associated with certain intangible assets. Management assesses its intangible assets for impairment annually or as triggering events arise.

Interest Expense, net

Interest expense, net consists primarily of interest charges on loans and convertible loan offerings that we may enter into from time to time with various lenders and shareholders.

Other Expense (Income), net

Other expense (income), net consists primarily of foreign currency remeasurement gains or losses and other miscellaneous income and expense items.

Results of Operations

Fiscal Year Ended March 31, 2022 Compared to the Fiscal Year Ended March 31, 2021

The following table contains selected statement of operations data, which serve as the basis of the discussion of our results of operations for the fiscal year ended March 31, 2022 and 2021, respectively:

	Year Ended March 31,		Year Ended March 31,		\$ Change	% Change
	2022	2021	2022	2021		
	Amount	As a % of Total Revenues	Amount	As a % of Total Revenues		
Revenues, net	\$ 1,273,712	100 %	\$ 1,193,430	100 %	\$ 80,282	7 %
Cost of revenues	320,454	25	269,632	23	50,822	19
Gross profit	953,258	75	923,798	77	29,460	3
Operating expenses						
Sales and marketing	1,920,749	151	1,025,404	86	895,345	87
Research and development	998,516	78	1,544,918	129	(546,402)	(35)
General and administrative	2,806,584	220	4,508,748	378	(1,702,164)	(38)
Impairment of goodwill & intangible assets	5,200,608	408	7,182,053	602	(1,981,445)	(28)
Total operating expenses	10,926,457	858	14,261,123	1,195	(3,334,666)	(23)
Loss from operations	(9,973,199)	(783)	(13,337,325)	(1,118)	3,364,126	(25)
Interest expense, net	825,209	65	405,279	34	419,930	104
Other (income), net	(390,414)	(31)	(122,147)	(10)	(268,267)	220
Total other expense (income)	434,795	34	283,132	24	151,663	54
Net loss	\$ (10,407,994)	(817)%	\$ (13,620,457)	(1,141)%	\$ 3,212,463	(24)%

Revenues

Total revenues for the year ended March 31, 2022 increased by \$0.1 million, or 7%, to \$1.3 million, as compared to revenues of \$1.2 million for the year ended March 31, 2021.

	Year Ended March 31,		\$ Change	% Change
	2022	2021		
Product	\$ 870,213	\$ 862,301	\$ 7,912	1 %
Subscriptions	222,250	106,500	115,750	109
Service, extended warranty & other	181,249	224,629	(43,380)	(19)
Total revenues	\$ 1,273,712	\$ 1,193,430	\$ 80,282	7 %

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

- We sold nine units in the year ended March 31, 2022 as compared to seven units in the year ended March 31, 2021, resulting in product revenues increasing by \$7,900, or 1%. Our average selling price per unit decreased during the 2022 period as compared to the 2021 period as we had more sales through the distributor model in the fiscal 2022 period.

[Table of Contents](#)

- The increase in our subscription sales is due to a full year of InMotion Connect™ solutions subscriptions vs. a partial year in the year ended March 31, 2021 as this product was launched in June 2020. Additionally, our active subscriptions grew from 22 in the 2021 period to 26 in the 2022 period.
- Our service, extended warranty and other revenues decreased approximately 19% primarily due to less units under warranty in the period ended March 31, 2022 as compared to the March 31, 2021 period.

Cost of Revenues

	Year Ended March 31,		\$ Change	% Change
	2022	2021		
Cost of revenues	\$ 320,454	\$ 269,632	\$ 50,822	19 %
Cost of revenues (as a percentage of total revenues)	25 %	23 %		

Total cost of revenues increased by 51,000, or 19%, and remained consistent at \$0.3 million for both periods presented. The slight increase is due to an adjustment made in the 2021 period to decrease the warranty reserve in conjunction with the lower number of units sold due to the COVID-19 pandemic.

Sales and Marketing

	Year Ended March 31,		\$ Change	% Change
	2022	2021		
Sales and marketing	\$ 1,920,749	\$ 1,025,404	\$ 895,345	87 %
Sales and marketing (as a percentage of total revenues)	151 %	86 %		

Sales and marketing expenses increased by \$0.9 million, or 87%, to \$1.9 million for the 2022 period, as compared to \$1.0 million for the 2021 period. The increase was due to a \$0.8 million increase in consulting spend, personnel related expenses and marketing supporting costs related to our commercial and marketing initiatives as we grow our sales pipeline. Our tradeshow and sales related travel expenses increased by approximately \$0.1 million from the 2021 period as our team attended tradeshow and increased travel as COVID restrictions were reduced in the second half of the fiscal 2022.

Research and Development

	Year Ended March 31,		\$ Change	% Change
	2022	2021		
Research and development	\$ 998,516	\$ 1,544,918	\$ (546,402)	(35)%
Research and development (as a percentage of total revenues)	78 %	129 %		

Research and development expenses decreased \$0.5 million, or 35%, to \$1.0 million for the 2022 period, as compared to \$1.5 million for the 2021 period. The decrease was due to a \$0.5 million decrease in consulting and personnel related expenses as our headcount was reduced due to the COVID-19 pandemic.

General and Administrative

	Year Ended March 31,		\$ Change	% Change
	2022	2021		
General and administrative	\$ 2,806,584	\$ 4,508,748	\$ (1,702,164)	(38)%
General and administrative (as a percentage of total revenues)	220 %	378 %		

General and administrative expenses decreased \$1.7 million, or 38%, to \$2.8 million for the 2022 period, as compared to \$4.5 million for the 2021 period. Share based compensation expense decreased by \$0.5 million and personnel related expenses decreased by \$0.5 million associated with a reduction in our headcount due to the COVID-19 pandemic. Professional service fees were reduced by \$0.7 million associated with a decrease in legal fees, consultants, and accounting fees.

Impairment of Goodwill & Intangible Assets

	Year Ended		\$	%
	2022	2021		
Impairment of goodwill & intangible assets	\$ 5,200,608	\$ 7,182,053	\$ (1,981,445)	(28)%
Impairment of goodwill & intangible assets (as a percentage of total revenues)	408 %	602 %		

Due to the continued impact of the COVID-19 pandemic, we experienced a slowdown in business during the third quarter of the fiscal year ended March 31, 2022, and we determined there are events and changes in circumstances that indicate our goodwill and other intangible assets are impaired. Accordingly, during the third quarter of the fiscal year ended March 31, 2022, we evaluated the fair value of the goodwill and other intangible assets. Based on this evaluation, we determined that certain intangible assets were fully impaired and recorded an impairment charge of \$0.9 million during the year ended March 31, 2022. Further, we determined that the goodwill with the carrying value of \$4.3 million was fully impaired and recorded an impairment charge of \$4.3 million.

As noted in our significant accounting policies, we have one reporting unit and its carrying value was compared to its estimated fair value. During the third quarter of the fiscal year ended March 31, 2022, we considered various valuation approaches to estimate its fair value, including an income approach and an asset approach.

The income approach is based on the present value of future cash flows, which are derived from long term financial forecasts, and requires significant assumptions and judgement including among others, a discount rate and a terminal value. Fair values were based on expected future cash flows using Level 3 inputs under ASC 820. The cash flows are those expected to be generated by the market participants, discounted at the weighted average cost of capital. The present value of future cash flows was determined by discounting estimated future cash flows, which included long-term growth rate of 3%, at a weighted average cost of capital (discount rate) of 25%, which considered the risk of achieving the projected cash flows, including the risk applicable to the reporting unit, industry and market as a whole.

The adjusted book value method, a form of the asset approach, was used to estimate the fair value by subtracting the market value of the non-debt liabilities from the market value of the assets. Since the value indication we derived from the income approach was below the value indicated from the asset approach, the Company relied on the asset approach to determine the fair value for the goodwill and intangible asset impairment test.

During the fiscal year ended March 31, 2021, following the decline of Company sales associated with the global pandemic, we determined there are events and changes in circumstances that indicate the goodwill and other intangible assets are impaired. Accordingly, during the third quarter of the fiscal year ended March 31, 2021, we evaluated the ongoing value of our goodwill and other intangible assets. Based on this evaluation, we determined that the intangible assets were no longer recoverable and were in fact impaired and recorded an impairment charge of \$0.4 million during the year ended March 31, 2021. Further, we determined that the goodwill with the carrying value of \$11.1 million was impaired and recorded an impairment charge to the estimated fair value of \$6.8 million in the year ended March 31, 2021. Fair value was based on expected future cash flows using Level 3 inputs under ASC 820. The cash flows are those expected to be generated by the market participants, discounted at the weighted average cost of capital.

As noted in our significant accounting policies, we have one reporting unit and its carrying value was compared to its estimated fair value. During the third quarter of the fiscal year ended March 31, 2021, we estimated its fair value using an income approach. The income approach is based on the present value of future cash flows, which are derived from long term financial forecasts, and requires significant assumptions and judgement including among others, a discount rate and a terminal value.

The present value of future cash flows was determined by discounting estimated future cash flows, which included long-term growth rate of 3%, at a weighted average cost of capital (discount rate) of 27%, which considered the risk of achieving the projected cash flows, including the risk applicable to the reporting unit, industry and market as a whole.

[Table of Contents](#)Interest Expense, net

	Year Ended March 31,		\$ Change	% Change
	2022	2021		
Interest expense, net	\$ 825,209	\$ 405,279	\$ 419,930	104 %
Interest expense, net (as a percentage of total revenues)	65 %	34 %		

The interest expense for both periods represents the interest associated with the loans and convertible notes that the company has with certain of its shareholders. Interest expense, net increased by \$0.4 million due to more debt outstanding during the 2022 period leading to more interest expense than in the 2021 period.

Other (income), net

	Year Ended March 31,		\$ Change	% Change
	2022	2021		
Other (income), net	\$ (390,414)	\$ (122,147)	\$ (268,267)	220 %
Other (income), net (as a percentage of total revenues)	(31)%	(10)%		

For the year ending March 31, 2022 other (income), net consists primarily of the extinguishment of the PPP loan associated with the forgiveness from the federal government of \$0.5 million, which was partially offset by the foreign currency impact of changes in the exchange rate between the Canadian dollar and US dollar. For the year ending March 31, 2021 other (income), net consists the CEWS relief from the Canadian authorities associated with the COVID-19 pandemic relief bill partially offset by the foreign currency impact of changes in the exchange rate between the Canadian dollar and US dollar.

Liquidity and Capital Resources

We have funded operations through the issuance of capital stock, loans, grants, and investment tax credits received from the Government of Canada. We require cash to pay our operating expenses, including research and development activities, fund working capital needs and make capital expenditures. At March 31, 2022, our cash and cash equivalents were \$2.0 million. Our cash and cash equivalents are predominantly cash in operating accounts.

Based on our current burn rate, we need to raise additional capital in the short term to fund operations, and meet expected future liquidity requirements, or we will be required to curtail or terminate some or all of our product lines or our operations. 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 in the short or medium term; 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 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. 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.

As a result of the COVID-19 pandemic and actions taken to slow its spread, the global credit and financial markets have experienced extreme volatility, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. If equity and credit markets

[Table of Contents](#)

deteriorate, it may make any necessary debt or equity financing more difficult to obtain, more costly and/or more dilutive. Any of these actions could materially harm our business, results of operations and future prospects.

During the year ended March 31, 2021, we received \$1.5 million, in addition to a \$70,000 previously loaned to us, pursuant to a \$7.0 million convertible note offering. The convertible notes bore interest at a fixed rate at 1% per month. The convertible loans with a balance of \$1.7 million converted into 181,463 shares of common stock on the March 31, 2021 maturity date, at a conversion price of \$9.50 per share in conjunction with the terms of the convertible note offering.

On February 24, 2021, we entered into a Term Loan and Security Agreement where we may borrow up to \$3.0 million from lenders from time to time. We borrowed \$0.5 million on February 24, 2021 and another \$0.5 million on March 18, 2021 from existing shareholders. 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 of a minimum of \$3.0 million from a subsequent financing. As noted below, on July 15, 2021, \$1.1 million of outstanding principal and accrued unpaid interest from the term loan agreement was refinanced and consolidated by the Company.

Additionally, in May 2020 we received funding of \$0.5 million pursuant to the federal Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act. We applied for forgiveness and received it as of May 23, 2021 for the whole loan and interest in accordance with applicable law.

In March 2020, we received a \$2.0 million loan from an existing shareholder. As noted below, on July 15th 2021, \$2.2 million of outstanding principal and accrued unpaid interest from the shareholder loan was refinanced and consolidated by the Company.

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 (the "2021 Offering"). Pursuant to the terms of the 2021 Offering, we offered 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, we 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 our 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 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 certain debtholders.

Pursuant to the terms of the 2021 Offering, we issued an aggregate of \$5.0 million in principal of additional 2021 Notes, which was purchased for cash. On March 31, 2022, the 2021 notes were converted into 946,194 shares of our common stock.

Cash Flows

Net cash used in operating activities was \$4.1 million for the year ended March 31, 2022, and resulted primarily from \$10.4 million in net loss offset by approximately \$1.3 million in depreciation and amortization, interest expense and stock-based compensation expense as well as a \$5.2 million in impairment of our goodwill and intangible assets for the period. Other income of \$0.5 million decreased cash from operating activities due to the extinguishment of debt related to our loan from the Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act. Net changes in working capital items increased cash from operating activities by approximately \$0.2 million, primarily related to a decrease in accounts receivable associated with payments collected from our customers. An increase in inventory of \$0.5 million due to completion of robots by our manufacturing partner was offset by a decrease in prepaid expenses of \$0.5 million due primarily to lower prepaid materials. Net cash used in investing activities was approximately \$0.1 million for purchases of equipment in the 2022 period. Net cash provided by financing activities during the year ended March 31, 2022 was \$5.5 million, related to proceeds received from the term loan and 2021 notes.

Net cash used in operating activities was \$4.6 million for the year ended March 31, 2021, and resulted primarily from \$13.6 million in net loss offset by approximately \$1.4 million in depreciation and amortization, interest expense and stock-based compensation expense as well as a \$7.2 million in impairment of our goodwill and intangible assets for the period. Net changes in working capital items increased cash from operating activities by approximately \$0.4 million, primarily related to decreases in accounts receivable associated with payments collected from our customers and a decrease in our inventory associated with product

[Table of Contents](#)

shipments during the period. These increases were offset by the decrease in accounts payable of \$0.4 million associated with payments to vendors. There was no net cash used in or provided by investing activities for the 2021 period. Net cash provided by financing activities during the year ended March 31, 2021 was \$3.0 million, related to proceeds received from the convertible loans, PPP loans and loans from our existing shareholders.

Off Balance Sheet Arrangements

Since inception, we have not engaged in any off balance sheet financing activities.

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, or U.S. GAAP. 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 below. 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.

We believe the following critical accounting policies require significant judgment and estimates by us in the preparation of our financial statements.

Risks and Uncertainties

The Company has considered the impact of COVID-19 on its consolidated financial statements. Management believes that although the major negative impact of the COVID-19 pandemic seems to be behind us, we still cannot say for certain that we have future adverse effects. Despite the distribution of COVID-19 vaccines, new and occasionally more virulent variants of the virus that causes COVID-19, including the Delta and Omicron variants, have emerged and there is significant uncertainty as to how countries will respond to such outbreaks, including whether there will be future partial or total shutdowns, which would adversely affect our business. These impacts could include but may not be limited to risks and uncertainty related to ability of our sales and marketing personnel and distributors to access our customer base and reduced demand. Consequently, these may negatively impact our results of operations, cash flows and its overall financial condition. In addition, the impact of COVID-19 may subject us to future risk of long-lived assets impairments and increased reserves for uncollectible accounts.

Revenue Recognition

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or services to a customer.

Product revenue is generally recognized when the customer obtains control of our product, which occurs at a point in time, and may be upon shipment or upon delivery based on the contractual shipping terms of a contract.

Service revenue is generally recognized over time as the services are rendered to the customer based on the extent of progress towards completion of the performance obligation. We recognize service revenue over the term of the service contract. Services are expected to be transferred to the customer throughout the term of the contract and we believe recognizing revenue ratably over the term of the contract best depicts the transfer of value to the customer.

Revenue generated from our extended warranty sales are recognized ratably over the period that the warranty covers.

In the year ended March 31, 2021, we started selling our Pulse subscriptions with the purchase of our InMotion Connect devices. Customers are billed in advance of the start of their annual subscription and revenues are recognized ratably over each annual subscription period.

Revenue from the sale of products and services are evidenced by either a contract with the customer or a valid purchase order and an invoice which includes all relevant terms of sale and shipment of product or service provided has been incurred. We perform a review of each specific customer's credit worthiness and ability to pay prior to acceptance as a customer.

Allowance for doubtful accounts

We extend unsecured credit to our customers in the ordinary course of business but mitigate the associated credit risk by supplying products to customers with pre-approved capital expenditure budgets or rental credit, and by actively pursuing past due accounts. An allowance for doubtful accounts is estimated and recorded based on management's assessment of the credit history with the customer and the current relationships with them. There was no allowance for doubtful accounts needed for the periods ending March 31, 2022, and March 31, 2021.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is recorded at actual cost, on the first-in first-out basis. We have finished goods inventory recorded based on actual cost from our outsourced manufacturing partner and raw materials at cost in our Watertown facility.

Warranty Reserve and Deferred Warranty Revenue

We provide a one-year warranty as part of its normal sales offering. When products are sold, we provide a warranty reserve, which, based on our historical experience are sufficient to cover warranty claims. Accrued warranty reserves are included in accrued liabilities on the consolidated balance sheets and amounted to \$9,000 at March 31, 2022 and \$46,000 at March 31, 2021. We also sell extended warranties for additional periods beyond the standard warranty. Extended warranty revenue is deferred and recognized as revenue over the extended warranty period.

Foreign Currency Translation

The functional and presentation currency of the Company and its wholly owned subsidiaries is the U.S. dollar. Transactions denominated in a currency other than the functional currency are recorded on the initial recognition at the exchange rate at the date of the transaction. After initial recognition monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences are recognized in profit and loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate at the date of the transaction.

As of April 1, 2021 and for the year ended March 31, 2022, management has updated and adopted the below foreign currency translation policy:

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.

Intangible Assets

We capitalize and include in intangible assets the costs of patents, customer relationships and trademarks acquired in a business combination or asset acquisition. Intangible assets are recorded at fair value and stated net of accumulated amortization and impairments. We amortize our intangible assets that have finite lives using either the straight-line method, based on the useful life of the asset over which it is expected to be consumed utilizing expected undiscounted future cash flows. Amortization is recorded over the estimated useful lives ranging from one to 10 years. We evaluate the realizability of our definite lived intangible assets whenever events or changes in circumstances or business conditions indicate that the carrying value of these assets may not be recoverable based on expectations of future undiscounted cash flows for each asset group. If the carrying value of an asset or asset group exceeds its undiscounted cash flows, we estimate the fair value of the assets, generally utilizing a discounted cash flow analysis based on the present value of estimated future cash flows to be generated by the assets using a risk-adjusted discount rate. To estimate the fair value of the assets, we use market participant assumptions pursuant to ASC 820, *Fair Value Measurements*. If the estimate of an intangible

asset's remaining useful life is changed, we will amortize the remaining carrying value of the intangible asset prospectively over the revised useful life.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed in a business combination. We do not amortize our goodwill, but instead test for impairment at least annually and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying value of the asset. Our annual test for impairment occurs in our fourth quarter.

We have adopted ASU 2011-08 *Intangibles—Goodwill and Other*, an amendment to ASC 350, which updates how an entity evaluates its goodwill for impairment. The guidance provides entities an option to perform a “qualitative” assessment to determine whether further impairment testing is necessary. Under ASC Update No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* if further testing is necessary entities perform their goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying value exceeds the reporting unit's fair value.

We have concluded that Bionik represents one reporting unit for goodwill impairment testing and we have performed a qualitative assessment on that reporting unit. As a result of our assessment, we determined that goodwill was impaired by \$4.3 million and \$6.8 million during the year ended March 31, 2022 and March 31, 2021.

Stock-Based Compensation

We follow the fair value recognition provisions of ASC 718, *Stock Compensation Topic*. This guidance requires share-based payments to employees, including grants of employee stock options and restricted stock units, or RSUs, to be recognized in the statement of operations based on their fair values at the date of grant. The fair value of performance-based stock options is determined based on the fair market value of our common stock on the grant date. ASC 718 requires companies to utilize an estimated forfeiture rate when calculating the expense for the period. Accordingly, we review our actual forfeiture rates periodically and align our stock compensation expense with the share-based payments that are vesting.

We use the Black-Scholes option pricing model to estimate the fair value of stock options. This option-pricing model requires the input of various subjective assumptions, including the option's expected life and the price volatility of the underlying stock. Our estimated expected stock price volatility is based on our own historic volatility. We believe this is more reflective and a better indicator of the expected future volatility, than using an average of a comparable market index or of a comparable company in the same industry. We granted 273,500 and 76,902 options during the years ended March 31, 2022 and 2021, respectively. Our expected term of options granted represents the weighted average period of time that options granted are expected to be outstanding giving consideration to vesting schedules and our historical exercise patterns. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield of zero is based on the fact that we have never paid cash dividends and have no present intention to pay cash dividends.

We account for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of such services received or of the equity instruments issued, whichever is more reliably measured, in accordance with ASC 718 and the *Equity Topic*, ASC 505.

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 Generally Accepted Accounting Principles (“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 a Securities and Exchange Commission (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

[Table of Contents](#)

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 adopted ASU 2019-12 during the year ended March 31, 2022 and this new guidance did not have a material impact on the consolidated balance sheet and consolidated statement of operations and comprehensive loss.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

This item is not required for a smaller reporting company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our consolidated financial statements and corresponding notes thereto called for by this item appear at the end of this document commencing on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and the principal financial officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were effective to ensure that the material information required to be included in our Securities and Exchange Commission reports is accumulated and communicated to our management, including our principal executive and financial officer, recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms relating to our company.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for our company and its subsidiaries.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for the Company.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

[Table of Contents](#)

Management recognizes that there are inherent limitations in the effectiveness of any system of internal control, and accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect material misstatements. In addition, effective internal control at a point in time may become ineffective in future periods because of changes in conditions or due to deterioration in the degree of compliance with our established policies and procedures.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in there being a more than remote likelihood that a material misstatement of the annual or financial statements will not be prevented or detected.

Under the supervision and with the participation of our Interim Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of March 31, 2022 based on the framework set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under this framework, management concluded that our internal control over financial reporting was effective as of March 31, 2022 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with U.S. GAAP.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this annual report.

Changes in Internal Controls

As of March 31, 2021, management identified and disclosed a material weakness related to lack of segregation of duties with internal accounting control functions which was due to limited resources in the accounting department. As of March 31, 2022, management concluded that our internal control over financial reporting was effective as the Company improved its internal control structure by performing the following:

- Hiring an experienced Chief Financial Officer that has worked in various public companies and understands financial reporting under internal controls.
- Using third party specialists to address shortfalls in staffing and to assist us with accounting and finance responsibilities.
- Expanding the accounting staff during fiscal 2022.

There were no other changes in our internal controls over financial reporting that occurred during the period covered by this report, which have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III**ITEM 10. -DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****Directors and Executive Officers**

Our executive officers and directors are as follows:

Name	Age	Position
Andre Auberton-Herve	60	Chairman of the Board
Remi Gaston -Dreyfus	66	Director
P. Gerald Malone	71	Director
Joseph Martin	74	Director
Charles Matine	63	Director
Audrey Thevenon	44	Director
Michal Prywata (1)	30	Director
Rich Russo Jr.	41	Interim Chief Executive Officer; Chief Financial Officer
Loren Wass	58	Chief Commercial Officer

(1) Mr. Prywata resigned as an executive officer as of April 13, 2021. Mr. Prywata remains a director on our board.

Andre Auberton-Herve: Chairman of the Board. Mr. Auberton-Herve has been the Chairman of the Company's Board of Directors since January 24, 2018. Mr. Auberton-Herve brings substantial leadership experience within strategic, operational, and financial activities from past roles. Mr. Auberton-Herve is the founder of 4A Consulting & Engineering, which provides strategic advice and consulting services with respect to renewable energy and digital innovation and has served as its President and CEO since its founding in July 2015. 4A Consulting provided consulting services to the Company from February 2017 until Mr. Auberton-Herve's appointment as Chairman. Mr. Auberton-Herve co-founded Soitec SA, a publicly traded company on the Euronext Paris stock exchange which designs and manufactures innovative semiconductor materials which are used in many smartphone platforms and computing activities, where he was President and CEO from July 1992 until January 2015, then Chairman and Chairman Emeritus since September 2015. While at Soitec SA, Mr. Auberton-Herve was responsible for overseeing the strategic, operational and financial activities of the company. He built an international high-tech group in ten countries and five manufacturing facilities in Europe, Asia and the U.S. Mr. Auberton-Herve also led the company through its listing on Euronext in 1999, raising significant amounts of capital since then with some of the world's largest investment banks. He has been nominated Knight of the Legion of Honor and Knight of the Order of Merit in France. Mr. Auberton-Herve holds a Doctorate degree in Semiconductor Physics and a Master's degree in Materials Science from Ecole Centrale de Lyon in France. The Company believes that Mr. Auberton-Herve is qualified as a board member of the Company because of his substantial strategic, operational and leadership experience.

Remi Gaston-Dreyfus: Director. Mr. Gaston-Dreyfus has been a director of the Company since September 1, 2017. Since 2007, Mr. Gaston-Dreyfus has been the CEO and Founder of GDG Investissements S.A.S. in Paris, a developer of and investor in real estate assets in Paris. Prior to 2007, Mr. Gaston-Dreyfus was a shareholder, Chairman and CEO of the Photo-Journalism group A.G.I. (including Gamma Press Agency). Mr. Gaston-Dreyfus was a co-founder of a Parisian law firm in 1984 and was a French lawyer until 1992. We believe that Mr. Gaston-Dreyfus is qualified to serve as a member of the Board of Directors due to his experience as an entrepreneur and his legal training.

Gerald Malone: Director. Mr. Malone has been a director of the Company since March 19, 2018. Since 1997, Mr. Malone has held a number of directorships and chairmanships in private and AIM listed companies in the healthcare, IT and energy sectors in the UK and the USA. He has extensive experience within the financial services sector, serving since 2001 as a board member and ultimately Chairman of Aberdeen Asia-Pacific Income Fund (FAX), a U.S. closed-end mutual fund. He also serves as a director of a number of other U.S. and Canadian closed- and open-end mutual funds, and of the Washington, D.C.-based Mutual Fund Directors Forum, a body representing independent fund directors. A Scottish lawyer by profession, Mr. Malone was previously a Member of Parliament in the U.K. from 1983 to 1997 and served as Minister of State for Health in John Major's government from 1994 to 1997. Mr. Malone is qualified as a board member of the Company because of his substantial commercial, strategic, government and leadership experience.

[Table of Contents](#)

Joseph Martin: Director. Joseph Martin has served as a member of our board of directors since 2018 and is the chair of the Audit Committee. Mr. Martin is also the board Chairman of Azenta Life Sciences, and a board member and audit chair of Allegro Microsystems. Mr. Martin has previously served on the publicly traded company boards of Brooks Automation where he was the board Chairman, Collectors Universe where he was the chair of the Nominating and Governance Committee, Co-Chairman of Fairchild Semiconductor International, Inc. and the Vice Chairman of its board of directors, Soitec Semiconductor where he was chair of the Audit Committee, and ChipPac Ltd. where he was chair of the Audit Committee. Mr. Martin also serves on the board of trustees of Embry-Riddle Aeronautical University. Mr. Martin received a B.S. in Aeronautics in 1974 and was awarded an honorary Ph.D. in 2018, both from Embry-Riddle Aeronautical University. Mr. Martin received an M.B.A. from the University of Maine in 1976. Mr. Martin holds an Executive Masters Professional Certification from the American College of Corporate Directors, a director education and credentialing organization and he is also a member of the National Association of Corporate Directors. We believe Mr. Martin's extensive public company board experience and his business experience make him well qualified to serve as a member of our board of directors.

Charles Matine: Director. Mr. Matine serves as an Advisory Board Member of Enlaps, a start-up company providing a time-lapse solution to photographers, since February 2018. Since July 2015, Mr. Matine has served as a strategic advisor to C4 Ventures, a London-based venture fund supporting media, e-commerce and hardware startups. In April 2014, Mr. Matine founded B & Associates, a marketing and digital transformation consultancy firm, and has served as its CEO since April 2014. Prior to that, Mr. Matine served as a Business Unit Director of Apple France from July 2010 to April 2014, where he led the Education and Research business unit, and as a Senior Marketing Manager of Apple Europe from April 2006 to June 2010, where he was responsible for promoting Apple products and defining marketing, PR and branding strategies within central Europe, the Middle East and Africa. Prior to Apple, Mr. Matine worked extensively in marketing and advertising, promoting technology products and brands throughout Europe. Mr. Matine studied at Sciences Po (the Paris Institute for Political Studies, Section Public Service) and holds the IFA-Sciences Po non-executive director certificate. We believe that Mr. Matine is qualified as to serve as a member of the Board of Directors because of his experience with product marketing and go-to-market strategies.

Audrey Thevenon, Ph.D.: Director. Dr. Thévenon serves as a Senior Program Officer on the Board of Life Sciences at the National Academies of Sciences, Engineering and Medicine ("NASEM"), a private, nonprofit institution that provides high-quality, objective advice on science, engineering, and health matters. Since she joined NASEM in 2014, Dr. Thévenon supports collaborative regional and international activities at the intersection of infectious disease research and policy decision intended explicitly at promoting transdisciplinary research in global health. From February 2012 to July 2014, Dr. Thévenon was a Postdoctoral Fellow at the Uniformed Services University of the Health Sciences in Bethesda, MD. Dr. Thévenon has also completed a Postdoctoral Fellowship at the University of Hawaii in placental pharmacology. Dr. Thévenon has a Ph.D. and an MS both in Biology from Georgetown University, as well as an MS in Cell Biology & Physiology and a BS in Life Sciences and Environment from the University of Rennes 1 in France. We believe that Dr. Thévenon is qualified as to serve as a member of the Board of Directors because of her experience in medicine and scientific innovation and policy.

Michal Prywata: Director. Mr. Prywata is the co-founder of Bionik Canada and served as Bionik's Chief Technology Officer from June 2017 to April 2021, Chief Operating Officer from April 2013 to June 2017, as a director from March 2011 to September 2018, and again since March 2019. Mr. Prywata previously served as our Chief Executive Officer from March 2011 to April 2013. Mr. Prywata studied biomedical engineering at Ryerson University until the end of his second year, with a focus on electronics and software development for medical products. He has a track record of winning technology showcases and inventing technologies that address significant unmet needs and untapped markets. He had spent the past five years with Bionik Canada, managing technological advancements, managing day-to-day operations, and developing concepts into products. In addition, Mr. Prywata, together with the Company's other co-founder and its former CEO, was responsible for raising and securing initial seed capital and subsequent capital raises. Mr. Prywata is the co-inventor of the Company's ARKE technology platform. Mr. Prywata serves as a member of the Board of Directors due to his being a founder of the Company. We also believe that Mr. Prywata is qualified due to his experience in the medical device industry.

Rich Russo Jr: Interim Chief Executive Officer; Chief Financial Officer. Mr. Russo Jr. has served as the Company’s Chief Financial Officer since November 2020 and the Interim Chief Executive Officer since July 2021. He has over 20 years of finance and accounting leadership experience and holds a CPA. From 2017-2020, Mr. Russo, Jr. served as Vice President of Finance and U.S. Chief Financial Officer of ICarbonX, where he was responsible for the merger of 3 companies, fundraising, and the ultimate dissolution of the U.S. companies. From 2007-2016, Mr. Russo, Jr. held various key leadership roles for NASDAQ listed companies in life sciences, pharmaceutical and medical device industries. Mr. Russo Jr. served as Corporate Controller for Pieris Pharmaceuticals, Inc., a clinical stage biotechnology company, Juniper Pharmaceuticals, a woman’s health company focused on developing therapeutics and Cynosure, a medical device company focused on aesthetic treatment systems. In each of these roles, Mr. Russo, Jr. was responsible for all finance activities and SEC reporting along including partnering closely with the business leaders to ensure effective and efficient financial procedures throughout the organization. Mr. Russo, Jr. started his career in 2005, where he served as an auditor at Pricewaterhouse Coopers in the assurance group.

Loren Wass: Chief Commercial Officer. Mr. Wass has served as our Chief Commercial Officer since September 2019. From January 2014 through August 2019, Mr. Wass was the Vice President of Sales, Business Development and Reimbursement at ReWalk Robotics Ltd. (Nasdaq: RWLK), a medical device company focusing on rehabilitation, and was also a member of its Executive Committee. While at ReWalk, Mr. Wass was responsible for U.S. sales and business development, reimbursement activities and payer policy strategies and submissions. Mr. Wass holds a B.S. from Springfield College.

There are no family relationships among any of our current or proposed officers and directors.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers has been convicted in a criminal proceeding, excluding traffic violations or similar misdemeanors, or has been a party to any judicial or administrative proceeding during the past ten years that resulted in a judgment, decree, or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws, except for matters that were dismissed without sanction or settlement. Each of our executive officers and directors has informed us that he or she, as the case may be, has not been involved in any of the events specified in clauses (1) through (8) of Regulation S-K, Item 401(f). Except as set forth in our discussion below in “Certain Relationships and Related Transactions, and Director Independence – Transactions with Related Persons,” none of our directors, director nominees, or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates, or associates that are required to be disclosed pursuant to the rules and regulations of the Commission.

Term of Office

Directors are appointed to hold office until the next annual general meeting of stockholders or until removed from office in accordance with our bylaws. Our officers are appointed by our Board and hold office until removed by our Board.

All officers and directors listed above will remain in office until the next annual meeting of our stockholders, and until their successors have been duly elected and qualified. Our bylaws provide that officers are appointed annually by our Board and each executive officer serves at the discretion of our Board.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires the Company’s officers and directors, and persons who beneficially own more than ten (10%) percent of a class of equity securities registered pursuant to Section 12 of the Exchange Act, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the principal exchange upon which such securities are traded or quoted. Reporting Persons are also required to furnish copies of such reports filed pursuant to Section 16(a) of the Exchange Act with the Company.

[Table of Contents](#)

Based on our review of the copies of such forms received by us, and to the best of our knowledge, all executive officers, directors and greater than 10% stockholders filed the required reports in a timely manner in the fiscal year ended March 31, 2022, except for (a) Mr. Auberton-Herve, who failed to file a Form 4 showing four transactions and (b) Mr. Gaston-Dreyfus, who failed to timely file a Form 4 showing four transactions and a Form 4 showing one transaction.

Code of Business Conduct and Ethics Policy

We adopted a Code of Business Conduct and Ethics that applies to, among other persons, our principal executive officers, principal financial officer, principal accounting officer or controller, and persons performing similar functions. Our Code of Business Conduct and Ethics is available on our website www.bioniklabs.com.

Corporate Governance

The business and affairs of the Company are managed under the direction of our Board of Directors which as of June 6, 2022 is comprised of Messrs. Auberton-Herve, Dusseux, Gaston-Dreyfus, Martin, Malone, Matine, Prywata, and Dr. Thevenon.

There have been no changes in any state law or other procedures by which security holders may recommend nominees to our board of directors.

Committees of the Board of Directors

Presently, the Board has two standing committees — the Audit Committee and the Compensation Committee. All members of the Audit Committee and the Compensation Committee are required by the charters of the respective committees to be independent.

Audit Committee

Our Audit Committee consists of Messrs. Martin (Chairman), Malone and Matine. Each member of the Audit Committee is independent, and the Board has determined that Messrs. Martin, Malone and Matine are all independent and Mr. Martin is an “audit committee financial expert,” as defined in SEC rules. The Audit Committee acts pursuant to a written charter which is available through our website at www.bioniklabs.com.

The primary functions of the Audit Committee are to assist the Board in overseeing (i) the effectiveness of the Company’s accounting and financial reporting processes and internal controls and the audits of the Company’s financial statements, (ii) the qualifications, independence, appointment, retention, compensation and performance of the Company’s registered public accounting firm and (iii) the performance of the Company’s internal audit department or department or person(s) having the equivalent responsibility and functions.

Compensation Committee

Our Compensation Committee consists of Mr. Malone (Chairman), Mr. Martin, and Dr. Thevenon. Each of the members of the Compensation Committee is independent. The Compensation Committee acts pursuant to a written charter which is available through our website at www.bioniklabs.com.

The primary functions of the Compensation Committee are to (i) review and approve corporate goals and objectives relevant to executive compensation, (ii) determine and review the CEO’s and other executive officers’ compensation, and (iii) make recommendations to the Board concerning (a) compensation and (b) adoption of equity incentive plans.

Director Independence

We use the definition of “independence” of The NASDAQ Stock Market to make this determination. NASDAQ Listing Rule 5605(a)(2) provides that an “independent director” is a person other than an officer or employee of the company or any other individual having a relationship, which, in the opinion of the Company’s Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be considered independent if:

- The director is, or at any time during the past three years was, an employee of the company;

[Table of Contents](#)

- The director or a family member of the director accepted any compensation from the company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- The director or a family member of the director is, or at any time during the past three years was, an executive officer of the company;
- The director or a family member of the director is a partner in, controlling stockholder of, or an executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenue for that year or \$200,000, whichever is greater (subject to certain exclusions);
- The director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the company served on the compensation committee of such other entity; or
- The director or a family member of the director is a current partner of the company’s outside auditor, or at any time during the past three years was a partner or employee of the company’s outside auditor, and who worked on the company’s audit.

Under such definitions, Messrs. Martin, Malone, Matine, Gaston-Dreyfus and Dr. Thevenon are considered independent directors.

ITEM 11 - EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following table sets forth information regarding each element of compensation that was paid or awarded to our named executive officers for the periods indicated.

Name and Principal Position	Year (1)	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
		(2)	(2)	(2)	(3)	(3)	(3)	(3)
Eric Dusseux (4)	2022	94,813	—	—	—	—	—	94,813
Chief Executive Officer	2021	379,203 (8)	147,016 (8)	—	—	—	7,640	533,859
Rich Russo Jr. (5)	2022	270,779	25,174	—	164,203	—	2,650	426,806
Interim Chief Executive Officer & Chief Financial Officer	2021	89,353	—	—	80,747	—	—	170,100
Loren Wass	2022	237,904	75,000	—	112,890	—	2,500	428,294
Chief Commercial Officer	2021	246,875 (9)	11,667 (9)	—	—	—	1,000	259,542
Michal Prywata (6)	2022	130,643	—	—	—	—	128,750 (10)	259,393
Former Chief Technology Officer	2021	159,448	—	—	—	—	10,525	169,973

(1) “2022” represents the fiscal year ended March 31, 2022 and “2021” represents the fiscal year ended March 31, 2021.

(2) Reflects bonus amounts paid in the fiscal years ended March 31, 2022 and March 31, 2021 for bonuses earned in the fiscal years ended March 31, 2021 and March 31, 2020, respectively.

(3) For assumptions made in such valuation, see Note 10 to the Company’s audited consolidated financial statements included in this Annual Report on Form 10-K, commencing on page F-19

(4) Dr. Dusseux resigned effective July 14, 2021 from his role as Chief Executive Officer and Board member.

(5) On November 30, 2020, Rich Russo Jr. was hired as our Chief Financial Officer with a base salary of \$265,000. Effective July 14, 2021, Rich Russo Jr. assumed the role of Interim Chief Executive Officer; Chief Financial Officer.

[Table of Contents](#)

(6) Mr. Prywata resigned as an executive officer as of April 13, 2021.

(8) Includes \$130,221 which represents deferred salary amounts and \$147,016 of deferred bonuses. The obligations of which have been forgiven and satisfied and personally assumed by Remi Gaston-Dreyfus, a director.

(9) Includes \$50,000 which represents deferred salary amounts and \$11,667 of deferred bonuses. The obligations of which have been forgiven and satisfied and personally assumed by Remi Gaston-Dreyfus, a director.

(10) The Company paid Mr. Prywata \$128,750 for consulting services subsequent to his termination of employment with the Company.

Outstanding Equity Awards at Fiscal Year-End

The following table presents the outstanding equity awards held by each of the named executive officers as of the end of the fiscal year ended March 31, 2022.

Name	Option Grant Date	Option Awards		Option Exercise Price	Option Expiration Date
		Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Un-Exercisable		
Eric Dusseux	September 1, 2017	27,145 (1)	—	\$ 24.15	September 1, 2027
	May 31, 2019	110,855 (1)	—	\$ 3.16	May 31, 2026
	July 26, 2019	19,293 (1)	—	\$ 3.595	July 26, 2026
	July 26, 2019	57,880 (1)	—	\$ 3.595	July 26, 2026
Michal Prywata	December 14, 2015	2,667 (2)	—	\$ 150.00	December 14, 2022
	January 24, 2018	3,333 (2)	—	\$ 23.25	January 24, 2025
Rich Russo Jr.	November 30, 2020	76,902	—	\$ 1.21	November 30, 2027
	October 14, 2021	14,667 (3)	65,333 (3)	\$ 2.10	October 14, 2028
Loren Wass	September 3, 2019	3,333 (4)	1,667 (4)	\$ 3.20	September 3, 2026
	October 14, 2021	13,750 (5)	41,250 (5)	\$ 2.10	October 14, 2028

1. The Company entered into a Separation Agreement, dated as of July 14, 2021, with Dr. Eric Dusseux. The Company's May 31, 2019 option grant to Dr. Dusseux is exercisable through, and the termination date is extended through, July 26, 2026. In addition, all other options granted to Dr. Dusseux shall continue in accordance with their terms, except that all unvested options as of the separation date have lapsed and shall not be exercisable.
2. Upon Mr. Prywata's resignation in April 2021, these options previously granted remain exercisable as Mr. Prywata still serves on our Board of Directors.
3. On October 14, 2021, Mr. Russo was granted 80,000 shares which vests over time and based on performance, between October 14, 2021 and October 14, 2023.
4. The remaining shares vest as follows: 1,667 on September 3, 2022.
5. The remaining shares vest as follows: 13,750 on October 14, 2022, 13,750 on October 14, 2023, and 13,750 on October 14, 2023.

On February 25, 2015, 1,752 common shares were issued to two former lenders connected with a \$0.2 million loan received and repaid in fiscal 2013. As part of the consideration for the initial loan, Mr. Prywata and Mr. Caires, a former executive of the Company, collectively transferred 2,098 common shares to the lenders. For contributing the common shares to the lenders, the Company intends to reimburse them 2,134 common shares; however, these shares have not yet been issued.

Long-Term Incentive Plans and Awards

Since our incorporation on January 8, 2010 through March 31, 2022 we did not have any long-term incentive plans that provided compensation intended to serve as incentive for performance. No individual grants or agreements regarding future payouts under non-stock price-based plans have been made to any executive officer or any director or any employee or consultant since our inception through March 31, 2022.

Director Compensation

The following table sets forth a summary of the compensation we paid or accrued to our non-employee directors during the fiscal year ended March 31, 2022.

Name	Fees Earned or Paid in Cash(1)	Stock Awards(1)	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Andre Auberton-Herve	\$ 180,000	—	—	—	—	—	180,000
Remi Gaston Dreyfus	\$ 50,000	—	—	—	—	—	50,000
P. Gerald Malone	\$ 50,000	—	—	—	—	—	50,000
Joseph Martin	\$ 50,000	—	—	—	—	—	50,000
Charles Matine	\$ 50,000	—	—	—	—	—	50,000
Audrey Thevenon	\$ 50,000	—	—	—	—	—	50,000

(1) The director fees payable in cash were recorded as an accrued liability by the Company as of March 31, 2022.

Other than Mr. Auberton-Herve's annual fee as Chairman of \$180,000, our non-employee directors are entitled to receive an annual cash payment of up to \$50,000, as well as reimbursement for expenses incurred by them in connection with attending board meetings. Our directors also are eligible for stock option grants.

Employment Agreements

Eric Dusseux

The Company entered into a Separation Agreement, dated as of July 14, 2021, with Dr. Eric Dusseux, the Company's Chief Executive Officer, pursuant to which, among other things, the Company and Dr. Dusseux agreed to end their employer-employee relationship.

Pursuant to the terms of the Separation Agreement, Dr. Dusseux resigned from all employment and officer positions with the Company and its subsidiaries, including as a director of the Company.

The Company's May 31, 2019 option grant to Dr. Dusseux is exercisable through, and the termination date is extended through, July 26, 2026. In addition, all other options granted to Dr. Dusseux shall continue in accordance with their terms, except that all unvested options as of the separation date have lapsed and shall not be exercisable.

The Separation Agreement provides for customary mutual general releases and confidentiality and non-disparagement provisions. In addition, the restrictive covenants in Dr. Dusseux's employment agreement dated September 1, 2017, as amended, shall continue in accordance with their respective terms. Except as specifically set forth in and pursuant to the Separation Agreement, the Company has no obligation to pay any other salary, wages, bonuses, commissions, incentive compensation, vacation or severance to Dr. Dusseux.

The Company shall retain certain indemnity obligations in favor of Dr. Dusseux, as specified in the Separation Agreement.

Rich Russo Jr.

The Company entered into an employment agreement with Mr. Russo Jr. dated November 30, 2020, and as amended on October 15, 2021, and it provides him with a base compensation of \$265,000 and an annual bonus of up to 40% of the base salary, payable based on performance in the previous fiscal year. The bonus is determined based on the achievement of the Employee's objectives that are agreed to with the board of directors for each fiscal year. Mr. Russo Jr.'s employment agreement also allowed for an option to purchase an aggregate of 76,902 shares of the Company's common stock pursuant to the Company's 2014 Equity Incentive Plan.

In the event of termination of employment caused by his death, his resignation without good reason, by the Company with or without cause, by Mr. Russo Jr.'s resignation with good reason, or by the Company without cause or by his resignation with good reason within six months after a change in control, Mr. Russo Jr. will be entitled to the following:

Severance Payment:	Six months of final base salary following execution by him of a release of the Company (only in the case of (i) his termination without cause, (ii) his resignation for good reason, or (iii) his termination without cause or his resignation for good reason within six months after a change in control).
Benefits:	In the case of a termination by the Company without cause, Mr. Russo Jr.'s resignation for good reason, or a termination by the Company without cause or Mr. Russo Jr.'s resignation with good reason within six months after a change in control, Mr. Russo Jr. will be entitled to receive an amount equivalent to six months of the Company's portion of medical and dental benefits if these benefits were elected.
Salary:	Base salary through the date of termination.
Accrued Bonus:	Payable only in the case of a termination by the Company without cause or Mr. Russo Jr.'s resignation with good reason within six months after a change in control.
Vacation Pay:	Accrued but unused vacation pay.

Loren W. Wass

The Company entered into an employment agreement with Mr. Wass on September 3, 2019 (the "Wass Employment Agreement"), pursuant to which he serves as the Company's Chief Commercial Officer. Pursuant to the terms of the Wass Employment Agreement, Mr. Wass shall receive an annual base salary of \$250,000 per annum. The annual base salary shall be reviewed on an annual basis. Mr. Wass may be entitled to receive an annual bonus of up to 40% of annualized actual base salary, based on performance in the previous fiscal year. He is also entitled to participate in the Company's equity incentive plan, and was granted options to purchase an aggregate of 5,000 shares of the Company's common stock, at an exercise price per share of \$3.20, which is equal to the fair market value of the Company's common stock on September 3, 2019, the date of grant, and which shall vest equally over a 3 year period commencing one year from the date of grant and in the two subsequent years on the anniversary of the grant date. In April 2020, Mr. Wass agreed to a salary deferral of 30% as a result of our response to the COVID-19 pandemic.

Michal Prywata

Mr. Prywata resigned from his position of Chief Technology Officer of the Company on April 13, 2021. Mr. Prywata remains as a board member of the Company.

Leslie Markow

Pursuant to the Separation Agreement and Release, dated November 23, 2020, entered into by and between the Company and Ms. Markow in connection with Ms. Markow's resignation from the Company, Ms. Markow received a separation payment in the amount of \$157,500 as salary continuance, which was equal to nine months of her then current base salary. Ms. Markow also received \$23,625, representing her pro-rata bonus based on the average of the past 3 years of actual achievement, which was equal to nine months of the pro-rata portion.

Ms. Markow also received her deferred salary amount of \$42,000 on January 29, 2021 and her fiscal year ending March 31, 2020 annual bonus that had been previously deferred of \$37,800 on January 29, 2021.

Limits on Liability and Indemnification

We provide directors and officers insurance for our current directors and officers.

[Table of Contents](#)

Our certificate of incorporation eliminates the personal liability of our directors to the fullest extent permitted by law. The certificate of incorporation further provides that the Company will indemnify its officers and directors to the fullest extent permitted by law. We believe that this indemnification covers at least negligence on the part of the indemnified parties. Insofar as indemnification for liabilities under the Securities Act may be permitted to our directors, officers, and controlling persons under the foregoing provisions or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the beneficial ownership of our Common Stock as of June 6, 2022 held by (i) each person known to us to be the beneficial owner of more than five percent (5%) of our Common Stock; (ii) each director; (iii) each executive officer; and (iv) all directors and executive officers as a group, as adjusted to reflect the one-for-one hundred fifty reverse stock split.

The number of shares beneficially owned by each person, director, director nominee, or named executive officer is determined under rules of the Securities and Exchange Commission (the “SEC”); this information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares for which the individual has sole or shared voting power or investment power and also any shares with respect to which the person has the right to acquire sole or shared voting or investment power on or before August 5, 2022 (60 days after June 6, 2022) through the conversion of shares of convertible preferred stock or the exercise of any stock option, warrant or other right. Unless we indicate otherwise, each person has sole investment and/or voting power with respect to the shares set forth in the following tables.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned (1)	% of Shares of Common Stock Beneficially Owned
Remi Gaston-Dreyfus (2)(3)	1,697,239	23.21 %
Andre Auberton-Herve (4)	481,196	6.58 %
Olivier Dassault	693,963	9.49 %
Celeste Management SA	943,272	12.90 %
SFP Capital	610,022	8.34 %
Eric Michel Dusseux (5)	215,173	2.94 %
Rich Russo Jr. (5)	91,569	1.25 %
Michal Prywata (6)	55,976	*
P. Gerald Malone (5)	50,723	*
Audrey Thevenon (5)	50,723	*
Charles Matine (5)	50,723	*
Joseph Martin (5)	50,723	*
Loren Wass (5)	17,083	*
All directors and executive officers as a group (10 persons)	2,743,652	37.52 %

* Less than 1%

(1) Based on 7,313,240 shares outstanding at June 6, 2022. In calculating the percentage of ownership, all shares of Common Stock of which the identified person or group has the right to acquire beneficial ownership on or before August 5, 2022, are deemed to be outstanding for the purpose of computing the percentage of the shares of Common Stock owned by that person or group. These shares are not, however, deemed to be outstanding for the purpose of computing the percentage of the shares of Common Stock owned by any other person or group.

(2) Such shares include Exchangeable Shares for tax purposes. The Exchangeable Shares have the following attributes, among others:

- Be, as nearly as practicable, the economic equivalent of the Common Stock as of the consummation of the Company’s going public transaction;
- Have dividend entitlements and other attributes corresponding to the Common Stock;

[Table of Contents](#)

- Be exchangeable, at each holder's option, for Common Stock; and
- Upon the direction of our Board of Directors, be exchanged for Common Stock on the 10-year anniversary of the first closing of the Company's 2015 offering, subject to applicable law, unless exchanged earlier upon the occurrence of certain events.

The holders of the Exchangeable Shares, through The Special Voting Preferred Stock, will have voting rights and other attributes corresponding to the Common Stock.

- (3) Includes (i) options to acquire 1,667 shares of Common Stock which have vested or which will vest within 60 days of June 6, 2022, (ii) an aggregate of 17,476 Exchangeable Shares held through Lombard International Assurance SA, (iii) warrants to purchase an aggregate of 39,056 shares of Common Stock held through Lombard International Assurance SA and GD Holdings, (iv) 81,775 shares of our Common Stock owned by Lombard International Assurance SA, and (v) 1,535,065 shares of our Common Stock owned by GD Holdings. Mr. Gaston-Dreyfus may be deemed to share voting and investment power over the shares beneficially owned by Lombard International Assurance SA and RGD Investissements.
- (4) Includes (i) warrants to purchase 10,671 shares of Common Stock held through Star SCI, (ii) an aggregate of 38,313 options to acquire Common Stock held through 4A Consulting and Engineering, (iii) 63,881 options to acquire Common Stock which have vested or which will vest within 60 days of June 6, 2022, (iv) 273,160 shares of our Common Stock owned by Star SCI, and (v) 10,693 shares of our Common Stock owned by 4A Consulting and Engineering. Mr. Auberton-Herve may be deemed to share voting and investment power over the shares beneficially owned by Star SCI and 4A Consulting and Engineering.
- (5) Represents options to acquire shares of our Common Stock which have vested or which will vest within 60 days of June 6, 2022.
- (6) Includes 6,000 options to acquire shares of our Common Stock which have vested or which will vest within 60 days of June 6, 2022.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Procedures and Policies

We consider "related party transactions" to be transactions between our Company and (i) a director, officer, director nominee or beneficial owner of greater than five percent of our stock; (ii) the spouse, parents, children, siblings or in-laws of any person named in (i); or (iii) an entity in which one of our directors or officers is also a director or officer or has a material financial interest.

Our Board of Directors is vested with the responsibility of evaluating and approving any potential related party transaction, unless a special committee consisting solely of independent directors is appointed by the Board of Directors. We do not have any formal policies or procedures for related party transactions.

Transactions with Related Parties

Since April 1, 2020 through March 31, 2022, entities controlled by Mr. Gaston-Dreyfus have made the following loans to the Company:

On February 24, 2021, the Company borrowed \$300,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

On March 18, 2021, the Company borrowed \$275,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

On March 26, 2021, we entered into a Stock Purchase Agreement with RGD Investissements S.A.S., an affiliate of Mr. Gaston-Dreyfus. Pursuant to the purchase agreement, RGD purchased 135,560 shares of our common stock, for consideration consisting of the forgiveness and satisfaction of an aggregate of \$0.3 million of deferred salary and bonus liabilities of our subsidiaries originally owed to Dr. Eric Dusseux, the Company's CEO, and Mr. Loren Wass, the Company's CCO. The rights to the payments by us with

[Table of Contents](#)

respect to such liabilities were assigned by Dr. Dusseux and Mr. Wass to RGD on March 26, 2021. Upon the issuance of the shares to RGD, all of the liabilities were forgiven and satisfied and no longer a liability on our balance sheet.

On April 24, 2021, the Company borrowed \$300,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

On June 18, 2021, the Company borrowed \$200,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

On July 15, 2021, in conjunction with the 2021 convertible promissory note offering, we consolidated the above mentioned loan agreements from an affiliate of Mr. Gaston-Dreyfus totaling \$1.1 million in principle and accrued interest. Accordingly, an aggregate of \$0.7 million in outstanding principal and accrued unpaid interest under the above-mentioned loan agreements was used to purchase a like amount of 2021 Notes in the 2021 Offering and the remaining \$0.4 million of the outstanding principal and accrued and unpaid interest under the above mentioned loan agreements was applied towards the purchase price to exercise outstanding options whereby RGD Investissements S.A.S., an affiliate of Mr. Gaston-Dreyfus received 120,759 shares of our common stock.

On March 31, 2022 pursuant to the terms of our 2021 convertible promissory notes, we converted \$8.9 million in principal and interest into 946,194 shares of our common stock. RGD Investissements S.A.S., an affiliate of Mr. Gaston-Dreyfus received 77,887 shares of our common stock.

In connection with a CDN\$250,000 loan obtained by Bionik Canada (which loan has been repaid), Bionik agreed to transfer pre-transaction 83,574 common shares to the lenders. In addition, Messrs. Caires and Prywata also transferred 100,000 pre- transaction common shares to the loan holder and this will be reimbursed by the issuance of 2,134 exchangeable shares (exchangeable to common shares) to Messrs. Caires and Prywata. These shares have not yet been issued.

Other than the above transactions, there have been no related party transactions, or any other transactions or relationships required to be disclosed pursuant to Item 404 Regulation S-K. The Company is currently not a subsidiary of any company.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The Board of Directors has reviewed and discussed the audited consolidated financial statements of Bionik Laboratories Corp. for the fiscal year ended March 31, 2022, with management and have reviewed related written disclosures of MNP LLP, our independent accountants of the matters required to be discussed by SAS 114 (Codification of Statements on Auditing Standards, AU Section 380), as amended, with respect to those statements. We have reviewed the written disclosures and the letter from MNP LLP required by regulatory and professional standards and have discussed with MNP LLP its independence in connection with its audit of our most recent financial statements. Based on this review and these discussions, the Board of Directors recommends that the financial statements be included in this Form 10-K for the year ended March 31, 2022.

We have also reviewed the various fees that we paid or accrued to MNP LLP during the year ended March 31, 2022 and 2021 for services they rendered in connection with our annual audits and quarterly reviews, as well as for any other non-audit services they rendered.

The following table shows the fees for professional services rendered by MNP LLP for the audit of our financial statements for the years ended March 31, 2022 and 2021 and fees billed for other services rendered by MNP LLP during those periods:

Fee Category	2022	2021
Audit Fees	\$ 80,413	\$ 126,291
Audited related fees	83,384	98,930
Tax Fees	35,915	19,301
All Other Fees	15,826	17,094
Total Fees	\$ 215,538	\$ 261,616

[Table of Contents](#)

Audit fees consist of fees billed for professional services rendered for the audit of our financial statements that are normally provided by the above auditors in connection with statutory and regulatory filings or engagements. Audit-related fees consist of fees billed for professional services rendered for the review of SEC filings or review in quarterly reports and services that are normally provided by the above auditors in connection with statutory and regulatory filings. Tax fees consist of fees to prepare the Company's federal and state income tax returns. Other fees relate to advisory services related research on accounting or other regulatory matters.

Pre-Approval Policies and Procedures

Our board of directors is in the process of adopting a policy on pre-approval of audit and permissible non-audit services.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

Our financial statements as set forth in the Index to Consolidated Financial Statements attached hereto commencing on page F-1 are hereby incorporated by reference.

(b) 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.

Exhibit Number	Description of Exhibits
3.1	Amended and Restated Certificate of Incorporation dated February 10, 2015 (Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 4, 2015)
3.2	Amended and Restated By-Laws (Incorporated by reference to the Company's Current Report on Form 8-K filed on March 4, 2015)
3.3	Certificate of Amendment of the Certificate of Incorporation, dated November 8, 2017 (Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 8, 2017).
3.4	Certificate of Amendment of the Certificate of Incorporation, dated June 11, 2018 (Incorporated by reference to the Company's Current Report on Form 8-K filed on June 13, 2018).
3.5	Certificate of Amendment of the Certificate of Incorporation, dated October 26, 2018 (Incorporated by reference to the Company's Current Report on Form 8-K filed on October 29, 2018).
3.6	Certificate of Amendment to Amended and Restated Certificate Of Incorporation, as amended, dated October 6, 2020 (Incorporated by reference to the Company's Current Report on Form 8-K, filed on October 8, 2020)
4.1	Certificate of Designation of Preferences, Rights and Limitations of Special Voting Preferred Stock of Bionik Laboratories Corp. (Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 4, 2015)
4.2	Schedule A to Articles of Amendment of Bionik Laboratories Inc., relating to the Exchangeable Shares of Bionik Laboratories Inc. (Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 4, 2015)
4.3	Form of Warrant (Incorporated by reference to the Company's Annual Report on Form 10-K for the Fiscal Year ended March 31, 2017, filed with the Commission on June 29, 2017)
4.4	Form of Common Stock Purchase Warrant (Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 20, 2017)
4.5	Allonge to Common Stock Purchase Warrants (Incorporated by reference to the Company's Current Report on Form 8-K, filed on April 3, 2018)
4.6	Description of the Company's Securities (Incorporated by reference to the Company's Annual Report on Form 10-K for the Fiscal Year ended March 31, 2020, filed with the Commission on June 29, 2020)
10.1	Investment Agreement, dated February 26, 2015, among Bionik Laboratories Inc., Bionik Acquisition Inc. and Bionik Laboratories Corp. (Incorporated by reference to the Company's 8-K filing on March 4, 2015)
10.2	Voting and Exchange Trust Agreement, made as of February 26, 2015, among Bionik Laboratories Corp., Bionik Laboratories, Inc. and Computershare Trust Company of Canada dated February 26, 2015 (Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 4, 2015)
10.3	Support Agreement, made as of February 26, 2015, among Bionik Laboratories Inc., Bionik Acquisition Inc. and Bionik Laboratories Corp. (Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 4, 2015)

Table of Contents

- 10.4 [Registration Rights Agreement, made as of February 26, 2015, by and between Bionik Laboratories Inc. and each of the several shareholders signatory thereto \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 4, 2015\)](#)
- 10.5 [Novation Agreement, dated as of February 26, 2015, between Bionik Laboratories Corp. and Bionik Laboratories Inc. \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 4, 2015\)](#)
- 10.6* [Michal Prywata Employment Agreement \(incorporated by reference to the Company's 8-K filing on March 4, 2015\)](#)
- 10.7 [Bionik Laboratories Corp. f/k/a Drywave Technologies, Inc. 2014 Equity Incentive Plan \(Incorporated by reference to the Company's Definitive Information Statement on Schedule 14C, filed on October 6, 2014\)](#)
- 10.8 [License Agreement with The Massachusetts Institute of Technology, as amended \(Incorporated by reference to the Company's Registration Statement on Form S-1 \(Registration No.: 333-207581\)](#)
- 10.9 [Exclusive Patent Application and Patent License Agreement between Interactive Motion Technologies, Inc., and Hermano Igo Krebs and Caitlyn Joyce Bosecker \(Incorporated by reference to the Company's Registration Statement on Form S-1 \(Registration No.: 333-207581\)](#)
- 10.10 [Registration Rights Agreement dated April 21, 2016 \(Incorporated by reference to the Company's Current Report on Form 8-K filed on April 26, 2016\)](#)
- 10.11 [Equity Compensation Agreement between the Company and 4A Consulting and Engineering \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 11, 2017\)](#)
- 10.12* [Eric Dusseux Employment Agreement \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 11, 2017\)](#)
- 10.13* [Amendment No. 1 to Eric Dusseux Employment Agreement \(Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2020, filed on June 29, 2020\)](#)
- 10.14* [Equity Compensation Agreement between the Company and Eric Dusseux \(Incorporated by reference to the Company's Current Report on Form 8-K filed on September 11, 2017\)](#)
- 10.15* [Form of Stock Option Agreement \(Incorporated by reference to the Company's Annual Report on Form 10-K, filed on June 27, 2018\)](#)
- 10.16 [Sale of Goods Agreement, dated as of December 13, 2018, by and between Bionik Inc. and CHC Management Services, LLC \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 17, 2018\)](#)
- 10.17* [Employment Agreement of Loren Wass, dated as of September 3, 2019 \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 4, 2019\)](#)
- 10.18 [Form of Equity Compensation Agreement – Non-Management Director \(Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 14, 2019\)](#)
- 10.19* [Equity Compensation Agreement, dated October 15, 2019, with Eric Dusseux \(Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 14, 2019\)](#)
- 10.20** [Distribution Agreement \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on January 28, 2020\)](#)
- 10.21 [Promissory Note dated March 23, 2020 \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 27, 2020\)](#)
- 10.22 [Allonge to Convertible Promissory Note dated March 27, 2020 \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 27, 2020\)](#)
- 10.24 [Form of Promissory Note \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 9, 2020\)](#)
- 10.25 [Allonge to Convertible Promissory Note dated June 3, 2020 \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 9, 2020\)](#)
- 10.26 [Employment Agreement with Rich Russo Jr. \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 30, 2020\)](#)
- 10.28 [Allonge to Promissory Note, dated December 17, 2020 \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 18, 2020\)](#)
- 10.29 [Term Loan and Security Agreement dated February 12, 2021 \(Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 25, 2021\)](#)

[Table of Contents](#)

10.32	Separation Agreement with Dr. Eric Dusseux, dated as of July 14, 2021 (Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on August 12, 2021)
10.33	Form of Convertible Promissory Note (Incorporated by reference to the Company's Current Report on Form 8-K, filed on July 21, 2021)
10.34*	First Amendment to Employment Agreement with Rich Russo Jr. (Incorporated by reference to the Company's Current Report on Form 8-K, filed on October 15, 2021)
14.1	Code of Business Conduct and Ethics (Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed on April 15, 2014)
21.1	List of Subsidiaries (Incorporated by reference to the Company's Registration Statement on Form S-1/A-3 (Registration Number 333-207581), filed with the Commission on May 13, 2016)
31.1	Certificate of Interim Chief Executive Officer and Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Interim Chief Executive Officer and Chief Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement.

** Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K promulgated under the Securities Act of 1933, as amended.

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.

Bionik Laboratories Corp.

By: /s/ Rich Russo Jr.
Rich Russo Jr.
Interim Chief Executive Officer and Chief Financial Officer

Dated: June 9, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Rich Russo Jr.</u> Rich Russo Jr.	Interim Chief Executive Officer and Financial Officer (principal executive, financial and accounting officer)	June 9, 2022
<u>/s/ Andre Auberton</u> Andre Auberton	Chairman of the Board	June 9, 2022
<u>/s/ Michal Prywata</u> Michal Prywata	Director	June 9, 2022
<u>/s/ Remi Gaston Dreyfus</u> Remi Gaston Dreyfus	Director	June 9, 2022
<u>/s/ P. Gerald Malone</u> P. Gerald Malone	Director	June 9, 2022
<u>/s/ Joseph Martin</u> Joseph Martin	Director	June 9, 2022
<u>/s/ Charles Matine</u> Charles Matine	Director	June 9, 2022
<u>/s/ Audrey Thevenon</u> Audrey Thevenon	Director	June 9, 2022

**BIONIK LABORATORIES CORP.
CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2022 and 2021
(Amounts expressed in US Dollars) Index**

	<u>Page</u>
Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm (PCAOB ID 1930)	F-2
Consolidated Balance Sheets as at March 31, 2022 and March 31, 2021	F-5
Consolidated Statements of Operations for the years ended March 31, 2022 and March 31, 2021	F-6
Consolidated Statements of Comprehensive Loss for the years ended March 31, 2022 and March 31, 2021	F-7
Consolidated Statements of Changes in Shareholders' Equity for the years ended March 31, 2022 and March 31, 2021	F-8
Consolidated Statements of Cash Flows for the years ended March 31, 2022 and March 31, 2021	F-9
Notes to Consolidated Financial Statements	F-10



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Bionik Laboratories Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Bionik Laboratories Corp. (the “Company”), as of March 31, 2022 and 2021, and the related consolidated statements of operations, consolidated statements of comprehensive loss, changes in stockholders’ equity and cash flows for each of the years in the two-year period ended March 31, 2022, and the related notes and schedules (collectively referred to as the “consolidated financial statements”).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022 and 2021, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended March 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has experienced losses and has a working capital deficiency and an accumulated deficit. These conditions, along with other matters as set forth in Note 2, raise substantial doubt about Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter is also described in the “Critical Audit Matters” section of our report.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Going Concern

Critical Audit Matter Description

As described in Note 2, the Company's operations are mainly funded with debt financing, which is dependent upon many external factors and may be difficult to raise when required. The Company may not have sufficient cash to fund its operations, and therefore, will require additional funding, which if not raised, may result in the delay, postponement or curtailment of some or all of its activities. Management has prepared future cash flow forecasts, which involves judgement and estimation of key variables, such as planned capital expenditures, revenue, production volumes and market conditions. Future economic conditions, including the impact of the global COVID-19 pandemic and effects of key events subsequent to the year end, such as debt financing, also impacted management's judgements and estimates.

We identified the Company's ability to continue as a going concern as a critical audit matter because auditing the Company's going concern assessment is complex and involves a high degree of auditor judgment to assess the reasonableness of the cash flow forecasts, planned refinancing actions and other assumptions used in the Company's going concern analysis. The Company's ability to execute the planned refinancing actions are especially judgmental given that the global financial markets and economic conditions have been, and continue to be, volatile as a result of the COVID-19 pandemic.

This matter is also described in the "Material Uncertainty Related to Going Concern" section of our report.

Audit Response

We responded to this matter by performing procedures over management's assessment of the Company's ability to continue as a going concern. Our audit work in relation to this included, but was not restricted to, the following:

- We evaluated the cash flow forecasts prepared by management and evaluated the integrity and arithmetical accuracy of the model.
- We evaluated the key assumptions used in the model to estimate future cash flows for a reasonable period of time, not exceeding 12 months from the date of the balance sheet, by comparing assumptions used by management against historical performance, budgets, economic and industry indicators and publicly available information.
- We evaluated the key assumptions pertaining to estimated cash flows from operating activities and expected cash flows from financing activities, comparing these to available market data, underlying agreements and subsequent events thereafter.
- We compared the assumptions related to revenue projections to those used in impairment assessments of non-financial assets.
- We assessed the adequacy of the going concern and COVID-19 disclosures included in Note 2 of the consolidated financial statements and consider these to appropriately reflect the assessments that management has performed.



Goodwill and Intangible Assets Impairment

Critical Audit Matter Description

As described in Note 3 to the consolidated financial statements, the Company performed impairment tests of its goodwill and intangible assets. As a result of the impairment tests, the Company recognized a \$5M impairment loss related to goodwill and certain intangible assets, which is the amount by which the carrying value exceeded the estimated fair value of the reporting unit these assets were allocated to.

We identified the estimation of goodwill and intangible assets impairment as a critical audit matter. Evaluating the Company's assessment of the fair value of goodwill and intangible assets required complex auditor judgement. Specifically, the key assumptions in the assessment are future operating results, including forecasted sales, gross profit margins, operating expenses, growth rates, and discount rates used to measure the reporting unit's fair values.

Audit Response

We responded to this matter by performing procedures over the impairment of goodwill and intangible assets. Our audit work in relation to this included, but was not restricted to, the following:

- We unitized our internal valuation team to evaluate the integrity of the impairment model used for mechanical and arithmetical accuracy and test the fair values using management's cash flow estimates and discount rates and comparing the results to the fair value amounts used by the Company.
- With respect to projected cash flows from operations, we compared management's assumptions with historical results.
- We assessed the discount rates applied, including comparison of underlying components in management's calculations to external benchmarks and publicly available data for comparable entities, as applicable.
- We assessed the appropriateness and completeness of related disclosures in the consolidated financial statements.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company auditors since 2015.

Toronto, Canada

June 9, 2022

MNP

[Table of Contents](#)

Bionik Laboratories Corp.
Consolidated Balance Sheets
(Amounts expressed in US Dollars)

	<u>March 31,</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,991,377	\$ 608,348
Accounts receivable	274,844	451,905
Prepaid expenses and other current assets	1,127,362	1,680,557
Inventories	1,191,020	692,163
Total Current assets	4,584,603	3,432,973
Equipment	91,234	93,577
Intangible assets, net	—	976,551
Goodwill	—	4,282,984
Total assets	\$ 4,675,837	\$ 8,786,085
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 305,095	\$ 454,809
Accrued liabilities	873,030	760,026
Convertible notes	—	2,152,334
PPP loan	—	459,912
Deferred revenue, current portion	313,854	268,083
Total current liabilities	1,491,979	4,095,164
Deferred revenue, net of current portion	256,646	303,917
Demand loans, net of current portion	—	1,105,974
Total liabilities	1,748,625	5,505,055
Commitments and contingencies (Note 13)		
Stockholders' Equity		
Preferred stock, \$0.001 par value; Authorized 5,000,000, Issued none		
Special voting preferred stock, \$0.001 par value; Authorize; Issued - 1	—	—
Common stock, par value \$0.001; Authorized - 13,000,000; Issued 6,767,114 and 112,440 Exchangeable Shares (March 31, 2021 – 5,589,375 and 112,440 Exchangeable Shares)	6,879	5,702
Additional paid-in capital	98,294,558	88,227,506
Accumulated deficit	(95,402,321)	(84,994,327)
Accumulated other comprehensive income	28,096	42,149
Total stockholders' equity	2,927,212	3,281,030
Total Liabilities and Stockholders' Equity	\$ 4,675,837	\$ 8,786,085

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

[Table of Contents](#)

Bionik Laboratories Corp.
Consolidated Statements of Operations for the years ended March 31, 2022 and 2021
(Amounts expressed in U.S. Dollars)

	Year Ended March 31,	
	2022	2021
Revenues, net	\$ 1,273,712	\$ 1,193,430
Cost of revenues	320,454	269,632
Gross profit	953,258	923,798
Operating expenses		
Sales and marketing	1,920,749	1,025,404
Research and development	998,516	1,544,918
General and administrative	2,806,584	4,508,748
Impairment of goodwill & intangible assets	5,200,608	7,182,053
Total operating expenses	10,926,457	14,261,123
Loss from operations	(9,973,199)	(13,337,325)
Interest expense, net	825,209	405,279
Other (income) expense, net	(390,414)	(122,147)
Total other expense (income)	434,795	283,132
Net loss and comprehensive loss	\$ (10,407,994)	\$ (13,620,457)
Loss per share - basic and diluted	\$ (1.78)	\$ (2.66)
Weighted average number of shares outstanding – basic and diluted	5,844,006	5,128,421

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

Bionik Laboratories Corp.

Consolidated Statements of Comprehensive Loss for the years ended March 31, 2022 and 2021

(Amounts expressed in U.S. Dollars)

	<u>Year Ended March 31.</u>	
	<u>2022</u>	<u>2021</u>
Net loss	<u>\$ (10,407,994)</u>	<u>\$ (13,620,457)</u>
Other comprehensive loss components:		
Cumulative translation adjustment	(14,053)	—
Total other comprehensive loss	<u>(14,053)</u>	<u>—</u>
Comprehensive loss	<u>\$ (10,422,047)</u>	<u>\$ (13,620,457)</u>

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

Bionik Laboratories Corp.

Consolidated Statements of Changes in Stockholders' Equity for the years ended March 31, 2022 and March 31, 2021

(Amounts expressed in U.S. Dollars)

	Special Voting		Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholder's Equity
	Shares	Total \$	Amount	Shares \$				
Balance, March 31, 2020	1	—	5,126,834	5,126	84,643,570	(71,373,870)	42,149	13,316,975
Share compensation expense	—	—	—	—	819,213	—	—	819,213
Conversion of promissory notes	—	—	181,463	182	1,723,713	—	—	1,723,895
Shares issued in lieu of liabilities	—	—	397,685	398	1,041,006	—	—	1,041,404
Cancellation of notes by shareholders	—	—	(4,167)	(4)	4	—	—	—
Net loss	—	—	—	—	—	(13,620,457)	—	(13,620,457)
Balance, March 31, 2021	1	—	5,701,815	5,702	88,227,506	(84,994,327)	42,149	3,281,030
Share compensation expense (Note 11)	—	—	—	—	384,365	—	—	384,365
Conversion of 2020 notes	—	—	1,408	1	(924)	—	—	(923)
Conversion of 2021 notes	—	—	946,194	946	8,987,888	—	—	8,988,834
Shares issued in lieu of services	—	—	50,000	50	53,750	—	—	53,800
Options exercised in conjunction with 2021 notes	—	—	180,137	180	641,973	—	—	642,153
Foreign Currency translation	—	—	—	—	—	—	(14,053)	(14,053)
Net loss	—	—	—	—	—	(10,407,994)	—	(10,407,994)
Balance March 31, 2022	1	—	6,879,554	6,879	98,294,558	(95,402,321)	28,096	2,927,212

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

[Table of Contents](#)

Bionik Laboratories Corp.
Consolidated Statements of Cash Flows
For the years ended March 31, 2022 and 2021
(Amounts expressed in U.S. Dollars)

	Year Ended March 31,	
	2022	2021
Operating activities:		
Net loss	\$ (10,407,994)	\$ (13,620,457)
Reconciliation of net loss to net cash from operating activities:		
Depreciation and amortization	102,623	189,730
Interest expense	822,568	406,384
Issuance of common shares in lieu of services	53,800	—
Extinguishment of debt	(459,912)	—
Impairment of goodwill & intangible assets	5,200,608	7,182,053
Write-off of demonstration equipment	16,248	—
Share-based compensation expense	384,365	819,213
Changes in non-cash working capital items		
Accounts receivable	177,062	395,059
Prepaid expenses and other current assets	553,266	(48,002)
Due from related parties	—	17,840
Inventories	(543,957)	332,456
Accounts payable	(148,960)	(407,875)
Accrued liabilities	104,495	153,776
Deferred revenue	(1,499)	(44,063)
Net cash used in operating activities	(4,147,287)	(4,623,886)
Investing activities		
Purchases of equipment	(12,500)	—
Net cash used in investing activities	(12,500)	—
Financing activities		
Proceeds from convertible loans	5,550,000	1,502,575
Proceeds from PPP loan	—	459,912
Proceeds from demand loans	—	1,000,000
Net cash provided by financing activities	5,550,000	2,962,487
Foreign exchange impact	(7,184)	—
Net increase (decrease) in cash and cash equivalents	1,383,029	(1,661,399)
Cash and cash equivalents, beginning of the period	608,348	2,269,747
Cash and cash equivalents, end of the period	\$ 1,991,377	\$ 608,348
Supplemental noncash investing & financing activities:		
Conversion of certain liabilities into equity	\$ —	\$ 1,041,404
Conversion of term loans into options exercises	\$ 642,153	—
Transfer of demonstration equipment from inventory to fixed assets	\$ 42,768	\$ 34,843
Conversion of promissory notes into common stock	\$ 8,988,011	\$ 1,723,894

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

BIONIK LABORATORIES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended March 31, 2022 and 2021
(Amounts expressed in U.S. Dollars)

1. Nature of the Business

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 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 patient 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 two InMotion products currently on the market, which are focused on upper and lower extremity rehabilitation for stroke and other mobility-impaired individuals.

The Company is a global pioneering robotics company focused on providing rehabilitation solutions to individuals with neurological disorders, specializing in designing, developing and commercializing cost-effective physical rehabilitation technologies, prosthetics, and assisted robotic products. The Company strives to innovate and build devices that can rehabilitate and improve an individual's health, comfort, accessibility, and quality of life through the use of advanced algorithms and sensing technologies that anticipate a user's every move.

The Company's principal executive offices are located at 80 Coolidge Hill Road, Watertown, MA 02472 and its Canada address is 483 Bay Street, N105, Toronto, Ontario, Canada M5G 2C9.

2. Summary of Significant Account Policies and Basis of Presentation

Significant accounting policies followed in the preparation of these consolidated financial statements are as follows:

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 March 31, 2022 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.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Bionik Inc., Bionik Laboratories Inc., and Bionik Acquisition Corp. All significant intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

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

Going Concern

At March 31, 2022, cash and cash equivalents were \$2.0 million. At March 31, 2022, the Company had a working capital surplus of \$3.1 million and at March 31, 2021, the Company had a working capital deficit of \$0.7 million. At March 31, 2022 and 2021, the Company has accumulated deficits of \$95.4 million and \$85.0 million. The Company has incurred a net loss and comprehensive loss for the year ended March 31, 2022 and 2021 of \$10.4 million and \$13.6 million, respectively.

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 this 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 is continuing its efforts 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 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.

Risks and Uncertainties

The Company has considered the impact of the novel coronavirus (COVID-19) on its consolidated financial statements. Management believes that the major negative impact of COVID-19 pandemic is behind the Company, however, management cannot say for certain that it will not have any future adverse effects. These impacts could include but may not be limited to risks and uncertainty related to ability of its sales and marketing personnel and distributors to access our customer base and reduced demand. Consequently, these may negatively impact the Company's results of operations, cash flows and its overall financial condition. In addition, the impact of COVID-19 may subject the Company to future risk of long-lived assets impairments and increased reserves for uncollectible accounts.

Fair Value of Financial Instruments

ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Included in the ASC Topic 820 framework is a three level valuation inputs hierarchy with Level 1 being inputs and transactions that can be effectively fully observed by market participants spanning to Level 3 where estimates are unobservable by market participants outside of the Company and must be estimated using assumptions developed by the Company. The Company discloses the lowest level input significant to each category of asset or liability valued within the scope of ASC Topic 820 and the valuation method as exchange, income or use. The Company uses inputs, which are as observable as possible, and the methods most applicable to the specific situation of each company or valued item.

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, other receivables, accounts payable, accrued liabilities, PPP loans, demand loans, and convertible loans approximate fair value because of the short period of time between the origination of such instruments, their expected realization and their current market rates of interest. Per ASC Topic 820 framework these are considered Level 2 inputs where inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

[Table of Contents](#)

The Company's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in the circumstances that caused the transfer. There were no such transfers during the year.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original terms to maturity of 90 days or less at the date of purchase. For all periods presented cash and cash equivalents consisted entirely of cash on deposit with Canadian and US banks.

Allowance for doubtful accounts

The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by supplying products to customers with pre-approved capital expenditure budgets or rental credit, and by actively pursuing past due accounts. An allowance for doubtful accounts is estimated and recorded based on management's assessment of the credit history with the customer and the current relationships with them. As of each of the balance sheet dates presented, no allowance for doubtful accounts was required.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is recorded at actual cost, on the first-in first-out basis. The Company has finished goods inventory recoded based on actual cost from outsourced manufacturing partner and raw materials at cost.

Property and Equipment

For the fiscal year ended March 31, 2021, management followed the below policy:

Equipment was recorded at cost. Depreciation was computed using the declining balance method, over the estimated useful lives of these assets. The costs of improvements that extend the life of equipment were capitalized. All ordinary repair and maintenance costs were expensed as incurred. Equipment was depreciated as follows:

Computer and Electronics	50% per annum
Furniture and Fixtures	20% per annum
Demonstration Equipment	50% per annum
Manufacturing Equipment	20% per annum
Tools and Parts	20% per annum
Right of Use Assets	Life of Lease (60 months)

As of April 1, 2021, management has prospectively adopted the below property and equipment policy. Adoption of this policy did not have a material impact on the results of operations.

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 declining balance 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.

[Table of Contents](#)

The useful lives for property and equipment is as follows:

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

Included in property and equipment are certain of the Company's product 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.

Segment Reporting

ASC 280-10, "Disclosures about Segments of an Enterprise and Related Information", establishes standards for the way that public business enterprises report information about operating segments in the Company's consolidated financial statements. Operating segment are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Approximately 100% of the Company's assets are US-based and all sales for the years ended March 31, 2022 and 2021 were made by the Company's US subsidiary, Bionik, Inc. In addition, all the Company's technology and other assets and goodwill are connected to the acquisition by the Company in April 2016 of Bionik, Inc.

Bionik views its operations and manages its business as one segment, rehabilitation products and services.

Intangible Assets

Bionik capitalizes and includes in intangible assets the costs of patents, customer relationships and trademarks acquired in a business combination or asset acquisition. Intangible assets are recorded at fair value and stated net of accumulated amortization and impairments. Bionik amortizes its intangible assets that have finite lives using the straight-line method, based on the useful life of the asset over which it is expected to be consumed utilizing expected undiscounted future cash flows. Amortization is recorded over the estimated useful lives ranging from one to 10 years. Bionik evaluates the realizability of its definite lived intangible assets whenever events or changes in circumstances or business conditions indicate that the carrying value of these assets may not be recoverable based on expectations of future undiscounted cash flows for each asset group. If the carrying value of an asset or asset group exceeds its undiscounted cash flows, Bionik estimates the fair value of the assets, generally utilizing a discounted cash flow analysis based on the present value of estimated future cash flows to be generated by the assets using a risk-adjusted discount rate. To estimate the fair value of the assets, Bionik uses an income approach pursuant to ASC 820, *Fair Value Measurements*. If the estimate of an intangible asset's remaining useful life is changed, Bionik will amortize the remaining carrying value of the intangible asset prospectively over the revised useful life.

Goodwill

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

[Table of Contents](#)

We have adopted ASU 2011-08 *Intangibles—Goodwill and Other*, an amendment to ASC 350, which updates how an entity evaluates its goodwill for impairment. The guidance provides entities an option to perform a “qualitative” assessment to determine whether further impairment testing is necessary. Under ASC Update No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* if further testing is necessary entities perform their goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying value exceeds the reporting unit’s fair value.

The income approach is based on the present value of future cash flows, which are derived from long term financial forecasts, and requires significant assumptions and judgement including among others, a discount rate and a terminal value. Fair values were based on expected future cash flows using Level 3 inputs under ASC 820. The cash flows are those expected to be generated by the market participants, discounted at the weighted average cost of capital.

The adjusted book value method, a form of the asset approach, was used to estimate the fair value by subtracting the market value of the non-debt liabilities from the market value of the assets. Since the value indication we derived from the income approach was below the value indicated from the asset approach, the Company relied on the asset approach to determine the fair value for the goodwill and intangible asset impairment test.

Revenue Recognition and Deferred Revenue

Bionik generates revenues primarily from the sales of its rehabilitation robots as well as its InMotion Connect hardware, which Bionik refers to collectively as its product sales. Bionik also generates revenues from sales of services and extended warranties as well as software subscription sales. Bionik does not offer a right of cancellation, termination, refund or return.

The Company determines revenue through the following steps: a) identification of the contract with the customer; b) identification of the performance obligations in the contract; c) determination of the transaction price; d) allocation of the transaction price for the performance obligations in the contract; and e) recognition of revenue when or as the Company satisfies a performance obligation. Revenue is recognized when control of a product is transferred to a customer. Revenue is measured based on the consideration specified in the contract with the customer, net of returns and discounts. Contract liabilities are recorded when cash payments are received or due in advance of the Company’s performance. The Company defers revenue from extended warranty sales and recognizes them over the period of extended warranty and from training services when the training is provided.

Product revenue is generally evidenced by either a contract with a customer or a valid purchase order which includes all relevant terms of sale and shipment of product or service provided has been incurred. Product revenue is recognized when the customer obtains control of Bionik’s product, which occurs at a point in time, and may be upon shipment or upon delivery based on the contractual shipping terms of a contract.

Service revenue is generally recognized over time as the services are rendered to the customer based on the extent of progress towards completion of the performance obligation. The Company recognizes service revenues over the term of the service contract. Services are expected to be transferred to the customer throughout the term of the contract and we believe recognizing revenue ratably over the term of the contract best depicts the transfer of value to the customer.

Revenue generated from the Company’s extended warranty sales are deferred and recognized ratably as revenue over the extended warranty period.

In the year ended March 31, 2021, Bionik started selling its Pulse subscriptions with the purchase of our InMotion Connect devices. Customers are billed in advance of the start of their annual subscription and revenues are recognized ratably over each annual subscription period.

Warranty Reserve

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 reserves are included in accrued liabilities on the consolidated balance sheets and amounted to \$9,000, at March 31, 2022 and \$46,000 at March 31, 2021.

Research and Development

Research and development costs consist of salaries and other personnel-related expenses, for employees primarily engaged in research, development and engineering activities and materials used and other overhead expenses incurred in connection with the design and development of Bionik's products and from time to time expenses associated with collaborative research agreements that the Company may enter into. These costs are expensed as incurred.

Foreign Currency Translation

The functional and presentation currency of the Company and its wholly owned subsidiaries is the U.S. dollar. Transactions denominated in a currency other than the functional currency are recorded on the initial recognition at the exchange rate at the date of the transaction. After initial recognition monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences are recognized in profit and loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate at the date of the transaction.

As of April 1, 2021, management has updated and adopted the below foreign currency translation policy:

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.

Share-based compensation

Bionik follows the fair value recognition provisions of ASC 718, *Stock Compensation Topic*. This guidance requires share-based payments to employees, including grants of employee stock options and restricted stock units ("RSUs"), to be recognized in the statements of operations based on their fair values at the date of grant. The fair value of performance-based stock options is determined based on the fair market value of Bionik's common stock on the grant dates. Bionik expenses the fair value of share-based payments over the service period. ASC 718 requires companies to utilize an estimated forfeiture rate when calculating the expense for the period. Accordingly, Bionik reviews its actual forfeiture rates and periodically aligns its stock compensation expense with the share-based payments that are vesting. Bionik recorded stock-based compensation expense of \$0.4 million and \$0.8 million for the years ended March 31, 2022 and 2021, respectively.

As of March 31, 2022, the total unrecognized compensation cost related to outstanding stock options expected to vest was \$0.4 million, which the Company expects to recognize over a weighted-average period of 2.2 years.

Bionik granted 233,500 stock options during the year ended March 31, 2022. Bionik granted 76,902 stock options during the year ended March 31, 2021. Bionik uses the Black-Scholes option pricing model to determine the fair value of options. The fair value of the options granted during the years ended March 31, 2022 and 2021 was \$2.05 and \$1.05, respectively. During the year ended March 31, 2022, 40,000 performance-based stock options were granted with a grant date fair value of \$2.05. There were no performance-based options granted during the year ended March 31, 2021. All grants awarded during the periods presented used the following assumptions:

	Year Ended March 31,	
	2022	2021
Risk free interest rate	1.34 %	0.62 %
Expected term	7 years	7 years
Dividend yield	—	—
Expected volatility	171 %	114 %
Forfeiture rate	0 %	0 %

[Table of Contents](#)

Option-pricing models require the input of various subjective assumptions, including the option's expected life and the price volatility of the underlying stock. Bionik's estimated expected stock price volatility is based on past grants that have been made. Bionik's expected term of options granted during the year ended March 31, 2022 and 2021 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.

Bionik granted performance-based stock options in October 2021 to its Interim Chief Executive Officer; Chief Financial Officer that vest annually over a three-year period based on the achievement of performance goals (determined by the compensation committee of the board of directors in its sole discretion) and continued performance of services. The performance-based stock options vest annually on March 31st if various performance metrics are met. The final vesting tranche will vest on March 31st, 2024. Bionik recognizes compensation expense for performance goals when the probability of achieving such goals is considered probable and is recognizing related compensation expense over the period from the date of grant through the expected vest dates. The Interim Chief Executive Officer; Chief Financial Officer is eligible to receive between zero and 100% of the target number of shares of Bionik's common stock at the end of the one, two and three-year periods, provided that the performance goals have been achieved and the recipient has continued performing services for Bionik. Fair value of the performance-based stock options is determined based on the fair market value of Bionik's common stock at grant date. Bionik reevaluates at each reporting period whether the performance goals are probable of achievement and, if at any point in time, Bionik believes that achieving a performance goal is not probable, it will stop recognizing the related compensation expense and will adjust the previously recognized compensation expense prospectively.

Income Taxes

Income taxes are computed in accordance with the provisions of ASC Topic 740, which requires, among other things, a liability approach to calculating deferred income taxes. The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in its consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The Company is required to make certain estimates and judgments about the application of tax law, the expected resolution of uncertain tax positions and other matters. In the event that uncertain tax positions are resolved for amounts different than the Company's estimates, or the related statutes of limitations expire without the assessment of additional income taxes, the Company will be required to adjust the amounts of related assets and liabilities in the period in which such events occur. Such adjustment may have a material impact on the Company's income tax provision and results of operations.

Net Loss Per Share

Basic and diluted loss per share has been determined by dividing the net loss available to shareholders for the applicable period by the basic and diluted weighted average number of shares outstanding, respectively. The diluted weighted average number of shares outstanding is calculated as if all dilutive options had been exercised or vested at the later of the beginning of the reporting period or date of grant, using the treasury stock method.

Loss per common share is computed by dividing the net loss by the weighted average number of shares of common shares outstanding during the period. Common share equivalents, options and warrants were excluded from the computation of diluted loss per share because their effect was anti-dilutive.

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 Generally Accepted Accounting Principles (“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 a Securities and Exchange Commission (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 adopted ASU 2019-12 during the year ended March 31, 2022 and this new guidance did not have a material impact on the consolidated balance sheet and consolidated statement of operations and comprehensive loss.

3. 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.

Due to the continued impact of the COVID-19 pandemic, the Company experienced a slowdown in business during the third quarter of the year ended March 31, 2022, and management determined there are events and changes in circumstances that indicate the goodwill and other intangible assets are impaired. Accordingly, during the third quarter of the year ended March 31, 2022, the Company evaluated the ongoing value of the goodwill and other intangible assets. Based on this evaluation, the Company determined that certain intangible assets were no longer recoverable and were in fact impaired and recorded an impairment charge of \$0.9 million in the year ended March 31, 2022. Further, the Company determined that the goodwill with the carrying value of \$4.3 million was fully impaired and recorded an impairment charge of \$4.3 million.

The income approach is based on the present value of future cash flows, which are derived from long term financial forecasts, and requires significant assumptions and judgement including among others, a discount rate and a terminal value. Fair values were based on expected future cash flows using Level 3 inputs under ASC 820. The cash flows are those expected to be generated by the market participants, discounted at the weighted average cost of capital. The present value of future cash flows was determined by discounting estimated future cash flows, which included long-term growth rate of 3%, at a weighted average cost of capital (discount rate) of 25%, which considered the risk of achieving the projected cash flows, including the risk applicable to the reporting unit, industry and market as a whole.

The present value of future cash flows was determined by discounting estimated future cash flows, which included long-term growth rate of 3%, at a weighted average cost of capital (discount rate) of 25%, which considered the risk of achieving the projected cash flows, including the risk applicable to the reporting unit, industry, and market as a whole.

[Table of Contents](#)

Changes to goodwill during the year months ended March 31, 2022 were as follows:

	Total
Balance—March 31, 2020	\$ 11,085,984
Impairment of goodwill in period	(6,803,000)
Balance—March 31, 2021	4,282,984
Impairment of goodwill in period	(4,282,984)
Balance—March 31, 2022	\$ —

Intangible assets consist of the following at March 31, 2022 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	(634,012)	(2,505,907)	(857,298)	—	—	(3,997,217)
Accumulated amortization	(672,019)	—	(574,382)	(61,366)	(275,720)	(1,583,487)
Balance—March 31, 2022	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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	\$ 376,551	\$ 600,000	\$ —	\$ —	\$ —	\$ 976,551

Amortization expense for the year ended March 31, 2022 and 2021 was \$0.1 million for both periods. Amortization expense is classified as a component of general and administrative expenses in the accompanying condensed consolidated statements of operations. For the years ended March 31, 2022 and 2021, the Company impaired its intangible assets by \$0.9 million and \$0.4 million, respectively, to bring the value of the intangible assets down to its assumed fair value.

4. Balance Sheet Accounts

Prepaid Expenses

	March 31, 2022	March 31, 2021
Prepaid inventory	\$ 956,743	\$ 1,466,466
Prepaid insurance	77,553	52,573
Other prepaid expenses	93,066	161,518
	<u>\$ 1,127,362</u>	<u>\$ 1,680,557</u>

[Table of Contents](#)Equipment

Equipment consisted of the following at March 31, 2022 and March 31, 2021:

	March 31, 2022			March 31, 2021		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Computers and electronics	\$ 315,837	\$ 305,420	\$ 10,417	\$ 303,337	\$ 303,337	\$ —
Furniture and fixtures	36,795	36,795	—	36,795	36,795	—
Demonstration equipment	168,691	87,874	80,817	170,386	76,809	93,577
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>\$ 689,940</u>	<u>\$ 598,706</u>	<u>\$ 91,234</u>	<u>\$ 679,135</u>	<u>\$ 585,558</u>	<u>\$ 93,577</u>

Depreciation expense for the year ended March 31, 2022 and 2021 was \$40,000 and \$58,000 respectively.

Accrued Liabilities

Accrued liabilities consist of the following at March 31, 2022 and March 31, 2021:

	March 31, 2022	March 31, 2021
Accrued personnel costs	\$ 115,992	\$ 371,886
Accrued director fees	480,672	50,672
Accrued commissions	22,924	51,080
Accrued professional fees	81,100	127,211
Accrued warranty costs	8,885	45,936
Accrued other	163,457	113,241
	<u>\$ 873,030</u>	<u>\$ 760,026</u>

Accrued warranty costs are included in accrued liabilities on the consolidated balance sheets and amounted to \$9,000 at March 31, 2022 and \$46,000 at March 31, 2021. The significant decrease in the accrued warranty costs relates to a reduction in the number of units sold due to the COVID-19 pandemic.

5. 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 and raw materials recorded at cost.

	March 31, 2022	March 31, 2021
Finished Goods	\$ 1,083,718	\$ 692,163
Raw Materials	107,302	—
	<u>\$ 1,191,020</u>	<u>\$ 692,163</u>

6. Notes Payable & PPP Loan*Convertible Loans Payable*

In a convertible note offering during the year ended March 31, 2021, the Company received \$1.5 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 conjunction with the terms of the 2020 Convertible Note Offering.

[Table of Contents](#)

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 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 shares of conversion shares actually issued on or as of the Maturity Date. 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 these 2020 Convertible Notes for the year ended March 31, 2021, was \$0.2 million.

March 31, 2020	\$ 70,000
Convertible loans issued	1,502,575
Interest	151,320
Convertible loans and interest converted into 181,463 shares	(1,723,895)
March 31, 2021	\$ —

During the year ended March 31, 2022, 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 below, a portion of the outstanding principal and unpaid interest were used as consideration to acquire 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 certain 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. On March 31, 2022 the 2021 notes were converted into 946,194 shares of common stock of the Company.

Interest expense associated with the 2021 Notes for the year ended March 31, 2022, was \$0.7 million.

March 31, 2021	\$ 3,258,308
Proceeds from term loan	550,000
Convertible loans issued	5,000,000
Conversion of term loans into option exercises	(642,042)
Interest	822,568
Convertible loans and interest converted in 946,194 shares	(8,988,834)
March 31, 2022	\$ —

Shareholder Loans

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 June 30, 2021 for the previous quarter. Half of the interest accrued during the first three payment dates (3-month, 6-month and 9-month anniversaries of the issue date), was rolled into Term Loan and Security Agreement as mentioned above. The remaining half of the interest accrued will be paid upon the maturity date. As noted above, this debt was consolidated into the Company’s 2021 notes and this loan converted into shares of the common stock of the Company on March 31, 2022.

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. As of March 31, 2021, the Company has taken out \$1.0 million against this term loan. As noted above, on July 15, 2021 this indebtedness was consolidated into the Company’s 2021 Notes. An aggregate of \$3.3 million in outstanding principal and accrued unpaid interest 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 was applied towards the purchase price to exercise options held by the debtholders.

Interest expense associated with these loans for the year ended March 31, 2022 and March 31, 2021 was \$0.1 million and \$0.3 million respectively. Interest payable associated with these loans at March 31, 2021 was \$0.3 million.

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 had applied for forgiveness and as such forgiveness was granted in May 2021. The forgiveness of the PPP loan is recorded in the statement of operations as other income for the year ended March 31, 2022.

7. Related Party Transactions

Since April 1, 2020 through March 31, 2022, entities controlled by Mr. Gaston-Dreyfus have made the following loans to the Company:

On February 24, 2021, the Company borrowed \$300,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

On March 18, 2021, the Company borrowed \$275,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

On March 26, 2021, we entered into a Stock Purchase Agreement with RGD Investissements S.A.S., an affiliate of Mr. Gaston-Dreyfus. Pursuant to the purchase agreement, RGD purchased 135,560 shares of our common stock, for consideration consisting of the forgiveness and satisfaction of an aggregate of \$0.3 million of deferred salary and bonus liabilities of our subsidiaries originally owed to Dr. Eric Dusseux, the Company’s CEO, and Mr. Loren Wass, the Company’s CCO. The rights to the payments by us with respect to such liabilities were assigned by Dr. Dusseux and Mr. Wass to RGD on March 26, 2021. Upon the issuance of the shares to RGD, all of the liabilities were forgiven and satisfied and no longer a liability on our balance sheet.

On April 24, 2021, the Company borrowed \$300,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

On June 18, 2021, the Company borrowed \$200,000 from an affiliate of Mr. Gaston-Dreyfus evidenced by an up to \$3 million loan agreement, and such note and interest will need to be paid back by February 12, 2023 or the date of receipt by the Company of a minimum of \$3 million in equity.

[Table of Contents](#)

On July 15, 2021, in conjunction with the 2021 convertible promissory note offering, we consolidated the above mentioned loan agreements from an affiliate of Mr. Gaston-Dreyfus totaling \$1.1 million in principle and accrued interest. Accordingly, an aggregate of \$0.7 million in outstanding principal and accrued unpaid interest under the above-mentioned loan agreements was used to purchase a like amount of 2021 Notes in the 2021 Offering and the remaining \$0.4 million of the outstanding principal and accrued and unpaid interest under the above mentioned loan agreements was applied towards the purchase price to exercise outstanding options whereby RGD Investissements S.A.S., an affiliate of Mr. Gaston-Dreyfus received 120,759 shares of our common stock.

On March 31, 2022 pursuant to the terms of our 2021 convertible promissory notes, we converted \$8.9 million in principal and interest into 946,194 shares of our common stock. RGD Investissements S.A.S., an affiliate of Mr. Gaston-Dreyfus received 77,887 shares of our common stock.

In connection with a CDN\$250,000 loan obtained by Bionik Canada (which loan has been repaid), Bionik agreed to transfer pre-transaction 83,574 common shares to the lenders. In addition, Messrs. Caires and Prywata also transferred 100,000 pre- transaction common shares to the loan holder and this will be reimbursed by the issuance of 2,134 exchangeable shares (exchangeable to common shares) to Messrs. Caires and Prywata. These shares have not yet been issued.

8. Stockholders' Equity

Common Stock Authorized

	March 31, 2022		March 31, 2021	
	Number of shares	\$	Number of shares	\$
Exchangeable Shares				
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
Common Shares				
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 (a)	947,602	947	181,463	182
Shares issued in lieu of liabilities (b)	—	—	397,685	398
Shares issued in lieu of services (c)	50,000	50	—	—
Cancellation of shares by shareholders	—	—	(4,167)	(4)
Options exercised in conjunction with 2021 notes (d)	180,137	180	—	—
Balance at end of the period	6,767,114	6,766	5,589,375	5,589
Total Shares	<u>6,879,554</u>	<u>\$ 6,879</u>	<u>5,701,815</u>	<u>\$ 5,702</u>

- (a) During the year ended March 31, 2022, the Company issued the remaining 1,408 shares of the Company's common stock which were issued to the noteholders pursuant to the terms of the 2020 Convertible Notes as discussed in Note 6 above. Additionally, on March 31, 2022, the 2021 notes were converted into 946,194 shares of common stock of the Company as discussed in Note 6 above. During the year ended March 31, 2021, the principal and interest of \$1.7 million associated with the 2020 Convertible notes were converted into 181,463 shares of common stock of the Company as discussed in Note 6 above.
- (b) During the year ended March 31, 2021, the Company 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. The shares were valued based on the trading price of the Company's common stock on the issuance date.
- (c) During the year ended March 31, 2022, the Company issued 50,000 shares for expenses to support the Company's investor relations strategy. The shares were valued based on the trading price of the Company's common stock on the issuance date.
- (d) With the 2021 Notes as discussed in Note 6 above, in July 2021, \$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 180,137 outstanding options of certain debtholders. The outstanding options were valued based on the predetermined exercise price of the stock options.

[Table of Contents](#)

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.

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 “Beneficiaries”). 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.

Preferred Stock

Bionik has authorized 5,000,000 shares of \$0.001 par value preferred stock at March 31, 2022 and March 31, 2021. The Company’s board of directors has full authority to issue this stock and to fix the voting powers, preference rights, qualifications, limitations, or restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences and the number of shares constituting any series or designation of such series.

9. Share-Based Compensation

In 2014, the Company’s board of directors adopted the 2014 Equity Incentive Plan (the “2014 Plan”), which was approved by Bionik’s stockholders in 2014. The 2014 Plan provides for the grant of incentive stock options (“ISOs”), as well as nonstatutory options, RSUs and PSUs. The board of directors administers the 2014 Plan and has sole discretion to grant options to purchase shares of Bionik’s common stock, RSUs and PSUs.

The board of directors determines the term of each option, RSU and PSU, option price, number of shares for which each option, RSU and PSU is granted, whether restrictions would be imposed on the shares subject to options and the rate at which each option is exercisable. At March 31, 2022 the number of shares of common stock reserved for issuance under the 2014 Plan is 769,025 shares, or 13% of its issued and outstanding shares at January 1, 2021. Options granted under the 2014 Plan have varying vesting schedules based on the board of directors discretion. As of March 31, 2022, there were 258,556 shares available for future grant under the 2014 Plan.

Stock Options

Stock option activity under the 2014 Plan is as follows:

	Number of Options	Exercise Price Range	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life
Vested	669,611	\$ 3.16 – 183.00	\$ 9.00	5.34 years
Unvested	148,531	1.21 – 24.15	6.11	6.22 years
Outstanding, March 31, 2021	818,142	\$ 1.21 – 183.00	\$ 8.47	5.50 years
Issued	273,500	2.10	2.10	
Exercised	(180,137)	3.16-3.95	3.56	
Forfeited	(134,240)	3.16 - 183.00	14.67	
Outstanding, March 31, 2022	777,265	\$ 1.21 - 183.00	\$ 6.44	5.34 years
Vested	570,068	1.21 – 157.50	7.86	4.91 years
Unvested	207,197	2.10 – 24.15	2.54	6.51 years
Vested or expected to vest, March 31, 2022	777,265	1.21 – 157.50	6.44	5.34 years
Exercisable, March 31, 2022	570,068	\$ 1.21 – 157.50	\$ 7.86	4.91 years

10. 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	(42,684)	(9.38)
Outstanding and exercisable March 31, 2022	79,683	25.22

During the year ended March 31, 2022 and 2021, 42,684 and 2,667 warrants, respectively, expired in accordance with their terms.

The following is a summary of common share purchase warrants outstanding as of March 31, 2022.

Exercise Price (\$)	Number of Warrants	Expiry Date
90.00	15,658	March 31, 2023
9.375	64,025	August 14, 2022
	79,683	

The weighted-average remaining contractual term of the outstanding warrants was 0.5 years.

11. Income Taxes

The income tax rate at March 31, 2022 and 2021, was 25.85% and 28.71%, respectively to the effective tax rate is as follows:

	2022	2021
Net loss before recovery of income taxes	\$ (10,407,994)	\$ (13,620,457)
Expected income tax (recovery) expense	\$ (2,690,193)	\$ (3,895,404)
Tax rate changes and other adjustments	990,363	(1,271,063)
Share based compensation	99,348	235,167
Other non-deductible expenses	99,585	(90,775)
Goodwill impairment	1,107,039	1,952,900
Change in valuation allowance	393,858	3,069,175
Income tax (recovery) expense	\$ —	\$ —

The following deferred tax assets have not been recognized. Deferred tax reflects the tax effects of temporary differences that gave rise to significant portions of deferred tax assets and liabilities and consisted of the following:

	2022	2021
Equipment	\$ 63,563	\$ 60,099
Non-capital losses – Canada	2,923,625	3,379,719
Net operating losses – US	10,174,122	9,675,696
SR&ED pool	1,255,427	1,255,427
Other	1,395,599	1,367,705
Valuation Allowance	(15,812,336)	(15,418,478)
	—	320,168
Intangibles and other	—	(320,168)
Net deferred tax asset	\$ —	\$ —

The Company has non-capital losses in its Canadian subsidiary of \$11.0 million which will expire between 2032 and 2042.

[Table of Contents](#)

The company has net operating losses in the U.S. of \$39.4 million, of which \$18.6 million will start to expire in 2028, and the remaining losses can be carried forward indefinitely.

Certain tax attributes are subject to an annual limitation as a result of the acquisition of the US subsidiary, which constitutes a change of ownership as defined under IRC Section 382.

The following describes the open tax years, by major tax jurisdiction, as of March 31, 2022:

United States – Federal 2018 – present
United States – State 2018 – present
Canada – Federal 2017 – present
Canada – Provincial 2017 – present

12. Risk Management

Concentrations of Credit Risk and Economic Dependence

Cash and cash equivalents include highly liquid investments with original terms to maturity of 90 days or less at the date of purchase. For all periods presented cash and cash equivalents consisted entirely of cash on deposit with Canadian and US banks.

The Company's cash balances are maintained in various banks in Canada and the United States. Deposits held in banks in the United States are insured up to \$250,000 per depositor for each bank by the Federal Deposit Insurance Corporation. Deposits held in banks in Canada are insured up to \$200,000 Canadian per depositor for each bank by The Canada Deposit Insurance Corporation, a federal crown corporation. Actual balances at times may exceed these limits.

Customer A represented 59% and 50% of Bionik's revenues for the years ended March 31, 2022 and March 31, 2021 respectively. Of the Company's accounts receivables at March 31, 2022 and March 31, 2021, customer A represented 95% and 65% of its balance respectively.

13. 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

In February 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 \$0.2 million 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 March 31, 2022 these shares have not yet been issued.

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.

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

I, Rich Russo Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K 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: June 9, 2022

/s/ Rich Russo Jr.

Rich Russo Jr.

Interim Chief Executive Officer; Chief Financial Officer
(principal executive, financial and accounting Officer)

**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 Annual Report of Bionik Laboratories Corp. (the "Company") on Form 10-K for the fiscal year ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rich Russo Jr., Interim Chief Executive Officer and 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: June 9, 2022

/s/ Rich Russo Jr.

Rich Russo Jr.

Interim Chief Executive Officer and Chief Financial Officer
(principal executive, financial and accounting officer)
