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

FORM 10-Q

(Mark One)

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

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

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:

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the 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 Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant's common stock as of November 7, 2022 was 6,768,162 shares.

BIONIK LABORATORIES CORP.
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Part I—Financial Information
Item 1. Interim Financial Statements
Bionik Laboratories Corp.
Condensed Consolidated Balance Sheets

	(unaudited) September 30, 2022	March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 397,746	\$ 1,991,377
Accounts receivable	581,459	274,844
Prepaid expenses and other current assets	902,976	1,127,362
Inventories	1,350,559	1,191,020
Total current assets	3,232,740	4,584,603
Equipment (Note 3)	188,763	91,234
Other assets	7,929	—
Operating lease right-of-use assets, non-current (Note 9)	265,070	—
Tradenames and Trademarks (Note 2)	36,000	—
Goodwill (Note 2)	99,552	—
Total assets	\$ 3,830,054	\$ 4,675,837
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 351,824	\$ 305,095
Accrued liabilities	1,206,645	873,030
Operating leases, current	19,869	—
Deferred revenue, current portion	453,383	313,854
Total current liabilities	2,031,721	1,491,979
Operating leases, non-current (Note 9)	245,953	—
Deferred revenue, net of current portion	258,479	256,646
Convertible notes (Note 5)	770,883	—
Total liabilities	3,307,036	1,748,625
Commitments and contingencies (Note 10)		
Stockholders' Equity		
Preferred stock, \$0.001 par value; Authorized 5,000,000; Authorized and Issued-1 Special voting preferred stock, \$0.001 par value	—	—
Common stock, \$0.001 par value; Authorized – 13,000,000; Issued 6,768,162 and 111,392 Exchangeable Shares (March 31, 2022– 6,767,114 and 112,440 Exchangeable Shares)	6,879	6,879
Additional paid-in capital	98,401,923	98,294,558
Accumulated deficit	(97,915,842)	(95,402,321)
Accumulated other comprehensive income	30,058	28,096
Total stockholders' equity	523,018	2,927,212
Total liabilities and stockholders' equity	\$ 3,830,054	\$ 4,675,837

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

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

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	2022	2021
Revenues, net	\$ 486,205	\$ 227,905	\$ 729,034	\$ 899,188
Cost of revenues	188,647	80,922	263,828	211,429
Gross Profit	297,558	146,983	465,206	687,759
Operating expenses				
Sales and marketing	496,350	438,957	1,058,460	768,430
Research and development	225,878	85,085	603,983	266,052
General and administrative	686,542	664,523	1,287,275	1,496,744
Total operating expenses	1,408,770	1,188,565	2,949,718	2,531,226
Loss from operations	(1,111,212)	(1,041,582)	(2,484,512)	(1,843,467)
Interest expense, net	17,417	225,184	22,240	327,480
Other expense (income), net	759	1,223	6,769	(452,046)
Total other expense (income)	18,176	226,407	29,009	(124,566)
Net loss	\$ (1,129,388)	\$ (1,267,989)	\$ (2,513,521)	\$ (1,718,901)
Loss per share - basic and diluted	\$ (0.16)	\$ (0.22)	\$ (0.37)	\$ (0.30)
Weighted average number of shares outstanding – basic and diluted	6,879,554	5,855,512	6,879,554	5,779,076

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

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

	<u>Three Months Ended September 30,</u>		<u>Six Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net loss	<u>\$ (1,129,388)</u>	<u>\$ (1,267,989)</u>	<u>\$ (2,513,521)</u>	<u>\$ (1,718,901)</u>
Other comprehensive loss components:				
Cumulative translation adjustment	675	(6,447)	1,962	(14,245)
Total other comprehensive loss	<u>675</u>	<u>(6,447)</u>	<u>1,962</u>	<u>(14,245)</u>
Comprehensive loss	<u>\$ (1,128,663)</u>	<u>\$ (1,274,436)</u>	<u>\$ (2,511,559)</u>	<u>\$ (1,733,146)</u>

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

Bionik Laboratories Corp.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six months ended September 30, 2022	Six months ended September 30, 2021
Operating activities:		
Net loss	\$ (2,513,521)	\$ (1,718,901)
Reconciliation of net loss to net cash from operating activities:		
Depreciation and amortization	23,739	59,039
Interest expense	20,883	325,361
Share based compensation expense	107,365	115,419
Extinguishment of debt	—	(459,912)
Issuance of common shares in lieu of services	—	33,000
Changes in non-cash working capital items		
Accounts receivable	(306,616)	380,435
Prepaid expenses and other current assets	223,482	131,130
Net book value of demonstration inventory sold	—	16,248
Inventories	(201,360)	(96,708)
Accounts payable	47,335	(76,009)
Accrued liabilities	340,029	11,974
Other noncurrent liability	(277)	—
Deferred revenue	141,361	(96,874)
Net cash used in operating activities	(2,117,580)	(1,375,798)
Investing activities:		
Acquisition, (Note 2)	(215,000)	—
Other non-current assets	(7,177)	—
Net cash used in investing activities	(222,177)	—
Financing activities:		
Proceeds from convertible loans	750,000	5,000,000
Proceeds from PPP loan	—	—
Proceeds from term loan	—	550,000
Net cash provided by financing activities	750,000	5,550,000
Effect of exchange rate changes on cash and cash equivalents	(3,874)	(7,887)
Net increase (decrease) in cash and cash equivalents	(1,593,631)	4,166,315
Cash and cash equivalents, beginning of the period	1,991,377	608,348
Cash and cash equivalents, end of the period	\$ 397,746	\$ 4,774,663
Supplemental noncash activities:		
Conversion of term loans into option exercises	\$ —	\$ 642,153
Conversion of demand loans into convertible notes	\$ —	\$ 3,286,791
Subsidiary purchase of fixed assets	\$ 50,185	\$ —

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

BIONIK LABORATORIES CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three- and six- month periods ending September 30, 2022 and 2021
(unaudited)

1. Interim Condensed Consolidated Financial Statements

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related notes that appear in the Annual Report on Form 10-K of Bionik Laboratories Corp. (“Bionik” or the “Company”) for the fiscal year ended March 31, 2022 filed with the SEC on June 9, 2022. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of September 30, 2022, and its results of operations for the three and six months ended September 30, 2022 and 2021, and cash flows for the six months ended September 30, 2022 and 2021. The condensed consolidated balance sheet at March 31, 2022 was derived from audited annual financial statements, but does not contain all of the footnote disclosures from the annual financial statements. Results of operations for the three and six months ended September 30, 2022 are not necessarily indicative of the results for the year ending March 31, 2023 or any period thereafter.

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, 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 September 30, 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.

Going Concern

At September 30, 2022, cash and cash equivalents were \$0.4 million. At September 30, 2022, the Company had a working capital surplus of \$1.2 million and at March 31, 2022, the Company had a working capital surplus of \$3.1 million. At September 30, 2022 and March 31, 2022, the Company has accumulated deficits of \$97.9 million and \$95.4 million, respectively. The Company has incurred a net loss and comprehensive loss for the three months ended September 30, 2022 and 2021 of \$1.1 million and \$1.3 million, respectively, and for the six months ended September 30, 2022 and 2021 of \$2.5 million and \$1.7 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 overall growth strategy, 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.

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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.

2. Business Combination

On September 7, 2022, the Company completed the acquisition of the assets of Dearman & Dearman PT LLC ("Dearman LLC"), a physical therapy practice, for a cash purchase price of \$215,000. The Company intends to rebrand the newly acquired physical therapy clinic ("Tower Aquatic") as a specialized neuro-recovery center which will showcase Bionik's technology and solutions by providing treatment to patients with stroke, brain and spinal cord injuries, among its current service offerings.

The acquisition qualified for purchase accounting treatment under Accounting Standards Codification ("ASC") Topic 805, Business Combinations, whereby the purchase price was provisionally allocated to the assets acquired and liabilities assumed based upon their estimated fair values on the acquisition date of September 7, 2022:

	Tower Aquatic Acquisition
Total consideration paid	\$ 215,000
Estimated fair value of assets acquired:	
Property and Equipment	79,448
ROU Asset	267,429
Lease Liability	(267,429)
Tradename and Trademarks, net	36,000
Goodwill	99,552
	<u>\$ 215,000</u>

The Company incurred \$28,000 of acquisition-related costs to complete the transaction including legal, valuation and closing fees. These expenses are included in the Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2022 as general and administrative operating expenses. The Relief from Royalty Method was relied upon to value the Trade Names and Trademarks. Because of the licensing appeal of this asset, the benefit of ownership as the "relief" from the royalty expense was estimated, that would be incurred in the absence of ownership. Unaudited proforma consolidated financial information for the acquisition have not been included as this acquisition is not significant.

3. Balance Sheet Accounts

Prepaid Expenses and Other Current Assets

	September 30, 2022	March 31, 2022
Prepaid inventory	\$ 709,502	\$ 956,743
Prepaid insurance	130,792	77,553
Other prepaid expenses	62,682	93,066
	<u>\$ 902,976</u>	<u>\$ 1,127,362</u>

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Equipment

Equipment consisted of the following at September 30, 2022 and March 31, 2022:

	September 30, 2022			March 31, 2022		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Computers and electronics	\$ 315,837	\$ 307,504	\$ 8,333	\$ 315,837	\$ 305,420	\$ 10,417
Furniture and fixtures	36,795	36,795	—	36,795	36,795	—
Demonstration equipment	168,111	108,950	59,161	168,691	87,874	80,817
Equipment	130,563	88,742	41,821	88,742	88,742	—
Leasehold Improvements	79,448	—	79,448	—	—	—
Tools and parts	11,422	11,422	—	11,422	11,422	—
Assets under capital lease	68,453	68,453	—	68,453	68,453	—
	<u>\$ 810,629</u>	<u>\$ 621,866</u>	<u>\$ 188,763</u>	<u>\$ 689,940</u>	<u>\$ 598,706</u>	<u>\$ 91,234</u>

Depreciation expense for the three months ended September 30, 2022 and September 30, 2021 was \$12,000 and \$11,000, respectively. Depreciation expense for the six months ended September 30, 2022 and September 30, 2020 was \$24,000 and \$20,000, respectively.

Accrued Liabilities

Accrued liabilities consist of the following at September 30, 2022 and March 31, 2022:

	September 30, 2022	March 31, 2022
Accrued personnel costs	\$ 177,948	\$ 115,992
Accrued director fees	640,834	480,672
Accrued commissions	6,168	22,924
Accrued professional fees	77,525	81,100
Accrued warranty costs	18,548	8,885
Accrued other	285,622	163,457
	<u>\$ 1,206,645</u>	<u>\$ 873,030</u>

The Company provides a one-year warranty as part of its normal sales offering. When products are sold, the Company provides warranty reserves, which, based on the historical experience of the Company are sufficient to cover warranty claims. Accrued warranty costs are included in accrued liabilities on the condensed consolidated interim balance sheets and amounted to \$19,000 at September 30, 2022 and \$9,000 at March 31, 2022.

4. Inventories

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

	September 30, 2022	March 31, 2022
Finished goods	1,168,277	1,083,718
Raw Materials	182,282	107,302
	<u>\$ 1,350,559</u>	<u>\$ 1,191,020</u>

5. Notes Payable & PPP Loans

Convertible Loan – Acquisition Loan

On September 2, 2022, the Company borrowed \$250,000 (the “Acquisition Loan”) from an affiliate of Remi Gaston-Dreyfus, a director of the Company. The Acquisition Loan is evidenced by a Secured Convertible Promissory Note (the “Acquisition Note”) and is further subject to a related Collateral Pledge Agreement. The Company used the proceeds from the Acquisition Loan to finance the acquisition of the assets of Dearman LLC and pay related costs and expenses. See Note 2, above. The Acquisition Note bears 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 two year anniversary of the Issue Date (the “Maturity Date”).

The Acquisition Note will be convertible into equity of the Company upon the following events on the following terms: (a) On the Acquisition Loan Maturity Date, the outstanding principal and accrued and unpaid interest under the Acquisition Note will be converted into shares of common stock at a conversion price equal to the closing price of the Company’s common stock on the Acquisition Loan Maturity Date; and (b) Upon the consummation of the next equity or equity linked round of financing of the Company for cash proceeds (the “Qualified Financing”), the outstanding principal and accrued and unpaid interest under the Acquisition Note will be converted into the securities (or units of securities if more than one security are sold as a unit) issued by the Company in one or more tranches in the context of the Qualified Financing, based upon the issuance (or conversion) price of such securities.

Interest expense associated with the Acquisition Loan for the three and six months ended September 30, 2022 was \$2,417. There was no interest expense associated with the Acquisition Loan for the three and six months ended September 30, 2021.

Convertible Loan – Working Capital Loan

Between June 9, 2022, and June 10, 2022, the Company issued convertible promissory notes (the “Working Capital Notes”) and borrowed an aggregate of \$500,000 from an affiliate of Mr. Gaston-Dreyfus (\$200,000); an affiliate of André-Jacques Auberton-Hervé, the Chairman of the Board of Directors of the Company (\$100,000); and an existing investor and shareholder of the Company (\$200,000). The Company used the net proceeds from the Working Capital Notes for the Company’s working capital and general corporate purposes. The Working Capital 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, in shares on the two-year anniversary of the issue date (the “Working Capital Loan Maturity Date”).

The Working Capital Notes will be convertible into equity of the Company upon the following events on the following terms: (a) On the Working Capital Loan Maturity Date without any action on the part of the Holders, the outstanding principal and accrued and unpaid interest under the Working Capital Notes will be converted into shares of common stock at a conversion price equal to the closing price of the Company’s common stock on the Working Capital Loan Maturity Date and (b) upon the consummation of the next equity or equity linked round of financing of the Company for cash proceeds (the “Qualified Financing”), without any action on the part of the Holder, the outstanding principal and accrued and unpaid interest under the Working Capital Notes will be converted into the securities (or units of securities if more than one security are sold as a unit) issued by the Company in one or more tranches in the context of the Qualified Financing, based upon the issuance (or conversion) price of such securities.

Interest expense associated with these loans for the three and six months ended September 30, 2022 was \$15,000 and \$18,466, respectively. There was no interest expense associated with these loans for the three and six months ended September 30, 2021.

Refinancing Loan

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 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, 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.

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Under the Company's then-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 used the net cash proceeds from the 2021 Offering for the Company's working capital requirements. The 2021 Notes bore interest at a fixed rate of 1% per month, computed based on a 360-day year of twelve 30-day months and would be payable, along with the principal amount, on the earlier of: (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.

On March 31, 2022 the 2021 Notes were converted into 946,194 shares of common stock of the Company in accordance with their terms.

There was no interest expense associated with the 2021 Notes for the three and six months ended September 30, 2022. Interest expense associated with the 2021 Notes for the three and six months ended September 30, 2021 was \$0.2 million.

Shareholder Loans

On March 23, 2020, the Company received a \$2.0 million loan from an existing shareholder. The promissory note evidencing the loan bore interest at a fixed rate of 1% per month and had 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 was 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 the term loan and security agreement as mentioned above. The remaining half of the interest accrued was to 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 bore interest at a fixed rate of 1% per month. The principal amount and interest on the loan would 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, pursuant to which 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.

There was no interest expense associated with these loans for the three and six months ended September 30, 2022. Interest expense associated with these loans for the three and six months ended September 30, 2021 was \$18,000 and \$0.1 million, respectively.

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 six months ended September 30, 2021.

6. Stockholders' Equity

Common Stock Authorized

	September 30, 2022		March 31, 2022	
	Number of shares	\$	Number of shares	\$
Exchangeable Shares				
Balance beginning of period	112,440	\$ 113	112,440	\$ 113
Converted into common shares	(1,048)	(1)	—	—
Balance at end of period	111,392	112	112,440	113
Common Shares				
Balance at beginning of the period	6,767,114	6,766	5,589,375	5,589
Shares issued on conversion of loans (a)	—	—	947,602	947
Shares issued for in lieu of services (b)	—	—	50,000	50
Options exercised in conjunction with 2021 Notes (c)	—	—	180,137	180
Exchangeable shares converted into common shares	1,048	1	—	—
Balance at end of the period	6,768,162	6,767	6,767,114	6,766
Total Shares	6,879,554	\$ 6,879	6,879,554	\$ 6,879

- (a) During the year ended March 31, 2022, the Company issued 1,408 shares of the Company's common stock to existing noteholders pursuant to the terms of their convertible notes purchased in 2020. Additionally, on March 31, 2022, the 2021 notes were converted into 946,194 shares of common stock of the Company as discussed in Note 4 above.
- (b) 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.
- (c) With the 2021 Notes as discussed in Note 4 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.

Special Voting Preferred Share

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

7. Stock-Based Compensation

Total stock-based compensation expense for the three months ended September 30, 2022 and September 30, 2021 was \$55,000 and \$20,000, respectively. Total stock-based compensation expense for the six months ended September 30, 2022 and September 30, 2021 was \$0.1 million for both periods.

Bionik did not grant stock options during the six months ended September 30, 2022 and September 30, 2021.

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

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

As of September 30, 2022 the total unrecognized compensation cost related to outstanding stock options expected to vest was \$0.2 million, which the Company expects to recognize over a weighted-average period of 2 years.

8. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2021	122,367	\$ 19.69
Expired	(42,684)	\$ (9.38)
Outstanding and exercisable, March 31, 2022	79,683	\$ 25.22
Expired	(64,025)	(9.38)
Outstanding and exercisable September 30, 2022	15,658	\$ 90.00

The following is a summary of common share purchase warrants outstanding as of September 30, 2022.

Exercise Price (\$)	Number of Warrants	Expiry Date
90.00	15,658	March 31, 2023

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

9. Leases

The Company has an operating lease for the Tower Aquatic clinic. The Company determines if an arrangement is a lease at the inception of a contract. Right-of-use assets represent the Company's right to use an underlying asset during the lease term and operating lease liabilities represent net present value of the Company's obligation to make lease payments arising from the lease. Right-of-use assets and operating lease liabilities are recognized at commencement date based on the net present value of the fixed lease payments over the lease term. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. As the Company's operating lease does not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Operating fixed lease expense is recognized on a straight-line basis over the lease term.

In accordance with ASC 842, the Company records on its consolidated balance sheet leases with a term greater than 12 months. The Company has elected, in compliance with current accounting standards, not to record leases with an initial term of 12 months or less in the consolidated balance sheet. ASC 842 requires the separation of the fixed lease components from the variable lease components. The Company has elected the practical expedient to account for separate lease components of a contract as a single lease cost thus causing all fixed payments to be capitalized. Non-lease and variable cost components are not included in the measurement of the right-of-use assets or operating lease liabilities.

Operating lease cost and variable lease cost were \$3,000 and \$1,000, respectively for the both the three- and six-month periods ending September 30, 2022. There was no operating lease cost and variable lease cost for the three- and six-month period ending September 30, 2021.

The aggregate future lease payments for the Company's operating lease of September 30, 2022 were as follows:

Fiscal Year	Amount
2023 (excluding the six months ended September 30, 2022)	\$ 17,903
2024	36,989
2025	38,202
2026	38,202
2027	38,202
Thereafter	178,274
Total Lease Payments	\$ 347,772
Less Imputed Interest	81,950
Total operating lease liabilities	\$ 265,822

10. Commitments and Contingencies

Contingencies

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

Commitments

- On February 25, 2015, 1,753 common shares were issued to two former lenders connected with a \$0.2 million loan received and repaid during fiscal 2013. The common shares were valued at \$210,323 based on the value of the concurrent private placement and recorded in stock-based compensation on the consolidated statement of operations and comprehensive loss. As part of the consideration for the initial loan, the Company's then-CTO and COO had transferred 2,098 common shares to the lenders. For contributing the common shares to the lenders, the Company intends to reimburse the former CTO and COO 2,134 common shares. As of September 30, 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-licensor, pursuant to which the Company is obligated to pay the former director and co-licensor 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.

11. Recent Accounting Pronouncements

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

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

Forward-Looking Statements

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

- Our ability to successfully raise capital for ongoing operations and other business purposes;
- our ability to identify and penetrate new markets for our products, technology and services;
- Our ability to successfully identify, acquire, fund and operate specialized neuro-recovery physical therapy clinics as part of our newly launches business initiative;
- our estimates regarding expenses, future revenues, capital requirements and needs for additional funding;
- our ability to obtain and maintain regulatory clearances;
- our sales and marketing capabilities and strategy in the United States and internationally;
- our ability to retain key management personnel on whom we depend;
- our expectations with respect to our acquisition activity;
- our intellectual property portfolio; and
- our ability to innovate, develop and commercialize new products, technologies and services.

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

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

The following discussion should be read in conjunction with, and is qualified in its entirety by, the condensed consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report and the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on

Form 10-K filed with the SEC on June 9, 2022. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods. The discussion and analysis of the financial condition and results of operations are based upon the financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States.

Company Overview

Bionik Laboratories Corp. is a robotics company providing neurological functional recovery solutions to improve the quality of life of millions of people with functional or mobility impairments by combining artificial intelligence, innovative technology and data solutions to help individuals 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, our 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 reporting capabilities in the platform focus on facility and organization measurement dashboards to support effective decision making for clinicians and for hospital management.

On September 7, 2022, the Company acquired Tower Aquatic, described further below, which is the first step in our planned national strategic rollout of rehabilitation clinics. The Company intends to rebrand the newly acquired physical therapy clinic as a specialized neuro-recovery center that will showcase and provide continued accessibility to Bionik's technology and solutions by providing treatment to patients with stroke, brain and spinal cord injuries. The Company plans to acquire a network of neuro recovery centers which will enable us to provide more patients with access to Bionik's InMotion systems.

Currently, we receive revenues from the sale of our InMotion robots to our customers both in the U.S. and internationally and the operation of our newly acquired rehabilitation center. 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;
- Continue to seek out opportunities to enhance our product offering and potentially introduce new technologies; and
- Continue to seek out and acquire rehabilitation centers to showcase the Company's technology and solutions with the goal of building a network of Bionik branded neuro recovery centers which is the catalyst to our data gathering.

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 June 30, 2022, 30 InMotion robots have been sold in total to Kindred.

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. We continue 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.

Between June 9, 2022, and June 10, 2022, we issued convertible promissory notes and borrowed an aggregate of \$500,000 from an affiliate of Remi Gaston-Dreyfus, a director (\$200,000); an affiliate of André-Jacques Auberton-Hervé, the Chairman of the Board of Directors (\$100,000); and an existing investor and shareholder (\$200,000).

On September 7, 2022, the Company completed the acquisition of the assets of Dearman & Dearman PT LLC (which is doing business as Tower Aquatic & Sports Physical Therapy), a physical therapy practice, for a cash purchase price of \$215,000. In relation to such acquisition, on September 2, 2022, we issued a convertible promissory note and borrowed an aggregate of \$250,000 from an affiliate of Mr. Gaston-Dreyfus to finance the acquisition of such assets and pay related costs and expenses.

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 adversely affected our ability to generate revenues dating back to the beginning of the pandemic in 2020. As a result, we took steps to address the decrease in revenue, including the following:

- 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.

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- 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 evolve. The extent to which COVID-19 may continue to 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.

Results of Operations

Three Months Ended September 30, 2022 and 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 three months ended September 30, 2022 and 2021, respectively:

	Three Months Ended September 30,					
	2022		2021		\$ Change	% Change
	Amount	As a % of Total Revenues	Amount	As a % of Total Revenues		
Revenues, net	\$ 486,205	100 %	\$ 227,905	100 %	\$ 258,300	113 %
Cost of revenues	188,647	39	80,922	36	107,725	133
Gross profit	297,558	61	146,983	64	150,575	102
Operating expenses						
Sales and marketing	496,350	102	438,957	193	57,393	13
Research and development	225,878	46	85,085	37	140,793	165
General and administrative	686,542	141	664,523	292	22,019	3
Total operating expenses	1,408,770	290	1,188,565	522	220,205	19
Loss from operations	(1,111,212)	(229)	(1,041,582)	(457)	(69,630)	(7)
Interest expense, net	17,417	4	225,184	99	(207,767)	(92)
Other expense, net	759	0	1,223	1	(464)	(38)
Total other expense (income)	18,176	4	226,407	99	(208,231)	(92)
Net loss	\$ (1,129,388)	(232)%	\$ (1,267,989)	(556)%	\$ 138,601	11 %

Revenues

Total revenues for the three months ended September 30, 2022 increased by \$0.3 million, or 113%, to \$0.5 million, as compared to revenues of \$0.2 million for the three months ended September 30, 2021.

	Three Months Ended September 30,		\$ Change	% Change
	2022	2021		
Product	\$ 359,850	\$ 129,676	\$ 230,174	177 %
Subscriptions	63,750	58,000	5,750	10
Service, extended warranty & other	62,605	40,229	22,376	55
Total revenues	\$ 486,205	\$ 227,905	\$ 258,300	113 %

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The change in total revenues was attributable to the following factors:

- Product revenue increased by \$0.2 million due to an increase in the number of units shipped. In the 2022 period, three units were shipped as direct sales as compared to two sales in the 2021 period, both of which were through our distributor model.
- Subscription revenue grew by \$6,000, or 10%, as we had more subscriptions in the 2022 period as compared to the 2021 period.
- Our service, extended warranty and other revenues increased primarily due to more units under warranty and revenue from our clinic in the current period.

Cost of Revenues

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
Cost of revenues	\$ 188,647	\$ 80,922	\$ 107,725	133 %
Cost of revenues (as a percentage of total revenues)	39 %	36 %		

Total cost of revenues increased \$0.1 million, or 133%, to \$0.2 million for the 2022 period, as compared to \$0.1 million for the 2021 period. The increase is primarily associated with selling more units in the 2022 period as compared to the 2021 period.

Sales and Marketing

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
Sales and marketing	\$ 496,350	\$ 438,957	\$ 57,393	13 %
Sales and marketing (as a percentage of total revenues)	102 %	193 %		

Sales and marketing expenses increased \$0.1 million, or 13%, to \$0.5 million for the 2022 period, as compared to \$0.4 million for the 2021 period. The increase was due to higher consulting, personnel related expenses and marketing expenses related to our commercial initiatives to grow our sales pipeline.

Research and Development

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
Research and development	\$ 225,878	\$ 85,085	\$ 140,793	165 %
Research and development (as a percentage of total revenues)	46 %	37 %		

Research and development expenses increased \$0.1 million, or 165%, to \$0.2 million for the 2022 period, as compared to \$0.1 million for the 2021 period. The increase was due to an increase in consulting expenses and personnel expenses related to our research and development initiatives, regulatory and quality initiatives.

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General and Administrative

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
General and administrative	\$ 686,542	\$ 664,523	\$ 22,019	3 %
General and administrative (as a percentage of total revenues)	141 %	292 %		

General and administrative expenses increased \$22,000, or 3%, to \$0.69 million for the 2022 period, as compared to \$0.67 million for the 2021 period. In the 2022 period our general and administrative costs remain in line with the 2021 period.

Interest Expense, net

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
Interest expense, net	\$ 17,417	\$ 225,184	\$ (207,767)	(92)%
Interest expense, net (as a percentage of total revenues)	4 %	99 %		

The interest expense for the three month period ending September 30, 2022 decreased by \$0.2 million due to less debt outstanding during the 2022 period than in the 2021 period.

Other expense (income), net

	Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
Other expense, net	\$ 759	\$ 1,223	\$ (464)	(38)%
Other expense, net (as a percentage of total revenues)	0 %	1 %		

Other expense decreased by \$500, or 38%, for the 2022 period as compared to the 2021 period. Other expense consists primarily of the foreign currency impact of changes in the exchange rate between the Canadian dollar and the US dollar. In the 2022 period our other expenses remain in line with the 2021 period.

Six Months Ended September 30, 2022 and 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 six months ended September 30, 2022 and 2021, respectively:

	Six Months Ended September 30,					
	2022		2021		\$ Change	% Change
	Amount	As a % of Total Revenues	Amount	As a % of Total Revenues		
Revenues, net	\$ 729,034	100 %	\$ 899,188	100 %	\$ (170,154)	(19)%
Cost of revenues	263,828	36	211,429	24	52,399	25
Gross profit	465,206	64	687,759	76	(222,553)	(32)
Operating expenses						
Sales and marketing	1,058,460	145	768,430	85	290,030	38
Research and development	603,983	83	266,052	30	337,931	127
General and administrative	1,287,275	177	1,496,744	166	(209,469)	(14)
Total operating expenses	2,949,718	405	2,531,226	282	418,492	17
Loss from operations	(2,484,512)	(341)	(1,843,467)	(205)	(641,045)	(35)
Interest expense, net	22,240	3	327,480	36	(305,240)	(93)
Other expense (income), net	6,769	1	(452,046)	(50)	485,815	101
Total other expense (income)	22,009	4	(124,566)	(14)	153,575	123
Net loss	\$ (2,513,521)	(345)%	\$ (1,718,901)	(191)%	\$ (794,620)	(46)%

Revenues

Total revenues for the six months ended September 30, 2022 decreased by \$0.2 million, or 19%, to \$0.7 million, as compared to revenues of \$0.9 million for the six months ended September 30, 2021.

	Six Months Ended September 30,		\$ Change	% Change
	2022	2021		
Product	\$ 489,525	\$ 692,814	\$ (203,289)	(29)%
Subscriptions	126,000	112,750	13,250	12
Service, extended warranty & other	113,509	93,624	19,885	21
Total revenues	\$ 729,034	\$ 899,188	\$ (170,154)	(19)%

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

- Product revenue decreased by \$0.2 million due to 5 units being shipped in the six months ended September 30, 2022 as compared to 7 units in the six month period ended September 30, 2021.
- Subscription revenue grew by \$13,000, or 12%, as we had more subscriptions in the 2022 period as compared to the 2021 period.
- Our service, extended warranty and other revenues increased due primarily to more units under warranty and revenue from our clinic in the current period.

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Cost of Revenues

	Six Months Ended September 30,		\$ Change	% Change
	2022	2021		
Cost of revenues	\$ 263,828	\$ 211,429	\$ 52,399	25 %
Cost of revenues (as a percentage of total revenues)	36 %	24 %		

Total cost of revenues increased \$0.1 million, or 25%, to \$0.3 million for the 2022 period, as compared to \$0.2 million for the 2021 period. The increase was primarily associated with selling certain demonstration inventory in the 2021 period which has a lower cost associated with it.

Sales and Marketing

	Six Months Ended September 30,		\$ Change	% Change
	2022	2021		
Sales and marketing	\$ 1,058,460	\$ 768,430	\$ 290,030	38 %
Sales and marketing (as a percentage of total revenues)	145 %	85 %		

Sales and marketing expenses increased \$0.3 million, or 38%, to \$1.1 million for the 2022 period, as compared to \$0.8 million for the 2021 period. The increase was due to higher consulting, personnel related expenses and marketing expenses related to our commercial initiatives to grow our sales pipeline.

Research and Development

	Six Months Ended September 30,		\$ Change	% Change
	2022	2021		
Research and development	\$ 603,983	\$ 266,052	\$ 337,931	127 %
Research and development (as a percentage of total revenues)	83 %	30 %		

Research and development expenses increased \$0.3 million, or 127%, to \$0.6 million for the 2022 period, as compared to \$0.3 million for the 2021 period. The increase was due to an increase in consulting expenses and personnel expenses related to our research and development, regulatory and quality initiatives.

General and Administrative

	Six Months Ended September 30,		\$ Change	% Change
	2022	2021		
General and administrative	\$ 1,287,275	\$ 1,496,744	\$ (209,469)	(14)%
General and administrative (as a percentage of total revenues)	177 %	166 %		

General and administrative expenses decreased \$0.2 million, or 14%, to \$1.3 million for the 2022 period, as compared to \$1.5 million for the 2021 period. Corporate overhead costs decreased by \$0.2 million as we reduced our general and administrative costs to align to the needs of the business.

Interest Expense, net

	Six Months Ended September 30,		\$ Change	% Change
	2022	2021		
Interest expense, net	\$ 22,240	\$ 327,480	\$ (305,240)	(93)%
Interest expense, net (as a percentage of total revenues)	3 %	36 %		

The interest expense for the six month period ending September 30, 2022 decreased by \$0.3 million due to less debt outstanding during the 2022 period than in the 2021 period.

Other (income), net

	Six Months Ended September 30,		\$ Change	% Change
	2022	2021		
Other expense (income), net	\$ 6,769	\$ (452,046)	\$ 458,815	(101)%
Other expense (income), net (as a percentage of total revenues)	1 %	(50)%		

Other expense (income) for the six-month period ending September 30, 2022 decreased by approximately \$0.5 million due to the extinguishment of the PPP loan associated with the forgiveness from the federal government.

Liquidity and Capital Resources

We have funded operations through the issuance of capital stock, loans, grants, and investment tax credits and forgivable loans received from the U.S. and Canada governments. We require cash to pay our operating expenses, including research and development activities, fund working capital needs and make capital expenditures. At September 30, 2022, our cash and cash equivalents were \$0.4 million. Our cash and cash equivalents are predominantly cash in operating accounts.

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

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

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

Cash Flows

Net cash used in operating activities was \$2.1 million for the six months ended September 30, 2022 and resulted primarily from \$2.5 million in net loss offset by \$0.2 million in depreciation, interest expense and stock-based compensation expense for the period. Net changes in working capital items increased cash from operating activities by approximately \$0.2 million, primarily related to an increase in accounts receivable which was offset by an increase in accrued expenses and a decrease in prepaid expenses and other assets. Net cash used in investing activities for the 2022 period was \$0.2 million related to the Tower Aquatic clinic purchase. Net cash provided by financing activities during the three months ended June 30, 2022 was \$0.8 million, related to proceeds received from the convertible promissory notes.

Net cash used in operating activities was \$1.4 million for the six months ended September 30, 2021, and resulted primarily from \$1.7 million in net loss and \$0.5 million relating to the extinguishment of the PPP loan offset by approximately \$0.5 million in depreciation and amortization, interest expense and stock-based compensation expense for the period. Net changes in working capital items increased cash from operating activities by approximately \$0.3 million, primarily related to a decrease in accounts receivable due to cash collection efforts. There was no net cash used in or provided by investing activities for the 2021 period. Net cash provided by financing activities during the six months ended September 30, 2021 was \$5.5 million, related to proceeds received from the 2021 notes and term loan.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations set forth above are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates and judgments, including those described in our Annual Report on Form 10-K for the year ended March 31, 2022. 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.

Recent Accounting Pronouncements

See Note 11 to our condensed consolidated interim financial statements included in this Quarterly Report for information regarding recent accounting pronouncements that are of significance or potential significance to us.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable for smaller reporting companies.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain “disclosure controls and procedures” as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2022, there were no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II- OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

Not applicable for smaller reporting companies

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

On July 14, 2022, the Company issued 1,048 shares of its common stock upon conversion of a like number of its indirect subsidiary's Exchangeable Shares. Such shares were issued in a private transaction in reliance upon an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, as a transaction not involving any public offering.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

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

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	Business Asset Purchase Agreement dated August 30, 2022 (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on September 7, 2022)
10.2	Secured Convertible Promissory Note dated September 2, 2022 (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on September 7, 2022)
10.3	Collateral Pledge Agreement dated September 2, 2022 (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on September 7, 2022)
10.4	Severance Agreement and Release of All Claims with Loren Wass (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 21, 2022)
10.5	Amendment Agreement with Rich Russo Jr. (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 13, 2022)
10.6	Employment Agreement with Dan Gonsalves (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 13, 2022)
31.1	Certificate of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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31.2	Certificate of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

Date: November 9, 2022

Bionik Laboratories Corp.

By: /s/ Rich Russo Jr. _____

Rich Russo Jr.
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Dan Gonsalves _____

Dan Gonsalves
Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)

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

I, Richard Russo Jr., certify that:

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

Date: November 9, 2022

/s/ Rich Russo Jr.

Rich Russo Jr.

Chief Executive Officer

(Principal Executive Officer)

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

I, Dan Gonsalves, certify that:

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

Date: November 9, 2022

/s/ Dan Gonsalves

Dan Gonsalves
Executive Vice President & Chief Financial Officer
(Principal 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 Quarterly Report of Bionik Laboratories Corp. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Russo Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 9, 2022

/s/ Rich Russo Jr.

Rich Russo Jr.

Chief Executive Officer

(Principal Executive 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 Quarterly Report of Bionik Laboratories Corp. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan Gonsalves, Executive Vice President & 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: November 9, 2022

/s/ Dan Gonsalves

Dan Gonsalves
Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)