UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Amendment No. _____)

(Mark One)

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2020**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report: _____

For the transition period from _____ to _____

Commission file number **000-50112**

REPLICEL LIFE SCIENCES INC.

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

British Columbia, Canada
(Jurisdiction of incorporation or organization)

Suite 900 - 570 Granville Street
Vancouver, British Columbia, Canada V6C 3P1
(Address of principal executive offices)

Lee Buckler, President & CEO
Telephone: (604) 248-8730
Suite 900 - 570 Granville Street
Vancouver, British Columbia, Canada V6C 3P1
Facsimile: (604) 248-8690
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
Not Applicable	**Not Applicable**	**Not Applicable**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Shares Without Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:
36,035,109 common shares as of April 28, 2021.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
[ ] YES [X] NO

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
[ ] YES [X] 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 (2) has been subject to such filing requirements for the past 90 days.
[X] YES [ ] NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted 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 and post such files).
[X] YES [ ] NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of "accelerated filer", "large accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [X]
Emerging growth company [ ]

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP [ ]	International Financial Reporting Standards as issued by the International Accounting Standards Board [X]	Other [ ]

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
[ ] Item 17 [ ] Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
[ ] YES [X] NO

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
[ ] YES [ ] NO

GENERAL INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intend", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", or "continue", or the negative of these terms or other comparable terminology. Forward-looking information presented in such statements or disclosures may, among other things, include:

- belief that chronic tendon injuries resulting from sports-related or occupational overuse is a significant unmet medical need;
- belief that RCT-01 has advantages over current treatments such as the use of non-steroidal anti- inflammatory medication or corticosteroids which are limited in efficacy;
- belief that the data from a phase 1/2 clinical trial to test the safety and efficacy of injections of RCT-01 on patients suffering from chronic achilles tendinosis in Canada are sufficient to support regulatory approvals to proceed to a phase 2 trial and the design of such a dose-finding trial;
- belief that the data from the phase 1 clinical trial to test the safety and certain biological outcomes of injections of RCS-01 in patients with aging and sun-damaged skin supports regulatory approvals to proceed to a phase 2 trial and the design of such a dose-finding trial;
- research pertaining to and plan to continue to prepare for a phase 2 dose-finding trail for RCH-01 and details of such a trial;
- belief that the RCI-02 dermal injector device will have applications in certain dermatological procedures and preparation for its commercialization including building of commercial/clinical-grade prototypes, validation testing of such prototypes, filing of the regulatory submissions seeking regulatory approval to market the device will lead to commercial launch, revenue generation, and commercial partners; expectations regarding regulatory clearances to conduct trials and market products;
- belief that it will be able to meet the requirements to conduct clinical research studies of RCT-01 and RCS-01 in Japan under the guidelines of Japan's Act for the Safety of Regenerative Medicine (ASRM) regulations using its current contract manufacturing facility, Innovacell in Innsbruck, Austria, and that positive safety and clinical data from such studies could be sufficient to support the Company's commercial launch of both products in Japan;
- belief as to the potential of the Company's products;
- expectations regarding the performance of its commercial partners, YOFOTO, Shiseido, and MainPointe;
- expectations regarding the payment of milestone payments by YOFOTO;
- expectations regarding the ability of the Company to procure new partnerships in Japan to fund clinical development/testing of RCS-01 and RCT-01 products in Japan;
- expectations regarding the performance of critical suppliers and service providers;
- forecasts of expenditures;
- expectations regarding our ability to raise capital;
- business outlook;
- plans and objectives of management for future operations; and
- anticipated financial performance.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to our company, including information obtained from third-party industry analysts and other third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this annual report in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to, our assumption that there be:

- no unforeseen changes in the legislative and operating framework for the business of our company;
- a stable competitive environment; and
- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set out in the section entitled "Risk Factors" commencing on page 8, which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

As used in this annual report, the terms "the Company", "we", "us", "our", and "RepliCel" mean RepliCel Life Sciences Inc., a British Columbia, Canada, corporation, and our wholly-owned subsidiary, TrichoScience Innovations Inc., as applicable. All references to common shares are to the common shares of our company, unless otherwise stated. Information on our website, www.replicel.com, is not incorporated by reference into this annual report.

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective from January 1, 2011, we adopted International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board. Unless otherwise stated, all information presented herein has been prepared in accordance with IFRS and all prior period amounts have been reclassified to conform with IFRS.

CURRENCY

Unless otherwise stated, "$", when used in this annual report on Form 20-F, refers to Canadian dollars and US$ refers to United States dollars.

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PART 1

ITEM 1 Identity of Directors, Senior Management and Advisers

Not applicable.

ITEM 2 Offer Statistics and Expected Timetable

Not applicable.

ITEM 3 Key Information

A. Selected Financial Data

The following financial data summarizes selected financial data for our company prepared in accordance with IFRS for the five fiscal years ended December 31, 2020, 2019, 2018, 2017 and 2016. The information presented below for the five year period ended December 31, 2020 is derived from our financial statements which were examined by our independent auditor. The information set forth below should be read in conjunction with our audited annual financial statements and related notes thereto included in this annual report, and with the information appearing under the heading "Item 5 - Operating and Financial Review and Prospects".

Selected Financial Data
(Stated in Canadian Dollars - Calculated in accordance with IFRS)

	Year ended Dec. 31, 2020 (audited)	Year ended Dec. 31, 2019 (audited)	Year ended Dec. 31, 2018 (audited)	Year ended Dec. 31, 2017 (audited)	Year ended Dec. 31, 2016 (audited)
Net sales or operating revenues	$353,735	$353,735	$167,661	$-	$-
Total expenses	1,704,107	$3,280,576	$2,865,069	$5,991,915	$4,287,628
Net loss before other items	$(1,350,372)	$(2,926,841)	$(2,697,408)	$(6,014,330)	$(4,271,294)
Interest income	$358	$-	$37	$6,775	$-
Total comprehensive loss	$(1,580,285)	$(3,004,159)	$(2,783,866)	$(6,014,330)	$(4,271,294)
Basic and diluted loss per share	$(0.06)	$(0.12)	$(0.13)	$(0.32)	$(0.54)
Total assets	$420,962	$505,467	$3,323,902	$846,026	$1,828,187
Net (liabilities) assets	$(5,061,166)	$(4,425,887)	$(1,900,533)	$(319,997)	$1,206,450
Share capital	$28,471,140	$27,529,531	$27,077,001	$26,182,073	$21,910,238
Weighted average number of common shares outstanding (adjusted to reflect changes in capital)	26,961,067	24,107,122	21,853,646	18,680,021	7,952,312
Long-term liabilities	3,243,101	3,380,750	3,593,058	-	-

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Much of the information included in this annual report includes or is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by our company and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. We caution the reader that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements.

The common shares of our company are considered speculative. You should carefully consider the following risks and uncertainties in addition to other information in this annual report in evaluating our company and our business before purchasing any common shares of our company. Our business, operating and financial condition could be harmed due to any of the following risks.

Risks Relating to our Business

Our company currently does not generate recurring revenue from its operations, and as a result, it faces a high risk of business failure.

We have generated $4,995,531 in licensing revenues from our operations to date. This revenue was the payment of an upfront fee of $4,120,400 pursuant to a Collaboration and Technology Transfer Agreement with Shiseido Company, Limited ("**Shiseido**") and $875,131 pursuant to a License and Collaboration Agreement with YOFOTO (China) Health Industry Co. Ltd. ("**YOFOTO**") for certain development and commercialization rights to certain products (the "**Licensed Technology**") for Greater China (Hong Kong, People's Republic of China, Macau, and Taiwan) (the "**Licensed Territory**"). This revenue was not recurring revenue from our operations and we may not generate similar revenue in the future.

YOFOTO - License and Collaboration Agreement

The Company is exposed to certain risks should YOFOTO not obtain local regulatory approvals and therefore be able to commercialize its licensed products.

The deal structure also includes milestone payments (of up to CDN $4,750,000), sales royalties, and a commitment by YOFOTO to spend a minimum of CDN $7,000,000 on the RepliCel programs and associated cell processing manufacturing facility over the next five years in Greater China pursuant to a License and Collaboration Agreement. The License and Collaboration Agreement contains a provision permitting YOFOTO to put up to 2/3 of the shares issued in YOFOTO's initial investment back to our company under certain conditions for a period of 8.5 years from July 10, 2018.

RepliCel is at risk of a possibility of YOFOTO not being able to discharge its obligations in the Agreement and thereby causing RepliCel not to receive its scheduled milestone payments. Should it be deemed not to be YOFOTO's fault in not meeting its milestone targets, our company may have the risk of having YOFOTO exercising its put options and have RepliCel buy back 2/3 of the shares.

There is a potential risk of YOFOTO not protecting RepliCel's intellectual property in the Licensed Territory in the event an actual or alleged infringement, by a third party, of the Licensed Technology or the Issued Patents or any right with respect to the Licensed Technology or the Issued Patents in the License Territory.

We have not reached profitability and currently have negative operating cash flows and a working capital deficit and will have to conduct additional financings to fund our operations.

As of December 31, 2020, we had accumulated $38,158,327 in net losses since inception. Our business is focused on developing autologous cell therapies that treat functional cellular deficits including chronic tendon injuries, androgenetic alopecia and skin aging. In order to generate revenues, we will incur substantial expenses in the development of our business. We therefore expect to incur significant losses in the foreseeable future. Our company recognizes that if we are unable to generate significant revenues from our activities, our entire business may fail. There is no history upon which to base any assumption as to the likelihood that we will be successful in our plan of operation, and we can provide no assurance to investors that we will generate operating revenues or achieve profitable operations in the future.

We had cash and cash equivalents in the amount of $34,363 and current liabilities in excess of current assets of $2,053,337 as of December 31, 2020. The Company anticipates that it will require approximately $700,000 in addition to the committed $2,700,000 investment by MainPointe in 2021 to proceed with its plan of operations focused on completing the RCI-02 device (the dermal injector), meeting its obligations to support YOFOTO's activities in Greater China, and preparing for next-phase clinical development and commercialization in Japan over the twelve-month period ended December 31, 2021.

In order to fund our plan of operations for the next twelve months, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of convertible debt securities or additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity.

Our auditor's opinion on our December 31, 2020 financial statements includes an explanatory paragraph in respect of there being substantial doubt about our ability to continue as a going concern.

We have incurred an accumulated deficit of $38,158,327 for the cumulative period from September 7, 2006 (inception) to December 31, 2020. We anticipate generating losses for at least the next 12 months. As at December 31, 2020 we had current liabilities in excess of current assets of $2,053,337 (2019: working capital deficit of $1,317,357) and we will require additional funding to continue our research and development activities, which casts substantial doubt about our company's ability to continue as a going concern. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event that we cannot continue in existence. Our business operations may fail if our actual cash requirements exceed our estimates and we are not able to obtain further financing. If we cannot continue as a viable entity, our shareholders may lose some or all of their investment in our company.

Our business is at an early stage of development and difficulties obtaining regulatory approval, technical deficiencies and other challenges may hinder the development and marketing of our autologous cell therapies.

Our autologous cell therapy technology is at an early stage of development and we may not develop a cell replication technology that can be commercialized. We are still in the early stages of identifying and conducting research on our technology. Our technology will require significant research and development and preclinical and clinical testing prior to regulatory approval, if required, being obtained in the United States, Canada or other countries. We may not be able to obtain regulatory approvals, if required, to complete necessary clinical trials for our cell replication technology, or to commercialize it. Our technology may prove to have undesirable and unintended side effects, or other characteristics adversely affecting its safety, efficacy or cost-effectiveness could prevent or limit its use. Our technology may fail to provide its intended benefit, or achieve benefits equal to or better than our competitor's products at the time of testing or production and, if so, our business may fail.

Our clinical trials may fail to produce successful results or could be suspended due to unacceptable safety risks, which could cause our business to fail.

Clinical trials are subject to extensive regulatory requirements, and are very expensive, time-consuming and difficult to design and implement, in part because they may be subject to rigorous regulatory requirements. Our products may fail to achieve necessary safety and efficacy endpoints during clinical trials. We believe that our clinical trials will take a substantial period of time to complete. Furthermore, failure can occur at any stage of the trials, and we could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including: unforeseen safety issues; lack of effectiveness during clinical trials; slower than expected rates of patient recruitment; and inability to monitor patients adequately during or after treatment. In addition, we or regulatory officials may suspend our clinical trials at any time if it appears that we are exposing participants to unacceptable health risks. If our clinical trials fail to produce successful results, or are suspended due to unacceptable safety risks, our business may fail.

Our success depends on the acceptance of our cell replication technology by the medical community and consumers as a safe and effective solution.

The success of our cell replication technology will depend on its acceptance by potential consumers and the medical community. Because our technology is new in the treatment of functional cellular deficits including chronic tendon injuries, androgenetic alopecia and skin aging, the long term effects of using our new cell replication technology are unknown. The results of short-term clinical trials do not necessarily predict long-term clinical benefit or reveal adverse effects. If results obtained from future commercial experience indicate that our cell replication technology is not as safe or effective as other treatments, adoption of this technology by consumers and the medical community may suffer and our business will be harmed.

We face significant competition and if we are unable to successfully compete, our business may suffer a material negative impact.

The life sciences industry is highly competitive. We anticipate that we will continue to face increased competition as existing companies develop new or improved products and as new companies enter the market with new technologies. Many of our competitors are significantly larger than us and have greater financial, technical, research, marketing, sales, distribution and other resources than us. There can be no assurance that our competitors will not succeed in developing or marketing technologies and products that are more effective or commercially attractive than the products we are developing or that such competitors will not succeed in obtaining regulatory approval, or introducing or commercializing any such products, prior to us. Such developments could have a material adverse effect on our business, financial condition and results of operations. Also, even if we are able to compete successfully, there can be no assurance that we could do so in a profitable manner.

If we are not able to effectively protect our existing intellectual property, our business may suffer a material negative impact and may fail.

The success of our company will be dependent on our ability to protect and develop our technology. We currently have registered patents for our cell replication technology in Australia, the United States, Japan and the European Union. If we are unable to protect our intellectual property, our business may be materially adversely affected. Further, we cannot be sure that our activities do not and will not infringe on the intellectual property rights of others. If we are compelled to prosecute infringing parties, defend our intellectual property or defend ourselves from intellectual property claims made by others, we may face significant expense and liability, as well as the diversion of management's attention from our business, any of which could negatively impact our business or financial condition.

The actual protection afforded by a patent varies on a product-by-product basis, from country to country and depends on many factors, including the type of patent, the scope of its coverage, the availability of regulatory related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patents. Our ability to maintain and solidify our proprietary position for our products will depend on our success in obtaining effective claims and enforcing those claims once granted. Our registered patents and those that may be issued in the future, or those licensed to us, may be challenged, invalidated, unenforceable or circumvented, and the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages against competitors with similar products. We also rely on trade secrets to protect some of our technology, especially where it is believed that patent protection is not appropriate or obtainable. However, trade secrets are difficult to maintain. While we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose our proprietary information to competitors. Enforcement of claims that a third party has illegally obtained and is using trade secrets is expensive, time consuming and uncertain. In addition, non-U.S. courts are sometimes less willing than U.S. courts to protect trade secrets. If our competitors independently develop equivalent knowledge, methods and know-how, we would not be able to assert our trade secrets against them and our business could be harmed.

The successful acquisition and maintenance of patent rights is critical to our business and any failure in this regard could hinder the development and marketing of our technology.

We currently have patent applications pending in several countries around the world. Our pending patent applications may not result in the issuance of any patents. The applications may not be sufficient to meet the statutory requirements for patentability in all cases or may be the subject of interference proceedings by patent offices. These proceedings determine the priority of inventions and, thus, the right to a patent for technology. In the past, our patent applications have experienced delays and our patent applications may be delayed in the future. If others file patent applications or obtain patents similar to those we have licensed, such patents may restrict the use of our discoveries. We cannot predict the ultimate scope and validity of existing patents and patents that may be granted to third parties, nor can we predict the extent to which we may wish or be required to obtain licenses to use such patents, or the availability and cost of acquiring such licenses. To the extent that licenses are required, the owners of the patents could bring legal actions against us to claim damages or to stop our manufacturing and marketing of the affected technology. If we become involved in patent litigation, it could consume a substantial portion of our resources.

Our company may be subject to changes and uncertainties in laws and government regulations.

Our company is subject to regulation by domestic and foreign governmental agencies with respect to many aspects of developing autologous cell replication technology. In addition, relevant new legislation or regulation could occur. Any such new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our company's business, or the application of existing laws and regulations to cell replication technology, could have a material adverse effect on our company's business, prospects, financial condition and results of operations.

Our company may be impacted by the COVID-19 Coronavirus Outbreak

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus, COVID-19 ("**COVID-19**"), which has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of travel restrictions, business closures, and quarantine/isolation measures that are currently, or may be put, in place by Canada, U.S. and other countries to fight the virus. The Company continues to monitor its impact of its operations and financing activities and assess the impact COVID-19 will have on its business activities. The extent of the effect of COVID-19 pandemic on the Company is uncertain and management does not expect the effect to be significant.

Risks Relating to our Management

We are dependent on the services of certain key consultants and the loss of any of these key consultants may have a materially adverse effect on our company.

While engaged in the business of developing a new cell replication technology, our company's ability to continue to develop a competitive edge in the marketplace will depend, in large part, on our ability to attract and maintain qualified key management personnel. Competition for such personnel is intense, and we may not be able to attract and retain such personnel. Our company's growth has depended, and in the future will continue to depend, on the efforts of our key management consultants. Loss of any of these people would have a material adverse effect on our company. Currently, our company does not have key-man life insurance.

Conflicts of interest may arise as a result of our company's directors and officers being directors or officers of other life sciences companies.

Certain of our company's directors and officers are, or may become, directors or officers of other life sciences companies. While we are engaged in the business of developing a new autologous cell replication technology, such associations may give rise to conflicts of interest from time to time. Our company's directors are required by law to act honestly and in good faith with a view to our company's best interests and to disclose any interest that they may have in any project or opportunity. If a conflict of interest arises at a meeting of our company's board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether or not our company will participate in any project or opportunity, our company's directors will primarily consider the degree of risk to which our company may be exposed and our financial position at the time.

Our articles contain provisions indemnifying our officers and directors against all costs, charges and expenses incurred by them.

Our articles contain provisions limiting the liability of our officers and directors for all acts, receipts, neglects or defaults of themselves and all of our other officers or directors or for any loss, damage or expense incurred by our company which may happen in the execution of the duties of such officers or directors. Such limitations on liability may reduce the likelihood of derivative litigation against our company's officers and directors and may discourage or deter our shareholders from suing our company's officers and directors based upon breaches of their duties to our company, though such an action, if successful, might otherwise benefit our company and our shareholders.

As a majority of our directors and officers are residents of countries other than the United States, investors may find it difficult to enforce, within the United States, any judgments obtained against our company, directors and officers.

A majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. Consequently, it may be difficult for United States investors to effect service of process in the United States upon those directors or officers who are not residents of the United States, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under United States legislation. There is substantial doubt whether an original action based solely upon such civil liabilities could be brought successfully in Canada against any of such persons or our company.

Risks Relating to our Common Stock

If our business is unsuccessful, our shareholders may lose their entire investment.

Although shareholders will not be bound by or be personally liable for our expenses, liabilities or obligations beyond their total original capital investment, should we suffer a deficiency in funds with which to meet our obligations, the shareholders as a whole may lose their entire investment in our company.

Trading of our company's common shares on the Pink Sheets (operated by the OTC Markets Group) and the TSX Venture Exchange is limited and sporadic, making it difficult for our company's shareholders to sell their common shares or liquidate their investments.

The trading price and volume of our company's common shares has been and may continue to be subject to wide fluctuations. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. There can be no assurance that trading prices previously experienced by our company's common shares will be matched or maintained. Trading in our common shares has been limited and sporadic and accordingly there is no guarantee that an investor will be able to liquidate any or all of its investment. These broad market and industry factors may adversely affect the market price of the common shares, regardless of our company's operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for our company and a diversion of management's attention and resources.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional options to any of our officers, directors, employees or consultants.

Because our company's success is highly dependent upon our directors, officers and consultants, we have granted, and may again in the future grant, options to some or all of our key officers, directors, employees and consultants to purchase our common shares as non-cash incentives. Options may be granted at exercise prices below that of our common shares prevailing in the public trading market at the time or may be granted at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such options may be granted and exercised, the interests of our company's other shareholders may be diluted.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if our company issues additional common shares or raises funds through the sale of equity securities.

In the event that our company is required to issue additional common shares in order to raise financing for working capital, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. The dilution may result in a decline in the market price of our common shares.

Penny stock rules limit the ability of our shareholders to sell their stock.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities.

The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a shareholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our common shares.

We do not intend to pay dividends on any investment in the shares of stock of our company.

We have never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of a dividend. Because we do not intend to declare dividends, any gain on an investment in our company will need to come through an increase in the stock's price. This may never happen and investors may lose all of their investment in our company.

ITEM 4 Information on RepliCel Life Sciences Inc.

A. History and Development of our Company.

Name

Our legal name is "RepliCel Life Sciences Inc.". We changed our name from "Newcastle Resources Ltd." on June 22, 2011.

Principal Office

Our principal office is located at Suite 900 - 570 Granville Street, Vancouver, British Columbia, Canada V6C 3P1. Our telephone number is (604) 248-8730 and our facsimile number is (604) 248-8690.

Corporate Information and Important Events

Our company was incorporated under the laws of the Province of Ontario (specifically under the *Business Corporations Act* (Ontario)) on April 24, 1967 under the name "Jolly Jumper Products of America Limited". On September 25, 1987, our name was changed to "Sun Valley Hot Springs Ranch Inc.". We changed our name to "Tri-Valley Free Trade Inc." on March 26, 1991 and to "Tri-Valley Investments Corporation" on June 19, 1995. On October 2, 1998, we changed our name to "TriLateral Venture Corporation". On May 6, 2004, we changed our name to "Pan American Gold Corporation" and on November 10, 2008, we changed our name to "Newcastle Resources Ltd.". On June 22, 2011, we continued our company from Ontario into British Columbia and changed our name to "RepliCel Life Sciences Inc.". We are a reporting issuer under the securities laws of the Provinces of British Columbia, Alberta and Ontario. Our company operates under the *Business Corporations Act* (British Columbia), pursuant to which our company has an indefinite life span.

On July 15, 2020, we completed a private placement consisting of 3,649,110 units at a price of $0.18 per unit for total gross proceeds of $656,840. Each unit consisted of one common share and one-half of one common share purchase warrant. One warrant entitles the holder to purchase one additional common share at a price of $0.36 per common share for a period of three years from the closing of the private placement.

On August 19, 2020, we settled $256,769 in debt by the issuance of 1,426,491 common shares at a deemed price of $0.18 per common share.

On October 28, 2020, we settled $28,800 in debt by the issuance of 160,000 common shares at a deemed price of $0.18 per common share.

On December 8, 2020, our shareholders approved the adoption of a shareholder rights plan (the "**Rights Plan**"). The objectives of the Rights Plan are to ensure, to the extent possible, that all shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire common shares of the Company.

On January 22, 2021, we signed a share purchase agreement with MainPointe Pharmaceuticals for an investment of $2,700,000 and a limited term distribution partnership for our dermal injector and consumables (the "**RepliCel Injector Product Line**") in the United States. As part of the partnership, MainPointe has agreed to pay all costs related to securing FDA approvals to launch the RepliCel Injector Product Line in the U.S. market. On January 22, 2021, we also signed a royalty rights agreement and distribution agreement with MainPointe. A shareholder director of RepliCel is the chief technology officer of MainPointe.

In consideration for an investment of $2,700,000 and the payment of all costs related to obtaining FDA approval for our dermal injector and consumables, we agreed to issue MainPointe up to an aggregate of 4,000,000 common shares, a right to participate in our company's royalty revenue stream up to a defined ceiling, and certain distribution rights of RepliCel Injector Product Line in the United States. The investment will be made as to $500,000 within five (5) days of receipt of conditional approval from the TSX Venture Exchange (the "Exchange"), $1,200,000 by February 15, 2021, $700,000 by April 21, 2021 and $300,000 by August 21, 2021. The common shares will be priced at the greater of $0.675 or the Discounted Market Price as such term is defined in the Policies of the Exchange. On February 8, 2021, we received $492,091 from MainPointe and issued 729,024 common shares to MainPointe at a price of $0.675 per common share. On April 30, 2021, an aggregate of $1,699,963 was received from MainPointe and an aggregate of 2,506,802 common shares were issued MainPointe at a price of $0.675 per common share. To date we have not received any additional funds from MainPointe.

The royalty right will be equal to (a) 5% of the amounts earned by and paid to the Issuer from the sale of any of its "NBDS Products" defined as its RCS-01 (NBDS Fibroblast Therapy - Treatment for Aging Skin), RCT-01 (NBDS Fibroblast Therapy - Treatment for Chronic Tendinosis), and any other product which is comprised of the non-bulbar dermal sheath cells patented by the Issuer, and (b) 20% of the amounts earned by and paid to the Issuer from the sale of any of its "DSC Products" defined as its RCH-01 (DSC Therapy for Treatment Androgenic Alopecia) and any other product which is comprised of the dermal sheath cup cells patented by the Issuer.

In consideration for paying all expenses required to obtain regulatory approval for the RepliCel Injector Product Line, the exclusive distribution rights shall commence upon receipt of regulatory approval to launch the RepliCel Injector Product Line in the U.S. market for a period expiring on the earlier (a) four (4) years, or (ii) when MainPointe has earned USD $2,000,000 in gross income from the sale of the products in the RepliCel Injector Product Line. The Issuer will have the right, in its discretion, to buy out this exclusivity right for an amount equal to the net-present value of profit to be earned on USD $2,000,000 in gross income.

Capital Expenditures

During the last three fiscal years ended December 31, 2020, we did not undertake any capital expenditures.

Takeover offers

We are not aware of any indication of any public takeover offers by third parties in respect of our common shares during our fiscal years ended December 31, 2020 and 2019.

On December 8, 2020, our shareholders adopted the Rights Plan. The objectives of the Rights Plan are to ensure, to the extent possible, that all shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire common shares of the Company.

Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it will be difficult for our board of directors to prepare an adequate response. Such offers may result in shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in the Company.

The Rights Plan discourages the making of any such offers by creating the potential of significant dilution to any offeror who does so. This potential is created through the issuance to all shareholders of contingent rights to acquire additional common shares of our company at a significant discount to then prevailing market prices, which could, in certain circumstances, become exercisable by all shareholders other than an offeror and its associates, affiliates and joint actors.

An offeror can avoid that potential by making an offer that either: (i) qualifies as a "Permitted Bid" under the Rights Plan, and therefore meets certain specified conditions (including a minimum deposit period of 105 days) which aim to ensure that all shareholders are treated fairly and equally; or (ii) does not qualify as a "Permitted Bid" but is negotiated with the Company and has been exempted by the Board from the application of the Rights Plan in light of the opportunity to bargain for agreed terms and conditions to the offer that are believed to be in the best interests of shareholders.

Notwithstanding that there have been recent amendments to the current Canadian securities legislation which include, inter alia, an increased minimum deposit period from 35 days to 105 days, the Board believes that the adoption of the Rights Plan remains in the best interests of the Company and will ensure that all shareholders have an equal opportunity to participate in a change of control transaction.

The following is a summary of the Rights:

Term

Rights Plan will remain in effect until the December 8, 2023 (subject to earlier termination in accordance with its terms).

Issue of Rights

One right (a "**Right**") will be issued by the Company in respect of each common share that is outstanding at the close of business on the date of the Shareholder Rights Plan Agreement (the "**Record Time**"). One Right will also be issued for each additional common share (or other voting share of the Company) issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the time at which the Rights expire and terminate.

The issuance of the Rights is not dilutive and will not affect reported earnings or cash flow per share unless the Rights separate from the underlying shares in connection with which they were issued and become exercisable or are exercised.

The issuance of the Rights will also not change the manner in which our shareholders currently trade their Shares, and is not intended to interfere with the Company's ability to undertake equity offerings in the future.

Separation Time / Ability to Exercise Rights

The Rights are not exercisable, and are not separable from the shares in connection with which they were issued, until the "Separation Time", being the close of business on the date that is 10 business days after the public announcement of a person becoming an Acquiring Person (as defined below), the commencement of or first public announcement or disclosure of the intent of any person to make a take-over bid that does not qualify as a Permitted Bid (as defined below), the date on which a Permitted Bid ceases to qualify as a Permitted Bid, or such later time as the Board may determine.

Acquiring Person

A person will be considered to be an Acquiring Person for the purposes of the Rights Plan if they, together with their associates, affiliates and joint actors, acquire beneficial ownership (within the meaning of the Rights Plan) of over 20% or more of the outstanding voting shares of the Company other than pursuant to a Permitted Bid or another type of transaction that is excepted under the Rights Plan.

In general terms, a person will not be considered to be an Acquiring Person for the purposes of the Rights Plan if it becomes the holder of 20% or more of the voting shares by reason of: (i) a reduction of the number of voting shares outstanding; (ii) an acquisition under a Permitted Bid (as defined below); (iii) an acquisition in respect of which the board of the Company has waived the application of the Rights Plan; (iv) an acquisition under a dividend or interest reinvestment plan or a stock dividend or similar pro rata event; (v) an acquisition from treasury that does not result in an increase in the person's proportionate shareholdings; or (vi) the exercise of convertible securities that were themselves received by the person pursuant to such a transaction; provided, however, that any subsequent increase by 1% or more in the person's shareholdings (other than pursuant to an exempt transaction) will cause the person to be an Acquiring Person for the purposes of the Rights Plan.

Consequences of a Flip-in Event

A "Flip-in Event" refers to any transaction or event pursuant to which a person becomes an Acquiring Person. Following the occurrence of a Flip-in Event as to which the Board has not waived the application of the Rights Plan, each Right held by:

a) an Acquiring Person (or any of its associates, affiliates or joint actors) on or after the earlier of the Separation Time or the first date of public announcement that an Acquiring Person has become such, shall become null and void; and

b) any other shareholder shall entitle the holder thereof to purchase additional common shares from the Company at a substantial discount to the prevailing market price at the time.

Permitted Bid Requirements

An offeror may make a take-over bid for the Company without becoming an Acquiring Person (and therefore subject to the consequences of a Flip-in Event described above) if it makes a take-over bid (a "**Permitted Bid**") that meets certain requirements, including that the bid must be:

a) made pursuant to a formal take-over bid circular under applicable securities laws;

b) made to all registered holders of voting shares (other than the offeror); and

c) subject to irrevocable and unqualified provisions that:

   a. the bid will remain open for acceptance for at least 105 days from the date of the bid;

   b. the bid will be subject to a minimum tender condition of more than 50% of the voting shares held by independent shareholders;

   c. the bid will be extended for at least 10 business days if more than 50% of the voting shares held by independent shareholders are deposited to the bid (and the offeror shall make a public announcement of that fact); and

   d. any shares deposited can be withdrawn until taken up and paid for.

A competing take-over bid that is made while a Permitted Bid is outstanding and satisfies all of the criteria for Permitted Bid status, except that it may expire on the same date (which may be less than 105 days after such bid is commenced) as the Permitted Bid that is outstanding, will be considered to be a "Permitted Bid" for the purposes of the Rights Plan.

Certificates and Transferability

Before the Separation Time, the Rights will be evidenced by a legend imprinted on share certificates issued after the effective date of the Shareholder Rights Plan Agreement. Although Rights will also be attached to Shares outstanding on the effective date, share certificates issued before the effective date will not (and need not) bear the legend. Shareholders will not be required to return their certificates to be entitled to the benefits of the Rights Plan.

From and after the Separation Time, Rights will be evidenced by separate certificates.

Before the Separation Time, Rights will trade together with, and will not be transferable separately from, the shares in connection with which they were issued. From and after the Separation Time, Rights will be transferable separately from the shares.

Waiver

A potential offeror for the Company that does not wish to make a Permitted Bid can nevertheless negotiate with our board to make a formal take-over bid on terms that our board considers fair to all shareholders, in which case the Board may waive the application of the Rights Plan. Any waiver of the Rights Plan's application in respect of a particular take-over bid will constitute a waiver of the Rights Plan in respect of any other formal take-over bid made while the initial bid is outstanding.

Our board may also waive the application of the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered the Flip-in Event thereafter reduces its beneficial holdings below 20% of the outstanding voting shares of the Company within 14 days or such other date as the Board may determine.

With shareholder approval, our board may waive the application of the Rights Plan to any other Flip-in Event prior to its occurrence.

Redemption

Rights are deemed to be redeemed following completion of a Permitted Bid (including a competing Permitted Bid) or any other take-over bid in respect of which the Board has waived the Rights Plan's application.

With requisite approval, our board may also, prior to the occurrence of a Flip-in Event, elect to redeem all (but not less than all) of the then outstanding Rights at a nominal redemption price of $0.000001 per right.

The U.S. Securities and Exchange Commission (SEC) maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov. Our website is https://www.replicel.com.

B. Business Overview and Plan of Operations

Overview

We are a regenerative medicine company focused on developing autologous cell therapies that treat functional cellular deficits. The diseases currently being addressed are chronic tendinosis, skin aging, and androgenetic alopecia (pattern baldness). Each disease state is consistent with a deficit of a specific cell type which we believe is critical to normal function. All treatments under development are based on our innovative technology which utilizes cells isolated from a patient's own healthy hair follicles. These products are built on our proprietary manufacturing platforms and are covered by issued and filed patents as well as trade secrets. We are also developing a programmable injector device and related consumables designed for dermal injections of cells as currently approved other products such as dermal fillers, toxins, enzymes, drugs, and biologics such as fat transfer, platelet rich plasma, antibodies, etc.

The Potential of Autologous Cell Therapy

Our treatments use autologous cell therapy ("**ACT**"), which is one of the most rapidly developing areas of regenerative medicine in the development of novel treatments for numerous human disorders. ACT involves isolating an individual's own cells from harvested tissues and growing more of those cells, or 'expanding' those cells, in controlled conditions in a laboratory. These purified, expanded cells are then reintroduced to the donor to treat a specific condition. The benefits of autologous (derived from the same person) therapy (as compared to allogeneic derived from a different person) includes minimized risks of systemic immunological (anaphylactic) reactions, bio-incompatibility, and disease transmission. Furthermore, the effects of ACT may be more curative, regenerative, and/or longer lasting than other topical, biologic, pharmacological or surgical interventions.

We have an extensive intellectual property portfolio that covers RCT-01 (our platform for tendon repair); RCS-01 (our platform for skin rejuvenation); RCH-01 (our platform for pattern baldness); and RCI-02 (our dermal injection device and consumables). Our intellectual property portfolio includes both patents and patent applications which we have developed and own (discussed in more detail below).

RCT-01: Treatment for Chronic Tendinosis

Background

Tendinosis refers to a chronic disease of the tendon. It is a function of an imbalance of tendon breakdown and tendon repair initiated first by an injury which does not heal properly. This leads to cycles of compromised repair and subsequent re-injury until such time as there is no healing and a degenerative process has set in. Typically, this chronic condition is linked to aging, overuse, and to general health. Our company believes that the current standard of care is failing to provide a satisfactory solution to this chronic condition.

Treatment

Our company believes that chronic tendon injuries resulting from sports-related or occupational overuse is a significant unmet medical need. Tendons consist of specialized connective tissues that attach muscles to bones, transmitting force and supporting the musculoskeletal system. When mechanical loads exceed the strength of a tendon or tensile range is lost due to aging, micro-tears of the collagen fibers within tendon occur. Once a tendon is injured, healing can occur intrinsically via tenocyte activation within the injured site or extrinsically via recruitment of collagen-producing cells from the surrounding area. Naturally healed tendon does not return to the same physiological state as 'intact' tendon, but does allow for normal function. Inadequate rest and improper healing often result in re-injury and rupture.

Current treatments manage pain and facilitate healing processes; however, they do not mediate complete recovery and leave patients demobilized for several months during treatment. Our company believes that improved therapeutic strategies are therefore in considerable demand. Our company's fibroblast technology for tendinosis, which we refer to as RCT-01, has been developed over five years of research, experimentation and trials. RCT-01 is a tissue-engineered product made from a procedure using collagen-producing fibroblasts isolated from non-bulbar dermal sheath (NBDS) cells within the hair follicle that are replicated in culture. These fibroblasts are efficient producers of type I collagen and because they are of anagen hair follicle mesenchymal origin, they have the potential to replicate efficiently in culture. The use of these fibroblasts are, therefore, ideal for treating chronic tendon disorders that arise due to either a degeneration of collagen producing cells or a deficit of active collagen producing cells. Because RCT-01 directly provides a source of collagen expressing cells to the site of injury, addressing the underlying cause of tendinosis, the Company believes it has advantages over current treatments such as the use of non-steroidal anti-inflammatory medication or corticosteroids which are limited in efficacy. Another advantage of RCT-01 is the autologous nature of the cellular product, thereby reducing the likelihood of adverse immune reactions upon administration.

Pilot Clinical Trials

Phase 1 human pilot clinical trials were conducted by our collaborative partner, Dr. David Connell, which focused on tendinosis of the Achilles, patellar and lateral elbow (commonly referred to as tennis elbow) using skin tissue derived fibroblasts. In these trials, where 90 patients were injected with cultured, autologous fibroblasts, no adverse events were reported. We have expanded on Dr. Connell's approach by isolating NBDS fibroblasts from the hair follicle that express upwards of five times the amount of type I collagen than fibroblasts derived from skin tissue as pursued by Dr. Connell.

Phase 1 Clinical Trial

On December 1, 2014, we announced receipt of a "No Objection Letter" from Health Canada in response to its Clinical Trial Application to Health Canada for its phase 1/2 clinical trial to test the safety and efficacy of injections of RCT-01 on patients suffering from chronic Achilles tendinosis. Health Canada's clearance to initiate the trial permitted the participation of subjects who have failed traditional tendon treatments and who are otherwise in good health. Trial design was randomized, double-blinded, placebo-controlled with a treatment-to-placebo ration of 3:1. The mechanics of our treatment involve the extraction of as few as 20 hair follicles from the back of a patient's scalp via a single punch biopsy. NBDS cells are isolated from the hair follicle sheath, replicated in a current Good Manufacturing Practices (cGMP) facility and are then reintroduced under ultrasound guidance directly into the area of damaged tendon. The collagen rich fibroblast cells are expected to initiate and complete the healing of the chronically injured tendon. After injections are performed, subjects will return to the clinic for assessments of safety, function and pain, as well as changes in tendon thickness, echotexture, interstitial tears and neovascularity.

This trial commenced in 2015 and final data was announced Q1 2017. The primary end point of safety was met while secondary end points related to efficacy were also measured at nine-months post-injection of RCT-01. We may pursue further indications of other tendon populations including patellar tendinosis (jumper's knee) and lateral and medial epicondylitis (tennis and golfer's elbow).

Further Clinical Trials

Our company is now designing further clinical testing intended to measure efficacy of RCT-01 in patients with chronic tendinosis. We are currently engaged in a dual-track plan to commercialize RCT-01 in Japan as quickly as possible. Firstly, our company is preparing for a university-sponsored clinical research study of RCT-01 in patients with tendinopathy under that country's ASRM regulations. Successful safety and efficacy data from such a study can be sufficient to support market launch of a product albeit without reimbursement or formal PMDA approval. Secondly, RepliCel has successfully completed the second of three consultations required to obtain clearance from Japan's regulatory agency (the Pharmaceutical and Medical Devices Agency, PMDA) to proceed with a clinical trial of RCT-01 under the PMD Act. This pathway leads to formal PMDA approval and reimbursement. Successful data from such a trial could lead to 'conditional approval' for market launch of RCT-01 in Japan with reimbursement pending data from a larger pivotal trial leading to full non-conditional approval.

In addition to RepliCel's intended conduct of a clinical trial in Japan, RepliCel's partner, YOFOTO (see below), is expected to conduct a clinical trial of RCT-01 in China. This trial is anticipated to be a phase 2 trial designed to answer critical questions related to dosing and treatment frequency.

Collaboration Agreement

We have a Collaboration and Technology Transfer Agreement with YOFOTO. Both companies have agreed to establish a clinical research program in China, with the goal of increasing the available human clinical data on RCT-01. We anticipate that collaborative technology transfer will continue between the companies as any new improvements to the RCT-01 technology are developed by either party. This agreement gives YOFOTO an exclusive 15-year geographic license to develop and market our RCT-01 tendon regeneration technology in Greater China (China, Hong Kong, Macau, and Taiwan).

Intellectual Property

We have filed patent applications worldwide relating to compositions, methods and uses of NBDS cells for the treatment and repair of tendons. Representative examples of this portfolio include patent applications filed in a variety of select jurisdictions such as Australia, Brazil, Canada, China, Israel, India, Japan, South Korea, Mexico, New Zealand, Russia, Singapore, South Africa, the UAE and the United States (see e.g., US Pub No. 20150374757).

RCS-01: Treatment for Aging and Sun Damaged Skin

Background

Skin is considered one of the most prominent indicators of one's age and health. Maintenance of healthy skin is dictated by intrinsic and extrinsic factors. While intrinsic factors (i.e. chronologic age, sex and genetic makeup) cannot be modified, the adverse effects caused by extrinsic factors such as UV radiation and smoking can be prevented or minimized by lifestyle modification. Although these extrinsic effects can be modulated, the extent to which they can be modified varies significantly among individuals, which largely depends on one's ability to detoxify and repair such damage.

The dermis and epidermis components of the skin lose thickness with age. Solar radiation, particularly UVA, is known to penetrate deep into the dermal layer, damaging fibroblasts, collagen and other fibroblasts expressed proteins, which are the major cellular components of the dermis. Similarly, there are some studies reporting that air pollutants/nanoparticles may also penetrate transepidermally, negatively impacting the dermal layer. The damages caused by external stimuli include DNA strand breaks and mutations, which, if not repaired properly, can lead to cell death. Similarly, oxidative stress caused by smoking leads to not only damages to DNA but also to other cellular components such as proteins and lipids.

Accumulation of damage to cellular proteins and DNA from years of exposure to extrinsic insults can lead to physiological changes of the skin that are irreversible. Such changes are often associated with a reduction in fibroblast cells, disorganization of collagen fibrils and decreased production of collagen, elastin and other glycoproteins that provide structural support and stability to the extra cellular matrix ("**ECM**") network. Such changes to the dermal components are detrimental to maintaining mechanical tensile ability and structural integrity of the skin.

Treatment

Our NBDS-derived fibroblast therapy, which it refers to as RCS-01, provides a promising platform to treat intrinsically and extrinsically aged/damaged skin by providing UV-naïve collagen-producing fibroblast cells directly to the affected area. Our unique manufacturing technology allows for isolation of fibroblasts derived from anagen-hair follicle mesenchymal tissues, which elicit more efficient replication potential in culture. Additionally, our proprietary culture procedures potentiate these cells to maintain plasticity, allowing the cells to adapt to the microenvironment and respond to the mechanical or surrounding stimuli after injection, leading to robust production of type I collagen and elastin and their proper alignment within the tissue.

On September 1, 2015, we announced we had received clearance from the German Competent Authority, the Paul-Ehrlich-Institute, to initiate a Phase 1 clinical trial to investigate the potential safety and efficacy of injecting RCS-01 into subjects with aged or UV-damaged skin. This trial was a randomized, double-blind, placebo controlled study of intradermal injections of RCS-01 designed to assess local safety as well as systemic safety. This trial is now complete with data announced early April 2017 in which the primary endpoint, safety, was successfully established and secondary endpoints related to measurements of the impact on biomarkers related to skin-aging were significantly positive. A summary of the phase 1 clinical study data was published in the peer-reviewed journal, Skin Pharmacol Physiol.

Further Clinical Trials

We are now designing with its partner, YOFOTO (see below), further clinical testing of RCS-01 including a multi-centre phase 2 clinical trial intended to measure efficacy of RCS-01 in a larger population of patients with aging and UV-damaged skin and answer critical questions related to dosing and treatment frequency in China as well a clinical study in Japan.

We are currently engaged with the Japanese regulators in the reviews necessary to obtain regulatory clearance from the PMDA and Ministry of Health, Labour and Welfare (MHLW) to conduct its next clinical study of RCS-01 in Japan under the Act for the Safety of Regenerative Medicine (ASRM) with the intention of launching the product on the market in Japan after successful completion of such a trial. Other preparations required for the conduct of such a clinical study have also been initiated in Japan.

It is intended that all future clinical trials of RCS-01 will be conducted using prototypes of RepliCel's RCI-02 dermal injector.

Collaboration Agreement

We have a Collaboration and Technology Transfer Agreement with YOFOTO. Both companies have agreed to establish a clinical research program in China, with the goal of increasing the available human clinical data on RCS-01. We anticipate that collaborative technology transfer will continue between the companies as any new improvements to the RCS-01 technology are developed by either party. This agreement gives YOFOTO an exclusive 15-year geographic license to develop and market our RCS-01 skin rejuvenation technology in the Licensed Territory.

Intellectual Property

We have filed patent applications relating to compositions, methods and uses of NBDS cells for the treatment and repair of aging and UV-damaged skin. Representative examples of this portfolio include patent applications filed in a variety of select jurisdictions such as Australia, Brazil, Canada, China, Europe, Israel, India, Japan, South Korea, Mexico, New Zealand, Singapore, and the United States (see e.g., US Pub No. 20160136206).

Competition

The facial injectables market comprises four product types: botulinum toxin, hyaluronic acid, fillers (particle and polymer fillers, collagen) and stem cells. These injectables can be used in the facial area to correct facial lines and folds and to rejuvenate and add volume to the face. As effective as they may be at treating wrinkles, fillers have a risk of allergic reaction and the formation of tiny bumps under the skin. A bluish skin discoloration known as the Tyndall effect is also possible. The color change can last for several months, but there are treatments available. In very rare cases, skin cells may die if the wrinkle fillers are not used properly. Typically, the wrinkle fillers with longer-lasting effects are the ones more likely to cause side effects.

Fibrocell Sciences has an approved fibroblast therapy for skin aging. Their FDA-approved autologous fibroblast cellular product for improving the appearance of moderate to severe nasolabial fold wrinkles (smile lines) in adults is called LAVIV® (azficel-T). We believe our source cells and manufacturing technology is disruptive both in duration of time to replicate the cells and in the amount of collagen and extracellular matrix expressed.

RCH-01: Treatment for Hair Loss

Background

Androgenetic alopecia (pattern hair loss) can affect up to 70% of men and 40% of women during the course of their lives. Although it is not a disease that causes physical pain, it does cause mental pain. Currently, over $3 billion is spent each year on hair loss treatments that provide limited results. Androgenetic alopecia is largely an inherited disease. It can be inherited by males and females from either the mother's or father's side of the family. Women with this trait develop thinning hair, but do not commonly become completely bald.

Androgenetic alopecia is a process by which hair follicles shrink and produce smaller hairs thus reducing hair density. These miniaturized hair fibers have a shorter growth cycle and are structurally smaller. They produce thinner and shorter hair, which results in less scalp coverage. Eventually these follicles can regress to a state where they produce no hair at all.

Treatment

We believe our dermal sheath cup (DSC) cell therapy offers several advantages over current hair loss solutions. The current gold standard in hair loss treatment is hair transplant surgery which requires the surgical removal of a prominent band of hair-bearing scalp or multiple micro-biopsies from the back of the head. This band of resected tissue or biopsies are then dissected into hair follicles consisting of one to three hairs which are then implanted into balding areas on the scalp. Often a number of similar procedures are required to achieve the desired result and the patient is limited by the number of hairs that can be redistributed. In contrast, RCH-01 involves the extraction of as few as 20 hair follicles from the back of the patient's scalp where healthy cycling hair follicles reside. We believe these cells are responsible for the continued health of the hair follicle and the normal cycling of the hair fiber. DSC cells are isolated from the hair follicles and are then replicated in culture at a cGMP compliant facility utilizing our proprietary cellular replication process, and are then reintroduced back into balding areas on a patient's scalp. The implanted cells are expected to rejuvenate damaged quiescent hair follicles leading to the growth of new healthy hair fibers. The anticipated long-term result of RCH-01 injections is the restoration and maintenance of a patient's hair.

Phase I Clinical Trial (Europe)

The primary protocol objective of the study was to assess the local (at treatment sites) safety profile of injections of autologous DSC cells at nine-months post-injection compared to placebo. Secondary protocol objectives were to assess systemic (overall) safety and efficacy (hair growth at treatment sites) at nine-month post-injection and local safety at 24-months post-injection. The nine-month interim analysis was designed to provide us with safety information to support the regulatory filing for a phase II clinical trial. The nine-month interim analysis results support the continued development of DSC cells for the treatment of androgenetic alopecia. Participants of the phase I clinical trial were followed for five years. The primary objective of the study was to provide long-term safety profile of injections of cultured DSC cells five years after injection compared to control. This objective was met with an announcement of the final data from this trial in Q1 2017. In addition to establishing safety of the product through five years of follow-up, the data announcement also included several successful data measurements related to increased hair density and stabilization of hair loss through the initial 24 months in which these measurements were taken.

Dose-Finding Clinical Study (Japan)

In 2016, a clinical study was launched in Japan as two clinical sites with funding and product manufacturing provided by Shiseido. The study investigated three different one-time injections. This study was completed in 2019 and data from the randomized, double-blinded, placebo-controlled dose-finding clinical study involving 65 patients as published in the Journal for the American Academy of Dermatology (July 2020). The study was successful in meeting its endpoints and establishing important data regarding which dose was optimal in achieving desired clinical outcomes.

Pivotal Clinical Study (Japan) Testing Repeated Injections

In early 2020, Shiseido publicly communicated its intention to fund a next-phase trial of RCH-01 in Japan investigating a series of injections. In October 2020, Shiseido announced that it had launched such a trial to test the efficacy of 'repeated' injections of RCH-01 in 36 male and female patients with hair loss due to androgenic alopecia. The primary clinical endpoint of the study is to measure changes in hair density twelve months after treatment. In addition to testing the impact of repeated injection (which has not yet been tested), the study protocol also involves the treatment of the entire area of the patient's hair loss (which has also not yet been tested).

We have designed a phase 2 clinical trial intended to measure efficacy of RCH-01 in a larger population of patients with mild to moderate androgenetic alopecia and answer critical questions related to dosing and treatment frequency. We are currently engaged in molecular marker research which is expected to lead to improvements in the product identification, manufacturing, and its clinical effectiveness. We will await data from this research and until clinical-grade prototypes of the RCI-02 dermal injector are available for use in clinical studies prior to submitting the clinical trial application for a phase 2 study of RCH-01 for regulatory approval.

Collaboration Agreement

We have a Collaboration and Technology Transfer Agreement with Shiseido Company, Limited ("**Shiseido**"), one of the world's largest cosmetic companies. Both companies have agreed to work towards establishing a clinical research program in Asia, with the goal of increasing the available human clinical data on RCH-01. We anticipate that collaborative technology transfer will continue between the companies as any new improvements to the RCH-01 technology are developed by either party. This agreement gives Shiseido an exclusive geographic license to use our RCH-01 hair regeneration technology in Japan, China, South Korea, Taiwan and the ASEAN countries representing a population of approximately 2.1 billion people. In mid-2016, Shiseido alleged RepliCel had breached its obligations in the agreement which Shiseido alleged were potentially terminal to future obligations pursuant to the agreement. We have vigorously denied the existence of such breach and insist on the ongoing validity of the respective obligations on both parties pursuant to the agreement. No litigation or the triggering of other dispute mechanisms has been entered into by either party and RepliCel management is actively seeking to continue discussions and/or negotiations with Shiseido to resolve the matter. Shiseido funded a hospital-sponsored clinical study of RCH-01 in Japan which is now complete. The clinical data produced in such a study is, by agreement, to be made available to our company. We expect Shiseido to share the data from this study with our company in compliance with the Agreement. We have recently delivered a demand for the delivery of the data which Shisedo has failed to satisfy to-date.

Intellectual Property

We have filed patent applications on the use of hair follicle derived stem cells. This family of patents describes methods for isolating stem cells from hair follicles, and the growth and use of these stem cells for the treatment of a variety of medical conditions (including hair loss). Within this portfolio, there are granted patents in Australia (AU 2003246521), Europe (EP 1509597), the United States (8431400) and Canada (2488057). An additional related patent application is also pending in the United States (USSN 16/032728).

Competition

There are many current hair loss treatments available.

Medical hair restoration consists of a variety of surgical hair restoration treatments designed to reduce baldness. Follicular unit hair transplant surgery is by far the dominant hair restoration treatment and involves the surgical removal of large portions of hair-bearing scalp from the back of the head. These sections of scalp skin are then dissected by hand into smaller hair follicle clusters or even single follicles (follicular units) and transplanted to the balding areas of a patient's scalp.

Follicular unit extraction is another type of hair transplant technique in which a small round punch is used to extract follicular units from a patient's baldness-resistant donor areas. These 1-, 2-, 3- and 4-hair follicular unit grafts are then transplanted into a patient's balding areas. This is a time consuming and tedious procedure and a physician is often limited to transplanting 500 to 600 follicular unit grafts in one day. While the FUE procedure has grown in popularity, largely due to the minimally invasive way in which follicular unit grafts are removed, the standard strip excision method is still the leading hair transplant procedure accounting for 77.5% of surgical hair restoration procedures according to the International Society of Hair Restoration Surgery's 2011 practice census results.

There are only two drug hair restoration treatments approved by the United States Food and Drug Administration are available today: minoxidil and finasteride. Minoxidil is marketed as Rogaine® and finasteride is marketed as Propecia®. These two products can be effective in hair loss prevention and may grow new hair. However, once a patient begins using Rogaine® or Propecia®, he or she must continue to use the products indefinitely. As with any drug, adverse reactions can sometimes occur.

Histogen is developing a hair stimulating complex that is based on the products of newborn cells grown under embryonic conditions. Histogen completed a 26 male-subject clinical trial on its hair stimulating complex. This double-blind, placebo-controlled study evaluated the safety in the clinical application of the product as an injectable for hair growth. No adverse events were seen at any time point, including the one year follow-up. In October 2012, Histogen announced initial results from its Phase 1/2 clinical trial stating that a significant improvement was seen across all targeted hair growth parameters with an 86% responder rate. The double-blind trial was undertaken to further examine the safety and efficacy of intradermal injections of their hair stimulating complex in 56 men with androgenetic alopecia.

Follica Inc. is developing a treatment that stimulates the re-growth of hair follicles by harnessing their natural wound-healing response.

RCI-02: Dermal Injector Device

Background

To support our RCH-01 and RCS-01 products, we are developing a second generation dermal injector device. The RCI-02 Injector, the production design of which is now complete, will be able to deliver programmable volumes of substances into programmed depths to specific layers of the skin in a constant form with minimal pressure or shear stress, ensuring the injected substance is viable and healthy after application. By improving the conditions of substance delivery, our company improves the chances of success in the treatment of the patient. A significant feature of the new device is the incorporation of a cooling element at the injection site, thus removing the need for an anesthetic. This is a significant improvement over current syringe-type devices where an anesthetic is required prior to injection.

We believe that this device will have applications in certain other dermatological procedures requiring injections of specific volumes of material at specific depths and as such, is actively exploring licensing opportunities in these areas. In addition to the programmable variables of volume and depth, the device will also have interchangeable heads for different injection procedures (single and multi-needle). We received our first functioning prototypes for testing in Q3 2017 and, as a result of extensive testing, made several improvements to the components and design to optimize desired functionality through the following 18 months. Final prototypes were signed off on in late 2019 and first run of commercial-grade units were ordered into production in early 2020. This production run has been delayed due to COVID-19-related shutdowns across the supply chain. Our company now expects to have its first samples of the commercial-grade units from this production run in Q2 2021. These units will then be tested over the coming months and an application submitted to European regulators for marketing approval. A CE mark will allow our company to commercially launch RCI-02 in Europe. An FDA approval (such as a 501(k) will allow our company to commercially launch RCI-01 in the United States. Either one will allow our company to launch sale of the device and consumables in countries which accept those approvals such as Hong Kong where YOFOTO is already licensed to distribute. The registration of European or US marketing approval in Hong Kong is expected to trigger a $500,000 milestone payment from YOFOTO.

A proprietary needle head has also been developed and will have its own regulatory approval where needed. Only this needle-head will work with the device and will be sold/distributed exclusively by RepliCel and its agents. A novel splash guard has also been developed to work with the device and will have its own regulatory approval where needed. This guard will be sold/distributed exclusively by RepliCel and its agents.

Regulatory approval will also be obtained by RepliCel on the assembled syringe cartridge where needed. This is the only cartridge which will work with the device and will be sold/distributed exclusively by RepliCel and its agents.

Collaboration Agreement

The Company has a Collaboration and Technology Transfer Agreement with YOFOTO. YOFOTO has agreed to work towards commercializing the RCI-02 device in China. This agreement gives YOFOTO an exclusive 15-year geographic license to commercialize the Company's RCI-02 dermal injector in technology in the Licensed Territory.

Intellectual Property

We have has also filed numbers patents and patent applications on our dermal injection devices for the delivery of therapeutically useful cells, as well the delivery of various other injectables. Representative granted patents include in Europe (EP 2623146 and EP 2809381), and the United States (US 9616182). Additional related patent applications are also pending in a variety of other jurisdictions such as Australia, Canada, China, Europe, Hong Kong, Israel, Japan, South Korea, New Zealand, Singapore, Taiwan, and the United States (US Pub No. 20180021523).

Competition

Launched in 2009, the Restylane® Injector offers even volume distribution, improved ergonomics over syringes, better depth control and preloaded devices. The injector is preloaded with 200 controlled doses of 10 µl per injection. The injector is used for Restylane Skinboosters Vital and Restylane Skinboosters Vital Light.

The Anteis Injection System was launched in 2010 by Anteis, a Swiss company focused on developing aesthetic dermatology products and ophthalmology devices. They have developed an automated injection device for local injections of Anteis aesthetic products (fillers and rejuvenation products). It features depth control, injection speed and volume control helping to reduce pain, bruising and swelling. A 32 gage needle is used for injections which helps to further reduce pain and the need for an anesthetic before treatment. The device received the Frost & Sullivan 2011 European New Product Innovation Award and the Reddot Design Award in 2010.

Research and Development

The grant-funded research project aimed at manufacturing innovation being conducted at the University of Victoria (UVic) has resumed (with grant extensions). Planning is now underway for the next stage of the project and related grant funding applications. Further detail about the progress of this project will be revealed after appropriate patent protection has been put in place. The teams at UVic and RepliCel are highly encouraged by the data.

The first stage of the research being conducted at the University of British Columbia has been successfully completed and a contract now signed for the second stage to commence immediately. Data from the project to-date points to several cell identity markers of significant interest for use in isolating specific cell populations from the tissue biopsy with potential benefits ranging from optimized manufacturing processes, more consistent product profiles, enhanced product identify assays, stronger patent protections and correlating particular cell sub-populations with the best clinical outcomes.

Further product and process development, aimed at manufacturing improvements and production cost reductions, will be prioritized as funding is allocated.

C. Organizational Structure

We currently have one wholly-owned subsidiary, TrichoScience. TrichoScience is federally incorporated under the *Business Corporations Act* (Canada).

D. Property, Plant and Equipment

Our head office is located at Suite 900 - 570 Granville Street, Vancouver, BC V6C 3P1. We rent this space on a month to month basis at $1,500 per month. Research and development is being conducted under contract with the University of British Columbia by Kevin McElwee, PhD at the UBC Dermatology facilities in Vancouver, British Columbia, Canada and by Dr. Rolf Hoffmann in Germany. We have no current plans to construct or lease dedicated laboratory facilities.

ITEM 4A Unresolved Staff Comments

Not applicable.

ITEM 5 Operating and Financial Review and Prospects

The information in this section is presented in accordance with IFRS for 2020, 2019 and 2018. IFRS differs in certain significant respects from U.S. GAAP. Historical results of operations, percentage relationships and any trends that may be inferred therefrom are not necessarily indicative of the operating results of any future period.

A. Operating Results

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

	Year ended December 31,			Change 2020 to 2019
	2020 ($)	2019 ($)	Increase/ (Decrease) ($)	Percent Change
Revenue	353,735	353,735	0	0%
Expenses				
Research and development	819,403	2,196,364	(1,376,961)	(63%)
General and administrative	884,704	1,084,212	(199,508)	(18%)
Other items	229,913	77,318	152,595	197%
Total loss	(1,580,285)	(3,004,159)	1,423,874	(47%)

There was $353,735 (2019 - $353,735) revenue - License fees from operations for the years ended December 31, 2020 and 2019, respectively.

Research and Development expenses totaled $819,403 for the year ended December 31, 2020 compared to $2,196,364 for the year ended December 31, 2019. Research and Development expenses are much lower during the year ended December 31, 2020 than 2019 as a result of the restrictions on spending on research and development due to our capital constraints.

General and administrative expenses for the year ended December 31, 2020 totaled $884,704 compared to $1,084,212 for the year ended December 31, 2019 as the Company made a concentrated effort to maintain its administrative costs such as investor relations while the Company focused on raising money for working capital.

Other items for the year ended December 31, 2020 includes a gain on debt settlement of $800 which resulted from share for debt transactions which occurred in August and October, 2020. It also includes accretion on preference shares in the amount of $68,486, accretion on put liability of $176,085, government grant income of $22,105, interest income of $358 as well as a foreign exchange loss of $8,605.

Total comprehensive loss for the year ended December 31, 2020 was $1,580,285 or $0.06 per share on a basic and diluted basis compared to a net loss of $3,004,159 or $0.12 per share on a basic and diluted basis for the year ended December 31, 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

	Year ended December 31,			Change 2019 to 2018
	2019 ($)	2018 ($)	Increase/ (Decrease) ($)	Percent Change
Revenue	353,735	167,661	186,074	111%
Expenses				
Research and development	2,196,364	709,260	1,487,104	210%
General and administrative	1,084,212	2,155,809	(1,071,597)	(50%)
Other items	77,318	86,458	(9,140)	(10%)
Total loss	(3,004,159)	(2,783,866)	(220,293)	8%

There was $353,735 (2018 - $167,661) revenue - License fees from operations for the years ended December 31, 2019 and 2018, respectively. The increase in the license fees was as a result of the licensing revenues being for a full year in 2019 compared to licensing revenue earned in 2018 was from September 10, 2018 to December 31, 2018.

Research and development expenses totaled $2,196,364 for the year ended December 31, 2019 compared to $709,260 for the year ended December 31, 2018. Research and Development expenses are higher during the year ended December 31, 2019 than 2018 as a result of its improved working capital and focus on final development of its RCI-02 product.

General and administrative expenses totaled $1,084,212 for the year ended December 31, 2019 compared to $2,155,809 for the year ended December 31, 2018. The decrease was primarily attributable to decreased administrative costs such as investor relations.

Other items for the year ended December 31, 2019 included a gain on debt settlement of $107,395 which resulted from share for debt transactions which occurred on January and October of 2019. It also included accretion on preference shares in the amount of $33,289, accretion on put liability of $141,427 as well as a foreign exchange loss of $9,997.

Total comprehensive loss for the year ended December 31, 2019 was $3,004,159 or $0.12 per share on a basic and diluted basis compared to a net loss of $2,783,866 or $0.13 per share on a basic and diluted basis for the year ended December 31, 2018.

B. Liquidity and Capital Resources

Our company's consolidated financial statements have been prepared on a going concern basis which assumes that our company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. Since its inception, we had accumulated $4,995,531 in revenue from our business, had accumulated deficit of $38,158,327 since incorporation and expected to incur further losses in the development of its business, which casts substantial doubt about our company's ability to continue as a going concern. At December 31, 2020, we had current liabilities in excess of current assets of $2,053,337. Additional working capital will be required for research and development along with general and administrative expenses and to further its business plans. Our company is currently pursuing both dilutive and non-dilutive financing it expects will satisfy its working capital requirements going forward. Non-dilutive funding includes grant funding and strategic partnerships involving product licenses to defined geographic markets and for specified applications. Our company's financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event that we cannot continue as a going concern.

Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. We have financed our operations to date through the issuance of equity. The continued volatility in the financial equity markets may make it difficult to continue to raise funds by equity private placements. There is no assurance that we will be successful with our financing ventures.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Operating Activities

During the year ended December 31, 2020, $765,206 was used in net cash from operating activities compared to $2,781,840 of cash used in operating activities for the ended December 31, 2019. The decrease in cash used by operating activities was a result of primarily decreases in both research and development as well as general and administration activities as a result of cash constraints.

Investing Activities

During the year ended December 31, 2020, the net cash provided by investing activities was $11,500 (2019: $(28,750)).

Financing Activities

During the year ended December 31, 2020, we engaged in a private placement for the sum of $656,840.

Due to the global outbreak of the COVID-19, the federal government of Canada introduced the Canada Emergency Business Account ("CEBA"). CEBA provides an interest-free loan ("CEBA") of $60,000 to eligible businesses. The CEBA loan has an initial term that expires on December 31, 2022 throughout which the CEBA Loan remains interest free. Repayment of $40,000 by December 31, 2022 results in a $20,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

On November 12, 2020, the Company borrowed a sum of $47,299 ($37,149 USD) from an individual, bearing interest at a rate of 8% per annum, payable on demand for repayment of the principal amount. Subsequent to the year-ended December 31, 2020, this amount was settled by the issuance of common shares. This individual is an employee at MainPointe Pharmaceuticals LLC.

During the year ended December 31, 2019, the Company has issued preference shares, net of issuance costs, for the amount of $415,998.

Additional working capital will be required for general and administrative expenses and to further our business plans.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Operating Activities

During the year ended December 31, 2019, $2,781,840 was used in net cash from operating activities compared to $524,038 of cash used in operating activities for the ended December 31, 2018. The increase in cash used by operating activities was a result of primarily increases in both research and development as well as general and administration activities for the year ended December 31, 2019.

Investing Activities

During the year ended December 31, 2019, the net used by investing activities was $28,750 (2018: $Nil).

Financing Activities

During the year ended December 31, 2019, the Company announced that it had completed the first tranche of a private placement pursuant to which it issued 1,089,125 Class A Preference Shares at a price of $0.40 per share for aggregate gross proceeds of $435,650. The Company recorded $415,998 net of issuance costs for its preference shares issued in 2019. During the year ended December 31, 2018, the Company engaged in a private placement for the sum of $1,397,389.

Additional working capital will be required for general and administrative expenses and to further our business plans.

Put liability

Under the Collaboration and Technology Transfer Agreement, YOFOTO has the right to put back all of the common shares acquired in the event that it is unable to complete human clinical trials for the licensed technologies for reasons that are outside of YOFOTO's control on or before the date that is 8.5 years from the date of the Collaboration and Technology Transfer Agreement. Although the put option can be exercised independently for each of the three licensed technologies at a rate of 1/3 per licensed technology (RCT-01, RCS-01 and RCI-02), the terms of the Agreement provide that only 2/3s of the shares can be put back to RepliCel under conditions that RepliCel does not control. As this represents an obligation to transfer cash under circumstances that are not within RepliCel's own control, the put option in connection with 2/3s of the shares issued under the Agreement is recognized as a liability.

The Company has recorded a put liability based on management's estimate of its fair value. The fair value of this put liability was determined by calculating the present value of $3,393,337 repayable in 8.5 years discounted at 23%. $3,393,337 is 2/3s of the private placement proceeds that are subject to the put liability. After its initial recording at $520,426, the put liability will be recorded at amortized cost.

Going Concern

Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in the auditor's report on the Company's annual audited consolidated financial statements for the year ended December 31, 2020, the Company's auditors included an explanatory paragraph on their report in respect of there being substantial doubt about the Company's ability to continue as a going concern.

The audited consolidated financial statements prepared as at December 31, 2020 have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. At December 31, 2020, the Company is in the research stage, has accumulated losses of $38,158,327 since its inception and expects to incur further losses in the development of its business. The Company incurred a consolidated net loss of $1,580,285 during the year ended December 31, 2020. As at date of this report, the Company will require additional funding to continue its research and development activities which may not be available, or available on acceptable terms. This will result in material uncertainties which casts substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has a plan in place to address this concern and intends to obtain additional funds by equity financing to the extent there is a shortfall from operations. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations.

If the going concern assumptions were not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the financial position classifications used.

We anticipate that we will require a maximum of approximately $700,000, in addition to the investment committed by MainPointe, to proceed with its current plan of operations for the twelve-month period ended December 31, 2021 focused on (1) progressing the RCI-02 device and consumables toward market launch in Europe and Hong Kong, (2) progressing toward the launch of clinical studies in Japan for RCS-01 and RCT-01, and (3) providing technology transfer, training and other support to be ready for clinical trial launch of RCS-01 and RCT-01 in China with our partner, YOFOTO.

The Company does not currently have sufficient capital resources to fund its full plan or operations for the next twelve months. Accordingly, the Company plans to raise additional capital through the sale of debt or equity securities or through other forms of financing in order to raise the funds necessary to pursue the Company's plan of operations. The Company currently does not have any arrangements in place for the completion of any financings and there is no assurance that it will be successful in completing any financings. The Company is currently pursuing both dilutive and non-dilutive financing it expects will satisfy its working capital requirements going forward. Non-dilutive funding includes grant funding and strategic partnerships involving product licenses to defined geographic markets and for specified applications. There can be no assurance that additional financing will be available when needed or, if available, on commercially reasonable terms. If the Company is not able to obtain additional financing on a timely basis, it may not be able to pursue its plan of operations or meet its obligations as they come due, and may be forced to scale down, or perhaps even cease, business operations. The Company is currently actively engaged in several due diligence reviews and partnership discussions. All such discussions involve the injection of new capital into the Company.

Cash on hand and cash equivalents are currently the Company's only source of liquidity. The Company does not have any lending arrangements in place with banking or financial institutions and the Company does not know whether it will be able to secure such funding arrangements in the near future.

Critical Accounting Policies and Estimates

RepliCel makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these financial statements are discussed below:

Share Based Payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 12(d) of the Financial Statements.

Revenue Recognition

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgment is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

In the Share Purchase Agreement with YOFOTO, we issued shares to YOFOTO which had an identifiable market value at the time the agreement was signed. The price YOFOTO paid for these shares, plus associated share-purchase warrants (which have now expired), was over the then-market price for these shares. In addition to the Share Purchase Agreement, we also entered into a Licensing and Collaboration Agreement (See Note 8 - Licensing and Collaboration Agreement - YOFOTO (China) Health Industry Co. Ltd.) with YOFOTO in which we granted to YOFOTO product licenses and a put option. Our company's methodology used in assessing the value assigned to the put options, licenses, and purchase warrants granted in these agreements is outlined in Note 8 and 12 (b) v) of the Financial Statements.

Preference Shares

RepliCel makes estimates on the issuance of preference shares which are compound instruments that consist of both an equity and a liability component. Management is required to make estimates to determine the fair value of the components of the preference share issuance at the date that it is issued. The Company also needs to make estimates on the effective interest on preference shares to calculate amounts payable on redemption and inclusive of dividends.

Put Liability

RepliCel made estimates on the issuance of the put liability disclosed in Note 8 of the Financial Statements. The put liability is a financial liability recorded initially at the present value of the potential exercise price of the put. Management is required to make an estimate to determine the effective interest rate to appropriately discount the potential exercise price over the term of the put liability to its fair value at issuance.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company will recognize deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

C. Research and Development, Patents and Licenses etc.

Research and development expenses totaled $819,403 for the year ended December 31, 2020 compared to $2,196,364 for the year ended December 31, 2019. The decrease was as a result of capital constraints that the Company faced during the year as well COVID posed challenges on the Company's suppliers. During the year ended December 31, 2020, we incurred costs of $432,880 relating to our clinical trials compared to $1,610,539 for the year ended December 31, 2019.

D. Trend Information

We do not currently know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

F. Contractual Obligations

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities as at December 31, 2020:

Years of Expiry	Financial Instruments		Amounts
Within 1 year	Accounts payable and accrued liabilities	$	1,359,449
Within 1 year	Promissory note	$	47,299
Within 2 to 5 years	CEBA loan payable	$	40,000
Within 2 to 5 years	Preference shares	$	958,430
Greater than 5 years	Put liability	$	3,393,337
Total		$	5,798,515

G. Safe Harbor

Not applicable.

ITEM 6 Directors, Senior Management and Employees

A. Directors and Senior Management

There are no family relationships between any of the directors, senior management or employees. We have no arrangement or understanding with any major shareholders or other persons pursuant to which any of our directors or officers was selected as a director or officer. The following table sets out information regarding our directors and senior management, and any employees upon whose work our company is dependent.

Name and Age	Present Position with our Company	Age	Date of Commencement with our Company
Lee Buckler[2]	Director, Chief Executive Officer and President Corporate Secretary	54	January 1, 2016 June 13, 2016
Simon Ma	Chief Financial Officer	56	June 13, 2016
Dr. Rolf Hoffmann	Chief Medical Officer	59	December 22, 2010
Dr. Kevin McElwee	Chief Scientific Officer	50	December 22, 2010
David Hall [1][2]	Director Chairman of the Board	67	December 22, 2010 January 1, 2016
Peter Lewis[1][2]	Director	65	May 27, 2011
Andrew Schutte[2]	Director	31	December 14, 2018
Peter Lowry[1][2]	Director	57	December 14, 2018

(1) Member of the audit committee and nominating, compensation and corporate governance committee.

(2) Member of the operations committee.

Lee Buckler, B.Ed, LLB - Chief Executive Officer, President, Corporate Secretary and Director

Mr. Buckler has been an executive in the cell therapy sector since 2000 beginning with Malachite Management in the Stem Cell Technologies group of companies. Most recently he was the Managing Director of Cell Therapy Group, a firm he formed in 2008 where he did business development consulting for companies and organizations in or interested in the cell therapy sector. His work included deal-targeting, transactions, market intelligence, competitive analyses, strategic assessments, and market profile planning for companies ranging from top-tier multinationals to start-ups. Mr. Buckler has a Bachelor's Degree in Education and a Law Degree. After law school, he did a one year judicial clerkship with the B.C. Supreme Court and was a practicing attorney for three years at Edwards, Kenny & Bray. Mr. Buckler served six years as the Executive Director of the International Society for Cellular Therapy and just over two years as Director of Business Development for Progenitor Cell Therapy. He is on the editorial advisory boards of the journal Regenerative Medicine and the BioProcess International magazine and is a member of the Alliance for Regenerative Medicine's Communications and Education Committee. He co-founded Cell Therapy News, founded Cell Therapy Blog, founded and continues to manage the LinkedIn Cell Therapy Industry Group, and is an active industry commentator in publications and in social media.

Simon Ma - CFO

Simon Ma is a Chartered Professional Accountant and has extensive experience with private companies as well as public companies in the resource sector. He graduated from the University of British Columbia in 1987 and obtained a degree of Bachelor of Arts in Economics after which he worked in the industry as a Controller to 1990. He started articling in 1990 and qualified as a Chartered Accountant in 1994. Simon Ma has been a sole public practitioner since 1997 and is practicing under the name of Simon S. Ma Corporation. He is concurrently serving as chief financial officer of several public companies listed on the TSX Venture Exchange or Canadian Securities Exchange. These companies include North American Potash Inc., Gem International Resources Inc., E-Energy Ventures Inc., United Coal Holdings Ltd., Quanta Resources Inc., and DGS Minerals Inc. Simon Ma has been the chief financial officer of our company from October 17, 2018 and was the director of finance for our company from June of 2016 to June 22, 2020.

Prof. Rolf Hoffmann, MD - Chief Medical Officer

Dr. Hoffmann is a European-based clinical researcher who has spent decades researching the fields of pattern hair loss, alopecia areata, endocrinology of the hair follicle and hair follicle morphogenesis. Together with Dr. McElwee, he is the applicant of a landmark patent on the use of hair follicle cup cells and their use in hair diseases. He is working clinically in his private practice, as a teaching professor in the Department of Dermatology for Marburg University, Germany, as well as a researcher on histopathogically on hair diseases, where he has published chapters in text books. Dr. Hoffmann has participated in dozens of clinical hair studies and consulted for a variety of large companies on hair matters. He is the inventor of TrichoScan®, a computerized technique to measure hair growth. Since then, he has run a successful privately owned company to market the device for dermatologists and to offer it as a service for clinical trials.

Dr. Kevin McElwee, PhD - Chief Scientific Officer

Dr. McElwee is an Associate Professor in the Department of Dermatology and Skin Health at the University of British Columbia, and Director of the Hair Research Laboratory in the Vancouver Coastal Health Research Institute at Vancouver General Hospital (VGH). His research is funded by competitive grants awarded by multiple organizations including the Canadian Institute for Health Research (the equivalent of the National Institute for Health in the USA). Dr. McElwee is one of only a small group of research scientists worldwide who studies hair biology and associated diseases. He has worked as a hair research scientist for 12 years and has published over 70 medical journal articles, research abstracts and academic book chapters on hair loss research. Dr. McElwee received his Bachelor of Science degree from the University of Aberdeen, Scotland and his PhD from the University of Dundee, Scotland. Postdoctoral training included three years at the Jackson Laboratory in Maine, USA and four years at the University of Marburg, Germany, studying various hair loss diseases

David Hall - Chairman of the Board and Director

Mr. Hall has almost two decades of experience in the life sciences industry. From 1994 through 2008, he served in roles as Chief Financial Officer, Chief Compliance Officer and Senior Vice President of Government & Community Relations for Angiotech Pharmaceuticals Inc. He also acted as the Corporate Secretary and Treasurer of Angiotech. Mr. Hall is highly committed to governmental policy issues related to the biotech industry. He is a past Chairman of Life Sciences BC and currently serves as a director of Advantage BC. He has served as the Chairman of the Biotech Industry Advisory Committee to the BC Competition Council and as a member of the BC Task Force on PharmaCare. Mr. Hall is also a member of the University of British Columbia's Tech Equity Investment Committee, a director and Chairman of the Audit Committee of GLG Lifetech Corporation.

Peter Lewis, CA - Director

Mr. Lewis is a partner with Lewis and Company, a firm specializing in taxation law since 1993. His areas of expertise include tax planning, acquisitions and divestitures, reorganizations and estate planning. He is a sought after educator, having taught and presented taxation courses at the Institute of Chartered Professional Accountants of British Columbia and the Canadian Tax Foundation.

Peter Lowry - Director

Peter Lowry is an experienced commercial executive having held a number of governance roles, with experience in the United Kingdom and New Zealand markets. As a director and consultant with Pkarma Limited he is focused on business strategy and improvement for private sector companies and government bodies. His work includes the use of lean methodology and customer focused design, and the utilization of objective data to drive strategy and programs. His consulting and operational management roles include General Manager of the Greenlane Heart Unit, one of the largest Cardiac service in Australasia, leading Auckland Orthopedics, an organization supported by 80 orthopedic surgeons across Auckland, and the development and operational management of a number of joint-ventures that leverage intellectual property across a range of clinical and commercial settings. Mr. Lowry graduated with a Bachelor of Management Studies from the University of Waikato (4-year degree), is a Chartered Accountant in New Zealand, and has completed the Executive Program of the Darden Business School, University of Virginia. Mr. Lowry is a long term shareholder in the Company having acquired shares through a number of the capital raisings during this time. In addition, he has provided significant advice to the recently completed share placement and licensing deal.

Andrew Schutte - Director

Andrew Schutte has been the Chief Technology Officer with MainPointe Pharmaceuticals from November 2016 to present. Mr. Schutte was a VBA Programmer with Gerimed Inc. from February 2012 to February 2016, a US based company which provides independent pharmacies servicing long-term care and home care patients access to cost effective solutions. He is the President and sole proprietor of two oil related LLCs, Nolan Olbohrung LLC and Valence Oil LLC.

B. Compensation

The following table sets out the compensation provided to our directors and senior management for performance of their duties during the fiscal year ended December 31, 2020:

SUMMARY COMPENSATION TABLE									
					Non-equity incentive compensation plan compensation ($)				
Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards[1] ($)	Annual incentive plans	Long-term incentive plans	Pension value ($)	All other Compen-sation ($)	Total Compen-sation ($)
Lee Buckler CEO, President, Corporate Secretary and Director	2020	240,000	3,397	Nil	Nil	Nil	Nil	Nil	243,397
Simon Ma Chief Financial Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	96,000	96,000
Dr. Rolf Hoffmann Chief Medical Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	18,358	18,358
Dr. Kevin McElwee Chief Scientific Officer Founder of TrichoScience	2020	Nil	Nil	Nil	Nil	Nil	Nil	30,000	30,000
David Hall Chairman and Director	2020	Nil	Nil	Nil	Nil	Nil	Nil	23,000	23,000
Peter Lewis Director	2020	Nil	Nil	Nil	Nil	Nil	Nil	17,750	17,750
Peter Lowry Director	2020	Nil	Nil	Nil	Nil	Nil	Nil	16,750	16,750
Andrew Schutte Director	2020	Nil	Nil	Nil	Nil	Nil	Nil	13,750	13,750
Larissa Huang[2] Former Director	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gavin Ye[2] Former Director	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) The valuation of option-based awards is based on the fair value of the options at the time of the grant is based on the Black Scholes model and includes the following assumptions; weighted average risk free rate, weighted average expected life, expected volatility and dividend yield. For options that vest, only the vested options are valued. Details of options granted during 2014 are included in the table below under the heading "Share Ownership - Stock Option Plan".

(2) Larissa Huang and Gavin Ye resigned as directors of our company on December 8, 2020.

Pension, Retirement or Similar Benefits

We do not provide pension, retirement or similar benefits to directors and executive officers. No funds were set aside or accrued by our company during the fiscal year ended December 31, 2020 to provide pension, retirement or similar benefits to our directors or officers pursuant to any existing plan provided or contributed to by us or our subsidiaries.

C. Board Practices

Our directors are re-elected at the annual general meeting of our shareholders and our officers are re-appointed by our board of directors at a directors' meeting following the annual general meeting. Each of our current directors and officers will hold their respective office until their successor is elected or appointed, unless such office is earlier vacated under any of the relevant provisions of our articles or the *Business Corporations Act* (British Columbia).

The following sets out terms of the employment, director's services and consulting agreements with Lee Buckler, David Hall and Simon Ma.

Employment Agreement: Lee Buckler

Pursuant to an employment agreement, effective as of January 1, 2016, between Lee Buckler and the Company, Mr. Buckler serves as President, Chief Executive Officer and Corporate Secretary of the Company and President and Chief Executive Officer of TrichoScience for a base salary of $240,000 per annum. Under the agreement, Mr. Buckler will be eligible to participate in a bonus plan as and when established by the Company, which currently is anticipated to provide for bonuses based on a target bonus of 100 percent of the base salary earned by Mr. Buckler during each fiscal year in accordance with milestones to be established by the Board. Mr. Buckler was entitled to receive a retention bonus where the Company will pay $45,000 on the earlier of April 30, 2016 or 30 days after the Company completes an equity financing with minimum gross proceeds of $3,000,000. Mr. Buckler received the $45,000 bonus during the year ended December 31, 2016. Mr. Buckler may also be eligible to receive additional stock option grants or awards under other equity based incentive plans from time to time. If Mr. Buckler's employment is terminated for any reason other than for just cause, the Company will pay Mr. Buckler: any unpaid base salary earned but unpaid; a lump sum amount as severance compensation equal to three months of base salary for the first year of employment or a lump sum amount as severance compensation equal to twelve months of base salary after the first year of employment plus an additional two months of base salary for each full year of employment after the initial year up to a maximum of eighteen months of base salary, and a lump sum payment as compensation for the loss of Mr. Buckler's entitlement to benefits up to a maximum of $100,000.

Director's Services Agreement: David Hall

Pursuant to a director's services agreement dated January 1, 2016, Mr. Hall serves as the Chairman and a member of the Board. In consideration, the Company has agreed to pay an annual retainer of $15,000 to serve as the Chairman, an annual retainer of $10,000 to serve as a director, a fee of $1,000 per Board meeting, a fee of $1,000 per Audit Committee meeting and $1,000 per Nominating, Compensation and Corporate Governance Committee meeting.

Consulting Agreement: Simon Ma

The Company entered into a consulting agreement dated effective October 17, 2018 with Simon S. Ma Corporation, a company wholly owned by Simon Ma, the CFO of the Company, pursuant to which Simon Ma provides the Company with financial and accounting services. The Company has agreed to pay Simon S. Ma Corporation a consulting fee of $8,000 plus GST per month for the term of the consulting agreement, being twelve months after the effective date. The consulting agreement is automatically renewable for twelve months unless either party gives thirty days' written notice to the other of its intention not to renew the consulting agreement. The consulting agreement may be terminated before its expiry by either party at any time without cause by giving notice to the other party at least thirty days prior to the termination and by the Company, without notice, immediately upon the occurrence of any default by Mr. Ma.

Audit Committee

Our audit committee is comprised of Peter Lewis, David Hall, and Peter Lowry. The audit committee reviews and approves the scope of the audit procedures employed by our independent auditors, reviews the results of the auditor's examination, the scope of audits, the auditor's opinion on the adequacy of internal controls and quality of financial reporting and our accounting and reporting principles, policies and practices, as well as our accounting, financial and operating controls. The audit committee also reports to the board of directors with respect to such matters and recommends the selection of independent auditors. Before financial statements that are to be submitted to the shareholders at an annual general meeting are considered by the board of directors, such financial statements are submitted to the audit committee for review, following which the report of the audit committee on the financial statements is submitted to the board of directors.

Nominating, Compensation and Corporate Governance Committee

Our nominating, compensation and corporate governance committee is comprised of Peter Lewis, David Hall and Peter Lowry. The purpose of the nominating, compensation and corporate governance committee is to identify individuals qualified to become directors on our board of directors or any of its committees, consistent with criteria approved by our board of directors, and to select, or to recommend that our board of directors select, such director nominees, whether at the next annual meeting of the shareholders or otherwise. The committee also periodically evaluates the qualifications and independence of each director on our board of directors or its various committees and recommend to our board of directors, as the committee may deem appropriate, any recommended changes in the composition of our board of directors or any of its committees. The committee also develops and recommends to our board of directors corporate governance principles applicable to our company and annually assess the performance of our board of directors.

Operations Committee

Our operations committee is comprised of Lee Buckler, David Hall, Peter Lowry and Andrew Schutte. The purpose of the operations committee is to advise management of our company on all operational aspects of our company on a regular basis and report to the Board.

D. Employees

As of December 31, 2020, we had one full time employee and one contractor, the majority of which are located in Vancouver, British Columbia. These employees and contractors have expertise in biotechnology management, clinical trials, financial management and communications.

E. Share Ownership

Our directors, senior management and key employees beneficially own, directly or indirectly, the number of common shares set out in the table below:

Name and Office Held	Number of Common Shares[(1)]	Percentage of Common Shares[(2)]	Number of Preferred Shares[(3)]	Percentage of Preferred Shares[(4)]
Lee Buckler CEO, President, Corporate Secretary and Director	6,808	*	-	-
Simon Ma Chief Financial Officer	7,460	*	-	-
Dr. Rolf Hoffmann Chief Medical Officer	489,572	1.36%	-	-
Dr. Kevin McElwee Chief Scientific Officer	610,685	1.69%	-	-
David Hall Chairman and Director	398,049[(5)]	*	37,500	3.44%
Peter Lewis Director	151,999	*	37,500[(6)]	3.44%
Peter Lowry Director	777,154	*	-	-
Andrew Schutte Director	3,731,571	10.36%	250,000	22.95%

* Less than 1%.

(1) Does not include options to acquire common shares of our company held by the persons set forth in the table. For a description of options held by the persons set forth in the table above, see below under the heading "Stock Option Plan".

(2) Based on 36,035,109 common shares issued and outstanding as of April 28, 2021.

(3) The preferred shares are subject to the special rights and restrictions as described in Item 10 below.

(4) Based on 1,089,125 preferred shares issued and outstanding as of April 28, 2021.

(5) Does not include 100,000 common shares held by Mr. Hall's wife over which Mr. Hall does not exercise control or direction.

(6) These preferred shares are held in the name of Peter W. Lewis Inc., a private company controlled by Peter Lewis.

Stock Option Plan

On April 17, 2014, our board of directors approved the adoption of our 2014 Stock Option Plan (the "**2014 Plan**"), which was ratified by our shareholders on December 8, 2020.

Under the 2014 Plan the number of common shares reserved for issuance pursuant to the exercise of options granted under the 2014 Plan cannot exceed 10% of the total number of issued common shares of our company (calculated on a non-diluted basis) at the time an option is granted. The purpose of the 2014 Plan is to advance the interests of our company and its shareholders by attracting, retaining and motivating selected directors, officers, employees and consultants of our company of high caliber and potential and to encourage and enable such persons to acquire an ownership interest in our company.

The following information is intended as a brief description of the 2014 Plan:

1. Our board of directors (which for the purposes of the 2014 Plan includes any committee setup by our board of directors to govern the stock options) shall establish the exercise price at the time each option is granted, subject to the following conditions:

    (a) if the common shares are listed on the TSX Venture Exchange, the exercise price will not be less than the minimum prevailing price permitted by the policies of the TSX Venture Exchange;

(b) if the common shares are not listed, posted and trading on any stock exchange or bulletin board, then the exercise price will be determined by our board of directors at the time of granting;

(c) if an option is granted within 90 days of a distribution by a prospectus by our company, the exercise price will not be less than the price that is the greater of the minimum prevailing price permitted by the TSX Venture Exchange policies and the per share price paid by public investors for common shares acquired under the distribution by the prospectus, with the 90 day period beginning on the date a final receipt is issued for the prospectus; and

(d) in all other cases, the exercise price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.

2. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of common shares in respect of the expired or terminated option shall again be available for an option grant under the 2014 Plan.

3. All options granted under the 2014 Plan may not have an expiry date exceeding ten years from the date on which the option is granted.

4. Options granted to any one individual in any 12 month period cannot exceed more than 5% of the issued common shares of our company, unless our company has obtained disinterested shareholder approval.

5. Options granted to any one consultant in any 12 month period cannot exceed more than 2% of the issued common shares of our company, without the prior consent of the TSX Venture Exchange.

6. Options granted to all persons, in aggregate, conducting investor relations activities in any 12 month period cannot exceed more than 2% of the issued common shares, without the prior consent of the TSX Venture Exchange.

7. Options issued to optionees performing investor relations activities will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

8. If a director, employee or consultant of our company is terminated for cause or resigns, then any option granted to such option holder will terminate immediately upon such option holder ceasing to be a director, employee, or consultant by reason of termination for cause or by resignation.

9. If an option holder ceases to be a director, employee or consultant of our company (other than by reason of death, disability, resignation or termination of services for cause), as the case may be, then any option granted to such option holder that had vested and was exercisable on the date of termination will expire on the earlier of the expiry date and the date that is 90 days following the date that such option holder ceases to be a director, employee or service provider of our company.

10. If an option holder dies, the option holder's lawful personal representatives, heirs or executors may exercise any option granted to such option holder that had vested and was exercisable on the date of death until the earlier of the expiry date and one year after the date of death of such option holder.

11. If an option holder ceases to be a director, employee or consultant as a result of a disability, such option holder may exercise any option granted to such option holder that had vested and was exercisable on the date of disability until the earlier of the expiry date and 90 days after the date of disability.

12. Options granted to directors, employees or consultants will vest when granted unless determined by our board of directors on a case by case basis, other than options granted to consultants performing investor relations activities, which will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

13. Options granted under the 2014 Plan are not assignable or transferable by an option holder.

14. Our board of directors may, from time to time, subject to regulatory or shareholder approval, if required under the policies of the TSX Venture Exchange, amend or revise the terms of the 2014 Plan.

The 2014 Plan provides that other terms and conditions may be attached to a particular stock option at the discretion of our board of directors.

The following table sets forth the amount and terms of options to acquire common shares of our company we have granted to our directors, senior management and key employees:

Name and Office Held	Number of Options	Date of Grant	Exercise Price	Expiry Date
Lee Buckler CEO, President, Corporate Secretary and Director	150,000	December 7, 2016	$0.60	December 7, 2021
	400,000	July 30, 2018	$0.43	July 30, 2023
Simon Ma Chief Financial Officer	50,000	July 30, 2018	$0.43	July 30, 2023
Dr. Rolf Hoffmann Chief Medical Officer	75,000	December 7, 2016	$0.60	December 7, 2021
	75,000	July 30, 2018	$0.43	July 30, 2023
Dr. Kevin McElwee Chief Scientific Officer	75,000	December 7, 2016	$0.60	December 7, 2021
	75,000	July 30, 2018	$0.43	July 30, 2023
David Hall Director	75,000	December 7, 2016	$0.60	December 2021
	100,000	July 30, 2018	$0.43	July 30, 2023
Peter Lewis Director	30,000	December 7, 2016	$0.60	December 7, 2021
	50,000	July 30, 2018	$0.43	July 30, 2023
Peter Lowry Director	80,000	July 30, 2018	$0.43	July 30, 2023
Andrew Schutte Director	30,000	July 30, 2018	$0.43	July 30, 2023

ITEM 7 Major Shareholders and Related Party Transactions

A. Major Shareholders

Common Shares

The following table sets forth, as of April 28, 2021, the only persons known to us to be the beneficial owner of more than five (5%) of our common shares:

Name of Shareholder	No. of Common Shares Owned	Percentage of Outstanding Common Shares[1]
Andrew Schutte	5,081,895[2]	13.59%[3]
YOFOTO (China) Health Industry Co.	5,357,900	14.87%
Jamie MacKay	3,353,750[4]	9.02%[5]
MainPointe Pharmaceuticals LLC	2,506,802	6.96%

(1) Based on 36,035,109 common shares issued and outstanding as at April 28, 2021.

(2) Includes: (i) 3,731,571 Shares held directly by Mr. Schutte, (ii) 757,575 common shares issued on the conversion of Class A Preference Shares at a conversion price of $0.33 per Class A Preference Share held directly by Mr. Schutte, (iii) 30,000 options held directly by Mr. Schutte, each of which is exercisable into one common share exercisable at a price of $0.43 per common share until July 30, 2023 and (iv) 562,750 Warrants held directly by Mr. Schutte, each of which is exercisable into one common share at a price of $0.36 per common share until July 15, 2023.

(3) Based on 37,385,434 common shares outstanding on a partially-diluted basis comprised of: (i) 36,035,109 issued and outstanding as of April 28, 2021, (ii) 757,575 common shares that may be issuable on conversion of Class A Preference Shares, (iii) 30,000 common shares that may be issuable on exercise of stock options and (iv) 562,750 common shares that may be issuable on exercise of warrants, all held directly by Andrew Schutte.

(4) Includes: (i) 2,235,833 Shares held directly by Mr. MacKay and (ii) 1,117,917 Warrants held directly by Mr. MacKay, each of which is exercisable into one common share at a price of $0.36 per common share until July 15, 2023.

(5) Based on 37,153,026 common shares outstanding on a partially-diluted basis comprised of: (i) 36,035,109 issued and outstanding as of April 28, 2021 and (ii) 1,117,917 common shares that may be issuable on exercise of warrants, held directly by Jamie MacKay.

The voting rights of our major shareholders do not differ from the voting rights of holders of our common shares who are not major shareholders.

Class A Preference Shares

The following table sets forth, as of April 28, 2021, the only persons known to us to be the beneficial owner of more than five (5%) of our Class A Preference Shares:

Name of Shareholder	No. of Common Shares Owned	Percentage of Outstanding Common Shares[1]
Andrew Schutte	250,000	22.95%

(6) Based on 1,089,125 Class A Preference Shares issued and outstanding as at April 28, 2021.

The following table sets forth the number of our issued and outstanding common shares and Class A Preference Shares that are held by record holders in the United States:

Class	Number of Shareholders	Total Securities Held	Percentage of Securities
Common Shares	43	8,766,876	24.33%[1]
Class A Preference Shares	1	250,000	22.95%[2]

(1) Based on 36,035,109 common shares issued and outstanding as of April 28, 2021.
(2) Based on 1,089,125 Class A Preference Shares issued and outstanding as of April 28, 2021.

To our knowledge we are not directly or indirectly owned or controlled by another company, a foreign government or any other natural or legal person, severally or jointly.

To our knowledge, there are no arrangements the operation of which may, at a subsequent date, result in a change in the control of our company.

B. Related Party Transactions

The following sets forth all material transactions and loans from January 1, 2018 to the current date between our company and: (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, our company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of our company that gives them significant influence over our company and close members of any such individuals' families; (d) key management personnel of our company, including directors and senior management of our company and close members of such individuals' families; and (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. For the purposes of this section, shareholders beneficially owning a 10% interest in the voting power of our company are presumed to have a significant influence.

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31, 2020	December 31, 2019	December 31, 2018
Research and development fees owing to:			
Tricholog GmbH, a company controlled by Rolf Hoffmann, an officer of our company,	$38,445	$18,376	$160,811
McElwee Consulting Inc., a company controlled by Kevin McElwee, an officer of our company	$33,625	$25,750	$30,671
Dr. Petra Goessens-Rueck, head of clinical and regulatory affairs	$-	$12,199	$-
General and administrative fees (salaries) owed to:			
David Hall, a director of our company	$17,250	$11,500	$47,000
Lee Buckler, a director and officer of our company	$45,000	$3,069	$131,332
Simon Ma, an officer of our company	$25,200	$-	$-
Peter Jensen, a former director of our company	$-	$-	$13,500

	December 31, 2020	December 31, 2019	December 31, 2018
Peter Lewis, a director of our company	$13,750	$9,750	$37,250
Geoff MacKay, a former director of our company	$-	$2,500	$34,387
John Challis, a former director of our company	$-	$-	$5,000
Hugh Rogers, a former director of our company	$-	$-	$53,550
Tom Kordyback, a former CFO of our Company	$-	$-	$18,000
Larissa Huang, a former director of our company	$-	$-	$3,250
Peter Lowry, a director of our company	$8,250	$12,999	$173,250
Andrew Schutte, a director of our company	$81,885	$11,159	$3,250
Gavin Ye, a former director of our company	$-	$-	N/A
Total	$263,405	$107,302	$726,501

Preference shares

On September 10, 2019, three directors of the Company purchased 325,000 preference shares for $130,000 in total. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related party transactions

We incurred the following transactions with companies that are controlled by directors and/or officers of our company. The transactions were measured at the amount established and agreed to by the parties.

	December 31, 2020	December 31, 2019	December 31, 2018
Research and development and general and administration fees paid to:			
Tricholog GmbH, a company controlled by Rolf Hoffmann, an officer of our company,	$18,358	$44,879	$100,000
McElwee Consulting Inc., a company controlled by Kevin McElwee, an officer of our company	$30,000	$35,000	$25,000
Hugh Rogers, a former director of our company	$-	$-	$27,000
Peter Lowry, a director of our company	$-	$-	$220,000
Dr. Petra Goessens-Rueck, head of clinical and regulatory affairs	$-	$86,143	$-
Total	$48,358	$166,023	$372,000

Key management compensation

On September 12, 2019, the Company announced that it had completed the first tranche of a private placement pursuant to which it issued 1,089,125 Class A Preference shares at a price of $0.40 per share for aggregate gross proceeds of $435,650.

Three directors of the Company purchased 325,000 preference shares for $130,000 in total. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive directors, our chief executive officer and our chief financial officer. For details regarding the compensation, please see Item 6.B.

	December 31, 2020	December 31, 2019	December 31, 2018
General and administrative - salaries	$336,000	$336,000	$380,435
Directors' fees	$71,250	$70,500	$54,750
Stock-based compensation	$3,397	$26,275	$293,367
Total	$410,647	$432,775	$728,552

C. Interests of Experts and Counsel

Not applicable.

ITEM 8 Financial Information

A. Financial Statements and Other Financial Information

Our financial statements are stated in Canadian dollars and are prepared in accordance with IFRS as issued by the IASB. In this Form 20-F, unless otherwise specified, all dollar amounts are expressed in Canadian dollars. Financial statements included with this annual report are listed below:

Audited Annual Financial Statements as at December 31, 2020, 2019 and 2018:

Independent Auditor's Report of BDO Canada LLP, dated April 30, 2021;

Consolidated Statements of Financial Position for the years ended December 31, 2020 and 2019;

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2020, 2019 and 2018;

Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018;

Consolidated Statements of Changes in Equity (Deficiency) for the years ended December 31, 2020, 2019 and 2018; and

Notes to the Consolidated Financial Statements.

The audited consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 can be found under "Item 17 Financial Statements".

Legal Proceedings

There are no legal or arbitration proceedings which may have, or have had in the recent past, a significant effect on our financial position or profitability.

Dividend Distributions

Holders of our common shares are entitled to receive such dividends as may be declared from time to time by our board of directors, in its discretion, out of funds legally available for that purpose. We intend to retain future earnings, if any, for use in the operation and expansion of our business and do not intend to pay any cash dividends in the foreseeable future.

B. Significant Changes

There were no significant changes in our financial affairs since December 31, 2020

ITEM 9 The Offer and Listing

A. Offer and Listing Details

Price History

Since April 16, 2004, our common shares have been quoted on the OTC Bulletin Board or the OTCQB, as applicable, currently under the symbol "REPCF". On June 2, 2020, our common share were moved down to the Pink Sheets of the OTC Market Group. Since January 13, 2014, our common shares have been trading on the TSX Venture Exchange, under the symbol "RP". Since September 2012, our common shares have been trading on the Berlin Stock Exchange under the symbol P6P2 and code number A2APX7. On August 10, 2016, we effected a ten (10) for one (1) reverse split.

The trading price and volume of our company's common shares has been and may continue to be subject to wide fluctuations. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with little or no current business operations. Because our common shares are only sporadically traded on the Pink Sheets and the TSX Venture Exchange, shareholders may find it difficult to liquidate their common shares, or purchase new common shares, at certain times.

All of our common shares are issued in registered form. The transfer of our common shares is managed by our transfer agent, Computershare Investor Services Inc., 3rd Floor - 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 (Telephone: 604.661.0271; Facsimile: 604.661.9549).

Our Class A Preference Shares are not listed on any stock exchange.

B. Plan of Distribution

Not applicable.

C. Markets

Since April 16, 2004, our common shares have been quoted on the OTC Bulletin Board or the OTCQB, as applicable, under the symbol "REPCF"; on June 2, 2020, our common share were moved down to the Pink Sheets of the OTC Market Group; since January 13, 2014 on the TSX Venture Exchange; and, since September 2012, on the Berlin Stock Exchange under the symbol P6P2 and code number A2APX7. Our common shares are not currently listed for trading on any other market or quotation system. On January 10, 2014, we delisted from the Canadian Securities Exchange (formerly the CNSX).

Our Class A Preference Shares are not listed on any stock exchange.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10 Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We have been continued under the laws of the Province of British Columbia, Canada and have been assigned the number C0913693. Our company is governed by the *Business Corporations Act* (British Columbia).

Our Articles do not contain a description of our objects and purposes.

Our Articles do not restrict a director's power to vote on a proposal, arrangement or contract in which the director is materially interested, vote compensation to themselves or any other members of their body in the absence of an independent quorum or exercise borrowing powers. There is no mandatory retirement age for our directors and our directors are not required to own securities of our company in order to serve as directors.

Our authorized capital consists of an unlimited number of common shares without par value and an unlimited number of Class A Shares without par value. Our Class A Shares may be issued in one or more series and our board of directors may fix the number of shares which is to comprise each series and designate the rights, privileges, restrictions and conditions attaching to each series. On August 2, 2019, our board approved the creation of a new class of Class A Shares to be designated as Class A Preference Shares of which 12,000,000 are authorized to be issued. As of April 28, 2021, there are 1,089,125 Class A Preference Shares issued and outstanding.

Holders of our common shares are entitled to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote, receive any dividend declared by us and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, receive the remaining property of our company upon dissolution.

The provisions in our Articles attaching to our common shares and Class A Shares may be altered, amended, repealed, suspended or changed by the affirmative vote of the holders of not less than two-thirds of the common shares and two-thirds of the Class A Shares, respectively, present in person or by proxy at any such meeting of holders.

Our Articles provide for our directors to hold office until the expiry of his term (which is stipulated to be immediately before the next election or appointment of directors at an annual general meeting of our shareholders) or until his successor is elected or appointed, unless their respective office is earlier vacated in accordance with our Articles or with the provisions of the *Business Corporations Act* (British Columbia). A director appointed or elected to fill a vacancy on the board of directors holds office for the unexpired term of their predecessor.

An annual meeting of shareholders must be held at such time in each year that is not later than fifteen months after the last preceding annual meeting and at such place as our board of directors may from time to time determine. The holders of not less than five percent of our issued common shares that carry the right to vote at a meeting may requisition our board of directors to call a meeting of shareholders for the purposes stated in the requisition. The quorum for the transaction of business at any meeting of shareholders is two persons who are entitled to vote at the meeting in person or by proxy. Only persons entitled to vote, our directors, president, secretary, lawyers and auditors, and others who, although not entitled to vote, are otherwise entitled or required to be present, are entitled to be present at a meeting of shareholders, provided that only persons entitled to vote may be counted in the quorum.

Except as provided in the *Investment Canada Act*, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or British Columbia, or in our charter documents. See the section entitled "Exchange Controls" below for a discussion of the principal features of the *Investment Canada Act* for non-Canadian residents proposing to acquire our common shares.

Our Articles do not contain provisions that would have an effect of delaying, deferring or preventing a change in control of our company, other than authorizing the issuance by our board of directors of preferred stock in series and limiting the persons who may call special meetings of shareholders. Our Articles do not contain any provisions that would operate only with respect to a merger, acquisition or corporate restructuring of our company.

Our Articles do not contain any provisions governing the ownership threshold above which shareholder ownership must be disclosed.

Our Articles are not significantly different from the requirements of the *Business Corporations Act* (British Columbia), and the conditions imposed by our Articles governing changes in capital are not more stringent than what is required by the *Business Corporations Act* (British Columbia).

Rights and Restrictions of Class A Preference Shares

The Class A Preference Shares have the following rights and restrictions:

Issue Price

The issue price for each Class A Preference Share shall be $0.40 per Class A Preference Share (the "**Issue Price**").

Rank

(a) All Class A Preference Shares shall be identical with each other in all respects.

(b) The Class A Preference Shares shall rank superior and in first priority to all common shares in the capital of the Company or shares of any other class of the Company as to dividends and upon liquidation, as described below. Any amounts herein shall be subject to appropriate adjustments in the event of any stock splits, consolidations and the like.

Voting Rights

The holders of the Class A Preference Shares (the "**Class A Shareholders**") shall not be entitled to receive notice of and to attend at and to vote in person or by proxy at any meetings of the holders of common shares. Class A Shareholders are entitled to receive notice and attend and to vote in person or by proxy at any meetings of the holders of Class A Preference Shares.

Dividends

Subject to the requirements of the *Business Corporations Act* (British Columbia), each holder of a Class A Preference Share shall be entitled to receive on the date fixed for payment thereof, and the Company shall pay, a fixed dividend which shall accrue on a daily basis (based on a 360 day year consisting of 12 30-day months) in arrears at the rate of seven percent (7%) per annum on the paid up amount of Class A Preference Shares, which shall be paid out of the money properly applicable for the payment of dividends or, at the election (by delivery of a notice to the other party) of the Company or the Class A Shareholder and subject to the approval of the TSX Venture Exchange, by the issuance of common shares, to be determined at a price per common share equal to the Market Price (as such term is defined in the policies of the TSX Venture Exchange) as of the date such dividends become payable or such other date as may be required by the policies of the TSX Venture Exchange. Dividends shall accrue and be paid on the date determined by the Company in its sole discretion, provided that no interest will be paid on any accumulation of dividends. The holders of the Class A Preference Shares shall not be entitled to any dividends other than the dividends provided herein. The declaration of dividends on Class A Preference Shares shall in no way obligate the Company or the directors to declare dividends on any other class of shares. No dividends shall be declared or paid on the Class A Preference Shares if to do so would render the Company insolvent.

Conversion by Class A Shareholders

(a) For the purposes of this section, the "**Conversion Price**" is equal to $0.33.

(b) At any time commencing after the first issuance of Class A Preference Shares, the paid up amount of each Class A Preference Share may be converted at the Conversion Price, at the option of the Class A Shareholder thereof, into common shares upon:

(i) the Class A Shareholder delivering to the Company a duly completed and executed notice of conversion in the form as provided by the Company (the "**Notice of Conversion**"), specifying the aggregate number of Class A Preference Shares to be converted and the date on which such conversion is to be effected (the "**Conversion Date**"), which date shall not be more than thirty (30) days following the date of delivery of the Notice of Conversion, provided that if no Conversion Date is specified in the Notice of Conversion, then the Conversion Date shall be the date that is thirty (30) days following the date of delivery of the Notice of Conversion or such other earlier date as is determined by the Company in its sole discretion; and

(ii) the Class A Shareholder surrendering to the Company for cancellation the share certificate representing the Class A Preference Shares being converted pursuant to the Notice of Conversion.

(c) In the event that the Company delivers a Notice of Redemption (as defined herein) to a Class A Shareholder with respect to redeeming any Class A Preference Shares, the Class A Shareholder may with respect to the Class A Preference Shares indicated in the Notice of Redemption, provide to the Company a Notice of Conversion within thirty (30) days of receipt of such Company notice and the Class A Shareholder's Notice of Conversion shall take precedence over the Notice of Redemption.

(d) Upon the conversion of Class A Preference Shares

(i) the rights of a Class A Shareholder as a holder of the converted Class A Preference Shares shall cease; and

(ii) each person in whose name any certificate for common shares is issuable upon such conversion shall be deemed to have become the holder of record of the common shares represented by such certificate.

(e) No fractional common shares shall be issued upon conversion of any of the Class A Preference Shares. Instead of any fractional common shares that would otherwise be issuable upon conversion of the Class A Preference Shares, each such fractional common share shall be rounded down to the nearest whole common share and any shortfall shall be made up by the Company in cash.

(f) The Company shall not, by amendment of its notice of articles, articles or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this section, but shall at all times in good faith assist in the carrying out of all the provisions of this section and in the taking of any action necessary or appropriate in order to protect the conversion rights of the holders of the Class A Preference Shares against impairment.

Redemption by the Company

(a) Subject to the rights of the Class A Shareholder to convert the Class A Preference Shares into common shares as provided above, the Company may, in its discretion at any time (the "**Redemption Date**"), redeem any or all of the Class A Preference Shares by delivering to the Class A Shareholder a notice of redemption (the "**Notice of Redemption**") specifying the aggregate number of Class A Shares to be redeemed and the date on which such redemption is to be effected (the "**Redemption Date**"), which date shall not be more than ninety (90) days following the date of delivery of the Notice of Redemption, provided that if no Redemption Date is specified in the Notice of Redemption, then the Redemption Date shall be the date that is ninety (90) days following the date of delivery of the Notice of Redemption. The redemption price (the "**Redemption Price**") shall be: (i) $0.468 for the period from the date of issuance (the "**Issue Date**") to the date that is the first anniversary of the Issue Date; (ii) $0.536 for the period from the date that is the day after the first anniversary of the Issue Date to the date that is the second anniversary of the Issue Date; (iii) $0.604 for the period from the date that is the day after the second anniversary of the Issue Date to the date that is the third anniversary of the Issue Date; (iv) $0.672 for the period from the date that is the day after the third anniversary of the Issue Date to the date that is the fourth anniversary of the Issue Date; and (v) $0.740 for the period from the date that is the day after the fourth anniversary of the Issue Date and the date that is the fifth anniversary of the Issue Date. At any time prior to the date that is five (5) years from the date of issuance of the Class A Preference Shares (the "**Required Redemption Date**"), the Company may redeem any portion of the Class A Preference Shares, but on the Required Redemption Date, the Company shall redeem all remaining outstanding Class A Preference Shares at the applicable Redemption Price, subject to compliance with applicable laws.

(b) Subject to the provisions of the *Business Corporations Act* (British Columbia), the Company may, on the Redemption Date, redeem the number of Class A Preference Shares to be redeemed, and on the Required Redemption Date shall redeem all outstanding Class A Preference Shares by paying to the Class A Shareholder the applicable Redemption Price in respect of each redeemed Class A Preference Shares, together with all accrued but unpaid dividends. Payment may be made by certified cheque, bank draft or electronic transfer, and payment is deemed to be made on the date of mailing, delivery to a national or international courier or electronic transfer. Payment may be mailed or couriered to the address of the Class A Shareholder on the shareholder list of the Company. Upon fulfillment of such notice and payment, each such Class A Preference Shares shall be deemed cancelled. If such Class A Shareholder does not return for cancellation any Class A Preference Shares so redeemed, the Company may cancel said Class A Preference Shares with or without being in possession of the certificate representing such Class A Preference Shares.

Liquidation, Dissolution or Winding-Up

(a) In the event of any distribution of the assets of the Company (the "**Assets**") on the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of the Assets among its shareholders for the purpose of winding-up its affairs, the Class A Shareholders shall be entitled to receive and to be paid out of any Assets remaining available for distribution, before any payment or distribution is made, if any, to holders of any common shares or shares of any other class of the Company ranking junior to the Class A Preference Shares entitled to receive a portion of such remaining Assets, a liquidation preference equal to the applicable Redemption Price per Class A Preference Share, plus any accrued but unpaid dividends which such Class A Shareholder is entitled up until the date fixed for such liquidation, dissolution or winding-up of the Company.

(b) Neither the sale of all or substantially all the Assets, nor a merger or consolidation of the Company's share capital into or with any other entity shall be deemed to be a voluntary or involuntary liquidation, dissolution, or winding-up of the Company and be subject to the liquidation, dissolution and winding-up rights set forth in this section.

Restrictions on Transfer

The Class A Preference Shares may not be transferred without the prior written consent of the board of directors of the Company.

Modification

The rights and restrictions attaching to the Class A Preference Shares as provided herein may be amended or repealed by the Company with the approval of the Class A Shareholders as provided for in the section below.

Approval of Holders of Class A Preference Shares

Any approval required to be given hereunder at any time by the Class A Shareholder shall, except as otherwise required by the *Business Corporations Act* (British Columbia), be given by an instrument or instruments in writing signed by the Class A Shareholders holding not less than two-thirds of the then outstanding Class A Preference Shares or by resolution passed by at least two-thirds of the votes cast at a meeting, or any adjournment or postponement thereof, of the Class A Shareholders duly called and at which a quorum was present. In the event that such approval is to be given at a meeting of the Class A Shareholders, a quorum for the meeting shall consist of the holders, present in person or represented by proxy, of not less than a majority of the Class A Preference Shares outstanding at the time of the meeting.

C. Material Contracts

Other than as described elsewhere in this annual report on Form 20-F, there are no material contracts which our company and TrichoScience have entered into during the last two years.

D. Exchange Controls

There are presently no governmental laws, decrees or regulations in Canada which restrict the export or import of capital, or which impose foreign exchange controls or affect the remittance of interest, dividends or other payments to non-resident holders of our common shares. However, any remittances of dividends to shareholders not resident in Canada are subject to withholding tax in Canada. See the section entitled "Taxation" below.

Except as provided in the *Investment Canada Act*, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or British Columbia or in our charter documents. The following summarizes the principal features of the *Investment Canada Act* for non-Canadian residents proposing to acquire our common shares.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal advice to any holder or prospective holder of our common shares, and no opinion or representation to any holder or prospective holder of our common shares is hereby made. Accordingly, holders and prospective holders of our common shares should consult with their own legal advisors with respect to the consequences of purchasing and owning our common shares.

The *Investment Canada Act* governs the direct or indirect acquisition of control of an existing Canadian business by non-Canadians. Under the *Investment Canada Act*, non-Canadian persons or entities acquiring "control" (as defined in the *Investment Canada Act*) of a corporation carrying on business in Canada are required to either notify, or file an application for review with, Industry Canada, unless a specific exemption, as set out in the Investment Canada Act, applies. Industry Canada may review any transaction which results in the direct or indirect acquisition of control of a Canadian business, where the gross value of corporate assets exceeds certain threshold levels (which are higher for investors from members of the World Trade Organization, including United States residents, or World Trade Organization member-controlled companies) or where the activity of the business is related to Canada's cultural heritage or national identity. No change of voting control will be deemed to have occurred, for purposes of the *Investment Canada Act*, if less than one-third of the voting control of a Canadian corporation is acquired by an investor. In addition, the *Investment Canada Act* permits the Canadian government to review any investment where the responsible Minister has reasonable grounds to believe that an investment by a non-Canadian could be injurious to national security. No financial threshold applies to a national security review. The Minister may deny the investment, ask for undertakings, provide terms or conditions for the investment or, where the investment has already been made, require divestment. Review can occur before or after closing and may apply to corporate re-organizations where there is no change in ultimate control.

If an investment is reviewable under the *Investment Canada Act*, an application for review in the form prescribed is normally required to be filed with Industry Canada prior to the investment taking place, and the investment may not be implemented until the review has been completed and the Minister responsible for the *Investment Canada Act* is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian applicant must not implement the investment, or if the investment has been implemented, may be required to divest itself of control of the Canadian business that is the subject of the investment. The Minister is required to provide reasons for a decision that an investment is not of net benefit to Canada.

Certain transactions relating to our common shares will generally be exempt from the *Investment Canada Act*, subject to the Minister's prerogative to conduct a national security review, including:

1. the acquisition of our common shares by a person in the ordinary course of that person's business as a trader or dealer in securities;

2. the acquisition of control of our company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Canada Act; and

3. the acquisition of control of our company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of our company, through ownership of our common shares, remains unchanged.

E. Taxation

Material Canadian Federal Income Tax Consequences

We consider that the following general summary fairly describes the principal Canadian federal income tax consequences applicable to a holder of our common shares who is a resident of the United States, who is not, will not be and will not be deemed to be, a resident of Canada for purposes of the *Income Tax Act* (Canada) and any applicable tax treaty and who does not use or hold, and is not deemed to use or hold, his common shares in the capital of our company in connection with carrying on a business in Canada (a "**non-resident holder**").

This summary is based upon the current provisions of the *Income Tax Act*, the regulations thereunder (the "**Regulations**"), the current publicly announced administrative and assessing policies of the Canada Revenue Agency and the Canada-United States Tax Convention (1980), as amended (the "**Treaty**"). This summary also takes into account the amendments to the *Income Tax Act* and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all such Tax Proposals will be enacted in their present form. However, no assurances can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax consequences applicable to a holder of our common shares and, except for the foregoing, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax consequences described herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of our common shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of our common shares is made. Accordingly, holders and prospective holders of our common shares should consult their own tax advisors with respect to the income tax consequences of purchasing, owning and disposing of our common shares in their particular circumstances.

Dividends

Dividends paid on our common shares to a non-resident holder will be subject under the *Income Tax Act* to withholding tax which tax is deducted at source by our company. The withholding tax rate for dividends prescribed by the *Income Tax Act* is 25% but this rate may be reduced under the provisions of an applicable tax treaty. Under the Treaty, the withholding tax rate is reduced to 15% on dividends paid by our company to residents of the United States and is further reduced to 5% where the beneficial owner of the dividends is a corporation resident in the United States that owns at least 10% of the voting common shares of our company.

Capital Gains

A non-resident holder is not subject to tax under the *Income Tax Act* in respect of a capital gain realized upon the disposition of a common share of our company unless such share is "taxable Canadian property" (as defined in the *Income Tax Act*) of the non-resident holder. Our common shares generally will not be taxable Canadian property of a non-resident holder unless the non-resident holder alone or together with non-arm's length persons owned, or had an interest in an option in respect of, not less than 25% of the issued shares of any class of our capital stock at any time during the 60 month period immediately preceding the disposition of the shares. In the case of a non-resident holder resident in the United States for whom shares of our company are taxable Canadian property, no Canadian taxes will generally be payable on a capital gain realized on such shares by reason of the Treaty unless the value of such shares is derived principally from real property situated in Canada.

Material United States Federal Income Tax Consequences

The following is a general discussion of certain possible United States Federal foreign income tax matters under current law, generally applicable to a U.S. Holder (as defined below) of our common shares who holds such shares as capital assets. This discussion does not address all aspects of United States Federal income tax matters and does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. See *Taxation Certain Canadian Federal Income Tax Consequences* above.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations, published Internal Revenue Service ("**IRS**") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. No assurance can be given that the IRS will agree with such statements and conclusions, or will not take, or a court will not adopt, a position contrary to any position taken herein.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal, business or tax advice to any holder or prospective holder of our common shares, and no opinion or representation with respect to the United States Federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares are urged to consult their own tax advisors with respect to Federal, state, local, and foreign tax consequences of purchasing, owning and disposing of our common shares.

U.S. Holders

As used herein, a "U.S. Holder" includes a holder of less than 10% of our common shares who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof, any entity which is taxable as a corporation for United States tax purposes and any other person or entity whose ownership of our common shares is effectively connected with the conduct of a trade or business in the United States. A U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of our common shares is not effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their shares through the exercise of employee stock options or otherwise as compensation.

Distributions

The gross amount of a distribution paid to a U.S. Holder will generally be taxable as dividend income to the U.S. Holder for United States federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions which are taxable dividends and which meet certain requirements will be "unqualified dividend income" and taxed to U.S. Holders at a maximum United States federal rate of 15%. Distributions in excess of our current and accumulated earnings and profits will be treated first as a tax-free return of capital to the extent the U.S. Holder's tax basis in the common shares and, to the extent in excess of such tax basis, will be treated as a gain from a sale or exchange of such shares.

Capital Gains

In general, upon a sale, exchange or other disposition of common shares, a U.S. Holder will generally recognize a capital gain or loss for United States federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other distribution and the U.S. Holder's adjusted tax basis in such shares. Such gain or loss will be a United States source gain or loss and will be treated as a long-term capital gain or loss if the U.S. Holder's holding period of the shares exceeds one year. If the U.S. Holder is an individual, any capital gain will generally be subject to United States federal income tax at preferential rates if specified minimum holding periods are met. The deductibility of capital losses is subject to significant limitations.

Foreign Tax Credit

A U.S. Holder who pays (or has had withheld from distributions) Canadian income tax with respect to the ownership of our common shares may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign income taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the tax credit, among which is an ownership period requirement and the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his or its worldwide taxable income. In determining the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. The availability of the foreign tax credit and the application of these complex limitations on the tax credit are fact specific and holders and prospective holders of our common shares should consult their own tax advisors regarding their individual circumstances.

Passive Foreign Investment Corporation

We do not believe that we are a passive foreign investment corporation (a "**PFIC**"). However, since PFIC status depends upon the composition of a company's income and assets and the market value of its assets and shares from time to time, there is no assurance that we will not be considered a PFIC for any taxable year. If we were treated as a PFIC for any taxable year during which a U.S. Holder held shares, certain adverse tax consequences could apply to the U.S. Holder.

If we are treated as a PFIC for any taxable year, gains recognized by such U.S. Holder on a sale or other disposition of shares would be allocated ratably over the U.S. Holder's holding period for the shares. The amount allocated to the taxable year of the sale or other exchange and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as applicable, and an interest charge would be imposed on the amount allocated to such taxable year. Further, any distribution in respect of shares in excess of 125% of the average of the annual distributions on shares received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be subject to taxation as described above. Certain elections may be available to U.S. Holders that may mitigate some of the adverse consequences resulting from PFIC status. However, regardless of whether such elections are made, dividends paid by a PFIC will not be "qualified dividend income" and will generally be taxed at the higher rates applicable to other items of ordinary income.

U.S. Holders and prospective holders should consult their own tax advisors regarding the potential application of the PFIC rules to their ownership of our common shares.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Documents concerning our company referred to in this annual report may be viewed by appointment during normal business hours at our registered and records office at Suite 900 - 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

I. Subsidiary Information

We have one subsidiary: TrichoScience Innovations Inc., a company incorporated on September 7, 2006 under the *Business Corporations Act* (Canada).

ITEM 11 Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 12 Description of Securities Other Than Equity Securities

Not applicable.

PART II

ITEM 13 Defaults, Dividend Arrearages and Delinquencies

Not applicable.

ITEM 14 Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

ITEM 15 Controls and Procedures

A. Disclosure Controls and Procedures

As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Exchange Act, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this annual report on Form 20-F. Based on this evaluation, these officers concluded that as of the end of the period covered by this annual report on Form 20-F, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to our company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of material weaknesses in internal control over financial reporting as identified below under the heading "Management's Report on Internal Control Over Financial Reporting." Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated. Our company intends to remediate the material weaknesses as set out below.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected.

B. Management's Report on Internal Control Over Financial Reporting

Our company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for our company. Our company's internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that our company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the design and operation of our internal control over financial reporting as of December 31, 2020 based on the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Based on this evaluation, our management concluded our internal control over financial reporting was not effective as at December 31, 2020 due to the following material weaknesses: (i) a lack of written policies and procedures for accounting, financial reporting and corporate governance; and (ii) inadequate review of accounting entries and accounting positions; (iii) inadequate segregation of incompatible duties; and (iv) inadequate accounting for complex and/or unusual transactions.

Our company has taken steps to enhance and improve the design of our internal controls over the financial reporting, however these steps were not complete as of December 31, 2020. During the period covered by this annual report on Form 20-F, we have not been able to remediate the material weaknesses identified above.

Plan for Remediation of Material Weaknesses

We intend to take appropriate and reasonable steps to make the necessary improvements to remediate these deficiencies. We intend to consider the results of our remediation efforts and related testing as part of our year-end 2021 assessment of the effectiveness of our internal control over financial reporting.

Subject to receipt of additional financing, we have undertaken, or intend to undertake, the below remediation measures to address the material weaknesses described in this annual report. Such remediation activities include that we intend to continue to update the documentation of our internal control processes, including formal risk assessment of our financial reporting processes.

The remediation efforts set out above are largely dependent upon our company securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

Our internal control over financial reporting was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

C. Changes in Internal Controls Over Financial Reporting

There were no significant changes in internal controls over financial reporting during the year ended December 31, 2020 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A Audit Committee Financial Expert

Our board of directors has determined that at least one member of its audit committee, being Mr. Peter Lewis, qualifies as an "audit committee financial expert" as defined in Item 16A(b) of Form 20-F. Mr. Lewis is also "independent" as that term is defined in Nasdaq Marketplace Rule 5605(a)(2).

ITEM 16B Code of Ethics

Code of Ethics

Effective July 15, 2004, our board of directors adopted a Code of Business Conduct and Ethics that applies to, among other persons, our president (being our principal executive officer) and our chief financial officer (being our principal financial and accounting officer), as well as persons performing similar functions. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

2. full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;

3. compliance with applicable governmental laws, rules and regulations;

4. the prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and

5. accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our company's personnel shall be accorded full access to our president and secretary with respect to any matter which may arise relating to the Code of Business Conduct and Ethics. Further, all of our company's personnel are to be accorded full access to our company's board of directors if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our President or Secretary.

In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our company's president. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by the president, the incident must be reported to any member of our board of directors. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's Code of Business Conduct and Ethics by another.

Our Code of Business Conduct and Ethics was filed with the Securities and Exchange Commission as Exhibit 14.1 to our annual report filed on July 15, 2004. We will provide a copy of the Code of Business Conduct and Ethics to any person without charge, upon request. Requests can be sent to: RepliCel Life Sciences Inc., Suite 900 - 570 Granville Street, Vancouver, British Columbia, Canada V6C 3P1.

ITEM 16C Principal Accountant Fees and Services

Audit Fees

Our board of directors appointed BDO Canada LLP, Chartered Accountants, as independent auditors to audit our consolidated financial statements for the fiscal year ended December 31, 2020. The aggregate fees billed by BDO Canada LLP for audit services rendered for the audit of our annual financial statements and interim reviews of our quarterly financial statements for the fiscal years ended December 31, 2020 and December 31, 2019 were $85,000 and $111,500, respectively.

Audit Related Fees

For the fiscal year ended December 31, 2020, and 2019, the aggregate fees billed for audit related services by BDO Canada LLP were $nil and $nil, respectively.

Tax Fees

For the fiscal years ended December 31, 2020 and 2019, the aggregate fees billed for tax compliance, tax advice and tax planning by BDO Canada LLP were $nil and $8,000, respectively.

All Other Fees

For the fiscal years ended December 31, 2020 and 2019, the aggregate fees billed by BDO Canada LLP for other non-audit professional services, other than those services listed above, were $nil and $nil, respectively.

Pre-Approval Policies and Procedures

Our audit committee pre-approves all services provided by our independent auditors. All of the services and fees described under the categories of "Audit Fees", "Audit Related Fees", "Tax Fees" and "All Other Fees" were reviewed and approved by the audit committee before the respective services were rendered, and none of such services were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

The audit committee has considered the nature and amount of the fees billed by BDO Canada LLP, Chartered Accountants, and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining the independence of BDO Canada LLP, Chartered Accountants.

ITEM 16D Exemption from the Listing Standards for Audit Committees

Not applicable.

ITEM 16E Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In 2020, neither we nor any affiliated purchaser (as defined in the *Securities Exchange Act of 1934*) purchased any of our common shares.

ITEM 16F Change in Registrant's Certifying Accountant

None.

ITEM 16G. Corporate Governance

Not applicable.

ITEM 16H. Mine Safety Disclosure

Not applicable.

ITEM 17 Financial Statements

Financial Statements Filed as Part of this Report:

Audited Annual Financial Statements as at December 31, 2020, 2019 and 2018:

Independent Auditor's Report of BDO Canada LLP, dated April 30, 2021;

Consolidated Statements of Financial Position for the years ended December 31, 2020 and 2019;

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2020, 2019 and 2018;

Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018;

Consolidated Statements of Changes in Equity (Deficiency) for the years ended December 31, 2020, 2019 and 2018; and

Notes to the Consolidated Financial Statements.

REPLICEL LIFE SCIENCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2020, 2019 and 2018

(Stated in Canadian Dollars)

To the shareholders of RepliCel Life Sciences Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of RepliCel Life Sciences Inc. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the consolidated statements of comprehensive loss, changes in equity (deficiency), and cash flows for each of the three years in the period ended December 31, 2020, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Emphasis of Matter Regarding Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2(a) to the consolidated financial statements, the Company has accumulated losses of $38,158,327 since its inception and incurred a loss of $1,580,285 during the year ended December 31, 2020. These events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2(a). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. Further, we are required to be independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and to fulfill our other ethical responsibilities in accordance with these requirements.

We conducted our audits in accordance with the standard 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 audit, 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 estimated 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
Critical audit matters are matters arising from the current period audit of the 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 financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ “BDO CANADA LLP”

Chartered Professional Accountants
Vancouver, British Columbia

April 30, 2021

We have served as the Company's auditor since 2010.

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Financial Position
(Stated in Canadian Dollars)

As at	Notes	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		**$ 34,363**	**$ 23,929**
Guaranteed investment certificate		**17,250**	**28,750**
Sales taxes recoverable		**28,243**	**16,524**
Prepaid expenses and deposits		**70,460**	**128,670**
Contract asset	8	**35,374**	**35,374**
		185,690	**233,247**
Non-current assets			
Contract Asset	8	**230,847**	**266,221**
Equipment	7	**4,425**	**5,999**
Total assets		**$ 420,962**	**$ 505,467**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13, 15	**$ 1,320,220**	**$ 747,582**
Contract liability	8	**353,735**	**353,735**
Preference shares	9	**517,773**	**449,287**
Promissory note	11	**47,299**	
		2,239,027	**1,550,604**
Non-current liabilities			
CEBA loan payable	10	**28,727**	-
Deferred government grant income	10	**11,273**	-
Put liability	8	**894,617**	718,531
Contract liability	8	**2,308,484**	2,662,219
Total liabilities		**5,482,128**	**4,931,354**
Shareholders' deficiency			
Common shares	12	**28,471,140**	**27,529,531**
Contributed surplus	12	**4,626,021**	**4,622,624**
Accumulated deficit		**(38,158,327)**	**(36,578,042)**
Total shareholders' deficiency		**(5,061,166)**	**(4,425,887)**
Total liabilities and shareholders' deficiency		**$ 420,962**	**$ 505,467**
Continuance of Operations	2(a)		
Commitments and Contingencies	16		
Events after the reporting date	20		

Approved on behalf of the Board:

/s/ "David Hall"
Director

/s/ "Lee Buckler"
Director

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

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Comprehensive Loss
(Stated in Canadian Dollars)

For the year ended	December 31, 2020	December 31, 2019	December 31, 2018
Revenue			
Licensing fees (Note 8)	**$ 353,735**	$ 353,735	$ 167,661
Expenses			
Research and development (Note 13)	**819,403**	2,196,364	709,260
General and administrative (Note 13)	**884,704**	1,084,212	2,155,809
Loss before other items	**(1,350,372)**	(2,926,841)	(2,697,408)
Other items:			
Accretion on preference shares	**(68,486)**	(33,289)	-
Accretion on put liability	**(176,085)**	(141,427)	(56,678)
Foreign exchange loss	**(8,605)**	(9,997)	(29,817)
Gain on debt settlement (Note 12 (b) ii)	**800**	107,395	-
Government grant income (Note 10)	**22,105**	-	-
Interest income	**358**	-	37
Net and comprehensive loss	**$ (1,580,285)**	$ (3,004,159)	$ (2,783,866)
Basic and diluted loss per share	**$ (0.06)**	$ (0.12)	$ (0.13)
Weighted average shares outstanding	**26,961,067**	24,107,122	21,853,646

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

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Cash Flows
For the year-ended December 31, 2020
(Stated in Canadian Dollars)

	December 31, 2020	December 31, 2019	December 31, 2018
Operating activities			
Net loss	**$ (1,580,285)**	$ (3,004,159)	$ (2,783,866)
Add items not involving cash:			
Accretion and accrued dividends	**68,486**	33,289	-
Amortization of contract asset	**35,374**	35,374	16,766
Accretion of put liability (Note 8)	**176,085**	141,427	56,678
Government assistance	**(31,273)**	-	-
Revenue from contract liability (Note 8)	**(353,735)**	(353,735)	(167,661)
Depreciation (Note 7)	**1,574**	2,168	2,998
Gain on debt settlement (Note 12 (b) ii)	**(800)**	(107,395)	-
Stock-based compensation (Note 12 (e))	**3,397**	26,275	326,367
Changes in non-cash working capital balances:			
Sales taxes recoverable	**(11,719)**	32,980	(962)
Prepaid expenses and deposits	**58,210**	382,071	(221,515)
Contract asset (Note 8)	**-**	-	(353,735)
Accounts payable and accrued liabilities	**858,207**	29,865	111,618
Contract liability (Note 8)	**-**	-	3,537,350
Deferred government grant (Note 10)	**11,273**	-	-
Net cash used in operating activities	**(765,206)**	(2,781,840)	524,038
Investing activities			
Redemption (Purchase) of guaranteed investment certificate	**11,500**	(28,750)	-
Net cash provided by investing activities	**11,500**	(28,750)	-
Financing activities			
CEBA loan	**60,000**	-	-
Gross proceeds on issuance of common shares (Note 12)	**656,840**	-	974,404
Issuance of preference shares net of issuance costs	**-**	415,998	-
Put liability (Note 8)	**-**	-	520,426
Promissory note issued (Note 11)	**47,299**	-	-
Finder's fee (Note 12)	**-**	-	(97,440)
Net cash provided by financing activities	**764,139**	415,998	1,397,390
Increase (Decrease) in cash and cash equivalents during the year	**10,434**	(2,394,592)	1,921,428
Cash and cash equivalents, beginning of the year	**23,929**	2,418,521	497,093
Cash and cash equivalents, end of the year	**$ 34,363**	$ 23,929	$ 2,418,521

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

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Changes in Equity (Deficiency)
For the year-ended December 31, 2020
(Stated in Canadian Dollars)

	Common Stock Shares	Amount	Contributed Surplus	Accumulated Deficit	**Total**
Balance, January 1, 2020	24,715,818	$ 27,529,531	$ 4,622,624	$ (36,578,042)	**$ (4,425,887)**
Net loss for the year	-	-	-	(1,580,285)	**(1,580,285)**
Common shares issued - Note 12 (b) i)	3,649,110	656,840	-	-	**656,840**
Common shares issued - Note 12 (b) ii)	1,426,491	256,769	-	-	**256,769**
Common shares issued - Note 12 (b) ii)	160,000	28,000	-	-	**28,000**
Stock-based compensation - Note 12 (e)	-	-	3,397	-	**3,397**
Balance, December 31, 2020	29,951,419	$ 28,471,140	$ 4,626,021	$ (38,158,327)	**$ (5,061,166)**

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

REPLICEL LIFE SCIENCES INC.
Consolidated Statements of Changes in Equity (Deficiency)
For the year-ended December 31, 2020
(Stated in Canadian Dollars)

	Common Stock Shares	Amount	Contributed Surplus	Accumulated Deficit	**Total**
Balance, January 1, 2019	23,228,596	$ 27,077,001	$ 4,596,349	$ (33,573,883)	**$ (1,900,533)**
Net loss for the year	-	-	-	(3,004,159)	**(3,004,159)**
Common shares issued - Note 12 (b) iv)	735,904	257,187	-	-	**257,187**
Common shares issued - Note 12 (b) iii)	751,318	195,343	-	-	**195,343**
Stock-based compensation - Note 12 (e)	-	-	26,275	-	**26,275**
Balance, December 31, 2019	24,715,818	$ 27,529,531	$ 4,622,624	$ (36,578,042)	**$ (4,425,887)**

	Common Stock Shares	Amount	Contributed Surplus	Accumulated Deficit	**Total**
Balance, January 1, 2018	21,442,629	$ 26,182,073	$ 4,287,947	$ (30,790,017)	**$ (319,997)**
Common shares issued - Note 12 (b) v)	1,785,967	974,404	-	-	**974,404**
Share issuance costs - Note 12 (b) v)	-	(79,476)	(17,965)	-	**(97,441)**
Stock-based compensation - Note 12 (e)	-	-	326,367	-	**326,367**
Net loss for the year	-	-	-	(2,783,866)	**(2,783,866)**
Balance, December 31, 2018	23,228,596	$ 27,077,001	$ 4,596,349	$ (33,573,883)	**$ (1,900,533)**

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

1. Corporate Information

RepliCel Life Sciences Inc. (the "Company" or "RepliCel") was incorporated under the Ontario *Business Corporations Act* on April 24, 1967 but was continued from Ontario to British Columbia on June 22, 2011. Its common shares are listed for trading in Canada on the TSX Venture Exchange, trading under the symbol RP, and in the United States on the OTCQB, trading under the symbol REPCF.

RepliCel is a regenerative medicine company focused on developing autologous cell therapies that treat functional cellular deficits including chronic tendon injuries, androgenetic alopecia and skin aging.

The address of the Company's corporate office and principal place of business is Suite 900 - 570 Granville Street, Vancouver, BC, V6C 3P1.

2. Basis of Presentation

These consolidated financial statements for the year-ended December 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 were authorized for issue by the Board of Directors on April 30, 2021.

Subsidiaries are entities controlled by RepliCel. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The accompanying consolidated financial statements include the account of RepliCel Life Sciences Inc. and its wholly-owned subsidiary, Trichoscience Innovations Inc. ("Trichoscience").

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

a) Continuance of Operations

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. At December 31, 2020, the Company is in the research stage, has accumulated losses of $38,158,327 since its inception and expects to incur further losses in the development of its business. The Company incurred a consolidated net loss of $1,580,285 during the year ended December 31, 2020. The Company will require additional funding to continue its research and development activities which may not be available, or available on acceptable terms. This will result in material uncertainties which casts substantial doubt about the Company's ability to continue as a going concern.

2. Basis of Presentation - *continued*

a) Continuance of Operations - *continued*

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has a plan in place to address this concern and intends to obtain additional funds by equity financing to the extent there is a shortfall from operations. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations. See Note 20 -Events after the Reporting Date.

If the going concern assumptions were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the financial position classifications used.

3. Critical Accounting Estimates and Judgements

RepliCel makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these financial statements are discussed below:

Share Based Payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 12(d).

Revenue Recognition

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the goods and services transferred to the customer. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Significant judgment is involved in determining whether the transaction price allocated to the license fee should be recognized over the collaboration period or at the inception of the contract and the time period over which revenue is to be recognized.

3. Critical Accounting Estimates and Judgements - *continued*

Revenue Recognition - *continued*

To determine the price of Licensing and Collaboration Agreement (See Note 8 - Licensing and Collaboration Agreement - YOFOTO (China) Health Industry Co. Ltd.), the Company has to make a judgment and estimates in assessing the value assigned to the put options and of the warrants as attached to the placement (see Note 8 and 12 (b) v)).

Preference Shares

Replicel makes estimates on the issuance of preference shares which are compound instruments that consist of both an equity and a liability component. Management is required to make estimates to determine the fair value of the components of the preference share issuance at the date that it is issued. The Company also needs to make estimates on the effective interest on preference shares to calculate amounts payable on redemption and inclusive of dividends.

Put Liability

Replicel made estimates on the issuance of the put liability disclosed in Note 8. The put liability is a financial liability recorded initially at the present value of the potential exercise price of the put. Management is required to make an estimate to determine the effective interest rate to appropriately discount the potential exercise price over the term of the put liability to its fair value at issuance.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company will recognize deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

4. Summary of Significant Accounting Policies - *continued*

b) Guaranteed investment certificate

Guaranteed investment certificate, bearing interest at 2.2%, matured on January 13, 2021 and was subsequently reinvested at 2.2% maturing on January 19, 2022.

c) Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation and amortization rates applicable to each category of equipment on a declining basis are as follows:

Furniture and equipment	20%
Computer equipment	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

d) Impairment of Non-Financial Assets

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amounts, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is assessed.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

4. Summary of Significant Accounting Policies - *continued*

e) Revenue

IFRS 15 - Revenue from Contracts with Customers applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. In accordance with IFRS 15, the Company recognizes revenue when the Company's customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expect to receive in exchange for those goods or services.

At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. For collaborative arrangements that fall within the scope of IFRS 15, the Company applies the revenue recognition model to part or all of the arrangement, when deemed appropriate.

In 2018, the Company entered into a license and collaboration agreement that falls within the scope of IFRS 15. Promised deliverables within this agreement may include grants of licenses, or options to obtain licenses, to our intellectual property, and participation on joint research and/or development committees. The terms of these agreements typically include one or more of the following types of payments to the Company:

Licenses of intellectual property including platform technology access: If the license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from non-refundable, upfront fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are not distinct from other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, upfront fees. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the related revenue recognition accordingly.

Milestone payments: At the inception of each arrangement that includes research, development or regulatory milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied.

4. Summary of Significant Accounting Policies - *continued*

e) Revenue - *continued*

At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license, collaboration and other revenues and earnings in the period of adjustment. The process of successfully achieving the criteria for the milestone payments is highly uncertain. Consequently, there is a significant risk that the Company may not earn all of the milestone payments from each of its strategic partners.

Research and development milestones in the Company's collaboration agreements may include some, but not necessarily all, of the following types of events:

- initiation of Phase 2 clinical trials; and
- achievement of certain other technical, scientific or development criteria.

Regulatory milestone payments may include the following types of events:

- filing of regulatory applications for marketing approval in the Licensed Territories; and
- marketing approval in major markets in the Licensed Territories.

Royalties and commercial milestones: For arrangements that include sales-based royalties, including commercial milestone payments based on pre-specified level of sales, the Company recognizes revenue at the later of: i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). Achievement of these royalties and commercial milestones may solely depend upon performance of the licensee. Since inception to date, the Company has not recognized any royalty revenue or commercial milestone from any of its out-licensing arrangements.

If the expectation at contract inception is such that the period between payment by the licensee and the completion of related performance obligations will be one year or less, the Company assumes that the contract does not have a significant financing component.

f) Basic and Diluted Loss per Share

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

The number of shares potentially issuable at December 31, 2020 that were not included in the computation of loss per share since their inclusion would have been anti-dilutive due to a loss in the periods presented. The total number of shares potentially issuable are 3,554,555 (2019: 5,623,184; 2018: 5,873,183) consisting of 1,730,000 (2019: 1,830,000; 2018: 2,080,000) outstanding stock options and 1,824,555 (2019: 3,793,183; 2018: 3,793,183) warrants.

4. Summary of Significant Accounting Policies - *continued*

g) Income Taxes

Income tax expense is comprised of current and deferred tax. Current and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

h) Scientific research and development credit and government grants

Scientific research and development credits are received on expenditure and are generally deducted in arriving at the carrying amount of the asset purchased. Grants relating to expenditure are recorded in other income when received.

Government grants are assistance by government agencies in the form of transfers of resources to an entity in return for past or future compliance with certain conditions related to the operating activities of the entity. Grants from the government are recognized at the fair value where there is reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants related to costs are deferred, if applicable, and recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

4. Summary of Significant Accounting Policies - *continued*

i) Foreign Currency Translation

The financial statements are presented in Canadian dollars, which is also the functional currency.

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a re-valued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

j) Share-based Payments

The Company has adopted a stock option plan as described in (Note 12(c)). In addition, certain of the Company's founders have entered into option agreements with consultants and employees of the Company.

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognized, together with a corresponding increase in contributed surplus in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized as stock-based compensation expense (Note 12(e)).

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

4. Summary of Significant Accounting Policies - *continued*

j) Share-based Payments - *continued*

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized as employee benefits expense.

k) Leases

All leases are accounted for by recognizing a right-of-use asset in equipment and a lease liability except for leases of low value assets and leases with a duration of 12 months or less. There were no lease liabilities or right-of-use assets recognized as at December 31, 2020.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. The Company determines its incremental borrowing rate as the rate of interest it would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Variable lease payments are expensed in the period to which they relate.

Further, lease terms are based on assumptions regarding extension terms that allow for operational flexibility and favorable future market conditions.

Subsequent to initial measurement, lease liabilities increase as a result of interest at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

l) Financial Instruments

Non-Derivative Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial Assets at FVTPL - Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

4. Summary of Significant Accounting Policies - *continued*

l) Financial Instruments - *continued*

Financial Assets at FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial Assets as Amortized costs - Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any expected credit loss provision. They are classified as current assets or non-current assets based on their maturity date. Cash and cash equivalents and guaranteed investment certificates are classified under financial assets measured at amortized costs.

Financial assets are derecognized when they mature or are sold, and subsequently all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Cash and cash equivalents and guaranteed investment certificates are classified under financial assets measured at amortized cost.

Financial Liabilities

The Company measures all its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where applicable, a shorter period.

Accounts payable and accrued liabilities, CEBA loan payable, promissory note, put liability and preference shares are classified as financial liabilities measured at amortized cost.

The Company recognizes a put liability initially at an estimate of its fair value. The financial liability is measured at amortized cost and is accreted over the term of the put liability based on its effective interest rate.

In terms of preference shares, the Company recognized initially at face value and as at December 31, 2020, recorded the accretion based on 5 years. No amount was bifurcated to the equity conversion option on initial recognition. The financial instrument is measured at amortized cost. Given the Company has an obligation to redeem the preference shares in 5 years at $0.74/share, the effective interest was accreted for the redemption amount and accrued cumulative dividends that will be settled in the future.

4. Summary of Significant Accounting Policies - *continued*

l) Financial Instruments - *continued*

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial adoption, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For other receivables, the Company applies the simplified approach to providing the expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on the financial assets carried at amortized cost are reversed in subsequent periods. If the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables and the financial assets the Company has no material loss allowance as at December 31, 2020 and 2019.

m) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and warrants not denominated in a foreign currency are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, warrants, or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company's common shares are classified as equity instruments.

5. Accounting Standards, Amendments and Interpretations

New Standards, Amendments and Interpretations Effective for the first time

There were no new standards, interpretations and amendments effective from January 1, 2020 that has a material impact on these consolidated financial statements.

New Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory until accounting periods beginning on or after January 1, 2021. They have not been early adopted in these consolidated financial statements, and are expected to affect the Company in the period of initial application. The Company intends to apply these standards from application date as indicated below:

IAS 1 - Classification of liabilities as current or non-current

IAS 1 has been revised to i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least 12 months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instrument. The amendments are effective for the reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively.

5. Accounting Standards, Amendments and Interpretations - *continued*

The Company is currently evaluating the impact this standard is expected to have on its future consolidated financial statements.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

6. Reverse Takeover Transaction and 583885 B.C. Ltd.

On December 22, 2010, RepliCel closed a Share Exchange Agreement with TrichoScience Innovations Inc. ("TrichoScience") whereby RepliCel acquired the issued and outstanding shares of TrichoScience. Concurrent with the reverse acquisition, RepliCel also acquired all of the issued and outstanding common shares of 583885 B.C. Ltd. ("583885") in exchange for 440,000 common shares of RepliCel. 583885 did not have any assets or liabilities at the date of acquisition and was a private company controlled by RepliCel's incoming Chief Executive Officer ("CEO"). 340,000 shares of RepliCel controlled by the Company's CEO were deposited with an escrow agent pursuant to the terms of an escrow agreement between RepliCel and the escrow agent. These shares are released upon satisfaction of certain performance conditions as set out in the escrow agreement and each release of shares from escrow will be considered a compensatory award. The compensatory award is recorded as an expense at the fair value of the consideration given based on the price of RepliCel's common shares on the acquisition date. This amount was determined to be US$5.00 per share, based on the price of the shares being offered in the private placement that closed concurrent with the share exchange to arm's length parties at a price of US$5.00. As at December 31, 2020, nil (2019: nil) common shares were held in escrow.

(Stated in Canadian Dollars)

7. Equipment

	Furniture and Equipment	Computer Equipment	Total
Cost:			
At December 31, 2019	$ 14,249	$ 41,751	**$ 56,000**
Additions	-	-	**-**
Disposals	-	-	**-**
At December 31, 2020	14,249	41,751	**56,000**
Depreciation:			
At December 31, 2019	11,996	38,005	**50,001**
Depreciation	451	1,123	**1,574**
At December 31, 2020	12,447	39,128	**51,575**
Net book value at December 31, 2020	$ 1,802	$ 2,623	**$ 4,425**

	Furniture and Equipment	Computer Equipment	Total
Cost:			
At December 31, 2018	$ 14,249	$ 41,751	**$ 56,000**
Additions	-	-	**-**
Disposals	-	-	**-**
At December 31, 2019	14,249	41,751	**56,000**
Depreciation:			
At December 31, 2018	11,433	36,400	**47,833**
Depreciation	563	1,605	**2,168**
At December 31, 2019	11,996	38,005	**50,001**
Net book value at December 31, 2019	$ 2,253	$ 3,746	**$ 5,999**

8. Licensing and Collaboration Agreement - YOFOTO (China) Health Industry Co. Ltd.

On July 10, 2018, the Company signed a definitive Licensing and Collaborative Agreement with YOFOTO (China) Health Industry Co. Ltd. ("YOFOTO") to commercialize three of RepliCel's programs in Greater China subject to certain Canadian and Chinese approvals (the "Transaction").

The Transaction represents an investment in RepliCel by YOFOTO with milestone payments, minimum program funding commitments, and sales royalties in exchange for an exclusive 15-year license to three of RepliCel products for Greater China (Mainland China, Hong Kong, Macau and Taiwan) (the "Territory").

As part of the transaction, YOFOTO invested CDN $5,090,005 in a private placement of RepliCel common shares at CDN $0.95 per share that included 20% warrant coverage with each warrant exercisable at CDN $0.95 per share for a period of two years. The warrants have not yet been exercised (Note 12).

The transaction structure also included milestone payments (of up to CDN $4,750,000), sales royalties, and a commitment by YOFOTO to spend a minimum of CDN $7,000,000 on the RepliCel programs and associated cell processing manufacturing facility over the four year period commencing on July 10 , 2018 in Greater China pursuant to a License and Collaboration Agreement. The License and Collaboration Agreement contains a provision permitting YOFOTO to put up to 2/3 of the shares issued in YOFOTO's initial investment back to the Company under certain conditions until January, 2027.

As part of the Transaction, the Company granted YOFOTO certain financing participation rights along with a board seat nomination. Upon YOFOTO meeting certain defined conditions, relevant Chinese patents, once issued in China, will be assigned to a YOFOTO-owned Canadian subsidiary, with detailed assignment reversion rights upon failure to meet defined targets. At the date of these financial statements, no such Chinese patents have been assigned to YOFOTO.

On October 9, 2018, the $5,090,005 private placement was closed and the Company issued YOFOTO 5,357,900 RepliCel common shares which represented 19.9% of RepliCel's then-issued common shares. In association with the YOFOTO deal, the Company agreed to pay success fee of ten percent (10%) of any upfront fees received by the Company and consequently, a fee of $509,001 was paid in this respect. In addition, the Company will be paying a success fee of five percent (5%) of any milestone fees and royalty fees received by the Company as a result of this License Agreement.

Contract Asset

The finders/success fee paid in connection with the YOFOTO Licensing and Collaboration Agreement of $509,001 was incurred to secure the YOFOTO License and Collaboration Agreement as well as to close the related private placement. Consequently, the $509,001 finders/success fee was accounted for as a contract asset, a share issuance cost and a cost incurred in connection with the put obligation.

The $509,001 fee was allocated between contract costs, share issuance costs and as an offset to the fair value of the related warrants and as an offset to the fair value of the put liability. The finders/success fee was allocated based on the relative fair values of these four items. The contract asset is being amortized over the same period of time that the Company recognizes the upfront license revenue.

Contract liability

The proceeds of $5,090,005 from the placement was allocated based on the fair values of:

- the common shares that were not subject to the put - $715,280 ($794,755 less costs of $79,476);
- the 1,071,580 warrants issued - $161,684 ($179,649 less costs of $17,965); and
- the put liability - $520,426 ($578,251 less costs of $57,825).

8. Licensing and Collaboration Agreement - YOFOTO (China) Health Industry Co. Ltd. - *continued*

The remaining $3,537,350 was allocated to Contract Liability to be recognized as License Fee revenue over a period of 10 years from the commencement date of the Agreement.

Put liability

Under the Agreement, YOFOTO has the right to put back all of the common shares acquired in the event that it is unable to complete human clinical trials for the licensed technologies for reasons that are outside of YOFOTO's controls on or before 8.5 years from the date of the Agreement. Although the put option can be exercised independently for each of the three licensed technologies at a rate of 1/3 per licensed technology (RCT-01, RCS-01 and RCI-02), the terms of the Agreement provide that only 2/3s of the shares can be put back to RepliCel under conditions that RepliCel does not control. As this represents an obligation to transfer cash under circumstances that are not within RepliCel's own control, the put option in connection with 2/3s of the shares issued under the Agreement is recognized as a liability.

The Company has recorded a put liability based on management's estimate of its fair value. The fair value of this put liability was determined by calculating the present value of $3,393,337 repayable in 8.5 years discounted at 23%. $3,393,337 is 2/3s of the private placement proceeds that are subject to the put liability. After its initial recording at $520,426, the put liability will be recorded at amortized cost.

9. Preference shares

On September 12, 2019, the Company announced that it had completed the first tranche of a private placement pursuant to which it issued 1,089,125 Class A Preference shares at a price of $0.40 per share for aggregate gross proceeds of $435,650.

The finalized terms of the private placement were follows and carry certain rights and restrictions, which include:

- a fixed dividend rate which shall accrue on a daily basis (based on a 360 day year consisting of 12 30-day months) at a rate of seven (7%) per annum;
- the right of the Class A Shareholder to convert the paid up amount of each Class A Share, from time-to-time, into shares of the Company (each, a "Share") at any time prior to the date that is five (5) years from the date of issuance of the Class A Shares at a conversion price of $0.33;
- voting rights only on matters pertaining to Class A Shares until they are converted to common shares at which time all voting rights attach; and
- a first priority over all Shares or shares of any other class of the Company as to dividends and upon liquidation.

9. Preference shares - ***continued***

Subject to the earlier conversion by Class A shareholders and compliance with applicable laws, the Company may, in its discretion at any time, prior to the date that is five (5) years from the date of issuance of the Class A Shares (the "Required Redemption Date") redeem all of the Class A Shares at a price (the "Redemption Price") of:

(i) $0.468 per Class A Share for the period from the date of issuance (the "Issue Date") to the date that is the first anniversary of the Issue Date;
(ii) $0.536 for the period from the date that is the day after the first anniversary of the Issue Date to the date that is the second anniversary of the Issue Date;
(iii) $0.604 for the period from the date that is the day after the second anniversary of the Issue Date to the date that is the third anniversary of the Issue Date;
(iv) $0.672 for the period from the date that is the day after the third anniversary of the Issue Date to the date that is the fourth anniversary of the Issue Date; and
(v) $0.740 for the period from the date that is the day after the fourth anniversary of the Issue Date and the date that is the fifth anniversary of the Issue Date.

On the Required Redemption Date, the Company must redeem all remaining outstanding Class A Shares at the Redemption Price, subject to compliance with applicable laws.

The financial instrument is being measured at amortized cost. Given the Company has an obligation to redeem the preference shares in 5 years at $0.74/share, the effective interest was accreted for the redemption amount and accrued cumulative dividends that will be settled in the future.

The Company paid $19,652 cash finder's fees to one finder.

As at December 31, 2020, the Company had accrued dividends of $39,814 (2019: $9,318).

See Note 20: Events after the Reporting Date.

10. Government grant

Due to the global outbreak of the Novel Coronavirus ("COVID-19"), the federal government of Canada introduced the Canada Emergency Business Account ("CEBA"). CEBA provides an interest-free loan ("CEBA") of $60,000 to eligible businesses. The CEBA loan has an initial term that expires on December 31, 2022 throughout which the CEBA Loan remains interest free. Repayment of $40,000 by December 31, 2022 results in a $20,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

Pursuant to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments. The benefit of below market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA loan at $26,663 using a discount rate of 18% which was the estimated rate for a similar loan without the interest - free component. The difference of $13,378 will be accreted to the loan liability over the term of the CEBA Loan and offset to other income on the statement of loss and comprehensive loss.

During the year ended December 31, 2020, total interest expense recognized for the CEBA loan amounted to $2,105 (December 31, 2019 - $Nil).

11. Promissory note

On November 12, 2020, the Company borrowed a sum of $47,299 CAD ($37,149 USD) from an individual, bearing interest at a rate of 8% per annum, payable on demand for repayment of the principal amount. Subsequent to the year-ended December 31, 2020, this amount was settled by the issuance of common shares (see events after reporting date - shares for debt transaction).

This individual is an employee at MainPointe Pharmaceuticals LLC.

12. Share Capital

a) Authorized:

Unlimited common shares without par value

Unlimited preferred shares without par value

b) Issued and Outstanding:

As at December 31, 2020, there were 33,523,307 common shares issued and outstanding.

1,785,967 common shares issued in connection with the Licensing and Collaboration agreement with YOFOTO (note 8) are subject to a put option and are therefore classified as a liability.

During the year-ended December 31, 2020:

i) *Private Placement*

On July 15, 2020, the Company closed a private placement offering (the "Offering"), pursuant to which it sold an aggregate of 3,649,110 units (each, a "Unit"), at a price of $0.18 per Unit, for gross proceeds of $656,840.

Each Unit consists of one common share of the Company (each, a "Share") and one-half of one share purchase share purchase warrant (each whole warrant, a "Warrant"). One Warrant entitles the holder thereof to purchase one additional Share of the Company at a price of $0.36 per Share for a period of three years from closing of the Offering, subject to an acceleration provision such that in the event that the Shares have a closing price on the TSX Venture Exchange (the "Exchange") of greater than $0.45 per Share for a period of 10 consecutive trading days at any time after four months and one day from the closing of the Offering, RepliCel may accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given to the holder.

The Company did not pay any finder's fees in connection with the Offering.

ii) Shares for debt

In August 2020, the company issued 1,426,491 common shares (each, a "Share") in settlement of $256,769 owing to various creditors (the "August Debt Settlement") after receipt of approval from the TSX Venture Exchange (the "Exchange"). The Shares were issued on August 18, 2020. The Shares are subject to a statutory hold period of four months and one day after closing of the August Debt Settlement.

Of the $256,769 debt settlement, $204,769 was owed to directors or officers of the Company.

In October 2020, the Company issued 160,000 common shares (each, a "Share") in settlement of $28,800 owing to a certain creditor (the "October debt settlement" after receipt of approval from the TSX Venture Exchange (the "Exchange"). The shares were issued on October 28, 2020. The shares are subject to a statutory hold period of four months and one day after the closing of the October Debt Settlement. The Company reported a gain on the October debt settlement in the amount of $800.

12. Share Capital - *continued*

b) Issued and Outstanding - *continued***:**

During the year-ended December 31, 2019:

iii) The Company announced on October 10, 2019 a debt settlement in the amount of $210,369 owed by the Company to certain creditors ("Creditors") by the issuance of 751,318 common shares (each, a "Share") of the Company at a price of $0.280 per Share. These Settlement Agreements were signed on September 11, 2019; however, the debt was not settled until October 10, 2019 when the transaction was approved by the TSX Venture Exchange. The securities were subject to a statutory hold period of four months and one day. The Company reported a gain on this debt settlement in the amount of $15,027. Of the $210,369 debt settlement, the entire amount was owed to directors or officers of the Company.

iv) The Company announced on January 17, 2019 a debt settlement in the amount of $349,555 owed by the Company to certain creditors ("Creditors") by the issuance of 735,904 common shares (each, a "Share") of the Company at a price of $0.475 per Share. These Settlement Agreements were signed on November 20, 2018; however, the debt was not settled until January 15, 2019 when the transaction was approved by the TSX Venture Exchange. The securities were subject to a statutory hold period of four months and one day. The Company reported a gain on this debt settlement in the amount of $92,368. Of the $349,555 debt settlement, $277,719 was owed to directors or officers of the Company.

During the year-ended December 31, 2018:

v) In 2018, the Company signed the definitive agreement with YOFOTO to commercialize three of RepliCel's programs in Greater China (the "Transaction").

The Transaction represents an investment in RepliCel by YOFOTO along with milestone payments, minimum program funding commitments, and sales royalties in exchange for an exclusive 15-year post-commercialization license to three of RepliCel products for Greater China (Mainland China, Hong Kong, Macau and Taiwan) (the "Territory"). As per Agreement, YOFOTO has up to 10 years to advance to pre-commercialization for 2 of the 3 products and for the third one, within 12 months of regulatory and commercial approvals.

As part of the deal, YOFOTO agreed to invest CDN $5,090,005 (see note 8 - allocation of investment) in a private placement of RepliCel common shares at CDN $0.95 per share to include 20% warrant coverage with each warrant exercisable at CDN $0.95 per share for a period of two years. The warrants are restricted from being exercised without shareholder approval if the exercise of the warrants would increase YOFOTO's ownership of RepliCel's issued and outstanding shares over 19.9%. In association with the private placement, the Company paid a finder's fees of $97,441.

The deal structure also includes milestone payments (of up to CDN $4,750,000), sales royalties, and a commitment by YOFOTO to spend a minimum of CDN $7,000,000 on the RepliCel programs and associated cell processing manufacturing facility over the next five years in Greater China pursuant to a License and Collaboration Agreement. The License and Collaboration Agreement contains a provision permitting YOFOTO to put up to 2/3 of the shares issued in YOFOTO's initial investment back to the Company under certain conditions until July 2027.

See Note 8 for the details of the Licensing and Collaboration Agreement between RepliCel and YOFOTO.

(Stated in Canadian Dollars)

12. Share Capital - *continued*

c) Stock Option Plans:

On May 21, 2014, the Company approved a Stock Option Plan whereby the Company may grant stock options to directors, officers, employees and consultants. The maximum number of shares reserved for issue under the plan cannot exceed 10% of the outstanding common shares of the Company as at the date of the grant. The stock options can be exercisable for a maximum of 10 years from the grant date and with various vesting terms.

d) Fair value of Company Options Issued from January 1, 2018 to December 31, 2020

There were no stock options granted during the year ended December 31, 2020 and December 31, 2019.

The Company granted 1,060,000 (on July 31, 2018) and 50,000 (on August 1, 2018) stock options to certain directors, officers, consultants and employees of the Company for the purchase of up to an aggregate of 1,110,000 common shares of the Company pursuant to the Company's Stock Option Plan. Each option granted to the Optionees is exercisable for a period of 5 years at an exercisable price of $0.43 per Share. 910,000 vested immediately and 200,000 options shall vest in equal amounts each calendar quarter over the next 24 months.

The weighted-average grant date fair value of options granted was estimated using the following weighted average assumptions:

	2020	2019	2018
Risk fee rate	**-**	-	2.19%
Expected life (years)	**-**	-	5
Volatility	**-**	-	104%
Expected Dividend	**$-**	$-	$-
Expected forfeiture rate	**0%**	0%	0%
Exercise price	**$-**	$-	$0.43
Grant date fair value	**$-**	$-	$0.33

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the expected forfeiture rate and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

(Stated in Canadian Dollars)

12. Share Capital - *continued*

e) Stock-based Compensation

The Company recognized a fair value of $3,397 (2019: $26,275; 2018: $326,367), as stock-based compensation expense for stock options granted under the Company's Stock Option Plan for the years ended December 31, 2020, 2019 and 2018.

A summary of the status of the stock options outstanding under the Company Stock Option Plan for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding, January 1, 2020	1,830,000	$	0.51
Cancelled	(100,000)		0.52
Outstanding, December 31, 2020	**1,730,000**		**0.51**
Exercisable, December 31, 2020	**1,730,000**	**$**	**0.51**

	Number of Options		Weighted Average Exercise Price
Outstanding, January 1, 2019	2,080,000	$	0.79
Cancelled	(250,000)		0.91
Outstanding, December 31, 2019	**1,830,000**		**0.51**
Exercisable, December 31, 2019	**1,755,000**	**$**	**0.54**

Outstanding, January 1, 2018	1,400,000	$	2.04
Granted	1,110,000		0.43
Cancelled	(430,000)		0.69
Outstanding, December 31, 2018	**2,080,000**	**$**	**0.79**
Exercisable, December 31, 2018	**1,905,000**	**$**	**0.82**

As at December 31, 2020, the range of exercise prices for options outstanding under the Company Stock Option Plan is $0.43 - $8.50 and the weighted average remaining contractual life for stock options under the Company Stock Option Plan is 2 years. The remaining unrecognized stock-based compensation as of December 31, 2020 was $Nil (2019: $3,409, 2018: $31,285).

(Stated in Canadian Dollars)

12. Share Capital - *continued*

f) Warrants

The number of warrants outstanding at December 31, 2020 and 2019, each exercisable into one common share, is as follows:

	Warrants Outstanding	Weighted Average Exercise Price	Expiry Date
July 15, 2020	1,824,555	$0.36	July 15, 2023
Outstanding, December 31, 2020	**1,824,555**	**$ 0.36**	

	Warrants Outstanding	Weighted Average Exercise Price
Outstanding, December 31, 2017	12,748,898	$ 1.50
Issued	1,071,580	0.95
Expired	(10,027,294)	0.83
Outstanding, December 31, 2018	3,793,184	$ 1.70
Expired	-	-
Outstanding, December 31, 2019	**3,793,184**	**$ 1.70**
Expired	(3,793,184)	1.70
Issued	1,824,555	0.36
Outstanding, December 31, 2020	**1,824,555**	**$ 0.36**

The weighted-average grant date fair value of warrants issued was estimated using the following weighted average assumptions:

	December 31, 2020	December 31, 2018	December 31, 2017
Risk fee rate	-	-	2.31%
Expected life (years)	-	-	2
Volatility	-	-	104%
Expected Dividend	-	-	$-
Expected forfeiture rate	-	-	0%
Exercise price	-	-	$0.95
Grant date fair value	-	-	$0.95

(Stated in Canadian Dollars)

13. Related Party Transactions

Related party balances

The following amounts due to related parties are included in accounts payable and accrued liabilities:

	December 31, 2020	December 31, 2019
Companies controlled by directors of the Company	**$ 72,070**	$ 48,375
Directors or officers of the Company	**191,335**	58,927
	$ 263,405	$ 107,302

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

On July 15, 2020, the Company closed a private placement offering (the "Offering"), pursuant to which it sold an aggregate of 3,649,110 units (each, a "Unit"), at a price of $0.18 per Unit, for gross proceeds of $656,840.

A director of the Company participated by subscribing to 1,125,500 common shares for the sum of $202,590.

In August 2020, the company issued 1,426,491 common shares (each, a "Share") in settlement of $256,769 owing to various creditors (the "Debt Settlement") after receipt of approval from the TSX Venture Exchange (the "Exchange"). The Shares were issued on August 18, 2020. The Shares are subject to a statutory hold period of four months and one day after closing of the Debt Settlement.

Of the $256,769 debt settlement disclosed in note 12, $204,769 was owed to directors or officers of the Company.

The Company incurred the following transactions with companies that are controlled by directors and/or officers of the Company. The transactions were measured at the amount agreed to by the parties.

	December 31, 2020	December 31, 2019	December 31, 2018
Research and development	**$ 48,358**	$ 166,023	$ 125,000
General and administration	**-**	-	247,000
	$ 48,358	$ 166,023	$ 372,000

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive directors, the Chief Executive Officer and the Chief Financial Officer.

	December 31, 2020	December 31, 2019	December 31, 2018
General and administrative - salaries and contracts	**$ 336,000**	$ 336,000	$ 380,435
Directors' fees	**71,250**	70,500	54,750
Stock-based compensation	**3,397**	26,275	293,367
	$ 410,647	$ 432,775	$ 728,552

Preference shares

Three directors of the Company purchased 325,000 preference shares for $130,000 (Note 9) in total. Accrued dividend to these three directors was $11,881 as at December 31, 2020 ($2,781 - December 31, 2019).

(Stated in Canadian Dollars)

14. Income Taxes

a) Income tax recognized in profit or loss:

	2020	2019	2018
Canadian current tax expense	**$ -**	**$ -**	$ -
Foreign current tax expense	**-**	**-**	-
Deferred tax expense	**-**	**-**	-
Total	**-**	**-**	-

b) Reconciliation of accounting and taxable income, for the years ended December 31 are as follows:

	2020	2019	2018
Net income (loss) for the year before taxes	**$ (1,580,285)**	$ (3,004,159)	$ (2,783,866)
Combined federal and provincial income tax rate	27.00%	27.00%	27.00%
Expected income tax expense (recovery)	**(426,677)**	(811,000)	(751,000)
Increase (decrease) resulting from			
Non-deductible and others items	**(17,000)**	(48,000)	30,000
Change in unrecognized deferred tax assets	**443,677**	859,000	721,000
Income tax expense	**$ -**	$ -	$ -

(Stated in Canadian Dollars)

14. Income Taxes - *continued*

c) The components of the deferred tax asset (liability) balances for the years ended December 31, are as follows:

		2020		2019
Deferred tax assets				
Non-capital losses	$	8,476,000	$	7,970,000
Equipment and other		225,000		224,000
Temporary differences relating to intellectual property costs		-		-
Foreign tax credit		412,000		412,000
Un-deducted SR&ED expenditure pool		412,000		412,000
Investment tax credit		196,000		196,000
Share issuance costs		85,000		149,000
Unrecognized deferred tax assets		(9,806,000)		(9,363,000)
	$	-	$	-

Deferred tax assets in respect of losses and other temporary differences are recognized when it is more likely than not, that they will be recovered against profits in future periods. No deferred tax asset has been recognized as this criteria has not been met.

At December 31, 2020, the Company has Canadian non-capital losses totalling approximately $31,395,000 that expire beginning in 2026:

Year of Expiry		**Amount**
2026		6,000
2027		16,000
2028		533,000
2029		863,000
2031		1,664,000
2032		2,290,000
2033		39,000
2034		3,908,000
2035		4,356,000
2036		3,583,000
2037		6,062,000
2038		2,790,000
2039		3,407,000
2040		1,878,000
	$	33,778,809

15. Financial Instruments and Risk Management

As at December 31, 2020, the Company's financial instruments are comprised of cash and cash equivalent, accounts payable and accrued liabilities, CEBA loan payable, promissory note, put liability and preference shares. The fair values of cash and cash equivalents, accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity.

The Company is exposed through its operations to the following financial risks:

- Currency risk;
- Credit risk;
- Liquidity risk; and
- Interest rate risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has an exposure to Euros and US Dollars as certain expenditures and commitments are denominated in Euros and US Dollars and the Company is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. In addition, the Company holds an amount of cash in US dollars and is therefore exposed to exchange rate fluctuations on these cash balances. The Company does not hedge its foreign exchange risk. At December 31, 2020 the Company held US dollar cash balances of $13 (US$10) (December 31, 2019: $605 or US$466). A 1% increase/decrease in the US dollars foreign exchange rate would have an impact of ±$1 (US$1) on the cash balance held December 31, 2020.

Credit risk is the risk of an unexpected loss if a customer or counterparty fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalent with large financial institutions. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company’s cash and cash equivalent is currently held in an interest bearing bank account, management considers the interest rate risk to be limited.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, more specifically, the issuance of new common shares, to ensure there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash and potential equity financing opportunities. The Company believes that these sources will be sufficient to cover the known short and long-term requirements at this time. There is no assurance that potential equity financing opportunities will be available to meet these obligations.

(Stated in Canadian Dollars)

15. Financial Instruments and Risk Management - *continued*

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities as at December 31, 2020:

Years of Expiry	Financial Instruments		Amounts
Within 1 year	Accounts payable and accrued liabilities	$	1,359,449
Within 1 year	Promissory note	$	47,299
Within 2 to 5 years	CEBA loan payable	$	40,000
Within 2 to 5 years	Preference shares	$	958,430
Greater than 5 years	Put liability	$	3,393,337
Total		$	5,798,515

Contained within accounts payable and accrued liabilities is $358,507 of accrued liabilities at December 31, 2020 (2019: $186,220).

There were no changes to the Company's fair value measurement levels during the year ended December 31, 2020 (2019: no change).

16. Commitments and Contingencies

The Company has entered into a Collaboration and Technology Transfer Agreement with Shiseido Company Limited on July 19, 2013 who have alleged RepliCel breached obligations in the agreement, which may allegedly be terminal to future obligations pursuant to the agreement. The Company has vigorously denied the existence of such a breach and insists on the ongoing validity of the respective obligations on both parties pursuant to the agreement. No litigation or the triggering of other dispute mechanisms has been entered into by either party and the Company's management is actively seeking to continue discussions and/or negotiations. Management maintains the position that any data produced from clinical trials of the technology will, by agreement, be made available to the Company.

From time to time the Company is subject to claims and lawsuits arising from the ordinary course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material adverse effect on the Company's financial position.

17. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to continue advancing its technology and to pay for general administrative costs, the Company will use its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity, CEBA loan payable, promissory note, preference shares and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares, and by sustaining cash reserves by reducing its capital and operational expenditure program. Management primarily funds the Company's expenditures by issuing share capital, rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products, with the exception of pooling and escrow shares which are subject to restrictions. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto. The Company's investment policy is to hold cash in interest bearing bank accounts, which pay comparable interest rates to highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. There has been no change in the Company's approach to capital management during the year-ended December 31, 2020.

18. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow. There were no non-cash transactions during the years ended December 31, 2020, 2019 and 2018.

During 2020, the Company entered into debt settlement agreements whereby the aggregate amount of $284,769 owed by the Company to certain creditors were settled by the issuance of a total of 1,586,491 units.

During 2019, the Company entered into debt settlement agreements whereby the aggregate amount of $559,924 owed by the company to certain creditors were settled by the issuance of a total of 1,487,222 units.

19. Segmental Reporting

The Company is organized into one business unit based on its cell replication technology and has one reportable operating segment.

20. Events after the Reporting Date

Term sheet for strategic investment and U.S. partnership

On January 22, 2021, RepliCel signed three strategic agreements with MainPointe consisting of a Share Purchase Agreement, Distribution Agreement, and Royalty Agreement. The strategic investment of $2,700,000 under the Share Purchase Agreement from MainPointe will be spread over an 8-month period. Under the limited term distribution partnership for RepliCel's dermal injector and consumables (the “RepliCel Injector Product Line”) in the United States, MainPointe has agreed to pay all costs related to securing FDA approvals to launch the RepliCel Injector Product Line in the U.S. market. The Royalty Participation Agreement provides MainPointe the right to be paid a portion of RepliCel’s future royalty revenue stream earned from the sale of RCS-01, RCT-01, and RCH-01 products and any derivatives. A shareholder director of RepliCel is the Chief Technology Officer of MainPointe.

Primary Deal Terms

In consideration for an investment of $2,700,000 and the payment of all costs related to obtaining FDA approval for Company's dermal injector and consumables, RepliCel has agreed to issue MainPointe up to an aggregate of four (4) million common shares, a right to participate in RepliCel's royalty revenue stream up to a defined ceiling, and certain distribution rights of RepliCel Injector Product Line in the United States. The investment will be made as to $500,000 within five (5) days of receipt of conditional approval from the TSX Venture Exchange, $1,200,000 by February 15, 2021, $700,000 by April 21, 2021 and $300,000 by August 21, 2021. The common shares will be priced at the greater of $0.675 or the Discounted Market Price as such term is defined in the Policies of the TSX Venture Exchange. To the date of this report, the Company had received $1,699,963 towards the $2,400,000 due as at April 21, 2021. The Company issued 2,506,802 common shares under this agreement.

The royalty right will be equal to (a) 5% of the amounts earned by and paid to the Company from the sale of any of its "NBDS Products" defined as its RCS-01 (NBDS Fibroblast Therapy - Treatment for Aging Skin), RCT-01 (NBDS Fibroblast Therapy - Treatment for Chronic Tendinosis), and any other product which is comprised of the non-bulbar dermal sheath cells patented by the Company, and (b) 20% of the amounts earned by and paid to the Company from the sale of any of its "DSC Products" defined as its RCH-01 (DSC Therapy for Treatment Androgenic Alopecia) and any other product which is comprised of the dermal sheath cup cells patented by the Company.

In consideration for paying all expenses required to obtain regulatory approval for the RepliCel Injector Product Line, the exclusive distribution rights shall commence upon receipt of regulatory approval to launch the RepliCel Injector Product Line in the U.S. market for a period expiring on the earlier (a) four (4) years, or (ii) when MainPointe has earned USD $2,000,000 in gross income from the sale of the products in the RepliCel Injector Product Line. The Company will have the right, in its discretion, to buy out this exclusivity right for an amount equal to the net-present value of profit to be earned on USD $2,000,000 in gross income.

20. Events after the Reporting Date - *continued*

Dividends - Preferred Shares / Shares for Debt

On March 31, 2021, the Company has announced its intention to pay accrued dividends of $47,437 outstanding on the Class A Preferred Shares (the "Dividend Payment") in common shares (each, a "Share") of the Company at a price of $0.375 per Share.

On April 19, 2021, the TSX Venture Exchange approved the settlement of $47,437 in accrued dividends via issuance of 126,492 common shares at the price of $0.375. Of the $47,437 accrued dividends, $14,156 were owed to certain directors of the Company.

ITEM 18 Financial Statements

Refer to Item 17 - Financial Statements

ITEM 19 Exhibits

The following exhibits are being filed as part of this annual report, or are incorporated by reference where indicated:

(1)	**Articles of Incorporation and By-laws**
1.1	Certificate of Continuation dated June 22, 2011 (incorporated by reference from our Annual Report on Form 20-F, filed on April 26, 2012).
1.2	Articles adopted on May 10, 2011 (incorporated by reference from our Annual Report on Form 20-F, filed on April 26, 2012).
1.3	Notice of Articles dated December 5, 2011 (incorporated by reference from our Annual Report on Form 20-F, filed on April 26, 2012).
(4)	**Material Contracts**
4.1	Share Exchange Agreement dated October 29, 2010 with TrichoScience Innovations Inc. and the shareholders of TrichoScience Innovations Inc. (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
4.2	Pooling Agreement dated December 22, 2010 (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
4.3	Share Exchange Agreement dated October 29, 2010 with 583885 B.C. Ltd. and the shareholders of 583885 B.C. Ltd. (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
4.4	Escrow Agreement dated December 22, 2010 (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
4.5	Corporate Consulting Services Agreement dated June 1, 2010 among TrichoScience Innovations Inc. and 583885 B.C. Ltd. (incorporated by reference from our Shell Company Report on Form 20-F, filed on December 27, 2010).
4.6	Collaboration and Technology Transfer Agreement with RepliCel Life Sciences Inc. dated July 9, 2013 (portions of the exhibit has been omitted pursuant to a request for confidential treatment). (incorporated by reference from our Shell Company Report on Form 20-F, filed on March 18, 2014).
4.7	Private Placement Agreement dated July 10, 2018 with YOFOTO (China) Health Industry Co. Ltd. (incorporated by reference from our Annual Report on Form 20-F, filed on April 30, 2019)
4.8	License and Collaboration Agreement dated July 10, 2018 with YOFOTO (China) Health Industry Co. Ltd. (incorporated by reference from our Annual Report on Form 20-F, filed on April 30, 2019)
4.9*	Share Purchase Agreement dated January 22, 2021 with MainPointe Pharmaceuticals, LLC.
4.10*	Distribution Agreement dated January 22, 2021 with MainPointe Pharmaceuticals, LLC.
4.11*	Royalty Participation Agreement dated January 22, 2021 with MainPointe Pharmaceuticals, LLC.
(8)	**List of Significant Subsidiaries**
8.1	TrichoScience Innovations Inc., a company incorporated under the federal laws of Canada, all of the shares of which are beneficially owned by our company.
(11)	**Code of Ethics**
11.1	Code of Ethics (incorporated by reference from our Registration Statement on Form 20-F, as amended, filed on July 15, 2004).
(12)	**302 Certification**
12.1*	Section 302 Certification under Sarbanes-Oxley Act of 2002 for Lee Buckler.
12.2*	Section 302 Certification under Sarbanes-Oxley Act of 2002 for Simon Ma.
(13)	**906 Certification**
13.1*	Section 906 Certification under Sarbanes-Oxley Act of 2002 for Lee Buckler.
13.2*	Section 906 Certification under Sarbanes-Oxley Act of 2002 for Simon Ma.

* Filed herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

REPLICEL LIFE SCIENCES INC.

Per: /s/ Lee Buckler
Lee Buckler
Chief Executive Officer, President and Director

Dated: May 17, 2021

Per: /s/ Simon Ma
Simon Ma
Chief Financial Officer

Dated: May 17, 2021

SHARE PURCHASE AGREEMENT

Share Purchase Agreement dated January 22, 2020 among RepliCel Life Sciences Inc. (the "**Corporation**") and MainPointe Pharmaceuticals, LLC (the "**Purchaser**").

RECITALS:

(a) The Purchaser wishes to purchase up to $2,700,000 worth of Common Shares; and

(b) Upon the terms and subject to the conditions set forth in this Agreement, the Purchaser has agreed to purchase and the Corporation have agreed to sell to the Purchaser up to $2,700,000 worth of Common Shares.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

Capitalized terms used in this Agreement and not otherwise defined have the meanings given to them in Schedule A, unless there is something in the subject matter or context inconsistent therewith.

Section 1.2 Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect its interpretation.

Section 1.3 Gender and Number.

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and *vice versa*.

Section 1.4 Currency.

All references in this Agreement to dollars or to "$" are expressed in Canadian currency unless otherwise specifically indicated.

Section 1.5 Numerical Expressions.

Numerical expressions in this Agreement follow the international convention whereby a comma (,) separates the thousands and a full stop (.) separates the decimals.

Section 1.6 Statutory References.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as they may have been or may from time to time be amended, re-enacted or superseded.

Section 1.7 Schedules.

The schedules attached to this Agreement form an integral part of it for all purposes of it.

ARTICLE 2
ISSUE AND SALE OF PURCHASED SECURITIES

Section 2.1 Purchase and Sale.

(1) Subject to the terms and conditions of this Agreement, the Corporation shall allot and issue to the Purchaser and the Purchaser shall subscribe for and purchase from the Corporation, an aggregate of $2,700,000 (the "**Purchase Price**") worth of Common Shares (the "**Purchased Shares**") at a price equal to the greater of $0.675 per Purchased Share or the Discounted Market Price per Purchased Share as such term is defined in the Policies of the TSXV as follows:

(a) within five (5) days of receipt of conditional approval from the TSXV, the Purchaser shall purchase an aggregate of $500,000 worth of Common Shares;

(b) on or before February 15, 2021, the Purchaser shall purchase an aggregate of $1,200,000 worth of Common Shares;

(c) on or before April 21, 2021, the Purchaser shall purchase an aggregate of $700,000 worth of Common Shares; and

(d) on or before August 21, 2021, the Purchaser shall purchase an aggregate of $300,000 worth of Common Shares August 21, 2021.

(2) The Purchaser agrees that the Purchased Shares will be subject to such hold periods as are required under Applicable Securities Laws, and, as a result, may not be sold, transferred or otherwise disposed of, except pursuant to an effective prospectus, or pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of Applicable Securities Laws, and in each case only in accordance with all Applicable Securities Laws.

(3) The Purchaser acknowledges that the Corporation has advised it that the Corporation is issuing the Purchased Shares under exemptions from the prospectus and other requirements of Applicable Securities Laws and, as a consequence, certain protections, rights and remedies provided by Applicable Securities Laws, including statutory rights of rescission or damages, may not be available to the Purchaser3.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

Section 3.1 Representations and Warranties of the Corporation.

The Corporation represents and warrants as to those matters set forth in Schedule B and acknowledges and confirms that the Purchaser is relying upon such representations and warranties in connection with the purchase by it of the Purchased Shares.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Section 4.1 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants as to those matters set forth in Schedule C and acknowledges and confirms that the Corporation is relying on such representations and warranties in connection with the sale by it of the Purchased Shares.

ARTICLE 5
COVENANTS OF THE PARTIES

Section 5.1 Actions to Satisfy Closing Conditions.

(1) Subject to the terms and conditions of this Agreement, the Corporation shall take all such actions as are within its power to control and use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Schedule D.

(2) Subject to the terms and conditions of this Agreement, the Purchaser shall take all such actions as are within its power to control and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Schedule D.

Section 5.2 Filings and Authorizations.

Each of the Corporation and the Purchaser, as promptly as practicable after the execution of this Agreement, will (i) make, or cause to be made, all filings and submissions under all Laws applicable to it, that are required for it to consummate the allotment and issuance of the Purchased Shares and the transactions contemplated herein in accordance with the terms of this Agreement, including all filings and submissions required by the Securities Regulatory Authorities; (ii) use its best efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable to be obtained by it in order to consummate the allotment and issuance of the Purchased Shares and the transactions contemplated herein in accordance with the terms of this Agreement; and (iii) use its commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement. The Corporation and the Purchaser will coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section 5.2 including providing each other with advanced copies and reasonable opportunity to comment on all notices and information supplied to or filed with any Governmental Entity, and all notices and correspondence received from any Governmental Entity. The Corporation and the Purchaser will keep each other reasonably informed, subject to applicable Laws, as to the status of all the proceedings of all filings, submissions, notices and information made, submitted or provided pursuant to this Section 5.2.

Section 5.3 Exclusivity.

During the Interim Period, the Corporation and the Purchaser shall continue to comply with the exclusivity provisions of the Term Sheet.

ARTICLE 6
CONDITIONS OF CLOSING

Section 6.1 Conditions for the Benefit of the Purchaser.

The Purchaser's obligation to subscribe for and purchase the Purchased Shares is subject to the conditions set forth in Schedule D being satisfied at or prior to Closing, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion.

ARTICLE 7
CLOSING

Section 7.1 Date, Time and Place of Closing.

The completion of the transaction of purchase and sale contemplated by this Agreement shall take place at the offices of Clark Wilson LLP, 900 - 885 West Georgia Street, Vancouver, BC V6C 3H1 on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing between the Corporation and the Purchaser. Notwithstanding the location of the Closing, each party agrees that the Closing may be completed by the exchange of undertakings between the respective legal counsel for the parties, provided such undertakings are satisfactory to each party's respective legal counsel.

Section 7.2 Closing Procedures.

Subject to satisfaction or waiver by the relevant Party of the conditions of closing, at the Closing, the Corporation shall deliver share certificates for the Purchased Shares and upon such delivery the Purchaser shall pay or satisfy the Purchase Price in accordance with Section 2.1.

ARTICLE 8
TERMINATION

Section 8.1 Termination Rights.

(1) This Agreement may, by notice in writing given prior to the Closing, be terminated:

(a) by mutual consent of the Parties;

(b) by the Purchaser if any of the conditions in Schedule D have not been satisfied at or prior to February 15, 2021 (or such later date as the Parties may have agreed in writing prior to February 15, 2021) and the Purchaser has not waived such condition at or prior to such date, or if any of said conditions are no longer satisfied on the Closing Date; or

(c) by either Party if there has been a material breach of any provision of this Agreement by the other Party and such breach has not been waived by the non-breaching Party.

ARTICLE 9
CORPORATE GOVERNANCE RIGHTS

Section 9.1 Corporate Governance Rights

(1) Subject to compliance with applicable Laws, and the constating documents of the Corporation from and after the Closing Date for a period of three (3) years, the Purchaser shall be entitled (but not obliged), at any time and from time to time, to nominate one (1) director (a "**Purchaser Representative**") to the board of directors of the Corporation.

(2) Each Purchaser Representative will be an individual who:

(a) consents in writing to act as a director of the Corporation; and

(b) is not disqualified from acting as a director of the Corporation under any applicable Law.

(3) The Purchaser may give written notice to the Corporation at any time and from time to time identifying the individual the Purchaser intends to nominate as its Purchaser Representative. In such event, the Corporation shall within 10 Business Days following receipt of such notice, cause the individuals nominated as Purchaser Representative to be elected or appointed to the Board in any manner permitted by Law and by the Corporation's constating documents. Unless and until the Purchaser gives notice to the Corporation as provided in this Section 9.1(3), nominating a new individual to replace the incumbent Purchaser Representative on the Board, the Corporation will continue to include the incumbent Purchaser Representative among the management nominees for election to the Board at each meeting of shareholders of the Corporation at which directors are to be elected.

(4) After the Closing Date for a period of two (2) years, the Corporation will provide to the Purchaser, within 30 days of the end of the applicable month, management prepared unaudited and unreviewed financial statements.

ARTICLE 10
MISCELLANEOUS

Section 10.1 Notice.

(1) Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy, or sending by prepaid registered mail posted in Canada, the notice to the following address or number:

To the Purchaser at:
MainPointe Pharmaceuticals, LLC
2604 River Green Circle, Louisville, KY 40206
Attention: John Shutte, CEO
Telephone:
E-mail:

To the Corporation at:

RepliCel Life Sciences Inc.
900 - 570 Granville Street
Vancouver, BC V6C 3P1
Attention: R. Lee Buckler
Telephone: (604) 248-8693
E-mail: lee@replicel.com

With a copy, which shall not constitute notice, to:

Clark Wilson LLP
900 - 885 West Georgia Street
Vancouver, BC V6C 3H1
Attention: Virgil Z. Hlus
Telephone: (604) 891-7707
E-mail: vhlus@cwilson.com

(or such other addresses or number as any party may specify by notice in writing to another party.)

(2) Any notice delivered or sent by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy on a business day will be deemed conclusively to have been effectively given on the day the notice was delivered, or the transmission was sent successfully to the number set out above, as the case may be. Any notice sent by prepaid registered mail will be effectively given when actually delivered.

Section 10.2 Time of the Essence.

Time shall be of the essence of this Agreement.

Section 10.3 Announcements.

The Parties shall consult with each other before issuing any press release, news release or otherwise making any filings or public statements with respect to this Agreement and the transactions contemplated herein and shall not issue such press release without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, in each case, subject to applicable Laws and the exercise of such fiduciary duties, as may be appropriate.

Section 10.4 No Agency or Partnership.

Nothing contained in this Agreement makes or constitutes any Party, or any of its directors, officers or employees, the representative, agent, principal, partner, joint venturer, employer, employee of any other Party. It is understood that no Party has the capacity to make commitments of any kind or incur obligations or liabilities binding upon any other Party.

Section 10.5 Expenses.

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses incurred in connection with this Agreement and the transactions contemplated by it. The fees and expenses referred to in this Section 10.5 are those which are incurred in connection with the negotiation, preparation, execution and performance of this Agreement, and the transactions contemplated by this Agreement, including the fees and expenses of legal counsel, investment advisers and accountants.

Section 10.6 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by all of the Parties.

Section 10.7 Waiver.

(1) No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

(2) If a Party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation or covenant in whole or in part.

Section 10.8 Successors and Assigns.

(1) This Agreement becomes effective only when executed by all of the Parties. After that time, it is binding on and enures to the benefit of the Parties and their respective heirs, administrators, executors, legal personal representatives, successors and permitted assigns.

(2) Except as otherwise provided in this Agreement, neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by the Corporation without the prior written consent of the Purchaser, nor by the Purchaser without the prior written consent of the Corporation.

Section 10.9 Further Assurances.

The Parties agree to execute and deliver such further and other papers, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence, and do and perform and cause to be done and performed, such further and other acts and things that may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

Section 10.10 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 10.11 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Section 10.12 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same instrument. The Party sending the facsimile transmission will also deliver the original signed counterpart to the other Party, however, failure to deliver the original signed counterpart shall not invalidate this Agreement

Section 10.13 Non-Merger.

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the Closing. Notwithstanding the Closing or any investigation made by or on behalf of any Party, the covenants, representations and warranties shall continue in full force and effect. Closing shall not prejudice any right of one Party against any other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

The remainder of this page has been intentionally left blank.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

MAINPOINTE PHARMACEUTICALS, LLC

By: */s/ Frank L. Yetta*
Authorized Signing Officer

REPLICEL LIFE SCIENCES INC.

By: */s/ R. Lee Buckler*
Authorized Signing Officer

SCHEDULE A
DEFINED TERMS

"Agreement" means this private placement agreement and all schedules attached to it and the expressions **"Article"** and **"Section"**, followed by a number mean and refer to the specified Article or Section of this Agreement.

"Ancillary Agreements" means the Royalty Participation Agreement and the Distributorship Agreement to be entered into by the Parties.

"**Applicable Securities Laws**" means all applicable Canadian and U.S. securities Laws.

"Authorization" means, with respect to any Person, any order, permit, approval, consent, waiver, clearance, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"**Board**" means the board of directors of the Corporation.

"Business Day" means any day of the year, other than a Saturday, a Sunday or any day on which banks are required or authorized to close in Vancouver, British Columbia.

"Closing" means the completion of the transactions of issue and sale contemplated in Section 2.1 of this Agreement.

"Closing Date" means the second Business Day following the fulfillment (or waiver, if applicable) of the last of the conditions in Article 6, provided that such conditions have been fulfilled (or waived, if applicable) on or before February 15, 2021, or such later date as the Parties may agree in writing prior to February 15, 2021.

"Common Shares" means the class A common shares in the capital of the Corporation, and shall, where the context permits, include (i) any securities into which such Common Shares may be converted, reclassified, redesignated, subdivided, consolidated or otherwise changed; (ii) any securities of the Corporation or of any other Person received by the holders of such Common Shares as a result of any merger, amalgamation, reorganization, arrangement or other similar transaction involving the Corporation; and (iii) any securities of the Corporation which are received by any one or more Persons as a stock dividend of distribution on or in respect of such Common Shares.

"Contract" means any agreement, contract, licence, undertaking, engagement or commitment of any nature, written or oral.

"Corporation" means RepliCel Life Sciences Inc., a corporation organized under the laws of British Columbia.

"Discounted Market Price" has the meaning set forth in the Policies of the TSXV.

"Governmental Entity" means (i) any international, multinational, national, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and includes any Securities Regulatory Authority.

"Interim Period" means the period between the close of business on the date that is 60 days after the execution of the Term Sheet by the Parties.

"Laws" means applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, statutory rules, principles of common and civil law and equity, terms and conditions of any grant of approval, permission, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international; (ii) judicial, arbitral, administrative, ministerial, departmental and regulatory judgments, orders, writs, injunctions, decisions, rulings, authority, licence, decrees and awards of any Governmental Entity (including the Securities Regulatory Authorities); and (iii) policies, practices and guidelines of any Governmental Entity (including the Securities Regulatory Authorities), which, although not actually having the force of law, are considered by such Governmental Entity as requiring compliance as if having the force of law, in each case binding on or affecting the Person, or the assets of the Person, referred to in the context in which such word is used, and the term "applicable" with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority (including the Securities Regulatory Authorities) having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities, in each case as such Laws may be amended from time to time.

"Lien" means (i) any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, encumbrance, lien (statutory or otherwise), hire purchase agreement, conditional sale agreement, deposit arrangement, title retention agreement or arrangement; (ii) any trust arrangement; (iii) any arrangement which creates a right of set-off out of the ordinary course of business; (iv) any option, warrant, right or privilege capable of becoming a Transfer; or (v) any agreement to grant any such rights or interests.

"Material Adverse Effect" means any effect that when considered either individually or in the aggregate (i) is materially adverse or is reasonably likely to be materially adverse to the properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, affairs, condition (financial or otherwise), operations, results of operations or prospects of the Corporation; or (ii) will, or would reasonably be expected to, prevent or materially impair the ability of the Parties to consummate the transactions contemplated hereby.

"Notice" has the meaning specified in Section 10.1.

"Parties" means the Corporation and the Purchaser and any other Person who may become a party to this Agreement.

"Person" means a natural person, partnership, limited partnership, limited liability partnership, limited liability company, unlimited liability company, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"**Purchased Shares**" has the meaning specified in Section 2.1.

"**Purchaser**" means MainPointe Pharmaceuticals, LLC.

"**Purchaser Board**" means the board of directors of the Purchaser.

"**Purchaser Representative**" has the meaning specified in Section 9.1.

"**Securities Regulatory Authorities**" means collectively, the provincial and territorial securities regulatory authority in each of the provinces and territories of Canada, the TSXV and the United States Securities and Exchange Commission.

"**Term Sheet**" means the terms sheet executed by the Corporation and the Purchaser on November 2020.

"**TSXV**" means the TSX Venture Exchange.

SCHEDULE B
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

The Corporation hereby represents and warrants to the Purchaser (which representations and warranties will survive the Closing) that:

(1) the Corporation is a corporation incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power to own and operate its property, carry on its business and enter into and perform their obligations under this Agreement;

(2) the execution and delivery of, and performance by the Corporation of this Agreement have been duly authorized by all necessary corporate action on the part of the Corporation;

(3) the execution and delivery of and performance by the Corporation of this Agreement:

(a) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of their respective constating documents or by-laws;

(b) does not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any Person to exercise any rights under, any of the terms or provisions of any Contract, lease or instrument to which the Corporation is a party;

(c) does not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by the Corporation or necessary to the operation of the business; and

(d) does not and will not result in the violation of any Law, except where such violation would not reasonably be expected to result in a Material Adverse Effect on the Corporation;

(4) this Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding agreement enforceable against it in accordance with its terms, subject to any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction;

(5) except for (i) the approval of the TSXV, (ii) the filing of exempt distribution reports, if applicable; and (iii) the approvals of the Board, there is no requirement to obtain any consent, approval or waiver of a party under any Contract, lease or instrument that the Corporation is a party to, to the completion of the transactions contemplated by this Agreement;

(6) the Purchased Shares, when issued in accordance with the provisions of this Agreement, shall be duly authorized, fully paid and non-assessable and the Purchaser will have good and valid title to the Purchased Shares, free and clear of all Liens; and

(7) the Corporation has complied with Applicable Securities Laws in connection with the offer, sale and issuance of the Purchased Shares.

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Corporation (which representations and warranties will survive the Closing) that:

(1) the Purchaser acknowledges and agrees that none of the Purchased Shares have been or will be registered under the United States *Securities Act of 1933*, as amended, (the "**1933 Act**"), or under any securities or "blue sky" laws of any state of the United States, and, unless so registered, may not be offered or sold in the United States or, directly or indirectly, to any U.S. Person (as defined in Regulation S), except in accordance with the provisions of Regulation S under the 1933 Act ("**Regulation S**"), pursuant to an effective registration statement under the 1933 Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act, and in each case only in accordance with applicable state, provincial and foreign securities laws;

(2) the Purchaser acknowledges and agrees that the Corporation has not undertaken, and will have no obligation, to register any of the Purchased Shares under the 1933 Act or any other applicable securities laws;

(3) the Purchaser acknowledges and agrees that the Corporation will refuse to register the transfer of any of the Purchased Shares to a U.S. Person not made pursuant to an effective registration statement under the 1933 Act or pursuant to an available exemption from the registration requirements of the 1933 Act and in each case in accordance with all applicable laws;

(4) the decision to execute this Agreement and to acquire the Purchased Shares has not been based upon any oral or written representation as to fact or otherwise made by or on behalf of the Corporation and such decision is based entirely upon a review of any public information which has been filed by the Corporation with any Canadian provincial securities commissions on SEDAR and the United States Securities and Exchange Commission (the "**SEC**") (collectively, the "**Public Record**");

(5) there are risks associated with the purchase of the Purchased Shares, as more fully described in the Corporation's periodic disclosure forming part of the Public Record;

(6) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the securities and it is able to bear the economic risk of loss of its entire investment;

(7) the Purchaser has made an independent examination and investigation of an investment in the securities and the Corporation and agrees that the Corporation will not be responsible in any way for the Purchaser's decision to invest in the securities and the Corporation;

(8) it (a) has adequate net worth and means of providing for its current financial needs and possible personal contingencies, (b) has no need for liquidity in an investment in the Purchased Shares, and (c) is able to bear the economic risks of an investment in the Purchased Shares for an indefinite period of time;

(9) the Purchaser and the Purchaser's advisor(s) have had a reasonable opportunity to ask questions of, and receive answers from, the Corporation in connection with the distribution of the Purchased Shares hereunder, and to obtain additional information, to the extent possessed or obtainable without unreasonable effort or expense, necessary to verify the accuracy of the information about the Corporation;

(10) the books and records of the Corporation were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the Purchaser during reasonable business hours at its principal place of business, and all documents, records and books in connection with the distribution of the Purchased Shares hereunder have been made available for inspection by the Purchaser, its legal counsel and/or its advisor(s);

(11) the Corporation is entitled to rely on the representations and warranties of the Purchaser contained in this Agreement and the Purchaser will hold harmless the Corporation from any loss or damage it or they may suffer as a result of the Purchaser's failure to correctly complete this Agreement;

(12) there are restrictions on the Purchaser's ability to resell any of the Purchased Shares and any resale of the Purchased Shares by the Purchaser will be subject to resale restrictions contained in the securities laws applicable to the Corporation, the Purchaser and any proposed transferee and it is the sole responsibility of the Purchaser to find out what those restrictions are and to comply with such restrictions before selling any of the Purchased Shares;

(13) the Purchaser has been advised to consult the Purchaser's own legal, tax and other advisors with respect to the merits and risks of an investment in the Purchased Shares and with respect to applicable resale restrictions, and it is solely responsible (and the Corporation is not in any way responsible) for compliance with:

(a) any applicable laws of the jurisdiction in which the Purchaser is resident in connection with the distribution of the Purchased Shares hereunder, and

(b) applicable resale restrictions;

(14) there may be material tax consequences to the Purchaser of an acquisition or disposition of the Purchased Shares and the Corporation gives no opinion and makes no representation to the Purchaser with respect to the tax consequences to the Purchaser under federal, state, provincial, local or foreign tax laws that may apply to the Purchaser's acquisition or disposition of the Purchased Shares;

(15) the Purchaser consents to the placement of a legend or legends on any certificate or other document evidencing any of the Purchased Shares setting forth or referring to the restrictions on transferability and sale thereof contained in this Agreement, with such legend(s) to be substantially as follows:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THESE SECURITIES SHALL NOT TRADE THE SECURITIES BEFORE **[four months and one day from the Closing Date.]**

and, if applicable:

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL **[four months and one day from the Closing Date.]**;

and:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF REPLICEL LIFE SCIENCES INC. (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

(16) no securities commission or similar regulatory authority has reviewed or passed on the merits of any of the Securities;

(17) there is no government or other insurance covering any of the Securities;

(18) the Purchaser has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant hereto and it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize execution and performance of this Agreement on behalf of the Purchaser;

(19) the entering into of this Agreement and the transactions contemplated hereby do not result in the violation of any of the terms and provisions of any law applicable to, or, if applicable, the constating documents of, the Purchaser or of any agreement, written or oral, to which the Purchaser may be a party or by which the Purchaser is or may be bound;

(20) the Purchaser has duly executed and delivered this Agreement and it constitutes a valid and binding agreement of the Purchaser enforceable against the Purchaser;

(21) the Purchaser is not aware of any advertisement of any of the Purchased Shares and is not acquiring the Purchased Shares as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising; and

(22) no person has made to the Purchaser any written or oral representations:

(a) that any person will resell or repurchase any of the Purchased Shares,

(b) that any person will refund the purchase price of any of the Purchased Shares, or

(c) as to the future price or value of any of the Purchased Shares;

(23) it is resident in the United States of America, its territories and possessions or any state of the United States or the District of Columbia (collectively the "**United States**"), is a "U.S. Person" as such term is defined in Regulation S or was in the United States at the time the Purchased Shares were offered or the Subscription Agreement was executed;

(24) it is acquiring the Purchased Shares for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Purchased Shares in violation of the United States securities laws; and

(25) the Purchaser satisfies one or more of the categories indicated below (please place an "X" on the appropriate lines):

_____ an organization described in Section 501(c)(3) of the United States *Internal Revenue Code*, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Subscription Receipts, with total assets in excess of US$5,000,000,

_____ a private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940* (United States),

_____ a trust with total assets in excess of US$5,000,000, not formed for the specific purpose of acquiring the Purchased Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the 1933 Act, or

_____ an entity in which all of the equity owners satisfy the requirements of one or more of the categories set forth in Section 6 of this Questionnaire;

SCHEDULE D
CONDITIONS FOR THE BENEFIT OF THE PURCHASER

(1) The representations and warranties of the Corporation contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such.

(2) The Corporation shall have fulfilled or complied with all covenants contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing.

(3) The Purchaser shall have been provided with evidence satisfactory to it, acting reasonably, that the TSXV shall have approved the issuance by the Corporation of the Purchased Shares**.** The Corporation shall have obtained all orders, permits, approvals, waivers, consents, licenses or similar authorizations of Securities Regulatory Authorities necessary to complete the Closing.

(4) The Ancillary Agreements shall have been executed by all parties thereto.

(5) No legal or regulatory acts nor proceedings shall be pending or threatened by any Person which would enjoin, restrict or prohibit the issuance, sale or purchase of the Purchased Shares or any other transactions contemplated hereby.

DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT (this "**Agreement**"), made and entered into as of 22nd January 2021 (the "**Effective Date**"), by and between:

BETWEEN:

REPLICEL LIFE SCIENCES INC., a corporation existing under the laws of British Columbia, having offices at 900 - 570 Granville Street, Vancouver, British Columbia, Canada V6C 3P1

("**RepliCel**")

AND

MAINPOINTE PHARMACEUTICALS, LLC, a corporation existing under the laws of the State of Kentucky, in the United States of America**,** having offices at 2604 River Green Circle, Louisville, KY, 40206, USA

(hereinafter called "**MainPointe**")

(RepliCel and MainPointe each a "**Party**" and collectively, the "**Parties**")

WHEREAS, pursuant to a Share Purchase Agreement between RepliCel and MainPointe dated as of the Effective Date, RepliCel and MainPointe have agreed to enter into a distribution agreement, whereby MainPointe will distribute the Distribution Products (as defined below) in the Territory (as defined below).

AND WHEREAS this Agreement sets forth the terms and conditions upon which MainPointe will Market, sell and distribute the Distribution Products in the Territory.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and the representations, warranties, covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions. As used in this Agreement, the following terms will have the meanings set forth in this Section.

(a) "**Affiliate**" shall mean, with regard to a given Person, a Person that Controls, is Controlled by, or is under common Control with, the given Person where "**Control**" means (i) ownership of more than fifty percent (50%) of the equity interest or voting stock, (ii) the power to appoint or elect a majority of the directors, or (iii) the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

(b) "**Confidential Information**" shall have the meaning set forth in Section 9.1.

(c) "**Current Products**" shall mean the RCI-02 injector and control unit and all related consumables including syringe or cartridge components, needle heads, splash guard and assembled packaged cartridges.

(d) "**Disclosing Party**" shall have the meaning set forth in Section 9.1.

(e) "**Distribution Products**" shall mean the Current Products and the Future Products.

(f) "**FDA**" shall mean United States Food and Drug Administration.

(g) "FDA Approval" shall mean Regulatory Approval by the FDA.

(h) "**Future Product**" shall mean any product which is developed as a replacement or alternative to the Current Product or would be used as an addition to the Current Product including pre-filled cartridges filled with any injectable product.

(i) "**Gross Income**" shall mean the gross amounts earned by MainPointe from sales of the Distribution Products, less deductions for (a) commercially reasonable quantity and cash discounts and sales actually given; (b) freight, shipping insurance and other transportation expenses; (c) sales, value-added, excise taxes, tariffs and duties, and other taxes directly related to the sale; all to the extent that (a), (b) and (c) are included in the gross invoice price and specified on the applicable invoices (but not including taxes assessed against the income derived from such sale); and (d) returns (including warranty claims and recalls).

(j) "**Intellectual Property**" means any and all: (i) inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications and patent disclosures, together with all re-issuances, continuation, continuations, in part, revisions, extensions and re-examinations thereof; (ii) registered and unregistered trademarks, service marks, trade dress, logos, trade names, assumed names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith; (iii) copyrightable works, all copyrights and all applications, registrations and renewals in connection therewith, works of authorship; (iv) rights in the nature of the aforesaid items in any country, and rights to sue for passing off (whether for past, present or future infringement).

(k) "**Law**" or "**Laws**" shall mean any published laws, regulations, rules, provisions, circular, permits, authorizations, interpretations, orders or decisions of any government authorities or legislative authorities or judgments, awards, decisions or interpretations of any judicial authorities.

(l) "**MainPointe Trademarks**" shall mean the trademarks specified in Schedule B**.**

(m) "**Manufacture**" and "**Manufacturing**" shall mean, with respect to a Distribution Product, the manufacturing, processing, formulating, packaging, labeling, holding and quality control testing of the Distribution Product.

(n) "**Marketing**" shall mean the programs and activities normally undertaken by a medical device company relating to the marketing, Promotion and sale of a medical device product in the Territory including patient information, web sites, advertising, studies in support of advertising claims, seminars, symposia, training, and education, as well as selling, contracting for sale of soliciting contracts for sale of, and distributing such product. When used as a verb, "**Market**" shall mean to engage in such activities.

(o) "**Marketing Materials**" shall mean, in respect of a Distribution Product, all written, printed, video, audio and internet or web-based materials, convention panels, speakers programs and other materials relating to the Distribution Product, other than Product Labels and Inserts, intended for use by Representatives or otherwise by MainPointe in performing its Marketing obligations hereunder, including visual aids, advertisements, direct mailings, product-oriented web sites, and any other promotional support items used by MainPointe to conduct the Marketing and Promotion of the Distribution Product.

(p) "**Minimum Return**" shall mean $2,000,000 USD which is the minimum amount of MainPointe's Gross Income intended by the Parties to be realized by MainPointe as is further defined by and supplemented in Section 10.1.

(q) "**Person**" means an individual, firm, partnership, joint venture, company, corporation, body corporate, unincorporated body of persons or any state or any agency of a state.

(r) "**Product Labels and Inserts**" shall mean (a) the product monograph as approved by the applicable Regulatory Authority in the Territory, (b) all labels and other written, printed or graphic matter affixed to any container, packaging or wrapper utilized with a Distribution Product, or (c) any written material packaged with or otherwise physically accompanying a Distribution Product, including package inserts.

(s) "**Product Quality Complaint**" shalt mean any and all Manufacturing or packaging-related complaints from Third Parties related to the Distribution Product, including (a) any complaint involving the possible failure of the Distribution Product to meet any applicable Specifications, (b) any dissatisfaction with the design, package or labeling of the Distribution Product; or (c) any adverse event that may involve the quality of the Distribution Product.

(t) "**Promotion**" shall mean those activities normally undertaken by a medical device company's sales force to implement marketing plans and strategies aimed at encouraging the appropriate use of a particular medical device product in the Territory. When used as a verb, "**Promote**" shall mean to engage in such activities.

(u) "**Proprietary Information**" shall mean any information or Intellectual Property of a party that is of a proprietary and confidential nature, including, but not limited to trade clinical methods, clinical processes, clinical documentation and techniques.

(v) "**Purchase Price**" shall have the meaning set forth in Section 4.3.

(w) "**RCI-02**" means RepliCel's dermatology injector device for use in applications

(x) "**Recall Event**" shall have the meaning set forth in Section 4.38.

(y) "**Receiving Party**" shall have the meaning set forth in Section 9.1.

(z) "**Regulatory Approval**" shall mean, with respect to a Distribution Product, any and all approvals, licenses, registrations or authorizations necessary for the sale and Marketing of the Distribution Product throughout the Territory, including without limitation, FDA approval.

(aa) "**Regulatory Approval Costs**" shall have the meaning set forth in Section 7.1(b).

(bb) "**Regulatory Authority**" shall mean:

(i) any provincial/state, territorial or federal government in the Territory with jurisdiction to grant, suspend or withdraw the marketing authorization to Import, sell or distribute the Distribution Product in the Territory under applicable Law; and

(ii) any provincial/state, territorial or federal government or review board in the Territory with jurisdiction over pricing of patented products or with jurisdiction over competition aspects of pricing of products.

(cc) ″**RepliCel Trademarks**" shall mean trademarks owned by RepliCel as specified in Schedule C.

(dd) "**Representative**" shall mean a medical device sales representative qualified by training and experience to Promote the medical device products in the Territory.

(ee) "**Specifications**" shall have the meaning set forth in Section 4.7.

(ff) "**Taxes**" means (i) any national, provincial/state, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all income tax (including enterprise income tax and withholding tax), turnover tax (including value-added tax, business tax, and consumption tax), tariffs (including import duty and import value-added tax) or other assessments of any kind whatsoever, and (ii) all interest, penalties or additional amounts imposed by any government of any nation or any province/state or location thereof, in connection with any item described in clause (i) above.

(gg) "**Term**" shall have the meaning set forth in Section 10.1.

(hh) "**Terminating Party**" shall have the meaning set forth in Section 10.3.

(ii) "**Territory**" shall mean the USA.

(jj) "**Testing Methods**" shall have the meaning set forth in Section 4.38.

(kk) "**Third Party**" shall mean any Person other than RepliCel, MainPointe or any Affiliate thereof.

(ll) "**USA**" shall mean the United States of America.

1.2 Interpretation.

(a) Any reference herein to any Section, subsection or paragraph is to such Section, subsection or paragraph in this Agreement unless the context otherwise requires.

(b) The italicized typeface, headings and titles herein are used for convenience of reference only and shall not affect the construction of this Agreement.

(c) Unless the context otherwise requires, words importing the singular include the plural and vice versa, and pronouns importing a gender include all other genders.

(d) Reference to any legislation or law or to any provision thereof shall include references to any such legislation or law as it may, after the Effective Date, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation or administrative rules or regulations made from time to time under that provision.

(e) The terms "hereof', "herein", "hereby", "hereto" and derivative or similar words refer to this entire Agreement or specified Sections or subsections of this Agreement, as the case may be.

(f) Reference to the word "include" shall be construed without limitation.

(g) Any word or phrase defined in the body of this Agreement as opposed to being defined in Section 1.1 above shall have the meaning assigned to it in such definition throughout this Agreement, unless the contrary is expressly stated or the contrary clearly appears from the context.

(h) All references to currency amounts in this Agreement are to the lawful currency of the United States of America.

ARTICLE 2
EXCLUSIVE APPOINTMENT

2.1 Exclusive Distributorship Appointment. Effective as of the Effective Date, and subject to the terms and conditions of this Agreement, including receipt and maintenance of required Regulatory Approvals, RepliCel hereby appoints MainPointe as its exclusive distributor of the Distribution Products in the Territory. As exclusive distributor, MainPointe shall have the exclusive right, during the Term, with respect to each Distribution Product, to Market, distribute and sell such Distribution Products in the Territory and to appoint sub-distributors to do the same, provided that sub-distributors shall not have any rights in addition to those rights granted to MainPointe herein. Subject to the terms hereof, MainPointe shall make all decisions with respect to the Marketing, planning, strategy, Promotion and selling price of each Distribution Product and shall have the responsibility for establishing and modifying the terms and conditions of the sale of the Distribution Product. MainPointe shall ensure that all agreements with sub-distributors comply with MainPointe's obligations in this Agreement. This exclusive right of distribution prohibits Replicel from selling Distribution Products in the Territory during the Term but permits RepliCel to provide to third parties in the Territory a number of complementary RCI-02 units (along with a reasonable number of consumables) not to exceed fifty (50) units per year that may only be used to: (a) promote a clinical trial, clinical study, or clinical evaluation (but not general clinical use); (b) promote the evaluation of the Distribution Products and their clinical uses by key opinion leaders; and/or (c) facilitate the evaluation of the Distribution Products by potential investors, collaborators, clinicians, commercial partners, investors, and marketing firms.

2.2 Regulatory Approvals. Pursuant to Section 7.1 MainPointe is responsible for obtaining Regulatory Approvals on all Distribution Products required to obtain Regulatory Approval, at its sole expense, to import, Market, sell and distribute the Distribution Products throughout the Territory.

(a) *Submissions*. If an application (or applications) for FDA Approval on any current Distribution Product is delayed due to the inactivity or negligence of MainPointe for more than 6 months after RepliCel has delivered a functioning Distribution Product (the "**Delayed Product**"), the right of MainPointe to distribute the Delayed Product(s) shall terminate in accordance with Section 10.4(b). The onus to prove such delay is on RepliCel to prove that the delay was caused by MainPointe's inactivity or negligence and not caused in any material way by factors outside of MainPointe's control.

(b) *Rejection*. If the FDA refuses to approve ("**FDA Rejection**") any one, several, or all of the Distribution Products such that none of the Distribution Products can be effectively marketed or sold, RepliCel shall

(i) make all commercially reasonable efforts to cure the reasons for the FDA Rejection ("FDA Rejection Causes"),

(ii) maintain such commercially reasonable efforts on an ongoing basis without any pause longer than any continuous 60-day period, and

(iii) take all commercially reasonable actions to facilitate MainPointe's resubmission of the application for FDA Approval as soon as possible ("**FDA Resubmission**")

(collectively referred to as "**Ongoing Reasonable Efforts**").

(c) If RepliCel fails to make Ongoing Reasonable Efforts, MainPointe shall have the right to retain third-party engineers and/or manufacturers to cure the FDA Rejection Causes and to add all such external costs (the "Cure Costs") to the Minimum Return. Nothing about the exercise of this right shall be deemed to effect any other provision of this Agreement, ownership of the Distribution Products or any intellectual property rights. Specifically any such contracts related to the curing the FDA Rejection Causes shall terminate upon FDA Approval and all rights and contracts for ongoing production of the Distribution Products shall be in the name of RepliCel and not MainPointe. The Term shall be extended by a length of time equal to the time between any FDA Rejection of any given Distribution Product(s) and the FDA Approval of such Distribution Product(s).

(d) If Regulatory Approvals for a Distribution Product are fatally rejected by the FDA or not maintained, the right of MainPointe to distribute such Distribution Products shall terminate in accordance with Section 10.4(b).

ARTICLE 3
COMMERCIALIZATION OF DISTRIBUTION PRODUCTS

3.1 Commercialization Obligations. For each Distribution Product, and subject to the terms and conditions of this Agreement, MainPointe shall, once Regulatory Approval is obtained for such Distribution Product in the Territory, use commercially reasonable efforts in respect of the Marketing, distribution and sale in the Territory of the Distribution Product. Prior to obtaining Regulatory Approval, MainPointe shall only conduct limited Marketing, distribution and sales of the Distribution Products in compliance with applicable Laws. On an ongoing basis, RepliCel agrees to use ongoing commercially reasonable efforts to reduce production and shipping costs for each Distribution Product. In the event that investment would be required to reduce these production and shipping costs, RepliCel must inform MainPointe of the required investment and expected resulting cost reductions so the Parties may further analyze and agree on any financing required by MainPointe in exchange for a negotiated return.

3.2 Marketing Materials.

(a) Promptly following the Effective Date, RepliCel shall provide MainPointe with samples of any Marketing Materials for the Distribution Product.

(b) RepliCel shall provide MainPointe with reasonable technical assistance in connection with MainPointe's efforts to create Marketing Materials.

3.3 Product Labels and Inserts. Subject to the provisions of this Agreement, all Distribution Products sold and distributed by MainPointe shall use the Product Labels and Inserts that are attached to or accompany such Distribution Products as delivered by RepliCel to MainPointe pursuant to the terms hereof and MainPointe shall not Market, sell or distribute any Distribution Product using any other Product Labels and Inserts.

3.4 Use of Trademarks. MainPointe shall Market, sell or distribute the Distribution Products under RepliCel Trademarks and only unless required by applicable Law, MainPointe Trademarks, both of which shall be used and displayed as mutually agreed in writing by the Parties. MainPointe shall also comply with all notice and marking requirements as required by RepliCel.

ARTICLE 4
TERMS OF PURCHASE OF DISTRIBUTION PRODUCTS

4.1 Forecasting. MainPointe agrees to supply RepliCel with a twelve (12) month rolling forecast of its anticipated requirements for each Distribution Product on a monthly basis (the "**Forecast**"). Ten (10) business days prior to the commencement of the next calendar month, MainPointe will update and provide a confirmed version of the Forecast to RepliCel for the next calendar month ("**Confirmed Forecast**"). The Confirmed Forecast will include the quantity and type of Distribution Product to be purchased and requested timeline for delivery. Within five (5) business days of the receipt of each Confirmed Forecast:

(a) RepliCel shall deliver to MainPointe a notice committing to produce the quantity and type of Distribution Products set out in the Confirmed Forecast ("**Production Commitment**"). RepliCel shall use all commercially reasonable efforts to deliver the Distribution Products in accordance with the Production Commitment no more than fifteen (15) days after the times specified in Production Commitment; or

(b) should RepliCel be unable, for any reason, to meet the forecasted demand in the required time, RepliCel shall notify MainPointe of any production delays (the "**Production Shortfall Notice**") and, as soon as reasonably possible, provide MainPointe with an updated Production Commitment which ensures meeting the original Confirmed Forecast within no more than sixty (60) days from the originally requested timeline for delivery in the Confirmed Forecast. If RepliCel is unable to meet the updated Product Commitment or if RepliCel is unable to meet the Forecast production more than twice in any 12-month period, MainPointe agrees that this shall not be a breach of the Agreement, but that the Parties will hold an extraordinary Steering Committee meeting within five (5) business days to produce and deliver to MainPointe within thirty (30) days of this extraordinary meeting, a written plan to cure these production shortfalls.

4.2 Terms and Conditions. During the Term of this Agreement and subject to the terms and conditions of this Agreement, MainPointe shall purchase the Distribution Products from RepliCel based on the Confirmed Forecast, subject to Section 4.1, by issuing a purchase order to RepliCel. All deliveries of Distribution Products by RepliCel shall be made on a FOB destination basis.

4.3 Price and Payment. The purchase price paid by MainPointe to RepliCel for each of the Distribution Products (the "**Wholesale Price**"*)* and payment terms shall be determined by RepliCel subject to the following conditions:

(a) The Parties agree to ensure there is never more than a twenty-five percent (25%) spread in their respective margins on the Distribution Products as measured in US dollars.

(b) For the first twenty-four (24) months from the first sale of a Distribution Product (**the "Initial 24 Months**") the Wholesale Price shall be set on the following basis: on a Wholesale Cost plus twenty percent (20%) on the Distribution Product defined as the RCI-02 injector and control unit, and Wholesale Cost plus thirty percent (30%) on the Distribution Products defined as the consumables (the "**Initial Wholesale Price**").

(c) The term "**Wholesale Cost**" is defined as the direct third-party manufacturing costs, plus the reasonable logistics costs that have been agreed upon by the Parties. The Parties agree that whenever RepliCel is able to reduce the Wholesale Cost during the Initial 24 months (pursuant to Section 3.1), RepliCel will reduce the Initial Wholesale Price by an amount equal to seventy-five percent (75%) of the reduction in the Wholesale Costs.

(d) Until the Initial 24 Months have expired and until MainPointe has realized the Minimum Return, Replicel may not increase the Wholesale Price of any of its Distribution Products unless it ensures that MainPointe's margin on the Distribution Products remains higher than RepliCel's margin on the Distribution Products, and the Parties agree to discuss any potential price changes to the Distribution Products in the quarterly Steering Committee meetings.

(e) After the Initial 24 Months and after MainPointe has realized the Minimum Return, RepliCel may change the Wholesale Price in its discretion but any change to the Wholesale Price must be affected by RepliCel delivering written notice to MainPointe, with the Effective Date of the new Wholesale Price becoming active no less than thirty (30) days following the date of the written notice**.** The new Wholesale Price after such amendment shall apply to all Production Commitments which are delivered after the effective date of such new Wholesale Price. Price changes shall not affect unfulfilled Production Commitments prior to the effective date of the price change. MainPointe reserves the right to employ (at its own cost) an independent audit firm selected by MainPointe (and reasonably acceptable to RepliCel) for the purpose of verifying the accuracy of RepliCel's cost calculations and to verify that all such costs are reasonable.

4.4 Taxes. Each Party shall respectively bear and pay any and all Taxes, expenses and costs in connection with this Agreement unless otherwise provided.

4.5 Terms of Forecasts and Production Commitments. Nothing contained in any Forecast or Production Commitment shall in any way modify the terms contained in this Agreement or add any additional terms or conditions. Unless otherwise provided herein, if there is anything contrary between a purchase order and this Agreement, this Agreement shall prevail.

4.6 Inventory. MainPointe agrees to purchase and maintain a level of inventory of the Distribution Products in the Territory to satisfy expected demand for the Distribution Products. RepliCel agrees to purchase and maintain a level of inventory and manufacturing capacity to meet reasonably anticipate future demand of the Distribution Products in the Territory.

4.7 Rejection of Product.

(a) *Specifications*. The Distribution Products supplied to MainPointe by RepliCel under this Agreement will conform to the specifications, standards, formulations, criteria and the requirements of all Laws applicable to the Distribution Products and all other requirements as set forth further in Schedule A *(*"**Specifications**"). RepliCel may propose changes to the Specifications by providing sixty (60) days' written notice of the proposed changes to MainPointe. If MainPointe objects to the proposed changes within such sixty (60) day period, RepliCel shall reasonably consider MainPointe's concerns and make updates to the changes that RepliCel believes address MainPointe's concerns prior to implementing the new Specifications. If MainPointe requests any change to the Specifications (which change is not the result of a requirement or mandate of a Regulatory Authority), it shall provide written notice of any such change and the reasons therefor to RepliCel. RepliCel shall notify MainPointe within thirty (30) days after the notice from MainPointe whether such change can be made and its good faith estimate of the cost of any such change. If such change can be made, the Parties shall negotiate in good faith and agree on a written implementation plan. Any associated cost for the change will be borne by MainPointe. Any updates to the Specifications made pursuant to this Section shall be deemed to be an update to Schedule A.

(b) *Quality Control*. Within ninety days of the Effective Date, RepliCel will provide MainPointe with a detailed listing of all pre-commercial production testing and validations which will be performed to support Regulatory Approval submissions for all Distribution Products and within 180 days of the Effective Date, RepliCel will provide MainPointe with a detailed listing of the serial production quality control testing which will be performed on all Distribution Products prior to their release for sale. RepliCel will conduct quality control testing of the Distribution Products prior to shipment in accordance with any methods and procedures described in the Specifications and/or any other methods and procedures as MainPointe may from time to time reasonably request in response to new and necessary criteria resulting from market and regulatory changes, which are agreed to in advance by the Parties (collectively, the "**Testing Methods**"). RepliCel will conduct quality control testing of the Distribution Products in accordance with the Testing Methods prior to each shipment of the Distribution Products to ensure that each such shipment conforms to the Specifications and the validations performed prior to the launch of serial commercial production.

(c) *Rejection*. MainPointe may test or cause to be tested the Distribution Products supplied to it under this Agreement in accordance with MainPointe's customary procedures within thirty (30) days after its receipt. MainPointe will have the right to reject any shipment of the Distribution Products made to it under this Agreement that does not meet the Specifications when received by it when tested in accordance with the Testing Methods. All claims by MainPointe of non-conforming Distribution Products will be deemed waived unless made by MainPointe in writing and received by RepliCel within such thirty (30) day period. All claims will be accompanied by a report of analysis of the allegedly non-conforming Distribution Product that will have been made by the quality control staff of MainPointe, using the Testing Methods. RepliCel will provide replacement Distribution Product for the non-conforming Distribution Product and will have thirty (30) days to conduct its own analysis of the rejected Distribution Product. If, after its own analysis of such Distribution Product sample, RepliCel confirms such non-conformity in writing, RepliCel will replace such shipment at its expense, and reimburse MainPointe for any reasonable charges incurred by MainPointe for shipping and/or storage, if applicable, of the non-conforming shipments. If, after its own analysis, RepliCel does not confirm such non-conformity, the Parties will agree to retest the shipment or otherwise in a good faith attempt to agree upon a settlement of the issue. In the event that the Parties cannot resolve the issue, the Parties will submit the disputed Distribution Product to an independent testing laboratory, to be mutually agreed upon by the Parties, for testing. The findings of such laboratory will be binding on the Parties, absent manifest error. Expenses of such laboratory tests will be borne by RepliCel if such testing confirms the non-conformity, otherwise MainPointe will bear such expenses. In the event that any such shipment or batch thereof is ultimately agreed or found not to meet the Specifications, RepliCel will replace such shipment at its expense, and reimburse MainPointe for any reasonable charges incurred by MainPointe for shipping and/or storage, if applicable, of the non-conforming shipment. MainPointe will return or destroy any such rejected shipment to RepliCel if so instructed by RepliCel, at RepliCel's expense. In the event that any such shipment or batch thereof is ultimately agreed or found to meet the Specifications, MainPointe will accept and will pay for such shipment or batch of the Distribution Products.

(d) *Recall*. In the event that any Distribution Product sold by RepliCel to MainPointe pursuant to this Agreement should be alleged or proven not to meet the Specifications (as to the Distribution Product) or other mandatory standards for the Distribution Product imposed by a Regulatory Authority, as the case may be ("**Recall Event**"), either Party will notify the other Party immediately, and the Parties will cooperate fully in the investigation and disposition of the matter. If the recall of a Distribution Product is due to any act, negligence or breach of warranty by RepliCel, then in such event, RepliCel will bear all reasonable direct costs associated with the recall, including, without limitation, refund of the actual cost of conducting the recall in accordance with the recall guidelines of the applicable Regulatory Authority, including, but not limited to, expenses relating to (a) notifying the trade industry, media and customers or (b) retention or use of experts and testing facilities.

4.8 Distribution Product Safety. During the Term of this Agreement and for one (1) year after its termination or expiration, RepliCel will promptly provide MainPointe with all information within its possession or control or otherwise available to RepliCel regarding and adverse events or handling precautions associated with the Distribution Products. The information will be provided in written form. In addition, RepliCel will provide MainPointe with any safety information as applicable for using the Distribution Products.

4.9 Notification. Each Party agrees that it will notify the other Party promptly of any (a) contact by any governmental, regulatory or administrative person concerning the Distribution Products, whether or not relating to a Recall Event and provide the other Party the details of such contact, including copies of any related documents, or (b) incidents pertaining to the Manufacture of the Distribution Products that would require notification to the Regulatory Authorities.

ARTICLE 5
OTHER OBLIGATIONS

5.1 Steering Committee. RepliCel and MainPointe shall set up a steering committee comprised of at least two people appointed by each side (the "Steering Committee") with the sole purpose of managing this Agreement, collecting information, performing analysis, and making, where possible, joint recommendation to the Parties about issues pertaining to the performance of this Agreement and optimizing the manufacturing, distribution, sales and profitability of the Distribution Products in the Territory for the Term of the Agreement to the benefit of both Parties. RepliCel shall provide to the Steering Committee any and all manufacturing, clinical, technical, scientific, pricing or other information otherwise obtained by RepliCel or in RepliCel's possession which could reasonably be expected to impact MainPointe's efforts to Market, sell and distribute the Distribution Products. MainPointe shall provide to the Steering Committee any and all sales, user feedback, clinical uses and applications, and other market or other information obtained by MainPointe or in MainPointe's possession which could reasonably be expected to impact RepliCel's efforts to manufacture, further develop, lower costs and distribute the Distribution Products both inside and outside the Territory. For as long as MainPointe remains a Distributor, the Steering Committee agrees to review all such information in a quarterly joint Steering Committee meeting.

5.2 Compliance with Laws. RepliCel shall, at its own expense comply fully with all applicable Laws, including any and all applicable health and safety, manufacturing, and trade Laws with respect to the Distribution Products and RepliCel's obligations under this Agreement. MainPointe shall similarly, at its own expense, comply fully with all applicable Laws with respect to the Marketing, Promotion, sale and distribution of the Distribution Products in the Territory and its obligations under this Agreement.

5.3 Anti-Corruption Laws. Each Party and its employees and agents shall at all times comply with all applicable anti-corruption Laws all applicable anti-bribery Laws. Confirmed violations of this Section 5.3 will be deemed a material breach of this Agreement, giving a Party the right to immediately terminate this Agreement for cause.

ARTICLE 6
INTELLECTUAL PROPERTY RIGHTS

6.1 Intellectual Property Rights. Subject to the provisions under this Agreement, each Party retains all rights, title and interest to the Intellectual Property owned by such Party and nothing in this Agreement or the relationship between the Parties shall be interpreted to mean or result in any transfer or such rights, title, or interest.

6.2 Use of RepliCel Trademarks and Service Marks. MainPointe shall not use the name "RepliCel" or any of RepliCel's trademarks or service marks as part of this corporate or other legal name, or as part of the name under which it conducts business, unless permitted in writing by RepliCel. MainPointe may not remove or alter the RepliCel name or any of the RepliCel Trademarks or service marks which are required by Law, which RepliCel has placed on any Distribution Products, sold hereunder. Trademarks and service marks current as of the Effective Date of this Agreement are set forth in Schedule C hereto. RepliCel shall have the right to modify or add trademarks or service marks at any time in its sole discretion and agrees to provide MainPointe reasonable notice of such modifications and additions.

ARTICLE 7
REGULATORY MATTERS

7.1 Regulatory Diligence.

(a) MainPointe shall, at its own expense, obtain and maintain, or shall cause to be obtained and maintained, all Regulatory Approvals for each Distribution Product to enable the import, Marketing, sale and distribution of the Distribution Product in the Territory in accordance with applicable Law, including but not limited to the filing, registration or approval processes before importing, distributing and Marketing any medical device in the Territory. The Parties shall cooperate with each other and with associated Persons (such as Persons that Manufacture the Distribution Products) to facilitate MainPointe obtaining the Regulatory Approvals. MainPointe shall notify RepliCel each time it submits an application for government registration and marketing approval for a Distribution Product and shall supply RepliCel with copies of and access to MainPointe's filings and shall keep RepliCel fully informed of the progress of each such application.

(b) MainPointe shall provide to RepliCel a record (comprised of a summary and related backup) of all actual costs it has paid, excluding salaries and/or consultant fees, related to the pursuit, obtaining and maintenance of such Regulatory Approvals (the "**Regulatory Approval Costs**").

(c) For the avoidance of doubt, such filings pursuant to Section 7.1(a) would grant Regulatory Approval for such Distribution Product in the name of, and all such Regulatory Approvals shall be transferred to, RepliCel unless otherwise required by applicable Laws or agreed by the Parties. If MainPointe is required to hold the Regulatory Approvals or be the named responsible party in the Regulatory Approvals due to applicable Laws, MainPointe shall hold the Regulatory Approvals on behalf of and as an agent for RepliCel. In such case, the Regulatory Approvals shall be fully transferable to RepliCel or RepliCel's designee, upon expiration or termination of this Agreement.

(d) For clarity, in no event shall MainPointe have any right or obligation to Market, sell or distribute any Distribution Product unless and until all the relevant Regulatory Approvals have been obtained by MainPointe and a copy of such Regulatory Approvals has been provided to RepliCel provided that MainPointe shall still have the obligation to Market, sell or distribute any Distribution Product in a limited manner and in full compliance with applicable Law.

7.2 Regulatory Authority Action and Communications.

(a) Each Party shall immediately notify the other of any information received regarding any threatened or pending action by a Regulatory Authority which might affect the Distribution Products or the continued Manufacture, Marketing, distribution, sale or use of the Distribution Products in the Territory. Upon receipt of any such information, the Parties shall consult in an effort to arrive at a mutually acceptable procedure for taking appropriate action; *provided, however,* that nothing set forth in this Section 7.2 shall be construed as restricting the right of either Party to make a timely report of such matter to any Regulatory Authority or take other action that it deems appropriate under or required by applicable Law.

(b) Each Party shall promptly provide notice to the other Party of any material communications with any Regulatory Authority concerning the Distribution Products. To the extent permissible under applicable Law, copies of all such material communications shall be attached to the notice sent pursuant to this Section 7.2.

7.3 Adverse Event and Product Quality Complaint Notification and Reporting.

(a) MainPointe shall, and shall cause each of its Representatives to, provide timely notice to RepliCel when he or she becomes aware of an adverse event associated with use of a Distribution Product (whether or not the reported effect is (i) described in the published literature with respect to such Distribution Product or (ii) determined to be attributable to such Distribution Product) of any information in or coming into its, his or her possession or control concerning such adverse event.

(b) MainPointe shall, and shall cause each of its Representatives to, timely notify RepliCel when he or she becomes aware of any Product Quality Complaint associated with use of a Distribution Product.

(c) The Parties shall cooperate in developing and maintaining procedures to implement this Section 7.3 and to ensure compliance with applicable Laws and requirements of the Regulatory Authorities including the reporting of such events to all applicable Regulatory Authorities.

ARTICLE 8
RECORDKEEPING AND REPORTING

8.1 Records. MainPointe shall keep or shall cause to be kept complete and accurate books and records (financial and otherwise) pertaining to the Marketing, sale and distribution of the Distribution Products and the performance of its obligations hereunder. MainPointe shall retain such books and records until the earlier of (a) one (1) year after the end the Term applicable to the relevant Distribution Product and (b) such date as MainPointe has provided RepliCel with a complete copy of all such books and records, or for such longer period as may be required by applicable Law.

8.2 Audit of Records.

(a) At the request of RepliCel, and only upon at least thirty (30) days' prior written notice, MainPointe shall permit an independent certified public accounting firm of nationally recognized standing designated by RepliCel and reasonably satisfactory to MainPointe, at reasonable times and upon reasonable prior written notice, to examine and audit all books and records maintained by MainPointe pursuant to Section 8.1. MainPointe and its accountants shall cooperate with and permit such firm to review all invoices, receipts, working papers and other appropriate information relating to such determinations. Such examination and audit may not be conducted more than once in any twelve (12) month period. The report of any such examination and audit shall be made simultaneously to RepliCel and MainPointe.

(b) RepliCel shall treat all information subject to review under this Section 8.2 in accordance with the confidentiality provisions of Article 9. and shall cause its accounting firm to enter into a reasonably acceptable confidentiality agreement with MainPointe obligating such firm to maintain all such financial information in confidence pursuant to such confidentiality agreement.

ARTICLE 9
CONFIDENTIALITY

9.1 Definition of Confidential Information. As used herein, "**Confidential Information**" means any information, whether in written, visual, oral, electronic or other form, furnished by either Party, its Affiliates, or their respective agents and employees (the "**Disclosing Party**"), to the other Party, its Affiliates, or their respective agents and employees (the "**Receiving Party**") under this Agreement, including the Proprietary Information of the Disclosing Party, except to the extent that the Receiving Party can establish by competent proof that such information: (a) was already known to the Receiving Party, as shown by its written records, other than under an obligation of confidentiality, at the time of disclosure by the Disclosing Party; (b) was publicly available at the time of its disclosure by the Disclosing Party; (c) became publicly available after its disclosure by the Disclosing Party, other than through any violation of confidentiality owed to the Disclosing Party; (d) became available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party, provided that such source is not bound by a confidentiality agreement with the Disclosing Party with respect to such information; or (e) was independently developed by the Receiving Party without reference to the Confidential Information.

9.2 Secrecy and Use. In its handling of the Confidential Information, the Receiving Party will use the same standard of care used by the Receiving Party to avoid disclosure, publication, dissemination and unauthorized use of its most sensitive and confidential information, but in no case, less than a standard of reasonable care, including as follows:

(a) The Receiving Party, and any person to whom the Receiving Party discloses Confidential Information as provided herein, will not disclose, publish or disseminate the Confidential Information to any Person, including any Affiliate of the Receiving Party, except that the Receiving Party may disclose the Confidential Information to those of its Affiliates, and such Affiliates' employees, agents, or representatives, who have a need to receive such Confidential Information as a result of their specific responsibilities under this Agreement and who agree to be bound by the confidentiality obligations of the Receiving Party, including without limitation, the provisions of this Section; provided, however, that neither Party will disclose, publish or disseminate, or permit its Affiliates, and such Affiliates ' employees, agents or representatives, to disclose, publish or disseminate, any information, whether or not Confidential Information, which bears the name of the other Party or its Affiliates, without the prior written consent of such other Party, which consent will not be unreasonably withheld.

(b) The Receiving Party, and any Person to whom the Receiving Party discloses Confidential Information as provided herein, will not use Confidential Information, including any derivation from, or modification of Confidential Information, or any Ideas, concepts and/or techniques contained therein, for any purpose whatsoever other than as expressly provided in this Agreement.

(c) The Receiving Party will secure all Confidential Information in written or electronic form, and all copies, notes and records thereof, in a manner consistent with company policy of the Receiving Party regarding the handling of confidential information.

9.3 Authorized Disclosure. Notwithstanding the foregoing, the Parties may with prior written approval of the Party who disclosed the Confidential Information reveal Confidential Information to government personnel to the extent necessary to obtain any required governmental approval, to outside lawyers, accountants and consultants to the extent necessary for them to provide their professional assistance, and to a court of competent jurisdiction to the extent necessary for response to a valid order, provided that Confidential Information so revealed in written form is marked confidential and that such government personnel and outside individuals shall be requested to undertake to respect the confidentiality provisions of this Agreement.

9.4 Notification. The Receiving Party will notify the Disclosing Party immediately, and cooperate with the Disclosing Party as the Disclosing Party may reasonably request, upon the Receiving Party's discovery of any loss or compromise of the Disclosing Party's Confidential Information.

9.5 Remedies. Each Party agrees that the unauthorized use or disclosure of any Confidential Information by the Receiving Party in violation of this Agreement will cause severe and irreparable damage to the Disclosing Party and its Affiliates. In the event of any violation of this Section, the Receiving Party agrees that the Disclosing Party and/or its Affiliates will be authorized and entitled to obtain from any court of competent jurisdiction injunctive relief, whether preliminary or permanent, as well as any other relief permitted by applicable Laws.

9.6 Survival. The provisions of this Section shall survive any termination or expiration of this Agreement.

ARTICLE 10
TERM AND TERMINATION

10.1 Term. This Agreement shall take effect from the Effective Date and remain in effect until the earlier of: (i) MainPointe having earned the Minimum Return in Gross Income plus a further amount in Gross Income that is equal to the Regulatory Approval Costs as delimited in Sections 7.1(a) and 7.1(b)) herein plus, if applicable, any further amount in Gross Income that is equal to any Cure Costs defined in Section 2.2(c); or (ii) a period of four (4) years from the date of FDA Approval of all Distribution Products (the "**Term**"), unless this Agreement is terminated earlier pursuant to Section 10.2 or as otherwise set out in this Agreement. Prior to expiry of the Term, RepliCel may choose, at its sole discretion to extend this Agreement or enter into a different distribution agreement with MainPointe.

10.2 Early Termination. Either Party (except as otherwise provided below in this Section) shall have the right to terminate this Agreement in accordance with the provisions of Section 10.3 for so long as any of the following events occurs and continues:

(a) either Party or its Affiliates breaches a material provision of this Agreement and such breach, if capable of being cured, is not cured within sixty (60) days after the date of written notification of such breach, in which event only the non-breaching Party has the right to terminate;

(b) either Party becomes bankrupt, or is the subject of proceedings for liquidation or dissolution, or ceases to carry on business or becomes unable to pay its debts as they come due, in which event the other Party has the right to terminate; or

(c) either Party engages in any act of fraud or commits any crime which has resulted in a material effect on such Party's capacity to perform this Agreement.

10.3 Process. In the event a Party desires to terminate this Agreement pursuant to Section 10.2 (the "**Terminating Party**"), the following process shall apply:

(a) The Terminating Party shall provide written notice to the other Party indicating its desire to terminate this Agreement and detailing the effected sub-section in Section 10.2(a); and

(b) If applicable, the Parties (acting through their respective most senior officers) attempt to remove or cure the reason during a sixty (60) day period following the notice; and if unresolved by the end of the sixty (60) day period, this Agreement shall be terminated.

(c) For the avoidance of any doubt, there is no cure period for earlier termination pursuant Section 10.2(b), and 10.2(c) and above.

10.4 RepliCel Termination Rights.

(a) Buy-Out. RepliCel shall have the right, in its sole discretion and at any time during the Term, to terminate this Agreement by paying MainPointe the net present value of the Gross Income not yet earned by MainPointe (the "**Buy-Out Amount**"). If RepliCel choose the exercise this right, the Buy-Out Amount shall be finally determined by an independent third party valuator (the "**Independent Valuator**") as selected by mutual agreement of the Parties, acting reasonably. The determination of the Independent Valuator shall be final and binding upon the Parties, absent manifest error. Replicel agrees to pay the Independent Valuator's costs; provided, however, that each Party shall bear its own costs in presenting its arguments to the Independent Valuator. The Independent Valuator shall be deemed to act as an expert and not as an arbitrator.

(b) Regulatory Approvals. If Regulatory Approvals for a Distribution Product are fatally rejected by the FDA or not maintained, MainPointe shall immediately inform RepliCel. Upon receipt of such notification and confirmation that the rejection or non-maintenance is permanent, RepliCel shall have the right to terminate this Agreement with respect to the applicable Distribution Product.

10.5 Effect of Expiration or Termination.

(a) Rights/Regulatory Approvals. Upon expiration or earlier termination of this Agreement for any reason, all rights granted by RepliCel to MainPointe hereunder shall terminate; *provided* that, in the event the expiration or termination is with respect to one or more Distribution Products but not to this Agreement in its entirety, the rights and licenses granted by RepliCel to MainPointe shall remain in effect with respect to the remaining Distribution Products until such time as this Agreement expires or terminates with respect to such Distribution Products. Upon expiration or termination with respect to one or more Distribution Products or expiration or termination of this Agreement in its entirety, MainPointe shall transfer all Regulatory Approvals to RepliCel or its designee (as specified by RepliCel) in accordance with Section 7.1(b), together with all files and documentation regarding such Regulatory Approvals, including information regarding appropriate contacts with the applicable regulatory agencies. Upon MainPointe being obligated to do so, Replicel agrees to reimburse MainPointe for any and all direct third-party costs related to the completed transfer within thirty (30) business days.

(b) Inventory. Upon termination of this Agreement, termination by MainPointe pursuant to Section 10.2(a) due to a breach by RepliCel with respect to one or more Distribution Products or in its entirety, MainPointe shall sell to RepliCel and RepliCel shall purchase from MainPointe, at the Purchase Price paid for such Distribution Products by MainPointe hereunder, any and all unsold quantities of the Distribution Products affected by the expiration or termination that are held by MainPointe as of the date of such expiration or termination, free and clear of any and all liens, mortgages, encumbrances, pledges, security interests or charges of any nature whatsoever. MainPointe shall ship all such Distribution Products to RepliCel as directed by RepliCel at RepliCel's expense. Upon termination of this Agreement by RepliCel pursuant to Section 10.2(a) due to a breach by MainPointe, Section 10.2(b), Section 10.2(c) or Section 10.4(b), RepliCel shall have the option to purchase unsold quantities of the Distribution Products affected by the expiration or termination that are held by MainPointe as of the date of such expiration or termination, free and clear of any and all liens, mortgages, encumbrances, pledges, security interests or charges of any nature whatsoever. MainPointe shall ship all such Distribution Products to RepliCel as directed by RepliCel at MainPointe's expense. Should RepliCel purchase Distribution Products from MainPointe, the Parties agree that RepliCel shall have the right to Market, sell and distribute Distribution Products purchased by RepliCel pursuant to this Section 10.5(b); *provided* that, unless otherwise agreed by the Parties, RepliCel shall Market, sell and distribute any such Distribution Products only after they have been repackaged by RepliCel such that the Distribution Products do not bear Product Labels and Inserts, or any other written materials, identifying MainPointe as the distributor of the products and do not contain any MainPointe Trademarks. Upon any other termination event, MainPointe shall be entitled and permitted to continue to sell its remaining inventory and Distribution Products to its customers and contacts in the Territory provided it does not do so at any more than a 30% discount to the average prices for the Distribution Products for the six months prior to the termination event.

(c) Contracts and Contacts. Upon expiration or termination with respect to one or more Distribution Products or expiration or termination of this Agreement in its entirety, MainPointe shall transfer all applicable distribution, sales and marketing contracts and contacts for the Distribution Products, together with all related files and documentation, to RepliCel. Upon MainPointe being obligated to do so, RepliCel agrees to reimburse MainPointe for any and all direct third-party costs related to the completed transfer within thirty (30) business days.

ARTICLE 11
INDEMNIFICATION

11.1 Indemnification of RepliCel. RepliCel will indemnify and hold MainPointe, its Affiliates, and all of their respective directors, officers, employees, distributors, sub-distributors, and agents harmless from and against any and all liability, damage, loss, costs or expense (including, without limitation, reasonable legal fees) arising out of third-party claims or litigation instituted by a Third Party based upon or arising out of:

(a) RepliCel's gross negligence, recklessness or willful misconduct in respect of any Distribution Product which it is responsible for manufacturing or supplying under this Agreement;

(b) RepliCel's breach of any representation provided in Article 12;

(c) any personal injury, death or property damage attributable to RepliCel's negligence, recklessness or willful misconduct; or

(d) any violation of Laws by RepliCel;

MainPointe will promptly notify RepliCel of any threatened or pending claims, demands, causes of action, losses, damages, penalties, fines, expenses or judgments that could give rise to an obligation to indemnify under this Section. RepliCel will control the defense of any action in which MainPointe is indemnified under this Agreement, including the right to select counsel, and to settle any claim; provided that, without the written consent of MainPointe (which will not be unreasonably withheld or delayed), RepliCel will not agree to settle any claim against MainPointe to the extent such settlement would create any obligation or action on the part of MainPointe other than the payment of money (subject to indemnification) or would have a material, adverse effect on MainPointe. MainPointe will cooperate as reasonably requested (at the expense of RepliCel) in the defense of any such action.

11.2 Indemnification by MainPointe. MainPointe, will indemnify and hold RepliCel, its Affiliates, and all of their respective directors, officers, employees, licensees, sub-licensees, distributors, sub-distributors and agents harmless from and against any and all liability, damage, loss, costs or expense (including, without limitation, reasonable legal fees) arising out of third-party claims or litigation instituted by a Third Party based upon or arising out of:

(a) MainPointe's gross negligence, recklessness or willful misconduct in respect of the Marketing, distribution or sale of any Distribution Product;

(b) MainPointe's breach of any representation provided in Section 12.1;

(c) any personal injury, death or property damage attributable to MainPointe's negligence, recklessness or willful misconduct; or

(d) any violation of any Laws by MainPointe.

RepliCel will promptly notify MainPointe of any threatened or pending claims, demands, causes of action, losses, damages, penalties, fines, expenses or judgments that could give rise to an obligation to indemnify under this Section. MainPointe will control the defense of any action In which RepliCel is indemnified hereunder, including the right to select counsel, and to settle any claim; provided that, without the written consent of RepliCel (which will not be unreasonably withheld or delayed), MainPointe will not agree to settle any claim against RepliCel to the extent such settlement would create any obligation or action on the part of RepliCel other than the payment of money (subject to Indemnification) or would have a material, adverse effect on RepliCel. RepliCel will cooperate as reasonably requested (at the expense of MainPointe) in the defense of any such action.

ARTICLE 12
REPRESENTATIONS, WARRANTIES AND COVENANTS

12.1 Representations and Warranties. Each Party represents to the other Party that it has the full right and authority to enter into and perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on its part, and no consent is required from any Third Party for such Party to enter into and perform its obligations except for any consent which have already been obtained.

12.2 Additional Representations and Warranties of RepliCel. RepliCel represents and warrants to MainPointe that, as of the Effective Date, RepliCel and its Affiliates have the sole and exclusive rights under, and the sole and exclusive right to grant a license in respect of, any relevant Intellectual Property to make, have made, use and sell the Distribution Products to MainPointe.

12.3 Product Warranty.

(a) The Distribution Products sold to MainPointe (i) will be free from defects in material and workmanship, (ii} will be free and clear of all liens and encumbrances; (iii) will comply at the time of shipment to MainPointe with (1) all applicable legal and regulatory requirements pertaining to manufacturing (2) the applicable requirements of the Food and Drug Administration (FDA), (3) all other applicable Laws applicable to the Distribution Products in the Territory and (4) all Specifications.

12.4 DISCLAIMER OF WARRANTY AND LIMITATION OF LIABILITY.

(a) *DISCLAIMER OF WARRANTY*. EXCEPT FOR THE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS AND IMPLIED WITH RESPECT TO THE DISTRIBUTION PRODUCTS, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

(b) *Limitation of Liability.* In no event shall either Party, its Affiliates, directors, officers, employees or agents be liable for any special damages, incidental damages, indirect damages, consequential damages, or exemplary damages whatsoever (including damages for loss of profits, business interruption, loss of information), however caused, whether or not the possibility of such damages has been disclosed to the other Party in advance; provided, however, that the foregoing shall not apply to and shall not be construed to preclude recovery from (a) an indemnifying Party by an indemnified Party in respect of any of such losses directly incurred from third party claims (b) any loss or claim based on any incorrectness in or breach of any representation or warranty of MainPointe in this agreement resulting from fraud or intentional misrepresentation, (c) any loss or claim as a result of, in respect of or arising out of any non-fulfillment of any covenant of MainPointe under this agreement, or (d) any breach of a Party's confidentiality obligations under this agreement.

(c) The Parties agree that, except as set out below in this Section 12.4(c), the total, cumulative liability of each Party, its Affiliates, directors, officers, employees and agents for any and all losses arising out of or relating to this Agreement suffered by the other Party shall be limited to, as of the date of final determination of any such Loss, the total Purchase Price paid by MainPointe to RepliCel under this Agreement for the applicable Distribution Product, provided that the foregoing shall not apply to and shall not be construed to preclude recovery from (a) an indemnifying Party by an indemnified Party in respect of any loss directly incurred from a Third Party claim; (b) any loss or claim based on any incorrectness in or breach of any representation or warranty of MainPointe in this Agreement resulting from fraud or intentional misrepresentation, (c) any loss or claim as a result of, in respect of or arising out of any non-fulfillment of any covenant of MainPointe under this Agreement, or (d) any breach of a Party's confidentiality obligations under this Agreement.

ARTICLE 13
FORCE MAJEURE

13.1 Force Majeure. No Party hereto shall have any liability under or be in breach of this Agreement for such Party's failure or delay in performing any of the obligations imposed by this Agreement to the extent such failure or delay is the result of or due to causes beyond the Party's reasonable control including, but not limited to, causes such as strikes, lockouts or other labor disputes, riots, civil disturbances, actions or inactions of governmental authorities or suppliers, epidemics, pandemics (including the COVID-19 pandemic), war, embargoes, severe weather, fire, earthquakes, acts of God or the public enemy, nuclear disasters, or default of a common carrier; provided that each of the Parties acknowledges that on March 11, 2020, the World Health Organization declared a pandemic in connection with the outbreak of COVID-19, and as of the date of this Agreement, each Party does not anticipate that it will not be able to perform when due any of the obligations imposed on it by this Agreement as a result of the COVID-19 pandemic.

ARTICLE 14
GOVERNING LAW

14.1 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia, including the applicable federal laws of Canada but excluding its conflict of laws rules. Subject to the arbitration provision set out in Section 14.2, the Parties hereby irrevocably submit to the exclusive jurisdiction of the Supreme Court of British Columbia, Vancouver Registry (and the Federal Court sitting in Vancouver, British Columbia as the subject matter of a dispute may dictate) in the event of any dispute or proceeding hereunder.

14.2 Arbitration. With respect to disputes, the Parties agree that all disputes shall be referred to and finally resolved by arbitration under the International Commercial Arbitration Rules of Procedure of the British Columbia International Commercial Arbitration Centre. The panel shall consist of one arbitrator and the appointing authority shall be the British Columbia International Commercial Arbitration Centre. The case shall be administered by the British Columbia International Commercial Arbitration Centre in accordance with its Rules. The language of the arbitration shall be English. The place of arbitration shall be Vancouver, British Columbia, Canada. The decision of the arbitrator shall be binding upon both parties and no appeal shall lie therefrom. Notwithstanding the above arbitration provision, nothing herein shall preclude either party from applying to a court of competent jurisdiction for an order enjoining any activity by the other party pending the hearing of the arbitration.

ARTICLE 15
MISCELLANEOUS

15.1 Survival. The agreements of the Parties contained in Article 9 *(Confidentiality),* Article 11 *(Indemnification),* Article 12 *(Representations, Warranties and Covenants),* Article 14 *(Governing Law),* Article 15 *(Miscellaneous)* and 6.1 *(Intellectual Property Rights),* 7.2 *(Regulatory Authority Action and Communications),* 7.3 *(Adverse Event and Product Quality Complaint Notification and Reporting), 4.7(d) (Product Recalls),* 8.1 *(Records),* 8.2 *(Audit of Records),* and 10.4 *(Effect of Termination)* shall continue to survive after the expiration or termination of this Agreement, with respect to one or more Distribution Products or in its entirety.

15.2 Notices. Notices or other communications required to be given by either Party pursuant to this Agreement shall be sent in written form to the address of the other Party set forth below or to such other address as may from time to time be designated by the other Party through notification to such Party at its legal address as in effect from time to time. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

(a) Notices given by personal delivery shall be deemed effectively given on the date of personal delivery;

(b) Notices given in letter form shall be deemed effectively given on the third day after delivery to an internationally recognized courier service;

if to RepliCel: 900 - 570 Granville Street, Vancouver, BC, Canada V6C 3P1

Attention: President and CEO

if to MainPointe: 2604 River Green Circle, Louisville, KY 40206

Attention: John Shutte, CEO

15.3 Entire Agreement. This Agreement and its schedules hereto constitute the complete and only agreement between the Parties on the subject matter of this Agreement and replaces all previous oral or written agreements, contracts, understandings and communications of the Parties in respect of the subject matter of this Agreement.

15.4 No Implied Waivers. A Party that in a particular situation waives its rights in respect of a breach of contract by the other Party shall not be deemed to have waived its rights against the other Party for a similar breach of contract in other situations.

15.5 Severance. If any provision of this Agreement or part thereof is rendered void, illegal or unenforceable in any respect under any Law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

15.6 Amendments. This Agreement may be amended but only in a writing executed by authorized representatives of the Parties.

15.7 Assignment. Neither Party will be entitled to assign its rights hereunder, or subcontract with a Third Party for the performance of its obligations hereunder, without the express written consent of the other Party. Subject to the foregoing, this Agreement will inure to the benefit of the Parties permitted successors and assigns.

15.8 Relationship of Parties. Each of RepliCel and MainPointe is an independent contractor under this Agreement. Neither such party shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other or to bind the other to any contract, agreement or undertaking with any third party.

15.9 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purpose and intent of this Agreement.

15.10 Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers.

REPLICEL LIFE SCIENCES INC.		**MAINPOINTE PHARMACEUTICALS, LLC**	
By:	/s/ R. Lee Buckler	By:	/s/ Frank L. Yetta
Name:	R. Lee Buckler	Name:	Frank L. Yetta
Title:	President and CEO	Title:	Vice President/Manager

SCHEDULE A
SPECIFICATIONS

Specification documents provided in the signed PDF copy of this Agreement.

SCHEDULE B
MAINPOINTE TRADEMARKS

Goes On Like A Cream. Protects Like An Ointment.
Dr Smith's
Dr Smith's
Rash + Skin
Dr Smith's
Diaper Rash Problem? Solved.
Go Painlessly
Dr Smith's
Dr. Smith's Diaper Ointment
Dr. Smith's Diaper Ointment
Polygel
Thera-Gesic
Slo-Niacin
Lose the Lice
Tuxarin
Lycelle
Cytanyl 5
Calcet
Beat the Heat
Fosfree
Heat Guard
Maxilube
The Sports Drink in a Pill

SCHEDULE C
REPLICEL TRADEMARKS

RepliCel trademarks relevant to this agreement include:

RepliCel Dermal Injector
RepliCel Dermal Injector Product Line
RepliCel Injector
RepliCel RCH-01
RepliCel RCH-02
RCH-01
RCH-02
RepliCel Life Sciences
RepliCel

ROYALTY PARTICIPATION AGREEMENT

THIS ROYALTY PARTICIPATION AGREEMENT (this "**Agreement**"), made and entered into as of January 22, 2021 (the "**Effective Date**"), by and between:

BETWEEN:

REPLICEL LIFE SCIENCES INC., a corporation existing under the laws of British Columbia, having offices at 900 - 570 Granville Street, Vancouver, British Columbia, Canada V6C 3P1

("**RepliCel**")

AND

MAINPOINTE PHARMACEUTICALS, LLC, a corporation existing under the laws of the State of Kentucky, in the United States of America**,** having offices at 2604 River Green Circle, Louisville, KY, 40206, USA

(hereinafter called "**MainPointe**")

(RepliCel and MainPointe each a "**Party**" and collectively, the "**Parties**")

WHEREAS, pursuant to a Share Purchase Agreement between RepliCel and MainPointe dated as of the Effective Date, RepliCel has agreed to pay a royalty to MainPointe on Royalty Income (as defined below) generated by RepliCel with respect to the RepliCel Products (as defined below).

AND WHEREAS the Parties have agreed to execute and deliver this Agreement to set forth how the Royalties (as defined below) will be calculated and paid.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and the representations, warranties, covenants and agreements herein contained, the Parties agree as follows:

1. DEFINITIONS

1.1 Definitions. In addition to capitalized terms defined elsewhere in this Agreement, the following capitalized terms shall have the meanings set forth below:

(a) "**Accounting Period**" has the meaning set out in Section 2.3.

(b) "**Affiliate**" means with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such other Person. For purposes of this definition, a Person shall be deemed to control another entity if it owns or controls, directly or indirectly, at least fifty percent (50%) of the voting securities of another entity (or other comparable ownership interest for an entity other than a corporation) or if it has management control of the other entity.

(c) "**Aggregate Royalty**" has the meaning set out in Section 2.2.

(d) "**DSC Products**" means Replicel's RCH-01 (DSC Therapy for Treatment Androgenic Alopecia) and any other product which utilizes, or is otherwise comprised of, the dermal sheath cup cells patented by RepliCel.

(e) "**NBDS Products**" means Replicel's RCS-01 (NBDS Fibroblast Therapy - Treatment for Aging Skin), RCT-01 (NBDS Fibroblast Therapy - Treatment for Chronic Tendinosis), and any other product which utilizes, or is otherwise comprised of, the non-bulbar dermal sheath cells patented by RepliCel.

(f) "**Royalty Income**" means the amount (less applicable taxes):

(i) earned by RepliCel and/or its Affiliates; and

(ii) paid to RepliCel and/or its Affiliates by licensees or distributors (excluding sales made by MainPointe or its Affiliates) on sales of RepliCel Products.

(g) "**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, but not including a government or political subdivision or any agency or instrumentality of such government or political subdivision.

(h) "**Proprietary Information**" has the meaning set out in Section 4.2(b).

(i) "**RepliCel Products**" means, collectively, the NBDS Products and the DSC Products.

(j) "**Term**" has the meaning set out in Section 2.2.

2. ROYALTY AND PAYMENT TERMS

2.1 Royalty. Upon the terms and subject to the conditions of this Agreement, RepliCel agrees to:

(a) pay MainPointe a royalty of five percent (5%) of its Royalty Income from NBDS Products sold (the "**NBDS Royalty**"); and

(b) pay MainPointe a royalty of twenty percent (20%) of its Royalty Income from DCS Products sold (the "**DCS Royalty**"),

(collectively, the NBDS Royalty and the DCS Royalty are the "**Royalties**")

2.2 Term. The term of this Agreement (the "**Term**") shall commence on the Effective Date and continue until MainPointe has been paid sixteen million dollars ($16,000,000.00) in Royalties ("**Aggregate Royalty**"), unless this Agreement is otherwise terminated as set out herein.

2.3 Manner of Payment. Payments of Royalties due to MainPointe under this Section 2 are due thirty (30) days after the end of each three (3) month period ending January 31, April 30, July 31 and October 31 each year ("**Accounting Period**"), and shall be paid in US dollars by cheque, wire transfer to an account designated by MainPointe or as otherwise agreed by the Parties.

3. REPORTS AND PAYMENTS

3.1 Recordkeeping. RepliCel shall, and shall obligate its Affiliates to, keep full and accurate records (prepared in accordance with **[International Financial Reporting Standards (IFRS)]** consistently applied) of RepliCel and its Affiliates' sales of RepliCel Products and such other matters as may affect the determination of the Royalties payable to MainPointe hereunder. Such records shall be kept at RepliCel or its Affiliates' principal place of business and, with all necessary supporting data, books and ledgers, shall, during all reasonable times for the three (3) years following the end of the Accounting Period to which each shall pertain, be open for inspection at reasonable times during normal business hours (and upon at least ten (10) business days prior written notice no more than two times per calendar year by an independent audit firm selected by MainPointe (and reasonably acceptable to RepliCel) for the purpose of verifying the accuracy of any payment report required under this Agreement or any Royalties payable hereunder. The results of each inspection shall be binding on both MainPointe and RepliCel absent mathematical error. MainPointe shall bear all costs associated with such inspections unless any such inspection uncovers a discrepancy of more than one hundred thousand US dollars (100,000.00 USD) in which case RepliCel shall bear sole liability for the costs associated with the inspection.

3.2 Reports. Within thirty (30) days after the end of each Accounting Period, RepliCel shall deliver to MainPointe a true and accurate report, providing the information set out in Section 3.3 for the preceding Accounting Period under this Agreement, along with the amount of Royalties payable for such Accounting Period.

3.3 Accounting. With each quarterly payment, RepliCel shall deliver to MainPointe the report described in Section 3.2, which shall provide the following information:

(a) quantity of each RepliCel Product sold by RepliCel or its Affiliates during the applicable Accounting Period;

(b) actual Royalty Income for each RepliCel Product;

(c) the currency conversion rate used and US dollar-equivalent of such sales; and

(d) total Royalties payable to MainPointe including a calculation thereof.

All reports under this Section 3.3 shall be confidential information of RepliCel.

3.4 Tax Cooperation. The Parties shall (and, if requested to do so, shall cause their respective Affiliates to): (i) use commercially reasonable efforts to assist the other Party in preparing for or defending against any audit, investigation, claim, dispute or controversy relating to taxes against the Royalties; and (ii) make available to the other Party and to any taxing authority in connection with, any audit, investigation, claim, dispute or controversy relating to taxes regarding the Royalties.

4. CONFIDENTIALITY OF INFORMATION

4.1 Confidentiality Obligations. MainPointe shall not disclose any aspect of the Proprietary Information of RepliCel except to MainPointe's employees and contractors, and RepliCel shall not disclose any aspect of the Proprietary Information of MainPointe except to its employees and contractors, with any such permitted disclosure being limited to such authorized persons/entities that: have a need to know and obtain access thereto to carry out such Party's rights and obligations under this Agreement; and who agree to maintain the proprietary and confidential nature of such material and agree to limit the use and copying thereof and access thereto as required by the terms of this Agreement.

4.2 Proprietary Procedures. This Section 4.2 sets out procedures by which information regarded as proprietary by a Party ("**Discloser**") may be disclosed to the other Party ("**Recipient**"). MainPointe acknowledges that "**Proprietary Information**" of RepliCel includes, among other items, any and all aspects of the RepliCel Products and the terms of this Agreement (including price and details regarding sales of RepliCel Products). RepliCel acknowledges that "**Proprietary Information**" of MainPointe includes, among other things the terms of this Agreement. As to both Parties, Proprietary Information also includes information that:

(a) is disclosed to Recipient by Discloser or a person having an obligation of confidence to Discloser and is designated as proprietary by or on behalf of Discloser; or

(b) pertains to Discloser or its business and is not known in the relevant industry or industry segment;

provided that Proprietary Information of either Party shall not include any data or information that:

(i) at the time of disclosure, is in or, after disclosure, becomes part of the public domain through no fault of the Recipient;

(ii) prior to disclosure by the Discloser, was already in the possession of the Recipient, as evidenced by written records kept by the Recipient in the ordinary course of its business, or as evidenced by proof of actual prior use by the Recipient;

(iii) is independently developed by the Recipient, by persons having no direct or indirect access to the Discloser's Proprietary Information provided that the Recipient shall have the onus of so proving on a reasonable basis;

(iv) subsequent to disclosure, is obtained from a third person: (A) who is lawfully in possession of the information; (B) who is not in violation of any contractual, legal, or fiduciary obligation to either Party, as applicable, with respect to that information; and (C) who does not prohibit Recipient from disclosing the information to others.

4.3 Security Obligations. Proprietary Information will be maintained under secure conditions by a Recipient, using reasonable security measures, and in any event, not less than the same security procedures used by Recipient for the protection of its own Proprietary Information of a similar kind.

4.4 Ordered Disclosure. If a Recipient is ordered by a court, administrative agency, or other governmental body of competent jurisdiction to disclose Proprietary Information, or if a Recipient is served with or otherwise becomes aware of a motion or similar request that such an order be issued, then Recipient will not be liable to Discloser for disclosure of Proprietary Information required by such an order if Recipient complies with the following requirements:

(a) Recipient shall immediately notify Discloser of the motion or order; and

(b) Recipient shall join or agree to (or at a minimum shall not oppose) a motion or similar request by Discloser for an order protecting the confidentiality of the Proprietary Information, including joining or agreeing to (or not opposing) a motion for leave to intervene by Discloser.

5. REPRESENTATIONS AND WARRANTIES

5.1 RepliCel Representations. RepliCel hereby represents and warrants to MainPointe that RepliCel has full corporate power to enter into this Agreement, to perform its obligations hereunder, and has all rights necessary, to perform its obligations hereunder

5.2 MainPointe Representations. MainPointe hereby represents and warrants to RepliCel that MainPointe has full corporate power to enter into this Agreement, and to perform its obligations hereunder.

6. TERMINATION

6.1 Generally. This Agreement shall become effective on the Effective Date and shall expire on the expiration of the Term, provided that RepliCel shall have the right, in its sole discretion and at any time during the Term, to terminate this Agreement by paying MainPointe the net present value of the then unpaid Aggregate Royalty ("**Buy-Out Amount**") as set out in Section 6.3. RepliCel shall continue to pay the Royalties, in accordance with Section 2.1, until the Buy-Out Amount is determined and paid. Upon payment of the Buy-Out Amount, this Agreement shall terminate.

6.2 Survival. Upon the expiration of this Agreement, nothing herein shall be construed to release either party from any obligation that matured prior to the date of such termination and Sections 3, 4, 5, 6.2 , 7 and 8 of this Agreement shall survive any such termination.

6.3 Termination by RepliCel. If RepliCel choose the exercise the right in Section 6.1 to terminate this Agreement by paying the Buy-Out Amount to MainPointe, the Buy-Out Amount shall be finally determined by an independent third party valuator (the "**Independent Valuator**") as selected by mutual agreement of the Parties, acting reasonably. The determination of the Independent Valuator shall be final and binding upon the Parties, absent manifest error. RepliCel agrees to pay the Independent Valuator's costs; provided, however, that each Party shall bear its own costs in presenting its arguments to the Independent Valuator. The Independent Valuator shall be deemed to act as an expert and not as an arbitrator.

7. DAMAGES

7.1 Direct Damages. Each Party shall be liable to the other Party for any direct damages arising out of or relating to its performance or failure to perform under this Agreement including any breach by a Party of any covenant, representation or warranty contained in this Agreement of such Party; *provided that*, except as provided in Section 7.3, the liability of a Party to the other Party for direct damages under this Agreement shall not exceed an amount equal to the Aggregate Royalty.

7.2 Consequential Damages. Except for direct damages and as provided in Section 7.3, neither Party shall be liable to the other for any indirect, incidental, special, punitive or consequential damages arising out of or relating to its performance or failure to perform under this Agreement.

7.3 Exclusions. The limitations on amounts and types of damages set forth in Section 7.1 and Section 7.2 shall not apply to:

(a) any losses, liabilities or damages resulting from a Party's failure to pay any taxes due and properly payable by such Party under this Agreement;

(b) any losses, liabilities or damages (including death and personal injury), resulting from the fraud, gross negligence, or intentional tortuous conduct of a Party (or, for clarity, its agents, subcontractors and representatives); and

(c) any losses, liabilities or damages resulting from a Party's failure with respect to confidentiality.

8. MISCELLANEOUS

8.1 Entire Agreement. This Agreement constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, that may have related in any way to the subject matter hereof.

8.2 Amendments and Waivers. No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each Party. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.3 Succession and Assignment. This Agreement and all of the provisions hereof shall be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns. Neither RepliCel nor MainPointe may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other party, such consent not to be unreasonably held by either party.

8.4 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any party other than the Parties and their respective successors and permitted assigns.

8.5 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia, including the applicable federal laws of Canada but excluding its conflict of laws rules. Subject to Section 8.6, the Parties hereby irrevocably submit to the exclusive jurisdiction of the Supreme Court of British Columbia, Vancouver Registry (and the Federal Court sitting in Vancouver, British Columbia as the subject matter of a dispute may dictate) in the event of any dispute or proceeding hereunder.

8.6 Arbitration. With respect to disputes, the Parties agree that all disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration under the International Commercial Arbitration Rules of Procedure of the British Columbia International Commercial Arbitration Centre. The panel shall consist of one arbitrator and the appointing authority shall be the British Columbia International Commercial Arbitration Centre. The case shall be administered by the British Columbia International Commercial Arbitration Centre in accordance with its Rules. The language of the arbitration shall be English. The place of arbitration shall be Vancouver, British Columbia, Canada. The decision of the arbitrator shall be binding upon both parties and no appeal shall lie therefrom. Notwithstanding the above arbitration provision, nothing herein shall preclude either party from applying to a court of competent jurisdiction for an order enjoining any activity by the other party pending the hearing of the arbitration.

8.7 Severability. If any provision in this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality, and enforceability of the remaining provisions, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

8.8 Notices. Notice to a Party must be given in writing. Notice may be given by personal delivery (including commercial courier) to a Party by fax or by email, and will be validly given if delivered on a Business Day to such Party at the following address, or, if transmitted on a Business Day by fax or email addressed to the following Party:

if to RepliCel: 900 - 570 Granville Street
Vancouver, BC, Canada V6C 3P1

Attention: President and CEO

if to MainPointe: 2604 River Green Circle, Louisville, KY 40206

Attention: John Shutte, CEO

8.9 Construction and Further Assurances. In the construction of this Agreement, the rule of construction that a document is to be construed most strictly against a party who prepared the same shall not be applied, it being agreed that all parties have participated in the preparation of the final form of this Agreement. Each of the Parties hereby covenants and agrees that, at any time and from time to time after the Effective Date, it will, at its expense and upon the request of any other Party, do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of the obligations of the Parties under this Agreement and the terms of this Agreement.

8.10 Force Majeure. No Party hereto shall have any liability under or be in breach of this Agreement for such Party's failure or delay in performing any of the obligations imposed by this Agreement to the extent such failure or delay is the result of or due to causes beyond the Party's reasonable control including, but not limited to, causes such as strikes, lockouts or other labor disputes, riots, civil disturbances, actions or inactions of governmental authorities or suppliers, epidemics, pandemics (including the COVID-19 pandemic), war, embargoes, severe weather, fire, earthquakes, acts of God or the public enemy, nuclear disasters, or default of a common carrier; provided that each of the Parties acknowledges that on March 11, 2020, the World Health Organization declared a pandemic in connection with the outbreak of COVID-19, and as of the date of this Agreement, each Party does not anticipate that it will not be able to perform when due any of the obligations imposed on it by this Agreement as a result of the COVID-19 pandemic.

8.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. This Agreement may be executed by facsimile, photo or electronic signature and such facsimile, photo or electronic signature shall constitute an original for all purposes.

8.12 Currency. All references to currency amounts in this Agreement are to the lawful currency of the United States of America.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers.

REPLICEL LIFE SCIENCES INC.

Per: /s/ R. Lee Buckler

Name: R. Lee Buckler

Title: President and CEO

MAINPOINTE PHARMACEUTICALS, LLC

Per: /s/ Frank L. Yetta

Name: Frank L. Yetta

Title: Vice President/Manager