

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

FORM 10-Q
(Mark One)

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

For the quarterly period ended **January 31, 2021**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number **0 -12459**

Biosynergy, Inc.

(Exact name of registrant as specified in its charter)

Illinois 36-2880990
(State of other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

1940 East Devon Avenue, Elk Grove Village, Illinois 847-956-0471
60007
(Address of principal executive offices) (Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, 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. Yes No

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

Large accelerated filer _____ Accelerated filer _____
Non-accelerated filer (Do not check if a smaller reporting company) _____ Smaller reporting company

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of January 31, 2021: 14,935,511

BIOSYNERGY, INC.

PART 1 – FINANCIAL INFORMATION

Item 1 - Financial Statements and Supplementary Data

BALANCE SHEETS

	<u>Assets</u>	
	January 31, 2021 Unaudited	April 30, 2020 Audited
Current Assets		
Cash	\$ 1,283,354	\$ 1,245,282
Accounts receivable, Trade (net of allowance for doubtful accounts of \$500 at January 31, 2021 and April 30, 2020)	228,776	262,939
Inventories	173,616	144,423
Prepaid expenses	<u>24,027</u>	<u>43,480</u>
Total Current Assets	<u>1,709,773</u>	<u>1,696,124</u>
Property, Plant and Equipment		
Equipment	176,811	200,590
Leasehold improvements	<u>25,809</u>	<u>25,809</u>
	202,620	226,399
Less accumulated depreciation and amortization	<u>(198,442)</u>	<u>(218,872)</u>
Total Equipment and Leasehold Improvements, Net	4,178	7,527
Operating Lease Right of Use		
Operating Lease Right of Use Asset	<u>120,713</u>	<u>193,140</u>
Total Operating Lease Right of Use Asset	<u>120,713</u>	<u>193,140</u>
Other Assets		
Patents, less accumulated amortization	94,826	105,058
Deposits	<u>5,937</u>	<u>5,937</u>
Total Other Assets	<u>100,763</u>	<u>110,995</u>
	<u>\$ 1,935,427</u>	<u>\$ 2,007,786</u>

The accompanying notes are an integral part of the financial statements.

BIOSYNERGY, INC.

PART 1 – FINANCIAL INFORMATION

BALANCE SHEETS

Liabilities and Stockholders' Equity

	January 31, 2021 Unaudited	April 30, 2020 Audited
Current Liabilities		
Accounts payable	\$ 3,342	\$ 23,114
Accrued compensation and payroll taxes	24,991	19,996
Accrued vacation	25,946	28,089
Other accrued liabilities	1,677	434
Operating lease liability	<u>97,275</u>	<u>95,160</u>
Total Current Liabilities	<u>153,231</u>	<u>166,793</u>
Long Term Liabilities		
Deferred income taxes	19,812	19,812
Operating lease liability – long term	<u>24,495</u>	<u>97,980</u>
Total Long Term Liabilities	44,307	117,792
Stockholders' Equity		
Common stock, no par value: 20,000,000 authorized shares issued: 14,935,511 shares at January 31, 2021 and April 30, 2020	660,988	660,988
Receivable from affiliate	(24,862)	(24,862)
Retained earnings	<u>1,101,763</u>	<u>1,087,075</u>
Total Stockholders' Equity	<u>1,737,889</u>	<u>1,723,201</u>
	<u>\$ 1,935,427</u>	<u>\$ 2,007,786</u>

The accompanying notes are an integral part of the financial statements.

BIOSYNERGY, INC.

PART 1 – FINANCIAL INFORMATION

Statement of Operations
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 31		January 31	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net sales	\$ 265,098	\$ 291,454	\$ 870,057	\$ 920,539
Cost of sales	<u>99,318</u>	<u>111,362</u>	<u>321,136</u>	<u>327,090</u>
Gross profit	<u>165,780</u>	<u>180,092</u>	<u>548,921</u>	<u>593,449</u>
Operating expenses				
Marketing	42,040	45,751	126,195	137,318
General and administrative	91,090	91,055	293,582	299,249
Research and development	<u>43,075</u>	<u>45,935</u>	<u>119,915</u>	<u>125,032</u>
Total Operating Expenses	<u>176,205</u>	<u>182,741</u>	<u>539,692</u>	<u>561,599</u>
Income (Loss) from operations	<u>(10,425)</u>	<u>(2,649)</u>	<u>9,229</u>	<u>31,850</u>
Other income				
Interest income	117	149	374	449
Other income	<u>9,980</u>	<u>480</u>	<u>10,940</u>	<u>1,440</u>
Total Other Income	<u>10,097</u>	<u>629</u>	<u>11,314</u>	<u>1,889</u>
Net Income (Loss) before income taxes	(328)	(2,020)	20,543	33,739
Provision for income taxes	<u>(93)</u>	<u>-</u>	<u>5,855</u>	<u>10,191</u>
Net Income (Loss)	<u>\$ (235)</u>	<u>\$ (2,020)</u>	<u>\$ 14,688</u>	<u>\$ 23,548</u>
Net Income per common share - basic and diluted	<u>\$.000</u>	<u>\$.000</u>	<u>\$.001</u>	<u>\$.002</u>
Weighted-Average Shares of Common Stock Outstanding - Basic and Diluted	<u>14,935,511</u>	<u>14,935,511</u>	<u>14,935,511</u>	<u>14,935,511</u>

The accompanying notes are an integral part of the financial statements.

BIOSYNERGY, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

NINE MONTHS ENDED JANUARY 31, 2021

(Unaudited)

	<u>Common Stock</u>		<u>Other and Related Receivable</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, May 1, 2020	14,935,511	\$ 660,988	\$ (24,862)	\$ 1,087,075	\$ 1,723,201
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,688</u>	<u>14,688</u>
Balance, January 31, 2021	<u>14,935,511</u>	<u>\$ 660,988</u>	<u>\$ (24,862)</u>	<u>\$ 1,101,763</u>	<u>\$ 1,737,889</u>

The accompanying notes are an integral part of the financial statements.

BIOSYNERGY, INC.
STATEMENT OF CASH FLOWS
(Unaudited)

	<u>Nine Months Ended January 31</u>	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net income	\$ 14,688	\$ 23,548
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	13,581	14,530
Noncash lease expense	72,427	66,825
Gain on Sale of Equipment	(9,500)	-
Changes in assets and liabilities		
Accounts receivable	34,163	27,924
Inventories	(29,193)	16,566
Prepaid expenses	19,453	387
Accounts payable and accrued expenses	(15,677)	(14,777)
Building lease liability for right of use asset	<u>(71,370)</u>	<u>(67,650)</u>
Total adjustments	<u>13,884</u>	<u>43,805</u>
Net cash provided by operating activities	<u>28,572</u>	<u>67,353</u>
Cash flows from investing activities		
Sale (Purchase) of equipment	<u>9,500</u>	<u>(962)</u>
Net cash provided by (used in) investing activities	<u>9,500</u>	<u>(962)</u>
Increase in cash and cash equivalents	<u>38,072</u>	<u>66,391</u>
Cash and cash equivalents beginning period	<u>1,245,282</u>	<u>1,180,125</u>
Cash and cash equivalents ending period	<u>\$ 1,283,354</u>	<u>\$ 1,246,516</u>
Supplemental Cash Flow Information		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 1 - Company Organization and Description

In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments, consisting of normal recurring adjustments which are necessary for a fair presentation of the financial position and results of operations for the periods presented. The unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. These condensed financial statements should be read in conjunction with the audited financial statements and notes included in the Company's April 30, 2020 Annual Report on Form 10-K. The results of operations for the nine months ended January 31, 2021 are not necessarily indicative of the operating results for the full year.

Biosynergy, Inc. (the Company) was incorporated under the laws of the State of Illinois on February 9, 1976. It is primarily engaged in the development and marketing of medical, consumer and industrial thermometric and thermographic products that utilize cholesteric liquid crystals. The Company's primary product, the HemoTemp[®] II Blood Monitoring Device, accounted for approximately 89.74% of the sales during the nine months ending January 31, 2021 and 92.49% during the nine months ending January 31, 2020. The products are sold to hospitals, clinical end-users, laboratories and product dealers located throughout the United States.

Note 2 – Summary of Significant Accounting Policies

Cash

The Company maintains all of its cash in various bank deposit accounts, which at times may exceed federally insured limits. No losses have been experienced on such accounts.

Receivables

Receivables are carried at original invoice less estimates made for doubtful receivables. Management determines the allowances for doubtful accounts by reviewing and identifying troubled accounts on a periodic basis and by using historical experience applied to an aging of accounts. A receivable is considered to be past due if any portion of the receivable balance is outstanding beyond the stipulated due date. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Inventories

Inventories are valued at the lower of cost or market using the FIFO (first-in, first-out) method.

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (cont'd)

Depreciation

Equipment and leasehold improvements are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Repairs and maintenance are charged to expense as incurred; renewals and betterments which significantly extend the useful lives of existing equipment are capitalized. Significant leasehold improvements are capitalized and amortized over the term of the lease; equipment is depreciated over three to ten years. Depreciation expense was \$3,348 and \$4,298 for the nine month periods ending January 31, 2021 and 2020, respectively.

Prepaid Expenses

Certain expenses, primarily insurance and income taxes, have been prepaid and will be used within one year.

Revenue Recognition

The Company accounts for revenue in accordance with Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)". The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step process to achieve that core principle and to determine when and how revenue is recognized.

The components as it relates to the Company are as follows:

- The Company's revenue is primarily generated from the sales of products directly to customers or through distribution channels, based on purchase orders and not supply contracts providing for additional goods or services once the products are transferred to the customer. The Company believes its performance obligations are satisfied upon shipment of goods to customers. The customers are billed at shipment, and revenue is recognized by the Company at that time.
- ASU No. 2014-09 requires that the Company recognize its sales return allowance on a gross basis rather than as a net liability. As such, the Company now recognizes a return asset for the right to recover the goods returned by the customer, measured at the former carrying amount of the products, less any expected recovery costs (recorded as an increase to prepaid expenses and other current assets), and a return liability for the amount of expected returns (recorded as an increase to other current liabilities). The Company's analysis of sales returns over the past several years noted that sales returns are nominal and therefore no sales return allowance is deemed necessary.

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (cont'd)

Shipping and Handling

Shipping and handling fees billed to customer, if any, are netted against the related costs which are included in cost of sales. The net cost is not material.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes related primarily to differences in the methods of accounting for patents, inventories, certain accrued expenses and bad debt expenses for financial and income tax reporting purposes. The deferred income taxes represent the future tax consequences of those differences, which will be taxable in the future.

The Company files tax returns in the U.S. federal jurisdiction and with the state of Illinois. Various tax years remain open to examinations, generally for three years after filing, although there are currently no ongoing tax examinations. Management's policy is to recognize interest and penalties related to uncertain tax positions in income tax expense.

The provision for income taxes consists of the following components for the nine month periods ended January 31:

	<u>2021</u>	<u>2020</u>
Current		
Federal	3,903	\$6,986
State	<u>1,952</u>	<u>3,205</u>
Provision for Income Taxes	<u>\$5,855</u>	<u>\$10,191</u>

The differences between the U.S. federal statutory tax rate and the Company's effective tax rate are as follows:

	<u>Period ended January 31,</u>	
	<u>2021</u>	<u>2020</u>
U.S. federal statutory tax rate	21.0%	21.0%
State income tax expense, net of		
Federal tax benefit	<u>7.5%</u>	<u>7.5%</u>
Effective Tax Rate	<u>28.5%</u>	<u>28.5%</u>

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (cont'd)

Research and Development and Patents

Research and development expenditures are charged to operations as incurred. The costs of obtaining patents, primarily legal fees, are capitalized and, once obtained, are amortized over the life of the respective patent on the straight-line method.

Patent amortization expense for the nine months ended January 31, 2021 and 2020 were \$10,233 and \$10,232 respectively.

Patents relate to products that have been developed and are being marketed by the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Per Common Share

Income per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Basic and diluted net income per common share is the same for the nine months ended January 31, 2021 and 2020 as there are no common stock equivalents.

Comprehensive Income

Components of comprehensive income include amounts that are included in the comprehensive income but are excluded from net income. During the nine month periods ending January 31, 2021 and 2020, there were no differences between the Company's net income and comprehensive income.

Fair Value of Financial Instruments

The Company evaluates its financial instruments based on current market interest rates relative to stated interest rates, length to maturity and the existence of readily determinable market prices. Based on the Company's analysis, the fair value of financial instruments recorded on the balances sheets as of January 31, 2021 and April 30, 2020, approximates their carrying value.

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (cont'd)

Segments

Accounting standards have established annual reporting standards for an enterprise's operating segments and related disclosures about its products, services, geographic areas and major customers. The Company's operations were a single reportable segment and an international segment. The international segment operations are immaterial. See Note 7.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date that amend the original text of ASCs. Those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to the Company or (iv) are not expected to have a significant impact on the Company.

Note 3 – Inventories

Components of inventories are as follows:

	January 31, <u>2021</u>	April 30, <u>2020</u>
Raw materials	\$123,891	\$106,284
Work-in-process	28,216	26,919
Finished goods	<u>21,509</u>	<u>11,220</u>
	<u>\$173,616</u>	<u>\$ 144,423</u>

Note 4 – Common Stock

The Company's common stock is traded in the over-the-counter market. However, there is no established public trading market due to limited and sporadic trades. The Company's common stock is not listed on a recognized market or stock exchange.

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 5 - Related Party Transactions

The Company and its affiliates are related through common stock ownership as follows as of January 31, 2021:

	Stock of Affiliates		
	Biosynergy, <u>Inc.</u>	F.K. Suzuki <u>International, Inc.</u>	Medlab, <u>Inc.</u>
F.K. Suzuki International, Inc	30.0%	- %	100.0%
Fred K. Suzuki, Officer	4.1	30.0	-
Jeanne S. Addis, Trustee	-	28.1	-
Mary K. Friske, Officer	0.3	0.7	-
Laurence C. Mead, Officer	0.4	10.0	-
Beverly R. Suzuki	2.7	-	-
Lauane C. Addis, Officer	-	-	-
Malcolm MacCoun, Director	-	-	-

As of January 31, 2021 and April 30, 2020, \$24,862 was due from F. K. Suzuki International, Inc. (FKSI). These balances result from an allocation of common expenses charged to FKSI prior to April 30, 2006 offset by advances received from time to time, and an advance of \$5,163 in Fiscal 2020 for corporate compliance costs. No interest income is received or accrued by the Company. The financial condition of FKSI is such that it will unlikely be able to repay the Company during the next year without liquidating a portion of its assets, including a portion of its ownership in the Company. As a result, the receivable balance has been reclassified as a contra equity account.

A board member provided a variety of legal services to the Company in his capacity as a partner in a law firm. Fees for such legal services were approximately \$7,982 and \$9,216 for the nine months ended January 31, 2021 and 2020 respectively.

On December 1, 2020 the Company sold an automobile to Fred K. Suzuki and Beverly R. Suzuki resulting in other income of \$9,500.

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 6 – Lease Commitments

On February 25, 2016, the FASB issued Topic 842, Leases. Under its core principle, a lessee will recognize lease assets and liabilities on the balance sheet for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. At inception, a lessee must classify all leases as either finance or operating. In February 2020, the Company entered into a two-year lease agreement for its current facilities, which started May 1, 2020 and expires on April 30, 2022. Under the new lease standard, the Company's lease was accounted for as an operating lease. As a result, the Company measured the lease liability using the two year term and rates per the lease agreement and recognized a lease liability, with a corresponding right-of-use asset. A discount was not calculated due to the lease agreement only having a two year term.

The operating lease expense for the nine months ending January 31, 2021 and 2020 was \$72,427 and \$66,825, respectively.

Maturities of lease liabilities as of January 31, 2021 are presented in the following table:

	Year Ending April 30:
2021	\$24,143
2022	\$96,570

Note 7 – Customer Concentrations

Shipments to one customer amounted to 32.28% of sales during the first nine months of Fiscal 2021 compared to 28.43% during the comparative Fiscal 2020 period. As of January 31, 2021, there were outstanding accounts receivable from this customer of \$77,358 compared to \$64,554 at January 31, 2020. Shipments to another customer amounted to 37.46% of sales during the first nine months of Fiscal 2021 and 37.70% of sales during the first nine months of Fiscal 2020. As of January 31, 2021, there were outstanding accounts receivable from this customer of \$121,915 compared to \$120,626 at January 31, 2020.

The Company had export sales of \$11,935 during the 3rd Quarter of Fiscal 2021, and export sales of \$4,750 during the 3rd Quarter of Fiscal 2020. For the nine months ending January 31, 2021 export sales were \$33,505 and \$27,355 for the same period ending January 31, 2020. The Company also believes that some of its medical devices were sold to distributors within the United States who resold the devices in foreign markets. However, the Company does not have any information regarding such sales.

BIOSYNERGY, INC.
Notes to Financial Statements
Nine Months Ended January 31, 2021 and 2020

Note 8 – COVID-19 Pandemic

The Company will face challenges in 2021 as a result of the COVID-19 pandemic. Such challenges will include (among other things) decreases or significant decreases in demand for certain products that has resulted in a decrease in sales for the nine months ending January 31, 2021, and increases in demand for others, collectability of customer accounts receivable from customers negatively impacted by shelter in place requirements, managing the health and productivity of our employees working in our facility or working remotely, managing our information technology (IT) infrastructure and security for our employees working remotely, and procuring adequate raw materials and packaging, as well as managing our supply chain. We have also worked closely with our domestic suppliers to source and maintain a consistent supply of raw material, ingredients and packaging to provide a steady supply of our products to our customers. We are fortunate that to date our manufacturing facility has not been significantly impacted by this pandemic.

BIOSYNERGY, INC.
Nine Months Ended January 31, 2021 and 2020

Item 2. MANAGEMENT’S DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Sales/Revenues

For the three month period ending January 31, 2021 (“3rd Quarter”), the net sales decreased 9.04%, or \$26,356, and decreased 5.48%, or \$50,482, during the nine month period ending January 31, 2021, as compared to net sales for the comparative periods ending in 2020. The decrease in sales during the three and nine month periods ending January 31, 2021 is primarily the result of lower HemoTemp[®] II sales. At January 31, 2021 there were no back orders.

In addition, during the 3rd Quarter the Company had \$10,097 of miscellaneous revenues and \$11,314 for the nine month period ending January 31, 2021, primarily from the sale of the Company car to related parties, and interest income and leasing a portion of its storage space to an unrelated party.

Costs and Expenses

General

The operating expenses of the Company during the 3rd Quarter decreased overall by 3.57%, or \$6,536, as compared to the 3rd quarter in 2020. The operating expenses of the Company decreased by 3.9% or \$21,907 for the nine month period ending January 31, 2021, as compared to the nine month period ending January 31, 2020, primarily due to a decrease in employee costs.

Cost of Sales

The cost of sales during the 3rd Quarter decreased by \$12,044, and decreased by \$5,954 during the nine month period ending January 31, 2021 as compared to these expenses during the same periods ending in 2020. The decrease in the cost of sales during the 3rd Quarter was primarily due to lower health care expenses and less raw materials used. The decrease for the nine month period ending January 31, 2021 was due to a decrease in the cost of health insurance. As a percentage of sales, the cost of sales were 37.5% during the 3rd Quarter, 38.2% for the comparative quarter ending in 2020, and 36.9% during the nine month period ending January 31, 2021 compared to 35.5% in 2020. It is not anticipated that the cost of sales as a percentage of sales will materially change in the near future.

Research and Development Expenses

Research and Development costs decreased \$2,860, or 6.2%, during the 3rd Quarter as compared to the same quarter in 2020. These costs decreased by \$5,117, or 4.1%, during the nine month period ending January 31, 2021 as compared to the same period in 2020. The overall cost in research and development expense decreased during the nine months due to lower employee costs.

Marketing Expenses

Marketing expenses for the 3rd Quarter decreased by \$3,711, or 8.1%, as compared to the quarter ending January 31, 2020. These costs decreased by \$11,123, or 8.1%, during the nine month period ending January 31, 2021 as compared to the same period in 2020. The decrease is primarily due to lower employee costs and no travel this year.

BIOSYNERGY, INC.
Nine Months Ended January 31, 2021 and 2020

General and Administrative Expenses

General and administrative costs for the 3rd Quarter increased by \$35, or .03%, as compared to the 3rd quarter ending January 31, 2020, primarily due to higher legal fees, offset by lower auto expenses and employee costs. General and administrative costs have decreased overall by \$5,667, or 1.9%, during the nine month period ending January 31, 2021, as compared to the same periods in 2020, primarily due to lower accounting fees, auto expenses and employee costs.

Net Income

The Company realized a net loss of \$235 during the 3rd Quarter as compared to a net loss of \$2,020 for the comparative quarter in the prior year primarily due to lower sales offset by the sale of the Company car for \$9,500 during the 3rd quarter. The Company also realized a net income of \$14,688 for the nine month period ending January 31, 2021 as compared to a net income of \$23,548 during the same period in 2020. This decrease in net income is due to an overall decrease in sales, while the operating expenses of the Company have not materially changed.

Assets/Liabilities

General

Since April 30, 2020, the Company's assets have decreased by \$72,359 and liabilities have decreased by \$87,047. The overall decrease in assets and liabilities is primarily due to the changes in the accounting treatment for leases, which include amortization of the right of use asset and payments against the lease liability.

Related Party Transactions

As of January 31, 2021 and April 30, 2020, \$24,862 was due from F.K. Suzuki International, Inc. ("FKSI"). These balances result from an allocation of common expenses charged to FKSI prior to April 30, 2006 offset by advances received from time to time, and an advance of \$5,163 in Fiscal 2020 for corporate compliance costs. No interest income is received or accrued by the Company. The financial condition of FKSI is such that it will unlikely be able to repay the Company during the next year without liquidating a portion of its assets, including a portion of its ownership in the Company. As a result, the receivable balance has been reclassified as contra equity account.

A board member provides a variety of legal services to the company in his capacity as a partner in a law firm. Fees for such legal services were approximately \$7,982 and \$9,216 for the nine months ending January 31, 2021 and 2020 respectively.

On December 1, 2020 the Company sold an automobile to Fred K. Suzuki and Beverly R. Suzuki for \$9,500.

Current Assets/Liabilities Ratio

The ratio of current assets to current liabilities, 11.2 to 1, has increased compared to 10.2 to 1 at April 30, 2020 primarily due to higher cash balances and lower accrued liabilities. The Company anticipates the ratio of current assets to current liabilities will remain substantially at its current level as a result of the change in accounting methods, subject to other normal fluctuations. In order to maintain or improve the Company's asset/liabilities ratio, the Company's operations must remain profitable.

BIOSYNERGY, INC.
Nine Months Ended January 31, 2021 and 2020

Liquidity and Capital Resources

During the nine month period ending January 31, 2021, the Company experienced an increase in working capital of \$27,211. This is primarily due to the Company's increase in cash, and lower accrued liabilities and lower operating lease liability.

The Company has attempted to conserve working capital whenever possible. To this end, the Company attempts to keep inventory at minimum levels. The Company believes that it will be able to maintain adequate inventory to supply its customers on a timely basis by careful planning and forecasting demand for its products. However, the Company is nevertheless required to carry a minimum amount of finished inventory and raw materials to meet the delivery requirements of customers and thus, inventory represents a material portion of the Company's investment in current assets.

The Company presently grants payment terms to customers and dealers. Although the Company experiences varying collection periods of its accounts receivable, based on past experiences, the Company believes that uncollectable accounts receivable will not have a significant effect on future liquidity.

Cash provided by operating activities was \$28,572 during the nine month period ending January 31, 2021. Cash provided by investing activities was \$9,500 during this same period. Except for its operating working capital, limited equipment purchases and patent expenses, management is not aware of any other material capital requirements or material contingencies for which it must provide. There were no cash flows from financing activities during the nine month periods ending January 31, 2021 or 2020.

As of January 31, 2021, the Company had \$1,709,773 of current assets available. Of this amount, \$24,027 was prepaid expenses, \$173,616 was inventory, \$228,776 was net trade receivables and \$1,283,354 was cash. The Company's available cash and cash flow from operations is considered adequate to fund the short-term operating capital needs of the Company. The Company does not have a working line of credit and does not anticipate obtaining a working line of credit in the near future. Thus there is a risk additional financing may be necessary to fund long-term capital needs of the Company, although there is no such currently known long-term capital needs other than operations.

Effects of Inflation. With the exception of inventory, labor costs and product sales costs increasing with inflation, inflation has not had a material effect on the Company's revenues and income from continuing operations in the past three years. Inflation is not expected to have a material effect in the foreseeable future.

Critical Accounting Policies and Estimates. On December 12, 2001, the SEC issued FR-60 "Cautionary Advice Regarding Disclosure About Critical Accounting Policies." FR-60 is an intermediate step to alert companies to the need for greater investor awareness of the sensitivity of financial statements to the methods, assumptions, and estimates underlying their preparation, including the judgments and uncertainties affecting the application of those policies and the likelihood that materially different amounts would be reported under different conditions or using different assumptions.

The Company's significant accounting policies are disclosed in Note 2 to the Financial Statements for the 3rd Quarter. See "Financial Statements." Except as noted below, the impact on the Company's financial position or results of operation would not have been materially different had the Company reported under different conditions or used different assumptions. The policies which may have materially affected the financial position and results of operations of the Company if such information had been reported under different circumstances or assumptions are:

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Lease Commitments - On February 25, 2016, the FASB issued Topic 842, Leases. Under its core principle, a lessee will recognize lease assets and liabilities on the balance sheet for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. At inception, a lessee must classify all leases as either finance or operating. The Company classifies the lease for its facility in Elk Grove Village as an operating lease.

Revenue Recognition – The Company accounts for revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance provides a five-step process to achieve that core principle and to determine when and how revenue is recognized.

Use of Estimates - Preparation of financial statements and conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The financial condition of the Company and results of operations may differ from the estimates and assumptions made by management in preparation of the Financial Statements accompanying this report.

Allowance for Bad Debts - The Company periodically performs credit evaluations of its customers and generally does not require collateral to support amounts due from the sale of its products. The Company maintains an allowance for doubtful accounts based on its best estimate of accounts receivable.

Forward-Looking Statements

This report may contain statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve risks and uncertainties. Actual results may differ materially from such forward-looking statements for reasons including, but not limited to, changes to and developments in the legislative and regulatory environments effecting the Company’s business, the impact of competitive products and services, changes in the medical and laboratory industries caused by various factors, risks inherent in marketing new products, as well as other factors as set forth in this report. Thus, such forward-looking statements should not be relied upon to indicate the actual results which might be obtained by the Company. No representation or warranty of any kind is given with respect to the accuracy of such forward-looking information. The forward-looking information has been prepared by the management of the Company and has not been reviewed or compiled by independent public accountants.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Historically, the Company’s primary exposure to market risk has been interest rate risk associated with its short term money market investments. The Company currently does not have any money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative

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financial instruments, interest rate swaps or other investments that alter interest rate exposure. Thus, the Company does not have any credit facilities with variable interest rates. The Company's operations are not exposed to financial risk that will have a material impact on its financial position and results of operation.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company has established and maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) which are controls and other procedures of the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Accounting Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Accounting Officer have evaluated the effectiveness of the 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 report. Based upon that evaluation, the Company's Chief Executive Officer and its Chief Accounting Officer have concluded that the Company's disclosure controls and procedures are effective.

There have been no changes in the Company's internal control over financial reporting during the Company's Fiscal Quarter ending January 31, 2021 that have materially affected or are likely to materially affect the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

As of the end of the Company's Fiscal Quarter ending January 31, 2021, there are no material pending legal proceedings to which the Company or any of its subsidiaries is a party to of which any of their property is the subject.

Item 1A. Risk Factors.

In addition to the other information set forth in this report on Form 10-Q, you should also consider the factors, risks and uncertainties which could materially affect the Company's business, financial condition or future results as discussed in Part I, Item 1A – "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2020. There were no significant changes to the risk factors identified on the Form 10-K for the fiscal year ended April 30, 2020 or during the third quarter of Fiscal 2021.

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

During the past three years, the Company has not sold securities which were not registered under the Securities Act.

Item 3. Defaults Upon Senior Securities.

(a) As of the end of the Company's Fiscal Quarter ending January 31, 2021, there have been no material defaults in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the registrant or any of its significant subsidiaries exceeding 5 percent of the total assets of the Company and its consolidated subsidiaries.

(b) As of the end of the Company's Fiscal Quarter ending January 31, 2021, there have been no material arrearages in the payment of dividends and there has been no other material delinquency not cured within 30 days, with respect to any class of preferred stock of the Company which is registered or which ranks prior to any class of registered securities, or with respect to any class of preferred stock of any significant subsidiary of the Company.

Item 4. Mine Safety Disclosures.

The disclosures required by this Item are not applicable to the Company.

Item 5. Other Information.

(a) The Company is not required to disclose any information in this Form 10-Q otherwise required to be disclosed in a report on Form 8-K during the period covered by this Form 10-Q.

(b) During the Fiscal Quarter ending January 31, 2021, there have been no material changes to the procedures by which the security holders may recommend nominees to the Company's board of directors, where such changes were implemented after the Company last provided disclosure in response to the requirements of Regulation S-K.

Item 6. Exhibits.

The following exhibits are filed as a part of this report:

- (2) Plan of Acquisition, reorganization, arrangement, liquidation or succession - none
- (3) Articles of Incorporation and By-laws⁽ⁱ⁾
- (4) Instruments defining rights of security holders, including indentures - none.
- (10) Material Contracts – none.
- (11) Statement regarding computation of per share earnings- none.
- (15) Letter regarding unaudited interim financial information - none.

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- (18) Letter regarding change in accounting principles - none.
- (19) Reports furnished to security holders - none.
- (22) Published report regarding matters submitted to vote of security holders - none.
- (23) Consents of experts and counsel - none.
- (24) Power of Attorney - none.
- (31.1) Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. Filed herewith.
- (31.2) Certification of the Chief Accounting Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. Filed herewith.
- (32.1) Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Sect. 1350. Filed herewith.
- (32.2) Certification of the Chief Accounting Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Sect. 1350. Filed herewith.

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- (i) Incorporated by reference to a Registration Statement filed on Form S-18 with the Securities and Exchange Commission, 1933 Act Registration Number 2-38015C, under the Securities Act of 1933, as amended, and Incorporated by reference, with regard to Amended and Restated By-Laws, to the Company's Current Statement on Form 8-K dated as of July 2, 2009 filed with the Securities and Exchange Commission.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Biosynergy, Inc.

Date: March 17, 2021

/s/ Fred K. Suzuki

Fred K. Suzuki
Chief Executive Officer, Chairman of the Board, and
President

Date: March 17, 2021

/s/ Laurence C. Mead

Laurence C. Mead
Chief Operating Officer, Chief Financial Officer, Chief
Accounting Officer and Treasurer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Fred K. Suzuki, certify that:

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

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 17, 2021

/s/ Fred K. Suzuki

Fred K. Suzuki

Chairman of the Board, Chief Executive Officer and
President

EXHIBIT 31.2

CERTIFICATION OF CHIEF ACCOUNTING OFFICER

I, Laurence C. Mead, certify that:

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

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 17, 2021

/s/ Laurence C. Mead

Laurence C. Mead
Vice President/Manufacturing and Development,
Chief Financial Officer and Chief Accounting
Officer

EXHIBIT 32.1

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

In connection with the Report of Biosynergy, Inc. (the "Company") on Form 10-Q for the quarter ending January 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly represents, in all material respects, the financial conditions and results of operations of the Company as of January 31, 2021, and for the period then ended.

Biosynergy, Inc.

/s/ Fred K. Suzuki

Fred K. Suzuki
Chairman of the Board, Chief Executive Officer
and President

Dated: March 17, 2021

EXHIBIT 32.2

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

In connection with the Report of Biosynergy, Inc. (the "Company") on Form 10-Q for the quarter ending January 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly represents, in all material respects, the financial conditions and results of operations of the Company as of January 31, 2021, and for the period then ended.

Biosynergy, Inc.

/s/ Laurence C. Mead

Laurence C. Mead

Vice President/Manufacturing and Development,
Chief Financial Officer and Chief Accounting Officer

Dated: March 17, 2021