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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the Month of August 2021

Commission File Number: 001-39131

LIMINAL BIOSCIENCES INC.

(Translation of registrant's name into English)

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440 Armand-Frappier Boulevard, Suite 300
Laval, Québec
H7V 4B4
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: X Form 20-F ☐ Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

INCORPORATION BY REFERENCE

This Report on Form 6-K (the "Report") and Exhibits 99.2 and 99.3 to this Report are hereby expressly incorporated by reference into the registrant's registration statements on Form F-3 (File nos. 333-251055, 333-245703 and 333-251065) filed with the Securities and Exchange Commission on December 1, 2020, December 2, 2020 and December 2, 2020, respectively, and the registration statement on Form S-8 (File no. 333-235692) filed with the Securities and Exchange Commission on December 23, 2019.

EXHIBIT LIST

Exhibit	Description
99.1	Press Release dated August 16, 2021
99.2	Management's Discussion & Analysis Q2 2021
99.3	Condensed Interim Consolidated Financial Statements Q2 2021
99.4	Certification of Interim Filings Q2 2021 – CEO
99.5	Certification of Interim Filings Q2 2021 – CFO
101	The following materials from this Report on Form 6-K are formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Interim Consolidated Statements of Financial Position as at June 30, 2021 and December 31, 2020 (Unaudited), (ii) Condensed Interim Consolidated Statements of Operations for the Three and Six Months ended June 30, 2021 and 2020 (Unaudited), (iii) Condensed Interim Consolidated Statements of Comprehensive Loss for the Three and Six Months ended June 30, 2021 and 2020 (Unaudited), (iv) Condensed Interim Consolidated Statements of Changes in Equity for the Six Months ended June 30, 2021 and 2020 (Unaudited), (v) Condensed Interim Consolidated Statements of Cash Flows for the Six Months ended June 30, 2021 and 2020 (Unaudited), and (v) Notes to Condensed Interim Consolidated Financial Statements (Unaudited).

SIGNATURES

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.

Liminal BioSciences Inc.

Date: August 16, 2021

By: /s/ Bruce Pritchard

Name Bruce Pritchard

Title: Chief Executive Officer

EXHIBIT 99.1

Liminal BioSciences Reports Second Quarter 2021 Financial Results

- **Receipt of FDA Approval for Ryplazim® (plasminogen, human-tvmh)**
- **Receipt of a Rare Pediatric Disease Priority Review Voucher**
- **Signature of Agreement to Divest Plasma-Derived Therapeutics Business to Kedrion**
- **Closing of the Sale of Plasma Collection Centers to Kedrion**
- **Closing of the Sale of Plasma-Derived Therapeutics Manufacturing Facility to Kedrion**
- **Signature of Agreement to Sell Rare Pediatric Disease Priority Review Voucher for US$105M**

LAVAL, CANADA, and CAMBRIDGE, ENGLAND – August 16, 2021 – Liminal BioSciences Inc. (Nasdaq: LMNL) ("Liminal BioSciences" or the "Company"), a clinical-stage biopharmaceutical company, today reported its financial results for the second quarter ended June 30, 2021.

Liminal BioSciences will host a conference call at 8:30 am (ET) on August 17, 2021. The telephone numbers to access the conference call are 1-888-390-0605 and 416-764-8609. An audio replay of the call will be available as of August 17, 2021 at 11:30 am (ET). The numbers to access the audio replay are 416-764-8677 and 1-888-390-0541 using the following password (882616). A live audio webcast of the conference call will be available by clicking here.

Press Release for immediate release

"2021 has proven to be a transformational year thus far for Liminal with our first FDA approval and the continued implementation of our business strategy through the divestment of our plasma-derived therapeutics business and the recent closing of the sale of Prometic Bioproduction Inc., our plasma-derived therapeutics manufacturing business," stated Bruce Pritchard, Chief Executive Officer of Liminal BioSciences. "We anticipate building on this momentum with the resources from our recent transactions and the anticipated proceeds from the sale of our PRV, and we plan to update the market regarding our small molecules R&D strategy in the coming months following the review of the complete data from the ongoing fezagepras phase 1 multi-ascending dose clinical trial."

For a more complete description of the Prometic Bioproduction Inc. ("PBP") divestment, please see the Company's Current Report on Form 6-K filed on July 9, 2021, with the U.S. Securities and Exchange Commission and the press release filed with SEDAR on July 9, 2021.

Key Corporate and R&D Priorities

Liminal BioSciences continues to take precautionary measures in response to the ongoing COVID-19 pandemic to protect the health of its employees and their families, patients and local communities. The Company has had only limited disruptions to its business operations related to the COVID-19 pandemic and provides the following updates:

- Upon closing of sale of the Rare Pediatric Disease Priority Review Voucher ("PRV") for US$105 million, Liminal will be entitled to receive an amount equal to 70% of the net proceeds, which would be payable to Liminal by its subsidiary Prometic Biotherapeutics Inc. ("PBT") prior to closing the divestment of its remaining plasma-derived therapeutics business operated through PBT to Kedrion S.p.A. ("Kedrion").
- Pending full analysis of the complete PK data set from the phase 1 multi-ascending dose ("MAD") clinical trial, we intend to determine the choice of other potential indication(s) for further development of fezagepras. No dose-limiting adverse events or other potential safety signals have been observed in the phase 1 MAD clinical trial to date.
- Pending the outcome of our pre-clinical research, and successful nomination of a pre-clinical drug candidate, we plan to initiate a pre-clinical Investigational New Drug ("IND") enabling program to support a first-in-human Phase 1 single-ascending dose clinical trial of our GPR84 antagonist drug candidate to be selected in healthy volunteers for safety and tolerability.

- Pending the outcome of our pre-clinical research, and successful nomination of a pre-clinical drug candidate, we plan to initiate a pre-clinical IND enabling program to support a first-in-human Phase 1 single-ascending dose clinical trial of our OXER1 drug candidate to be selected in healthy volunteers for safety and tolerability.

Select Second Quarter 2021 Financial Results:
The Company has presented the current and comparative periods results of operations of the Ryplazim® (plasminogen, human-tvmh) or Ryplazim® business and the plasma collection activities as discontinued operations as a result of the sale of the plasma collection centers in May 2021 and the Company's announcement in June of the signing of a share purchase agreement to sell the Ryplazim® related business. All figures presented in this section are in Canadian dollars unless otherwise specified.

- **Cash Position**: Cash and cash equivalents at June 30, 2021 were $29.6 million. The Company's working capital, i.e., the current assets net of current liabilities, at June 30, 2021, amounted to $38.3 million.
- **Research and development expenses** from continuing operations were $4.0 million for the second quarter of 2021 compared to $4.0 million for the second quarter of 2020. The increased cost associated with the ongoing Phase 1 MAD study for fezagepras that started in Dec 2020 was offset by a decrease in share-based payment expenses and payroll related expenses.
- **Administration** expenses from continuing operations were $8.6 million for the second quarter of 2021 compared to $8.5 million for the second quarter of 2020.
- **Finance costs** were $1.7 million for the second quarter of 2021 compared to $0.3 million for the second quarter of 2020, as a result of the long-term debt issuances in the third quarter of 2020.
- **Net loss from continuing operations, net of taxes** was $12.6 million for the second quarter of 2021 compared to $13.2 million for the second quarter of 2020.
- **Gain on Sale of Subsidiaries** was $10.7 million for the second quarter of 2021 compared to nil in 2020, as a result of the sale of the plasma collection centers in May 2021 and the proceeds received to date related to the sale of the Ryplazim® business.
- **Loss from discontinued operations** were $30.2 million for the second quarter of 2021 compared to $14.7 million in 2020 the increase mainly due to the recording of a provision for an onerous contract of $21.9 million as a result of the divestiture of the plasma-derived therapeutic segment. This was partially offset by lower

operating expenses, particularly research and development expenses following the closing of our Rockville, MD facility at the end of 2020.

- **Net loss** was $32.1 million for the second quarter of 2021 compared to $27.8 million for the second quarter of 2020.

About Liminal BioSciences Inc.

Liminal BioSciences is a biopharmaceutical company focused on the discovery and development of novel, small molecule drug candidates for the treatment of patients suffering from respiratory fibrotic diseases and other fibrotic or inflammatory diseases that have a high unmet medical need. The Company's lead small molecule product candidate, fezagepras (PBI-4050), is in a Phase 1 clinical trial in in the United Kingdom to evaluate multiple-ascending doses in normal healthy volunteers, at daily dose exposures higher than those evaluated in our previously completed Phase 2 clinical trials. The Company expects that a full analysis of the complete PK data set from the phase 1 multi-ascending dose clinical trial will help determine the choice of other potential indications for further development of fezagepras. In addition, the Company is also currently developing a selective GPR84 antagonist candidate and an oral, selective OXER1 antagonist candidate. Our GPR84 and OXER1 antagonist programs are currently at the pre-clinical stage.

Liminal BioSciences has active business operations in Canada and the United Kingdom.

Forward-Looking Statement

This press release contains forward-looking statements about Liminal BioSciences' objectives, strategies and businesses that involve risks and uncertainties. Forward-looking information includes statements concerning, among other things, statements with respect to the form, timing, ability to consummate or successful outcome of any strategic transactions pertaining to the Company's non-core assets, including the ongoing divestment of our Ryplazim® (Plasminogen) related business or assets; the sale of the PRV or receipt of proceeds from such sale; the utilization of proceeds from any such transaction; the potential of our product candidates and development of R&D programs and the timing of initiation or nature of pre-clinical and clinical trials.

These statements are "forward-looking" because they are based on our current expectations about the markets we operate in and on various estimates and assumptions. Actual events or

results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. Among the factors that could cause actual results to differ materially from those described or projected herein include, but are not limited to, risks associated with: the closing of the share purchase agreement for the plasma-derived therapeutics' business; the closing of the asset purchase agreement relating to the PRV; Company's ability to develop, manufacture, and successfully commercialize product candidates, if ever; the impact of the COVID-19 pandemic on the Company's business operations, clinical development, regulatory activities and financial and other corporate impacts; the availability of funds and resources to pursue R&D projects, manufacturing operations or commercialization activities; the successful and timely initiation or completion of clinical trials; the ability of Liminal BioSciences to take advantage of financing opportunities or business opportunities in the pharmaceutical industry; uncertainties associated generally with research and development, clinical trials and related regulatory reviews and approvals; and general changes in economic conditions. You will find a more detailed assessment of these risks, uncertainties and other risks that could cause actual events or results to materially differ from our current expectations in the filings and reports the Company makes with the U.S. Securities and Exchange Commission and Canadian Securities Commissions, including in the Annual Report on Form 20-F for the year ended December 31, 2020 and future filings and reports by the Company, from time to time. Such risks may be amplified by the ongoing COVID-19 pandemic and any related impacts on Liminal BioSciences' business and the global economy. As a result, we cannot guarantee that any given forward-looking statement will materialize. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements and estimates, which speak only as of the date hereof. We assume no obligation to update any forward-looking statement contained in this press release even if new information becomes available, as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

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Press Release for immediate release

Management's discussion and analysis of Liminal BioSciences Inc.

For the quarter and six months ended June 30, 2021

This Management's Discussion and Analysis, or MD&A, is intended to help the reader to better understand the operations, financial performance and results of operations of Liminal BioSciences Inc. (or Liminal, or the Company), as well as the Company's present and future business environment. This MD&A has been prepared as of August 16, 2021 and should be read in conjunction with Liminal's unaudited condensed interim consolidated financial statements for the quarter and six months ended June 30, 2021. Additional information related to the Company, including the Company's Annual Report on Form 20-F, or the Annual Report, is available on EDGAR at www.sec.gov/edgar and on SEDAR at www.sedar.com. All amounts are in thousands of Canadian dollars, except where otherwise noted.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are based on our management's beliefs and assumptions and on information currently available to our management. These statements are "forward-looking" because they represent our expectations, intentions, plans and beliefs about our business and the markets we operate in and on various estimates and assumptions based on information available to our management at the time these statements are made. For example, statements around financial performance and revenues are based on financial modelling undertaken by our management. This financial modelling takes into account revenues that are uncertain. It also includes forward-looking revenues from transactions based on probability. In assessing probability, management considers the status of negotiations for any revenue generating transactions, and the likelihood, based on the probability of income, that associated costs will be incurred. Management then ranks the probabilities in such a way that only those revenues deemed highly or reasonably likely to be secured are included in the projections.

All statements other than statements of historical facts may be forward-looking statements. Without limiting the generality of the foregoing, words such as "may", "will", "expect", "believe", "anticipate", "intend", "could", "might", "would", "should", "estimate", "continue", "plan", "pursue", "seek", "project", "predict", "potential" or "targeting" or the negative of these terms, other variations thereof, comparable terminology or similar expressions, are intended to identify forward-looking statements although not all forward-looking statements contain these terms and phrases.

Forward-looking statements are provided for the purposes of assisting you in understanding the Company, including our business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore you are cautioned that such information may not be appropriate for other purposes. Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if estimates or assumptions turn out to be inaccurate. In particular, forward-looking statements included in this MD&A include, without limitation, statements in respect to:

- the impact of the COVID-19 pandemic and its effects on our operations, research and development, clinical trials and financial position, and its potential effects on the operations of third-party service providers and collaborators with whom we conduct business;
- our plans to develop and commercialize our product candidates;
- our ability to develop, manufacture and successfully commercialize value-added pharmaceutical products;
- the form, timing, ability to consummate or successful outcome of any strategic transactions pertaining to the Company's non-core assets, including the ongoing divestment of our Ryplazim® (Plasminogen) related business or assets;

- our ability to reduce cash burn;
- our ability to obtain required regulatory approvals;
- the availability of funds and resources to pursue research and development projects;
- the successful and timely completion of our drug discovery, pre-clinical and clinical trials;
- our ability to take advantage of business opportunities in the pharmaceutical industry;
- our reliance on key personnel, collaborative partners and other third parties;
- the validity and enforceability of our patents and proprietary technology;
- expectations regarding our ability to raise capital;
- the use of certain hazardous materials;
- the availability and sources of raw materials;
- our ability to secure manufacturing capabilities;
- currency fluctuations;
- the value of our intangible assets;
- negative operating cash flow;
- the outcome of any current or pending litigation against us;
- uncertainties related to the regulatory process and approvals;
- increasing data security costs;
- costs related to environmental safety regulations;
- competing drugs, as well as from current and future competitors;
- developing products for the indications we are targeting;
- market acceptance of our product candidates by patients and healthcare professionals;
- availability of third-party coverage and adequate reimbursement;
- our ability to secure insurance coverage;
- general changes in economic or market conditions; and
- volatility of our share price.

Other factors that may cause actual results to differ from those expressed or implied in the forward-looking statements are discussed in our filings with the Canadian Securities Administrators and the U.S. Securities and Exchange Commission, or SEC Reports, including the section titled "Risk Factors" contained therein. You should refer to such "Risk Factors" for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this MD&A will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material.

In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this MD&A and the documents that we reference in this MD&A completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This MD&A contains market data and industry forecasts that were obtained from industry publications. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this MD&A is generally reliable, such information is inherently imprecise.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this MD&A, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

Corporate Overview

Program Overview

We are a biopharmaceutical company focused on the discovery and development of novel small molecule drug candidates for the treatment of patients suffering from respiratory fibrotic diseases and other fibrotic or inflammatory diseases that have a high unmet medical need. We have a deep understanding of certain biological targets and pathways that have been implicated in the fibrotic process, including fatty acid receptors such as free fatty acid receptor 1, FFAR1 (also known as G-protein-coupled receptor 40, or GPR40), a related receptor (G-protein-coupled receptor 84, or GPR84) and peroxisome proliferator-activated receptors, or PPARs. In pre-clinical studies, we observed that targeting these receptors promoted normal tissue regeneration and scar resolution, including preventing the progression of, and reversing established fibrosis.

In December 2020, we initiated a Phase 1 clinical trial to evaluate multiple ascending doses, or MAD, of fezagepras in healthy volunteers. Fezagepras has shown in pre-clinical models to be an anti-inflammatory and anti-fibrotic agent. Based on interim pharmacokinetic, or PK, results from the ongoing fezagepras Phase 1 MAD study, the Company has decided to stop its plans to move fezagepras into a Phase 2 clinical study in idiopathic pulmonary fibrosis, or IPF, and a Phase 1a/2b study in hypertriglyceridemia, as it evaluates the impact of the PK data profile observed in the on-going study. We expect that a full analysis of the complete PK data set from the Phase 1 MAD study will help determine the choice of any other potential indications for further development of fezagepras. No dose-limiting adverse events or other potential safety signals have been observed in the Phase 1 MAD study to date.

As part of our drug discovery platform, we are developing a selective GPR84 antagonist candidate that we believe could be used as monotherapy or in combination with other approved drugs. GPR84 is a pro-inflammatory target primarily expressed on cells associated with the immune system and its expression levels increase significantly during periods of inflammatory stress. Inhibition of GPR84 can inhibit neutrophil and macrophage migration and reduce cytokine release. Our GPR84 antagonist program is currently at the pre-clinical stage. Pending the outcome of our pre-clinical research, and successful nomination of a pre-clinical drug candidate, we plan to initiate a pre-clinical Investigational New Drug, or IND, enabling program to support a first-in-human Phase 1 single ascending dose clinical trial of such GPR-84 drug candidate in healthy volunteers for safety and tolerability.

We are also developing an oral, selective OXER1 antagonist candidate. OXER1 is a GPCR that is highly selective for 5-oxo-ETE, believed to be one of the most potent human eosinophil chemo-attractants. Migration of eosinophils to body sites including the lungs and intestines is mediated by eosinophil chemo-attractants such as 5-oxo-ETE. Eosinophils play a key role in Type 2 inflammation-driven diseases, including respiratory diseases and gastro-intestinal diseases. Our OXER1 antagonist discovery program is currently at the pre-clinical stage. Pending the outcome of our pre-clinical research, and successful nomination of a pre-clinical drug candidate, we plan to initiate a pre-clinical IND enabling program to support a First-in-Human Phase 1 single ascending dose clinical trial of our OXER1 drug candidate in healthy volunteers for safety and tolerability.

We received U.S. Food & Drug Administration, or FDA, approval for Ryplazim® (plasminogen, human-tvmh) or Ryplazim®, for the treatment of patients with plasminogen deficiency type 1 (hypoplasminogenemia) through our subsidiary, Prometic Biotherapeutics Inc. or PBT, holder of the biological license application, or BLA, for Ryplazim®. With this approval, Ryplazim® became the first FDA approved therapy for this rare genetic disorder. Ryplazim® was previously granted Orphan Drug Designation and the Rare Pediatric Disease Designation by the FDA for the treatment of congenital plasminogen deficiency.

With this approval, the FDA issued a Rare Pediatric Disease Priority Review Voucher or PRV, to Prometic Biotherapeutics Inc., holder of the BLA.

Recent Developments

- In June 2021, we received FDA approval for Ryplazim® for the treatment of patients with plasminogen deficiency type 1 (hypoplasminogenemia) through our subsidiary, Prometic Biotherapeutics Inc., or PBT, holder of the BLA for Ryplazim®. With this approval, Ryplazim® became the first FDA approved therapy for this rare genetic disorder. Ryplazim® was previously granted Orphan Drug Designation and the Rare Pediatric Disease Designation by the FDA for the treatment of congenital plasminogen deficiency. With this approval, the FDA issued a Rare Pediatric Disease Priority Review Voucher, or PRV, to PBT, as holder of the BLA. The PRV can be redeemed to receive priority review for any subsequent marketing application or sold or transferred to other companies for their programs.

- On August 6, 2021, our subsidiary Prometic Biotherapeutics Inc. or PBT entered into a definitive agreement, or the APA, to sell its PRV for US$105M. Pursuant to the terms of such agreement, PBT would receive an upfront payment of US$105M upon closing of the transaction. The closing is subject to customary closing conditions, including expiration of applicable waiting period under U.S. antitrust clearance requirements. Under the terms of the previously announced Share Purchase Agreement entered into with Kedrion S.p.A., or Kedrion, pursuant to which the Company will sell PBT to Kedrion, PBT will use an equivalent of 30% of the net proceeds it receives from the sale of the PRV to pay PBP for services rendered, which will result in the Company retaining an amount equal to 70% of the net proceeds from the sale of the PRV. Concurrently with the execution of the definitive agreement for the sale of the PRV, the Company entered into a guaranty agreement to guarantee the performance of PBT's obligations under the APA up to the closing of the SPA.

- On July 9, 2021, we closed on the previously announced divestment of our plasma-derived therapeutics manufacturing subsidiary, Prometic Bioproduction Inc., or PBP, to Kedrion. The consideration received at closing was US$9.1 million, subject to adjustments.
- On May 21, 2021, we closed on the previously announced divestment of our two (2) plasma collection centers, Prometic Plasma Resources Inc. and Prometic Plasma Resources (USA) Inc. (collectively, "PPRs"), which were acquired by Kedrion. Pursuant to the Share Purchase Agreement, the parties also entered into an option agreement or Option, granting Kedrion the right to acquire the remainder of the Company's plasma-derived therapeutics business. The consideration received at closing was US$17.2 million. Kedrion exercised its option to acquire the remainder of the plasma-derived business, including the Ryplazim® business, on June 23, 2021. Between the original expiry date of the Option and the sale of PBP, the Company received additional proceeds compensating the Company for the extension of the Option and operating costs of PBP until that date, and as such Liminal received US$1.5 million.

Financial and Other Corporate Impacts

Given that our activities continue to be in the R&D stage, management has concluded we will need additional sources of financing to ensure we have sufficient funds to continue our operations for at least the next 12 months.

Until we complete a significant financing, we will continue to operate at a low spending level, pacing investments on new research programs, and reducing infrastructure cost, where possible. The need to complete multiple financing transactions is likely to continue until we can generate sufficient product revenues to finance our cash requirements. Meanwhile, management may revert to a variety of sources for financing future cash needs potentially including the monetization of the PRV, public or private equity offerings, debt financings, strategic collaborations, business and asset divestitures and grant funding amongst others. Despite our efforts to obtain the necessary funding and improve profitability of our operations, there can be no assurance of our success in doing so, especially with respect to our access to further funding on acceptable terms, if at all.

These circumstances indicate the existence of a material uncertainty that may cast substantial doubt about our ability to continue as a going concern. If we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs in order to conserve our cash in amounts sufficient to sustain operations and meet our obligations. These measures could cause significant delays in our pre-clinical, clinical and regulatory efforts, which are critical to the realization of our business plan. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should we be unable to continue as a going concern. Such adjustments could be material.

Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. As of the date of issuance of these financial statements, management is not aware of any specific event or circumstance that would require it to update its estimates, assumptions and judgments or revise the carrying value of its assets or liabilities, and we are unable to estimate the potential impact on our future business or our financial results as of the date of this filing. These estimates may change as new events occur and additional information is obtained and are recognized in the consolidated financial statements as soon as they become known.

Impact of COVID-19 on Our Business

We have implemented business continuity plans designed to address and mitigate the impact of the ongoing COVID-19 pandemic on our employees and our business. While we are not experiencing financial impacts at this time, given the periods of global economic slowdown, the overall disruption of global healthcare systems and the other ongoing risks and uncertainties associated with the pandemic, any adverse effects on our business, financial condition, results of operations and growth prospects could be material. We continue to closely monitor the COVID-19 pandemic as we evolve our business continuity plans and response strategy. We are prioritizing the health and safety of our employees and those involved with our clinical trials, and we have implemented social distancing measures in our research laboratories, have a significant part of our workforce working from home, and have implemented employee support programs, travel bans, business continuity plans and risk assessment and mitigation strategies.

The partial disruption caused by the COVID-19 pandemic may continue to impact our operations, workforce and overall business by delaying the progress of our research and development programs, regulatory submissions and reviews and business development activities. There is uncertainty as to the duration of the COVID-19 pandemic and related government restrictions, including travel bans, the impact on our workforce, and the availability of healthy subjects and patients for the conduct of clinical trials, and the effects of the COVID-19 pandemic, including on the global economy, continue to be fluid.

FINANCIAL PERFORMANCE

Amounts in tables are expressed in thousands of Canadian dollars, except per share amounts.

Financial operations overview

Revenue

Revenues from continuing operations include royalties and rental revenues.

Research and development expenses

Research and development or R&D expenses comprise the cost of product candidates used in our small molecule clinical trials such as fezagepras, the cost of external consultants supporting the clinical trials and preclinical studies, employee compensation, depreciation expense on right-of-use and other assets and other operating expenses involved in R&D activities. Government grants recognized in relation to these R&D expenditures are also included under this caption.

Administration expenses

Administration expenses mainly consist of salaries and benefits related to our finance, human resources, business development, legal and information technology support functions. It also comprises professional fees such as legal, accounting, audit and taxation advisory fees and operating expenses such as insurance costs including directors and officers insurance, office expenses, travel costs and government grants pertaining to the administration activities.

Loss (gain) on foreign exchange

Gain or loss on foreign exchange includes the effects of foreign exchange variations on monetary assets and liabilities denominated in foreign currencies between the rates at which they were initially recorded at in the functional currency at the date of the transaction and when they are retranslated at the functional currency spot rate of exchange at the reporting date. All differences are included in the consolidated statement of operations.

Finance costs

Finance costs mainly includes interest expense from long-term debt, lease liabilities and banking charges. Finance costs are presented net of interest income which primarily results from the interest earned on the cash and cash equivalents we hold.

Loss (gain) on extinguishments of liabilities

When the terms of our long-term debt are modified significantly, the then existing debt is considered extinguished and the carrying amount of the debt before modification is derecognized, and the fair value of the modified debt is recognized. The difference is recorded as a loss (gain) on extinguishment of liabilities. When liabilities are settled using equity instruments, the difference between the carrying amount of the liability settled and the fair value of the equity issued will be recorded as a gain or loss on extinguishments of liabilities.

Change in fair value of financial instruments measured at fair value through profit or loss

Fair value increases and decreases on financial instruments measured at fair value through profit or loss are presented here. This caption includes the changes in fair values of the warrant liability.

Income tax expense

Income tax expense includes the current tax expense that will be payable to or collectable from the taxation authorities in the various jurisdiction in which we operate. Income tax expense may also include deferred income tax expense and recoveries. Deferred income tax assets are recognized to the extent that it is probable that future tax profits will allow the deferred tax assets to be recovered.

Discontinued operations and assets and liabilities of disposal group held for sale

We are in the process of selling the entities that were part of the plasma-derived therapeutics segment. In May 2021, we sold our plasma collection centers and in June 2021, we announced that Kedrion had exercised its option to acquire the remainder of our plasma-derived business, including the Ryplazim® business, under the terms of a share purchase agreement, or SPA. The operations of a smaller subsidiary, Prometic Biotherapeutics Ltd, which was also part of the plasma-derived therapeutics segment but is not part of the SPA will cease its research and development activities relating to plasminogen. Refer to note 3 of the condensed interim financial statements for the quarter and six months ended June 30, 2021 for the full details.

The revenues and costs relating to these activities were reclassified and presented retrospectively in the consolidated statements of operations for all the periods presented in this MD&A.

Also, following the sale, in November 2019, of two of our subsidiaries previously included in our bioseparations segment, the prior periods results from those operations were similarly restated and presented as discontinued operations.

Operating Results

The consolidated statement of operations for the quarter and six months ended June 30, 2021 compared to those of the corresponding periods in 2020 are presented in the following table.

	Quarter ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Revenues	$ 25	$ 36	$ (11)	$ 235	$ 238	$ (3)
Expenses						
Research and development expenses	3,951	3,981	(30)	8,835	7,996	839
Administration, selling and marketing expenses	8,551	8,503	48	16,688	17,580	(892)
Impairment	341	—	341	341	—	341
Loss (gain) on foreign exchange	(480)	566	(1,046)	(307)	(592)	285
Finance costs	1,661	287	1,374	2,833	524	2,309
Change in fair value of financial instruments measured at fair value through profit or loss	(1,402)	—	(1,402)	(1,556)	—	(1,556)
Net loss from continuing operations before taxes	$ (12,597)	$ (13,301)	$ 704	$ (26,599)	$ (25,270)	$ (1,329)
Current income tax recovery from continuing operations	—	(144)	144	-	(144)	144
Net loss from continuing operations	$ (12,597)	$ (13,157)	$ 560	$ (26,599)	$ (25,126)	$ (1,473)
Gain on sale of subsidiaries	10,698	—	10,698	10,698	—	10,698
Net loss from discontinued operations, net of taxes	(30,234)	(14,659)	(15,575)	(37,081)	(30,347)	(6,734)
Net loss	$ (32,133)	$ (27,816)	$ (4,317)	$ (52,982)	$ (55,473)	$ 2,491
Net (loss) income attributable to:						
Non-controlling interests - continuing operations	(93)	(56)	(37)	(677)	(369)	(308)
Owners of the parent						
- Continuing operations	(12,504)	(13,101)	597	(25,922)	(24,757)	(1,165)
- Discontinued operations	(19,536)	(14,659)	(4,877)	(26,383)	(30,347)	3,964
	$ (32,040)	$ (27,760)	$ (4,280)	$ (52,305)	$ (55,104)	$ 2,799
Net loss	$ (32,133)	$ (27,816)	$ (4,317)	$ (52,982)	$ (55,473)	$ 2,491
Income (loss) per share attributable to the owners of the parent basic and diluted:						
From continuing operations	$ (0.42)	$ (0.56)	$ 0.14	$ (0.87)	$ (1.06)	$ 0.19
From discontinued operations	(0.65)	(0.63)	(0.02)	(0.88)	(1.29)	0.41
	$ (1.07)	$ (1.19)	$ 0.12	$ (1.75)	$ (2.35)	$ 0.60
Weighted average number of outstanding shares (in thousands)	29,944	23,420	6,524	29,944	23,403	6,541

For the quarters and six months ended June 30, 2021 and 2020, the loss from discontinued operations comprises the results from the plasma collection activities and the entities related to the Ryplazim® business including the sales, cost of sales, R&D and administration expenses.

Continuing Operations analysis

Revenues

Following the reclassification of the results of the plasma collection activities as discontinued operations, the revenues include nominal amounts of royalty and rental revenues. For the six months ended June 30, 2021 and 2020, revenues have remained stable at $0.2 million.

Research and development expenses (R&D)

R&D expenses increased by $0.8 million during the six months ended June 30, 2021 compared to the corresponding period in 2020. The increase was mainly due to an increase in clinical trial expenses of $2.0 million due to the current fezagepras MAD Phase 1 study underway and an increase in consulting fees. These increases were partially offset by decreases of $1.5 million in share-based payment expenses (explained below) and $0.7 million in payroll and related expenses. R&D expenses during the quarter ended June 30, 2021 were at similar levels compared to the corresponding period in 2020 mainly due a decrease in the government grant credits of $0.4 million and an increase in clinical trial expenses of $0.4 million. This was partially offset by a decrease in share-based payment expense of $0.4 million and other operating expenses.

Administration expenses

The decrease of $0.9 million in administration expenses during the six months ended June 30, 2021 compared to the corresponding period in 2020 was mainly attributable to a decrease in consulting fees of $0.8 million, a decrease in share-based payment expenses of $0.8 million (explained below) and a decrease in salary and related expenses. These decreases were partially offset by an increase in directors and officers insurance costs of $0.9 million. Administration expenses were at similar levels during the quarter ended June 30, 2021 compared to the corresponding period in 2020.

Share-based payments expense

Share-based payments expense represents the expense recorded as a result of stock options and restricted share units or RSU issued to employees and board members. The table shows the expense for both continuing and discontinued operations. The expense has been recorded as follows in the consolidated statements of operations.

	Quarter ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Research and development expenses	$ 467	$ 904	$ (437)	$ 437	$ 1,920	$ (1,483)
Administration, selling and marketing expenses	899	1,340	(441)	1,873	2,696	(823)
Loss from discontinued operations	(409)	180	(589)	(444)	185	(629)
	$ 957	$ 2,424	$ (1,467)	$ 1,866	$ 4,801	$ (2,935)

Share-based payments expense for the quarter and six months ended June 30, 2021 decreased by $1.5 million and $2.9 million compared to the corresponding periods in 2020, respectively mainly due to the general reduction in the number of employees, including employees leaving the Liminal group as part of our divestiture of the plasma-derived therapeutics segment which resulted in an increase in forfeitures and thus a reduction in expense, a reduction in the number of options granted to date in 2021. Also, the impact of the repricing of stock options that took place during the second quarter of 2020 was higher since some of the repriced stock options were vested and the repricing expense was immediately recognized on those stock options.

Finance costs

Finance costs for continuing operations increased by $1.4 million and $2.3 million during the quarter and the six months ended June 30, 2021 compared to the corresponding periods in 2020, respectively reflecting the increase in our level of indebtedness following the issuance of the secured convertible debentures in July 2020 and of the second term loan in September 2020, as we drew down our full line of credit with Structured Alpha LP, or SALP.

Net loss from continuing operations

The net loss from continuing operations, net of taxes decreased by $0.6 million during the quarter ended June 30, 2021 compared to the corresponding period of 2020 mainly due to a favorable foreign exchange variance of $1.0 million and a favorable change in fair value of the warrant liability which is measured at fair value through profit and loss of $1.4 million which were partially offset by an increase in finance costs of $1.4 million explained above. The net loss from continuing operations, net of taxes increased by $1.5 million during the six months ended June 30, 2021 compared to the corresponding period in 2020, mainly due to an increase in finance costs of $2.3 million and increases in R&D expenses of $0.9 million which were partially offset by a decrease in administration expenses and a favorable change in fair value of the warrant liability which is measured at fair value through profit and loss of $1.6 million.

Discontinued Operations analysis

Net loss from discontinued operations

During the quarter and six months ended June 30, 2021, we recorded a gain on the sale of our plasma collection entities and on the proceeds recognized so far in regard to the upcoming sale of the Ryplazim@ business totaling $10.7 million.

The loss from discontinued operations for the quarter ended June 30, 2021 was $30.2 million, an increase of $15.6 million compared to the corresponding period in 2020. The increase is mainly due to the recording of a provision for onerous contract of $21.9 million, regarding a contract we have with a contract development and manufacturing organization, or CDMO, which is no longer required as a result of the plasma-derived therapeutic segment divestment. This was partially offset by lower operating expenses namely due to a reduction in production as we awaited the outcome of the FDA review of our BLA and of our efforts to sell these businesses, along with a reduction in costs incurred compared to 2020 when we were preparing for the refiling of the BLA and since our R&D facility in Rockville, MD has been closed since the end of 2020. The loss pertaining to the discontinued operations for the six months ended June 30, 2021 was $37.1 million, an increase of $6.7 million compared to the corresponding period in 2020. The increase is mainly due to the recording of the provision for the onerous CDMO contract which was partially offset by the reduction in operating expense listed above.

The details for the gain on sale of the subsidiaries and the loss from discontinued operations are provided in note 3 to the condensed financial statements for the quarter and six months ended June 30, 2021.

Results from discontinued operations

	Quarter ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Plasma-derived therapeutics segment:						
Revenues	$ 423	$ 504	$ (81)	$ 949	$ 1,405	$ (456)
Expenses						
Cost of sales and other production expenses	750	468	$ 282	1,456	1,104	352
Research and development expenses 1)	27,992	11,806	$ 16,186	32,355	24,824	7,531
Administration expenses	1,095	1,348	$ (253)	2,190	2,943	(753)
Gain on foreign exchange	(4)	(27)	$ 23	(138)	(1)	(137)
Finance costs	823	1,565	$ (742)	2,166	2,958	(792)
Gain on extinguishment of liabilities	—	—	$ —	—	(79)	79
Current income taxes	1	3	$ (2)	1	3	(2)
Loss from discontinued operations, net of income taxes	$ (30,234)	$ (14,659)	$ (15,575)	$ (37,081)	$ (30,347)	$ (6,734)

Gain on sale of subsidiaries

Sale of plasma collection entities:	
Fair value of the consideration received and receivable	$ 12,826
Less:	
Carrying amount of net assets sold	10,849
Transaction costs	204
Reclassification of foreign currency translation reserve from other comprehensive income into the statement of operations	(44)
Gain on sale of plasma collection entities	1,817
Sale of Ryplazim entities:	
Fair value of proceeds received or receivable at June 30, 2021	9,084
Less:	
Transaction costs	203
Gain recognized at June 30, 2021	8,881
Gain on sale of Ryplazim entities, net of income tax $nil	$ 10,698

Summary of consolidated quarterly results

The following table presents selected quarterly financial information for the last eight quarters:

	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	$ 25	$ 210	$ 284	$ 202	$ 36	$ 202	$ 34	$ 36
R&D expenses	3,951	4,884	2,953	3,285	3,981	4,015	5,301	3,825
Administration expenses	8,551	8,137	7,505	7,534	8,503	9,077	6,998	7,072
Element attributable to the owners of the parent:								
Net loss from continuing operations	(12,504)	(13,418)	(12,353)	(11,079)	(13,101)	(11,656)	(10,511)	(10,695)
Net (loss) income from discontinued operations	(19,536)	(6,847)	(27,370)	(12,019)	(14,659)	(15,688)	(3,843)	(18,907)
Basic and diluted earnings per share from continuing operations	(0.42)	(0.45)	(0.45)	(0.47)	(0.56)	(0.50)	(0.55)	(0.46)
Basic and diluted earning per share from discontinuing operations	(0.65)	(0.23)	(1.00)	(0.51)	(0.63)	(0.67)	(0.07)	(0.81)

Following the reclassification of the results of the plasma collection activities and the Ryplazim@ business as discontinued operations, the revenues include nominal amounts of royalty and rental revenues. R&D expenses declined since the first quarter of 2020 up until the middle of the second quarter of 2021 as we were benefiting from the CEWS and CERS government grants but then this decline was offset by an increase in clinical trial expenses since the beginning of 2021. Administration expenses were impacted by higher directors' and officers' insurance since 2020, as a result of our Nasdaq listing, which were partially offset by the government grants. Both R&D and administration are affected by variations in share-based payment expenses.

The variations in the net loss from continuing operations over the last eight quarters are affected by R&D expenses and administration expenses variations as explained above. In addition, the following quarters were impacted by impairments of intangible assets: $341 for the quarter ended March 31, 2021, and $1,072 and $761 for the quarters ended December 31, 2020 and 2019 respectively.

The net losses from discontinued operations fluctuate significantly over the eight quarters in part because of the varying R&D and administration expenses but the main variations are due to significant events impacting the results. These include the recording of impairment losses, $19.7 million and $11.6 million in the quarters ended December 31, 2020 and 2019 respectively, the recognition of an onerous contract provision expense of $21.9 million during the quarter ended June 30, 2021 and the impact of the sale transactions for the various businesses. In this regard, during the quarters ended December 31, 2019 and 2020, we recognized gains on the sale of the bioseparations business of $26.3 million and $3.4 million, respectively and during the quarter ended June 30, 2021, we recognized a gain of $10.7 million for the sale of our certain subsidiaries in the plasma-derived therapeutics segment.

The basic and diluted loss per share from continuing operations remained fairly stable over the eight quarters while the basic and diluted loss per share from discontinued operations has varied in accordance with the loss from discontinued operations for each period.

Outstanding share data

We are authorized to issue an unlimited number of common shares. At August 12, 2021, 29,943,983 common shares, 1,995,847 options to purchase common shares and 8,067,469 warrants to purchase common shares were issued and outstanding.

Transactions between related parties (as defined per *IAS 24, Related party disclosures*)

Balances and transactions between our subsidiaries, which are related parties, have been eliminated on consolidation and are not discussed in this MD&A. These transactions have been recorded at the exchange amount, meaning the amount agreed to between the parties.

During the quarter and six months ended June 30, 2021, we recorded an interest expense of $1,054 and $2,091, and paid interest of $nil and $973, respectively on our loans with our parent, SALP. During the quarter and six months ended June 30, 2021, the Company also recorded professional fee expenses, incurred by the parent and recharged to the Company of $145 pursuant to certain indemnification obligations under the subscription agreement dated April 14, 2019.

Changes in accounting policies

New standards and interpretations adopted

The accounting policies used in these interim financial statements are consistent with those applied in our December 31, 2020 audited annual consolidated financial statements except for the adoption of the following amendment on January 1, 2021.

Amendment to *IFRS 16, Leases or* IFRS 16 for COVID-19-Related Rent Concessions - IFRS 16 has been revised to incorporate an amendment issued by the IASB in May 2020. The amendment permits lessees not to assess whether particular COVID-19-related rent concessions are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. In addition, the amendment to IFRS 16 provides specific disclosure requirements regarding COVID-19-related rent concessions. The adoption of this amendment had no impact on the interim financial statements since the Company has not benefited from COVID-19 related rent concessions.

New standards and interpretations not yet adopted

The IFRS accounting standards, amendments, and interpretations that we reasonably expect may have a material impact on our disclosures, financial position or results of operations when applied at a future date are as follows:

Amendments to IAS 1, Presentation of Financial Statements (IAS 1) and IAS 8, Accounting policies, Changes in Accounting Estimates and Errors (IAS 8)

The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies and provides guidance to apply materiality judgments to accounting policy disclosure. The amendments to IAS 8 introduce a definition of accounting estimates and provide clarifications to distinguish accounting policies from accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted. We are in the process of evaluating the impact of these changes on our financial statements.

Significant accounting judgements and critical accounting estimates

The preparation of the interim consolidated financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. The uncertainty that is often inherent in these estimates and assumptions could result in material adjustments to assets or liabilities affected in future periods. The significant accounting judgments and critical accounting estimates applied by us and disclosed in the audited annual consolidated financial statements for the year ended December 31, 2020, remain unchanged.

Liquidity and Capital Resources

Overview

Until recently, our funding requirements were driven by the costs associated with our small molecules and plasma-derived therapeutics segments as well as our corporate activities. With the sale of the plasma collection centers during the second quarter of 2021 and the sale of PBP on July 9, 2021, there will be limited cash outflows relating to operational expenses of the plasma-derived therapeutic business with the exception of the continuing obligation we have towards a CDMO organisation but which is no longer required as a result of the PBP sale transaction. The total commitment under this contract is $9.0 million per year and there is a 5-year early cancellation notification period available under the contract. The Company is investigating different avenues to potentially reduce the impact of this contract on its future cash outflows.

As part of our divestiture activities, we received an equivalent of US$9.1 million in proceeds on July 9, 2021 in relation to the sale of PBP and we are entitled to receive an amount equal to 70% of the net proceeds of the sale of the PRV, which was announced on August 9, 2021 for US$105 million. Upon closing of the sale of the PRV, we will receive our portion of the proceeds prior to closing the divestment of PBT to Kedrion.

Going forward, our primary use of our cash will be for our small molecule research activities for which we expect our ongoing funding requirements to increase over time as we continue the research and development of our portfolio of compounds and continue or initiate potential clinical trials. Furthermore, we expect to continue to incur additional costs associated with operating as a public company.

Accordingly, until we close the sale of the PRV, complete a significant financing or can generate sufficient revenues to finance future cash requirement, it may be likely to secure additional external financing which may include public or private equity offerings, debt financings, strategic collaborations, alliances and licensing arrangements, grant funding or other sources. Despite our efforts to obtain the necessary funding and further reduce the costs of our operations, there can be no assurance of our access to further funding on acceptable terms, if at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, shareholder ownership interest may be diluted, and the terms of any additional securities may include liquidation or other preferences that adversely affect the rights of shareholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise funds through additional collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or to grant licenses on terms that may not be favourable to us. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our R&D programs, clinical trials or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Liquidity position at June 30, 2021 and going concern

At June 30, 2021, we had $29.6 million in cash and a positive working capital position, i.e. current assets net of current liabilities of $38.3 million. On July 9, 2021, we received additional proceeds of US$9.1 million from the sale of PBP. Despite the liquidities we have on hand, we do not currently have sufficient funds to continue maintaining our operating activities, even at low spending levels, for the next 12 months.

In our cash management efforts, we have been operating at a low spending level, pacing our investments on new research programs, and reducing infrastructure costs where possible, while we continue taking steps to further transition our company to focus on the development of our small molecule product candidates. Our liquidity resources are allocated in priority towards the fezagepras Phase 1 MAD study and our earlier stage discovery programs for our selective GPR84 antagonist and OXER1 antagonist.

In addition to the 70% of the PRV funds expected to be retained in connection with the closing of the sale of the PRV for US$105 million announced on August 9, 2021, we are pursuing a number of financing initiatives that could potentially extend our cash runway, if completed. Potential sources of funding include the key ones identified below:

- We are continuing to evaluate avenues to monetize non-core assets; and
- We will consider raising funds through the issuance of equity instruments;
- We are continuing to consider potential strategic collaborations with upfront or continuous funding support.

Until we are successful in completing one or more significant financing transactions that may change our financial condition (which may not be available on acceptable terms, if at all), our current circumstances indicate the existence of a material uncertainty that may cast significant doubt about our ability to continue as a going concern. The perception that we may not be able to continue as a going concern may also make it more difficult to operate our business due to concerns about our ability to meet our contractual obligations. Further, if we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs in order to conserve our cash in amounts sufficient to sustain operations and meet our obligations. These measures could cause significant delays in our preclinical, clinical and regulatory efforts, which are critical to the realization of our business plan. See the section titled "Risk Factors" contained in our SEC Reports for more information regarding the risks related to our funding needs.

The unaudited condensed interim financial statements as of June 30, 2021 do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should we be unable to continue as a going concern. Such adjustments could be material.

Cash Flow Analysis

The following major cash flow components are presented on a total company basis, inclusive of continuing and discontinued operations.

The summarized consolidated statements of cash flows for the six months ended June 30, 2021 and the corresponding period in 2020 are presented below.

	Six months ended June 30		
	2021	2020	Change
Cash flows used in operating activities	$ (29,647)	$ (31,937)	$ 2,290
Cash flows used in financing activities	(6,134)	(4,595)	(1,539)
Cash flows from (used in) investing activities	21,058	(198)	21,256
Net change in cash and cash equivalents during the year	(14,723)	(36,730)	22,007
Net effect of currency exchange rate on cash and cash equivalents	(704)	1,431	(2,135)
Cash and cash equivalents, beginning of the year	45,075	61,285	(16,210)
Cash and cash equivalents, end of the year	$ 29,648	$ 25,986	$ 3,662

Cash flows used in operating activities decreased by $2.3 million during the six months ended June 30, 2021 compared to the same period in 2020. The decrease is due to the reduction in R&D spending and the increase in government grants collected.

Cash flows used in financing activities increased by $1.5 million during the six months ended June 30, 2021 compared to the same period in 2020 mainly due to the increase in lease payments and an increase in interest payments on the long-term debt as our debt balance has increased.

Cash flows from investing activities increased by $21.3 million during the six months ended June 30, 2021 compared to the same period mainly due to the proceeds of $21.4 million we received in connection with the divestiture of the plasma-derived therapeutics segment.

Research and Development, Patents and Licences

For a discussion of our research and development activities, see "Item 4.B—Business Overview" and "Item 5.A—Operating Results." of our Annual Report on Form 20-F for the year ended December 31, 2020.

Trend Information

Other than as disclosed elsewhere in this MD&A, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2021 to June 30, 2021 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions. For a discussion of trends, see the following sections in our Annual Report: "Item 4.B.—Business overview", "Item 5.A.—Operating results", "Item 5.B.—Liquidity and capital resources."

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Tabular Disclosure of Contractual Obligations

The timing and expected contractual outflows required to settle our financial obligations recognized in the consolidated statement of financial position at June 30, 2021 are presented in the table below:

		Contractual Cash flows				
	Carrying amount	**Less than 1 year**	**1-3 years**	**3 - 5 years**	**More than 5 years**	**Total**
Accounts payable and accrued liabilities [1)]	$9,375	$9,375	$—	$—	$—	$9,375
Other Long-term liabilities	103	—	50	50	211	311
Lease liabilities	24,136	5,461	10,874	10,461	19,783	46,579
Long-term debt [2)]	41,750	6,545	46,286	—	—	52,831
Provisions [3)]	21,928	3,097	9,171	8,668	1,532	22,468
	$97,292	$24,478	$66,381	$19,179	$21,526	$131,564

1)Short-term portions of the royalty payment obligations and of other employee benefit liabilities are included in the accounts payable and accrued liabilities.

2) Under the terms of the consolidated loan agreement we have with SALP, SALP may decide to cancel a portion of the principal value of the loans as payment upon the exercise of their 168,735 warrants #10 and 3,947,367 November 2020 warrants. The maximum repayment due on the loan has been included in the above table.

3) Provisions include the non-lease portion of the commitment under the CDMO contract that we determined to be an onerous contract.

In the consolidated statement of financial position at June 30, 2021, there are liabilities of a disposal group held for sale of $8.1 million that are not presented in the above table. With the closing of the sale of PBP on July 9, 2021, the majority of those obligations have been transferred to the buyer on that date.

Commitments

Our commitments have materially changed from those disclosed in the MD&A for the year ended December 31, 2020, mainly has a result of the reduction in the number of years we are committed to under the CDMO contract as we availed ourselves of the 5-year early cancellation notification period and now the non-lease portion of this commitment is recorded as a provision on the consolidated statement of financial position at June 30, 2021. What we consider the lease portion of the contract for accounting purposes has been reflected in the financial statements under lease liabilities. We have no other significant commitments.

Financial instruments

Use of financial instruments

The financial instruments that we used result from our operating and investing activities, namely in the form of accounts receivables and payables, and from our financing activities resulting usually in the issuance of long-term debt. We do not use financial instruments for speculative purposes and have not issued or acquired derivative financial instruments for hedging purposes.

Impact of financial instruments in the consolidated statements of operations

The following line items in the consolidated statement of operations for the quarter ended June 30, 2021 include income, expense, gains and losses relating to financial instruments:

- Change in fair value of financial instruments measured at fair value through profit or loss
- finance costs; and
- foreign exchange gains and losses.

Quantitative and Qualitative Disclosures about Market Risk

We have exposure to credit risk, liquidity risk and market risk. Our Board of Directors has the overall responsibility for the oversight of these risks and reviews our policies on an ongoing basis to ensure that these risks are appropriately managed.

i) Credit risk:

Credit risk is the risk of financial loss to our company if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash, investments, receivables and share purchase loan to a former officer. The carrying amount of the financial assets represents the maximum credit exposure.

We mitigate credit risk through reviews of new customer's credit history before extending credit and conduct regular reviews of existing customers' credit performance. We evaluate at each reporting period, the lifetime expected credit losses on our accounts receivable balances based on the age of each receivable, the credit history of the customers and past collection experience.

ii) Liquidity risk:

Liquidity risk is the risk that we will not be able to meet financial obligations as they come due. We manage our liquidity risk by continuously monitoring forecasts and actual cash flows. Our current liquidity situation is discussed in the liquidity and contractual obligation section of this MD&A.

iii) Market risk:

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect our income or the value of our financial instruments.

a) Interest risk:

Our interest-bearing financial liabilities have fixed rates and as such there is limited exposure to changes in interest payments as a result of interest rate risk.

b) Foreign exchange risk:

We are exposed to the financial risk related to the fluctuation of foreign exchange rates. Outside of Canada, we operate in the U.K. and U.S. and a portion of our expenses incurred are in pounds sterling (£) and U.S. dollars. In addition, we have suppliers that we must pay in various other currencies, namely in U.S. dollars and pounds sterling (£). When we hold cash and cash equivalents in U.S. dollars, this also helps to mitigate the foreign exchange risk on expenditures. Financial instruments that have exposed us to foreign exchange risk have been cash and cash equivalents, receivables, trade and other payables, lease liabilities, licence payment obligations and the amounts drawn on the credit facility. We manage foreign exchange risk by holding foreign currencies we received to support forecasted cash outflows in foreign currencies.

Disclosure controls and procedures and internal controls over financial reporting

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have designed, or caused to be designed, under their supervision, our disclosure controls and procedures.

Internal control over Financial Reporting

Internal controls over financial reporting or ICFR are designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Due to its inherent limitation, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

The CEO and CFO have designed, or caused to be designed, under their supervision our ICFR using the framework established in Internal Control – Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Change in Internal Controls over Financial Reporting

In accordance with the National Instrument 52-109, we have filed certificates signed by the CEO and CFO that, among other things, report on the design of disclosure controls and procedures and the design of ICFR as at June30, 2021.

There have been no changes in the Company's ICFR that occurred during the quarter and six months ended June 30, 2021 that have materially affected or are reasonably likely to materially affect its ICFR.

Condensed interim consolidated financial statements of Liminal BioSciences Inc.

For the quarter and six months ended June 30, 2021

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands of Canadian dollars, except per share amounts) (Unaudited)

		June 30, 2021		December 31, 2020
ASSETS				
Current assets				
Cash	**$**	**29,648**	$	45,075
Accounts receivable and others		**1,650**		4,081
Inventories		**—**		9,377
Prepaids		**6,668**		14,486
Assets of disposal group held for sale (note 3)		**28,270**		—
Total current assets		**66,236**		73,019
Other long-term assets		**285**		1,353
Capital assets (note 4)		**5,738**		18,791
Right-of-use assets (note 5)		**1,850**		8,557
Intangible assets (note 6)		**4,538**		15,492
Deferred tax assets		**572**		572
Total assets	**$**	**79,219**	$	117,784
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**9,375**	$	16,835
Current portion of lease liabilities (note 7)		**4,807**		6,946
Current portion of provisions (note 8)		**3,078**		—
Current portion of long-term debt (note 10)		**2,600**		—
Liabilities of disposal group held for sale (note 3)		**8,095**		—
Total current liabilities		**27,955**		23,781
Long-term portion of lease liabilities (note 7)		**19,329**		26,506
Provisions (note 8)		**18,850**		—
Warrant liability (note 9)		**10,084**		11,640
Long-term debt (note 10)		**39,150**		40,532
Other long-term liabilities		**103**		313
Total liabilities	**$**	**115,471**	$	102,772
EQUITY (DEFICIENCY)				
Share capital (note 11a)	**$**	**977,261**	$	977,261
Contributed surplus (note 11b)		**41,722**		39,877
Warrants (note 11c)		**95,856**		95,856
Accumulated other comprehensive loss		**(2,973)**		(3,030)
Accumulated other comprehensive income of disposal group held for sale		**—**		184
Deficit		**(1,139,354)**		(1,087,049)
Equity attributable to owners of the parent		**(27,488)**		23,099
Non-controlling interests		**(8,764)**		(8,087)
Total equity (deficiency)		**(36,252)**		15,012
Total liabilities and equity (deficiency)	**$**	**79,219**	$	117,784

Going concern (note 1), subsequent events (note 14)
The accompanying notes are an integral part of the condensed interim consolidated financial statement

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of Canadian dollars, except per share amounts) (Unaudited)

	Quarter ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Revenues	**$ 25**	$ 36	**$ 235**	$ 238
Expenses				
Research and development expenses	**3,951**	3,981	**8,835**	7,996
Administration expenses	**8,551**	8,503	**16,688**	17,580
Impairment (note 6)	**341**	—	**341**	—
Loss (gain) on foreign exchange	**(480)**	566	**(307)**	(592)
Finance costs	**1,661**	287	**2,833**	524
Change in fair value of financial instruments measured at fair value through profit or loss (note 9)	**(1,402)**	—	**(1,556)**	—
Loss from continuing operations before income taxes	**$ (12,597)**	$ (13,301)	**$ (26,599)**	$ (25,270)
Current income taxes	**$ —**	$ (144)	**$ —**	$ (144)
Net loss from continuing operations	**$ (12,597)**	$ (13,157)	**$ (26,599)**	$ (25,126)
Loss from discontinued operations				
Gain on sale of subsidiaries, net of income taxes $nil (note 3)	**10,698**	—	**10,698**	—
Loss from discontinued operations, net of income taxes (note 3)	**(30,234)**	(14,659)	**(37,081)**	(30,347)
Net loss	**$ (32,133)**	$ (27,816)	**$ (52,982)**	$ (55,473)
Net loss attributable to:				
Non-controlling interests - continuing operations	**$ (93)**	$ (56)	**$ (677)**	$ (369)
Owners of the parent				
- Continuing operations	**(12,504)**	(13,101)	**(25,922)**	(24,757)
- Discontinued operations	**(19,536)**	(14,659)	**(26,383)**	(30,347)
	$ (32,040)	$ (27,760)	**$ (52,305)**	$ (55,104)
Net loss	**$ (32,133)**	$ (27,816)	**$ (52,982)**	$ (55,473)
Attributable to the owners of the parent basic and diluted:				
From continuing operations	**$ (0.42)**	$ (0.56)	**$ (0.87)**	$ (1.06)
From discontinued operations	**(0.65)**	(0.63)	**(0.88)**	(1.29)
Total loss per share	**$ (1.07)**	$ (1.19)	**$ (1.75)**	$ (2.35)
Weighted average number of outstanding shares (in thousands)	**29,944**	23,420	**29,944**	23,403

The accompanying notes are an integral part of the condensed interim consolidated financial statements

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of Canadian dollars) (Unaudited)

	Quarter ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Net Loss	**$ (32,133)**	(27,816)	**$ (52,982)**	$ (55,473)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit and loss:				
Exchange differences on translation of foreign operations from continuing operations	**35**	25	**57**	(51)
Exchange differences on translation of foreign operations from discontinued operations	**(104)**	(37)	**(140)**	119
Reclassification of exchange differences on translation of foreign operations sold to consolidated statement of operations (note 3)	**(44)**	—	**(44)**	—
Total other comprehensive income (loss)	**$ (113)**	$ (12)	**$ (127)**	$ 68
Total comprehensive loss	**$ (32,246)**	$ (27,828)	**$ (53,109)**	$ (55,405)
Total comprehensive loss attributable to:				
Non-controlling interests	**$ (93)**	$ (56)	**$ (677)**	$ (369)
Owners of the parent				
- Continuing operations	**(12,469)**	(13,076)	**(25,865)**	(24,808)
- Discontinued operations	**(19,684)**	(14,696)	**(26,567)**	(30,228)
Total comprehensive loss	**$ (32,246)**	$ (27,828)	**$ (53,109)**	$ (55,405)

The accompanying notes are an integral part of the condensed interim consolidated financial statements

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands of Canadian dollars) (Unaudited)

	Equity (deficiency) attributable to owners of the parent							
	Share capital $	Contributed surplus $	Warrants $	Foreign currency translation reserve $	Deficit $	Total $	Non-controlling interests $	Total equity (deficiency) $
Balance at January 1, 2020	932,951	43,532	95,856	(3,099)	(967,051)	102,189	(7,255)	94,934
Net loss	—	—	—	—	(55,104)	(55,104)	(369)	(55,473)
Foreign currency translation reserve	—	—	—	68	—	68	—	68
Issuance of shares (note 11a)	1,240	—	—	—	—	1,240	—	1,240
Share-based payments expense (note 11b)	—	4,801	—	—	—	4,801	—	4,801
Share-based compensation paid in cash (note 11b)	—	(40)	—	—	—	(40)	—	(40)
Shares issued pursuant to restricted share unit plan (note 11b)	9,764	(9,764)	—	—	—	—	—	—
Share issuance cost	—	—	—	—	(8)	(8)	—	(8)
Balance at June 30, 2020	943,955	38,529	95,856	(3,031)	(1,022,163)	53,146	(7,624)	45,522
Balance as of January 1, 2021	**977,261**	**39,877**	**95,856**	**(2,846)**	**(1,087,049)**	**23,099**	**(8,087)**	**15,012**
Net loss	**—**	**—**	**—**	**—**	**(52,305)**	**(52,305)**	**(677)**	**(52,982)**
Foreign currency translation reserve	**—**	**—**	**—**	**(83)**	**—**	**(83)**	**—**	**(83)**
Reclassification of exchange differences on translation of foreign operations to consolidated statement of operations (note 3)	**—**	**—**	**—**	**(44)**		**(44)**	**—**	**(44)**
Share-based payments expense (note 11b)	**—**	**1,866**	**—**	**—**	**—**	**1,866**	**—**	**1,866**
Share-based compensation paid in cash	**—**	**(21)**	**—**	**—**	**—**	**(21)**	**—**	**(21)**
Balance at June 30, 2021	**977,261**	**41,722**	**95,856**	**(2,973)**	**(1,139,354)**	**(27,488)**	**(8,764)**	**(36,252)**

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

LIMINAL BIOSCIENCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars) (Unaudited)

Six months ended June 30		2021		2020
Cash flows used in operating activities				
Net loss from continuing operations during the period	**$**	**(26,599)**	$	(25,126)
Net loss from discontinued operations during the period		**(26,383)**		(30,347)
Adjustments to reconcile net loss to cash flows used in operating activities:				
Finance costs and foreign exchange		**6,129**		2,805
Loss from disposition of capital and intangible assets		**(335)**		83
Gain on sale of subsidiaries (note 3)		**(10,698)**		—
Change in fair value of financial instruments measured at fair value through profit or loss (note 9)		**(1,556)**		—
Impairment losses (note 6)		**341**		—
Gain on extinguishments of liabilities		**—**		(79)
Provision expense (note 8)		**21,928**		—
Share-based payments expense (note 11b)		**1,845**		4,761
Depreciation of capital assets (note 4)		**1,121**		1,314
Depreciation of right-of-use assets (note 5)		**736**		2,264
Amortization of intangible assets (note 6)		**922**		494
		(32,549)		(43,831)
Change in non-cash working capital items		**2,902**		11,894
	$	**(29,647)**	$	(31,937)
Cash flows used in financing activities				
Repayment of principal on long-term debt		**—**		(165)
Repayment of interest on long-term debt (note 10)		**(973)**		(503)
Payments of principal on lease liabilities (note 7)		**(3,752)**		(3,066)
Payment of interest on lease liabilities (note 7)		**(1,251)**		(853)
Debt, share and warrants issuance costs		**(158)**		(8)
	$	**(6,134)**	$	(4,595)
Cash flows from (used in) investing activities				
Additions to capital assets		**(208)**		(370)
Additions to intangible assets		**(118)**		(499)
Proceeds from sale of discontinued operations business		**21,400**		1,175
Transaction costs paid relating to the sale of discontinued operations business		**(265)**		(787)
Proceeds from disposal of capital assets		**49**		—
Release of restricted cash		**161**		—
Interest received		**39**		283
	$	**21,058**	$	(198)
Net change in cash and cash equivalents during the period		**(14,723)**		(36,730)
Net effect of currency exchange rate on cash and cash equivalents		**(704)**		1,431
Cash and cash equivalents, beginning of period		**45,075**		61,285
Cash and cash equivalents, end of period	**$**	**29,648**	$	25,986
Comprising of:				
Cash		**29,648**		21,806
Cash equivalents		**—**		4,180
	$	**29,648**	$	25,986

Cash flows from discontinued operations are presented in note 3.
The accompanying notes are an integral part of the condensed interim consolidated financial statements.

1. Nature of operations and going concern

Liminal BioSciences Inc. ("Liminal" or "the Company") is incorporated under the Canada Business Corporations Act and is a publicly traded clinical-stage biotechnology company (Nasdaq symbol: LMNL) focused on discovering, developing and commercializing novel treatments for patients suffering from diseases of unmet medical need, primarily related to fibrosis, including respiratory, liver and kidney diseases. The Company's lead product candidate, fezagepras is in the clinical development stage and its GPR84 antagonist and OXER1 antagonist R&D programs are currently both at the pre-clinical research stage.

The Company previously operated a segment devoted to the development of plasma-derived therapeutics, leveraging Liminal's experience in bioseparation technologies used to isolate and purify biopharmaceuticals from human plasma and received approval, from the U.S. Food and Drug Administration or FDA in June 2021 for its plasma-derived product Ryplazim® (plasminogen) or Ryplazim®, a highly purified glu-plasminogen derived from human plasma that acts as a plasminogen replacement therapy for patients deficient in plasminogen protein. The Company is in the process of divesting itself of this segment and consequently, certain assets and liabilities have been classified as held for sale in the consolidated statements of financial position at June 30, 2021. These activities are also presented as discontinued operations in the unaudited condensed interim consolidated financial statements for the quarters and the six months ended June 30, 2021 and 2020, or interim financial statements (note 3).

The Company's registered office is located at 440, Boul. Armand-Frappier, suite 300, Laval, Québec, Canada, H7V 4B4. Liminal has Research and Development facilities in Canada and the U.K., and manufacturing facilities in Canada.

Structured Alpha LP or SALP has been Liminal's majority and controlling shareholder since the debt restructuring on April 23, 2019 and is considered Liminal's parent entity for accounting purposes. Thomvest Asset Management Ltd. is the general partner of SALP and the ultimate controlling parent, for accounting purposes, of Liminal is The 2003 TIL Settlement. Prior to this date, Liminal did not have a controlling parent.

The interim financial statements are presented in Canadian dollars, $ or CA$, and have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

During the six months ended June 30, 2021, the Company incurred a net loss of $53.0 million ($55.5 million for the six months ended June 30, 2020) and had negative operating cash flows of $29.6 million ($31.9 million for the six months ended June 30, 2020). In addition at June 30, 2021, the Company had a working capital of $38.3 million ($49.2 million at December 31, 2020) and an accumulated deficit of $1,139.4 million ($1,087.0 million at December 31, 2020). After the June 30, 2021 quarter end, the Company's subsidiary, Prometic Biotherapeutics Inc., or PBT, entered into a definitive agreement on August 6, 2021 for the sale of the Priority Review Voucher, or PRV, it received on June 4, 2021 in conjunction with the FDA approval of its Biologics License Application for Ryplazim® for a purchase price of US$105 million (note 14). The closing is subject to customary closing conditions, including all applicable U.S. antitrust clearance requirements. Given Liminal's current financial position and considering its main activities continue to be in the R&D stage, management has concluded it will need additional sources of financing to ensure it has sufficient funds to continue its operations for at least the next 12 months.

The Company continues operating at lower spending levels than historically, pacing investments on new research programs, and reducing infrastructure cost, where possible. Until the Company closes the sale of the PRV, completes a significant financing, or it can generate sufficient revenues to finance its future cash requirements, it may likely need to secure additional external financing which may include public or private equity offerings, debt financings, strategic collaborations, alliances and licensing arrangements, grant funding or other sources.

On August 6, 2021, the Company's subsidiary, Prometic Biotherapeutics Inc., or PBT, entered into a definitive agreement to for the sale of the Priority Review Voucher, or PRV, it received on June 4, 2021 in conjunction with the FDA approval of it Biologics License Application for Ryplazim® for a purchase price of US$105 million. Also, prior to the close of the transaction, PBT will need to pay Prometic Bioproduction Inc., or PBP, which is now owned by Kedrion S.p.A., or Kedrion, an amount equivalent to 30% of the net proceeds it receives from the sale of the PRV in compensation for past services (note 14).

Despite the Company's efforts to obtain the necessary funding and improve profitability of its operations, there can be no assurance of its success in doing so, especially with respect to its access to further funding on acceptable terms, if at all.

These circumstances indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. If the Company is unable to secure additional capital or monetize the PRV, it may be required to curtail its research and development initiatives and take additional measures to reduce costs in order to conserve its cash in amounts sufficient to sustain operations and meet its obligations. These measures could cause significant delays in the Company's preclinical, clinical and regulatory efforts, which are critical to the realization of its business plan. These interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

a) Accounting framework

These interim financial statements have been prepared in accordance with *IAS 34, Interim financial reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS, have been omitted or condensed. These interim financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS and which can be found at www.sec.gov/edgar and at www.sedar.com.

These interim financial statements were approved for issue on August 15, 2021 by the Company's Audit, Risk and Finance committee as delegated by the Board of Directors.

b) New standards and interpretations adopted

The accounting policies used in these interim financial statements are consistent with those applied by the Company in its December 31, 2020 audited annual consolidated financial statements except for the adoption of the following amendment on January 1, 2021.

Amendment to *IFRS 16, Leases or* IFRS 16 for COVID-19-Related Rent Concessions - IFRS 16 has been revised to incorporate an amendment issued by the IASB in May 2020. The amendment permits lessees not to assess whether particular COVID-19-related rent concessions are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. In addition, the amendment to IFRS 16 provides specific disclosure requirements regarding COVID-19-related rent concessions. The adoption of this amendment had no impact on the interim financial statements since the Company has not benefited from COVID-19 related rent concessions.

c) New standards and interpretations not yet adopted

The IFRS accounting standards, amendments, and interpretations that the Company reasonably expects may have a material impact on the disclosures, the financial position or results of operations of the Company when applied at a future date are as follows:

Amendments to IAS 1, Presentation of Financial Statements (IAS 1) and IAS 8, Accounting policies, Changes in Accounting Estimates and Errors (IAS 8)

The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies and provides guidance to apply materiality judgments to accounting policy disclosure. The amendments to IAS 8 introduce a definition of accounting estimates and provide clarifications to distinguish accounting policies from accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted. The Company is evaluating the impact of these changes on its financial statements.

d) Significant accounting judgements and critical accounting estimates

The preparation of the interim consolidated financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. The uncertainty that is often inherent in these estimates and assumptions could result in material adjustments to assets or liabilities affected in future periods. The significant accounting judgments and critical accounting estimates applied by the Company, disclosed in the audited annual consolidated financial statements for the year ended December 31, 2020, remain unchanged.

(In thousands of Canadian dollars) (Unaudited)

3. Assets and liabilities held for sale and discontinued operations

The Company entered into two share purchase agreements or SPA(s), with Kedrion; the first for the sale of its plasma collection centers operated by Prometic Plasma Resources Inc. and Prometic Plasma Resources USA Inc., and the second for the sale of its Ryplazim® business operated through its subsidiaries PBP, the Company's plasma-derived therapeutics manufacturing facility and PBT, holder of the biologics license application or BLA for Ryplazim®. This represents the majority of Liminal's plasma-derived therapeutics segment.

The sale of the plasma collection centers was closed on May 21, 2021. Concurrently with the closing of this transaction, the Company entered into an option agreement or Option which granted to Kedrion the right to acquire the Ryplazim business by June 15, 2021 which was subsequently extended to June 22, 2021. The SPA for the Ryplazim® business was signed on June 22, 2021. The sale of PBP closed on July 9, 2021 and the sale of PBT is to be completed as soon as practicable but after the Company has completed the sale of the PRV it received in connection with the approval of the Ryplazim® BLA. Between the original expiry date of the Option and the sale of PBP, the Company received additional proceeds compensating the Company for the extension of the option and the operating costs of PBP until that date. On August 6, 2021, the Company's subsidiary, PBT, entered into a definitive agreement to for the sale of the PRV. Pursuant to the terms of the agreement, PBT would receive an upfront payment of US$105 million (US$103.5 million net of selling costs) upon closing of the transaction. The closing is subject to customary closing conditions, including expiration of applicable U.S. antitrust clearance requirements.

As a result of the signing of the SPA for the Ryplazim® business, the assets and liabilities of PBP and PBT also referred to as the disposal group, met the criteria to be classified as held for sale at June 30, 2021. The Company has reclassified all of the assets and liabilities pertaining to the disposal group, whether they were previously classified as current or non-current in the consolidated statements of financial position, under the held for sale lines, presented in the current portion of the consolidated statement of financial position at June 30, 2021. The accumulated other comprehensive loss pertaining to the disposal group was also presented separately.

The major classes of assets, liabilities and accumulated other comprehensive income pertaining to the disposal group and classified as held for sale are as follows:

Accounts receivable	$	1,503
Inventories		4,571
Prepaids		322
Other long-term assets		50
Capital assets		9,303
Intangible assets		8,657
Right-of-use assets		3,864
Total assets of disposal group held for sale		28,270
Accounts payable and accrued liabilities		3,151
Current portion of lease liabilities		989
Long-term portion of lease liabilities		3,955
Total liabilities of disposal group held for sale		8,095

(In thousands of Canadian dollars) (Unaudited)

Discontinued operations

During the quarter ended March 31, 2021, the Company had determined that the plasma collection activities met the criteria to be presented as discontinued operations for the current quarter and comparative periods. Results of operations and other comprehensive loss of that disposal group had been presented as discontinued operations. Following the signing of the SPA for the Ryplazim® business, the results of PBP and PBT have also been presented as discontinued operations and well as the results of Prometic Biotherapeutics Ltd, a subsidiary that was also part of the plasma-derived therapeutics segment but was not sold and which operations will cease. The revenues and costs relating to these activities were reclassified and presented retrospectively in the consolidated statements of operations, statement of comprehensive loss for the quarters and six months ended June 30, 2021 and 2020 and notes to the interim financial statements as discontinued operations. When presenting the result of discontinued operations, certain adjustments are made to past cost allocations if those costs are expected to be retained by the continuing operations. As such, the results from discontinued operations will not equal the historical losses from the plasma-derived therapeutic segment.

Since the Company's continuing operations all pertain to the small molecule segment, Liminal will no longer be presenting segmented information.

Previously, on November 25, 2019, the Company sold two subsidiaries in its bioseparations segment, representing the majority of its bioseparations operations and all of the bioseparations revenues. The results of the comparative periods of the business sold have also been presented as discontinued operations, however for the quarter and six months ended June 30, 2020, the results of this discontinued operation were $nil.

The consolidated statement of cash flows were not restated to present the cash flows from the discontinued operations separately as the Company selected to provide this information in the present note.

Results and cash flows from discontinued operations

The net loss from the discontinued operations for the quarters and six months ended June 30, 2021 and 2020 are follows:

	Quarter ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Plasma-derived therapeutics segment:				
Revenues	**$ 423**	$ 504	**$ 949**	$ 1,405
Expenses				
Cost of sales and other production expenses	**750**	468	**1,456**	1,104
Research and development expenses [1)]	**27,992**	11,806	**32,355**	24,824
Administration expenses	**1,095**	1,348	**2,190**	2,943
Gain on foreign exchange	**(4)**	(27)	**(138)**	(1)
Finance costs	**823**	1,565	**2,166**	2,958
Gain on extinguishment of liabilities	**—**	—	**—**	(79)
Current income taxes	**1**	3	**1**	3
Loss from discontinued operations, net of income taxes	**$ (30,234)**	$ (14,659)	**$ (37,081)**	$ (30,347)

(In thousands of Canadian dollars) (Unaudited)

1) The cost of an onerous contract (note 8) is included in research and development expenses for the quarter and six months ended June 30, 2021.

The cash flows from discontinued operations for the quarters and six months ended June 30, 2021 and 2020 are as follows:

		June 30, 2021		June 30, 2020
Bioseparations activities				
Cash flows from investing activities	**$**	**—**	$	388
Cash generated during the period	**$**	**—**	$	388
Plasma-derived therapeutic activities				
Cash flows from in operating activities 1)	**$**	**4,734**	$	5,265
Cash flows used in financing activities		**(3,469)**		(3,192)
Cash flows from (used) in investing activities		**20,250**		(222)
Net effect of currency exchange rate on cash		**(31)**		89
Cash flows generated during the period	**$**	**21,484**	$	1,940
Total cash flows generated from discontinued operations	**$**	**21,484**	$	2,328

1) When compiling the cash flows from discontinued operations which include only certain entities from the Liminal group of companies, intra-group cash transfers between entities in the discontinued operations group and those part of continuing activities, for example the funding provided by Liminal Biosciences Inc. to the discontinued operations, are included as part of the operating activities cash flows.

Gain on sale of subsidiaries

The details of the gain on sale of subsidiaries during the quarter ended June 30, 2021 is provided in the table below.

Sale of plasma collection entities		
Fair value of the consideration received and receivable	$	12,826
Less:		
Carrying amount of net assets sold		10,849
Transaction costs		204
Reclassification of foreign currency translation reserve from other comprehensive income into the statement of operations		(44)
Gain on sale of plasma collection entities		1,817
Sale of Ryplazim entities		
Fair value of proceeds received or receivable at June 30, 2021		9,084
Less:		
Transaction costs		203
Gain on sale of Ryplazim entities recognized at June 30, 2021		8,881
Gain on sale of subsidiaries, net of income taxes $nil	$	10,698

(In thousands of Canadian dollars) (Unaudited)

The carrying amounts of the assets and liabilities sold as part of the sale of the plasma collection centers are as follows:

Accounts receivable	$	137
Inventories		8,441
Prepaids		21
Other long-term assets		54
Capital assets		2,376
Right-of-use assets		2,000
Intangible assets		1,092
Total assets	$	14,121
Accounts payable and accrued liabilities		639
Deferred revenue		-
Current portion of lease liabilities		665
Long-term portion of lease liabilities		1,968
Total liabilities	$	3,272
Net assets sold	$	10,849

In addition to the details above, on July 9, 2021, the Company received US$9.1 million at the closing of the sale of PBP. The PBT sale transaction is not closed as of the date of these interim financial statements. As part of the SPA covering this upcoming transaction, the Company is to receive proceeds of approximately US$5.2 million subject to an adjustment for working capital. Also, prior to the close of the transaction, PBT will need to pay PBP, which is now owned by Kedrion, an amount equivalent to 30% of the net proceeds it receives from the sale of the PRV in compensation for past services.

(In thousands of Canadian dollars) (Unaudited)

4. Capital assets

	Land and Buildings	Leasehold improvements	Production and laboratory equipment	Furniture and computer equipment	Total
Cost					
Balance at January 1, 2021	$ 4,567	$ 7,349	$ 29,904	$ 3,365	$ 45,185
Additions	—	—	60	4	64
Disposals	—	(399)	(1,420)	(301)	(2,120)
Sold - discontinued operations (note 3)	—	(1,921)	(973)	(212)	(3,106)
Effect of foreign exchange differences	—	(107)	(45)	(9)	(161)
Reclassified to assets held for sale (note 3)	—	(4,403)	(20,552)	(1,875)	(26,830)
Balance at June 30, 2021	**$ 4,567**	**$ 519**	**$ 6,974**	**$ 972**	**$ 13,032**
Accumulated depreciation					
Balance at January 1, 2021	$ 804	$ 2,901	$ 20,208	$ 2,481	$ 26,394
Depreciation expense	96	242	586	197	1,121
Disposals	—	(400)	(1,236)	(303)	(1,939)
Sold - discontinued operations (note 3)	—	(273)	(335)	(122)	(730)
Effect of foreign exchange differences	—	(12)	(8)	(5)	(25)
Reclassified to assets held for sale (note 3)	—	(2,121)	(13,923)	(1,483)	(17,527)
Balance at June 30, 2021	**$ 900**	**$ 337**	**$ 5,292**	**$ 765**	**$ 7,294**
Carrying amounts					
At June 30, 2021	**$ 3,667**	**$ 182**	**$ 1,682**	**$ 207**	**$ 5,738**
At December 31, 2020	3,763	4,448	9,696	884	18,791

5. Right-of-use assets

	Buildings	Production and laboratory equipment	Other	Total
Net book value as at January 1, 2021	$ 8,086	$ 426	$ 45	$ 8,557
Lease modifications and other remeasurements	(8)	1	(11)	(18)
Sold - discontinued operations (note 3)	(1,717)	(272)	(11)	(2,000)
Depreciation expense	(642)	(83)	(11)	(736)
Effect of foreign exchange differences	(78)	(6)	(5)	(89)
Reclassified to assets held for sale (note 3)	(3,791)	(66)	(7)	(3,864)
Net book value at June 30, 2021	**$ 1,850**	**$ —**	**$ —**	**$ 1,850**

(In thousands of Canadian dollars) (Unaudited)

6. Intangible assets

	Licenses and other rights	Patents	Software	Total
Cost				
Balance at January 1, 2021	$ 162,064	$ 6,783	$ 3,306	$ 172,153
Additions	—	93	(1)	92
Disposals	—	(12)	—	(12)
Sold - discontinued operations (note 3)	(1,268)	—	(345)	(1,613)
Effect of foreign exchange differences	1	(19)	(19)	(37)
Reclassified to assets held for sale (note 3)	(13,739)	(1,393)	(2,122)	(17,254)
Balance at June 30, 2021	**$ 147,058**	**$ 5,452**	**$ 819**	**$ 153,329**
Accumulated amortization				
Balance at January 1, 2021	$ 150,528	$ 4,429	$ 1,704	$ 156,661
Amortization expense	109	534	279	922
Disposals	—	(3)	(1)	(4)
Sold - discontinued operations (note 3)	(433)	—	(88)	(521)
Impairments	—	341	—	341
Effect of foreign exchange differences	18	(22)	(7)	(11)
Reclassified to assets held for sale (note 3)	(6,861)	(507)	(1,229)	(8,597)
Balance at June 30, 2021	**$ 143,361**	**$ 4,772**	**$ 658**	**$ 148,791**
Carrying amounts				
At June 30, 2021	**$ 3,697**	**$ 680**	**$ 161**	**$ 4,538**
At December 31, 2020	11,536	2,354	1,602	15,492

During the quarter ended June 30, 2021, the Company decided it would not be moving fezagepras into a Phase 2 clinical study in Idiopathic Pulmonary Fibrosis or IPF, and a Phase 1a/2b study in hypertriglyceridemia following its analysis of the interim pharmacokinetic (PK) results from the ongoing fezagepras multiple ascending dose (MAD) study which was still ongoing during the quarter ended June 30, 2021. As a result of these decisions which were considered impairment indicators, the Company proceeded to record an impairment on the carrying value of the related patents of $341 reducing their value to their estimate recoverable value of $nil. Other fezagepras patents were unaffected by the above decisions.

7. Lease liabilities

Balance at January 1, 2021	$ 33,452
Additions	—
Interest expense	2,636
Payments	(5,003)
Derecognized - discontinued operations (note 3)	(2,633)
Lease modification and other remeasurements	1,058
Effect of foreign exchange differences	(430)
Reclassified to liabilities held for sale	(4,944)
Balance at June 30	$ 24,136
Less current portion of lease liabilities	4,807
Long-term portion of lease liabilities	$ 19,329

(In thousands of Canadian dollars) (Unaudited)

Interest expense on lease liabilities for the quarter and six months ended June 30, 2021 was $1,283 and $2,636 ($1,604 and $3,153 for the quarter and six months ended June 30, 2020) and is included as part of finance costs in the consolidated statement of operations.

8. Provisions

The Company has a long-term contract with a contract development and manufacturing organization, or CDMO for which it has no use as it exits the Ryplazim® business. As such, the Company recorded a provision for onerous contract for an amount of $21,928 representing the discounted value of the minimum purchase commitment set forth under the contract using the available 5-year early cancellation notification period. The Company is investigating different avenues to potentially reduce the impact of this contract on its future cash outflows. This expense is included as part of the net loss from discontinued operations for the quarter and six months ended June 30, 2021.

Provision recognized during the period	$	21,928
Less current portion of provisions		3,078
Long-term portion of provisions	$	18,850

9. Warrant liability

As part of the consideration for the private placement completed on November 3, 2020 where SALP and another investor participated equally, and a subsequent amendment to this private placement agreement on November 25, 2020, the Company issued a total of 7,894,734 warrants that expire on November 3, 2025. Both of these issuances combined are referred to as the November 2020 warrants. Each warrant can be exercised to acquire one common share at an exercise price initially set at US$5.50 and that can be reduced if equity financings are completed at a lower price before its expiry. The November 2020 warrants do not meet the definition of an equity instrument since the exercise price is denominated in US$ which is different than the functional currency of Liminal which is the CA$. Consequently, they are accounted for as a financial instrument, presented as a warrant liability in the consolidated statement of financial position and carried at fair value through profit or loss.

The fair value of the November 2020 warrants was $10,084 and $11,640 at June 30, 2021 and December 31, 2020 respectively. The fair value for the November 2020 warrants held by SALP was $5,042 and $5,820 on those same dates. A gain of $1,402 and $1,556, resulting from the change in fair value of the November 2020 warrants during the quarter ended June 30, 2021 and the 6 months ended June 30, 2021, respectively was recognized in the consolidated statement of operations.

(In thousands of Canadian dollars) (Unaudited)

The fair value of the November 2020 warrants on the various dates discussed above was calculated using a Black-Scholes option pricing model in a Monte Carlo simulation in order to evaluate the downward adjustment mechanism to the exercise price. The assumptions used at the different valuation dates are provided in the table below:

		June 30, 2021		December 31, 2020
Underlying common share fair value (in US$)	**$**	**3.89**	$	4.20
Remaining life until expiry		**4.3**		4.8
Volatility		**51.0%**		49.0%
Risk-free interest rate		**0.75%**		0.34%
Expected dividend rate		**—**		—
Fair value of a warrant calculated using a Black-Sholes pricing model (in US$)	**$**	**1.22**	$	1.41
Fair value of exercise price adjustment mechanism (in US$)	**$**	**0.21**	$	0.22
Illiquidity discount		**28.0%**		29.0%
Fair value of a warrant (in US$)	**$**	**1.03**	$	1.16
Fair value of a warrant (in CA$)	**$**	**1.28**	$	1.47

10. Long-term debt

Balance at January 1, 2021	$	40,532
Stated and accreted interest		2,191
Repayment of stated interest		(973)
Balance at June 30, 2021	$	41,750

At June 30, 2021, the carrying amount of the debt comprised the following loans:

First term loan having a principal of $10,000 maturing on April 23, 2024 bearing stated interest of 8% per annum (effective interest rate of 15.05%) [1)]	$	9,295
Second term loan having a principal of $29,123 maturing on April 23, 2024 bearing stated interest of 10% per annum (effective interest rate of 10.47%) [1)]		29,855
Secured convertible debentures having an aggregate principal amount of $2,410 maturing on March 31, 2022 bearing stated interest of 8% per annum (effective interest rate of 8.24%) [2)]		2,600
	$	41,750
Less current portion of long-term debt		(2,600)
Long-term portion of long-term debt	$	39,150

1) The first and second term loans issued under the consolidated loan agreement with SALP are secured by all the assets of the Company and require that certain covenants be respected including maintaining an adjusted working capital ratio.
2) The secured convertible debentures are secured by all the assets of Fairhaven. The Company's security interest created pursuant to its consolidated loan agreement with SALP, its parent, is subordinated to the security interest on the Fairhaven assets.

At June 30, 2021, the Company was in compliance with all of its covenants under its long-term debt agreements.

(In thousands of Canadian dollars) (Unaudited)

11. Share capital and other equity instruments

a) Share capital

Changes in the issued and outstanding common shares of the Company during the quarters ended June 30, 2021 and 2020 were as follows:

	June 30, 2021		June 30, 2020	
	Number	**Amount**	Number	Amount
Balance - beginning of period	**29,943,839**	**$ 977,261**	23,313,164	$ 932,951
Issued to acquire assets	—	—	96,833	1,240
Shares issued pursuant to a restricted share units plan (note 11b)	—	—	10,355	9,764
Balance - end of period	**29,943,839**	**$ 977,261**	23,420,352	$ 943,955

On January 29, 2020, the Company issued 96,833 common shares as a consideration for the final payment for the licence acquired on January 29, 2018. This transaction was accounted for as an extinguishment of the license acquisition payment obligation and the difference between the carrying value of the liability of $1,319 and the amount recorded for the shares issued of $1,240, which were valued at the market price of the shares on their date of issuance, was recorded as a gain on extinguishment of liabilities of $79 during the quarter ended March 31, 2020.

b) Contributed surplus (Share-based payments)

Stock options

For stock options having a CA$ exercise price, the changes in the number of stock options outstanding during the quarters ended June 30, 2021 and 2020 were as follows:

	June 30, 2021		June 30, 2020	
	Number	**Weighted average exercise price (in CA$)**	Number	Weighted average exercise price (in CA$)
Balance - beginning of period	**2,485,555**	**$ 18.70**	2,209,864	$ 38.72
Granted	**—**	**—**	436,570	14.06
Forfeited	**(850,274)**	**15.11**	(64,141)	24.42
Expired	**—**	**—**	(1,435)	2,433.20
Repriced - options before repricing	**—**	**—**	(1,929,685)	35.14
Repriced - options after repricing	**—**	**—**	1,929,685	15.21
Balance - end of period	**1,635,281**	**$ 20.56**	2,580,858	$ 18.67

For stock options having a US$ exercise price, the changes in the number of stock options outstanding during the quarter ended June 30, 2021 were as follows:

	June 30, 2021	
	Number	Weighted average exercise price (in US$)
Balance - beginning of period	305,000	$ 4.70
Granted	90,000	4.65
Balance - end of period	395,000	$ 4.69

(In thousands of Canadian dollars) (Unaudited)

2021

In January 2021, 40,000 stock options having an exercise price of US$5.34, of which 20,000 stock options vested immediately and the remaining stock options vest over a period up to one year, were issued to a member of the Board of Directors. In June 2021, 50,000 stock options having an exercise price of US$4.09, of which 25,000 stock options vested immediately and the remaining stock options vest over a period up to one year, were issued to a member of the Board of Directors.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options at the date of grant. The weighted average inputs into the model and the resulting grant date fair values during the six months ended June 30, 2021 were as follows:

Expected dividend rate		—
Expected volatility of share price		115.5%
Risk-free interest rate		0.99%
Expected life in years		6.5
Weighted average grant date fair value	$	5.00

2020

In March 2020, Liminal's Board of Directors approved a plan to reduce the exercise price of the stock options originally issued in June 2019, which were held by active employees and directors at the time of the repricing. On May 26, 2020, a revised exercise price, pending approval, of $15.21 was determined, changing the exercise price to the higher of (i) $15.21 and (ii) the five trading-day VWAP of Liminal common shares on the repricing date. On June 8, 2020, the repricing of 1,929,685 of the outstanding stock options having exercise prices of $27.00 and $36.00 to the revised exercise price was approved at the Company's annual shareholder meeting.

Although the stock options were not repriced until May 26, 2020, management concluded that the service period for employees and directors to earn the modified awards had commenced from the date the Company informed the holders of these stock options of the repricing proposal and the expense resulting from the repricing plan should be recognized starting from that date. Using the revised exercise price of $15.21, the Company calculated the final incremental fair value of the repricing on the grant date of May 26, 2020 to be $3,000. This incremental fair-value will be amortized from the services commencement date of March 25 over the remaining vesting period of the repriced options. The incremental grant date fair value of the repriced options was estimated based on the Black-Scholes option-pricing model calculated before and after the effect of the repricing. The following Black-Scholes assumption were used:

Expected dividend rate		—
Expected volatility of share price		93.2%
Risk-free interest rate		0.4%
Expected life in years		6.3
Weighted average grant date incremental fair value	$	1.55

(In thousands of Canadian dollars) (Unaudited)

At June 30, 2021, stock options issued and outstanding denominated in CA$ and US$ by range of exercise price are as follows:

Range of exercise price for stock option issued in CA$	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (CA$)	Number exercisable	Weighted average exercise price (CA$)
$7.86 - $11.99	171,250	8.3	$ 9.58	68,672	$ 9.73
$ 14.06	323,926	8.9	14.06	112,972	14.06
$ 15.21	1,083,328	7.9	15.21	580,241	15.21
$27.00 - $3,170.00	56,777	7.6	192.87	56,303	189.91
	1,635,281	8.2	$ 20.56	818,188	$ 26.61

Range of exercise price for stock option issued in US$	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price (US$)	Number exercisable	Weighted average exercise price (US$)
$4.09 - $5.34	375,000	9.5	$ 4.36	165,000	$ 4.37
$ 10.80	20,000	9.3	10.80	3,333	10.80
	395,000	9.5	$ 4.69	168,333	$ 4.50

A share-based payment compensation expense of $957 and $1,866 was recorded for the stock options for the quarter and six months ended June 30, 2021 respectively ($2,407 and $4,770 for the quarter and six months ended June 30, 2020).

Restricted share units

Changes in the number of restricted share units or RSU outstanding during the six months ended June 30, 2021 and 2020 were as follows:

	June 30, 2021	June 30, 2020
Balance - beginning of period	**4,216**	17,565
Forfeited	**(4,048)**	(24)
Released	**—**	(10,355)
Paid in cash	**(144)**	(2,948)
Balance - end of period	**24**	4,238

(In thousands of Canadian dollars) (Unaudited)

There was no share-based payment compensation expense recorded during the quarter and six months ended June 30, 2021.

During the first quarter of 2020, 2,948 RSU were paid in cash resulting in a reduction to contributed surplus of $40. At June 30, 2021, all outstanding RSU were vested. A share-based payment compensation expense of $17 and $31 was recorded during the quarter and the six months ended June 30, 2020.

Share-based payments expense

The total share-based payments expense, comprising the above-mentioned expenses for stock options and RSU, has been included in the consolidated statements of operations for the quarter and six months ended June 30, 2021 and 2020 as indicated in the following table:

	Quarter ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Research and development expenses	**$ 467**	$ 904	**$ 437**	$ 1,920
Administration, selling and marketing expenses	**899**	1,340	**1,873**	2,696
Loss from discontinued operations	**(409)**	180	**(444)**	185
	$ 957	$ 2,424	**$ 1,866**	$ 4,801

c) Warrants

There were no changes in the number of warrants having a CA$ exercise price during the six months ended June 30, 2021 and 2020. At June 30, 2021 and 2020, the number of warrants outstanding by exercise price were as follows:

	June 30, 2021		June 30, 2020	
	Number	**Weighted average exercise price (CA$)**	Number	Weighted average exercise price (CA$)
Balance of warrants - end of period	**172,735**	**$ 84.33**	172,735	$ 84.33

There were no changes in the number of warrants having a US$ exercise price during the six months ended June 30, 2021. These are the same warrants presented as a warrant liability (note 9) and they are listed here with the warrants classified as equity instruments, simply so the readers may see all the warrants outstanding together. There were no warrants having a US$ exercise price issued during the six months ended June 30, 2020. At June 30, 2021, the number of warrants outstanding by exercise price were as follows:

	June 30, 2021	
	Number	Weighted average exercise price (US$)
Balance of warrants - end of period	7,894,734	$ 5.50

(In thousands of Canadian dollars) (Unaudited)

At June 30, 2021, the weighted average exercise prices (in CA$ or in US$) and expiry dates for the warrants outstanding are as follows:

	Number	Expiry date	Exercise price (CA$)
	4,000	January 2023	3,000.00
	168,735	April 2027	15.21
Warrants outstanding with an exercise price in CA$	172,735		$ 84.33

	Number	Expiry date	Exercise price (US$)
Warrants outstanding with an exercise price in US$	7,894,734	November 2025	$ 5.50

12. Government grants

The Company recognized government grants in connection with the Canada Emergency Wage and Rent Subsidy programs from the second quarter of 2020, the commencement of the programs, until it ceased to be eligible to the programs during the second quarter of 2021, following the sale of its plasma collection centers (note 3).

These government grants were recorded as a reduction of salary and rent expenses and are recognized as follows in the consolidated statement of operations:

	Quarter ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Research and development expenses	**$ 149**	$ 460	**$ 512**	$ 460
Administration expenses	**115**	584	**411**	584
Loss from discontinued operations	**940**	1,901	**3,182**	1,901
	$ 1,204	$ 2,945	**$ 4,105**	$ 2,945

13. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below and in other notes accordingly to the nature of the transactions. All material transactions with and balances owed to SALP are disclosed in notes 9 and 10, where the transactions are disclosed and otherwise in this note.

These transactions have been recorded at the exchange amount, meaning the amount agreed to between the parties.

During the quarter and six months ended June 30, 2021, the Company recorded an interest expense of $1,054 and $2,091, and paid interest of $nil and $973, respectively on its loans with its parent, SALP. For the quarter and six months ended June 30, 2020, the Company recorded an interest expense of $311 and $619 and paid interest of $252 and $503, respectively. During the quarter and six months ended June 30, 2021, the Company also recorded $145 in legal expenses ($nil for the quarter and six months ended June 30, 2020), incurred by SALP that it is required to reimburse pursuant to certain indemnification obligations under the subscription agreement it signed with SALP on April 14, 2019.

14. Subsequent events

On July 9, 2021, the Company closed the sale of PBP, its plasma derived therapeutics' manufacturing facility to Kedrion for US$9.1 million, subject to closing adjustments. On August 6, 2021, the Company's subsidiary PBT, entered into a definitive agreement for the sale of the PRV it received on June 4, 2021 in conjunction with the FDA approval of it Biologics License Application for Ryplazim®. Pursuant to the terms of the agreement, PBT would receive an upfront payment of US$105.0 million (US$103.5 net of selling costs) upon closing of the transaction. The closing is subject to customary closing conditions, including all applicable U.S. antitrust clearance requirements. Also, prior to the close of the transaction, PBT will need to pay PBP, which is now owned by Kedrion, an amount equivalent to 30% of the net proceeds it receives from the sale of the PRV in compensation for past services. These transactions are further discussed in note 3.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Bruce Pritchard, Chief Executive Officer of Liminal BioSciences Inc., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Liminal BioSciences Inc. (the "issuer") for the interim period ended June 30, 2021.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. **Responsibility:** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in Regulation 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   A. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      I. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      II. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   B. designed ICFR, or caused it 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 the issuer's GAAP.

5.1 **Control framework:** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1st, 2021 and ended on June 30, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 16, 2021

(s) *Bruce Pritchard*

_____

Bruce Pritchard
Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Murielle Lortie, Chief Financial Officer of Liminal BioSciences Inc., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Liminal BioSciences Inc. (the "issuer") for the interim period ended June 30, 2021.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. **Responsibility:** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   A. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      I. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      II. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   B. designed ICFR, or caused it 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 the issuer's GAAP.

5.1 **Control framework:** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 N/A

5.3 N/A

6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1st, 2021 and ended on June 30, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 16, 2021

(s) *Murielle Lortie*

Murielle Lortie
Chief Financial Officer