Management Discussion and Analysis

For the three- and six-month periods ended September 30, 2020

INTERPRETATION

This management discussion and analysis of financial position and results of operations ("**MD&A**"), as approved by the board of directors (the "**Board**") of Medexus Pharmaceuticals Inc. (the "**Company**") on November 16, 2020, is prepared for the three- and six-month periods ended September 30, 2020. The unaudited condensed interim consolidated financial statements of the Company for the three- and six-month periods ended September 30, 2020, were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). This MD&A should be read in conjunction with the Company's financial statements.

Unless the context otherwise requires, all financial information is presented on an IFRS basis and all amounts are presented in Canadian dollars.

CAUTIONARY NOTE REGARDING COMPARATIVE FINANCIAL INFORMATION

On February 28, 2020, the Company announced that it had, indirectly through its wholly-owned subsidiary, Medexus Pharma Inc. ("Medexus US") completed a major acquisition (the "**2020 Acquisition**") in acquiring all of the outstanding limited liability company interests of Aptevo BioTherapeutics LLC ("**Aptevo**"), a Delaware limited liability company, from Aptevo Therapeutics, Inc. (NASDAQ: APVO) pursuant to a purchase agreement dated February 28, 2020 (the "**Aptevo Purchase Agreement**").

Accordingly, readers are cautioned that while certain financial information included herein for, and comparisons to, prior periods have been presented in this MD&A, changes from a pre- 2020 Acquisition period to a post- 2020 Acquisition period may, in the opinion of management, be of limited value in understanding changes to the financial condition, financial performance, or business of the Company from period to period given the transformative nature of the 2020 Acquisition**. Readers are advised that the comparative information included in this MD&A for the three- and six-month periods ended September 30, 2019, includes only pre-2020 Acquisition results for the Company (i.e., the comparative information for such periods consists of (i) results prior to February 28, 2020, which reflect only the pre-2020 Acquisition results for the Company, and (ii) results subsequent to February 28, 2020, which reflect the consolidated results of the Company post-2020 Acquisition).**

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). Such forward-looking information includes statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates", "believes", "budget", "could", "estimates", "expects", "forecasts", "goals", "intends", "may", "might", "objective", "outlook", "plans", "projects", "schedule", "should", "will", "would" and "vision") which are not historical facts. More specifically, forward-looking information in this MD&A includes, but is not limited to, information contained in statements with respect to: the Company's future expectations regarding growth and revenues, including as set out in the "Company Overview, Strategy & Outlook" section of this MD&A; expected benefits from the 2020 Acquisition; expected benefits from expansion of IXINITY®; the Company's targeted launch for Gleolan; the Company's anticipated cash needs, capital requirements and its needs for additional financing; the Company's future growth plans; anticipated trends and challenges in the Company's business and the markets in which it operates; the Company's ability to obtain regulatory approvals when required; the Company's business strategy; the Company's business outlook and other expectations regarding financing or operating performance; the Company's expectation regarding the availability of funds from operations, cash flow generation and capital allocation; the potential impact of the COVID-19 pandemic and the Company's response thereto, including the Company's balance sheet and cost management strategies and any benefits thereof; and the Company's competitive position and the anticipated trends and challenges in the Company's business and the markets in which it operates.

The forward-looking statements and information included in this MD&A are based on certain key expectations and assumptions made by the Company, and although the Company believes that such expectations and assumptions are

reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Factors and risks which could cause actual results or events to differ materially from those expressed in its forward-looking statements are referred to under the heading *"Risk Factors"* in the Company's most recent annual information form ("AIF") and under the heading *"Risk Factors and Risk Management"* in the Company's most recent annual MD&A.

Unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

This MD&A refers to certain financial measures which are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

In particular, management uses Adjusted EBITDA as a measure of the Company's performance. Both EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA are non-IFRS financial measures. The Company defines Adjusted EBITDA as earnings before financing and special transaction costs (including, for greater certainty, fees related to the 2020 Acquisition and related financing), interest expenses, income taxes, interest income, depreciation of property and equipment, amortization of intangible assets, non-cash share-based compensation, income from sale of assets, gain or loss on the convertible debenture embedded derivative, foreign exchange gains or losses, termination benefits, and impairment of intangible assets. The Company considers Adjusted EBITDA as a key metric in assessing business performance and an important measure of operating performance and cash flow, providing useful information to investors and analysts. See "*Reconciliation of Adjusted EBITDA to Net Income (Loss)*" in this MD&A for a reconciliation of Adjusted EBITDA to net income (loss).

COVID-19

In early 2020, the coronavirus ("COVID-19") was confirmed in multiple countries throughout the world and on March 11, 2020, the World Health Organization declared a global pandemic. In response to the COVID-19 pandemic, governments enacted emergency measures to combat the spread of COVID-19, including the implementation of travel bans, quarantine periods and social distancing. In response to the outbreak, the Company has prioritized (i) the health and safety of its employees; (ii) ensuring the continuity of access to our products for our patients who rely on them for their day to day health and well-being; (iii) monitoring the status of our partners in our supply and distribution process, such as the manufacturers of our products and the operators of our warehouses and distribution sites; and (iv) open and frequent communication with all of our key business partners, including our lenders and shareholders. The welfare and safety of our personnel and the individuals with which the business interacts has remained critically important to us during this time. We quickly enforced a work from home policy for our employees; something we were well-suited to do, given the modern tools we use to run our business. We have maintained, and are committed to maintaining continuity of patient care, we have implemented several preventative measures to protect the health and safety of our employees, and we continue to refine our work processes to adapt to these unprecedented circumstances.

The COVID-19 pandemic had limited impact on the supply chain availability, results of operations and the financial condition of the Company during the three- and six-months ended September 30, 2020. In future periods, the COVID-19 pandemic could, among other things, result in a continued decrease in demand for over-the-counter products, cause operating or supply chain delay disruptions such as meaningful delays for the enrollment of the pediatric trial for IXINITY® as hospitals around the world close their doors to all non-critical patients, labour shortages, expansion project delays, facility shutdowns and other business disruptions, each of which could have a negative impact on its ability to conduct its business and increase its costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Specifically, third parties on which the Company relies, including its manufacturers, suppliers, licensors and/or distributors, have operations around the world and are exposed to a number of global and regional risks outside of the Company's control, including but not limited to those related to COVID-19.

While the Company believes that the current conditions related to the COVID-19 pandemic to be temporary based on the information available to the Company as of the date hereof, the situation is dynamic and it is not possible to predict the duration and severity of the economic disruption, government restrictions and stimulus, social distancing and phased re-opening of economies. The broader impact that the COVID-19 outbreak may have on investors, businesses, the economy and the financial markets is currently unknown as it continues to rapidly evolve. As a result, the impact of COVID-19 on its results of operations and financial condition cannot be reasonably estimated at this time. The Company continues to evaluate the situation and monitor any impacts or potential impacts to its business.

HIGHLIGHTS - PERIODS ENDED SEPTEMBER 30, 2020

Comparative results subsequent to February 28, 2020 reflects the consolidated results of the Company post-2020 Acquisition, including the acquired entity, and comparative results prior to February 28, 2020 reflects only the pre-2020 Acquisition results for the Company.

Financial Highlights

Three-month period ended September 30, 2020

The Company achieved revenue of $23.6 million for the three-month period ended September 30, 2020, versus $16.4 million for the three-month period ended September 30, 2019. Over $3 million in revenue from IXINITY® sales, which was originally expected to be realized in September 2020, was instead realized in October 2020 due to a delay in receipt of finished product from the Company's contract manufacturing partner. The delay in receipt of finish product was a result of a common regulatory process that did not impact IXINITY®, but temporarily interrupted the Company's partner's ability to release shipments for any of their clients.

Additional financial highlights for the period include:

- Adjusted EBITDA increased to $3.0 million compared to $0.5 million for the same period last year; see *"Reconciliation of Adjusted EBITDA to Net Income (Loss)".*
- Selling and administrative expenses as a percentage of revenue has decreased to 46.6%, from 64.4% for the same period last year, as the Company continues to leverage its platform and significantly increase its revenue with only modest increases to operating expenses.
- Achieved operating income of $0.6 million, compared to an operating loss of $1.3 million for the same period last year.
- Available liquidity of $9.8 million at September 30, 2020, compared to $7.4 million at March 31, 2020; see *"Liquidity and Capital Resources".*

Six-month period ended September 30, 2020

The Company achieved revenue of $51.1 million for the six-month period ended September 30, 2020, versus $32.5 million for the six-month period ended September 30, 2019. Additional financial highlights for the period include:

- Adjusted EBITDA increased to $8.0 million compared to $1.0 million for the same period last year; see *"Reconciliation of Adjusted EBITDA to Net Income (Loss)"*
- Cash provided by operating activities was $4.1 million, compared to cash provided by operating activities of $0.5 million for the same period last year.
- Selling and administrative expenses as a percentage of revenue has decreased to 43.8%, from 64.7% for the same period last year, as the Company continues to leverage its platform and significantly increase its revenue with only modest increases to operating expenses.
- Achieved operating income of $2.2 million, compared to an operating loss of $2.4 million for the same period last year.

Operational Highlights

Operational highlights for the three- or six-month periods ended September 30, 2020, include:

- **IXINITY® label expansion:** In September 2020, the US Food & Drug Administration approved the Company's application to supplement the IXINITY® Biologics License Application to add the indication for routine prophylaxis. This label expansion provides additional flexibility in the prescribed dosing regimen for IXINITY®, may appeal to health care professionals who prefer this dosing regimen, and expands the clinical efficacy data set that the Company can proactively discuss. The Company believes this label expansion will benefit its efforts to further penetrate market and will enhance its ability to retain its existing base of business.
- **IXINITY® pediatric study:** The Company continues to enroll patients in the ongoing Phase 4 clinical trial to evaluate the safety and efficacy of IXINITY® in previously treated patients under 12 years of age with hemophilia B. IXINITY® is currently indicated for patients 12 years of age or older with hemophilia B, and once completed, this study may support a significant expansion of the indicated patient population for IXINITY®. Approximately 1 in 3 patients treated for hemophilia B in the United States are 12 years of age or younger. To date, the study is over 50% enrolled and the Company is proactively pursuing patients to complete the enrollment.
- **Development Project:** The Company's development project, aimed at reformulating an existing FDA-approved product for use in the field of rheumatology, has been reprioritized behind the IXINITY® pediatric trial and a rapidly deepening pipeline of in-licensing opportunities which the Company believes have the potential to be highly accretive and more rapidly monetize. The Company plans to return to the rheumatology project when it makes financial and operational sense in the context of all business development initiatives.
- **Gleolan Approval:** On September 9, 2020, Gleolan was approved by Health Canada. It is indicated in patients with glioma World Health Organization (WHO) Grades III or IV (suspected on preoperative imaging) as an adjunct for the visualization of malignant tissue during surgery. International studies have shown that use of Gleolan during brain tumour surgery has nearly doubled the rate of achieving a complete resection of the tumour, which in turn has resulted in a doubling of the number of patients without progression of their brain cancer six months after surgery. The Company is working towards a full commercial launch within the next few months.
- **Gleolan Reimbursement:** On March 27, 2020, the Quality business unit at Ontario Health, based on guidance from the Ontario Health Technology Advisory Committee, recommended publicly funding Gleolan for guiding maximal surgical resection of high-grade gliomas, which was conditional on Health Canada approval of the technology. The Company is awaiting final funding approval from the Ontario Ministry of Health.
- **Treosulfan Priority Review:** On September 10, 2020, Health Canada granted priority review for Treosulfan. The file could be approved as soon as May, 2021. Treosulfan is a medication given to people before they have a bone marrow transplant from a donor known as allogenic hematopoietic stem cell transplantation. It is used as a 'conditioning' treatment to clear the bone marrow and make room for the transplanted bone marrow cells, which can then produce healthy blood cells. The Company is currently negotiating the licence in anticipation of a full commercial launch.
- **Triamcinolone Hexacetonide/Trispan:** On August 27th, 2020, Health Canada approved the name change from Triamcinolone Hexacetonide to Trispan. Trispan is a glucocorticoid indicated for intra-articular, intrasynovial, or periarticular use in adults and adolescents for the symptomatic treatment of many chronic inflammatory joint diseases. Triamcinolone Hexacetonide is currently reimbursed in Alberta, Saskatchewan, Ontario, Quebec, New Brunswick, Newfoundland and Labrador, Yukon and federal drug plans Non-Insured Health Benefits and Veterans Affairs Canada. It is set to be reimbursed in Nova Scotia in the coming weeks and is awaiting reimbursement in Manitoba, Prince Edward Island, North West Territories and federal drug plan Correctional Service Canada. It is also reimbursed with private insurers and major pharmacy benefits managers (PMBs).
- **OTCQX:** on August 4, 2020, the Company announced that it has qualified to trade on the OTCQX® Best Market. The Company was therefore upgraded to OTCQX (Ticker: MEDXF) from the OTCQB® Venture Market and continues to trade on the TSX Venture Exchange.

SIGNIFICANT TRANSACTIONS

MidCap Financial Trust Revolving Credit Facility

On May 7, 2020, the Company announced that it entered into a definitive credit agreement with a syndicate of lenders agented by MidCap Financial Trust in respect of a US$20 million secured asset-based revolving credit facility having a term of 38 months expiring June 30, 2023 (the "**ABL Facility**"). The ABL Facility is secured by a first-priority security interest in all existing and after-acquired personal property and is subject to an intercreditor agreement with MidCap Financial Trust, in its capacity as administrative agent under the Term Loan. Borrowings under the ABL Facility bear interest at an annual rate of one-month LIBOR plus 3.95%, subject to a LIBOR floor of 1.50%. Interest is payable monthly in arrears on the first business day of each month. The ABL Facility features a US$20 million revolving commitment (subject to the borrowing base) and an uncommitted US$10 million accordion. The initial advance under the ABL Facility was used by the Company to repay US$10 million of the principal amount outstanding under the Term Loan, plus all accrued and unpaid interest thereon and fees payable in connection therewith, and to pay transaction fees and expenses in connection with the ABL Facility. After such repayment, approximately US$10 million principal amount remained outstanding under the Term Loan. As at September 30, 2020, US$11.8 million was available to the Company under the ABL Facility, of which US$10.8 million remained outstanding.

COMPANY OVERVIEW, STRATEGY & OUTLOOK

The Company, both directly and through its two active operating subsidiaries, Medexus US and Medexus Inc. ("Medexus Canada"), is a North American specialty pharma company with a solid portfolio of products in auto-immune disease, hematology and specialty oncology, plus its traditional pediatrics, allergy and dermatology business in Canada. The Company has strong organic growth from its existing product portfolio and is aggressively pursuing additional product opportunities through both licensing and M&A activity, with the objective of further leveraging existing infrastructure to deliver strong financial results.

Medexus US, an indirect, wholly owned active subsidiary of the Company, is a specialty pharmaceutical company focusing primarily in the area of autoimmune diseases, hematology and other new market opportunities in the United States through a solid commercial infrastructure.

Medexus Canada, a direct, wholly owned active subsidiary of the Company, is a Canadian specialty pharmaceutical company focused on the acquisition and licensing, registration, marketing, sales and distribution of innovative pharmaceutical products in Canada, for its targeted therapeutic markets with strategic partnerships in key international markets.

As a result of its efforts to further leverage its existing infrastructure in the US, on February 28, 2020, the Company announced that Medexus US acquired all of the issued and outstanding limited liability company interests of Aptevo, a Delaware limited liability company, from Aptevo Therapeutics, Inc. (NASDAQ: APVO) pursuant to the Aptevo Purchase Agreement for up-front cash consideration of approximately US$30 million. Aptevo owns the worldwide rights to the commercial hematology asset, IXINITY®.

The incorporation of IXINITY® into the Company's existing operations since its acquisition in February 2020 is largely complete and has progressed in line with expectations for continued growth in product sales. IXINITY® is an FDA-approved intravenous recombinant factor IX therapeutic for use in patients 12 years of age or older with Hemophilia B – a hereditary bleeding disorder characterized by a deficiency of clotting factor IX in the blood, which is necessary to control bleeding. Even with extreme changes to the selling environment brought about by COVID-19, the newly integrated US-based team has experienced success with IXINITY® in the form of continued patient conversions on top of a stable, existing base of patients.

The Company is focused on strong organic growth from its key products. Rasuvo® unit market demand in the United States increased 2% in the trailing twelve-months ended September 30, 2020 (Source: Symphony Sub National 09/30/2020 Data & Chargebacks, PAP) and continues to reflect strong payor, prescriber and patient acceptance and management believes the Company maintains a strong position within the methotrexate autoinjector segment.

Rasuvo® is a once-weekly, subcutaneous, single-dose auto-injector of methotrexate indicated for the treatment of rheumatoid arthritis, psoriasis and juvenile idiopathic arthritis ("**JIA**").

Metoject® realized a 48% unit demand growth in Canada in the trailing twelve-months ended September 30, 2020, (Source: IQVIA – TSA National units) due, in part, to public reimbursement through provincial formularies in all provinces except British Columbia and Manitoba. Metoject® is a pre-filled syringe of methotrexate, which is indicated for the treatment of rheumatoid arthritis and psoriasis. Metoject® is a highly effective and cost-efficient treatment for these debilitating diseases. Public reimbursement creates access for a large group of patients who previously could not get the product.

In the most recent quarter, the Company responded to a competitive threat to Metoject® from a generic entry with a commercial response to protect its market share and a legal action to defend the product's IP. The Company and medac GmbH have jointly filed a statement of claim against Accord Healthcare Inc. regarding the launch by Accord Healthcare Inc. of a generic version of Metoject® in the Canadian market. For further information regarding Accord Healthcare litigation, please refer to the Company's most recently filed AIF under the headings "*General Development of the Business – Recent Developments Since March 31, 2020 – Accord Healthcare Inc. Litigation", "Risk Factors – Risks Relating to the Business – Competition from Manufacturers of Generic Products"* and *"Risk Factors – Risks Relating to the Business – Litigation May Negatively Impact Medexus' Business, Financial Condition and/or Results of Operations."*

Rupall™, launched in Canada in January 2017, is also experiencing very strong unit demand growth in its market, with an increase of 45% in the trailing twelve-months ended September 30, 2020, (Source: IQVIA – Drugstores and hospitals purchases) as physicians are switching patients from either the generic prescription antihistamines or over-the-counter products. The Company expects Rupall™ to be a leading prescription antihistamine in a total market valued at $145.2 million, including $59.8 million from the prescription market, which is growing at an annual rate of 15% (Source: IQVIA – Drugstores and hospitals purchases, MAT September 2020). During the twelve-month period ended September 30, 2020, Rupall™ was one of the fastest growing anti-histamines in the Canadian prescription market (Source: IQVIA: CDH units – FQTR September 2020).

In Canada, there has been a long-standing drug shortage of TH, the drug of choice for JIA. In October 2018, the Company launched its own TH product, which was previously being made available, by the Company, to children with JIA through the Health Canada Special Access Program. With the commercial launch of TH, children with JIA now have a reliable source for a product which is a key component for the management of their disease. The commercial launch also allows the Company to promote the product for use in adults with other indications such as osteoarthritis, rheumatoid arthritis and other forms of joint disease. TH is the longest acting corticosteroid for intra articular injection, often lasting twice as long as competitive products. The Company has now achieved public reimbursement for TH on all federal, provincial and territorial formularies except British Columbia, and has initiated full commercial launch of the product.

The Company is building its autoimmune franchise with a development project that is attempting to improve the formulation of an existing drug used in Rheumatology. To date, experimentation has revealed some promising results that support the continued development of this drug. If successful, with further development, the Company will own the worldwide rights to a drug that will be uniquely positioned to improve the treatment of Rheumatology patients. With the acquisition of IXINITY®, the Company is investing in a pediatric study that, if successful, will expand the product label to include the pediatric population. As this is a near term opportunity for revenue growth on an existing product in the US, the Company has prioritized the pediatric study as the top research and development project and will return to the Rheumatology project when the pediatric study nears completion.

In addition to continuing to market and grow its new and existing product lines, the Company also has a first right of refusal on current products from the previous owner of Medexus US with whom the Company has entered into the Medexus US Supply Agreement (as defined in the Company's most recent AIF). The Company believes that several of these products represent a commercial opportunity in North America and is in the process of assessing the licensing of these drugs. The Company is also in discussion with several partners regarding other licensing agreements and believes that those products have the potential to make a material contribution within the next few years.

A key aspect of the Company growth strategy will be to continue to leverage and grow its infrastructure through the acquisition and partnership of new products. To that end, in September 2020 the Company added a new member of its management team in the function of SVP Business Development and Strategy, with a focus on identifying, evaluating, negotiating and acquiring new products to commercialize. The Company is currently exploring a large number of opportunities, including a portion of the deal pipeline in the negotiation phase, in both the US and Canada. The Company will continue to look at optimizing its portfolio and leveraging its resources, with the goal of executing near-term accretive transactions to achieve its sales growth targets over the coming years.

In summary, the Company believes it has built a highly scalable business platform which should provide significant incremental earnings potential. The Company continues to grow revenue, leverage its North American sales force across products, realize synergies of the combined entities, and maintain strict financial discipline. The Company also has solid cash availability from which to execute its business plan, including the launch of several new products. Management expects that the continued revenue growth and stable operational expenses will continue to keep the Company in a positive Adjusted EBITDA situation for the remainder of the current fiscal year and beyond.

SELECTED FINANCIAL INFORMATION

OPERATING RESULTS – SECOND QUARTER

Three-Month Periods Ended September 30	**2020 $'000**	2019 $'000	Variance $'000
Revenue	**23,631**	16,397	7,234
Cost of goods sold	**10,786**	6,794	3,992
Gross Profit	**12,845**	9,603	3,242
Selling and administrative expenses	**11,012**	10,558	454
Research and development	**1,041**	182	859
Operating income (loss)	**628**	(1,293)	1,921
Net income (loss)	**(2,027)**	658	(2,685)
Adjusted EBITDA[(1)]	**3,025**	511	2,514
Cash provided (used) by operating activities	**(72)**	772	(844)
Cash used by investing activities	**(739)**	(406)	(333)
Cash used by financing activities	**(730)**	(2,488)	1,758

Notes:
(1) See "*Reconciliation of Adjusted EBITDA to Net Income (Loss)*".

OPERATING RESULTS – YEAR TO DATE

Six-Month Periods Ended September 30	**2020 $'000**	2019 $'000	Variance $'000
Revenue	**51,148**	32,524	18,624
Cost of goods sold	**23,339**	13,016	10,323
Gross Profit	**27,809**	19,508	8,301
Selling and administrative expenses	**22,391**	21,052	1,339
Research and development	**1,927**	585	1,342
Termination benefits	**934**	-	934
Operating income (loss)	**2,228**	(2,439)	4,667
Net loss	**(6,785)**	(1,497)	(5,288)
Adjusted EBITDA[(1)]	**7,976**	1,031	6,945
Cash provided (used) by operating activities	**4,075**	463	3,612
Cash used by investing activities	**(760)**	(956)	196
Cash used by financing activities	**(1,863)**	(3,253)	1,390

Notes:
(1) See "*Reconciliation of Adjusted EBITDA to Net Income (Loss)*".

Revenue

Total revenue reached $23.6 million and $51.1 million for the three- and six-month periods ended September 30, 2020, respectively, compared to revenue of $16.4 million and $32.5 million for the three- and six-months period ended September 30, 2019. The increase was mainly due to the acquisition of IXINITY® as well as unit demand growth of the Company's key products in the market over the period. Specifically: i) Metoject® has been experiencing rapid unit demand growth in the Canadian market following the initiation of public reimbursement in March of 2018, including 48% unit demand growth in the trailing twelve-months ended September 30, 2020; ii) Rupall™ has also experienced rapid unit demand growth in the Canadian market as the product is taking market share from generic anti-histamines, including an increase of 45% in the trailing twelve-months ended September 30, 2020; and iii) Rasuvo's® unit demand in the United States has been steady, increasing 2% in the trailing twelve-months ended September 30, 2020, as it continues to gain share from overall methotrexate market.

Over $3 million in revenue from IXINITY® sales, which was originally expected to be realized in September 2020, was instead realized in October 2020 due to a delay in receipt of finished product from the Company's contract manufacturing partner. The delay in receipt of finished product was a result of a common regulatory process that did not impact IXINITY®, but temporarily interrupted the Company's partner's ability to release shipments for any of their clients.

Gross Profit and Margin

In addition to actual cost of goods and royalties paid to partners, gross profit and margins are impacted by amortization of product licences, allowances for potential product returns as well as warehouse and logistics expenses.

Gross profit reached $12.8 million and $27.8 million for the three- and six-month periods ended September 30, 2020, respectively, compared to gross profit of $9.6 million and $19.5 million for the three- and six-months period ended September 30, 2019, respectively.

The gross margin was 54.4% for both the three- and six-month periods ended September 30, 2020, compared to 58.6% and 60.0% for the three- and six-months period ended September 30, 2019, respectively. The lower gross margins for the current periods are primarily a function of the 2020 Acquisition, which has a lower gross margin than the Company's other key products.

Amortization of product licences included in cost of sales was $1.8 million and $3.7 million for the three- and six-month periods ended September 30, 2020, respectively, compared to $1.1 million and $2.1 million for the three- and six-month periods ended September 30, 2019, respectively.

Selling and Administrative Expenses

Selling and administrative expenses reached $11.0 million and $22.4 million for the three- and six-month periods ended September 30, 2020, respectively, compared to $10.6 million and $21.1 million for the three- and six-month periods ended September 30, 2019, respectively.

The Company's selling and administrative expenses for the three-month period ended September 30, 2020, increased 4.3% versus the comparative period, which is well below our revenue growth of 44.1% over the same period. The Company's selling and administrative expenses for the three-month period ended September 30, 2020 were comprised of:

(a) share-based compensation expense of $0.4 million (2019 - $0.5 million).

(b) sales and marketing expense of $5.1 million (2019 - $6.5 million); the decrease over the comparative quarter is the result of fewer costs associated with sales representatives due to, for example, significantly reduced travel in the COVID-19 environment.

(c) business development and regulatory affairs expense of $2.0 million (2019 - $1.3 million); the increase over the comparative quarter is due to additional regulatory costs associated with the production and sale of IXINITY®, acquired as part of the 2020 Acquisition.

(d) general administrative expenses of $3.5 million (2019 - $2.3 million); the increase over the comparative quarter is a direct result of our operational growth in the past year, needed to improve our long-term operational effectiveness and maintain our capacity for future growth.

Termination Benefits

On May 22, 2020, the Company announced changes to its senior management team, with a member of its US team being replaced with an executive hired during the 2020 Acquisition. Costs associated with this change, including any termination benefits paid to departing personnel (the "**Termination Benefits**") are considered outside of the normal course of business activity and are excluded from our Adjusted EBITDA (see *"Reconciliation of Adjusted EBITDA to Net Income (Loss)"*). During the six-months ended September 30, 2020, Termination Benefits totaled $0.9 million (2019 - $nil).

Operating Income or Loss

Operating income for the three- and six-month periods ended September 30, 2020, was $0.6 million and $2.2 million, respectively, compared to an operating loss of $1.3 million and $2.4 million for the three- and six-month periods ended September 30, 2019.

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME (LOSS)

The following table is derived from and should be read in conjunction with the consolidated statement of operations for the three- and six-month periods ended September 30, 2020. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted EBITDA and provides additional information related to the operating performance of the Company. Investors are cautioned that this measure should not be considered in isolation or as a substitute for net income (loss) prepared in accordance with IFRS as issued by the IASB.

	Three Months		Six Months	
For Periods Ended September 30	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Net Income (Loss)	**(2,027)**	658	**(6,785)**	(1,497)
Add Back:				
Depreciation & Amortization (property, equipment, intangible assets)	**1,973**	1,265	**3,989**	2,383
Interest expenses	**3,247**	2,017	**6,474**	4,207
Interest income	**(1)**	(87)	**(3)**	(187)
Income tax expense (recovery)	**(378)**	91	**(2)**	177
EBITDA	**2,814**	3,944	**3,673**	5,083
Share-based compensation	**424**	539	**825**	1,087
Termination benefits	**-**	-	**934**	-
Foreign exchange loss (gain)	**(558)**	348	**(1,451)**	(109)
Unrealized loss (gain) on fair value of derivative	**345**	(4,320)	**3,995**	(5,030)
ADJUSTED EBITDA	**3,025**	511	**7,976**	1,031

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital structure and brings about adjustments related to changes in the economic environment and underlying risks of its assets. To preserve or modify its capital structure and to carry on the development and commercialization of technology and fulfill its various financial obligations, the Company may issue additional shares or negotiate new loans.

As of September 30, 2020, the Company had $9.8 million (March 31, 2020 - $7.4 million) of available liquidity comprised of:

- cash and cash equivalents of $8.6 million (March 31, 2020 - $7.4 million); and
- undrawn credit of $1.2 (March 31, 2020 - $nil) available under the ABL Facility.

Cash Flows

Three-Month Periods Ended September 30	**2020 $'000**	2019 $'000	Variance $'000
Cash provided (used) by operating activities	**(72)**	772	(844)
Cash used by investing activities	**(739)**	(406)	(333)
Cash used by financing activities	**(730)**	(2,488)	1,758
Decrease in cash position during the period	**(1,541)**	(2,122)	581
Impact of foreign exchange	**(109)**	105	(214)
Cash and cash equivalents, beginning of period	**10,221**	27,394	(17,173)
Cash and cash equivalents, end of period	**8,571**	25,377	(16,806)

Six-Month Periods Ended September 30	**2020 $'000**	2019 $'000	Variance $'000
Cash provided by operating activities	**4,075**	463	3,612
Cash used by investing activities	**(760)**	(956)	196
Cash provided (used) by financing activities	**(1,863)**	(3,253)	1,390
Increase (decrease) in cash position during the period	**1,452**	(3,746)	5,198
Impact of foreign exchange	**(305)**	(82)	(223)
Cash and cash equivalents, beginning of period	**7,424**	29,205	(21,781)
Cash and cash equivalents, end of period	**8,571**	25,377	(16,806)

Operating activities

Cash used by operating activities for the three-months ended September 30, 2020, was $0.1 million, compared to cash provided by operating activities of $0.8 million for the three-months ended September 30, 2019. This was composed of net loss, adjusted for non-cash expenditures, of $2.9 million (2019 – $0.5 million) and a change in working capital of ($3.0) million (2019 – $0.3 million).

Cash provided by operating activities for the six-months ended September 30, 2020, was $4.1 million, compared to $0.5 million for the six-months ended September 30, 2019. This was composed of net loss, adjusted for non-cash expenditures, of $6.9 million (2019 – $1.0 million) and a change in working capital of ($2.8) million (2019 – ($0.5) million).

Investing activities

Cash used by investing activities for the three- and six-months ended September 30, 2020, was $0.7 million and $0.8 million, respectively, compared to $0.4 million and $1.0 million for the three- and six-months ended September 30, 2019, respectively.

Financing activities

Cash used by financing activities for the three- and six-months ended September 30, 2020, was $0.7 million and $1.9 million, respectively, compared to $2.5 million and $3.3 million for the three- and six-months ended September 30, 2019, respectively. Despite the overall decrease over the comparative periods, there has been an increase in interest

paid, due to long-term debt needed to facilitate the 2020 Acquisition. This was more than offset by the impact of treasury shares acquired in the comparative periods.

CAPITAL STRUCTURE

Description of the Company's Securities

The Company's authorized share capital consists of an unlimited number of common shares. As of November 16, 2020, the Company has 14,453,973 common shares outstanding. There have been no dividends declared during the current period. The Company had the following securities outstanding as at November 16, 2020:

Type of Security	Number/Principal Amount Outstanding	Common Shares Issuable Upon Conversion, Exercise or Exchange (as applicable)
Common shares	14,453,973	N/A
Common share purchase warrants[(1)]	-	2,197,888
Convertible Debentures[(2)]	-	9,999,999
Stock options	-	337,327
Restricted Share Units ("**RSUs**")[(3)]	-	1,171,121
Performance Share Units ("**PSUs**")[(4)]	-	48,000
Compensation Warrants[(5)]	-	325,444

Notes:

(1) Does not include warrants issuable upon conversion of Convertible Debentures or Compensation Warrants (each, as defined below). Offering Warrants (as defined below) exercisable at a price of $9.45 until October 16, 2023.

(2) $42,000,000 represents the principal amount outstanding under the Convertible Debentures ("**Convertible Debentures**"), which are convertible into units ("**Conversion Units**") at a price of $6.30. Each Conversion Unit consists of one common share of the Company and ½ of one common share purchase warrant ("**Offering Warrants**") exercisable at a price of $9.45 per warrant until October 16, 2023. If the Convertible Debentures were converted in full (without giving account to accrued interest, which may be payable in cash or in common shares), up to an additional 6,666,666 common shares and 3,333,333 Offering Warrants would be issued by the Company.

(3) RSUs were issued in December 2018 and August 2020 and vest in equal amounts upon the first, second, third and fourth anniversaries of the effective issuance date. Each vested RSU entitles the holder to receive one common share of the Company by delivering an exercise notice in accordance with the Company's omnibus equity incentive plan and the terms of the applicable RSU award agreement.

(4) PSUs were issued in October 2020 and vest if certain Company performance factors are met during a performance period of approximately 5 years. In accordance with the Company's omnibus equity incentive plan and the terms of the applicable PSU award agreement, except in limited circumstances, each vested PSU entitles the holder to receive, at the Company's option, either (i) one common share of the Company, or (ii) a cash payment equal to the fair market value of one common share of the Company.

(5) In connection with the Company's offering of subscription receipts in October 2018, Cormark Securities Inc. and Mackie Research Capital Corporation were issued 191,154 common share purchase warrants ("**Compensation Warrants**"). Each whole Compensation Warrant is exercisable for one common share until October 11, 2021 at an exercise price of $9.45. In connection with the entering into of the Company's US$20 million secured term loan (the "**Term Loan**") the Company, on February 28, 2020, issued 134,290 warrants to purchase common shares of the Company to an affiliate of MidCap Financial Trust (the "**MidCap Warrants**"). Each whole MidCap Warrant is exercisable for one common share until expiry of the Term Loan on June 30, 2023 at an exercise price of $4.00.

RELATED PARTY TRANSACTIONS

All related party transactions, unless otherwise disclosed, occurred in the normal course of operations.

The Company pays warehouse fees to a company 50% owned by a key member of management of the Company for storage and distribution services in respect of certain of the Company's products. Warehouse fees paid totaled approximately $81,000 (2019 – $85,000) for the three-month period, and $196,000 (2019 - $171,000) for the six-month period, ended September 30, 2020.

The Company pays royalties on an exclusive licensing agreement with 9346-4626 Québec Inc., a private company operating as Transican, a significant shareholder of the Company. Royalties paid totaled approximately $98,000 (2019 - $103,000) for the three-month period, and $213,000 (2019 - $216,000) for the six-month period, ended September 30, 2020.

Interest paid on Convertible Debentures which are owned or controlled, directly and indirectly, by two directors of the Company totaled approximately $92,000 (2019 - $93,000) for the three-month period, and $184,000 (2019 - $184,000) for the six-month period, ended September 30, 2020.

OFF -BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as of September 30, 2020.

QUARTERLY FINANCIAL INFORMATION

The following is a summary of unaudited quarterly financial information for each of the eight quarters ended September 30, 2020:

Three-months ended ($'000) [1]	30-Sept-20	30-Jun-20	31-Mar-20	31-Dec-19	30-Sept-19	30-Jun-19	31-Mar-19	31-Dec-18
Total Revenue	23,631	27,517	25,631	16,204	16,397	16,127	12,745	14,421
Gross Profit	12,845	14,964	13,277	8,970	9,603	9,904	7,664	8,951
Selling and Administrative Expenses	11,012	11,379	10,616	9,369	10,558	10,494	9,391	7,875
Transaction and Financing Expenses	-	-	2,581	229	-	-	282	928
Operating Income (Loss)	628	1,600	(1,920)	(3,316)	(1,293)	(1,147)	(1,826)	(78)
Net Income (Loss)	(2,027)	(4,758)	(2,107)	(2,632)	658	(2,155)	(681)	(1,329)
Net Income (Loss) per share - Basic	(0.14)	(0.33)	(0.14)	(0.19)	0.05	(0.15)	(0.07)	(0.10)
Net Income (Loss) per share - Diluted	(0.13)	(0.31)	(0.13)	(0.17)	0.04	(0.13)	(0.04)	(0.10)
Adjusted EBITDA[2]	3,025	4,951	4,226	731	511	519	105	2,167
Cash provided (used) by operations	(72)	4,147	(1,729)	(1,035)	772	(288)	490	(1,227)
Cash & cash equivalents, end of period	8,571	10,221	7,424	22,609	25,377	27,394	29,205	28,888
Assets	162,754	171,065	174,171	111,326	112,984	114,609	113,483	112,529
Long-term liabilities	93,906	93,791	91,275	58,554	60,382	63,107	61,920	39,362
Dividends	-	-	-	-	-	-	-	-

Notes:
(1) Except per share amounts.
(2) See *"Reconciliation of Adjusted EBITDA to Net Income (Loss)"*.

The main reasons explaining volatility in the Company's quarterly results is the acquisition completed in February 2020, as well as the seasonality of some of the Company's major products.

RISK FACTORS AND RISK MANAGEMENT

The Company is subject to a number of risks and uncertainties. A risk is the possibility that an event might happen in the future that could have a negative effect on the financial condition, financial performance, or business of the Company. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, including through the use of financial instruments where appropriate.

The principal risks and uncertainties that could affect the Company are described under the heading *"Risk Factors"* in the Company's most recent AIF and under the heading *"Risk Factors and Risk Management"* in the Company's most recent annual MD&A, each available on the Company's profile at www.sedar.com. Management believes that the risks and uncertainties set out therein have not materially changed.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been established by the Company to ensure that financial information disclosed by the Company in this MD&A, the related annual consolidated financial statements and its interim filings are properly recorded, processed, summarized and reported to its audit committee, its Board and its shareholders.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As an issuer on the TSXV, the Chief Executive Officer and the Chief Financial Officer are not required to certify that they have designed and evaluated the effectiveness of disclosure controls and procedures and internal controls over financial reporting. Instead, the Company files a Certification of Annual Filings – Venture Issuer Basic Certificate or Certification of Interim Filings – Venture Issuer Basic Certificate, as the case may be, pursuant to which the Chief Executive Officer and the Chief Financial Officer certify the performance of a review of the information, no knowledge of misrepresentations and the fair presentation of the information in the annual or interim filings, as applicable.

ADDITIONAL INFORMATION

For additional information relating the Company, readers are referred to the Company's other disclosure documents filed with the applicable Canadian securities regulatory authorities and available under the Company's issuer profile on SEDAR at www.sedar.com, including the Company's most recent AIF.