



# In just five years, Knight has accomplished a lot.

The GUD news is we're  
just getting started.

**Vote for proven management and  
direction that will deliver long-term,  
sustainable profitable growth.**

Vote your BLUE proxy by Friday, May 3, 2019 at 5:00 p.m. (EST).  
Need help voting? Questions?  
Call Kingsdale Advisors at 1.888.518.1552



## Dear Fellow Shareholder,

In the five short years since Knight Therapeutics was founded, we've come a long way. We've generated an impressive \$219 million of net income, raised hundreds of millions of dollars at increasing valuations, made smart acquisitions, and have in-licensed a promising pipeline of innovative products.

Together, as shareholders, we've all benefitted. The GUD news is we're just getting started.

The bad news is the future we all believe is possible is now at risk.

Mr. Meir Jakobsohn, a director and shareholder of Knight, has indicated his intent to nominate a slate of directors selected by him alone to take control of our company. Essentially, Mr. Jakobsohn, a 7% shareholder of Knight, wants to take over the board to remove Jonathan Goodman, our founder and CEO, from the company and to gain access to Knight's cash reserves.

Why? Because he needs to prop up Medison, his own private company in Israel, which has made less and less money each year since our 2015 investment.

### **That is why your vote at this meeting is critically important.**

You have a clear choice:

A proven board, aligned with shareholders, that is executing on a disciplined strategy for profitable growth;

NOT:

A board led by a self-interested director beholden to his own private company, with a questionable track record, no experience, and a risky agenda.

Mr. Jakobsohn has been on the board for more than three years and has never complained about the board's construct, decision-making process, or strategy until very recently when it became clear his interests were not aligned to building a stronger Knight. In fact, it wasn't until December of 2018 that he first mentioned his interest in nominating directors and a full two months prior to launching his public campaign. In that time, he could have provided names of individuals he thought would be additive and we would have been happy to open a dialogue with him.

We are required, by prior contractual agreement, to nominate Mr. Jakobsohn as a Knight director. In complying with the Corporation's contractual obligations, we are not in any way endorsing Mr. Jakobsohn's self-serving agenda.

We believe that the current strategy is the right one and that we should be relentless in properly executing. We also believe that the current directors who are aligned with Knight's shareholders are the right ones. If the board's recommendation to elect Nancy Harrison and Michael Tremblay are adopted, over 70% of the board will be composed of directors which have been appointed over the last four years. This is a pace of refreshment that is appropriate to a board of our size. Both Ms. Harrison and Mr. Tremblay together bring significant experience in the biotechnology sector, operations, development and strategy. We have ensured we have fresh, independent perspectives while meeting our skill needs and will continue to do so.

Conversely, it is clear that Mr. Jakobsohn's interests are no longer aligned with other shareholders' interests.

## SUCCESS AT KNIGHT

- Raised \$685 million at increasing valuations (\$3.50, \$5.25, \$6.75, \$8.00, \$10.00 per share)
- In-licensed over 20 innovative pipeline products from over a dozen companies
- Received FDA approval for Impavido® in March 2014 and sold PRV for US\$125 million
- Acquired NeurAxon Inc. and the Neuragen brands
- Sold or out-licensed rights to Neuragen, Impavido, and NeurAxon
- Lent over \$170 million to 15 strategic loan partners generating double digit returns
- Generated \$219 million of net income to date (as at Dec. 31, 2018)
- Selectively rolling out a rest-of-the-world licensing strategy with lending of up to US\$25 million (as well as up to an additional US\$100 million) to Mexico and Brazil-based Moksha8

## KNIGHT IS ON THE RIGHT PATH

We believe Knight is on the right path, patiently executing a strategy that Jonathan has proven works. At Paladin, Jonathan showed that a successful company in this industry can be steadily built by laying a solid foundation for sustainable profitable growth without having to take big unnecessary binary risks.

That is why we are so confident the best is yet to come and why we at Knight never rest.

Jonathan founded Knight with a vision to build a leading specialty pharmaceutical company in Canada and select international markets, to make a meaningful difference in the lives of patients, and, in the process deliver healthy returns to our shareholders.

Our team is delivering on these goals. In 2018, year-over-year revenue and net income increased by 45% and 40% respectively and, as at December 31, 2018, Knight had over \$787 million in cash, cash equivalents, and marketable securities.

We have also performed well compared with similar companies. Knight has generated more net income since its inception than any other specialty pharmaceutical company in Canada and, in the 1- and 3-year periods—and since IPO—we have outperformed our peers. We're not resting on our laurels.

With our strong balance sheet, we will focus on profitable growth through in-licensing of pharmaceutical products for Canadian and select international markets. In addition, we continue to explore corporate acquisitions but will only execute at a fair price.

We will also continue to pursue strategic loans and equity investments to secure rights to innovative pipeline assets, including early stage products, and we're advancing our rest-of-the-world strategy, identifying the right strategic partners in Latin America, the Middle East and Africa.

**We believe that this proven, responsible and disciplined strategy best positions us to maximize shareholder value, in both the short- and long-term.**

In the days leading up to your vote, you will receive misleading statements and false allegations from Mr. Jakobsohn about Jonathan, all with the objective of distracting from this track record of proven success.

So let us be clear: Jonathan’s interests are completely aligned with yours. He decided decades ago to chart his own course in the pharmaceutical business, one that is separate from his family, and that decision has served shareholders well. For Jonathan it is Knight first, a sentiment he has backed up with money having participated in all five of Knight’s equity financings, personally investing over \$70 million.

## REFRESHED BOARD WITH THE RIGHT EXPERIENCE AND SKILL-SET TO OVERSEE OUR STRATEGIC PLAN

We’re asking shareholders to support the board nominees who they believe are best-positioned to help Jonathan execute on the vision he has provided for Knight and benefit from the significant wealth creation that comes with it. Directors who are independent, have a proven track record of success and collectively have the right mix of experience in biotech, pharmaceuticals, research, and finance.

We have regularly added new directors since Mr. Jakobsohn joined the board and he has supported all of them repeatedly, until his interest came into conflict with other shareholders. It is important to note that Mr. Jakobsohn has never made a suggestion for a board nominee, particularly since he only attended three meetings in person since 2015. Had he done so, we would have been happy to consider them as part of our normal board refreshment process.

### THE LEADERSHIP KNIGHT NEEDS

#### James C. Gale

- ✓ Chairman of the Board of AlpeX Pharma S.A. and Teligent Inc
- ✓ Serves on the board of directors of Spepharm B.V., Bionpharma Inc., CoreRx, Inc., Leon Nanodrugs GmbH, Pharmaceuticals International, Inc. and Chr. Olesen Synthesis A/S
- ✓ Formerly head of principal investment activities and investment banking at Gruntal & Co., LLC (“Gruntal”) and former investment banker at E.F. Hutton and Co.
- ✓ Formerly on board of directors of Paladin Labs Inc.

#### Jonathan Ross Goodman

- ✓ CEO of Knight Therapeutics Inc.
- ✓ Serves on the board of directors of Medison Biotech (1995) Ltd.
- ✓ Formerly co-founder, President and CEO of Paladin Labs Inc. which was acquired by Endo Health Solutions Inc. for \$3.2 billion.
- ✓ Under Jonathan’s leadership, Paladin enjoyed 19 consecutive years of record revenues and a stock price that increased from \$1.50 to \$142.
- ✓ Formerly a consultant with Bain & Company and also worked in brand management for Procter & Gamble

#### Samira Sakhia

- ✓ President of Knight Therapeutics
- ✓ Has served on the corporate boards of Nuvo Pharma Inc., Antibe Therapeutics Inc., Crescita Therapeutics Inc. and Profound Medical Corporation;
- ✓ Sits on the boards of McGill University Hospital Centre and McGill University

Questions?

**1.888.518.1552**

contactus@kingsdaleadvisors.com

Need Help  
Voting?

<ul style="list-style-type: none"> <li>✓ Formerly CFO at Paladin Labs Inc</li> </ul>
<p><b>Robert N. Lande</b></p> <ul style="list-style-type: none"> <li>✓ President of FXCM Group LLC, an online brokerage firm offering trading in foreign exchange, equity indices and commodities</li> <li>✓ Formerly Chief Financial Officer of FXCM and managing partner and Chief Operating Officer of Riveredge Capital Partners LLC (“Riveredge”), an investment management firm</li> <li>✓ Formerly on board of directors of Paladin Labs Inc.</li> </ul>
<p><b>Sylvie Tendler</b></p> <ul style="list-style-type: none"> <li>✓ Currently a leading pharmaceutical market research specialist</li> <li>✓ Founder of the Tendler Group, a custom medical marketing research company, sold to IntrinsiQ LLC (owned at the time by Accel-KKR) in 2007</li> </ul>
<p><b>Nancy Harrison</b></p> <ul style="list-style-type: none"> <li>✓ One of the most experienced life sciences investors in the Canadian venture capital industry</li> <li>✓ Co-founder and former President of MSI Methylation Sciences</li> <li>✓ Formerly, Partner and Senior Vice President of Ventures West Management Inc.</li> </ul>
<p><b>Michael Tremblay</b></p> <ul style="list-style-type: none"> <li>✓ Over 40 years of experience in the Canadian pharmaceutical industry</li> <li>✓ Most recently President of Astellas Canada</li> <li>✓ Formerly served on the board of Innovative Medicines Canada, the Canadian pharmaceutical industry organization representing research-based pharmaceutical companies</li> </ul>

## JAKOBSOHN’S RISKY PATH

Shareholders continue to ask, why has Mr. Jakobsohn launched this campaign against Knight and disrupted our positive momentum?

What does he hope to gain?

Mr. Jakobsohn has been a director since 2015 when Knight became a 28% shareholder of Medison, a private Israeli company owned and controlled by Mr. Jakobsohn. As part of this partnership—a strategic collaboration to bring innovative treatments to patients in Canada and Israel—Mr. Jakobsohn was appointed to Knight's board and Mr. Jakobsohn, Medison and its affiliate Tzalir Holdings Ltd., received approximately 10% of Knight shares, a stake which has since decreased to approximately 7%.

We would be happy to provide more of a comparison of Knight’s track record to Medison’s but it is not a public company and Mr. Jakobsohn is not nearly as accountable. What we do know is that Medison’s profits have declined each year since our 2015 investment.

In 2018, Mr. Jakobsohn requested a separation. Despite our attempts to privately negotiate a fair separation agreement in good faith, Mr. Jakobsohn’s offers included terms which would have had Knight shareholders suffer a significant financial loss and Mr. Jakobsohn enjoy a significant gain.



Shortly after Knight rejected Medison's one-sided separation terms, Mr. Jakobsohn, decided to engage in an activist campaign. Despite Mr. Jakobsohn's assertions to the contrary, we believe that this activist campaign is an attempt to increase Medison's negotiation position and to force Knight to enter into a transaction with Medison on terms which are not in the best interest of Knight.

During the Fall of 2018, on the heels of Knights' refusal to accept Medison's separation terms, Mr. Jakobsohn began asserting for the first time that the strategy he had endorsed during his three-year tenure as a director was now flawed.

Using arbitrary and selected metrics, he made unsubstantiated critiques about Knight's performance. He also asserted for the first time during his three-year tenure that the board's decision-making process was flawed, and raised allegations of conflicts based on facts which are well known and had been disclosed when both Paladin (1996) and Knight (2014) became a publicly traded corporation and have not changed since 1996 He further made gratuitous attacks on various members of the board, including directors whose nominations he had previously approved.

Mr. Jakobsohn requested that he be appointed as chairman of a strategic committee which would implement his ideas. Then in December, he requested that he be appointed as executive chairman of the board, and that Medison, despite holding 7% of Knight's shares, nominate the majority of the board. Mr. Jakobsohn did not provide any names of potential directors.

Medison also refused to pay to Knight a dividend it was contractually obligated to pay, and only relented from this tactic under threat of legal action. In 23 years, this was the first time that Jonathan used a lawyer for something other than an acquisition or contract drafting.

Faced with this conduct, we have attempted to maintain an open and constructive dialogue. We have also made clear that we would consider, in good faith, proposals which are genuinely for the benefit of Knight and all of its stakeholders. Over the past several months, we have repeatedly invited Mr. Jakobsohn to present his plan during a working session to which our full board would participate. He systematically refused to do so for months.

Instead of constructively presenting his ideas, Mr. Jakobsohn decided to send criticisms and suggestions moments before board meetings, which he refused to attend in person. Mr. Jakobsohn's disruptive attitude and conduct currently prevents the board from focusing on growing Knight's business.

Mr. Jakobsohn only agreed to present his ideas during a board meeting held on March 13, 2019. This was the first time the board had seen the ideas that he has now made public. At that meeting, the board expressed the desire for a continuing dialogue but rather than engaging with the board, Mr. Jakobsohn released his plan publicly the day after the board meeting.

Unfortunately, and to the detriment of Knight's shareholders, rather than engaging in a constructive dialogue, Mr. Jakobsohn has chosen to wage a public campaign that is not in the best interest of Knight's shareholders. These tactics will not succeed.

## THE JAKOB SOHN SCHEME: BAD MEDISON FOR KNIGHT

Meir Jakobsohn is not the proper leader for Knight:

- X CEO of Medison Biotech (1995) which has seen declining profits since 2015
- X Doesn't understand Canada or the industry internationally
- X In three years, has only attended three board meetings in person
- X Pushing a high-risk strategy ripe with binary risk where Knight's shareholders assume all the risk

- and where the benefit may be shared among Knight shareholders with Medison
- X Has conflict of interest due to his controlling stake in Medison

Mr. Jakobsohn has publicly stated that he intends to nominate a slate of directors. However, he has been slow to name nominees, so we are unable to comment on the qualifications of each. What we do know is that they are being recruited to implement a scheme that will be good for Mr. Jakobsohn, not you as a shareholder.

Mr. Jakobsohn's agenda for Knight is a discombobulated scheme that clearly illustrates that he does not grasp important aspects of our business, including complex regulatory issues, industry margins, and specialty pricing.

Mr. Jakobsohn's plan just doesn't make GUD sense.

Primarily, Mr. Jakobsohn endorses a rest-of-the-world strategy – something we are already pursuing. But while we have a disciplined approach to secure licensing and strategic partnerships in Latin America, the Middle East and Africa, Mr. Jakobsohn wants a significant amount of our money to gamble on high-risk early-stage biotech products. While Knight is not averse to early stage products, Knight will not make high risk or binary bets that put your money at risk and allow Medison to benefit from any upside on licencing agreements for Israel.

Mr. Jakobsohn wants to take Knight away from its original vision and is not what shareholders invested in.

Adding any of Mr. Jakobsohn's nominees to Knight's board will derail the successful path we are on, destroy value, and is not in the best interests of Knight shareholders.

It's clear by his actions to date, that Mr. Jakobsohn's only interests are his own interests.

## **EXPERTS AGREE: WE'RE ON THE RIGHT PATH; MR. JAKOBSOHN'S PLAN IS RISKY**

The vast majority of shareholders and analysts that we have spoken to support our strategy of disciplined growth with an aim to build long-term value for all shareholders. Like us, they're excited about what the future holds.

*"Knight has generated more Net Income since its inception (approximately \$220 mln) than any other specialty pharmaceutical company in Canada."*

*"We believe Mr. Jonathan Goodman is unequivocally dedicated to the interests of Knight's shareholders and is unarguably the most disciplined, intelligent and calculated steward of capital in Canadian Specialty Pharma."*

- **Raymond James**

*"Jonathan Goodman and Knight's management team (as well, as their board) have had a solid track record of building Paladin Labs (which was sold for \$1.6BN to Endo International Plc (ENDP-NASDAQ)) and now taking Knight to where it is."*

*"...management remains prudent on how it is going about building its business."*



- **Mackie Research**

*“...Knight continues to offer investors a safe haven, away from market volatility (clearly even in the midst of a board struggle), while also being the best positioned Canadian pharma company to rapidly execute on large and transformative acquisitions as soon as specialty pricing moves down.”*

- **Cormark Securities.**

## **THE CHOICE IS CLEAR: VOTE YOUR BLUE PROXY TODAY**

Vote FOR the Knight board nominees who are aligned with your interests and the original vision of Knight.

Mr. Jakobsohn, his nominees, and his agenda have different objectives than Jonathan, you, and your investment.

We encourage you to read the management information circular which provides more details and vote on the **BLUE** Proxy or Voting Information Form included in this package. Our chart on the inside of the back cover has easy to follow instructions.

Don't wait. The last day to vote is **Friday, May 3, 2019 at 5:00 p.m. (EST)**. Any questions regarding voting your shares should be directed to our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, who can be reached by toll-free telephone in North America at 1-888-518-1552, by collect call outside North America at 416-867-2272, or by email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com). There is a team standing by to help.

We thank you for your vote and your continued support.

Sincerely,

James C. Gale, Chairman  
Jonathan Ross Goodman, Director  
Samira Sakhia  
Robert N. Lande  
Sylvie Tandler  
Nancy Harrison

NOTICE IS HEREBY GIVEN that the Annual Meeting (the “**Meeting**”) of the shareholders of Knight Therapeutics Inc. (the “**Corporation**” or “**Knight**”) will be held at 3500 De Maisonneuve Blvd W., Suite 660, Montreal, Quebec H3Z 3G1 Canada, on May 7, 2019 at 5:00 p.m. EST for the following purposes:

1. To receive the consolidated financial statements of the Corporation for the financial year ended December 31, 2018 together with the auditors’ report thereon;
2. To elect the directors for the ensuing year;
3. To appoint Ernst & Young LLP as auditors of the Corporation and to authorize the Board of Directors of the Corporation to fix the auditors’ remuneration;
4. To ratify the Advance Notice By-Law as attached in Exhibit A of the accompanying Management Information Circular;
5. To consider, and if deemed advisable, to approve unallocated rights under the Corporation’s employee share purchase plan (the “ESPP”) for the ensuing three years;
6. To consider, and if deemed advisable, to approve a new By-Law No. 3, which amends By-Law No. 1, (the “Proposed Dissident By-Law”) as more particularly described in the accompanying Management Information Circular and set forth as Exhibit B hereto;
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Montreal, Quebec, April 4, 2019

By order of the Board of Directors,

*(s) Jonathan Ross Goodman*

*(s) James C. Gale*

Jonathan Ross Goodman, B.A., LL.B., M.B.A.

James C. Gale

Chief Executive Officer, Director

Chairman of the Board of Directors

If you cannot attend the Meeting in person, kindly complete and return the enclosed form of proxy to the transfer agent, AST Trust Company (Canada) in the envelope provided, or vote by telephone using the instructions listed on the enclosed form of proxy. **In order to be valid, the proxy must be received by AST Trust Company (Canada) no later than 5:00 p.m. EST on May 3, 2019. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.**

**KNIGHT THERAPEUTICS INC.  
MANAGEMENT INFORMATION CIRCULAR  
SOLICITATION AND REVOCATION OF PROXIES**

**This Management Information Circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Knight Therapeutics Inc. (the “Corporation”) to be used at the Annual Meeting of Shareholders of the Corporation (the “Meeting”) or any adjournment thereof to be held at the time and place for the purposes set forth in the foregoing notice of the said Meeting.**

Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, fax, email or oral communication by the directors, officers and employees of the Corporation and its subsidiaries, at no additional compensation. All costs associated with the solicitation of proxies by the Corporation will be borne by the Corporation. The Corporation has engaged Kingsdale Advisors (“Kingsdale”) as strategic shareholder advisor and proxy solicitation agent and will pay fees of approximately \$50,000 to Kingsdale for the proxy solicitation service in addition to certain out-of-pocket expenses. The Corporation may also reimburse brokers and other persons holding shares in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies.

Shareholders can contact Kingsdale either by mail at Kingsdale Advisors, The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-888-518-1552 or collect call outside North America at 416-867-2272, or by e-mail at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

The persons named in the accompanying form of proxy are directors or officers of the Corporation. **However, each holder of common shares of the Corporation (the “Common Shares”) has the right to appoint a person (who need not be a shareholder of the Corporation) other than the persons specified above to represent the shareholder at the Meeting in the manner and to the extent permitted pursuant to the terms of the enclosed form of proxy. Such right may be exercised by inserting the name of such person in the blank space provided in such form of proxy.**

Pursuant to Section 148 (4) of the *Canada Business Corporations Act*, a shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing and depositing it either (i) at the following address: 1501 McGill College Avenue, 26<sup>th</sup> Floor, Montreal, Quebec H3A 3N9 to the attention of Knight Therapeutics Inc., care of Davies Ward Phillips & Vineberg LLP, no later than the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the chairman of such Meeting on the day of the Meeting, or any adjournment thereof. A shareholder may also revoke a proxy by delivering another form of proxy duly signed and bearing a later date, by depositing it in the above manner or in any other manner permitted by law.

**VOTING OF PROXIES**

All properly executed forms of proxy, not previously revoked, will be voted or withheld from voting at the Meeting in accordance with the instructions contained therein on any ballot that may be called for. **Forms of proxy containing no instructions regarding the matters specified therein will be voted in favour of such matters. In the event, not presently anticipated, that any other matter is brought before the Meeting and is submitted to a vote, the form of proxy may be voted in accordance with the judgment of the persons named therein.** The form of proxy also confers discretionary authority in respect of amendments to or variations in all matters that may properly come before the Meeting.

**NON-REGISTERED SHAREHOLDERS**

The names of the shareholders whose shares are held in the name of a broker or another intermediary will not appear on the list of shareholders of the Corporation. If a shareholder is not a registered shareholder of the Corporation, in order to vote the shareholder must obtain the materials relating to the Meeting from its broker or other intermediary, complete the request for voting instructions sent by the broker or other intermediary and follow the directions of the broker or other intermediary with respect to voting procedures.

In accordance with National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting

Issuer adopted by the Canadian Securities Administrators (the “CSA”), the Corporation is distributing copies of the materials related to the Meeting to clearing agencies and intermediaries for distribution to non-registered holders. Intermediaries must forward the materials related to the Meeting to non-registered holders, the cost of which will not be assumed by the Corporation, and often use a service company (such as Broadridge Financial Solutions) to permit a shareholder, if it is not a registered shareholder, to direct the voting of the Common Shares which such shareholder beneficially owns. If a shareholder is a non-registered shareholder of the Corporation, it may revoke voting instructions which have been given to an intermediary at any time by written notice to the intermediary. If a shareholder is a non-registered shareholder of the Corporation, such shareholder should submit voting instructions to its intermediary or broker in sufficient time to ensure that such shareholder’s votes are received by the Corporation in the manner and to the extent permitted pursuant to the terms of the enclosed form of proxy.

## SHAREHOLDER Q&A

### How does Knight recommend I vote?

The Board of Directors is recommending that shareholders vote in the following manner on the BLUE proxy:

1. **FOR** the following directors:
  - ✓ James C. Gale
  - ✓ Jonathan Ross Goodman
  - ✓ Samira Sakhia
  - ✓ Robert N. Lande
  - ✓ Sylvie Tendler
  - ✓ Nancy Harrison
  - ✓ Michael J. Tremblay
2. **FOR** the appointment of Ernst & Young LLP as auditors
3. **FOR** the approval of the Advance Notice By-Law
4. **FOR** the re-approval of the employee stock purchase plan
5. **AGAINST** the approval of a new By-Law No. 3

**In addition, Tzalir Holdings Ltd., a corporation privately held by Mr. Jakobsohn, has a contractual right to nominate one director at all meetings of shareholders of the Corporation where directors are elected. The Corporation is therefore contractually required to nominate Mr. Jakobsohn him as part of Knight’s slate of directors. As a result, the persons named as proxies in the enclosed form of proxy intend to vote the Common Shares represented by such proxy in favour of the election of Mr. Jakobsohn to the Board, unless the shareholder granting this proxy has indicated that his or her shares are to be voted otherwise.**

### What is Medison Biotech (1995) Ltd. and how are they linked to Mr. Jakobsohn and Knight?

In 2015, Medison and Knight formed a strategic collaboration in which the companies joined forces in their respective missions to bring innovative treatments to patients in Canada, Israel and Romania. To solidify the partnership, upon the closing of the transaction, each company became a significant shareholder of the other. Specifically, Knight received a 28.3% equity interest in Medison in exchange for approximately a 10.0% equity interest in Knight. Jonathan Ross Goodman, President and CEO of Knight, joined Medison's Board of Directors while Meir Jakobsohn, Founder and CEO of Medison, joined the Knight Board of Directors.

### Why is Mr. Jakobsohn seeking to reconstitute the board?

Unfortunately, Mr. Jakobsohn is threatening to disrupt our positive momentum and put your investment at risk for his own personal gain.

In 2018, Mr. Jakobsohn requested a separation. Despite our attempts to privately negotiate a fair separation agreement

in good faith, Mr. Jakobsohn's offers included terms which would have had Knight shareholders suffer a significant financial loss and Mr. Jakobsohn enjoy a significant gain.

Shortly after Knight rejected Medison's one-sided separation terms, Mr. Jakobsohn decided to engage in an activist campaign. Despite Mr. Jakobsohn's assertions to the contrary, we believe that this activist campaign is an attempt to increase Medison's negotiation position and to force Knight to enter into a transaction with Medison on terms which are not in the best interest of Knight.

During the Fall of 2018, on the heels of Knights' refusal to accept Medison's separation terms, Mr. Jakobsohn began asserting for the first time that the strategy he had endorsed during his 3 year tenure as a director was now flawed.

Using arbitrary and selected metrics, he made unsubstantiated critiques about Knight's performance. He also asserted for the first time during his 3 years tenure that the board's decision-making process was flawed, and raised allegations of conflicts based on facts which are well known and had been disclosed when Knight became a publicly traded corporation. He further made gratuitous attacks on various members of the board, including directors whose nomination he had previously approved.

Mr. Jakobsohn requested that he be appointed as chairman of a strategic committee which would implement his ideas. Then in December, Mr. Jakobsohn requested that he be appointed as executive chairman of the board, and that Medison, despite holding 7% of Knight's shares, nominate the majority of the board. Mr. Jakobsohn did not provide any names of potential director.

Medison also refused to pay a dividend it was contractually obligated to pay and only relented from this tactic under threat of legal action.

Faced with this conduct, we have attempted to maintain an open and constructive dialogue. We have also made clear that we would consider in good faith proposals which are genuinely for the benefit of Knight and all of its stakeholders. Over the past several months, we have repeatedly invited Mr. Jakobsohn to present his plan during a working session to which our full board would participate. He systematically refused to do so for months.

Instead of constructively presenting his ideas, Mr. Jakobsohn decided to send criticisms and suggestions moments before board meetings, which he refused to attend in person. Mr. Jakobsohn's disruptive attitude and conduct currently prevents the board from focusing on growing Knight's business.

Mr. Jakobsohn only agreed to present his ideas during a board meeting held on March 13, 2019. This was the first time the board had seen the ideas that he has now made public. The board expressed the desire for a continuing dialogue but rather than engaging with the board, he released his plan publicly the day after the board meeting.

Regrettably, rather than engaging constructively with the board, Mr. Jakobsohn has chosen to wage a public campaign which we believe is aimed at pressuring the board to agree to terms that are not in the best interest of Knight's shareholders.

#### **What is Meir's strategy moving forward?**

Mr. Jakobsohn has publicly stated that he intends to nominate a slate of directors. However, he has been slow to attract and name nominees, so we are unable to comment on the qualifications of each. What we do know, is that they are being recruited to implement a scheme that will be good for Mr. Jakobsohn, not you as a shareholder.

Mr. Jakobsohn's agenda for Knight is a discombobulated scheme that clearly illustrates that he does not fully grasp of important aspects of our business, including the complex regulatory issues, industry margins, and specialty pricing.

Mr. Jakobsohn's plan just doesn't make sense. Primarily, Mr. Jakobsohn endorses a rest of world strategy – something we are already pursuing. But while we have a disciplined approach to secure licensing and strategic partnerships in Latin America, the Middle East and Africa, Mr. Jakobsohn's wants a significant amount of our money to gamble on high-risk

early-stage biotech products. While Knight is not averse to early stage products, Knight will not make high risk or binary bets that put your money at risk and allow Medison to benefit from any upside on licensing agreements for Israel.

Adding any of Mr. Jakobsohn's nominees to Knight's Board would derail the successful path we are on, destroy value, and is not in the best interests of Knight shareholders.

**Could this public fallout have been avoided?**

Yes. Knight has attempted to maintain an open and constructive dialogue with Mr. Jakobsohn and, over the past several months, has repeatedly asked him to provide the Corporation with a presentation outlining his views about the Corporation's strategy and opened the door for him to present to his fellow directors in person. Unfortunately, it was not until the morning of Wednesday, March 13, 2019, that such a presentation was provided on short notice before a scheduled Board meeting. Despite the limited time the Board had to consider the presentation, it operated in good faith to engage Mr. Jakobsohn in a constructive dialogue in an effort to identify avenues of cooperation that would be mutually beneficial. Following Mr. Jakobsohn's presentation, the Board expressed the desire of continuing their dialogue and asked about next steps. The Board is therefore disappointed by Mr. Jakobsohn's public release of his presentation and elimination of private discussions. It appears that rather than pursuing a meaningful attempt to find a mutually agreeable outcome, Mr. Jakobsohn's presentation is nothing more than a self-serving proxy fight tactic.

**What is Knight's strategy moving forward?**

At Knight, we never rest. Jonathan Ross Goodman founded our company with a vision to build a leading specialty pharmaceutical company in Canada and select international markets, to make a meaningful difference in the lives of patients, and, in the process deliver healthy returns to our shareholders.

Our team is delivering on these goals.

In the five short years since Knight was founded, we've come a long way. We've generated an impressive \$219 million of net income, raised hundreds of millions of dollars at increasing valuations, made smart acquisitions, and developed and in-licensed a promising pipeline of innovative products.

Since our launch in 2014, Knight has:

- Raised \$685 million at increasing valuations (\$3.50, \$5.25, \$6.75, \$8.00, \$10.00 per share)
- In-licensed over 20 innovative pipeline products from over a dozen companies
- Received FDA approval for Impavido® in March 2014 and sold Priority Review Voucher for US\$125M
- Acquired NeurAxon Inc. and the Neuragen brands
- Sold or out-licensed rights to Neuragen, Impavido, and NeurAxon
- Lent over \$170m to 15 strategic loan partners generating double digit returns
- Generated \$219m of net income to date (as at Dec. 31, 2018)
- Selectively rolling out a Rest of the World licensing strategy with lending of up to US\$25 million (as well as up to an additional US\$100 million) to Mexico and Brazil based Moksha8

Our strategy is working as further evidenced by our financial strength: in 2018, year over year revenue and net income increased by 45% and 40% respectively and, as at December 31, 2018, Knight had over \$787 million in cash, cash equivalents and marketable securities.

We're not resting on our laurels.

With our strong balance sheet, we will focus on growth through in-licensing of pharmaceutical products for Canadian and select international markets. In addition, we continue to explore corporate acquisitions but will only execute at a fair price.

We will also continue to pursue strategic loans and equity investments to secure rights to innovative pipeline assets,

including early stage products, and we're advancing our rest-of-world strategy, identifying the right strategic partners in Latin America, the Middle East and Africa.

We believe that this proven, responsible and disciplined strategy best positions us to maximize shareholder value, in both the short and long term.

#### **Why is Meir still listed as part Knight's slate of directors?**

In addition, Tzalir Holdings Ltd., a corporation privately held by Mr. Jakobsohn, has a contractual right to nominate one director at all meetings of shareholders of the Corporation where directors are elected. We are therefore contractually required to nominate Mr. Jakobsohn as part of Knight's slate of directors.

#### **What is the Proposed Dissident By-Law?**

The Proposed Dissident By-Law is an attempt to disqualify Jonathan Ross Goodman from acting as the Chief Executive Officer of the Corporation because of Mr. Goodman's indirect, passive interest in Pharmascience. It seeks to have Mr. Goodman divest of his interest in Pharmascience, or step down as CEO of the Corporation. In reality, this interest does not put Mr. Goodman in a position of conflict as CEO of the Corporation.

The first option is not viable, and Mr. Jakobsohn knows that. Mr. Goodman is a minority shareholder in a family holding company which holds a wide portfolio of assets including the shares of Pharmascience. First, there is no market for the shares of this family holding company, and second, a divestiture by Mr. Goodman of his indirect interests in Pharmascience would require Pharmascience to be sold outright. Mr. Goodman has no direction or control over the family holding company nor of Pharmascience and so does not have the right or ability to cause such a divestiture.

Curiously, the Proposed Dissident By-Law stops short of disqualifying directors that have a material financial interest in a competitor of the Corporation, likely because such a prohibition would prevent Mr. Jakobsohn from acting as a director. In fact, Medison, a company that is controlled and directed by Mr. Jakobsohn, competes with Knight in Israel and thus, ironically, it is actually Mr. Jakobsohn who is in conflict.

*Do not be confused. The Proposed Dissident By-Law is a tool used by Mr. Jakobsohn as part of his campaign to gain access to Knight's capital and use it to make high risk bets with shareholder money. For this reason, and for all of the reasons stated above, the board and management strongly recommend that shareholders vote against the proposal.*

#### **Why Submit the Proposed Dissident By-Law to Shareholders?**

Notwithstanding the fact that the Corporation (i) is within its legal rights to refuse to include the Proposed Dissident By-Law in this Circular due to the fact that it was proposed more than two months after the deadline to make such proposals, (ii) does not believe that adopting the Proposed Dissident By-Law is in the best interests of the Corporation or its shareholders, (iii) does not believe that the Proposed Dissident By-Law will garner support from shareholders, and (iv) views the Proposed Dissident By-Law as a distracting self-serving tactic, it has still been included in this Circular.

Why? Because while the Corporation views the Proposed Dissident By-Law as yet another in a long line of tactics being used by Mr. Jakobsohn to advance his self-serving personal agenda, it also wishes to give its shareholders the final say. Shareholders should have the opportunity to address these tactics with their vote.

#### **What is Jonathan Goodman's association with Pharmascience?**

Mr. Goodman is an indirect, passive minority shareholder in Pharmascience. Decisions at Pharmascience are completely isolated from Mr. Goodman and he provides zero input. Mr. Jakobsohn's allegations of conflict of interest regarding Mr. Goodman and Pharmascience – a business run separately by Mr. Goodman's father and brother – are no more than a red herring that insults the intelligence of Knight's shareholders, who are aware that Mr. Goodman has competed against Pharmascience since 1996 and will continue to do so to ensure Knight is successful. Mr. Goodman decided

decades ago to chart his own course in the pharmaceutical business, one that is separate from his family, and that decision has served Knight shareholders well. Mr. Goodman participated in all 5 Knight equity financings and personally invested over \$70 million at increasing valuations into Knight.

**What is being done to address concerns about Mr. Goodman’s interest in Pharmascience?**

Despite the fact that the Corporation does not view Mr. Goodman’s indirect passive interest in Pharmascience as a conflict, the Corporation, as well as Mr. Goodman, value the views of shareholders. For this reason, the mere suggestion that a conflict could exist has been a call to action for Mr. Goodman. On April 4, 2019, Mr. Goodman entered into a blind voting trust agreement in respect of the shares that he holds in his family holding company. As part of this agreement, Mr. Goodman has relinquished all right to vote his shares. Moreover, the blind voting trust agreement establishes a firewall whereby any information concerning Pharmascience to which an indirect shareholder may otherwise have access, is not accessible to Mr. Goodman. While factually speaking, Mr. Goodman has not been involved in any decision making at Pharmascience, the blind voting trust agreement insures that he will have no knowledge of any information relating to Pharmascience that is non-public. While the Corporation does not believe that this step is strictly necessary, it views this measure as a further demonstration of Mr. Goodman’s singular focus on the success of Knight.

**What if I can’t attend the Meeting in person?**

It is recommended that you vote your shares in advance of the Meeting even if you intend to attend the Meeting. Please complete, sign, date and return the BLUE Proxy, whether or not you plan to personally attend the Meeting. Sending your proxy will not prevent you from voting in person at the Meeting. Beneficial shareholders must appoint themselves to vote their shares in person at the Meeting.

**Who is entitled to vote at the Meeting?**

All shareholders as of the close of business on the Record Date, March 14, 2019.

**Who is soliciting my proxy?**

The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation. The Corporation has also engaged Kingsdale Advisors as its Proxy Solicitation Agent and Strategic Shareholder Advisor. You may contact Kingsdale with any questions, or for assistance in voting your shares, at 1-888-518-1552 or [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com). Knight may utilize the Broadridge QuickVote service to assist Non-Registered Shareholders with voting their Common Shares over the telephone. Alternatively, Kingsdale Advisors may contact such Non-Registered Shareholders to assist them with conveniently voting their Common Shares directly over the phone

**When must my shares be voted by?**

The proxy cut-off is set for 5:00 p.m. EST on May 3, 2019. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

**How many shares are eligible to vote?**

As of the Record Date, there were a total of 142,850,512 Common Shares issued and outstanding, each carrying the right to one (1) vote at the Meeting. No group of shareholders has the right to elect a specified number of directors. There are no cumulative or similar voting rights attached to the Common Shares.

**Who will tabulate the votes?**

AST Trust Company (Canada), the Corporation’s Transfer Agent, will act as the tabulator for the Meeting.



### **How do I appoint someone else to vote for me?**

If you intend to attend the Meeting in person, or have someone attend in your place, you must write their name on the Appointee field. In order for your shares to be voted, the Appointee must attend the Meeting in person, and check-in at the scrutineers' table with government-issued photo ID.

### **What if I want to change my vote or revoke my proxy or voting instruction form?**

You have the right to change or revoke your vote up until the proxy cut-off. If you have mistakenly voted on the other proxy card, you may change your vote by voting on the BLUE proxy card. This will revoke and replace your earlier cast vote. If you require assistance in doing so, please contact Kingsdale Advisors at 1-888-518-1552 or [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

### **Who should I contact for more information or assistance in voting my shares?**

Kingsdale Advisors is the Corporation's Proxy Solicitation Agent and can assist you with any questions related to this Meeting. You can contact them at 1-888-518-1552 or [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

### **How do I vote?**

#### Voting for Registered Shareholders

- By completing, dating, signing, and returning your BLUE form of proxy by Mail to:  
AST Trust Company (Canada)  
Attention: Proxy Department, P.O. Box 721,  
Agincourt, Ontario, M1S 0A1
- Internet Vote: Use 13-digit control number on the form of proxy to vote at [www.astvotemyproxy.com](http://www.astvotemyproxy.com)
- Telephone Vote: 1.888.489.7352 (English and French)
- Facsimile Vote: 416.368.2502 or 1.866.781.3111
- Email: Scan and email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com)
- In Person at the Meeting.

#### Voting for Canadian Beneficial Shareholders

- Telephone Vote: 1.800.474.7493 (English) or 1.800.474.7501 (French)
- Facsimile Vote: 905.507.7793 or 1.866.623.5305
- Internet Vote: [www.proxyvote.com](http://www.proxyvote.com) (enter your 16-digit control number)

#### Voting for US Beneficial Shareholders

- Telephone Vote: 1.800.454.8683
- Internet Vote: [www.proxyvote.com](http://www.proxyvote.com) (enter your 16-digit control number)

**If you have any questions or need assistance in casting your vote, please call Kingsdale Advisors at 1-888-518-1552 or email at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).**

**There is a team standing by to help.**

## SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING

Shareholder proposals intended to be presented at the Corporation's 2020 annual meeting of shareholders must be submitted for inclusion in the Corporation's proxy materials prior to December 31, 2019.

### VOTING SHARES AND PRINCIPAL SHAREHOLDERS

Holders of Common Shares who are included in the list of shareholders registered at the close of business on March 14, 2019 (the "Record Date") shall have the right to vote at the Meeting or at any adjournment thereof. Each Common Share is entitled to one vote with respect to the matters pertaining to the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares. As at March 29, 2019, 142,859,692 Common Shares were issued and outstanding. If two or more persons holding Common Shares jointly are present, in person or by proxy, at the Meeting, they shall vote as one on the Common Shares jointly held by them.

As at March 28, 2019, to the knowledge of the Corporation's management, the only person who owned directly or indirectly, or who exercised control or direction over 10% or more of the Common Shares was:

Name	Ownership (%)
Jonathan Ross Goodman	15.4% <sup>(1)</sup>

(1) Mr. Goodman directly owns 440,720 shares and indirectly owns 21,541,333 shares through Long Zone Holdings Inc., a company controlled by Mr. Goodman and 300 Common Shares owned by his children.

Information as to ownership of the Common Shares has been taken from the list of registered shareholders maintained by AST Trust Company (Canada), from a review of publicly filed documents or has been provided by or on behalf of the persons or companies.

## ELECTION OF DIRECTORS

The Board has appointed a Compensation, Corporate Governance and Nominating Committee (“CCGNC”) which is responsible, among other things, for assessing the performance and effectiveness of the Board as a whole and making the appropriate recommendations as to the Board’s composition and renewal process. This process seeks to maintain a balanced board with directors having a solid knowledge of the Corporation and new directors bringing fresh and independent perspectives. This year, in accordance with the by-laws of the Corporation, the CCGNC has proposed, and the Board has adopted, resolutions expanding the Board to eight directors, and nominating for election two new independent candidates, Nancy Harrison and Michael Tremblay. Together, Ms. Harrison and Mr. Tremblay bring significant experience in the biotechnology sector, operations, development and strategy. Mr. Harrison has already replaced Sarit Assouline on the Board following her resignation on August 8, 2018 and she is now standing for election by the shareholders. Rather than requesting another valuable, existing Board member not to seek re-election, the CCGNC and the Board have determined that it is in the best interest of the Corporation to expand the Board to eight persons so that Mr. Tremblay be elected as an additional Board member. If the Board’s recommendation to elect Nancy Harrison and Michael Tremblay are adopted, over 70% of the board will be composed of directors which have been appointed over the last four years.

The following are the nominees proposed by management of the Corporation for election as directors (the “**Directors**”) of the Corporation. Directors may hold office until the next Annual Meeting of shareholders of the Corporation or until their successors are elected or appointed.

**The persons named as proxies in the enclosed form of proxy intend to vote the Common Shares represented by such proxy in favour of the election to the Board of Directors (the “Board”) of the following nominees, unless the shareholder granting this proxy has indicated that his or her shares are to be voted otherwise or are not to be voted in respect of the election of Directors:**

- ✓ James C. Gale
- ✓ Jonathan Ross Goodman
- ✓ Samira Sakhia
- ✓ Robert N. Lande
- ✓ Sylvie Tendler
- ✓ Nancy Harrison
- ✓ Michael J. Tremblay

**In addition, Tzalir Holdings Ltd., a corporation privately held by Mr. Jakobsohn, has a contractual right to nominate one director at all meetings of shareholders of the Corporation where directors are elected. We are therefore contractually required to nominate Mr. Jakobsohn as part of Knight’s slate of directors. As a result, the persons named as proxies in the enclosed form of proxy intend to vote the Common Shares represented by such proxy in favour of the election of Mr. Jakobsohn to the Board, unless the shareholder granting this proxy has indicated that his or her shares are to be voted otherwise or are not to be voted in respect of the election of Directors.**

On April 23, 2015, the Board adopted a majority voting policy. This means that if a Director receives more “withhold” votes than “for” votes at the annual meeting of shareholders, then the Director will tender his or her resignation to the chairman of the Board. This would be effective if accepted by the Board. The Compensation, Corporate Governance and Nominating Committee (“CCGNC”) will consider a Director’s offer to resign and make a recommendation to the Board as to whether to accept it. The Board will have 90 days from the annual meeting to make and publicly disclose its decision. This policy does not apply in circumstances involving contested Director elections.

Management does not anticipate that any of the proposed nominees will be unable to serve as a Director. If such becomes the case for any reason whatsoever prior to the Meeting, the persons named as proxies in the enclosed form of proxy reserve the right to vote in favour of any other nominee that management may recommend.

Pursuant to the advance notice policy of the Corporation adopted by the Board of Directors on December 5, 2018 and discussed in further detail below, any additional director nominations for the Meeting must have been received by the

Corporation in compliance with the advance notice policy no later than the close of business on April 5, 2019. As of the date of this Circular, the Corporation has not received notice of any director nominations in connection with the Meeting.

The following table sets out information regarding the nominees for election as Directors:

Name and Residence	Principal Occupation	Director Since	Committee Membership	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
James C. Gale (Chairman) New York, USA	Managing Partner, Signet Healthcare Partners	2014	Audit, CCGNC	146,053
Jonathan Ross Goodman <sup>(2)</sup> Quebec, Canada	CEO of the Corporation	2013		24,185,875
Samira Sakhia Quebec, Canada	President and CFO of the Corporation <sup>(4)</sup>	2016		528,792
Robert N. Lande New York, USA	President, FXCM Group LLC.	2014	Audit, CCGNC	125,392
Sylvie Tendler Quebec, Canada	President, Sylvie Tendler & Associates	2014	Audit, CCGNC	101,842
Nancy Harrison	Corporate Director	2018		15,000
Meir Jakobsohn <sup>(3)</sup> Israel	President and CEO, Medison Biotech (1995) Ltd.	2015		10,424,884
Michael J. Tremblay	Corporate Director	--		--

(1) Includes number of Common Shares beneficially owned and Common Shares that would be beneficially owned or controlled if all outstanding stock options were exercised, as at March 28, 2019

(2) Includes indirect ownership of 21,541,333 Common Shares by Long Zone Holdings Inc., a company controlled by Jonathan Ross Goodman and 300 Common Shares owned by his children

(3) Includes indirect ownership of 5,014,230 Common Shares by Medison Biotech (1995) Ltd. as well as 3,054,097 Common Shares owned by Tzalir Holdings Ltd, each a company controlled by Meir Jakobsohn

(4) Samira Sakhia was the Chief Financial Officer of Paladin Labs Inc. from 2001 to 2015

The following are brief biographies for each of the persons proposed by management to be nominated for election as directors:

*James C. Gale, Chairman of the Board of Directors*

Mr. Gale is the founding partner of Signet Healthcare Partners (“**Signet**”). He is currently the Chairman of the Board of Apex Pharma S.A. and Teligent Inc., and also serves on the board of directors of Spepharm B.V., Bionpharma Inc., CoreRx, Inc., Leon Nanodrugs GmbH, Pharmaceuticals International, Inc. and Chr. Olesen Synthesis A/S. Prior to Signet, Mr. Gale worked for Gruntal & Co., LLC (“**Gruntal**”) as head of principal investment activities and investment banking. Prior to joining Gruntal, he worked for Home Insurance Co., Gruntal’s parent. Earlier in his career, Mr. Gale was a senior investment banker at E.F. Hutton & Co. Mr. Gale holds an M.B.A. from the University of Chicago. Mr. Gale was on the board of directors of Paladin Labs Inc. from 2008 to 2014.

*Jonathan Ross Goodman, Director, Chief Executive Officer*

Mr. Goodman founded Knight in February 2014. Prior to Knight, Mr. Goodman was the co-founder, President and CEO of Paladin Labs Inc. which was acquired by Endo Health Solutions Inc. (“**Endo**”) for \$3.2 billion. Under his leadership, \$1.50 invested in Paladin Labs Inc. at its founding was worth \$151 nineteen years later. Prior to co-founding Paladin Labs Inc. in 1995, Mr. Goodman was a consultant with Bain & Company and also worked in brand management for Procter & Gamble. Mr. Goodman currently serves on the board of directors of Medison Biotech (1995) Ltd. Mr. Goodman holds a B.A. with Great Distinction from McGill University and the London School of Economics with 1st Class Honours. Additionally, Mr. Goodman holds an LL.B. and an M.B.A. from McGill University. In 2016, Mr. Goodman was the co-recipient of Ernst & Young’s Quebec Entrepreneur of the Year Award in Health Sciences.

*Samira Sakhia, Director, President and Chief Financial Officer*

Ms. Sakhia joined Knight as President in August 2016 and assumed the additional responsibility of CFO in October 2017. Prior to Knight, Ms. Sakhia served as the CFO at Paladin Labs Inc. from 2001 to 2015. At Paladin Labs Inc., Ms. Sakhia was responsible for the finance, operations, human resources and investor relations functions. During her employment with Paladin Labs Inc., Ms. Sakhia was instrumental in executing in-licensing and acquisition transactions of Canadian and international pharmaceutical products and businesses. In addition, Ms. Sakhia led several M&A and strategic lending transactions as well as equity rounds on the TSX and completed the sale of Paladin Labs Inc. to Endo Health Solutions Inc. for over \$3 billion. Ms. Sakhia holds an MBA and a Bachelors of Commerce degree from McGill University and is also a Chartered Professional Accountant. Ms. Sakhia currently serves on the boards of Crescita Therapeutics Inc. and Profound Medical Corporation. In addition, Ms. Sakhia serves on the board of the Montreal Society for the Prevention of Cruelty to Animals, the International Advisory Board of McGill’s Desautels Faculty of Management, is an independent Board member at the McGill University Health Center, and is a member of the Board of Governors of McGill University. Ms. Sakhia will not be standing for re-election on the boards of Crescita Therapeutics Inc. and Profound Medical Corporation in 2019.

*Robert N. Lande, Director*

Mr. Lande is the President of FXCM Group LLC, an online brokerage firm offering trading in foreign exchange, equity indices and commodities. Formerly, he was Chief Financial Officer of FXCM and prior to that was a managing partner and Chief Operating Officer of Riveredge Capital Partners LLC (“**Riveredge**”), an investment management firm. Prior to Riveredge, Mr. Lande worked for over 16 years within the BCE/Bell Canada group where his last position was Chief Financial Officer of Telecom Américas Ltd., a joint venture between Bell Canada International, AT&T (then SBC Communications) and America Movil. Mr. Lande is a chartered financial analyst and holds an M.B.A. from the John Molson School of Business and a B.A. in Economics from McGill University. Mr. Lande was on the board of directors of Paladin Labs Inc. from 1995 to 2014.

*Sylvie Tendler, Director*

Ms. Tendler is a leading pharmaceutical market research specialist. In 2001, she founded The Tendler Group, a custom medical marketing research company, which served 12 of the Top 20 global pharmaceutical companies. In 2007, the company was acquired by IntrinsicQ LLC (owned at the time by Accel-KKR). Ms. Tendler stayed through 2010 to oversee the managerial transition following the acquisition. Ms. Tendler has hands-on experience conducting global primary research in Canada, the U.S., the top 5 EU markets, as well as Brazil and Mexico, and has been involved in the development and launch of blockbuster prescription products across several therapeutic categories. Ms. Tendler holds a Master’s degree in International Management from the University of Maryland, and a Financial Management Certificate from Cornell University.

*Meir Jakobsohn, Director*

Mr. Jakobsohn is the CEO of Israeli-based Medison Biotech (1995) Ltd. (“**Medison**”) which he founded in 1996 and spearheaded to becoming a leading Israeli pharmaceutical distributor. Formerly, he served as the Chief Operating Officer of M. Jakobsohn Ltd., a pioneer in opening the Israeli market to global pharmaceutical companies like Ciba-Geigy

(Novartis), which it represented between 1937 and 1995. Mr. Jakobsohn holds a B.A. in Economics from Bar-Ilan University and an Executive M.B.A. from Bradford University in the UK.

*Nancy Harrison, Director*

Ms. Harrison is co-founder and former President of MSI Methylation Sciences, a private venture backed development company with a novel treatment of depression in a Phase II clinical trial. She is a former Partner and Senior Vice President of Ventures West Management Inc. Ms. Harrison spent 13 years with Ventures West leading its life sciences practice in Canada and the U.S. She is one of the most experienced life sciences investors in the Canadian venture capital industry and was instrumental in Ventures West's involvement in the sector and with companies such as Angiotech Pharmaceuticals Inc., AnorMed Inc., Salmedix Inc., Oncogenix Pharmaceuticals Inc., Celator Pharmaceuticals Inc., and Caprion BioSciences. During her time with Ventures West, the firm grew from approximately \$80 million to over \$750 million. Ms. Harrison has an undergraduate degree in Engineering from Queen's University and an MBA from McGill University.

*Michael J. Tremblay*

Mr. Tremblay has over 40 years of experience in the Canadian pharmaceutical industry, and was most recently President of Astellas Pharma Canada, Inc. until his retirement in March of 2018. Mr. Tremblay also served on the board of Innovative Medicines Canada, the Canadian pharmaceutical industry organization representing innovative, research based pharmaceutical companies, from 2011 and was elected Chair of the Board for a term of two years starting in 2015. Prior to Astellas Canada, Mr. Tremblay held various commercial positions at Janssen Canada Inc., Searle Canada Inc. Baxter-Travenol Canada, Inc. and Smith, Kline & French Canada, Inc. Mr. Tremblay holds a Bachelor of Science degree from University of Windsor.

## **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

### Cease Trade Orders

To the knowledge of the Directors and officers of the Corporation, none of the Directors is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For purpose of the foregoing, an "order" means (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation.

### Bankruptcies

Except as described below, to the knowledge of the Directors and officers of the Corporation, none of the Directors of the Corporation i) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or ii) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

On July 16, 2013, Paladin Labs Inc. acquired all the issued and outstanding shares of Allon Therapeutics Inc. ("**Allon**") (TSX: NPC) in accordance with the Order for Reorganization in Allon's proposal under the *Bankruptcy and Insolvency Act (Canada)* and under the Canada Business Corporations Act, and Paladin Labs Inc. became the sole shareholder of Allon.

Ms. Sakhia was appointed director of Allon upon closing. Allon ceased to be a reporting issuer subsequent to closing and its shares were delisted from the TSX.

Prior to his current position as President of FXCM Group LLC, Mr. Lande served as Chief Financial Officer of Global Brokerage Inc. (“GLBR”), a shareholder of FXCM Group. On December 11, 2017, GLBR filed a Prepackaged Chapter 11 Plan of Reorganization (the “Plan”) pursuant to the terms of a Restructuring Support Agreement (“RSA”) signed with approximately 70% by value of the bondholders of a GLBR bond that was maturing in 2018. The overall purpose of the Plan was to enable GLBR to extend the maturity of the bond for five additional years. The Plan was confirmed on January 22, 2018 and GLBR emerged from bankruptcy on February 8, 2018. The overall purpose of the Plan was successful, and the new secured notes have been distributed in accordance with the Plan.

### Penalties or Sanctions

Except as described below, none of the Directors or executive officers of the Corporation was subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

In 2009, Mr. Gale was named in a class action law suit in connection with his role as a director of Indevus Pharmaceuticals, Inc. (“**Indevus**”). The suit alleged that certain misrepresentations were made by Indevus in connection with certain tender offer documents that were publicly filed. Indevus and its directors named in the suit, including Mr. Gale, maintained that there was no such misrepresentation and the suit was later settled for a nominal amount.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Objective of the Compensation Program**

The Corporation is committed to a compensation program that drives business performance, is competitive and seeks to align the interests of executives with the interests of the Corporation’s shareholders. Knight’s approach to compensation, including Named Executive Officer<sup>1</sup> (“**NEO**”, or collectively “**NEOs**”) compensation, follows three guiding principles:

1. Compensation aligns with shareholder interests
  - Long-term incentives vest and pay out over time, encouraging long term shareholder value creation
  - Accordingly, NEO compensation is heavily weighted toward the issuance of stock options
2. Compensation enables Knight to attract, engage and retain talent
  - Talented and motivated employees are essential to building Knight’s business
  - Aim to be competitive within the pharmaceutical industry
3. Compensation rewards performance
  - Designed to reward employees for high performance toward achieving corporate objectives

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<sup>1</sup> Refers to the CEO, the CFO and in addition, the three most highly compensated executive officers or individuals acting in a similar capacity

## Benchmarking

To ensure that the Corporation's compensation policy is competitive, Knight annually reviews the compensation program and pay levels of other publicly traded pharmaceutical companies. For 2018, the group of companies used for benchmarking compensation, referred to herein as the "Comparator Group" was selected by senior management to include companies that met all the following criteria at the time of evaluation:

1. TSX listed (single-listed);
2. Sector: Pharmaceuticals or Biotechnology; and
3. Market Cap above \$50M (as at December 31, 2017).

Furthermore, Knight believes that companies that meet the above criteria are:

1. Direct or indirect business competitors as they operate within the pharmaceutical or life sciences industries; and
2. Primary competitors of talent as Knight and the Comparator Group compete from the same pool of human resources.

The Comparator Group was approved by the CCGNC as an appropriate means of benchmarking executive compensation for the 2018 financial year.

The Comparator Group for the 2018 financial year was as follows:

<b>2018 Comparator Group</b>
Prometic Life Sciences Inc.
Theratechnologies Inc.
Resverlogix Corp.
Immunovaccine Inc.
Cipher Pharmaceuticals Inc.
Oncolytics Biotech Inc.
Helix BioPharma Corp.
Acerus Pharmaceuticals Corporation

## Components of 2018 Compensation

The compensation of NEOs consists primarily of three components: base salary, annual bonus, and participation in the Corporation's stock option plan. In addition, NEOs may participate in the Corporation's employee stock purchase plan and Registered Retirement Savings Plan ("RRSP") matching program on the same terms and conditions as other employees. Knight regularly reviews these components to ensure they align with the three above-mentioned guiding principles and market practices.

### Rationale for each Component and Determination of Amounts

The compensation policies and guidelines for the NEOs are recommended by the CEO, approved by the CCGNC and in the case of the Corporation's Executive Officers<sup>2</sup>, approved by the Board. The CCGNC oversees and reviews the individual components as well as the overall compensation of the Corporation's Executive Officers on an annual basis. The CCGNC is composed of the following independent Directors: James C. Gale, Robert N. Lande and Sylvie Tendler. All members of the CCGNC have extensive executive management experience in the pharmaceutical industry that is relevant to their roles and that enables the CCGNC to adequately make decisions on the suitability of the Corporation's compensation policies and practices. Following a review of the CCGNC's recommendations, the Board approves the compensation of each Executive Officer on an annual basis.

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<sup>2</sup> Executive Officers refers to Knight Therapeutics Inc.'s CEO, President and CFO and Vice-President, Business Development



## Base Salary

The objective of the base salary component of NEO compensation is to attract and retain highly qualified executives necessary for the Corporation’s long-term success. Base salary levels for NEO’s are established based on several factors including experience, responsibility relative to other positions in the Corporation, performance of the Corporation and competitive market conditions. Knight reviews base salaries annually and generally grants an increase when an executive assumes increased responsibilities or significantly deepens knowledge and expertise. Furthermore, an adjustment to the base salary may be made for cost of living increases or when there is a material change in the compensation levels for comparable roles in the Comparator Group.

## Short Term Incentive: Annual Bonus

The Corporation’s NEOs are entitled to be considered for an annual cash bonus with the following key features:

<b>Objective</b>	<ul style="list-style-type: none"> <li>• <b>Reward NEOs for Knight’s achievements and overall corporate performance</b></li> </ul>
<b>Form of award</b>	<ul style="list-style-type: none"> <li>• Cash payment</li> </ul>
<b>Performance Period</b>	<ul style="list-style-type: none"> <li>• 12 months</li> </ul>
<b>Grant/Award determination</b>	<ul style="list-style-type: none"> <li>• Target bonus percentage for NEOs ranges from 20% to 37.5% of base salary</li> <li>• CCGNC reviews total compensation including annual bonuses awarded by the Comparator Group in setting target bonus percentage</li> <li>• Actual bonus payout percentage for Executive Officers is approved by the CCGNC and Board in the first quarter of each fiscal year upon approval of annual audited financial statements</li> </ul>
<b>Performance measures</b>	<ul style="list-style-type: none"> <li>• Overall performance of Knight, considering factors such as revenue growth, profitability, advancement of product pipeline and strategic investments</li> <li>• For the NEOs excluding Executive Officers, departmental and personal achievements are considered in addition to overall corporate performance</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>• Paid following the end of the fiscal year upon approval of annual audited financial statements</li> <li>• Final payout is discretionary based on overall performance of Knight assessed by CCGNC</li> </ul>

At the end of a fiscal year the final payout of the annual bonus is approved by the CCGNC and Board based on a review of corporate performance achieved during the year. For fiscal year 2018, the annual bonus payout was at 150% of the target based on the achievement of corporate objectives.

## Long Term Incentive: Stock Options

The Corporation has a stock option plan (the “**Option Plan**”) approved by the CCGNC and the Board based on the recommendations of the CEO and President and CFO. Stock options under the Option Plan are generally granted to NEOs and other employees, at the discretion of the Board, upon initial employment and annually to sustain a commitment to long-term profitability and shareholder value creation.

The key features of the long-term incentive compensation program for the 2018 financial year were as follows:

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• <b>Reward NEOs for their contribution to long term performance and potential for future contribution</b></li> <li>• <b>Align management and shareholder interests with long term view of increasing shareholder value</b></li> </ul>
<b>Form of award</b>	<ul style="list-style-type: none"> <li>• Stock options with a 7-year term</li> </ul>

<b>Grant/Award determination</b>	<ul style="list-style-type: none"> <li>• Total value of option-based compensation determined based on a benchmarking process relative to the Comparator Group</li> <li>• The number of options granted is variable and depends on the Black-Scholes value per option prior to the grant</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>• Vest evenly over four years</li> <li>• No performance vesting conditions</li> </ul>
<b>Exercise Price</b>	<ul style="list-style-type: none"> <li>• Exercise price equal to the closing price of the Common Shares on TSX on the later of: <ul style="list-style-type: none"> <li>◦ Last trading day preceding the day on which the option grant was approved by the Board</li> </ul> </li> <li>• End of the blackout period if the option grant was made during a blackout period</li> </ul>

### ESPP and RRSP Matching

Permanent employees of the Corporation are eligible to participate in the ESPP and RRSP matching program as part of Knight's compensation program. Rights under the ESPP are granted in accordance with the ESPP described below under the Section "Employee Share Purchase Plan". In addition, Knight matches up to 4% of employees' contributions to their RRSPs conditional on the employees' continued employment with the Corporation for a period of two years following the contribution date.

### CEO Compensation 2018

A critical function of the CCGNC is to monitor and assess the CEO's performance and to recommend his compensation to the Board for approval. The Board supports the principle that CEO compensation should be directly related to the overall current performance of the Corporation and its potential for continued future growth. As such, in determining recommendations for CEO's total compensation, the CCGNC considers the absolute and relative performance of the Corporation as well as the CEO's total compensation relative to that of equivalent roles within the Comparator Group. The CCGNC reviews this information along with the performance of the CEO individually when recommending the CEO's salary and annual incentives for a given year. The following are the key characteristics of the CEO's compensation program for the 2018 financial year:

#### Base salary

- Annual base salary of \$300,000 increased to \$306,000 effective March 5, 2018
- Salary below the median of Comparator Group CEOs

#### Short Term Incentive: Annual Bonus

- Target bonus equal to 37.5% of earned salary
- For fiscal year 2018, a bonus multiplier of 150% was applied to CEO's target bonus.

#### Long-Term Incentive: Stock Options

- 182,482 options at an exercise price of \$10 valued at \$500,000 using Black-Scholes model granted on March 20, 2018
- Options granted represent 0.1% of Common Shares outstanding on a non-diluted basis as at March 28, 2019
- Value of stock options granted to the CEO was determined by benchmarking relative to the Comparator Group
- As at March 28, 2019, a total of 2,203,422 stock options are held by the CEO, representing 1.5% of the aggregate number of Common Shares outstanding on a non-diluted basis

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**ESPP**

- Knight issued 4,367 Common Shares to the CEO in 2018 under the ESPP, including 641 Common Shares contributed by the Corporation

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**NEOs 2018 Compensation (excluding CEO)**

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The following are the key characteristics of the NEOs (excluding CEO) compensation program for the 2018 financial year:

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**Base salary**

- Annual salary in the range of \$125,000 - \$267,750
- Salary for Executive Officers (excluding CEO) fell below the median of the Comparator Group's base salary levels for comparable positions

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**Short Term Incentive: Annual Bonus**

- Target bonus percentage ranged from 20% to 30% of base salary
- Target bonus percentage generally below the median of the Comparator Group's short-term incentive practices
- Board approved an annual bonus percentage for Executive Officers at 150% of the target bonus percentage
- The NEOs (excluding Executive Officers) received a bonus in the range of 23.5% - 25% of their earned salary based on the achievement of departmental and personal objectives

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**Long-Term Incentive: Stock Options**

- Aggregate of 257,448 stock options (valued at \$852,334 using Black-Scholes model) were issued to NEOs (excluding CEO) representing 0.2% of the number of Common Shares outstanding on a non-diluted basis as at March 28, 2019
- Value of stock options was determined by benchmarking relative to the Comparator Group
- The NEO's (excluding CEO) held a total of 1,300,817 options representing 1.0% of the aggregate number of Common Shares outstanding on a non-diluted basis as at March 28, 2019

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**ESPP**

- Aggregate of 10,583 common Shares issued under the ESPP in 2018 to NEOs (excluding CEO), including 934 common Shares contributed by the Corporation

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**Termination**

In the event of (i) involuntary or constructive termination, (ii) a change in a NEO's responsibilities, arrangements, if any or (iii) a change of control, severance or other payments will be determined in accordance with industry practices and applicable law.

## Summary Compensation Table for Named Executive Officers

Compensation earned in respect of the 2016 to 2018 financial years by the NEOs is summarized in the table below:

Name and principal position	Year	Salary (\$)	Share-based Awards (\$) <sup>(1)</sup>	Option-based Awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation		Pension Value (\$)	All Other Comp (\$) <sup>(4)</sup>	Total (\$)
					Annual Incentive Plans (\$) <sup>(3)</sup>	Long-term Incentive Plans (\$)			
Jonathan Ross Goodman CEO	2018	304,948	5,206	500,000	171,533	-	-	13,005	994,692
	2017	300,000	1,230	630,000	-	-	-	13,115	944,345
	2016	300,000	3,651	- <sup>(7)</sup>	112,500	-	-	13,005	429,156
Samira Sakhia <sup>(5)</sup> President & CFO	2018	266,829	-	389,000	120,073	-	-	10,662	786,564
	2017	262,500	-	164,672	-	-	-	10,500	437,672
	2016	73,702	-	1,086,750	26,465	-	-	57,231	1,244,148
Amal Khouri VP, Business Development	2018	233,285	3,899	278,000	87,482	-	-	12,147	614,813
	2017	228,721	3,799	350,000	-	-	-	9,149	591,669
	2016	225,000	-	- <sup>(7)</sup>	56,250	-	-	9,000	290,250
Jody Engel Director, Business Development	2018	153,711	3,681	92,667	38,428	-	-	7,231	295,718
	2017	150,000	3,276	105,000	19,500	-	-	5,975	283,751
	2016	146,450	-	38,600 <sup>(7)</sup>	29,215	-	-	5,840	220,105
Arvind Utchanah <sup>(6)</sup> Director of Finance	2018	137,370	-	92,667	32,282	-	-	5,461	267,780
	2017	123,846	-	55,951	19,858	-	-	4,954	204,609
	2016	57,692	-	87,010	27,600	-	-	2,215	174,517

- (1) The share-based awards relate to the Corporate Contribution Amount received by NEOs under the ESPP. Refer to description of ESPP below under the heading "Employee Share Purchase Plan" for further details.
- (2) The option-based awards granted to NEOs in respect of the 2018 financial year vest at a rate of one-quarter per year. The fair value of the option-based awards granted in respect of the 2018 financial year was determined using the Black-Scholes model, an established option pricing methodology, using the assumption in the table below. There is no difference between the grant date fair values included above and accounting fair values for purposes of stock-based compensation.

Grant Date	Mar. 20, 2018	
NEO	Mr. Goodman	All other NEOs
Exercise Price	\$10.00	\$7.73
Risk free interest rate	2.11%	
Dividend yield	Nil	
Volatility factor	40%	
Average expected life	6.4 Years	
<b>Fair value (rounded)</b>	<b>\$2.74</b>	<b>\$3.31</b>

- (3) The non-equity annual incentive plan compensation consists entirely of annual bonuses.
- (4) All other compensation in respect of the 2018 financial year consists of Knight's contribution under the RRSP matching program and taxable benefits from interest on employees' loan.
- (5) Ms. Sakhia was appointed President of the Corporation in August 2016 and assumed the additional responsibility of CFO in October 2017. The period of compensation during the 2016 financial year for Ms. Sakhia was less than 12 months; on an annualized basis, her base salary was \$262,500 and her non-equity incentive compensation would have been \$78,750. Ms. Sakhia also earned \$54,000 of consulting fees (reflected under "all other compensation") in the 2016 financial year for services rendered to the Corporation and one of its subsidiaries prior to being appointed as President. The value of the option-based award granted to Ms. Sakhia in 2017 was \$490,000 pro-rated based on her months of employment in the 2016 financial year.
- (6) Mr. Utchanah commenced employment with Knight on June 20, 2016
- (7) On December 16, 2015, the Corporation issued stock options to select NEOs with reference to the 2016 year. The split between option-based awards granted to select NEOs with reference to the 2015 and 2016 years is listed below:

Name	Reference Year	Grant Date	Number of Options	Option-based Awards (\$)
Jonathan Ross Goodman	2015	Mar. 24, 2015	290,000	1,510,900
	2016	Dec. 16, 2015	250,000	1,025,000
Amal Khouri	2015	Mar. 24, 2015	135,000	703,350
	2016	Dec. 16, 2015	125,000	512,500
Jody Engel	2015	Mar. 24, 2015	15,000	78,150
	2016	Dec. 16, 2015	15,000	61,500
	2016	Mar. 30, 2016	10,000	38,600

## Outstanding Option-based Awards and Share-based Awards

The following table indicates for each NEO all awards outstanding at the end of the 2018 financial year:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#) <sup>(2)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(2)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
Jonathan Ross Goodman	1,186,470 <sup>(3)</sup>	5.65	Jun. 2, 2021	2,420,399	1,962	15,088	-
	290,000 <sup>(3)</sup>	8.75	Mar. 24, 2022	-			
	250,000	7.76	Mar. 16, 2023	-			
	182,482	10.00	Mar. 20, 2025	-			
	133,218	10.10	Mar. 21, 2027	-			
Samira Sakhia	117,498	7.73	Mar. 20, 2025	-	1,715	13,188	-
	225,000	9.60	Sep. 21, 2026	-			
	34,821	10.10	Mar. 21, 2027	-			
Amal Khouri	85,000	5.20	Aug. 25, 2021	211,650	1,495	11,497	-
	135,000	8.75	Mar. 24, 2022	-			
	125,000	7.76	Mar. 16, 2023	-			
	83,970	7.73	Mar. 20, 2025	-			
	74,010	10.10	Mar. 21, 2027	-			
Jody Engel	20,000	6.00	Sep. 10, 2021	33,800	979	7,529	-
	15,000	8.75	Mar. 24, 2022	-			
	25,000	7.76	Mar. 16, 2023	-			
	27,990	7.73	Mar. 20, 2025	-			
	22,203	10.10	Mar. 21, 2027	-			
Arvind Utchanah	25,000	8.28	Aug. 16, 2023	-	815	6,267	-
	27,990	7.73	Mar. 20, 2025	-			
	11,829	10.10	Mar. 21, 2027	-			

(1) The value of the unexercised in-the-money options at financial year-end (some of which have not yet vested) is the difference between the closing price of the Common Shares on December 31, 2018 on TSX (\$7.69) and the exercise prices. This value has not been, and may never be realized by the NEOs. The actual gains, if any, on exercise will depend on the value of the Common Shares on the date of the option exercise. See the "Stock Option Plan" section below for further information.

(2) The amount included for each of the NEOs relates to the Corporate Contribution Amount under the ESPP assuming the NEO remains employed by the Corporation and holds the original shares for two years from the date originally purchased. The Corporate Contribution Amount is calculated based on the closing price on TSX on December 31, 2018 (\$7.69). See "Employee Share Purchase Plan" section for further details.

(3) Includes 20,000 stock options earned by Mr. Goodman in his capacity as Director of the Corporation

## Incentive-plan Awards – Value Vested or Earned during the Year

The following table indicates for each NEO the value on vesting of all incentive-plan awards and the value earned during the 2018 financial year:

Name	Option-based awards Value vested during the year (\$) <sup>(1)</sup>	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$) <sup>(2)</sup>
Jonathan Ross Goodman	-	5,206	171,533
Samira Sakhia	-	-	120,073
Amal Khouri	-	3,899	87,482
Jody Engel	-	3,681	38,428
Arvind Utchanah	-	-	32,282

(1) The value vested during the year with respect to option-based awards for each NEO equals the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.

(2) The amount of non-equity incentive plan compensation is the amount of annual bonus earned by NEOs during the year and is consistent with the amount under the non-equity incentive plan compensation column of the Summary Compensation Table for NEOs.

## Options granted for 2019 financial year

On March 19, 2019, the following options were granted to NEOs. The NEOs were granted options at an exercise price of \$7.67, which equals closing share price on the date preceding the grant date.

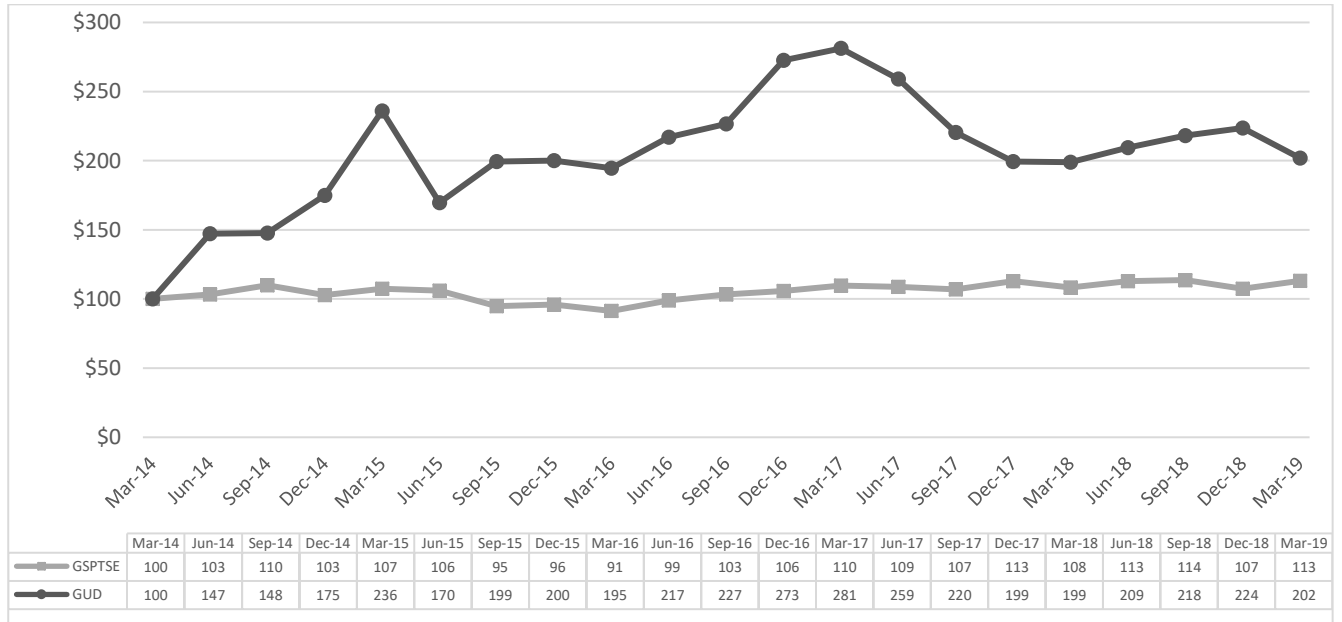
Name	Number of securities underlying unexercised options (#)	Option exercise Price (\$)	Option Expiration Date	Value of Option-based Award (\$) <sup>(1)</sup>
Jonathan Ross Goodman	161,252	7.67	Mar. 19, 2026	510,275
Samira Sakhia	115,138	7.67	Mar. 19, 2026	364,350
Amal Khouri	71,592	7.67	Mar. 19, 2026	226,550
Jody Engel	29,388	7.67	Mar. 19, 2026	93,000
Arvind Utchanah	29,388	7.67	Mar. 19, 2026	93,000

(1) The option-based awards granted to NEOs on March 19, 2019 vest at a rate of one-quarter per year. The fair value of the option-based awards granted were determined using the Black-Scholes model, an established option pricing methodology, using the following inputs and assumptions:

Grant Date	Mar. 19, 2019
Exercise Price	\$7.67
Risk free interest rate	1.88%
Dividend yield	Nil
Volatility factor	40%
Average expected life	6.04 Years
Fair value (rounded)	\$3.16

## PERFORMANCE GRAPH

The performance graph below compares the cumulative total shareholder return for \$100 invested in the Common Shares of the Corporation on March 3, 2014 up to March 1, 2019, with the S&P/TSX Composite Index.



On February 28, 2014, the Common Shares were listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol GUD. From March 3, 2014 until April 28, 2014, the Common Shares were posted for trading on the TSX-V. On April 29, 2014, the Corporation was listed for trading on the TSX under the trading symbol GUD and de-listed from the TSX-V. The graph shows that the total shareholder return for the Corporation has grown by 99%, versus 8% for the S&P/TSX index for the same period. Given the early stage of the Corporation’s development, the trend on the Corporation’s compensation to the NEOs is not correlated with the trend in the performance graph.

## BOARD OF DIRECTORS

The CCGNC ensures that Knight’s Board is comprised of members with the relevant skill set and experience to provide effective guidance and oversight on management. On an annual basis, Knight’s management recommends the compensation of the Directors to the CCGNC which upon agreement will obtain final approval from the Board. A key feature of the compensation of Directors includes the issuance of stock options which effectively align the interests of the Directors with those of Knight’s shareholders.

## COMPENSATION OF DIRECTORS

During the 2018 financial year, non-independent directors did not receive any form of compensation for being members of the Board. The compensation of independent Directors during the 2018 financial year was as follows:

### Cash Compensation

- \$10,000 per independent Director (\$14,000 for Board chair)
- \$3,125 per member of Audit Committee (\$3,750 for committee chair)
- \$1,875 per member of CCGNC (\$2,250 for committee chair)
- Total cash compensation of \$72,759 was earned by independent Directors
- The average fees earned by the independent directors is below the median of the Comparator Group’s director cash compensation

### Long-Term Incentive: Stock Options

- Compensation of 20,000 options granted on May 15, 2018 for all Directors (except for Nancy Harrison)
- Compensation of 15,000 options granted to Ms. Harrison on August 14, 2018
- Compensation subject to an annual Black-Scholes value cap of \$100,000
- The average option-based compensation granted to the independent directors was above the median of the Comparator Group's director option-based compensation

### ESPP

- For non-executive Directors<sup>3</sup>, the yearly participation amount is a maximum of \$10,000
- Granted in accordance with the ESPP described below under the Section "Employee Share Purchase Plan"

### Other

- Directors are reimbursed for travel expenses in relation to Board meetings
- Knight does not have a retirement plan for Directors
- No other arrangements under which Directors were compensated in their capacity as Directors by the Corporation

### Summary Compensation Table for Independent Directors

The following table provides details of the compensation earned by the independent Directors of the Corporation during the 2018 financial year:

Name	Fees earned (\$)	Share-based Awards (\$) <sup>(1)</sup>	Option-based Awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All Other Compensation (\$)	Total (\$)
James C. Gale	19,376	-	67,653	-	-	-	87,029
Robert N. Lande <sup>(3)</sup>	28,583	-	67,653	-	-	-	96,236
Sylvie Tendler	15,000	-	67,653	-	-	-	82,653
Sarit Assouline <sup>(4)</sup>	5,833	-	33,826	-	-	-	39,659
Nancy Harrison <sup>(5)</sup>	3,967	-	51,992	-	-	-	55,959

(1) Relates to the Corporate Contribution Amount received by the Director under the ESPP. For further details refer to description of ESPP below under the heading "Employee Share Purchase Plan".

(2) The option-based awards granted to Independent Directors in respect of the 2018 financial year vest 50% upon grant and 50% on the anniversary date of the grant. The fair value of the option-based awards granted in respect of the 2018 financial year was determined using the Black-Scholes model, an established option pricing methodology, using the assumption in the table below. There is no difference between the grant date fair values included above and accounting fair values for purposes of stock-based compensation.

<b>Grant Date:</b>	<b>May 15, 2018</b>
Risk free interest rate	2.28%
Dividend yield	Nil
Volatility factor	40%
Average expected life	6.04 Years
<b>Fair value (rounded)</b>	<b>\$3.38</b>

(3) Includes US\$10,000 earned in Mr. Lande's capacity as a Director of one of the Corporation's wholly-owned subsidiaries. In the table above, these fees were converted to Canadian dollars at the 2018 average exchange rate.

(4) Sarit Assouline ceased to act as a board member on August 6, 2018, thereby forfeiting 10,000 stock options and exercising 10,000 stock options on August 15, 2018.

(5) Ms. Harrison was appointed on the Board of Directors on August 8, 2018.

<sup>3</sup> Includes all Directors except Mr. Goodman and Ms. Sakhia



## Outstanding Option-based Awards and Share-based Awards

The following table indicates for each independent Director all awards outstanding at the end of the 2018 financial year:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#) <sup>(2)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(2)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
James C. Gale	20,000	5.65	Jun. 2, 2021	40,800	-	-	-
	20,000	8.75	Mar. 24, 2022	-			
	20,000	7.76	Mar. 16, 2023	-			
	20,000	8.05	May. 15, 2025	-			
	20,000	10.25	May 16, 2027	-			
Robert N. Lande	20,000	5.65	Jun. 2, 2021	40,800	658	5,059	-
	20,000	8.75	Mar. 24, 2022	-			
	20,000	7.76	Mar. 16, 2023	-			
	20,000	8.05	May. 15, 2025	-			
	20,000	10.25	May 16, 2027	-			
Sylvie Tendler	20,000	5.76	Sep. 5, 2021	38,600	-	-	-
	20,000	8.75	Mar. 24, 2022	-			
	20,000	7.76	Mar. 16, 2023	-			
	20,000	8.05	May. 15, 2025	-	-	-	-
	20,000	10.25	May 16, 2027	-			
Nancy Harrison	15,000	8.26	Aug. 14, 2025	-			

(1) The value of the unexercised in-the-money options at financial year-end (some of which have not yet vested) is the difference between the closing price of the Common Shares on December 31, 2018 on TSX (\$7.69) and the exercise prices. This value has not been, and may never be realized by the Directors. The actual gains, if any, on exercise will depend on the value of the Common Shares on the date of the option exercise. See the "Stock Option Plan" section below for further information.

(2) The amount included relates to the Corporate Contribution Amount under the ESPP assuming that Mr. Lande remains employed by the Corporation and holds the original shares for two years from the date originally purchased. The Corporate Contribution Amount is calculated based on the closing price on TSX on December 31, 2018 (\$7.69). See "Employee Share Purchase Plan" section for further details.

## Incentive-plan Awards – Value Vested or Earned during the Year

The following table indicates for each independent Director the value on vesting of all incentive-plan awards and the value earned during the 2018 financial year:

Name	Option-based awards Value vested during the year (\$) <sup>(1)</sup>	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
James C. Gale	-	-	-
Robert N. Lande	-	2,654	-
Sylvie Tendler	-	-	-
Nancy Harrison	-	-	-
Sarit Assouline	-	-	-

(1) The value vested during the year with respect to option-based awards for each Independent Director equals the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.

## 2019 Directors Compensation

The CCGNC and the Board approved the following compensation effective upon re-election of the Board of Directors:

### Cash Compensation

- \$12,000 per independent Director (\$16,800 for Board chair)
- \$3,750 per member of Audit Committee (\$4,500 for committee chair)
- \$2,250 per member of CCGNC (\$2,700 for committee chair)

### Long-Term Incentive: Stock Options

- Compensation of 20,000 options per independent Director
- Compensation of 25,000 options for Board chair
- Compensation subject to an annual Black-Scholes value cap of \$100,000

### ESPP

- For non-executive Directors<sup>4</sup>, the yearly participation amount is a maximum of \$10,000
- Granted in accordance with the ESPP described below under the Section “Employee Share Purchase Plan”

### Other

- Directors are reimbursed for travel expenses in relation to Board meetings
- Knight does not have a retirement plan for Directors
- No other arrangements under which Directors were compensated in their capacity as Directors by the Corporation

<sup>4</sup> Includes all Directors except Mr. Goodman and Ms. Sakhia

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Option Plan

On March 21, 2017, the Board adopted a new stock option plan (the “**Option Plan**”) for directors, employees and consultants which was subsequently approved by shareholders at the May 9, 2017 Meeting. Pursuant to the Option Plan the Corporation may grant options (“**Options**”) for the purchase of common shares to any employee, director or consultant of the Corporation or any of its affiliates (each, an “**Optionee**”). The purpose of the Option Plan is to attract, retain and reward individuals who are expected to contribute significantly to the success of the Corporation and its affiliates, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Corporation and, in general, to further the best interests of the Corporation and its shareholders. The number of common shares available for issuance under the Option Plan shall not exceed 10% of the common shares issued and outstanding from time to time, subject to the “evergreen” features of the Option Plan described below and the ability of the Board to make appropriate adjustments under the anti-dilution provisions of the Option Plan. The maximum number of common shares issuable to insiders at any time under the Option Plan and all other security based compensation arrangements of the Corporation is 10% of the Corporation’s total issued and outstanding common shares, and the number of common shares issued to insiders within any one-year period under the Option Plan and all other security based compensation arrangements of the Corporation may not exceed 10% of the issued and outstanding common shares of the Corporation. Moreover, the annual grant value of Options to any one Director that is not an employee of the Corporation may not be in excess of \$100,000. As at March 28, 2019, the total number of common shares presently available for grant under the Option Plan is 9,595,521. Every three years after March 21, 2017, all unallocated Options under the Option Plan will be submitted for approval to the Board and thereafter the shareholders of the Corporation.

Any common shares that are subject to an Option or an option granted under any other security-based compensation arrangement of the Corporation that has been exercised, expired, cancelled, forfeited or are otherwise terminated, will again become available for grant under the Option Plan. As a result of the features described above in this paragraph, the Option Plan is considered to be an “evergreen” plan.

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the “**Committee**”) of the Board all or any of the powers conferred on the Board under the Option Plan. The exercise price of the Options is fixed by the Board at the grant date and may not be less than the closing price of the Common Shares on the TSX on the trading day immediately preceding the date of the grant. The exercise price of the Options is stated and payable in Canadian dollars. Options vest at the discretion of the Committee. In the event that no specific determination is made by the Committee with respect to the vesting of any particular Options, all Options shall vest in equal tranches of 25% per annum on each anniversary of grant. Options granted under the Option Plan may have a term of up to 10 years (subject to an extension of the scheduled expiry date in the event the option would otherwise expire during a blackout period), such extension not to exceed ten business days following the expiration of such blackout period).

Options granted under the Option Plan are not transferable or assignable, other than in the case of death as set out in the Option Plan. The Option Plan allows for the cashless exercise of Options at the sole discretion of the Committee and in such manner and subject to such terms and conditions as the Committee may deem appropriate.

Unless otherwise permitted by the Board, any Options granted under the Option Plan shall terminate and shall cease to be exercisable in the following circumstances: (a) in the case of an Optionee who is an officer, employee, or consultant of the Corporation or of an affiliate of the Corporation that is terminated for “**Serious Reason**”, all Options granted to such Optionee, whether vested or unvested, shall immediately terminate and cease to be exercisable on the effective date of such Optionee's Termination. “**Serious Reason**” means any act or failure to act by the Optionee constituting a “serious reason” under Article 2094 of the Quebec Civil Code; (b) in the case of an Optionee who is an officer, employee, or consultant of the Corporation or of an affiliate of the Corporation that is terminated for “**Cause**”, such Optionee may exercise any Option, to the extent that such Option was exercisable and had vested on the date of termination, until the date that is the earlier of (i) the expiry date of the Option and (ii) the date that is 30 days after the effective date of

such Optionee's termination. "Cause" means a determination by senior management in respect an Optionee, or by the Board in respect of an Optionee that is part of senior management, as the case may be, to terminate an Optionee due to such Optionee's underperformance but which does not constitute Serious Reason as defined above; (c) in the case of an Optionee who is an officer, employee, or consultant of the Corporation or of an affiliate of the Corporation that is terminated for any reason other than Serious Reason, Cause, retirement or death, such Optionee may exercise any Option granted under the Option Plan, to the extent that such Option was exercisable and had vested (i) on the date of termination or (ii) would have vested within 90 days after the date of such termination, until the date that is the earlier of (1) the expiry date of the Option and (2) the date that is 30 days after the effective date of such Optionee's termination; (d) in the case of an Optionee who is a Director of the Corporation or of an affiliate of the Corporation, such Optionee, is removed or is not re-elected as a Director of the Corporation or of an affiliate of the Corporation, all Options granted to such Optionee, whether vested or unvested, shall immediately terminate and cease to be exercisable on the effective date of such Optionee's removal or failure to be re-elected; (e) the case of an Optionee who is a Director of the Corporation or of an affiliate of the Corporation, such Optionee resigns as a Director of the Corporation or of an affiliate of the Corporation, in which case such Optionee may exercise any Option, to the extent that such Option was exercisable and had vested on the date of resignation, until the date that is the earlier of (i) the expiry date of the Option and (ii) the date that is 30 days after the effective date of such Optionee's resignation; (f) in the case of an Optionee who is an officer, employee or consultant of the Corporation or of an affiliate of the Corporation and such Optionee retires, such Optionee may exercise any Option, to the extent that such Option was exercisable and had vested on the date of retirement, until the date that is the earlier of (i) the expiry date of the Option and (ii) the date that is 30 days after the effective date of such Optionee's retirement; or (g) in the case of an Optionee that dies, such Optionee's legal personal representatives, heirs, executors or administrators may exercise any Option, to the extent that such Option was exercisable and had vested on the date of death, until the date that is the earlier of (i) the expiry date of the Option and (ii) the date that is six months after the date of death.

In the event of a "change of control" of the Corporation, the Board may, in its discretion, permit and authorize the accelerated vesting and early exercise of all or any portion of the then outstanding Options in connection with the completion of such change of control. Subject to the foregoing, all rights of the Optionees to exercise any outstanding Options, whether vested or unvested, shall terminate and all such Options shall immediately expire and cease to have any further force or effect, upon and subject to the completion of the relevant change of control. "Change of Control" means any amalgamation, merger or consolidation with any other corporation (otherwise than pursuant to an internal corporate reorganization that would not affect control of the Corporation) or liquidation, dissolution or winding-up, or any sale or conveyance of all or substantially all of the property or assets of the Corporation or any proposed offer to acquire all of the outstanding Shares or any other proposed transaction involving the Corporation having similar effect.

The Option Plan specifies the types of amendments to the provisions of the Option Plan and any Option granted thereunder that will and will not require the approval of shareholders in order to be effective. By its terms, the Option Plan and any Option granted thereunder may be amended by the Board without the consent of shareholders generally to: (i) ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or stock exchange; (ii) amendments of a "housekeeping" nature, including amendments relating to the administration of the Option Plan or to eliminate any ambiguity or correct or supplement any provision therein which may be incorrect or incompatible with any other provision thereof; (iii) change the vesting and exercise provisions of the Option Plan or any Option in a manner which does not entail an extension beyond the originally scheduled expiry date for any applicable Option, including to provide for accelerated vesting and early exercise of any Options deemed necessary or advisable in the Board's discretion; (iv) change the termination provisions of the Option Plan or any Option which, in the case of an Option, does not entail an extension beyond an Option's originally scheduled expiry date; (v) change the provisions on transferability of Options for normal estate settlement purposes; (vi) change the process by which a Holder who wishes to exercise his or her Option can do so, including the required form of payment for the Common Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered; and (vii) add a conditional exercise feature which would give participants the ability to conditionally exercise in certain circumstances determined by the Board in its discretion, at any time up to a date determined by the Board in its discretion, all or a portion of those Options granted to such participants which are then vested and exercisable in accordance with their terms, as well as any unvested Options which the Board has determined shall be immediately vested and exercisable in such circumstances.

In addition to such amendments as may require shareholder approval under applicable laws, the approval of shareholders will generally be required for the following amendments, in each case unless the amendment results from the application of the anti-dilution provisions of the Option Plan: (i) any amendment to the amendment provisions of the Option Plan which is not an amendment within the nature of paragraphs (i) or (ii) in the preceding paragraph requiring the approval of the Board only; (ii) any amendment to increase the maximum number of common shares issuable under the Option Plan; (iii) any amendment that would reduce the option price of an outstanding Option (including a cancellation and reissue of an Option constituting a reduction in the option price) or extension of the period during which an Option may be exercised; (iv) any amendment to remove or exceed the plan limits described herein; (v) any amendment to expand the eligibility criteria under the Option Plan; and (vi) any amendment to the provisions of the Option Plan that would permit Options to be transferred or assigned other than for normal estate settlement purposes.

### **Employee Share Purchase Plan (ESPP)**

The Corporation has in place an ESPP for the benefit of permanent employees and members of the Board, as designated by the Board or any appropriate committee thereof to purchase Common Shares to a maximum of 1% of the Common Shares issued and outstanding from time to time. As at March 28, 2019, there were 87,408 shares issued under the ESPP (representing 0.05% of total number of outstanding Common Shares) leaving 1,341,188 shares available for future purchase. Enrolments are allowed four times per year and employees can subscribe after three months of employment.

The ESPP provides that the subscription price per share for shares which are the subject of any purchase under the ESPP shall be the lower of i) the weighted trading average closing price of the Common Shares for the 5 trading days immediately preceding the applicable purchase date or ii) or the price at which the Corporation has agreed to sell Common Shares pursuant to a short form prospectus under applicable Canadian securities laws in the thirty (30) day period preceding the applicable purchase date; ("**Market Price**"). The Corporation shall contribute an amount equal to 25% of the contributions made by participants towards the purchase of Common Shares pursuant to the ESPP, subject to certain conditions (the "**Corporate Contribution Amount**"). Employees under the plan receive at least the number of shares that such employees would have received had the Corporation contributed on the date of the employee's contribution. As such, if the Market Price of the Common Shares on the date of the Corporation's contribution is higher than on the date the participant contributed, the Corporation will contribute such amount that is sufficient to purchase 25% of the number of Common Shares purchased by the participant during the relevant contribution period. Conversely, if the Market Price of the Common Shares on the date of the Corporation's contribution is lower than on the date the participant contributed, the Corporation will contribute such amount that is 25% of the amount that was contributed for the relevant contribution period by the participant. No Common Shares will be purchased on behalf of a participating employee under the ESPP if such purchase could result, at any time, in (a) the issuance to insiders, within a one-year period, of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares; or (b) the issuance to any one insider and such insider's associates, within a one-year period, of a number of Common Shares exceeding 5% of the issued and outstanding Common Shares. In addition, the maximum number of Common Shares issuable to insiders at any time under the ESPP and any other share compensation arrangements shall be 10% of the outstanding Common Shares of the Corporation. The ESPP limits the yearly participation amount at 10% of the employee's annual income. For non-independent members of the Board, the yearly participation amount cannot exceed \$10,000. Rights under the ESPP are non-assignable. In the event that a participant, while remaining an employee, is no longer being paid by the Corporation due to an authorized period of absence, the contributions of such participant will be suspended until the participant resumes employment with the Corporation. In the event of the death or termination of employment of a participant and in the event a participant ceases to be a participant, participation in the ESPP will automatically terminate and the plan administrator will, unless otherwise instructed, remit to the estate of the deceased participant, to the participant or to the former participant, as the case may be, a certificate representing the number of whole Common Shares standing to the credit of such participant or former participant.

The Board may amend or modify the ESPP at any time without the consent of the participants, provided, however, that such amendment shall (a) subject to certain exceptions, not adversely alter or impair any ESPP Common Shares; (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and (c) be subject to shareholder approval, where required by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to

(i) amendments of a “housekeeping” nature, such as those of a typographical, clerical or grammatical nature; (ii) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; and (iii) a change to the eligible participants of the ESPP. Any suspension, termination, material amendment or material modification to the ESPP (including an increase in the maximum number of Common Shares issuable under the ESPP) or a reduction in the Market Price of a Common Share (other than for standard anti-dilution purposes), shall be approved by the holders of a majority of the Common Shares present and voting in person or by proxy at a meeting of shareholders of the Corporation. In addition to the foregoing, any material amendment to an entitlement granted under the ESPP to an insider or an associate of an insider, including a change in the Market Price, shall be approved by a majority of votes cast at a meeting of shareholders, other than votes attaching to shares beneficially owned by participants or former participants.

In the event that an amendment is made, other than on a non-isolated basis, to an entitlement under the ESPP granted to a non-insider, the approval of a majority of votes cast at a meeting of shareholders shall be obtained only if required by the TSX.

#### **RENEWAL OF ESPP**

The TSX requires that the Corporation obtain shareholder approval every three years for unallocated entitlements under the ESPP.

The Board has approved all unallocated options under the ESPP, subject to approval by a resolution of a simple majority of the votes cast by shareholders at the Meeting. Accordingly, at the Meeting, shareholders will be asked to consider and, if deemed advisable, approve the following ordinary resolution (the “ESPP Renewal Resolution”):

“BE IT RESOLVED, as an ordinary resolution of the shareholders of Knight Therapeutics Inc., that:

1. All unallocated entitlements under the ESPP, as described in the Management Information Circular of the Corporation dated April 4, 2019, are approved;
2. The Corporation is authorized to continue granting rights under the ESPP until May 7, 2022, being the date that is three years from the date hereof; and
3. Any one director or officer of the Corporation is authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver all such documents, and to do all such acts or things, as in the opinion of such director or officer, may be necessary or desirable in order to give full force and effect to this resolution.”

The Corporation’s Board of Directors recommends a vote “FOR” the approval of the ESPP Renewal Resolution. In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the approval of the ESPP Renewal Resolution.

If the ESPP Renewal Resolution is not passed at the Meeting, all unallocated rights under the ESPP will be cancelled and the Corporation will not be permitted to grant further rights under the ESPP.

## EQUITY COMPENSATION PLAN INFORMATION

### Option Plan

The following table provide the number of securities to be issued upon the exercise of options under the Option Plan. The Corporation does not have an equity compensation plan that has not been approved by securityholders.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of Common Shares remaining available for future issuance under the Option Plan (excluding securities reflected in the first column)
Stock option compensation plans approved by security holders	4,129,843	\$7.64	10,155,208
Stock option compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>4,129,843</b>	<b>\$7.64</b>	<b>10,155,208</b>

As at December 31, 2018, 4,129,843 Options were outstanding under the Option Plan, representing 2.9% percent of the issued and outstanding common shares of Knight. As at December 31, 2018, 10,155,208 Options remained available for grant under the Option Plan, representing 7.1% percent of the issued and outstanding common shares of Knight.

The following table summarizes the burn rate (being the number of options granted under the Option Plan during the applicable fiscal year divided by the weighted average number of common shares outstanding for the applicable fiscal year) in respect of the Option Plan for the past three years:

Fiscal Year	Burn Rate
2016	0.3%
2017	0.4%
2018	0.5%

### ESPP

The following table provide the number of shares issued and available for future issuance under the ESPP at December 31, 2018. The Corporation does not have an ESPP that has not been approved by securityholders.

Plan Category	Number of Common Shares issued pursuant to the ESPP	Weighted-average exercise issue price of Common Shares issued pursuant to the ESPP	Number of Common Shares remaining available for future issuance under the ESPP (excluding securities reflected in the first column)
ESPP compensation plan approved by security holders	78,223	\$8.38	1,350,282
ESPP compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>78,223</b>	<b>\$8.38</b>	<b>1,350,282</b>

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table indicates aggregate outstanding indebtedness to the Corporation of its Directors and NEOs as at March 28, 2019:

Aggregate Indebtedness (\$) <sup>(1)</sup>		
Purpose	To the Corporation of its Subsidiaries	To Another Entity
Purchase of securities	520,000	-
All other indebtedness	-	-
<b>Total</b>	<b>520,000</b>	<b>-</b>

<sup>(1)</sup> Indebtedness does not include interest on the indebtedness which was charged at 1% per annum throughout the 2018 financial year

The following table details the indebtedness to the Corporation of its Directors and NEOs with respect to the 2018 financial year under securities purchase programs:

Borrower's Name and Principal Position (in each case hereunder, the "Borrower")	Involvement of Corporation or Subsidiary	Security for Indebtedness	Largest Amount Outstanding During the 2018 Financial Year (\$) <sup>(1)</sup>	Amount Outstanding as at March 30, 2018 (\$) <sup>(1)</sup>	Financially Assisted Securities Purchases During the 2018 Financial Year (#)	Amount Forgiven During the 2018 Financial Year (\$)
Amal Khouri <i>VP, Business Development</i>	Lender	Securities Purchased	375,000	375,000	-	-
Jody Engel <i>Director, Business Development</i>	Lender	Securities Purchased	145,000	145,000	-	-

<sup>(1)</sup> Indebtedness does not include interest on the indebtedness which was charged at 1% per annum throughout the 2018 financial year

The indebtedness to the Corporation listed in the table above (the "Loans") arose as part of the (i) Corporation's bought deal private placements of special warrants that took place on March 19, 2014 and December 22, 2014 (each special warrant entitled the Borrowers to acquire an equivalent number of Common Shares), (ii) the Corporation's bought deal placement of common shares that took place on May 27, 2016, and, (iii) the Corporation's bought deal placement of common shares that took place on December 22, 2016.

Name	Date	Amount Borrowed (\$)	Unit Price (\$)	Securities Purchased (#)
Amal Khouri	Mar. 19, 2014	225,000	3.50	64,286
	May 27, 2016	100,000	8.00	12,500
	Dec. 22, 2016	50,000	10.00	5,000
Jody Engel	Dec. 22, 2014	145,000	6.75	21,481

The Loans bear interest at 1% per annum. The difference between Canada Revenue Agency's prescribed rate and the interest rate on the Loans represents a taxable benefit which was at 1% from April 1, 2018 to December 31, 2018.

The Loans must be repaid at the earlier of when (i) the Borrower sells their respective underlying shares or (ii) within 90 days following the termination of the Borrowers' employment with the Corporation. Recourse against the respective Borrowers' assets, other than the underlying shares, is limited to 50% of the indebtedness, plus any unpaid interest.



## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has liability insurance for its directors and officers. The aggregate annual premium for that insurance is paid by the Corporation. The insurance coverage under the policy for each loss is limited to \$10,000,000 for each policy year. The policy provides for a \$50,000 deductible for any claim made by the Corporation and there shall be no deductible for any claim made by a director or officer.

## CORPORATE GOVERNANCE

The Board and executive officers of the Corporation regard good corporate governance practices as being of the highest importance.

The Board monitors the changes made to corporate governance practices and regulatory requirements. Under National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201"), the Corporation is required to disclose certain information regarding its corporate governance practices. The comments of the Board regarding compliance with such policies can be found in Schedule "A" to this Information Circular.

In addition to the information set forth in Schedule "A" to this Information Circular, the following sets forth certain information regarding the Committees of the Board. The Board has established an Audit Committee and a Compensation Corporate Governance and Nominating Committee.

### *Audit Committee*

The Audit Committee is comprised of three independent directors. The Chair of the Audit Committee is Robert N. Lande and the other two members are James C. Gale and Sylvie Tendler.

The Audit Committee met five times with respect to the 2018 financial year. The primary responsibilities of the Audit Committee are to review and monitor the Corporation's accounting policies and financial controls, its financial statement presentation, the Corporation's ongoing financial disclosure and the Corporation's principal business risks. The members of the Audit Committee confer with Ernst & Young LLP, the Corporation's external auditors, as they believe is appropriate in the course of a given year. For more information regarding the Audit Committee and its Charter, please refer to the Corporation's Annual Information Form (Schedule "B") for the 2018 financial year.

### *Compensation, Corporate Governance and Nominating Committee*

The CCGNC is presently comprised of three independent directors. The chair of the committee is James C. Gale and the other two members are Robert N. Lande and Sylvie Tendler. The principal functions of the CCGNC are as follows:

- a) to address matters of corporate governance and to review and approve the compensation of the senior management of the Corporation, to review management's development of the compensation philosophy and then to independently monitor the Corporation's compensation systems and practices to ensure they encourage and reward behavior which supports the achievement of the Corporation's strategic goals. The CCGNC's role is also to make recommendations to the Board as to which directors and fulltime employees should be granted stock options pursuant to the Option Plan.
- b) to evaluate the size of the Board; identify the skill sets currently available and skill sets that may be required; assess the performance of the Board, its committees and the contributions of individual directors, taking into consideration knowledge, experience and personal attributes (e.g., professional experience, skills, background, race and gender); and, without disproportionately weighting any single attribute, recommend to the Board the director nominees to be put before the shareholders at the annual meetings.

For the financial year ended December 31, 2018 the CCGNC (or its predecessors) met twice to discuss compensation levels for NEOs and governance matters and once to discuss Board nominations for the upcoming Meeting.

## AUDIT COMMITTEE INFORMATION

Reference is made to Annual Information Form (Schedule “B”) of the Corporation for the year ended December 31, 2018 for disclosure of the information relating to the Audit Committee required under Form 52-110F1. A copy of this document can be found on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation’s profile.

## APPOINTMENT OF AUDITORS

Unless such authority is withheld, the proxies hereby solicited will be voted to reappoint Ernst & Young LLP as auditors of the Corporation, to hold office until the next Annual Meeting of Shareholders and to authorize the Board of Directors of the Corporation to determine their remuneration. Ernst & Young LLP was first appointed in the 2014 financial year.

Fees billed by Ernst & Young LLP for the years ended December 31, 2018 and December 31, 2017 are summarized below<sup>1</sup>:

Category	2018 \$	2017 \$
Audit fees	334,800	439,840
Audit-related fees	156,000	-
Tax Fees	227,102	155,930
<b>Total Fees</b>	<b>717,902</b>	<b>595,770</b>

## CONFIRMATION AND APPROVAL OF ADVANCE NOTICE BY-LAW

### Background

On December 5, 2018, the Board of Directors of the Corporation adopted an advance notice by-law (the “Advance Notice By-Law”) with immediate effect, a copy of which is attached to this Information Circular as Schedule A. In order for the Advance Notice By-Law to remain in effect following termination of the Meeting, the Advance Notice By-Law must be ratified, confirmed and approved at the Meeting, as set forth more fully below.

### Purpose of the Advance Notice By-Law

The directors of the Corporation are committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of this Advance Notice By-Law is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, including without limitation setting forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

### Terms of the Advance Notice Policy

The following information is intended as a brief description of the Advance Notice By-Law and is qualified in its entirety by the full text of the Advance Notice By-Law, a copy of which is attached as Schedule A. The terms of the Advance Notice By-Law are summarized below:

The Advance Notice By-Law provides that advance notice to the Corporation must be made in circumstances where

nominations of persons for election to the board of directors are made by shareholders of the Corporation other than pursuant to: (i) a “proposal” made in accordance with the applicable provisions of the Canada Business Corporations Act ; or (ii) requisition of a shareholders’ meeting made in accordance with the applicable provisions of the Canada Business Corporations Act.

Among other things, the Advance Notice By-Law fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Secretary of the Corporation prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the Secretary of the Corporation for an effective nomination to occur. No person will be eligible for election as a Director of the Corporation unless nominated in accordance with the provisions of the Advance Notice By-Law.

In the case of an annual meeting of shareholders (including an annual and special meeting), notice to the Corporation must be made not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), notice to the Corporation must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The board of directors of the Corporation may, in its sole discretion, waive any requirement of the Advance Notice Policy.

#### **Confirmation and Approval of Advance Notice By-Law by Shareholders**

If the Advance Notice By-Law is approved at the Meeting, the Advance Notice Policy will continue to be effective and in full force and effect in accordance with its terms and conditions beyond the termination of the Meeting. Thereafter, the Advance Notice By-Law will be subject to an annual review by the Board of Directors of the Corporation and will be updated to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

If the Advance Notice By-Law is not approved at the Meeting, the Advance Notice By-Law shall terminate and be void and of no further force and effect following the termination of the Meeting.

At the Meeting, the shareholders will be asked to approve the following by ordinary resolution (the “Advance Notice By-Law Resolution”):

“BE IT RESOLVED, as an ordinary resolution of the Shareholders of the Corporation, that:

1. The Corporation’s Advance Notice By-Law as set forth in this Information Circular dated April 4, 2019 be and is hereby ratified, confirmed and approved;
2. The Board of Directors of the Corporation be authorized in its absolute discretion to administer the Advance Notice By-Law and amend or modify the Advance Notice By-Law in accordance with its terms and conditions to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, so as to meet industry standards, or as otherwise determined to be in the best interests of the Corporation and its shareholders; and
3. Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.

The Corporation's Board of Directors recommends a vote "FOR" the approval of the Advance Notice By-Law Resolution. In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the approval of the Advance Notice By-Law Resolution.

### **PROPOSED DISSIDENT BY-LAW RESOLUTION**

On March 8, 2019, the Corporation received a shareholder proposal from Medison setting out a proposed amendment to its by-laws. The text of the resolution put forth in Medison's Letter to the Board is as follows:

**RESOLVED THAT:**

1. A new By-Law No. 3, which amends By-Law No. 1, is hereby approved, authorized and adopted in the form attached hereto as Exhibit "A".
2. Any one director or officer of Knight Therapeutics Inc. (the "Corporation") is hereby authorized, for and on behalf of the Corporation, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement By-Law No. 3, which amends By-Law No. 1, and the matters authorized thereunder and carry out the purposes and intent of the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, or the taking of any such action.

**THE BOARD AND MANAGEMENT RECOMMEND TO VOTE "AGAINST" THE PROPOSAL FOR THE FOLLOWING REASONS:**

***The True Motivation Behind the Proposed Dissident By-Law***

The Corporation recognizes the importance of adopting governance best practices, to ensure sustainable shareholder value. But a governance by-law is not a tool to be used by a disgruntled director to further a self-serving agenda. While the proponents of the Proposed Dissident By-Law profess to address conflicts and corporate governance, its actual purpose is completely self-serving. It is only proposed as an attempt to disqualify Jonathan Ross Goodman from acting as the Chief Executive Officer of the Corporation because of Mr. Goodman's indirect, passive interest in Pharmascience. In reality, this interest does not put Mr. Goodman in a position of conflict as CEO of the Corporation. Mr. Goodman remains singularly focused on the continuing success and growth of Knight as demonstrated by the fact he has participated in all five of Knight's equity financings, personally investing over \$70 million. In fact, to the extent that Pharmascience is a competitor of the Corporation, such competition would have been undertaken without the prior knowledge or input of Mr. Goodman, as he has absolutely no involvement, direct or indirect, in the operations of Pharmascience. The overwhelming majority of shareholders with whom the Corporation has spoken share the view that Mr. Goodman must remain at the helm of Knight.

The Proposed Dissident By-Law also attempts to disqualify Knight's Chairman, Mr. James Gale. Medison's attempt to cast the relationship between Mr. Goodman and Knight's Chairman as problematic is improper and regrettable. In fact, outside of Knight, Mr. Gale and Mr. Goodman do not have a material financial, economic or business relationship with each other. While it is true that the Goodman family has made investments with Mr. Gale in the past, such investments have never been made, overseen or received input from Jonathan Ross Goodman and this will continue to be the case going forward.

Curiously, the Proposed Dissident By-Law stops short of disqualifying directors that have a material financial interest in a competitor of the Corporation, likely because such a prohibition would prevent Mr. Jakobsohn from acting as a director. In fact, Medison, a company that is controlled and directed by Mr. Jakobsohn, competes with Knight in Israel and thus, ironically, it is actually Mr. Jakobsohn who is in conflict.

### ***Why Submit the Proposed Dissident By-Law to Shareholders?***

Notwithstanding the fact that the Corporation (i) is within its legal rights to refuse to include the Proposed Dissident By-Law in this Circular due to the fact that it was proposed more than two months after the deadline to make such proposals, (ii) does not believe that adopting the Proposed Dissident By-Law is in the best interests of the Corporation or its shareholders, (iii) does not believe that the Proposed Dissident By-Law will garner support from shareholders, and (iv) views the Proposed Dissident By-Law as a distracting self-serving tactic, it has still been included in this Circular. Why? Because while the Corporation views the Proposed Dissident By-Law as yet another in a long line of tactics being used by Mr. Jakobsohn to advance his self-serving personal agenda, it also wishes to give its shareholders the final say. Shareholders should have the opportunity to address these tactics with their vote.

### **Mr. Goodman has entered into a Blind Voting Trust in respect of Pharmascience**

The Proposed Dissident By-Law seeks to have Mr. Goodman divest of his interest in Pharmascience, or step down as CEO of the Corporation. The first option is not viable, and Mr. Jakobsohn knows that. Mr. Goodman is a minority shareholder in a family holding company which holds a wide portfolio of assets including the shares of Pharmascience. First, there is no market for the shares of this family holding company, and second, a divestiture by Mr Goodman of his indirect interests in Pharmascience would require Pharmascience to be sold outright. Mr. Goodman has no direction or control over the family holding company nor of Pharmascience and so does not have the right or ability to cause such a divestiture. As to Mr. Goodman stepping down as the CEO of Knight, for reasons already expressed, the Corporation believes that this is not in its best interests, nor in the interest of shareholders. Despite the fact that the Corporation does not view Mr. Goodman's indirect passive interest in Pharmascience as a conflict, the Corporation, as well as Mr. Goodman, value the views of shareholders. For this reason, the mere suggestion that a conflict could exist has been a call to action for Mr. Goodman. On April 4, 2019, Mr. Goodman entered into a blind voting trust agreement in respect of the shares that he holds in his family holding company. As part of this agreement, Mr. Goodman has relinquished all right to vote his shares. Moreover, the blind voting trust agreement establishes a firewall whereby any information concerning Pharmascience to which an indirect shareholder may otherwise have access, is not accessible to Mr. Goodman. While factually speaking, Mr. Goodman has not been involved in any decision making at Pharmascience, the blind voting trust agreement insures that he will have no knowledge of any information relating to Pharmascience that is non-public. While the Corporation does not believe that this step is strictly necessary, it views this measure as a further demonstration of Mr. Goodman's singular focus on the success of Knight.

**Do not be confused. The Proposed Dissident By-Law is a tool used by Mr. Jakobsohn as part of his campaign to gain access to Knight's capital and use it to make high risk bets with shareholder money. For this reason, and for all of the reasons stated above, the board and management strongly recommend that shareholders vote against the proposal.**

### **ADDITIONAL INFORMATION**

Additional financial and other information is provided in the Corporation's comparative financial statements, management's discussion and analysis thereon, and in the Corporation's annual information form for its most recently completed financial year. Copies of these documents and additional information relating to the Corporation are available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile. Additional copies may be obtained without charge upon request to the Corporation's Secretary at 3400 De Maisonneuve Blvd. W., Suite 1055 Montreal, Quebec H3Z 3B8 - (514) 484-4483.

### **OTHER MATTERS**

The management of the Corporation knows of no matters to come before the Meeting other than as set forth in the notice of Annual Meeting of the Shareholders of the Corporation (the "**Notice**"). However, if any amendment or other business should properly be brought before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote upon any such amendment of the matters referred to in the Notice or on such other business in accordance with their best judgment.

## DIRECTORS' APPROVAL

The Board of directors of the Corporation has approved the contents of this Information Circular and its sending to holders of its Common Shares.

*(s) Jonathan Ross Goodman*

Jonathan Ross Goodman, B.A., LL.B., M.B.A.  
Chief Executive Officer

Director  
Montreal, Quebec

April 4, 2019

*(s) James C. Gale*

James C. Gale  
Chairman of the Board of Directors

Director  
New York, New York

April 4, 2019

## SCHEDULE "A"

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation holds the view that effective corporate governance practices are key to the overall success of a business corporation. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") which require that the Corporation disclose information about its corporate governance practices. This Schedule is intended to comply with such requirement. The Corporation is also complying with the provisions of National Instrument 52-110 - *Audit Committees* ("NI 52-110"), as discussed under "Audit Committee Information" above.

#### Disclosure Requirements under Regulation 58-101

##### 1) Board of Directors

###### a) Disclose the identity of directors who are independent.

The Board of Directors (the "Board") has reviewed the independence of each director as defined in NI 58-101. A director who is independent has no direct or indirect material relationship with the Corporation, including a relationship which in the view of the Board could reasonably interfere with the director's exercise of independent judgment. After having reviewed the role and relationships of each director, the Board has determined that the majority of the directors nominated by management for election to the Board are independent, namely:

James C. Gale  
Robert N. Lande  
Sylvie Tendler  
Nancy Harrison  
Michael J. Tremblay

###### b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

The Board has determined, after reviewing the role and relationships of each director, that the following directors nominated by management for election are not independent, namely:

Jonathan Ross Goodman, CEO, on the basis that he is an executive officer of the Corporation.

Samira Sakhia, President and CFO, on the basis that she is an executive officer of the Corporation.

Meir Jakobsohn, Director, on the basis that he has a material relationship with the Corporation by virtue of the Corporation's strategic partnership and reciprocal investment with Medison.

###### c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors does to facilitate its exercise of independent judgement in carrying out its responsibilities.

The majority of (four of seven) directors are independent. In addition, the majority (five of eight) directors nominated by management for election are independent.

- d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

Mr. Gale is a Director of Teligent, Inc.

Ms. Sakhia is a Director of Crescita Therapeutics Inc. and Profound Medical Corp.

- e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.**

The Board is of the view that appropriate structures and procedures are in place to ensure that it can function independently of the management. Independent directors have the ability to meet in the absence of members of management to the extent they deem appropriate. During fiscal 2018, the independent directors met once in the absence of members of management, on a formal basis

- f) Disclose whether or not the Chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.**

Mr. Gale acts as Chairman of the Board and is an independent Director.

- g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each director for the Board meetings held via teleconference or in person during fiscal 2018 is as follows:

James C. Gale	9 of 9 meetings
Jonathan Ross Goodman	9 of 9 meetings
Samira Sakhia	9 of 9 meetings
Robert N. Lande	9 of 9 meetings
Sylvie Tandler	9 of 9 meetings
Meir Jakobsohn	6 of 9 meetings
Sarit Assouline <sup>(1)</sup>	3 of 5 meetings
Nancy Harrison <sup>(2)</sup>	3 of 4 meetings

(1) Sarit Assouline resigned on August 6, 2018

(2) Nancy Harrison joined the Board on August 8, 2018



## 2) Board Mandate

- a) **Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.**

The Board has the overall responsibility for the strategic planning and general management of the business and affairs of the Corporation. In fulfilling its responsibilities, the Board is responsible for, among other things:

- adoption of a strategic planning process for the Corporation;
- the approval of the annual operating and capital expenditure budgets;
- identification of the principal risks of the Corporation's business and ensuring the implementation of the appropriate systems to manage these risks;
- succession planning for the Corporation including appointing and monitoring senior management;
- a communications policy for the Corporation;
- the approval of acquisitions, dispositions, investments and financings which exceed certain thresholds of materiality; and the integrity of the Corporation's internal controls and management information systems.

The Board discharges its responsibilities directly and through committees of the Board which have specific areas of responsibility. In addition to these matters, management is required to seek Board approval for major transactions including those that involve strategic investments, as well as capital and operating expenditures exceeding a certain threshold of materiality. The frequency of meetings, as well as the nature of items discussed, depends upon the opportunities or risks which the Corporation faces.

## 3) Position Descriptions

- a) **Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.**

The Board has developed position descriptions for the chair of the Board and for the chair of each Board committee.

- b) **Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.**

The Board has developed a position description for the CEO.

## 4) Orientation and Continuing Education

- a) **Briefly describe what measures the Board takes to orient new directors regarding:**
- i) the role of the Board, its committees and its directors, and**
  - ii) the nature and operation of the issuer's business**

Nominees for the Board are selected based on their experience in business management and corporate governance and with a particular emphasis on potential nominees who have special expertise in an area of strategic interest to the Corporation. New directors are oriented to the business and affairs of the Corporation as well as to the role of the Board, its committees and its directors through discussions with management and other directors and through periodic presentations from management on major business, industry and competitive issues. In addition, at each quarterly Board meeting, directors have the

opportunity to hear presentations by management on various topics concerning the Corporation's operations.

- b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

Directors attend presentations held from time to time to keep them apprised of changes within the Corporation and the regulatory and industry requirements and standards.

## **5) Ethical Business Conduct**

- a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**
- i) disclose how a person or company may obtain a copy of the code;**
  - ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and**
  - iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

The Board has adopted a written code of business conduct and ethics for the directors, officers and employees. A person or company may obtain a copy of the code under at [www.SEDAR.com](http://www.SEDAR.com) under the Corporation's profile.

The Board satisfies itself regarding compliance with its code by requiring that all officers have a special duty to uphold the Corporation's reputation for integrity, honesty and ethical conduct by setting an example of compliance and by creating a work environment that encourages ethical behavior.

No material change reports have been filed since January 1, 2018 that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

- b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

A member of management is not permitted to negotiate transactions where he or she may have a material interest, either actual or perceived. In addition, Board members must declare if they have a conflict of interest considering transactions and agreements. Should a Board member have a conflict, actual or perceived, he or she may not vote on the transaction or agreement presented.

- c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.**

The promotion of a culture of integrity is part of the Board mandate. The Board requires that all officers have a special duty to uphold the Corporation's reputation for integrity, honesty and ethical conduct by setting an example of compliance and by creating a work environment that encourages ethical behavior. Furthermore, one of the principal duties of the CEO in his position description is to "promote a corporate culture that fosters a corporate culture that promotes ethical practices and encourages individual integrity".

The Board has adopted whistleblower procedures which allow employees to raise concerns regarding accounting, internal accounting controls or auditing matters on a confidential and anonymous basis. The complaints are forwarded directly to the Chair of the Audit Committee.

## 6) Nomination of Directors

### a) Describe the process by which the Board identifies new candidates for Board nomination.

The CCGNC objectively considers the independence of candidates, their financial acumen, competencies and other skills and the time which candidates have available to devote to the duties of the Board of Directors in making their recommendations for nomination to the Board.

### b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process

Each member of the Board's CCGNC is "independent" within the meaning of NI 52-110.

### c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The principal duties of the nominating function of the CCGNC include: evaluating the size of the Board of Directors, identifying the skill sets currently available and skill sets that may be required, assessing the performance of the Board of Directors, its committees and committee chairs, and the contributions of individual directors on an annual basis, and recommending to the Board of Directors the director nominees to be put before the shareholders at the annual meetings of the Corporation. The CCGNC is responsible for identifying qualified new candidates to join the Board of Directors.

## 7) Compensation

### a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.

### b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

### c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Board has directed the CCGNC to consider matters related to executive and Director compensation and to report and make recommendations to the Board with respect to such matters. In making its recommendations, the CCGNC considers many factors including corporate performance and compensation program and pay levels of other publicly traded pharmaceutical companies.

Each member of the Board's CCGNC is "independent" within the meaning of NI 52-110.

The CCGNC is responsible for setting and reviewing the compensation paid to the Corporation's officers and for selecting and administering the Corporation's short and long-term incentive plans for such officers. The CCGNC is responsible for reviewing and recommending a plan of succession for the Corporation's senior management. The CCGNC is also responsible for setting and reviewing the compensation paid to the directors and for evaluating each director's contribution to the performance of the Board. The Corporation has not used the services of a consultant or a specialized compensation advisor to help establish the Corporation's executive compensation or any other compensation related services during the financial year ended December 31, 2018.

## 8) Other Board Committees

- a) **If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.**

The Board has no other standing committees.

## 9) Assessments

- a) **Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.**

While the Board has not implemented a formal process for evaluating its performance or the performance of individual Directors, the Board informally reviews its role on an ongoing basis. In addition, the Directors are encouraged to discuss any issues and to raise specific matters with the Chair or with each other. To this end, certain Board members hold in camera meetings to discuss the effectiveness and contribution of the other directors.

The Board believes that its informal performance review process sufficiently monitors the effectiveness and contribution of the Board, its committees and individual directors. No specific matters were raised during the financial year ended December 31, 2018.

## 10) Director Term Limits and Other Mechanisms for Board Renewal

- a) **Disclose whether or not the issuer has adopted term limits for the directors on its Board or other mechanisms of Board renewal and, if so, include a description of those director term limits or other mechanisms of Board renewal. If the issuer has not adopted director term limits or other mechanisms of Board renewal, disclose why it has not done so.**

The Corporation has not adopted term limits for its directors or other mechanisms of Board renewal. The Corporation is aware of the positive impacts of bringing new perspectives to the Board, and therefore does occasionally add new members, however, the Corporation has not adopted term limits as it values continuity on its Board of Directors and the in-depth knowledge of Corporation held by those members who have a long-standing relationship with the Corporation.

## 11) Policies Regarding the Representation of Women on the Board

- a) **Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.**

On December 5, 2018, the Board adopted a written diversity policy. The Board believes that a board made up of highly qualified directors from diverse backgrounds and who reflect the changing population demographics of the markets in which the Corporation operates, the talent available with the required expertise, and the Corporation's evolving customer and employee base, promotes better corporate governance. To support this, the Compensation, Corporate Governance and Nominating Committee, when identifying candidates to recommend for appointment/election to the Board: (i) considers only candidates who are highly qualified based on their experience, functional expertise, and personal skills and qualities; (ii) considers diversity criteria including gender, age, ethnicity and geographic background; and (iii) conducts searches for candidates that meet the Board's skills and diversity criteria to help achieve its diversity aspirations. As part of its diversity policy, the Board aspires towards board composition in which each gender comprises at least thirty percent of the directors.

With the above diversity and other goals in mind, when the Board and CEO recommend candidates for Board positions, the decisions are based on merit. The Corporation remains committed to selecting the best person to fulfill these roles, considering factors such as qualifications, personal attributes (e.g., professional experience, skills, background, race and gender), business background and experience. Currently, three out of seven members of the Board, or 43%, are female. Furthermore, diversity is highlighted with members of the Board from religious minority groups as well as a Director who is part of the visible minority of the Canadian population.

## **12) Consideration of the Representation of Women in the Director Identification and Selection Process**

- a) **Disclose whether and, if so, how the Board or nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the issuer does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer's reasons for not doing so.**

See 11 (a) above

## **13) Consideration Given to the Representation of Women in Executive Officer Appointments**

- a) **Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.**

When the Board and CEO recommend candidates for Executive Officer positions, the decisions are based on merit. The Corporation remains committed to selecting the best person to fulfill these roles, considering factors such as qualifications, personal attributes (e.g., professional experience, skills, background, race and gender), business background and experience.

The Board also believes that diversity is important to ensure that profiles of Directors provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The diversity factors that the board considers include and but is not limited to gender, race, ethnicity, sexual identity, age, cultural background and religion.

To encourage diversity in leadership, Knight actively considers diversity, including gender representation, when identifying qualified candidates for leadership opportunities. This commitment is reflected in our practices, including a long history of representation of women on our executive leadership team. Currently, two out of three Executive Officers, or 67%, are female. Furthermore, diversity is highlighted with two Executive Officers from religious minority groups as well as an Executive Officer who is part of the visible minority of the Canadian population.

In light of this active and demonstrated commitment and the integration of diversity considerations into our existing practices, Knight has not adopted a formal, standalone diversity policy or specific diversity targets for determining Executive Officer appointments.

## **14) Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

- a) **For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.**

- b) Disclose whether the issuer has adopted a target regarding women on the issuer's Board. If the issuer has not adopted a target, disclose why it has not done so.**

See 11(a) above

- c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.**

See 13(a) above

**15) Number of Women on the Board and in Executive Officer Positions**

- a) Disclose the number and proportion (in percentage terms) of Directors on the issuer's Board who are women.**

Currently, three out of seven members of the Board of Directors are women (43%).

- b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.**

Currently, two out of three (67%) of Knight Therapeutics Inc.'s executive officers are women. Including major subsidiaries, two out of four (50%) of the executive officers are women.

EXHIBIT A

**KNIGHT THERAPEUTICS INC.**  
**ADVANCE NOTICE BY-LAW**

Approved by Compensation, Corporate Governance & Nomination Committee: **December 5, 2018**

Approved by Board of Directors: **December 5, 2018**

Confirmed by the Shareholders: **Date**

**BY-LAW TWO**

A by-law relating generally to the nomination of persons for election of directors of Knight Therapeutics Inc. (the "**Corporation**").

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

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**INTRODUCTION**

1. The purpose of this Advance Notice By-Law (the "**By-Law**") is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, including without limitation setting forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

**NOMINATIONS OF DIRECTORS**

2. Subject to the applicable provisions of the Act (as defined below) and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a "proposal" made in accordance with the applicable provisions of the Act, or a requisition of a shareholders' meeting by one or more shareholders made in accordance with the applicable provisions of the Act; or
  - (c) by any person (a "**Nominating Shareholder**") who:

- (A) at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this By-Law and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or beneficially owns shares that are entitled to be voted at such meeting; and
  - (B) complies with the notice procedures set forth below in this By-Law.
- 3. In addition to any other applicable requirements, for a nomination to be validly made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 4 below) and in proper written form (in accordance with paragraph 5 below) to the Secretary of the Corporation at the principal executive office of the Corporation.
- 4. To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:
  - (a) in the case of an annual meeting of shareholders (including an annual and special meeting), not less than thirty (30) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than fifty (50) days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- 5. To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must be in writing and must set forth:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (each, a "**Proposed Nominee**"):
    - (A) the name, age, business address and residential address of the Proposed Nominee;
    - (B) the principal occupation or employment of the Proposed Nominee for the past five years;
    - (C) the status of such Proposed Nominee as a "resident Canadian" (as such term is defined in the Act);
    - (D) each class or series and number of securities in the capital of the Corporation which are, directly or indirectly, owned beneficially or of record by, or under the control or direction of, the Proposed Nominee and his or her Representatives (as defined below) as of the record date for the meeting of



shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

- (E) full particulars regarding any contract, agreement, arrangement, understanding or relationship (collectively, "Arrangements"), including without limitation financial, compensation and indemnity related Arrangements, between the Proposed Nominee or any of his or her Representatives and any Nominating Shareholder or any of its Representatives; and
  - (F) any other information relating to the Proposed Nominee or his or her associates or affiliates that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below), provided that any such additional information, if requested or received, shall be made publicly available to shareholders of the Corporation.
- (b) as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:
- (A) the name, age, business address and, if applicable, residential address of such person;
  - (B) each class or series and number of securities in the capital of the Corporation which are, directly or indirectly, owned beneficially or of record by, or under the control or direction of, such person and its Representatives as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (C) full particulars regarding (i) any proxy or other Arrangement pursuant to which such person or any of its Representatives has a right to vote or direct the voting of any shares of the Corporation, and (ii) any other Arrangement of such person or any of its Representatives relating to the voting of any shares of the Corporation or the nomination of any person(s) to the Board;
  - (D) full particulars regarding their interests in, or rights or obligations associated with, any Arrangement of such person or any of its Representatives, the purpose or effect of which is to alter, directly or indirectly, the economic interest of such person or any of its Representatives in a security of the Corporation or the economic exposure of any such person or any of its Representatives to the Corporation;
  - (E) full particulars regarding any Arrangement, including without limitation financial, compensation and indemnity related Arrangements, between the Nominating Shareholder or any Representative of the Nominating Shareholder and any Proposed Nominee or any of its Representatives;

- (F) a representation as to whether such person or any of its Representatives intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
  - (G) any other information relating to such person or any of its Representatives that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below), provided that any such additional information, if requested or received, shall be made publicly available to shareholders of the Corporation.
- 6. Unless otherwise specified in this By-Law, all information to be provided in a timely notice pursuant to paragraph 5 above shall be provided as of the date of such notice. If requested by the Corporation, the Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the record date for the meeting of shareholders to which such notice relates and the date that is ten (10) business days prior to the date of the meeting, or any adjournment or postponement thereof.
- 7. For the avoidance of doubt, the procedures set forth in this By-Law shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Corporation. No person shall be eligible for election as a director of the Corporation unless such person has been nominated in accordance with the provisions of this By-Law; provided, however, that nothing in this By-Law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which such shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act.
- 8. Notwithstanding any other provision of this By-Law or any other by-law of the Corporation, any notice or other document or information required to be given to the Secretary of the Corporation pursuant to this By-Law may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive office of the Corporation, emailed (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day in the Province of Quebec or later than 5:00 p.m. (Montreal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day in the Province of Quebec.
- 9. Notwithstanding any of the foregoing, the Board may, in its sole discretion, waive all or any of the requirements of this By-Law.
- 10. The chair of the meeting shall have the duty and the power to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed

nomination is not in compliance with such provisions, to declare that such defective nomination shall be disregarded.

#### **EFFECTIVE DATE**

11. This By-Law was approved and adopted by the Board on December 5, 2018 (the “**Effective Date**”) and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date. Notwithstanding the foregoing, if this By-Law is not approved by ordinary resolution of the shareholders of the Corporation present in person or voting by proxy at the next meeting of those shareholders validly held following the Effective Date, then this By-Law shall terminate and be void and of no further force and effect following the termination of such meeting of shareholders.

#### **GOVERNING LAW**

12. This By-Law shall be interpreted and enforced in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable in that province.

#### **DEFINED TERMS**

13. For purposes of this By-Law:
  - (a) “**Act**” means the *Canada Business Corporations Act* and the regulations thereunder, as from time to time amended, and every statute or regulation that may be substituted therefor and, in the case of such amendment or substitution, any reference in this By-Law shall be read as referring to the amended or substituted provisions;
  - (b) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;
  - (c) “**public announcement**” means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - (d) “**Representatives**” of a person means the affiliates and associates of such person, all persons acting jointly or in concert with such person or any of the foregoing, and the affiliates and associates of any of such persons acting jointly or in concert, and “**Representative**” means any one of them.

## EXHIBIT B

# Shareholder Proposal

BE IT RESOLVED THAT:

1. A new By-Law No. 3, which amends By-Law No. 1, is hereby approved, authorized and adopted in the form attached hereto as Exhibit "A".

2. Any one director or officer of Knight Therapeutics Inc. (the "Corporation") is hereby authorized, for and on behalf of the Corporation, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement By-Law No. 3, which amends By-Law No. 1, and the matters authorized thereunder and carry out the purposes and intent of the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, or the taking of any such action.

### **Exhibit A**

By-Law Amendment

BY-LAW NO. 3

A by-law amending By-law No. 1 of Knight Therapeutics Inc. (the "Corporation")

1. A new Section 6.15 shall be added to By-law No. 1 of the Corporation as follows: No Conflicts of Interest. No officer of the Corporation shall be permitted to serve in such office if such individual directly or indirectly, in any manner whatsoever including, without limitation, either individually, in partnership, or jointly or in conjunction with any other person, shall have a material financial interest in a business enterprise that competes with the Corporation. No director shall serve as Chairperson if that director has material financial, economic or business relationships with any officer of the Corporation.

### **Schedule "B"**

Supporting Statement

As Knight's second largest shareholder, Medison Biotech (1995) Ltd. is concerned about the CEO's conflicts of interest and the Board's inability to faithfully serve shareholder interests through objective oversight of the company and its leadership team.

Knight's CEO, Jonathan Goodman, is a substantial, indirect owner of Pharmascience, which operates a large pharmaceutical business that competes directly with Knight. Pharmascience was started by Mr. Goodman's father and is run by his brother, Dr. David Goodman. We believe that Jonathan Goodman's percentage ownership in Pharmascience exceeds his stake in Knight.

In Knight's Annual Information Form for 2016, Knight specifically acknowledged that Pharmascience is a competitor. Yet, Knight's CEO continues to own a large economic stake in Pharmascience.

While Jonathan Goodman has said he does not make decisions on behalf of, or oversee, Pharmascience, he does have direct executive and operating control of Knight; he decides whether Knight should pursue particular markets, licenses and partnerships. Knowing that he has a large economic stake in Pharmascience could affect Jonathan Goodman's willingness or aggressiveness in pursuing deals that he knows would be attractive to Pharmascience. Since he owns more of Pharmascience than Knight, Jonathan Goodman's personal economic fortunes are enhanced if Pharmascience out-maneuvers Knight to secure lucrative business opportunities.

Many pharmaceutical companies, including for example Pfizer and Sanofi, have policies that expressly acknowledge that any employee owning stock in a competitor can present a conflict of interest. And many executive employment agreements in the pharmaceutical industry (and many other industries) expressly forbid an executive from owning more than a small, passive stake in a competitor.

We are not aware of any public company CEO other than Jonathan Goodman that has a larger economic stake in a competitor than the stake he has in the company he is running. We believe this is an untenable conflict of interest.

We are also aware that Knight's Chairman, James Gales, has many financial and business ties to Jonathan Goodman and the Goodman family. For example, Jonathan Goodman is an indirect partner in Mr. Gale's investment management business, Signet Healthcare Management. We believe it is important for the Chairman of Knight to be completely independent of management and able to provide objective oversight of the executive team on behalf of the company and its shareholders.

We are therefore proposing that shareholders adopt a by-law amendment that would prohibit an officer of Knight from having a material interest in a competing business and ensure that the Chairman has no material financial or business ties to an officer.



# VOTE ONLY YOUR BLUE PROXY OR BLUE VIF TODAY

TO COUNT AT THE MEETING, YOUR **BLUE** FORM  
OF PROXY MUST BE SUBMITTED IN ACCORDANCE  
WITH THE INSTRUCTIONS  
PROVIDED PRIOR TO 5:00 PM. (EST) ON  
**MAY 03, 2019.**

## REGISTERED SHAREHOLDERS

(YOU HOLD A SHARE CERTIFICATE OR A DRS  
STATEMENT REGISTERED IN YOUR NAME)



Go to [www.astvotemyproxy.com](http://www.astvotemyproxy.com) and follow the voting instructions. You will require a 13-digit Control Number (located on the front of your **BLUE** proxy) to identify yourself.



To vote by phone call toll-free at 1.888.489.7352 (English and French). You will require a 13-digit Control Number (located on the lower left corner of your **BLUE** proxy) to identify yourself.



Complete, sign and date your **BLUE** form of proxy and return it by fax to 1.866.781.3111 toll-free (within Canada and the United States) or 1.416.368.2502 (outside Canada and the United States). On the fax please write: To AST Trust Company (Canada), Attention: Proxy Department. Or scan and email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com).



Complete, date and sign your **BLUE** form of proxy and return it to:

**AST Trust Company**  
Attention: Proxy Department  
P.O. Box 721,  
Agincourt, Ontario M1S 0A1

## CANADIAN NON-REGISTERED (BENEFICIAL) SHAREHOLDERS

(YOU HOLD SHARES THROUGH A CANADIAN BANK,  
BROKER OR OTHER INTERMEDIARY)



Go to [www.proxyvote.com](http://www.proxyvote.com) and follow the voting instructions on the screen. You will require a 16-digit Control Number (located on the front of your **BLUE** VIF) to identify yourself.



To vote by phone call 1.800.474.7493 (English) or 1.800.474.7501 (French). You will require a 16-digit Control Number (located on the front of your **BLUE** VIF) to identify yourself.



Complete, sign and date your **BLUE** VIF and return it by fax to 905.507.7793 or 514.281.8911.



Complete, sign and date your **BLUE** VIF and return it in the postage prepaid envelope.

## UNITED STATES NON-REGISTERED (BENEFICIAL) SHAREHOLDERS

(YOU HOLD SHARES THROUGH A U.S. BANK,  
BROKER OR OTHER INTERMEDIARY)



Go to [www.proxyvote.com](http://www.proxyvote.com) and follow the voting instructions on the screen. You will require a Control Number (located on the front of your **BLUE** VIF) to identify yourself.



To vote by phone call 1.800.454.8683 then follow the voting instructions on your **BLUE** VIF. You will require a Control Number (located on the front of your **BLUE** VIF) to identify yourself.



Complete, sign, and date your **BLUE** VIF and return it by fax to the fax number(s) listed on your **BLUE** VIF.



Complete, sign, and date your **BLUE** VIF and return it in the postage prepaid envelope provided to the address set out on the envelope.

# QUESTIONS? NEED HELP VOTING?

## CONTACT US:

North American Toll Free Phone:

 **1.888.518.1552**

E-mail: [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com)

Fax: 416-867-2271

Toll Free Fax: 1-866-545-5580

Outside North America, Banks and Brokers

Call Collect: 416-867-2272



**KINGSDALE** Advisors